Women in the boardroom: the Italian experience of law vs. embedded tradition

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Abstract: Italy's law 120/2011 established boardroom gender quotas. Since then, an important goal has been reached: listed and state-owned companies must fulfil a compulsory percentage of women in boards of directors and in statutory boards. European standards are even more favourable in that they predict that by 2020, women must constitute at least of 40% of board memberships. This paper illustrates effects and changes of the new law for Italian companies and analyses the cultural debate that has strongly enhanced the Italian scene. Various approaches, both traditional and ground-breaking, are analysed. The paper also describes the presence of women in the boardrooms in other European countries to support a comparative analysis.

Keywords: law 120/2011 Golfo-Mosca; boardroom gender quota; women in the board; board of directors and statutory board composition; glass ceiling; inequality; state-owned company; listed companies; lean in; Italian experience.

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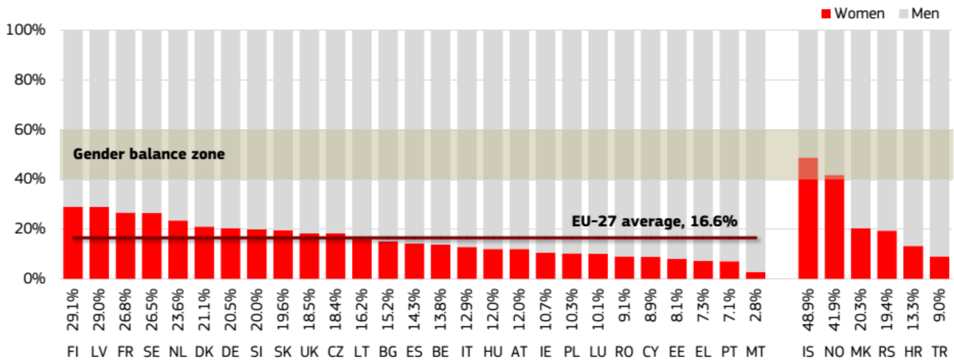
1 The *glass ceiling* phenomenon

Women have achieved important victories relative to equal rights and opportunities in the business world, but they have not yet been able to reach these goals when managerial positions are considered. In particular, women account for 46% of people employed across the EU13; on average, they have a higher level of education than their male colleagues: 34% of working women have some form of tertiary-level education compared to 28% of men (EU Commission Database, 2013b). Yet, at the top levels of business, women remain under-represented.

The most recent figures (April 2013) show that women account for just 16.6%, or one in six, of board members of the largest publicly listed companies in the EU27. The highest levels of female representation on boards occurs in Finland (29.1%) and Latvia (29%), closely followed by France (26.8%) and Sweden (26.5%). The Netherlands, Denmark, Germany, and Slovenia are the only other EU member states to have at least 20% women on their boards. This means that there are still 19 member states where men hold at least four out of every five board positions and in six of these (Romania, Cyprus, Estonia, Greece, Portugal, and Malta), women hold less than 1 in 10 positions. The new report on women in decision-making, released by the European Commission, including figures on women on boards at major, publicly listed companies in the EU, show that the share of women on boards has increased to 16.6% (from 15.8% in October 2012). The figures also show the various levels of representation amongst non-executive directors (17.6% women, which is up from 16.7% in October 2012) and senior executives (11%, up from 10.2%).

In April 2013, women represented 12.9% of the board members of the largest publicly listed companies in Italy. This proportion is below the EU average. There are no women board chairs or CEOs in the companies covered by the index. Women account for 12.9% of non-executive directors in the largest publicly listed companies in Italy but only 3.9% of executive directors. Both figures are below the respective EU averages (EU Commission's Database, 2013b; see Figure 1).

Figure 1 Representation of women and men on the boards of large listed companies, April 2013 (see online version for colours)



Source: European Commission, Database on women and men in decision-making

In the USA, the situation is only somewhat different. In the 1960s, a Harvard Business School study about women at the executive levels was abandoned because of a shortage of subjects on which to conduct statistical inquiries. In 1970, the presence of women in the workforce was 38%, and women in managerial positions were only 16%. There was improvement in following decades. In 1980, women held 26% of managerial positions and in 1990, about 39%. However, the proportion of women in top management during the 1970s and 1980s did not exceed 5% (Davidson and Burke, 2000). Today in the USA, only 5% of Fortune 500 CEOs and 4.9% of the Fortune 1000 CEOs are women (Catalyst, 2013). Women top managers earn on average 72% of their male colleagues' wages.

In the UK, the number of women executive directors in the FTSE100 companies increased from 11 in 2000 to 17 in 2004, compared to 400 men. No Englishwoman was at the head of a British company, although 44% of the workforce were women. Today, women represent 18.5% of the board members of the largest publicly listed companies in the UK (i.e., the 50 largest companies from the FTSE100 index). This proportion is higher than the EU average with women as 6.4% of CEOs in the covered companies, which is well above average, but there are no women board chairs (EU Commission's Database, 2013b).

