

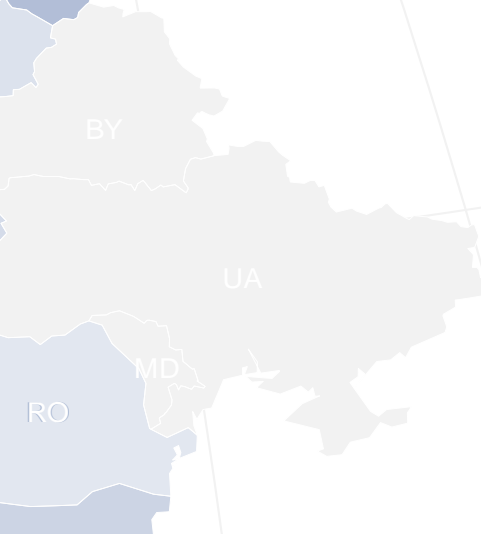
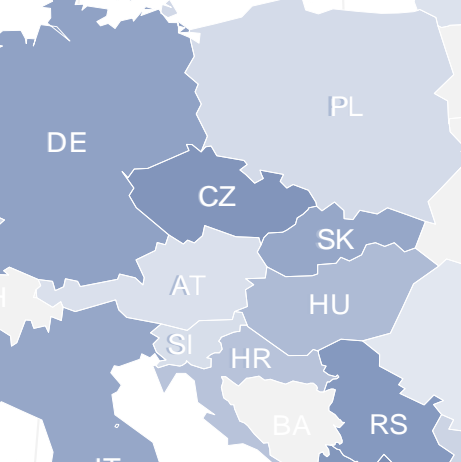
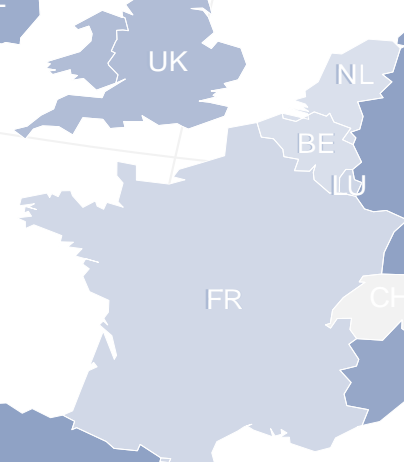
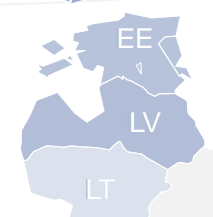
DIVERSITY ON BOARD AFTER ADOPTION OF GENDER QUOTA: WHICH EFFECTIVE FORCES HAVE DRIVEN THE GENDER BALANCE IN ITALY?

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A map of Europe with various countries labeled with their ISO 3166-1 alpha-2 codes. Italy is highlighted with a red outline. The map shows countries from SE (Sweden) in the north to MT (Malta) in the south, and from FR (France) in the west to TR (Turkey) in the east. Other visible labels include NL, DE, CZ, AT, SI, BA, RS, ME, XK, MK, BG, EL, and CY.

ITALY

The quota law (2011) sets out a minimum objective of one third of the corporate board seats for members of the under represented gender by 2015, lowered to one fifth for the second term (since 2012)

Increase 25% since 2011 to 2015

Italy characteristics

- High ownership concentration
 - Important role played by family-controlled companies
 - State owned companies represent 9%
 - More than half of the financial firms are non-controlled companies
 - In Italy companies can choose their governance system: dual, unitary or traditional system.
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Italian corporate boards before the quota Law (Bianco, Ciavarella & Signoretti, 2015)

- * Majority of gender diverse boards with at least one woman had a family connection to the controlling shareholder.
 - * family-affiliated women are more common in companies that are small, have a concentrated ownership and are in the consumer sector, and have a larger board
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Objective

which are the forces driving the gender balance in business leadership.

Is just a question to comply with the law or the change was substantial?

Hypotheses

Dutch Firms that have women on their boards tend to be larger in size than smaller (Luckenath-Rovers, 2011)

The larger board size, greater number of female directors (Terjese, et al. 2009; Scaly et al. 2007; Brammer et al. 2007...)

The large boards size lead to the appointment of women directors, because are more accomodative in appointing female directors as oposed to small board size.

H1. Diversity on board directors is positively related to the board size

Compliance with the quota law has led to increase the board size and this is driven by institutional pressure and tokenism

H1.b. Increase of diversity on board directors is positively related to the increase of board size.

