THE GENDER PAY GAP (GPG): EVIDENCE AND COMPARISONS BETWEEN THE ITALIAN AND UK PAY SYSTEMS

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Abstract

The gender pay gap (GPG) is a very relevant issue in Italy, but also in the international context, and it generates significant political and social debate. This study contributes to this discussion by presenting the empirical results of an analysis of the impact of the new provisions set out in Law No. 162/2021 for Italian companies that are required, with more than 50 employees, to submit a periodic report on the GPG. This significant change in progress requires companies to understand both which indicator to use to calculate the level of the pay gap and how to report the information, especially in the non-financial report.

Keywords: Gender Pay Gap (GPG), ESG, Gender Equality, Labor Market, Non-Financial Statement, Remuneration Ratio

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1. INTRODUCTION

The phenomenon of the pay gap between genders called the gender pay gap (GPG), as defined by the European Institute of Gender Equality (EIGE, 2024) is the difference between the earnings of men and women, expressed as the median annual pay (or with reference to single hourly pay) of women compared to the pay of men. It is still a very hot topic in the international context. Although the presence of women in various work environments has gradually increased over the past few years, including in areas where men typically work, and despite numerous actions and regulations adopted by many governments to eliminate pay gaps, numerous data and studies show that pay equality has not yet been achieved. Thus, gender inequality in the workplace is one of the key social issues of the modern era that policymakers, organizations, and researchers are seeking to understand and address. Frequently cited international statistics report that working women earn less than their male counterparts. Among the most significant, in 2010, the Joint Economic Committee (JEC) of the United States (U.S.) Congress stated that full-time female employees earned only 77% of every dollar earned by men working full-time (JEC, 2010). And the same statistics, updated in 2018, report that women earn approximately 85% of what men earn (U.S. Census Bureau, 2018). According to the U.S. Census Bureau, women earned 82% of every dollar paid to men (U.S. Census Bureau, 2019). As for the U.S. situation, it should be remembered that this is also a result of the Equal Pay Act passed by the U.S. Congress in 1963, which also aimed to reduce wage inequality. Other relevant data for analysing the GPG is contained in the Gender Pay Gap Report published by the World Economic Forum (WEF, 2023). Published in 2006, this report develops an analysis of the data based on a dedicated index, the Global Gender Gap Index, composed of four macro-areas (political empowerment, participation and opportunities, level of education, and health and survival), each is the result of other micro-indices. Using a standard index allows immediate and meaningful comparison of existing gaps in each country, as well as tracking of the improvements implemented. The latest analysis, published in June 2023, refers to a sample of 156 countries (the first edition in 2006 included only 107 countries) divided into eight geographic zones (Sub-Saharan Africa, Latin America and the Caribbean, South Asia, East and Pacific Asia, Western and Eastern Europe, Central Asia, Middle East, and North America) (WEF, 2023).

The data suggests that no country has eliminated the gap, considering the sample of 145 countries covered in both the 2022 and 2023 editions, the overall score changed from 68.1% to 68.4%, an improvement of 0.3% (WEF, 2023). The pay gap found by the WEF (2023) goes hand in hand with the lower presence of women in leadership positions, in fact, the organization said in its report, that women covering executive roles are only 27% of all leadership positions surveyed. The organization suggests that in order to reduce the GPG, it is necessary to: 1) implement policies that increase gender equality in participation in the labour market, 2) that these policies aim to eliminate occupational segregation, including by supporting companies with improving inclusive working environments. Other data for assessing the phenomenon were published in 2022 by Eurostat, according to which the wage gap at the European level is 14.1%, and for Italy, the values are 4.7% below the European average (European Commission [EC], 2022). For the study, Eurostat used unadjusted GPG, i.e. it considers the salaries of individual employees, as well as the main characteristics of workers, such as age, education, work experience, type of job performed, type of company, etc.

At the European level, there are many strategies adopted for gender equality to be implemented in the 2020–2025 period, mostly aimed at the causes of the same differential contained in the specific directive. Based on the provisions of the European Directive 2014/95, Italy is adopting an important legislative act, Law No. 162/2021, the so-called "Gribaudo" law, with the aim of implementing equal opportunities/treatment for male and female employees at the workplace in Italy and to prevent discrimination (Moresco & Lauro, 2021). Law No. 162/2021 obliges companies with more than 50 employees to submit a periodic report on gender pay differences. The law obliges companies, starting from January 1, 2022, to define a specific Declaration of Gender Equality, aimed at supporting conscientious companies that reduce the pay gap by providing tax benefits.

The purpose of this research is to investigate the GPG question. We consider the GPG to be an important component of a firm's gender diversity, so we first examine the disclosure of GPG in a sample of Italian FTSE MIB companies and a sample of United Kingdom (UK) FTSE 100 companies, in order to compare the Italian system with the UK one at the end of 2022. The data collected allows us to understand the state of transposition of the new legislation by Italian companies and also contributes to the analysis of the tools most used by experience to report the GPG. The study develops a specific comparison with the UK context, as it is the most advanced at the European level, and very detailed legislation for reporting the GPG has been in place for many years. Next, we use the data to address our main research questions:

RQ1: What is the percentage of sample companies providing information on GPG and the type of data?

RQ2: What is the percentage of the sample of companies detailing the GPG causes and explaining the reasons?

