Corporate Board Quotas and Gender Equality Policies in the Workplace

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“Deep-rooted patriarchy and misogyny have created a yawning gender power gap in our economies, our political systems, our corporations, our societies and our culture.”

– UN Secretary-General António Guterres, Remarks at the Observance of International Women’s Day 2020
<table>
<thead>
<tr>
<th>Country</th>
<th>Year Adopted</th>
<th>Threshold</th>
<th>Sanctions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>2003</td>
<td>40%</td>
<td>Yes</td>
</tr>
<tr>
<td>Spain</td>
<td>2007</td>
<td>40%</td>
<td>No</td>
</tr>
<tr>
<td>Iceland</td>
<td>2010</td>
<td>40%</td>
<td>No</td>
</tr>
<tr>
<td>Belgium</td>
<td>2011</td>
<td>33%</td>
<td>Yes</td>
</tr>
<tr>
<td>France</td>
<td>2011</td>
<td>40%</td>
<td>Yes</td>
</tr>
<tr>
<td>Israel</td>
<td>2011</td>
<td>&gt;0</td>
<td>Yes</td>
</tr>
<tr>
<td>Italy</td>
<td>2011</td>
<td>40%</td>
<td>Yes</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>2012</td>
<td>&gt;0</td>
<td>No</td>
</tr>
<tr>
<td>India</td>
<td>2013</td>
<td>&gt;0</td>
<td>Yes</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2013</td>
<td>30%</td>
<td>Yes</td>
</tr>
<tr>
<td>Germany</td>
<td>2015</td>
<td>30%</td>
<td>Yes</td>
</tr>
<tr>
<td>Portugal</td>
<td>2017</td>
<td>33%</td>
<td>Yes</td>
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</tbody>
</table>
Research Question

Do corporate board quota laws lead companies to increase attention to gender equality issues within the workplace?
Corporate board quotas increase the share of women on boards, although the specific rules of the provision condition effects (Hughes et al. 2017, Piscopo & Clark Muntean 2018).
Quotas in Business & Politics

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Large literature focusing on whether and how corporate quotas impact financial performance (Ahern & Dittmar 2012, Matsa & Miller 2013, Ferrari et al. 2016, Comi et al 2018), and increasingly other outcomes like women down the management chain (Maida & Weber 2019, Bertrand et al. 2019).
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Political QLs have effects beyond pure numbers of women, including: party attention to equality (Weeks 2019), national spending & policy outcomes (Chen et al. 2010, Clayton & Zetterberg 2018, Weeks ND).
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Thus far, no study on impact of corporate quotas on company attention to gender equality issues.
Argument

Quota laws are also intended to change culture: “the time has come to turn the page... a culture of sharing family responsibilities and a high level of support for families, public and private” (Lella Golfo, 2012).
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If quotas change norms and expectations around gender equality within the workplace, companies ought to respond by increasing attention to gender equality issues (H1).
Argument

How do quotas change policies? 2 explanations:

(1) Identity
More women on boards (especially 'critical mass') => "corporate attention to gender equality."

*Image from Women on Boards*

But not all women are feminists ('Queen Bee' phenomenon; Derks et al. 2016) & women may not have sufficient opportunity to direct HR policy.
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Quotas can have spillover or “policy feedback” effects driven by learning, public opinion, & fear of backlash (Pierson 1993).
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-> Effects of quotas independent of women on boards (H2).
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If firms are serious about tackling gender inequality, we would also expect them to increase attention to pay gap and underlying causes of gender gaps in leadership and pay – work-family issues (H4)
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If firms are serious about tackling gender inequality, we would also expect them to increase attention to pay gap and underlying causes of gender gaps in leadership and pay – work-family issues (H4).

Don’t expect increased attention to sexual harassment and discrimination (H5).
Argument

Summary:

H1: Quotas → ↑ attn. to gender equality

H2: Effects not driven by women on boards

H3: Especially like to see ↑ attn. to women in leadership

H4: But also ↑ in attn. to pay gap, family care

H5: Companies unlikely to ↑ attn. to sexual harassment / discrimination
The Cases: Italy and Greece

‘Treated’ Case: Italy

- 2011 gender quota law for listed companies
- Requires 20% women from 1st renewal after Aug 2012, then 33% in subsequent board renewals
- Sanctions: steep fines + annulment of board
- Relatively quick passage of law unexpected in 2011
Svolte / 2
Quote donne, c’è la legge
Rivoluzione a tappe nei Cda
di Virginia Piccolillo
e Maria Silvia Sacchi a pagina 21

Parità Carfagna: un successo per tutti. Bindi: l’Italia è più vicina all’Europa

Un terzo di donne nei Cda
Le quote rosa sono legge
«Sì» bipartisan, l’obbligo per le aziende quotate

Donne ai vertici

Marina Berlusconi
Consigliere di amministrazione di Mediaset

Jonella Ligresti
Presidente del Cda di Sai Fondarista

Ana Botin
Consigliere di amministrazione di Generali

Lucrezia Reichlin
Consigliere di amministrazione di Unicredit

Elsa Maria Fornero
Vicepresidente del Cda di Intesa Sanpaolo e Cda Buzzi Unicem
The Cases: Italy and Greece

Control Case: Greece

- No gender quota law for private, listed companies

Italy and Greece are both Mediterranean welfare states characterized by:

