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Effects of gender quotas in Italy: a first impact assessment in the Italian banking sector

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Abstract

Purpose – The purpose of this paper is to provide a first impact assessment of the Italian quota law in order to explore whether "gender equality by law" contributes to redefining, albeit in part, consolidating and establishing positions of power and decision making. The paper analyses these dynamics by focusing on a specific economic sector, the banking sector. The analysis strives to determine: whether binding quotas are giving rise to an apparent enforcement by building up new distortionary equilibria (such as new forms of horizontal segregation); what extent the financial crisis has impacted on the rhetoric of female representation, and whether it has pushed towards a "regenerative" organizational change aimed at achieving a more inclusive and egalitarian image.

Design/methodology/approach – The paper is organized as follows. Section 2 reviews the theoretical and empirical debate on gender diversity and quota impact. Section 3 reports macro and micro data on the italian system; Section 4 describes the Italian banking system and gives a first impact assessment on Italian banks of the mandatory gender quotas in Italy (the so-called "Golfo-Mosca law," named after MPs who proposed the law); some qualitative considerations are carried out on the reactions of Italian banks to the financial crisis in terms of "bridge policies" aimed at corresponding to a higher demand of customer satisfaction and fairness. Section 5 concludes and summarizes the finding of the study.

Findings – The Italian banking system is not so dramatically ranked among the EU countries as in the recent past. The gender rebalance in management bodies could be considered rather satisfying. If we compare ten-year-old findings, the number of women on board of directors has tripled. But data clearly show a dichotomy due to significant differences between listed and non-listed banks. In non-listed banks, women are still relegated to an under-represented position, reaching only 13 percent on boards of directors (as against 33 percent in listed banks). The data confirm the results found in non-financial sector that women are significantly better represented on audit boards. In accordance with all previous studies, no relevant changes can be noticed on key-decision roles: no CEOs or Directors general are women in listed banks, and women are always more represented in non-executive functions.

Originality/value – The paper analyses the law experience in Italy as a significant case study by proving that rules such as temporary binding gender quotas (introduced by law in 2011) can be useful, but not always enough to remove blocking or distortive factors in organizational ladders.

Keywords Banking sector, Gender diversity, Gender bias, Gender quotas

Paper type Research paper

1. Introduction

Over the last few decades, many countries have striven to remove persistent obstacles that prevent women climbing the corporate top management ladder through tailored legal measures aimed at ensuring an equal gender representation on boards.

As is well known, Norway led the way by providing mandatory quotas by law for state and municipality (in 2004) and listed quotas (2006). Following the "Norwegian model," other European countries have adopted corporate board quotas rules, while some others have

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preferred a "comply or explain" approach rather than a binding system, in accordance with recommendations on corporate governance. In 2011, by means of the enactment of the "Golfo-Mosca Act" (law 120/2011), Italy caught up with other countries where listed companies are required to set aside at least 20 percent of the new board (and control bodies) seats for the underrepresented gender. The quota percentage rises to 33 percent during the second and third appointments subsequent to August 2012 and it is binding until 2022 (when the law expires).

Even though such mandatory measures have undoubtedly fostered the gender rebalancing on boards, quotas have not necessarily been related to effective improvement for women being involved in decision making within executive functions. Hence, the impact analysis of gender quotas is stirring up the academic debate. Scholars have been tracing a new research path on these issues, beyond already explored ethical concerns and positive discriminatory effects deriving from binding quota systems (Franceschet *et al.*, 2012; Krook, 2006).

In the wake of this rich debate, scholars have highlighted the effects on firm performance and quality in decision-making processes also with reference to race (Barak, 2016; Brammer *et al.*, 2007), for example, the persistent presence of women in non-executive functions or out of core business (Adams and Ferreira, 2009; Huse, 2011) and the different characteristic (educations, age, professional path) of women on boards (Peterson and Philpot, 2007; Terjesen *et al.*, 2008; Singh *et al.*, 2008). Focusing on the composition of boards, some studies have underlined the "critical mass" of gender representation (that is the minimum relevant number of women) within boards and the effects on corporate governance (at the domestic and international levels) in case of increasing presence of women on boards.