Among countries in the developed East, "The Japanese political culture is soaked with gender bias and traditionalism" (Ferrera, 2008). In 2005, Kathy Matsui, a researcher at Goldman Sachs, introduced the new concept of *womenomics* (Maitland and Wittenberg-Cox, 2009), which defines the work of women as important forward progression. Maitland's main study, which focused on the Japanese economy, denounced the scarceness of female participation in the Japanese labour market.

During the last 30 years, few changes have occurred for women in Western countries, although there have been major and significant changes for women in Arab societies. The labour market in Arab regions has witnessed dramatic changes during the last two decades, with women taking more responsibility in public spheres and occupying more important positions in organisations. In December 2012, the UAE cabinet made it compulsory for companies and government agencies to appoint women to their boards, following the lead of Norway. The UAE has highest rate of females in the workforce in the Gulf countries. In 2012, women in the Gulf countries made up approximately 18% of the labour force, compared to around 55% in Europe (McGinley, 2012). The sheik of Dubai and vice president of the UAE declared that the presence of women on company boards will make decisions more balanced because women have proven their worth in many professions and in decision-making roles. Out of the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, and the UAE), the Emirates have the highest rate of female participation in the work force, at 59%, compared to 42% in Kuwait, 36.4% in Qatar, 34% in Bahrain, and 22% in Saudi Arabia (ANSAmed, 2012). The UAE sheiks have traditionally pursued policies of female integration into the country's cultural and productive apparatus, promoting women's access to education, sports, politics, and the professions. Of UAE women, 1.5% are appointed to company boards of directors, whereas seven out of the 40-member UAE parliament are women, and the government has four women ministers.

Around the world, professional growth opportunities and claims for prestigious positions did not come as the natural result of an evolutionary process of the presence of women in the labour markets. Women have increased their participation in the workforce. They have settled in the professions and achieved important gains in rights, especially relative to the role of working mothers. However, women still have a long way to go relative to their presence in decision-making roles.

Some studies have focused on why women should be on the boards in an attempt to convey that to build a corporate governance in which men and women have the same decision-making responsibilities is of primary importance if the company wants to be progressed and to take every opportunity to achieve success and optimise the process of decision-making. The creation of a board in which the presence of women is equal to that of men supports a situation in which gender diversity is enhanced at different levels. Situations and decisions can be seen from different points of view, which can lead to potential advantages as they allow the selection of better solutions among a broader range of alternatives. It is worth noting the words of Chris Clarke Byden, CEO of a headhunter company (Davidson and Burke, 2000). He claimed that women are superior to men in multitasking, creating, and taking part in teamwork and communication. These are the strategic features for company management in the 21st century. Inclusion of women at the top of the workforce is not only an ethical issue but also an economic one. Some studies have claimed that the endorsement of women is worthwhile, as companies with women in top positions generally attained better results than those with fewer women in important positions. McKinsey and Company's (2010) report on women indicates that companies with higher proportions of women in their executive committees have better financial performance. In fact, the average return on equity (ROE) calculated for 2007–2009 for 279 companies was 41% greater for the companies that has women represented in their executive committees. Also, the average EBIT margins calculated on the same period but for 231 companies (banks and insurance and financial services were excluded) was 56% greater (McKinsey and Company, 2010).

This paper focuses instead on the question 'why not?' No legal obstacles prevent women's ascent through the hierarchy, but objective analysis recognises the lack of representation of women in top career positions. This is indeed known as the *invisible barrier* dictated by social norms and by gender discrimination. In too many situations, this imbalance also arises from the inadequacy of welfare in support of parenthood and from lack of backing by legislation.

This phenomenon is known as the *glass ceiling*. The US Department of Labor defined the glass ceiling as the set of “those artificial barriers based on attitudinal and organizational prejudices that prevent qualified individuals to advance and reach managerial positions in the organization in which they work” [Scisci and Vinci, (2002), p.48]. The phrase was coined almost two decades ago by the *Wall Street Journal* in 1995. At that time, the USA established the Glass Ceiling Commission.

The *glass ceiling* manifests in various kinds of discrimination such as:

a avoiding women in recruitment

b isolating them at certain positions (especially technical) that do not provide career paths and professional progress

c excluding female employees from training activities

d blocking their access to the informal communication network among male colleagues or even sabotaging behaviour (mobbing).

A group of American businesswomen proved that there are three main reasons for women’s difficulties in reaching the so-called C-level positions. C-level includes all position in which members are recognised as chief, including chief executive and chief financial officer (*The Economist*, 2005). Women do not reach the top because

a they are excluded from interpersonal relationships usually created among men

b there is a strong leadership stereotype that prevents women from fully valuing their managerial skills

c there are still few cases of women in power positions as an example for women themselves and for other companies.