Hypotheses

Female directors are more prevalent in firms with more independent directors (Terjesen et al., 2016)

Positive association between board independent directors and proportion of women directors (Abdulah, 2014)

H2. Diversity on board directors is positively related to independent directors

Presence of independent and female director are on the rise (Sealy and Vinnicombe, 2013)

H1.b. Increase of diversity on board directors is positively related to the increase of independent directors

Hypotheses

Positive relationship between gender diversity on board and family ownership (Nekhilh & Gatfaoui, 2013; Gregoric et al. 2016; Ben Amar et al., 2012)

H3. Diversity on board directors (in family business) is positively related to women directors with family ties

H3.b. Increase of diversity on board directors is positively related to the increase to women directors with family ties.

Hypotheses

State owned companies is positively associated with gender diversity on board (Gregoric et al., 2016; Abdullah, 2014; Du Plessis et al., 2014; Terjesen et al., 2009)

H4. Diversity on board directors is positively related to the state owned companies

Sample and Methodology

- 45 companies listed in 2015 on the Italian Exchange (31 FTSE MID index; 11 FTSE Mid Cap index; 3 FTSE Small Cap Index)
 - 2011-2015
 - Average to average analysis and bilateral correlation
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RESULTS BIL-CORREL		ROA	ROE	FSIZE	EPD	D	ZE	D	WBD	BSIZE
ROA	Pearson C	1	,623**	-,477**	-,079	-,052	-,109	,013	-,063	,165*
	Sig. (bilat)		,000	,000	,291	,436	,144	,858	,347	,013
	N	225	225	225	180	225	180	180	225	225
ROE	Pearson C	,623**	1	-,756**	-,063	-,149*	-,058	-,008	-,179**	-,079
	Sig. (bilateral)	,000		,000	,398	,026	,443	,912	,007	,238
	N	225	225	225	180	225	180	180	225	225
FSIZE	Pearson C	-,477**	-	1	,109	,300**	,012	,006	,157*	,145*
	Sig. (bilateral)	,000	,000		,145	,000	,870	,932	,019	,030
	N	225	225	225	180	225	180	180	225	225
IND PD	Pearson C	-,079	-,063	,109	1	,226**	-,005	,278**	,157*	-,132
	Sig. (bilateral)	,291	,398	,145		,002	,948	,000	,035	,077
	N	180	180	180	180	180	180	180	180	180
INDEP	Pearson C	-,052	-,149*	,300**	,226**	1	-,001	,107	,194**	,236**
	Sig. (bilateral)	,436	,026	,000	,002		,987	,155	,003	,000
	N	225	225	225	180	225	180	180	225	225
BSIZ	Pearson C	-,109	-,058	,012	-,005	-,001	1	-,126	,034	,121
	Sig. (bilateral)	,144	,443	,870	,948	,987		,091	,646	,104
	N	180	180	180	180	180	180	180	180	180
WBD	Pearson C	,013	-,008	,006	,278**	,107	-,126	1	,411**	-,067
	Sig. (bilateral)	,858	,912	,932	,000	,155	,091		,000	,371
	N	180	180	180	180	180	180	180	180	180
VBD	Pearson C	-,063	-	,157*	,157*	,194**	,034	,411**	1	-,045
	Sig. (bilateral)	,347	,007	,019	,035	,003	,646	,000		,497
	N	225	225	225	180	225	180	180	225	225
SIZE	Pearson C	,165*	-,079	,145*	-,132	,236**	,121	-,067	-,045	1
	Sig. (bilateral)	,013	,238	,030	,077	,000	,104	,371	,497	

Results

H1.b. Increase of diversity on board directors is positively related to the increase of independent directors

Table 3		ΔBSIZE		=BSIZE		∇BSIZE		Test U Mann-Whitney	
		N	Average	N	Average	N	Average	Signif.	
		38	5,539%	104	4,274%	38	8,820%	0,002	**
ΔBWD	2011								
	2012	10	5,140%	25	1,576%	10	7,069%	0,002	**
	2013	7	2,188%	28	6,819%	10	11,346%	0,018	*
	2014	5	9,865%	27	4,972%	13	9,884%	0,382	-
	2015	16	5,902%	24	3,332%	5	4,504%	0,454	-

Results

H2 b. Increase of diversity on board directors is positively related to increase of independent directors