Against this backdrop, this paper strives to tackle gender biases by adopting both a micro view on reputational and functional factors of a specific economic sector – the banking sector – and a macro view focused on the framework of the institutional context where quotas have been implemented. In this dual-track perspective, the paper mainly sheds light on what role institutional factors and actors involved ever play and which reputational effects come out from gender-oriented selections; the present is a qualitative study and it does not deal with the effects of greater involvement of women in corporate governance on firms' performance and competitiveness, given the still controversial outcomes of empirical studies.

At the current stage, it is quite clear in academic literature that both at the time of quotas law enactment and during its implementation, institutional factors do play a pivotal role as well as the relevance of these factors should not be neglected in assessing the gender quotas impact (Grosvold and Brammer, 2011; Teigen, 2012; Terjesen *et al.*, 2015). Furthermore, analyses which follow a sort of "path dependency" of quotas effects on institutional factors highlight how different actors (both collective or individual) can help mediate and spread consensus on certain legislative measures as well as how reputational risks can help mitigating decisions at a business level (Krook, 2007; Dahlerup, 2006).

The aim of this paper is therefore to provide a first impact assessment of the Italian quota law in order to explore whether "gender equality by law" contributes to redefining, albeit in part, and consolidating positions of power in decision making. The paper analyses these dynamics by focusing on a specific economic sector, the banking sector.

The choice has fallen on this sector not only because it is traditionally "androcentric" and still widely dominated in Europe by the idea of "think manager, think male," but also because this sector is particularly strategic for the development and sustainability of the economy. On the one hand, the banking sector is an economic arena where the analysis of the quota effects is likely to unveil a unexpected inconsistency with the policy goal of gender empowerment, given the very persistent male domain; on the other hand, the banking sector is a field where the value of trust imprints all financial businesses and, consequently, the burden of reputation could play a relevant role in implementing gender quotas.

The paper is organized as follows. Section 2 reviews the theoretical debate on gender diversity and quota impact. Section 3 reports macro and micro data on the Italian system at the time of the enactment of the mandatory gender quotas (the so-called "Golfo-Mosca law," named after MPs who proposed the law). Section 4 investigates gender diversity in the banking sector more in depth. In particular, paragraph 4.1 gives some methodological details on the source and description of data. Paragraph 4.2 illustrates a comparison at the European level by reporting the first EBA Survey's outcome on gender diversity in the European banking system. In paragraph 4.3, the focus is on the 20 percent target recently fixed by the the Bank of Italy as national supervisory authority and on how far are Italian banks still from reaching this target. Paragraph 4.4 gives a first impact assessment of the mandatory gender quotas on the listed Italian banks. In paragraph 4.5, some qualitative considerations are carried out on the reactions of Italian banks to the financial crisis in terms of "bridge policies" aimed at corresponding to a higher demand of customer satisfaction and fairness. Section 5 concludes and summarizes the main findings of the study.

2. A literature review on gender diversity and quotas

The debate on gender quotas is part of a wider issue of female participation in the labor market in qualified positions. The well-known metaphors on the "glass ceiling" or the "sticky floor," which are usually used to recall phenomena of vertical segregation, seem to offer overly static explanations. More recently, scholars are striving to draw a more accurate picture of reality.

First, a growing effort in favor of wider patterns based on the integration between professional pathways and political and institutional frameworks such as inequality regimes (Acker, 2009) or labyrinth of leadership (Eagly and Carli, 2007) is worth noticing. Second, studies are now being channeled to analyze discriminations against women who have already been appointed as members of a board of directors or auditors. This additional invisible barrier, the "second glass ceiling" (Wearing and Wearing, 2004), prevents the full improvement of very skilled women inside corporations. This especially occurs when women are appointed as independent directors on boards and they are single or without any professional link to the company or powerful positions (Arfken *et al.*, 2004; Dang *et al.*, 2014).

Against these persistent barriers, the possibility of introducing gender quotas is still considered a useful solution to boost a faster rebalancing. The possibility of introducing a quota system, especially in the case of the mandatory ones (Adams *et al.*, 2011; Bøhren Bøhren and Staubo, 2014), however, has led to a debate that, from the beginning, has set opponents and supporters of quotas against one another.