The first group of reasons behind the existence of the *glass ceiling* concerns networking. Networking is the process of developing contacts with other parties that provide a social support, suggestions, and feedback about career matters. Generally, networks are not hierarchical groups and do not have a formal organisation. The advantages associated with the network phenomenon that develops managerial levels are various. Managers improve their performance, have more information, and therefore know what is happening within the organisation that they manage. In addition, the importance of private relationships and social support that allow the creation of a familiar work environment and stimulation of professional growth of the network’s members should be noted. Eventually, the network allows members to achieve influence in the organisation, thanks to the visibility that is acquired by participation and information exchange. Often, networks formed at top levels are composed mostly of men so it is difficult for women to enter (Foegen Karsten, 1994). Men who hold top management positions often create a selective inner circle that ranks people similar to them in terms of values, hobbies, and working methods. As a consequence, often women face social discrimination that is revealed by their exclusion from informal communication networks. Their exclusion from these communication groups undermines their positions and impede their professional achievement.

The second group of reasons behind the existence of the *glass ceiling* concerns the stereotype of female directional capacity. Women are considered fair leaders only in specific areas that are considered feminine, such as health, education, and social welfare.

Nonetheless, often men hold the top positions even in these areas. The women's leadership stereotype incorporates a vision of a woman as sympathetic, empathetic, careful of people's private lives; some believe that these characteristics cannot coexist with an influential and distinguished personality. For this reason, many men think that their female colleagues may not exercise the right charisma to lead an organisation.

The third group of reasons behind the existence of the *glass ceiling* concerns the lack of models. Young women starting their carriers would be encouraged to lean in if only the number of successful women were higher and if only the social perception of female success were positive and univocal. More than this, companies led by women or with gender diversity, where representation of the genders is well balanced or improving in number and obtaining good results could prove to the market that an opportunity to create value is being missed and would show a new path for a different development.

The causes of the *glass ceiling* phenomenon also could be classified in explanations based on the person and the situation. On one hand, the first concern is the supposed different female personality, skills, talents, and managerial styles. These concerns also include needs related to the duties of motherhood. On the other hand, the second cause points attention to the internal dynamics of the company relative to obstacles to women's professional achievement (e.g., the attitudes of workers to be managed by a female leader). Some scholars prefer the second group of reasons (Davidson and Burke, 2000), whereas others consider both categories equally important such that they should be considered jointly.

It has been pointed out that the problem of the *glass ceiling* remains unresolved and needs an urgent solution as it causes waste of resources that should instead be capitalised on to increase company productivity and the wealth of countries.

2 The legislation in support of women's work in Italy

Legislation relative to the participation of women in economic activities in Italy can be divided into three main areas. The first is the field of social policy, which includes laws about retirement, insurance against diseases, fiscal policy, and unemployment. The second refers to the legislative measures concerning women's family roles as wives and mothers. This area includes services for children, child care, and relief for motherhood and fatherhood. The third area is that of legislative government policies that influence the habits and attitudes of employers toward women, including equal pay and guarantees of equal employment opportunities.

A first relevant step is found in Article 3, 37, 51 e 117 of the Italian Constitution,[1] which anticipated in 1948 among the others the important principle of 'equal pay for equal work' regardless of gender. The principle was then considered and restated by the International Labor Organization (ILO) Convention n. 100 of 29 June 1951 (Article 2: "Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value") and by the Treaty of Rome, which established the European Economic Community in 1957. These articles remain essentially tied to a formal statement.

During the 1970s, however, the issue of the position of women in professional contexts came to attention. It was observed that current laws could not warrant the same treatment and consequently the same positions for men and women who acted with equivalent effort. New rules were introduced. Law 1204/1971 forbade the dismissal of women from the beginning of a pregnancy until the end of the first year of the child's life and introduced some further innovations, such as leaves of absence during the first year of the child's life, for childhood diseases up to the third year of the child's life, and to enable breastfeeding. The legislation also was oriented to the prohibition against assignment of women to jobs considered harmful (e.g., night work, underground work, and heavy work). Law N. 903/1977 was a turning point in the range of equal opportunities between men and women in the labour world. The law's main purpose was to promote equality of treatment between genders and to promote the professional and economical independence of women. In addition, the law aimed for the equal treatment for social security purposes (e.g., family allowances and reversible retirements).

Thereafter, more than a decade elapsed before additional relevant steps forward were taken. The introduction of Article 5 of Law 125/1991 established a National Committee at the Ministry of Labor and Welfare to implement equal treatment principles that give real equal work opportunities to women. The aim was once more to promote concrete programmes to help women to lean in and enter the job market. From this perspective, the government introduced Law n. 285/1997 for social and educational services for early childhood from ages zero to three years for nurseries and child care centres.

In 1995, the Ministry for Equal Opportunities was established, followed by the Department for Equal Opportunities, which is the administrative and functional structure for the implementation of equality policies and government.