	Total WD	% WD INDEPD/ WD	Total INDEPD	%WD INDEP / total INDEP
2011	35	60,00%	296	7,09%
2012	58	74,14%	297	14,48%
2013	98	78,57%	306	25,16%
2014	126	82,54%	317	32,81%
2015	159	81,13%	336	38,39%
Total	476	78,57%	1552	24,10%

Results

H2. Increase of diversity on board directors is positively related to increase of independent directors

		ΔINDEPD		=INDEPD		VINDEPD		Test U Mann-Whitney	
		N	Average	N	Average	N	Average	Signif.	
		70	8,867%	75	2,872%	35	4,402%	0,000	***
ΔBWD	2011								
	2012	17	5,945%	19	0,562%	9	5,527%	0,001	**
	2013	17	10,023%	20	6,757%	8	1,769%	0,116	-
	2014	18	11,481%	19	1,520%	8	9,564%	0,022	*
	2015	18	7,920%	17	2,393%	10	1,367%	0,036	*

Results

Diversity on board directors (in family business)

		FAMB		No FAMB		Test U Mann-Whitney	
		N	Average	N	Average	Signif.	
		90	15,276%	135	17,812%	0,302	-
ΔBWD	2011	18	5,795%	27	6,162%	0,837	-
	2012	18	9,889%	27	9,414%	0,796	-
	2013	18	11,641%	27	17,112%	0,972	-
	2014	18	18,496%	27	27,074%	0,030	*
	2015	18	26,907%	27	29,300%	0,280	-

Results

H3. Diversity on board directors (in family business) is positively related to women directors with family ties

		FAMW		Non FAMW		Test U Mann-Whitney	
		N	Average	N	Average	Signif.	
		22	20,232%	68	13,672%	0,015	*
WBD-FAMB	2011	4	13,534%	14	3,584%	0,012	*
	2012	4	18,787%	14	7,347%	0,018	*
	2013	4	50,549%	14	14,831%	0,382	-
	2014	4	20,710%	14	17,864%	0,878	-
	2015	6	25,133%	12	25,133%	0,820	-

- 95% level
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Results

H4. Diversity on board directors is positively related to the state owned companies

Table 10		STATB		NO STATB		Test U Mann-Whitney	
		N	MEDIA	N	MEDIA	Signif.	
		45	20,233%	180	15,939%	0,145	-
BWD	2011	9	7,963%	36	5,529%	0,530	-
	2012	9	8,457%	36	9,891%	0,606	-
	2013	9	15,143%	36	17,099%	0,511	-
	2014	9	34,592%	36	20,905%	0,001	**
	2015	9	35,010%	36	26,271%	0,015	*

** 99% *95%

Results

Chair woman

		CHAIR WOM NO		CHAIR WOM YES		U Mann-Whitney Test	
		N	MEDIA	N	MEDIA	Signif.	
WDB		207	15,597%	18	30,611%	0,000	***
WDB	2011	43	5,708%	2	12,698%	0,129	-
	2012	44	9,335%	1		0,222	-
	2013	44	16,661%	1		0,711	-
	2014	38	21,677%	7	34,314%	0,007	**
	2015	38	26,797%	7	34,649%	0,035	*

Results Industry

		Consumer Sevices&Goods		Financials		Industrials		Oil & gas & Telec & Techn		Utilities	
		N	AVERAGE	N	AVERAG	N	AVERAG	N	AVERAG	N	AVERAG
		55	16,655%	80	17,797%	30	12,177%	30	11,576%	30	20,138%
WBD	2011	11	8,125%	16	6,347%	6	3,571%	6	2,500%	6	7,222%
	2012	11	11,288%	16	11,828%	6	9,610%	6	2,500%	6	7,865%
	2013	11	16,219%	16	20,472%	6	16,881%	6	6,237%	6	17,865%
	2014	11	19,773%	16	23,748%	6	23,745%	6	20,392%	6	33,604%
	2015	11	27,871%	16	26,576%	6	27,609%	6	26,253%	6	34,312%

CONCLUSIONS

- In our study we verified the **importance of changes** in the diversity of Italian BoDs in recent years. In contrast with the situation antecedent with the quota Law adoption, **the majority of women on corporate boards are currently independent (81%)**, suggesting that the most recent appointments have tilted the relative weight of family-affiliated vs. non-family-affiliated women in favour to the latter category.
 - In contrast with the greater representation of women previously shown by companies with large boards, the current situation does not show **any obvious relationship between representation and size of board**. **Contrary, we found relation between increase diversity and reduce size board**
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