Especially at the beginning of the debate, opponents have expressed disappointment at such coercive measures on the grounds that their enforcement allegedly shows a failure of the spontaneous forces of women. Quotas have been seen as a proof of women's "inability to manage on their own."

At the company level, opponents against quotas have underlined the high risk of distortions in the selection of managers and consequently the decrease in quality of the decision-making process. Conversely, supporters of quotas rely on quotas to break monopolistic frameworks of powers and responsibilities. In this perspective, the debate around "free choice *vs* force" has no more fundaments as it is *in nuce* contradicted by the lack of effective opportunities for the underrepresented gender to be able to choose. The central idea is that quotas are an effective antitrust tool aimed at resetting a level playing field.

The academic debate is dominated, on the one hand, by theories that are fully oriented to consider the rebalance between women and men on the various boards and in decision making as a fundamental value, a principle of paramount importance which is an end in itself irrespective of its effects.

On the other hand, many empirical analyses embracing a utilitarian approach have been carried out at the micro level with the aim of exploring any benefit deriving from diversity management. This research path is known as "business case for women": gender diversity should be pursued only for fairness and social justice but for also economic efficiency and profitability (McHarg and Nicolson, 2006; Teigen, 2000). In this perspective, by means of econometric studies, scholars strive to find correlation and even causation between women on boards and firms' performance or, more generally, between gender diversity and good governance (Engelstad and Teigen, 2012; Joecks *et al.*, 2013).

Following the pioneering searches from the USA (Carter *et al.*, 2003), several cross-sector or panel studies have compared women-managed and men-managed firms' performance, in order to find out whether gender diversity can pass a sort of "market test". In Europe, Campbell and Minguez-Vera (2008) analyze the Spanish experience after the enactment of the quota law; these authors underlined a positive impact on share values in case of substantial rebalance between women and men on boards (gender ratio) (rather than in the case of mere presence of women). By means of a cross-sector analysis on UK firms, Brammer *et al.* (2007) highlight that the closer firms are to retail customers, the more women are appointed as members of administrative boards, according to the assumption that gender or ethnic diversity can be useful to reach a higher degree of market penetration. Studies on Scandinavian experiences (in Denmark, Norway and Sweden) seem to exclude effects on ROA or equity value (or Tobin's Q). As regards France, Sabatier (2015) reaches positive outcomes on performance by exploring CAC 40 listed firms over the period of quota reform (2008-2012); in Germany, Joecks *et al.* (2013) find that the correlation between gender diversity and performance does not follow a linear trend but a U-trend: performance data turn from negative to positive whenever the number of women exceeds a certain "critical mass" (over 30 percent of all members). More specifically, by analyzing the Norwegian experience, Torchia *et al.* (2011) wonder about the minimum number of women in a board that can represent "critical mass" and they come to the conclusion that there should be at least three women on the board in order to prevent tokenism events and only when female presence reaches this number, can women actually contribute to innovate internal functions and organizations of companies.

Other multivariate analyses strive to assess the effects of a triad composed of governance, gender diversity and performance.

In the field of corporate governance, a subset of studies has been focusing on agency costs or information asymmetries. From the agency perspective, given that the role of boards is to solve conflicts between shareholders and managers, several analyses concern the optimal degree of independence or diversity on boards (Carter *et al.*, 2003). More specifically, Adams Ferreira (2009) find that female boards of directors reduce agency conflicts because they are always monitored on boards compared to their male counterparts, while Jurkus *et al.* (2008) notice an inverse relationship between the percentage of female directorships and agency costs. With reference to the information asymmetries, recent research works show that female directors are predominantly classified as outside directors and that firm-specific information asymmetry determines the effectiveness of an outside director (Raheja, 2005; Adams and Ferreira, 2007; Duchin *et al.*, 2010). Thus, although female directors are less aligned with the CEO, and should therefore be better monitors of the same CEO on behalf of shareholders, they are less likely to be effective in firms with high information asymmetry due to the information disadvantage they face.

Shifting the focus on gender diversity, scholars counterpoise to traditional theses that see more efficiency in homogenous groups, the idea that heterogeneity in relational processes is the most effective response, especially in complex and innovative contexts (Kanter, 1977; Carter *et al.*, 2003; Torchia *et al.*, 2011). The pivotal idea is that women's "additional perspective" can enhance the role of boards and, consequently, bring benefits to firms.