RQ3: What is the percentage of the sample of companies detailing the actions taken to reduce GPG and the tools and projects used?

This study is one of the first papers to examine the GPG setup of an Italian-listed company, in contrast to the UK FTSE 100 GPG disclosure requirement. Our finding demonstrates some limitations of voluntary disclosure and highlights the importance of mandatory disclosure also for the Italian system to facilitate the best comparative ratings.

The analysis adopts a mixed methodological approach, quantitative and qualitative.

In terms of scientific impact, the study helps fill in the existing literature between the procedure to test evaluating the GPG and non-financial information. In terms of social and economic impact, deeper research on the needs of disclosure users should be encouraged From a technical impact perspective, this research helps managers understand what key tools firms can use to better present their results.

The rest of the study is structured as follows. Section 2 covers the relevant literature on GPG disclosure and gap assessment tools, and examines the legislation and institutional framework. Section 3 describes the methodology models and data. Section 4 presents the analysis and discussions, and finally, Section 5 presents the conclusions, limitations and suggestions for future research.

2. LITERATURE REVIEW

2.1. Theoretical background and previous studies

There are many studies recognizable in the doctrine that have investigated the causes of the GPG. Of great importance is the theory of human capital formulated by the American economist Gary Becker (1964), according to which human capital consists of "knowledge, skills, competencies and other individual characteristics that facilitate the creation of personal, social and economic well-being" (Organization for Economic Co-operation and Development [OECD], 2001, p. 18). Therefore, both the choice of educational path and the level of education that the individual will undertake are very important. This choice certainly affects employment prospects and, therefore, the GPG.

According to Becker's (1964) theory, given the traditional gender division of labour within the family, women tend to accumulate less labour market experience than men. Furthermore, because women expect shorter and more intermittent working lives, they have less incentive to invest in market-oriented formal education and on-the-job training; and their lower investment in human capital will result in lower earnings relative to men's earnings. The longer time women spend on housework may also reduce the effort they put into their market-oriented work relative to men, given the hours worked, and hence also reduce their productivity and wages (Becker, 1985). To the extent that women choose occupations for which on-the-job training is less important, gender differences in occupations can also be expected.

Becker's theory was then supported and implemented by many scholars, such as de Ruijter et al. (2003), who focused their research on the reasons why women invest less in human capital, in particular, due to greater household and family responsibilities. For this reason, women tend to work less, they prefer part-time work and less relevant professions (Mincer & Polacher, 1974).

Another approach to the study of the GPG can be traced back to the phenomenon of segregation according to which there are work and professional sectors in which women are more present for socio-cultural reasons. There are two types of segregation: *horizontal* and *vertical*. Horizontal segregation consists of the feminization of certain production sectors (e.g., social services, schools, etc.) which, given the consolidated cultural preconceptions, these sectors are considered less essential (Kulich et al., 2013). This type of segregation is also defined as "sectoral" because gender stereotypes define sectors in which women are considered more qualified than men to perform certain tasks. Empirical data confirming the phenomenon of this segregation can be seen in the U.S. Bureau of Labour Statistics, summarized by a specific index of segregation (Gabriel & Schmitz, 2007).

Similarly, some contributions of a sociocultural approach to the causes of the GPG, refer to "the segregation of the working and professional sectors" (Priulla, 2013, p. 25) and/or what researchers call the "gender position gap" (Liang et al., 2022).

A study of the GPG in the context of the overall wage structure by Juhn et al. (1991) found that the wage structure is a composite of the prices charged for skills in the labour market and the rewards for employment in particular sectors. Wage structure is a factor not directly related to the gender gap, but it's been recognized for its important role for wage structure in explaining the GPG. If, as Becker's (1964) human capital model suggests, women have less experience than men, on overage, the higher the return to experience received by workers, regardless of gender, the larger the GPG. Similarly, if women tend to work in different occupations and industries than men, perhaps due to discrimination or other factors, then the larger the premium that workers (both men and women) receive for working in a male-dominated sector, the larger the GPG will be.

Some other recent studies reveal that women tend to receive lower wages than men in the general workforce (Blau & Kahn, 2017), despite the GPG decreased over time because of social and legislative actions to encourage gender parity in organizational remuneration.

Several other studies have examined the relationship between GPG and voluntary gender diversity disclosure. While traditional financial disclosure predicts that companies with better GPG are more likely to disclose (Verrecchia, 1983), recent studies show a low correlation (Huang & Lu, 2022). The reasons are varied, especially because environmental, social, and governance (ESG) performance is measured in multiple ways (Christensen et al., 2021), companies with worse GPGs may selectively disclose metrics that appear more favourable. Gender pay inequality, according to many studies, is due to the lower representation of women compared to men at higher levels of organizations, or what some researchers call the "gender position gap" (Liang et al., 2022), and this impacts the wage gap. There is relevant previous research on the GPG in managerial positions (Bertrand & Hallock, 2001) which suggests that male managers receive higher salaries than female managers and this pay gap is larger than the GPG in the general workforce.

The low representation of women in high-paying positions has been widely discussed in both business journals and popular media for many years; the investment community has been demanding more information on gender diversity, and the situation has certainly improved. The number of women occupying managerial positions has also increased thanks to numerous specific regulations, and the diffusion of including ESG in executive compensation systems is also spreading rapidly.