At the European and international levels, strategies were drawn up relative to more than one circumstance:

- *IV World Conference on Women (Beijing, September 1995):* Two guiding principles were proclaimed: *empowerment* (the process of growth, both of the individual and the group, based on increasing self-esteem, self-efficacy, and self-determination to bring out latent resources and make women conscious of their potential) and *mainstreaming* (the integration of women into the mainstream of policies, actions, and programmes implemented with structural coordination of the Ministries to mobilise and sensitise all policies of a general nature to the achievement of equality).

- *Charter of Fundamental Rights of the European Union (Nizza, December 2000):* Article 21 forbids any discrimination based on any ground such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership in a national minority, property, birth, disability, age, or sexual orientation; article 23 stated that 'equality between men and women must be ensured in all areas, including employment, work and pay';

- *Summit Lisbon (23–24 March 2000):* This conference defined an action plan for employment in Italy. The plan aimed to achieve equality between the genders. In particular, the goal was to 'reduce the gap between the unemployment rates of men and women' and to 'restore work and family life'.

In response to the Lisbon European directives, the Italian Government tried to encourage female entrepreneurship especially in the South and the use of various ways and flexibility of labour, called *atypical jobs*. With D.Lgs 215 and 216 of 2003 and Law 76 of 2006, the Italian Parliament approved the principles of equal opportunities defined by

European legislation and with the D. Lgs 198 of 11 April 2006 entered into force the Code of Equal Opportunities between Men and Women. This last text collects and reorganises all of the existing rules on the topic in the Italian legislation and represents an important tool for all citizens who want to know their rights. The code reaffirms the prohibition of discrimination between men and women in ethics, social, and economic relations and sets up a national counsellor parity. One of the main changes was the insertion between discriminatory cases of sexual persecution of every less favourable treatment that may result from pregnancy or maternity/paternity.

D. Lgs 198 of 2006 was modified by D. Lgs 5/2010. This measure imposed Directive 2006/54/EC on the principle of equal opportunities and equal treatment of men and women relative to employment and occupation. This legislations strengthens the right of workers to receive, under the same conditions, the same pay as their male colleagues. Conviction for discriminatory behaviour and non-observant employers, according to the court decree, are punishable by a fine of up to 50,000 Euros or by imprisonment of up to six months. D. Lgs n. 5/2010 allows women who reach the age for the old-age pensions (i.e., 60 years) to continue working voluntarily until retirement age set for men, which is 65 years.

This short review of the situation suggests the conclusion that in Italy, regulatory actions to promote gender equality in the workplace have been multiple and that, at least, at a legal level, it appears that in the professional sphere, no discrimination against women should be possible. However, the data on employment rates and activities, wages, and the presence of women at the top levels of the professional sphere show that gender inequality is still a goal to be reached.

A survey of Italian universities conducted by Alma Laurea Interuniversity Consortium (2012) showed that:

a females are faster to obtain their degrees at 40.6% vs. 37% of males

b females represent 60.1% of total graduated students

c female's graduation rate is higher, 104.2 compared to 101.4 of males.

The problem clearly seems not to be merit but instead may be linked to the *glass ceiling*.

The situation seems to have improved only as a result of the Golfo-Mosca law. For this reason, we focus on its introduction and on the resulting cultural discontinuity. Regulatory intervention is represented by the120/2011, approved by the bipartisan commitment of two women and Members of Parliament Lella Golfo and Alessia Mosca. Golfo (2013) is a politician and Italian businesswoman. She is the founder and current president of Marisa Bellisario Foundation and creator of the Bellisario Award, which is now in its 25th edition. Golfo is a member of Parliament elected from the ranks of PDL in 2008. The Bellisario Foundation's mission is to support women in the achievement of their career paths and the affirmation of equal opportunity conditions and to recall constantly the political attention of institutions, business, and labour to projects and innovative ideas. National efforts have dealt with social involvement, new technologies, communication, economics and finance, corporate social responsibility. In November 2013, Golfo received the Italy America Chamber of Commerce (IACC) Business and Culture Award. This award was given during the 126th IACC Gala, which took place in New York with more than 500 representatives and political members, businesses, enterprises and culture between the USA and Italy. Her book, *High Flying: The Life of a*

Free Woman (2013) tells the story of her fight to overcome difficulties and become the heart of a silent but important cultural revolution imposed by Italian law.

Alessia Mosca has been the vice president of Youth of the European People's Party (YEPP). From November 2007 until the settlement of the 16th Legislature, she was a member of the National Executive of the Democratic Party responsible for labour. In political elections, in 2008, she was elected member of parliament and has been appointed as labour commission secretary. Since 2009, she has been part of the Young Global Leaders of the World Economic Forum and in 2010 was named Rising Talent (by the Women's Forum for the Economy and Society). Her book *Without a Woman* (2011), presents a debate about power, family, and rights in the most male-dominated country in Europe.