Adams and Ferreira (2009) agree on the basic idea that women behave differently from men and they highlight that diversified boards can especially develop monitoring functions. A boost in monitoring might be counterproductive in those companies which do not need further forms of control. On the contrary, the strengthening of monitoring functions is not seen by Sabatier (2015) with reference to French listed companies.

Some analyses have focused more on different roles of men and women on boards and have emphasized that women as managers are generally more risk averse and likely oriented to adopt more sustainable strategies (Eckel and Grossman, 2008; Sapienza *et al.*, 2009). But results do not seem quite unanimous, given the well-known reverse causality concerns – according to which business performance is not affected so much by having more women on boards but rather are the most profitable companies which are more open to gender diversity – and endogeneity due to spurious relations between variables (Filippin and Crosetto, 2016; Sila *et al*, 2016).

From 2000 onwards, in parallel with the "utilitarian" approach of neo-liberalism, a new line of research has been developing as an alternative to the paradigm of the dominant market economy, strictly tied to capital payoff as the cardinal driver of business: this new pattern strives to explain the role of women in the global economy as a sign of organizational change for stakeholders aimed at achieving a more inclusive and sustainable corporate social responsibility model.

At a corporate level, Rindova *et al* (2005) build a bridge between economic and institutional patterns, by adopting a mixed notion of reputation based on two determinants: the perception of stakeholders related to the producer organizations of high-quality goods (economic approach); the relevance of the organizational framework in the mind of stakeholders as recognition of a collective dimension (institutional approach). This dual-track approach particularly fits with the banking sector, given the peculiar role played by trust inside the sector, which has always required a strict supervision in defense of the collective protection of savings.

A new pattern will affect the mainstream management theories linked to the dualistic approach of corporate "reputation/performance." The pivotal idea revolves around the thesis that good reputation is a strategic asset for business and this asset is a socially constructed factor at all (Bergh *et al.*, 2010). For the reputation, defined as comprehensive notion including not only product quality but also trust, fairness and reliability, the board composition becomes increasingly important (Brammer *et al.*, 2007; Wang and Kelan, 2013; Rhode and Packel, 2014).

Conversely, studies were carried out at a macro level exploring institutional and context determinants in different countries in connection to the role of policy makers in gender-oriented reform processes. Notwithstanding the bunch of researches on gender policies related to variants of capitalism, domestic labor market and welfare systems (Estevez-Abe, 2006), it would be worthwhile further deepening relations between gender-oriented policies and macro factors (such as cultural and behavioral factors, women's employment rate in specific sectors, horizontal segregations, phase-in social programs and public opinion on gender). In this wake, Siri and Singh (2008) explore relations between women representation on boards and macro environment at a national level (number of women managers, gender best practices in elective appointments, gender pay gap). Following the same macro approach, the widespread policy actions in EU States in favor of gender have led some researchers to open a new debate on the theoretical reasons deriving from institutional factors and path dependency (Teigen, 2012). This "spillover" effect across countries has been seen as a widespread answer to neoliberal politics in favor of deregulation, privatization and globalization; thereafter, these neoliberal trends would have increased the male domain model in every economic sector.

At the end of this short review of academic debate, it is worth citing a few studies which are specifically involved in the effects of financial crisis on gender diversity management.

The newly coined slogan of "think crisis, think female" has not been tested in terms of robustness just yet. The basic idea, although sometimes not expressly stated, is that the last financial crisis has revived the goals of gender diversity in decision making, relying on the peculiar behavior of women as managers. A corollary to this hypothesis is the so-called "glass cliff thesis" (Ryan and Haslam, 2007; Sabharwal, 2013), which sounds not properly consistent in terms of gender rebalance. This last thesis is based on the idea that women directors are more likely to be appointed to boards of listed firms where change is required following poor performance. Following this theory, female directorships are seen as a sort of "last resort" which companies can rely on when performance is not satisfactory or when facing bankruptcy. Thus, the traditional glass ceiling, whenever cracked, would be transformed into a "glass cliff" for women, by creating a renewed gender bias. So, the balance in decision making could again be jeopardized if women are related to defaults rather than to performing companies.