2.2. Institutional framework: Gender pay gap laws

Despite efforts to equalize opportunities between genders, gender gaps in pay and workforce participation persist. In an attempt to close these gaps and equalize workforce participation, many governments are forcing employers to disclose gender representation statistics.

Certainly, the first most innovative and mandatory piece of legislation was the UK Equality Act 2010, updated in 2017 and comprises two sections:

1) The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (SI 2017/353)[1], for public companies;

2) The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (SI 2017/172)[2], for private companies; establishes the mandatory disclosure of the GPG for relevant employers (all excepted temporary workers and partners in a partnership) for companies with more than 250 employees based in the UK and, in the case of companies group, disclosure must be provided for each UK-based legal entity.

The legislation requires that a GPG report be published on a company's website by March 31 of the following year for listed companies, and by April 5 for private companies. The reports must include information on:

- difference between "average hourly remuneration of male and female employees" ("Hourly Pay Rate Index");
- difference between the "median hourly rate of male and female employees" ("Median Hourly Rate Gap Index");
- difference between "average salary bonus paid to male and female employees";
- difference between "median salary bonus paid to male and female employees";
- the male and female employees received salary bonuses;
- the male and female employees percentage distribution based on the following four quartiles: lower, lower-middle, upper-middle, top.

The report must also explain the reasons for the pay gap and the actions taken to reduce it. English law also states that the pay gap must be calculated for all relevant employers using these two indices: "Ordinary Pay", which is the basic pay, i.e., the salary paid for the job and any relevant allowances, and "Bonus Pay", i.e., other forms of remuneration.

[1] https://www.legislation.gov.uk/uksi/2017/353/contents
[2] https://www.legislation.gov.uk/uksi/2017/172/contents/made

Italy has also been trying for years to fill the GPG through specific regulations in compliance with Article 37 of the Constitution of the Italian Republic, which states that "working women are entitled to equal rights and, for comparable jobs, equal pay as men". The first significant regulation is represented by Legislative Decree No. 198 of 2006 established the National Code of Equal Opportunities between Women and Men, considered the Italian legal basis for gender equality and women's empowerment, and aimed at combating any form of discrimination between men and women that could hinder the participation in economic, social and political activities of any individual (Legislative Decree No. 198/2006, Article 25, Part 1).

The National Code of Equal Opportunities establishes two types of discrimination:

1) direct discrimination, any action or conduct that may have a detrimental effect by discriminating against workers on the basis of sex;

2) indirect discrimination is when an apparently neutral act or behaviour may cause a worker some harm based on gender.

More significant for this study are the provisions established by Article 46 of Legislative Decree No. 198/2006, which requires both public and private companies with more than 100 employees to draw up a report at least every two years to be sent by April 30 of the year following the conclusion of the two-year period, to the union representatives, to Regional Councillors for Gender Equality, and on the website of the Ministry of Labor and Social Policies. The report establishes these three types of information:

1) general company information: tax code, name, registered office, activity carried out, address, number of employees;

2) specific information on workers: number of women, men, contractual classification, hires, dismissals, promotions, career advancement, hours of training carried out, etc., gross annual salaries;

3) information by operating unit, i.e., the number of employees employed in the different operating units.

In 2001, the "Equal Opportunities Code" (Legislative Decree No. 198/2006) was updated through Law No. 162/2021, it strengthens cases of indirect discrimination as well as the extension the obligation to prepare the biennial report also to companies with 50 employees (amendment of Article 46), and the provision for the introduction of a pecuniary administrative sanction between €1,000 and €5,000 if a false or incomplete report is disclosed.

Law No. 162/2021 introduced the "Gender Equality Certification" with effect from January 1, 2022. This certifies the policies and measures adopted by companies to reduce the gap between men and women "for company growth opportunities, equal pay for equal tasks, policies for managing gender differences and maternity protection"[3]. Following this certification, the legislation provides for a bonus system for companies (mostly represented by a partial exemption of social security contributions paid by the company) in any case up to 1% and up to a maximum of €50,000 annually per company.

The EC has already intervened through Directive 2014/95/EU[4], which establishes the obligation to draw up a non-financial statement for large public interest companies with more than 500 employees from January 1, 2017. The non-financial statement must contain not only ESG information but also a description of the diversity policy applied to the composition of administrative and control bodies, considering age, gender, training and professional experience.

In Italy, this Directive 2014/95/EU has been transposed by Legislative Decree No. 254/2016[5], which establishes the obligation to draw up this Declaration for public interest companies with an average of more than 500 employees, but which have exceeded at least one of the following two parameters: 1) total assets of the balance sheet exceeding €20,000,000; 2) total net revenue from sales and services exceeding €40,000,000.

In 2016, the Global Reporting Initiative (GRI) introduced a specific standard for explicitly reporting the GPG, i.e., GRI 405, "Diversity and Equal Opportunity". Specifically, in Disclosure 405-2, the standard suggests estimating the GPG referring to both the basic salary and the average salary (which considers bonuses and other benefits) paid to male and female employees.

It is noted that, despite the obligation to draft the non-financial statement, there is no duty to disclose the GPG within this document, therefore it is possible not to find any information regarding the GPG.

Comparing the Italian legislation with the English one, it becomes clear that the latter provides specific instructions on how to disclose information on the GPG, and, unlike the English one, the Italian legislation does not provide for the obligation to publish a biennial report on the website of companies whose information is not available to the public.