The law provides an important innovation that shook Italian corporate law: The boards of directors and the statutory board[2] of all listed companies starting in August 2012 must reserve at least one-third of its membership for the less represented gender: usually women (Guglielmetti, 2012; Riva and Provasi, 2013). This is the first regulatory intervention to support the boardroom gender quota (called the pink quota) in corporate bodies of listed and state-owned companies and is investigated below.

3 The Golfo-Mosca law (N. 120/2011)

As anticipated, Italy took a step forward to solve the problem of the lack of women in decision-making positions of the leading companies in the country by introducing by law the mechanism of the boardroom gender quota. On 12 July 2011, the President of the Republic, Giorgio Napolitano, promulgated Law n. 120: 'Amendments to the consolidated text of the provisions on financial intermediation, by Legislative Decree 24 February 1998, n. 58 (later CFA), about equal access to organs of administration and control of the listed companies on regulated markets' also called the Golfo-Mosca Law, named after the two MPs whose commitment allowed the approval of the regulatory text. The law amends Legislative Decree 58 of 24 February 1998, Article 147-ter, about the composition of boards of directors and Art 148 to the statutory board.

Article 147-ter, 'Election and Composition of the board of directors', was changed with an introduction to paragraph 1-ter, which states, 'The statute also provides the elected directors should be carried out according to a criteria based on the parity between the genders' (Article 147, paragraph). The less represented gender administrative organ must obtain *at least one-third* of the directors elected. This distribution criterion should be applied for three consecutive mandates. In addition, after paragraph 1 of art. 147-c, paragraph 1-bis was added: 'If management board is made up of a number of members not less than three, it shall apply the provisions of Article 147-ter, paragraph 1-ter' (Legislative Decree 58). The articles of incorporation must prescribe the composition of the candidates list and the cases of replacement during their terms. Article 147-ter and paragraph 1-ter also apply to companies that adopt the single-tier system. So the mechanism of female quotas is applied to the traditional and monistic systems, as well as in the case of dualistic system in which the management board has at least three members.

In case in which the composition of the board of directors violates the above-mentioned rules, Consob recalls the company concerned to duty so that it can adapt the criteria of the distribution within a period of four months from the formal notice. In case of non-observance, Consob imposes a fine of between €100,000 to €1,000,000, determined by its own regulations and with a new deadline of three months to comply. If even in this case, the company fails to respect the gender criteria in the composition of its board, the penalty imposed is the automatic laying off from their position of the elected members of the board of directors (Legislative Decree 58, Art 147-ter).

Concerning the statutory board, Art. 1, Section 3 of Law 120 of 12 July 2011 amends Section V of TUF Statutory board. Article 148, Sections 1-bis and 4-bis, requires the application of the gender distribution criteria to the statutory board. The new rule claims that the incorporation deed must predict that the statutory board – formed by not less than three effective members and not less than two temporary members – must be composed so that the less represented gender obtains at least one-third of the effective members. This implies that two members of five – one effective and one temporary – must be among the less represented gender, usually women.

In cases in which the company does not follow these composition rules, again Consob calls the company concerned to duty. The terms and the procedures are those provided by Art. 148 Section 1-bis, paragraph 1-ter, which establish a pecuniary administrative sanction that ranges from €20,000 to €200,000 (Legislative Decree 58, Art 148-ter). In case of non-fulfilment after the second warning, as with the requirements for the board of directors, statutory board members will be laid off from their positions.

The dispositions of the Golfo-Mosca law are applied starting from the first renewal of the administrative and control board of listed companies in regulated markets a year after the law enters into force. The law was published on 28 July 2011 and entered into force on 12 August 2011, after a period of 15 days of *vacatio legis*. Therefore, the dispositions included in the legislative text under analysis are applicable starting from 12 August 2012. In addition, *for the first mandate* of the law application, to the less represented gender should be reserved a quota at least equal to *one-fifth* of the members of the administrative and control board (instead of one-third). The Golfo-Mosca law imposes the mechanism of the female quota not only for companies regulated by TUF but also for those not listed on regulated markets but controlled by Public Administration according to the definition of control established by Art. 2359, paragraph 1 of the Civil Code. Further, Law 120/2011 provides the same quotas for listed companies and for state-owned companies. This legislation provides an important step in the alignment between the public and private sectors.

It is important to point out that the aim of the law was not to introduce a reserved quota and with the obligation to last forever but to implement something like an educational path useful to shuffle the cards. Indeed the established obligation will last for three mandatory terms of the boards, which means for nine years. At the end of almost one decade, in 2022, companies will be free in their choices and will be able to go back to previous habits. The effect in the compulsory period will be considerable and will provide an opportunity for companies to perceive that gender diversity creates value and to experiment concretely to determine the positive contribution to decision-making by women in these positions. One may hope that as a consequence, this will drive a common change of mind about the quota matter and encourage the decision to put aside old habits. The aim of the law is to find a solution to the problem of the *glass ceiling* phenomenon for women by law. It is thought that a period in which women are helped to reach top levels can be useful to stimulate spontaneous female participation in corporate boards based exclusively on merit. It is as if this law has been considered the instrument necessary to break the ice and start the process of achieving gender equality.