3. The need for a mandatory gender quota regime in Italy: some outlines

Following the above considerations, it is quite clear that mandatory gender quota systems are aimed at ensuring a better balance between men and women in career-making advancement. This is so crucial in the Italian context where low female employment as well as several difficulties in work/life balancing act as additional obstacles to career opportunities for women.

In the ISTAT's (2017) Annual Survey on labor market in Italy, it is worth noticing that although in 2016 female employment rate has reached an all-time record (almost 50 percent), Italy is still far from the EU average (65.3 percent) while is still placed in 41st position among OECD countries and in third with reference to inactivity rate (OECD, 2017). Among women graduates, in 2016 female employment rate reached 73.3 percent in Italy, so the gender gap is noticeably smaller.

The family workload is still the principal sore point. In 2017, employment rate of single females aged between 25 and 49 years is 81.1 percent, but it drastically goes down for married women; this rate stands at 70.8 or 56.4 percent, respectively, for women without or with children.

This gap is mainly caused by the persistent lack of childcare services. In Italy, there are only 22.5 places in daycare for every 100 children aged 0-3 years and parental leave periods are often granted to mothers only. Despite the dramatic reduction of the birth rate, family and welfare are not yet at the center of politics. Families of origin - grandparents and other relatives – are still playing a relevant "role of replacement" by supporting young households as informal caregivers.

Despite strong territorial differences, 52 percent of families still entrust their children to grandparent's care, while public services (in the south regions, especially private services) are mainly chosen by highly educated women who are also the ones with the greatest chance of employment.

A peculiarity of the Italian labor force is the dramatic distance between educated and not educated women. Employment rate for women with a university degree is almost 20 p.p. higher than those with only a certificate of secondary education; as a matter of fact, even though this clevage limits the impact of the gender pay gap in the comparison with other European countries, it hides a very strong vulnerability for women with lower education because mainly educated women are more easily to be employed, and therefore may potentially obtain higher wage levels.

In addition to obstacles to entering the job market and to being long-term employed, women usually have to face more fragmented and discontinuous careers, with strong difficulties in reaching top positions. Recalling ISTAT Survey's data (2017) above mentioned, women cover only 35 percent of total top positions and only 19 percent of women employed are in a leading position, while this share rises to 26 percent for men. Analysis on the incidence of the age in the work paths brings out an increase in the probability of being a leader at an advanced age for both genders. However, this progression is clearly evident only for men, while women show a persistent disadvantage. The gender gap is particularly exacerbated in the middle ages when women are likely to experience maternity leaves.

In this scenario, the approval of the "Golfo-Mosca law" in 2011 has represented a significant effort to boost female employment and to align the Italian labor force to those of other EU countries.

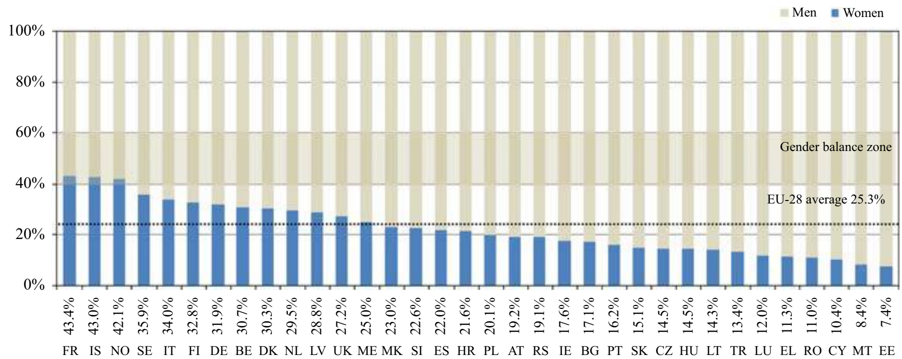
As stated by the European Commission, in 2010 – before the quota regime – women represented 4.5 percent of the board members of the largest companies in Italy (FTSE MIB index), which was below the EU average (11.9 percent).

As is well known, the comparison of countries within Europe is based on the European Institute for Gender Equality (EIGE) Gender Statistics Database on women and men in decision making. In particular, data from EIGE – G18 indicator refer to the largest listed companies and cover the decision-making positions of the highest ranked nationally registered constituents (max. 50) of the blue-chip index of the national stock exchange in each country by market capitalization and/or market trades (Figure 1).