Despite the regulatory developments of national and European institutions aimed at combating wage inequality, the GPG, as shown by the results of many studies, continues to persist and in some sectors is even increasing.

3. RESEARCH DESIGN

The aim of the study is to analyse the GPG in a sample of Italian companies belonging to the FTSE MIB Index and a sample of British companies belonging to the FTSE 100 Index, in order to compare the Italian system with the UK ones.

As for Italian companies, the data used is contained in the non-financial report, the only available report containing any information on GPG. The situation is different in the UK legal system, for which the data and information are more precise and unambiguous since there is a specific regulation that governs the information to be reported in the report as well as the indices for calculating the GPG.

The Italian control sample consists of 38 companies, excluding Tenaris SA and STMicroelectronics NV as foreign companies that cannot be compared with others. The UK sample includes all 100 companies in the FTSE 100 index. The analysis period is 2022.

For Italian companies, the following documents were analysed:

- non-financial statement;

[3] https://www.hrcapital.it/en/osservatorio/the-law-on-equal-opportunities-for-men-and-women-in-employment-is-in-force/
[4] https://eur-lex.europa.eu/eli/dir/2014/95/oj
[5] https://www.fao.org/faolex/results/details/en/c/LEX-FAOC162807/

- financial statement;
- report on the remuneration policy and on the fees paid;
- sustainability report, if present.

For UK companies, the following documents were analyzed:

- The Gender Pay Gap Report 2022;
- Annual Report 2022;
- Corporate website;
- The Government Equalities Office (GEO) portal (https://gender-pay-gap.service.gov.uk/).

3.1. Data and sample structure of Italian companies FTSE MIB 2022

A database containing information on 38 Italian companies included in the FTSE MIB index has been compiled.

Table 1. The sample of Italian-listed companies

N	*Company*	*N*	*Company*
1	A2A S.p.A.	20	Interpump Group S.p.A.
2	Amplifon S.p.A.	21	Intesa Sanpaolo S.p.A.
3	Atlantia S.p.A.	22	Inwit S.p.A.
4	Azimut Holding S.p.A.	23	Italgas S.p.A.
5	Banca Generali S.p.A.	24	Leonardo S.p.A.
6	Banca Mediolanum S.p.A.	25	Mediobanca S.p.A.
7	Banco BPM S.p.A.	26	Moncler S.p.A.
8	BPER Banca S.p.A.	27	Nexi S.p.A.
9	Buzzi Unicem S.p.A.	28	Pirelli & C. S.p.A.
10	Campari Group S.p.A.	29	Poste Italiane S.p.A.
11	CNH Industrial S.p.A.	30	Prysmian S.p.A.
12	Diasorin S.p.A.	31	Recordati
13	Enel S.p.A.	32	Saipem S.p.A.
14	Eni S.p.A.	33	Snam S.p.A.
15	Exor N.V.	34	Stellantis N.V.
16	Ferrari N.V.	35	Telecom Italia S.p.A.
17	Finecobank S.p.A.	36	Terna S.p.A.
18	Generali Group S.p.A.	37	Unicredit S.p.A.
19	Hera S.p.A.	38	Unipol Gruppo S.p.A.

Table 2. Information examined for the Italian sample companies

N	*Description*
1	*GPG disclosure* — To check the availability of information on the GPG.
2	*Analysis perimeter* — To check whether the analysis was carried out only for the Italian company or even for the group it belongs to, also considering other countries in which the company is present.
3	*Remuneration components* — For this purpose, the reference: a) fixed remuneration; b) fixed remuneration + short-term variable; c) fixed remuneration + short-term variable and long-term variable.
4	*Details of remuneration components*: 1) information on the disbursement of any bonuses including short-term incentives (STI); 2) sales incentives; 3) local bonuses; 4) periodic allowances; 5) overtime.
5	*Remuneration ratio between male and female managers**.
6	*Remuneration ratio between men and women middle managers**.
7	*Remuneration ratio between male and female employees**.
8	*Time reference* — To better understand the analysis, the time reference of the data used was identified, i.e., whether the company followed the "cash principle", which takes into account only the remuneration paid up to December 31, 2022, or the "accrual principle", which also takes into account the remuneration to be paid in the following year based on the remuneration policy for the coming year.
9	*Statistical calculation mode* — For the calculation of the statistical pay gap, the data considered mainly the average, the median and other types of calculation.
10	Detailed notes: *Calculation methods* — Some information considered significant in relation to the choice of the calculation method reported.
11	Detailed notes: *Justifying reasons for the GPG.*
12	Detailed notes: *Actions implemented to reduce the GPG.*
13	Inclusion in the Bloomberg Gender-Equality Index (GEI). The data allows us to know if the company is included in the Bloomberg GEI.
14	Inclusion in other indices.
15	Index detail. If the company is included in other indexes, it is specified: Refinitiv's Diversity & Inclusion Index and Equileap's Top 100 Gender Equality Global Ranking.

*Note: * The figure, given as a percentage, represents the difference between the fees paid to women compared to those paid to men (for values lower than 100%, the figure certifies that women belonging to that contractual category earn less than men, if higher, it certifies a higher pay).*

For the research, inclusion in some indices that analyse the GPG was also investigated, indices rewarding companies that are most committed to supporting gender equality.