The criteria according to which the new legislation should be implemented are left to the autonomy of the statute of the companies involved (see Figure 2).

Figure 2 Main contents of L. 120/2011

The Golfo-Mosca law (n. 120/2011)

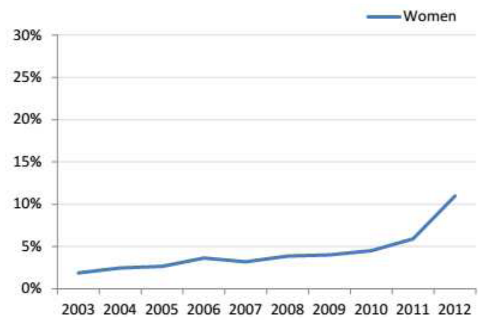
1. The less represented gender must obtain: at least 1/3
2. For the first mandate of the law application: at least of 1/5
3. If the company fails to respect the gender criteria in the composition of the Boards, the penalty imposed is the automatic laying off from their position of the elected members of the board of directors
4. This distribution criteria should be applied for three consecutive mandates

4 The effects on Italian companies of the boardroom gender quota law

The European Commission (2013b) report, 'Women and Men in Leadership Positions', stated that the most significant developments of recent years have largely occurred in countries where binding legislation has already been adopted (e.g., Italy, France, and the Netherlands) and where there has been an extensive public and media debate (e.g., Germany and the UK).

The proportion of women on boards in Italy has risen from nearly 2% in 2003 to almost 7% in October of 2011. This represents an average change of one percentage point per year. At this rate of change, it would have taken more than 30 years to achieve at least 40% representation of each gender on corporate boards with no assurances that the quota target would be met.

Figure 3 Italian trend in boardroom gender quotas (see online version for colours)



Source: European Commission's database on women and men in decision-making

The implementation of the boardroom gender quota law has broken this slow trend. As shown in Figure 3, between 2011 and 2012, there was an increase of five percentage points, which represents a significant acceleration in the rate of change (European Commission's Database, 2013a).

When the debate started about the bipartisan law for female quotas, women held 6.73% of the positions on the boards of listed companies. In October 2012, this figure rose to 11%, although the law entered into force less than two months previously. The same trend has occurred in the most positions of statutory boards, including the roles of chairman and auditor. In this case, it increased from 6.75% at the end of 2010 to 9.49% halfway through July 2012.

Although the results were not yet satisfactory, they show a progressive improvement in response to the Golfo-Mosca law of 2011. Many companies started to adapt the compositions of their boards in response to the requirements of this Act. The only notice of the future entry into force of a female quota law caused an increase in the number of women in corporate bodies. By 2011, 21 listed companies (e.g., Telecom, Pirelli, CIR, and Mediobanca) spontaneously decided to response to the requirements for female quotas before the law entered into force. This resulted in the boards rising to one-fifth female representation (i.e., 24 women). The phenomenon also was clear in banks. At a shareholders meeting in 2012, for the renewal of a committee formerly composed by 31 male members, 18 (almost 60%) named at least one woman (Parente, 2012).

The law has resulted in behaviour change: In April 2013, as noted above, the European Commission's database showed an increase of the boardroom gender quota up to 12.9%. As the change is compulsory, the trend will be important and positive for a longer time (i.e., for the three years necessary to renew all boards).

Tables 1 and 2 show the magnitude of the effects of the Golfo-Mosca law on the number of women on boards of auditors and directors of Italian listed companies. To reach the goal of the one-third quotas for the less represented gender as required by the Golfo-Mosca law, if we consider the figures of June 2012, we see that 828 women were needed on boards of directors and 256 women were needed on statutory boards. This necessitated the substitution of 586 men to introduce as many women in boards of directors and reassignment of 183 positions to women on statutory boards.

The positive benefits of the effects of the Golfo-Mosca law are even more interesting when the state-owned companies are considered as it is estimated that with the law, almost 4,500 new women will be appointed to the boards of public companies. These data consider the large number of companies involved in the process, which is estimated at almost 2,500 with almost 13,500 board members involved.