From EIGE database referred to years 2010–2017, Italy is the second country only to France for the largest percentage point increase in the share of women on boards of listed companies: France (+31.1 pp), Italy (+29.5 pp), Belgium (+20.2 pp), Germany (+19.3 pp), the Netherlands (+14.6 pp), Slovenia (+14.1 pp) and the UK (+13.9 pp).

In other studies analyzing all the listed companies (and not only the largest ones, as in the case of the European Commission's data set), female representation "ante quotas law" (2011) was 7.4 percent in listed corporate boards of directors. Consob's data refer to corporate boards of Italian companies with ordinary share listed on Borsa Italiana spa. In particular, the 2017 Consob's Report clearly shows that female representation on Italian listed corporate boards has broken the 30 percent ceiling at the end of June 2016. The upward trend has continued in the wake of gender quota regulation: in June 2017, the weight of women on the total number of directorships reached 33.6 percent (Linciano *et al.*, 2017), and since 2015, at least a woman has been sitting on the board of nearly all listed companies (in 2017, the weight of "diverse-board companies" reaches 99.1 percent on the total number of companies) (Table I).

It is important to observe that the entrance of women on boards in listed companies has changed the board members' characteristics, as women are on average younger and less



Source: Elaboration on EIGE European Institute for Gender Equality data on women and men in decision-making (G18 index)

Figure 1. Female representation on the boards of large listed companies in the EU28, 2017

classifiable as family members than men. From the Consob's data set, newly appointed female members have contributed to lowering the average age of directors (– 1 pp) and to raising the average level of education (in terms of proportion of graduated and post-graduated directors) and of diversity in professional background (fewer managers and more consultant/professionals). As for the role, women have been appointed as listed company's CEO only in 17 companies (accounting for less than 2 percent of total market value) and they are chair of the board of directors in 26 larger listed companies (representing one-fourth of total market capitalization). It is really peculiar that after France, Italy is the country with the highest rate of female representation in listed companies but at the same time, in comparison with other countries with lower female rate (such as Germany or the UK), Italian listed companies have a very low female representation among executives (Linciano *et al.*, 2017).

In a nutshell, as confirmed in earlier studies (Pastore and Tommaso, 2016; di Donato *et al.*, 2016; Pastore *et al.*, 2017; Solimene *et al.*, 2017), the implementation of Law 120/2011 launched a significant upward trend by increasing both the number of women sitting in the Italian corporate boards and the number of companies in which both genders are represented. However, the progress made by women mainly referred to non-executive positions and they keep managing as non-executive and independent members. Moreover, the increasing percentage of women engaged in several boards at the same time confirms the interlocking phenomenon in Italy.

4. A focus on gender diversity and quotas in the banking sector

At the beginning of this work (see supra, introduction), we have already argued some pros in favor of a one-sector analysis, assuming that gender distortions can best be explored on the basis of the analysis of the peculiarities of the micro context in which they originate.

Over all industries, the choice has fallen on the banking sector because of its relevance in terms of gross value added (GVA at basic prices, following Eurostat statistics): both in Italy and at European level, the weight of financial services in terms of output reaches around 4 percent of the GVA of the total economy.

As is well known, the banking sector is ordinarily characterized to be a labor-intensive industry that means a high weight of labor input on the value added. Research works focused on gender diversity in the banking sector are limited (Quack and Hanckè, 1997; Mateos de Cabo *et al.*, 2012; Del Prete and Stefani, 2013), but it has always been clear that the banking sector is more reluctant than other industries worldwide to accept a substantial gender diversity in decision-making positions. More than other sectors, finance is still dominated by cultural constraints and stereotypes which dramatically hinder the rebalancing of roles between genders. Ancestral cultural roots still influence the traditional belief that "money is dirty" and women should not be involved at all.