3.2. Data sample structure of the UK FTSE 100 Index 2022 companies

As regards the reference sample for the UK system, a different database was created for the 100 most capitalised companies (see Table 3) listed on the London Stock Exchange (LSE) compared to the Italian one, since, as stated earlier, the English legislation is different and contains more mandatory requirements.

Therefore, although the basic setting remains the same providing for a matrix in which the 100 listed companies are shown on the rows in alphabetical order for the analysis variables, shown on the columns, changes have been made precisely (see Table 4).

Table 3. The sample of UK-listed companies

N	*Company*	*N*	*Company*	*N*	*Company*	*N*	*Company*
1	3i Group Plc	26	CRH Plc	51	Just Eat Takeaway N.V.	76	Rio Tinto Plc
2	Admiral Group Plc	27	Croda International Plc	52	Kingfisher Plc	77	Rolls-Royce Holdings Plc
3	Anglo American Plc	28	DCC Plc	53	Land Securities Group Plc	78	Royal Dutch Shell Plc
4	Antofagasta Plc	29	Diageo Plc	54	Legal & General Group Plc	79	RSA Insurance Group
5	Ashtead Group Plc	30	DS Smith Plc	55	Lloyds Banking Group Plc	80	Sage Group Plc
6	Associated British Food Plc	31	EVRAZ Group	56	LSE Group Plc	81	Sainsbury(J) Plc
7	AstraZeneca Plc	32	Experian Plc	57	M&G M&G	82	Schroders Plc
8	Auto Trader Group Plc	33	Ferguson Plc	58	Melrose Industries Plc	83	Scottish Mortgage Plc
9	Avast Plc	34	Flutter Entertainment Plc	59	Mondi Plc	84	Segro Plc
10	AVEVA Group Plc	35	Fresnillo Plc	60	Morrison's Ltd	85	Severn Trent Plc
11	Aviva Plc	36	GlaxoSmithKline (GSK) Plc	61	National Grid Plc	86	Smith & Nephew Plc
12	B&M European Value Retail S.A.	37	Glencore Plc	62	NatWest Group Plc	87	Smiths Group Plc
13	BAE Systems Plc	38	GVC Holdings Plc	63	Next Plc	88	Smurfit Kappa Group Plc
14	Barclays Plc	39	Halma Plc	64	Ocado Group Plc	89	Spirax-Sarco Engineering
15	Barratt Developments Plc	40	Hargreaves Lansdown Plc	65	Pearson Plc	90	SSE Plc
16	Berkeley Group Holdings Plc	41	Hikma Pharmaceutica Plc	66	Pennon Group Plc	91	St James's Place Plc
17	BHP Group	42	HSBC Holdings Plc	67	Pershing Square Ltd	92	Standard Chartered Plc
18	BP Plc	43	Imperial Brands Plc	68	Persimmon Plc	93	Sd Life Aberdeen Plc
19	British America Tobacco Plc	44	Informa Plc	69	Phoenix Gr Holdings Plc	94	Taylor Wimpey Plc
20	British Land Co.	45	InterContinental Hotels Plc	70	Polymetal International	95	Tesco Plc
21	BT Group Plc	46	Intermediate Capital Plc	71	Prudential Plc	96	Unilever Plc
22	Bunzl Plc	47	Intl Consolidated Airlines	72	Reckitt Benckiser Group Plc	97	United Utilities Group Plc
23	Burberry Group	48	Intertek Group Plc	73	Relx Plc	98	Vodafone Group Plc
24	Coca-Cola HBC AG	49	JD Sports Fashion Plc	74	Rentokil Initial Plc	99	Whitbread Plc
25	Compass Group Plc	50	Johnson Matthey Plc	75	Rightmove Plc	100	WPP Group Plc

Table 4. Information examined for the UK sample companies

N	*Description*
1	*Registered office / Headquarters* — The first variable analysed is the disclosure regarding the registered office of the company since if the company were based abroad, it might not have legal entities subject to the obligation (with more than 250 employees) and, therefore, would be exempt from the regulatory obligation.
2	*The number of employees* — Is an important variable in understanding whether an organization is required to disclose information or not.
3	*GPG disclosure* — Information to understand whether a company has made GPG disclosures.
4	*Application details of the standard* — Information notes to find out if the organization has provided information on the GPG only for the legal entity or for the group to which it belongs (even if it is not mandatory by law).
5	Standard application detail notes — Specifically, if the expression "legal entities" is present, it means that the GAP has been calculated only for companies subject to legal restrictions. If there are multiple legal entities, the average of each indicator of the individual entities is calculated.
6	*Pay mean* — This data represents the percentage difference between the average hourly remuneration of male and female relevant employees*.
7	*Pay median* — These data show the difference between the median hourly wages of eligible male and female employees*.
8	*Bonus pay mean* — This data represents the difference between the average bonus paid to male and female relevant employees*.
9	*Bonus pay median* — This data represents the difference between the median bonuses paid to male and female employees**.
10	*Percentage male receiving bonuses* — The percentage of men who received bonuses compared to the total number of male employees.
11	*Percentage female receiving bonuses* — The percentage of women who received bonuses compared to the total number of female employees.
12	Detailed notes: Information about the causes of the gap.
13	*Cluster of actions implemented* — The actions implemented by the companies to address the pay gap are clustered, including company policies, specific programs aimed at reducing the pay gap, monitoring the gap, and creation of Diversity Councils.
14	Detailed notes: *Action taken* — The actions already carried out and those that will be undertaken to combat the phenomenon are detailed. Information voluntarily reported by companies.
15	Inclusion in the Bloomberg GEI. The data allows us to know if the company is included in the Bloomberg GEI.
16	Inclusion in other indices.
17	Index detail. If the company is included in other indexes, it is specified: Refinitiv's Diversity & Inclusion Index and Equileap's Top 100 Gender Equality Global Ranking.