Table 1 Boards of directors of Italian listed companies: gap to be filled

	June 2009	*June 2010*	*June 2011*	*June 2012*
Total positions	2,772	2,685	2,641	2,483
Positions held by women	170	180	191	242
Percentage of women	6.13%	6.70%	7.23%	9.75%
Quota at 33%	924	895	880	828
Positions to be reassigned	754	715	689	586

Source: Sacchi (2012)

Table 2 Italian listed companies' statutory boards (chairwoman and effective auditors): gap to be filled

	June 2009	*June 2010*	*June 2011*	*June 2012*
Total positions	847	822	804	769
Positions held by women	52	57	55	73
Percentage of women	6.14%	6.93%	6.84%	9.49%
Quota at 33%	282	274	268	256
Positions to be reassigned	230	217	213	183

Source: Sacchi (2012)

A study by Sacchi (2012) assessed the eight larger Italian cities to understand the situation of women at the top levels of municipal organisations. The survey was conducted only with companies that were subject to the application of the law and excluded those with indirect control, companies in liquidation, associations, and foundations. In total, 74 companies were considered; this involved 278 directors and 324 auditors.

As shown in Table 3, on average, women comprised 14.4% of the members of the boards of directors and 19.3% of statutory boards. In the first case, these figures are lower than the levels required by the law, and in the second case, the average was close to the required quota.

Table 3 Women on the boards of directors of state-owned companies in the eight larger municipalities

City	*% of women*
Milan	29.7
Turin	24.0
Bari	12.5
Naples	12.5
Bologna	11.8
Palermo	8.3
Venice	7.1
Rome	4.6

Source: Sacchi (2012)

Milan and Turin were on top of the list, having achieved nearly one-third of women on boards of directors, which is the mandatory percentage of the second mandate. Of nine municipalities, four did not attain 10% of women (Rome: 4.6%; Venice: 7.1%; Florence: 9.5%; Palermo: 8.3%). The Naples District justified the delay in responding to the law because it was engaged in "reorganization work and consolidation of the companies that will be approved within the next year. It is our emergency to achieve efficiency and cost savings. Only subsequently we would develop and review the law on female quotas" (Sacchi, 2012).

It is interesting that the presence of women registered in statutory boards is higher than the number in managing boards in five cities out of eight. Table 4 indicates that only Rome and Naples had smaller figures, and in Bari, the participation seems to be in the precise proportion required by the law.

Table 4 Women on the statutory boards of state-owned companies in the eight larger municipalities

City	*% of women*
Milan	35.9
Bologna	32.0
Turin	30.0
Palermo	16.7
Venice	16.4
Bari	12.5
Naples	5.7
Rome	2.2

Source: Sacchi (2012)

The survey also considered gender representation for the leading positions; that is, the number of boards of directors and statutory board chairwomen and women who occupy the role of CEO. The figures seem to indicate a worsening situation. As shown in Table 5, of 74 companies analysed, only six had a female chair of the board of directors, seven statutory boards had female chairs, and the role of CEO was occupied by two women.

Table 5 Women on top of the municipal controlled companies

	Companies	*Female chair of board of directors*	*Female CEO*	*Female chair of statutory board*
Rome	10	0	0	0
Naples	13	2	1	0
Turin	12	2	0	0
Bologna	5	0	0	2
Bari	4	0	0	1
Venice	12	0	0	1
Palermo	4	0	0	0
Milan	9	2	1	1
Florence	5	0	0	2
Total	74	6	2	7

Source: Sacchi, 2012)

The important absolute number of women needed to bring these organisations into compliance with the law has been sometimes considered a weapon of those who are hostile to the implementation of the law. Those who oppose the law have sometimes suggested that such a large number of highly qualified women was not available in the labour market. For this reason, the debate became serious. The need for professional women to hold prestigious positions became real. More than one initiative from recognised institutions was required to match demand and supply in this particular segment of the market. The following examples are some of the most famous initiatives:

- *Fondazione Bellisario Eminent CV Database* (Fondazione Marisa Bellisario, 2012)*:* The president of Fondazione Bellisario MP Lella Golfo announced in 2011 in the main Italian newspapers a campaign that invited all highly qualified women to submit their CVs and to participate in a selection driven by an external headhunter with the aim to be included in a the Bellisario Eminent CV Database.
- *Professional Women's Association Portal (Cuomo and Mapelli, 2012):* This portal provides a list of qualified Italian women. The association believes this is a smart way to give visibility to an abundance of qualified women. Candidates are selected according to criteria identified in cooperation with the Centre of Diversity Management at Bocconi University.
- *Progetto Donne e Futuro (Rosello, 2011):* The project creates networks among women at a local level and helps endorse younger woman.

5 Italy: an example to follow

With regard to the female quotas, Italy has been called an 'example to follow' by Viviane Rending, the European Justice Commissioner on 7 May 2012, in Brussels, when Lella Golfo and Alessia Mosca, the women behind the Italian boardroom gender quota law, hosted a debate on gender equality within the European Union. Rending affirmed that to have more women leading companies is not a cost but an economic gain. According to her, Italy is, then, an example to follow because it has signed a strong law to support its decision to launch an incisive mechanism to allow the women affirmation at the top of the hierarchical scales of the most important companies in the country in a short period of time. Italy is positioned at the lowest level of the European Union but in this field has improved more than any other European member country.