	No. of female directorship	Weight on total no. of directorships	No. of firms with at least one female director sitting on the board	Weight on total no. of companies
2011	193	7.4	135	51.7
2012	288	11.6	169	66.8
2013	421	17.8	202	83.5
2014	521	22.7	217	91.9
2015	622	27.6	230	98.3
2016	701	31.6	226	99.1
2017	758	27.6	227	99.1

Source: Elaboration from Consob's data (2017)

Table I.
Women on corporate boards of Italian listed companies

An analysis focused on the banking sector can be considered a significant case study not only because it refers to a high value added sector in Europe but also because of its particular regulamentary framework due to the undergoing process of strict legislative harmonization and coordination in the European Union. From the first Council Directive 77/780/EEC of 12 December 1977 (on the coordination of the laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions) relating to the taking up and pursuit of the business of banks to the creation of a single supervision mechanism in 2010, many steps have been taken towards the building of a single legislative framework and a level playing field for the achievement of the internal financial market. First, this process of harmonization, soon followed by a large coordination of laws and practices, has led to define a common set of principles and rules on governance and, more surprisingly, on diversity management.

4.1 Source and description of data: some methodological details

Even though the present study is qualitative in nature, data on the presence of women at the top management are the starting point of our research on the state of the art of gender diversity in decision making in the Italian banking sector.

The purpose of this paper is mainly aimed at drawing an updated picture on the presence of women in decision making in Italian banks post mandatory quotas. At this stage, it is out of the scope of this paper to carry out an empirical study on the item at hand. We neglect to measure the effects on firms' performance relating to a greater involvement of women in corporate governance. As is well known, the so-called "business case for women" was the central argument for policy makers to promote quotas reforms, but it becomes less relevant after the enactment of them. For the Italian banking system, Del Prete and Stefani (2013) carry out an econometric analysis using a panel of banks observed during the period 1995–2010. The authors try to reduce reverse causality problems and endogeneity concerns that are the "devil" in these studies. But it appears rather clear that the outcome of academic debate is still shaky: at the current stage, economic arguments seem to be overcome by other "gloss over" justifications such as ethic or social reasons.

Our study is limited to a descriptive statistical analysis (frequency distributions) and no models or estimation methods have been used at all. Our findings come from various sources.

In particular, data used for the comparison of European banks and investment firms (par. 4.2) derive from the "Report on the Benchmarking of Diversity Practices," edited by the EBA (2016). In this survey, data on banks and investment firms were collected from all national authorities. The data set is formed of about 870 institutions out of 6103 within 29 EU and EAA Member States. In the sample – which covers at least 10 percent of all institutions in each Member State, but at maximum 50 institutions within each size category – banks are divided into four different size categories based on the balance sheet total (balance sheet total in EUR: < 1 bn; 1 bn to < 10 bn; 10 bn to < 30 bn; > 30 bn).

With particular reference to the Italian banking sector, the main sources of data are those originating from the Bank of Italy, as national supervisory authority. A first set of data is collected from a survey focused on gender diversity whose findings were published in a press release (Bank of Italy, 2015). The banks analyzed in this survey are 579 and are divided into groups based on their size.

Our elaboration is based on a consistent and complete time series of data, the Bank of Italy's historical archive regarding the whole system of the Italian banks (OR.SO., "Organi sociali" – Bank Boards, Banca d'Italia data set). The banks considered 541 banks, of which 518 were non listed and 23 listed at the Italian stock exchange (MIb). The boards considered in this study are as follows: "Board of Directors" (*Consiglio di Amministrazione* and *Consiglio di sorveglianza*), "Board of Statutory Auditors" (*Collegio sindacale*), "General Director" (*Direttore Generale*) and "Other Top Managers." Members of boards and top managers are considered only once in each bank, and in the case of interlocking, the highest-ranking position is selected. In the boards of directors, both executive and non-executive functions are computed, while in the boards of statutory auditors, the substitute members are excluded. The data set excludes the heads of the Italian branches of foreign banks and top managers nominated under default procedures. Data range from 2013 to 2017. The splitting between listed and non-listed banks at December 2017 is referred to the whole period considered.

4.2 A banking sector comparison at European level

Despite the close coordination in the European banking system, gender diversity has not risen up as a common issue in EU for a long time.