*Note: * The following lines (6, 7, 8, 9) show the indicators required by English law. There is no calculation based on the contractual framework but only on specific relevant employees. The data are based on a snapshot of April 4, 2022. ** For understanding the data: if reported, e.g., 4% for the pay man means that men have an average salary 4% higher than the female gender. Conversely if reported — 6% of median pay means that women have a median hourly wage 6% higher than that of men.*

3.3. Evidence from the analysis of the Italian sample companies

The analysis of the collected data highlights the following significant results:

1. 74% of the companies provide information on the GPG, of which only 25% with reference to the Italian perimeter, while 75% consider the group perimeter.

2. Companies that issue the disclosure are the majority. As regards the *Remuneration components*, 54% use total remuneration as the basis for calculating the gap (i.e., fixed remuneration plus variable components, both short-term and long-term); 14% use only the fixed remuneration; 21% use the fixed component plus a short-term variable component; for the remaining 11% it was not possible to conduct an analysis because information on this issue was not published.

3. The most relevant information for this research relates to the *Remuneration ratio between male and female employees* with reference to

the different contractual categories. At the top level, i.e., for the managers category, the ratio is 86%, so female managers earn 14% less than their male colleagues. For the medium contractual categories, the pay gap is more contained, in fact for female data attesting 7% lower compared to the male colleagues (in fact the ratio is 93%). Similar to the white-collar category for which the ratio of 94% shows a pay gap of 6%.

4. As regards the *Time reference* for calculating wages, the analysis shows that 89% of the companies used the cash principle, i.e., the wages paid as a reference basis (with the exception of Snam S.p.A., which used both the case and the accrual principle).

5. Regarding the *Statistical calculations*, 86% of the sample used the average, even if in many cases the chosen method was not explicitly stated, but some assumptions were made in this regard and it was reconstructed taking into account that many companies reported following the GRI 405 methodology (Disclosure 405-2), which suggests using the average salary to measure the pay gap. 11% of the companies in the sample chose to use the median, and for 3% it was not possible to determine the statistical criterion used. Among the details reported in the notes to support the understanding of the methods for calculating the pay gap, only 32% of the companies provided specific information including the exclusion from the measurement of pay to the chief executive officer (FinecoBank S.p.A. and Nexi S.p.A.*)* and that the gap it was calculated with reference to the salaries of full-time equivalent (FTE) employees only.

6. As regards information on the *Justifying reasons of the GPG,* 36% of companies cite the lower presence of women in leadership positions, where compensation is known to be higher, as the main reason.

7. 71% of the companies provide disclosures regarding the actions undertaken or which will be implemented to address the gap, among the main ones:

- the provision of a Diversity & Inclusion manager or a D&I team with the aim of defining policies ad hoc for monitoring the GPG as well as for the enhancement of diversity (FinecoBank S.p.A., Inwit S.p.A., Mediobanca S.p.A., and Snam S.p.A.);
- the establishment of the DEI Committee within the board of directors, tasked with identifying and disseminating the company's initiatives and projects to ensure equal opportunities (Intesa Sanpaolo S.p.A., Leonardo S.p.A., and Moncler S.p.A.);
- the implementation of ad hoc policies such as training programs dedicated to managers (Eni S.p.A., Campari Group S.p.A., and Generali Group S.p.A.);
- participation in the "Valore D" Manifesto, a business association that promotes gender balance for the growth of companies and the country. This is a nine-point agreement that identifies concrete tools, in line with the GRI standards, to enhance female talent in the corporate world (Valore D, 2017) (A2A S.p.A., Italgas S.p.A., Eni S.p.A., Saipem S.p.A., and Snam S.p.A.).

The analysis also contemplates the inclusion of the company in some indices, in particular, 39% of the companies analysed belong to the Bloomberg GEI, therefore these are companies that are committed to supporting gender equality. The 21% of the companies instead belong to other indicators, such as the Refinitiv Diversity & Inclusion Index and Equileap's Top 100 Gender Equality Global Ranking.

3.4. Evidence from the analysis of the UK sample companies

From the analysis of data relating to companies belonging to the UK sample, it emerges that 84% of companies provide the Gender Gap Report as required by the Equality Act 2010 (Gender Pay Gap Information) Regulation 2017 (SI 2017/172). The remaining 16% of companies did not disclose the information because it was not required by law (most of them have fewer than 250 employees or a foreign headquarters).

Of the companies that provided gap information, 49% calculated the gap only for legal entities, while the remaining 51% provided data for both legal entities and the entire group, including companies with fewer than 250 employees. As regards the instruments used for reporting the gap, companies, in accordance with the provisions established by law, used the indices envisaged by the regulation.

