

# Is pink the new black this spring in Italy? Women on boards: governance and performance

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Recently increasing attention has focused on the importance of gender diversity in relation to women's legibility in the work places.

In this respect, Italian legislator has made a step forward by issuing a law on diverse composition of companies' management. This spring 2013 more than 70 listed Italian companies will renew their board composition and this will be opened to women.

## Italian legal framework

Italian rules aim at increasing women's appointments into the managing and audit bodies of listed companies as well as State-owned or State-controlled companies. Such legislative interventions are currently still being enacted, as the term for full implementation is 2015 and they need some executive regulations.

## Women on boards of listed companies

Law 120/2011 sets forth a regulation which causes listed companies to appoint a growing percentage of women upon expiration of board of directors and panels of statutory auditors.

Indeed: (i) upon the first renewal of the boards and panels following the coming into force of the law, 1/5 of the seats in each company must be reserved to the less represented gender (she-directors); while (ii) upon second and third renewal of the boards and panels, such percentage grows to 1/3 of the members.

In order to push companies to include women into the managing and the auditing bodies, Law 120/2011 sets forth sanctions in case of non-compliance with the new rules, from a notice with a four-months term to comply, a monetary fine up to EUR200,000 up to the termination from the office by the boards' and panels' members of the breaching listed company.

### **Women on boards of State owned or controlled companies**

In addition to the above, Law 120/2011 also promotes gender diversity into State-owned or State-controlled companies.

More specifically, such legislation provides for the same percentage of reserved seats as per listed companies, as well as the same timings for the relevant implementation, nevertheless the consequences for the lack of compliance are slightly different with reference to the authority in charge of issuing the notice, the term mentioned in such notice and the amounts of the monetary fines.

### **Figures in practice**

Turning to practice, as during this 2013 spring about 70 Italian listed companies will be called to renew their boards, there is the chance to see how they concretely will comply with the new rules.

The unveiled scenario shows about 117 available seats which shall be granted to an equal number of businesswomen. It is given that Italian corporate governance is evolving and becoming numerically a greater reality thanks to provisions which limit the possibility to hold cross-seats as directors in different companies, give greater importance to the role of independent directors and promote gender diversity.

Therefore, despite the unfavorable historical and cultural factors, Italy holds a leading position in businesswomen's growing success.

Shifting to some data gathered abroad, US Fortune 500 companies shows that in 2011 only an average of 16 percent of the board's seats were held by she-directors and that 1/10 of the same sample had no women directors at all. Although such numbers do not seem encouraging, or at least not as much as in comparison to European standings, it is true that there is a promising trend.

Using a similar parameter, it is shown that the number of Fortune 1000 companies with at least a woman on their board had an increase of 86 percent from 1973 to 2006.

Furthermore, there are other considerations to be made. Indeed women seem to struggle to establish themselves as professionals not only in business sector, but also in other fields. In fact over 190 Head of States all over the world, only 9 of them are women and parliamentarians do not go much further, since, considering them globally, only an average of 13 percent of them is expression of diversity.

In conclusion, institutions in many countries have become increasingly sensible to gender diversity needs, even though it is desirable to pursue such goal by implementing further and different social, political and legislative strategies.

In Italy provisions on gender diversity seems to be necessary to promote and support diversity in top management positions and of this would benefit not only those women who will be allowed to express their skills, but also the companies which need the expertise of a broader range of capable professionals regardless to their gender.

Meanwhile, progress in leverage and equal opportunities for men and women is sponsored by numerous private initiatives, such as prizes awarding those entities who have distinguished themselves in doing something which promotes women's work such as: child care, working hours flexibility, reserved seats in commissions, etc. Such initiatives spread the awareness of the issue from within the entities who will directly benefit from such differentiation of genres.

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