- low rates of women’s employment
- low government spending on family policy
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Share of women on boards in IT and GR:
- 2010: 5% (IT), 6% (GR)
- 2019: 36% (IT), 9% (GR)
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Other potential control cases (ES, FR) also have quota laws.
Data & Methods

**Strategy:** Difference-in-differences approach: Results interpreted as changes within companies over time, compared to control group

**Data:** Annual and sustainability reports, 2007 – 2017
962 company-year observations (519 IT, 443 GR)

**DV:** % report devoted to gender equality
Test 4 sub-categories: gender leadership gap, gender pay gap, family care, sexual harassment

**Main IV:** Quota Law
Women on boards (sum, share)

**Control for:** report type
Corporate attention to gender equality issues before and after quota law implementation
Attention to gender gap in leadership, before and after quota law (2011)

Corporate attention to gender leadership gap before and after quota law implementation
Mean Share of Female Board Members, Italy Subset

Mean Share of Women Board Members in Italy
Summary of results

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Summary of results

H1: Quotas → ↑ attn. to gender equality ✓ + 50%

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H2: Effects not driven by women on boards
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H3: Especially like to see \(
\uparrow \text{attn. to women in leadership } \checkmark +80\%
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Results robust to controlling for type of report, including leads to check for pre-trends.
Qualitative Analysis

Does increased attention result in meaningful policy change?
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We hand code reports from 10 companies in Italy & Greece between 2008 & 2013.
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In **Italy**, companies mention new quota law and discuss how they will comply & respond:

- **Enel (2011):** "On gender diversity, in Italy Enel intends to promote managerial development, starting from the incentive offered by the Italian law issued in July 2011... In parallel, it is envisaged to structure training courses dedicated to corporate governance issues for all new directors (men and women), as well as the promotion of these issues both inside and outside the Company."

- **Eni (2013):** "In the foreign subsidiaries, appointments to the boards of directors allowed the target of a 1/5 female presence to be maintained in all situations where there are no legislative or specific local constraints."
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The Gender Balance Program

The pillars:

MEASUREMENT
• establish KPIs Groupwide, to be supported by a new measurement and reporting system
• track and monitor HR processes to assess the number of female executives being recruited and promoted throughout our Group

CAREER DEVELOPMENT
• identify investment priorities with the object of leveraging the yearly EDP cycle
• establish tailored career plans and a mentoring program with a focus on our female talents
• define a monitoring process that will enable us to evaluate results

WORK LIFE BALANCE
• introduce new work-life programs aimed at helping employees, both male and female, effectively manage professional and personal challenges
• evaluate programs that offer greater work-life flexibility with respect to working hours (e.g., part-time employment, telework)

COMMUNICATION & SUSTAINABILITY
• update the communication plan and related internal and external tools to ensure that stakeholders are informed about and involved in our gender diversity initiatives

BEST PRACTICES
• ascertain internal and external best practices and extend their implementation Groupwide

impact of our current initiatives. For this purpose, a cross-functional, cross-border Gender Balance Program was launched at the end of 2011. Five working groups, each led by an HR executive and a business leader, were formed to identify activities that will contribute to the professional development of our female employees. The project will be implemented in 2012.

We continued to leverage the UniCredit Women’s International Network (UWIN) to strengthen our female leadership. In 2011, our efforts concentrated primarily on a mentoring initiative and the Shaping My Future program, a learning experience that aims at improving individual ability to plan professional and personal life. In Italy, 14 sessions of the program were held, with more than 200 colleagues participating. Eight more sessions were held in Austria, the Czech Republic and Romania.

In Italy, the network elaborated on the theme of women’s leadership by organizing several theatrical performances. La Scelta (The Choice) was held in Rome, Pescara...
Valuing our Colleagues

Female presence by tier, 2013

To raise awareness of this topic and demonstrate the CEO's commitment to it, we organized a series of outreach activities, including meetings with senior managers, town hall meetings and regional management meetings. We also continued to offer mentoring opportunities to female colleagues involving members of the board, senior managers and the HVB Women's Council.

In Bulgaria, we organized a one-day event for talent management review participants called Leadership Through Diversity and Agility. At this event, successful Group leaders delivered inspiring career stories and discussed the value of fielding diverse teams at different levels of the organization. Of the 79 employees who participated in this event, many will join inclusion@work workshops in 2014.

Managing different generations

At the beginning of 2013, we launched our first Diversity and Inclusion Survey, which involved almost 8,000 people in seven countries. Survey results indicated that age is a pressing relevant issue in all of these countries.

The survey confirmed the importance of managing different generations at work. Our Group’s population is distributed across three generations. This affects our development strategies, management styles, teamwork and welfare policies. It is also why we launched a series of initiatives in 2012 to solicit our colleagues’ input on generational issues. We began to respond with appropriate initiatives in 2013.

In Italy, we surveyed colleagues aged 55 and above to better understand their perceptions and needs and to develop initiatives to increase their level of engagement. More than 5,500 people, representing 55% of those over the age of 55, completed the survey.

Unicredit 2013 sustainability report
Qualitative Analysis

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In **Greece**, reports over the time period tend to discuss the same policies and issues each year.
Conclusion

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Implication: gender quotas not only increase women on boards, but also help change corporate policies and culture for the better. State policies can encourage firms to promote women’s equality.
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Questions: Decision-making process within firms? Is it what women want? How do these policies affect women and men (backlash)?