For the *Pay mean* indicator, the recorded gap is around 17%, i.e., the average hourly remuneration for females is 17% lower compared to that of male employees. As for the *Pay median* indicator, the result is almost in line since it stands at 16%. For the *Bonus pay mean* indicator, the data attests that on average the bonuses paid to female employees are 40% lower, the *Bonus pay median* indicator, on the other hand, is, settling at 26%.

The latest indicators analysed (*Percentage male/female receiving bonuses*) are very similar (96% of men and 95% of women).

The detailed notes explain the reasons justifying the gaps: 79% of the companies in the sample report that the main cause of the gap is to be attributed to the lower presence of women in managerial positions (a situation similar to the Italian one) and also because the bonus's calculation not consider bonuses for part-time workers who are mainly women.

As many as 83% of the companies report on the actions to reduce the gap, in particular:

1) implementation of programs such as "Women in leadership", aimed at supporting women in managerial roles (Coca-Cola HBC AG, AstraZeneca Plc);

2) implementation of programs to "drive inclusion";

3) a policy of using gender-neutral language in job postings (GVC Holdings Plc, Johnson Matthey Plc, and Land Security Group Plc);

4) policies aimed at increasing the number of women in roles in which they are underrepresented;

5) ongoing monitoring of gap indicators (Flutter Entertainment Plc, HSBC Holding Plc);

6) creating a Diversity Council (or so-called DEI Committee) to promote diversity and inclusion (Kingfisher Plc, Legal & General Group Plc, National Grid Plc, WPP Group Plc).

Finally, as regards the inclusion of British companies in the global inclusion indices, only 22% of the companies belong to Bloomberg's GEI, 19% belong to other indices such as Refinitiv's Diversity & Inclusion Index and Equileap's Gender Equality (BAE System Pls, Reckitt Benckiser Group Plc, Unilever Plc, Vodafone Group Plc).

4. RESULTS AND DISCUSSION

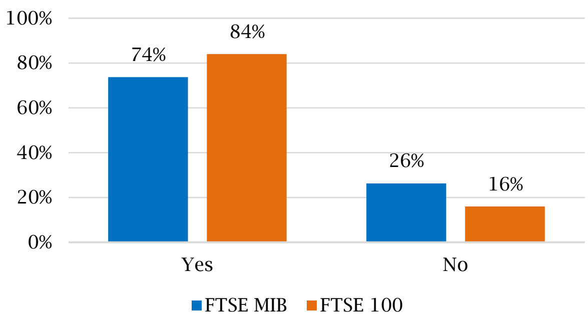
From the results presented above, it can be seen that there are some peculiarities between the Italian and English systems, primarily due to the different regulations in force: the UK has strict legislation that specifies who is required to provide information on GPG when to carry out the analysis, the deadline by which to publish the report, what kind of information to report, how to calculate the GPG indices.

In Italy, the only regulatory reference is the implementation of the European Directive 2014/95 through the implementing Legislative Decree No. 254/2016, which established the obligation for listed companies to produce a Non-Financial Statement in which are presents information on ESG but no obligation to report the GPG.

There is a substantial difference between the English and Italian systems as the data of the English companies can be compared with each other, while the information from the Italian companies being analysed is more difficult to compare, as there is no precise law such as the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 in the UK.

Given the data collected, as regards the *RQ1*, most of the companies in both the FTSE MIB and the FTSE 100 provide disclosures regarding the GPG (respectively, 74% of Italian companies and 84% of English companies).

Figure 1. Companies providing pay gap information



Source: Author's elaboration.

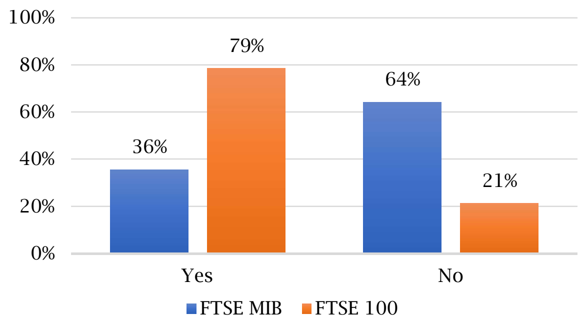
The average wage gap for Italian companies is 86% (hence a difference of 16%), and for executives, it is 94% (a difference of approximately 6%). The data is quite consistent with the UK companies, so the average hourly wage gap is about 17%. However, it should be specified that FTSE 100 companies have a much more significant gap for average bonuses (40%).

It is not possible to make a comparison between the remuneration components, since Italian companies decide which component to use for the calculation, only the fixed remuneration or also the variable components, instead the UK companies are obliged to calculate the indices established by the legislation. The same applies to the statistical method since in Italy it has been observed that companies prefer to use the average, while in the UK they are forced to report the indices as mean and median, without the possibility of choice.

Also, for the time reference of the data, in Italy companies can choose the cash principle (the remuneration is paid on December 31) or an accrual principle (the remuneration will be paid during the following year). In contrast, for FTSE 100 companies, the cash principle is used because the data on which the gap is calculated relates to wages paid on a precise date, a snapshot, i.e., April 4.

Another difference, with reference to *RQ2*, to be noted concerns the percentage of companies that report and detail the reasons justifying the pay gaps: in the UK, this figure is as high as 79%, compared to just 36% in Italy.