On this basis, in the beginning of September 2013, Rending started procedures for a directive concerning gender quotas for all 27 EU countries. The proposal, supported by European Commission President José Manuel Barroso, is intended to ensure that European women will occupy 40% of the positions on the boards of the listed companies by 2020 and of public corporations by 2018. This initiative has caused a rift in Europe.

Nine states (The Netherlands, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania and Malta), led by Britain, have signed a letter to reject the quota. Sweden and Germany have not signed the anti-mandatory quotas letter but have declared that they will simply oppose the directive.

The British Government claims support the issue of women's participation in the boards but does not believe that the imposition of legislation is efficient. It prefers instead a push for voluntary mechanisms within the labour market to encourage companies to recruit women, leaving the mechanisms of selection to the free choice of companies. The British Minister of Trade and Industry, Vince Cable, asked for more time to reach boardroom gender quotas in UK companies, without the need to introduce a mandatory female quota system. The strategy of the British Government has, however, produced concrete good results: The number of women on the boards were increased of to 4.8% in a year and "almost half of the directive positions in the UK in the last half of the year were awarded to women" (Churcher, 2012).

Decisions about how to improve the representation women at the top levels of business surely depends on the economic, social, and cultural situation and development of each country. What seems to be clear is that all of the European countries now effectively recognise the need to take action and to find solutions to what is finally considered a problem. Research has shown that greater participation of women in decision-making increases the performance of corporate boards. For this reason, the unification of the European Union on this issue is considered to be able to lead to many benefits, especially in economic terms.

In Italy as well, not everyone agrees with the Golfo-Mosca law. Even women who hold high positions have come out strongly against the law. The main opposition has come from the right-wing representatives of PDL: Giorgia Meloni, former Minister of Youth, argued that “mandatory female quotas are a patch to a problem that will not be solved” (Lapertosa, 2012); Mara Carfagna, a former Minister for Equal Opportunities, was opposed to female quotas. Opposition also arose from the radical party, with Emma Bonino declaring, “To have more women in politics it is needed to have social infrastructures for children caring, elderly and sick and a strong path of career progression, accepting all and the consequences. We don’t know other short ways”. This outlook considers the imposition by law of women on boards a practice contrary to the principles of meritocracy and free competition in the labour market.

In spite of voices raised in opposition, support for such measures have taken shape. Even if the Golfo-Mosca law was in some ways an abrupt measure, it is and will be of great help to push actively for the implementation of a renewed and gender-balanced composition of Italian boards.

6 Conclusions and future objectives

The principle of equality enshrined in Article 3 of the Italian Constitution states that all citizens have equal rights to participate in the economic, political, and social life of the country. A non-intervention in support of women would have left the selection mechanisms in the so-called invisible hand of the labour market. This would not have been coherent with the principle expressed by the constitution if the initial conditions from which women started to compete for professional achievement were not fair and equal. In this case, the final results and the consequent allocation of resources in the labour market would not have been efficient.

Legislative action was needed to safeguard the principles of the Italian Constitution to resolve an inequitable situation.

The choice to introduced Italian temporary female quotas appears smart, as it aims not to impose unended boardroom gender quotas but to promote a cultural change that is then expected to continue even without a regulatory requirement.

7 Future research

The paper focused on the question *why not* with particular attention to the Italian context. The so-called *glass ceiling* is being broken by law. In the future, it will be interesting to try to answer, instead, as have some past studies, the question *why*? It will be possible to use Italy as a lens for the study of the sudden implementation in a significant number of cases and the impact of gender diversity on company performance. Furthermore, results of such research could be useful to help Italian companies understand whether the compulsory change has been worth the effort and consequently decide whether to return to old habits or to stay anchored to the new approach to resolve the gender issue in top-ranked positions in business.

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Notes

1 Italian Constitution, Art 3: All citizens have equal social dignity and are equal before the law, without distinction of sex, race, language, religion, political opinion, personal and social conditions. It is the duty of the Republic to remove those obstacles of an economic or social nature which constrain the freedom and equality of citizens, thereby impeding the full development of the human person and the effective participation of all workers in the political, economic and social organisation of the country. Art 37: "Working women are entitled to equal rights and, for comparable jobs, equal pay as men. Working conditions must allow women to fulfill their essential role in the family and ensure appropriate protection for the mother and child. The law establishes the minimum age for paid labor. The Republic protects the work of minors by means of special provisions and guarantees them the right to equal pay for equal work". Art. 51: "Any citizen of either sex is eligible for public offices and elected positions on equal terms, according to the conditions established by law. To this end, the Republic shall adopt specific measures to promote equal opportunities between women and men". Art. 117: "Regional laws shall remove any hindrances to the full equality of men and women in social, cultural and economic life and promote equal access to elected offices for men and women."

2 In this paper, the term supervisory board is cited as statutory board.