Figure 2. Information on the causes of the gap

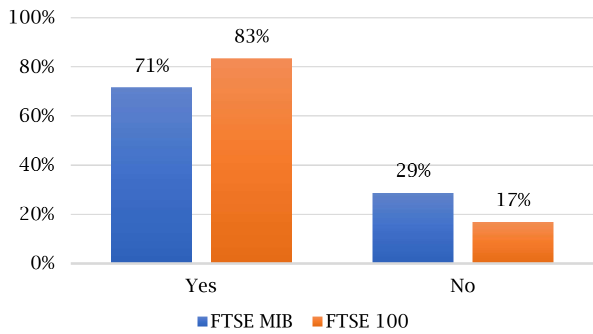


Source: Author's elaboration.

On the contrary, the number of companies that declare that they have undertaken or will take actions to reduce the gap is much higher and more consistent: 71% of Italian companies and 83% of UK ones.

This figure attesting to the summary data of the *RQ3*, is very relevant as it highlights the real commitment of companies to fight wage injustice.

Figure 3. Information on actions to reduce the gap



Source: Author's elaboration.

Another data to be highlighted for comparative analysis regards the inclusion indices. As regards Bloomberg's GEI, the percentage of Italian companies that belong to this indicator is higher — 39% compared to 22% of English companies. The percentage of participation in other indices (such as the Refinitiv Diversity & Inclusion Index and Equileap Gender Equality) is quite similar: 21% for Italian companies and 19% for English ones.

5. CONCLUSION

In conclusion, it can be said that the reporting of GPGs by Italian companies is much more backward than that of UK companies, where the legislation is stricter and more detailed. In particular, the absence of such legislation in the Italian legal system does not allow for a precise analysis that would allow a direct comparison with FTSE 100 companies. A possible solution to align the Italian system with the UK system could be to provide that in the Non-Financial Statement, the same remuneration ratios must be placed between female and male employees included in the two-year report pursuant to Law No. 162/2021 and Equal Opportunities Code so that comparisons can be made knowing that the ratio has been calculated using the same salary components.

Another possible solution could be to create a new and specific (*ad hoc*) regulation that would require companies with more than 250 employees (as for UK companies) to prepare a report. Analysis indicators may include: 1) the difference between the average and median hourly wages paid to the female and male (all company employees), 2) the average and median bonuses paid, and 3) the percentage of bonus by gender. The salary data to be used could be those established according to the cash principle (i.e., the data referring to December 31 of each year), and if necessary, companies could also provide, on a voluntary basis, the salary data by reference to competence or by calculating the remuneration policy for the following year. Finally, the report should be published on the company's website at the same time as the financial statements are published.

Instead, it can be seen that for both samples of companies analysed, the GPG is still quite high in terms of bonuses paid. In this regard, the pay gap between female executives and male executives of FTSE MIB companies is 86%, while the *Bonus pay mean* of the FTSE 100, recorded at 40%, confirms that women receive bonuses almost twice as low as their male counterparts. Despite this, most companies disclose information, indicating a commitment to greater transparency on the sensitive issue of bonuses. In contrast, there are still too few Italian and UK companies not included in indexes that reward organizations that implement policies in favour of inclusion and equality, such as the Bloomberg GEI or the Refinitiv Diversity & Inclusion Index and Equileap Gender Equality.

The data collected for this study also allows comparison with the results obtained in the study conducted by the World Economic Forum. It should be remembered that Italy recorded a wage gap of 72.1%, while the database for this analysis recorded a gap of 86% for executives, 93% for middle managers and 94% difference between women and men for white collars. In this regard, it should be considered that the percentages of the two surveys are not aligned, since this survey is focused only on companies with larger capitalization, while the WEF, on the contrary, considers the entire country. Again, considering the results of the WEF study, which had placed the UK at 23rd with a differential of 77.5%, this study instead reports an average hourly gap of 17% and a median of 6%, and if bonuses are considered, the gap increases significantly to 40%. In this case, the same considerations apply to the analysis of the Italian system, i.e., that the research considers only the 100 most capitalized companies in the FTSE 100 index and not all companies.

Although the companies analysed have taken steps to reduce this gap, the gaps recorded in both samples studied are still very large, especially in relation to management positions, where the salary is by nature higher and the presence of female managers is still very low.

This study could be carried out again in the following years, as the data used refer to the year 2022, therefore it could have been affected by the COVID-19 pandemic, which has further widened the gaps. It would therefore be interesting to verify if the situation of the pay gaps of the companies belonging to the FTSE MIB and FTSE 100 indexes have changed in future periods. The most up-to-date research, which includes the impact of COVID-19 and which should also be referred for information on GPG, is published by the EIGE (2023).

As already stated, this study represents one of the first studies aimed at analysing the implementation by Italian companies of the new legislation, which also requires reporting on salary differences between genders. The topic is certainly very relevant to the Italian context because it is extremely current unlike the UK system, where the methods of disclosure GPG have now become consolidated.

As in all studies, this one has limitations that should be considered when interpreting the results.

The study first examined data on large listed companies, which cannot be generalized to other categories of firms. In order to confirm the main results, a future study could expand the sample to include small and medium-sized enterprises (the most representative in the Italian context). Furthermore, since the study analysed listed companies in one financial year, it's suggested for future research to use the more extended study period. Finally, the analysis could be integrated by examining other legal systems, such as France, Germany or Spain, to verify and compare the Italian position with respect to other member states. A comparison could also be performed with respect to the U.S., to collect more evidence on the global trend of the GPG.

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