Only in 2013, in the full midst of the financial crisis, a new fundamental EU Directive (2013/36/EU, so called Capital Requirements Directive IV) was issued in order to ensure a well-functioning internal market, as well as transparent, predictable and harmonized supervisory practices and decisions. It is worth highlighting that in addition to the traditional areas of harmonized regulations (requirements for access to banking activity, capital adequacy, risks, etc.), the 2013 EU Directive provides an enriched set of principles and rules on the corporate governance framework aimed at achieving greater diversity (as regards age, gender, geographical provenance and educational and professional background) in the composition of management bodies, with a particular focus on gender balance.

It is worthy noticing that the 2013 EU Directive introduced a specific monitoring procedure aimed at achieving diversity management: first, the European Banking Authority (EBA) was asked to issue guidelines for the notion of diversity to be taken into account in the selection of the management body; through the support of the competent authorities of the member states, the EBA is periodically called to benchmark diversity practices at the union level. Accordingly, European banks and investment firms are required to put in place policies promoting diversity within the management body.

According to the data of the EBA (2016) Report, the participation of women in management body is, on average, very low. Only 11.06 percent of 850 chief executive officers are female; women in management functions (executive directors) represent 13.63 percent and 18.90 percent in supervisory functions (non-executive directors).

With regard to age, we can notice some positive results: the percentage of women executive directors under 50 years is higher than average by about 4 p.p., but only in the age brackets 30–40 years old, where a peak can be seen, the percentage of women executive directors higher (even if slightly) than 20 percent. It seems in general that the lower the age, the lower the gender gap: in perspective, it is encouraging to see an improvement in the female presence in the composition of management bodies.

If we consider the size of the banks, a distinction between executive and non-executive directors must be made. In fact, female representation in executive functions is not strictly correlated to the size of banks (there are no female executive directors in about 60 percent of the total banks in the sample).

Conversely, a positive correlation to the size of banks could be noticed if we consider non-executive directors data: in this case, female representation increases along with the size of banks. From the EBA data, only a few large banks (1 out of 20) can be found without women as non-executive directors, while nearly 40 percent in the case of smaller banks (asset < 1 bn). This correlation can be seen among banks with more than one-third of female non-executive directors, where you found less than 10 percent of the smaller bank and more than 25 percent of larger banks (Table II).

As the table well shows, the representation of women in an executive director position in investment firms is lower than in credit institutions: this data confirm the traditional idea that the landscape of high finance is still dominated by men. A higher representation is noticeable in non-executive director positions.

Some slightly positive effects can be seen in a longitudinal perspective as regards the recruitment policies of directors. The comparison is between years 2010–2013 and 2014. Women representation among executive directors improved in only 18 out of 29 countries but among non-executive directors, it improved in 23 countries. Surprisingly, Italy shows a slight improvement in executive director women representation (+0.15 percent), and a decrease among non-executive directors (−3.89 percent). We can agree with the EBA's consideration that these results are to be considered volatile as they are strongly influenced by the low number of new appointments due to the financial crisis.

4.3 Gender diversity in the Italian banking sector: the 20 percent target

Gender diversity data from national sources (Bank of Italy, Italian Banking Association – ABI) confirm the under-representation of women in the Italian banking top and senior management.

As above mentioned (par. 4.1), in July 2015 the Bank of Italy, as supervisory authority, issued a press release reporting the outcome of a survey in compliance with the above-mentioned Capital Requirement Directive IV (Bank of Italy, 2015).

The results of the survey confirm that men still fully dominate on the boards of directors which are under the Italian legal system, *consigli di amministrazione* (board of directors), *consigli di sorveglianza* (supervisory boards), and *consigli di gestione* (management boards). Among the 579 banks that were analyzed by the Bank of Italy, 259 banks (nearly 45 percent) have no female representation on their boards. The strong positive correlation between female representation and size of banks (balance sheet total), already highlighted by the EBA data, is confirmed too. (Table III).

What is really disconcerting is that "top management position (such as Chair of the Board, CEO, Director General) had no female representation in banks with assets greater than €10 billion" (Bank of Italy, 2015). Thus, given that larger asset generally means greater international dimension for banks, the imagine of Italian bankers in the global world of finance is still exclusively male.

As the involvement of women in corporate governance still remains very low in Italian banks, the Bank of Italy has encouraged banks to adopt measures aimed at boosting the presence of women in top level bodies and in executive or top management positions.

Size	Executive director position	Non-executive director position
CI EUR > 30 bn	63.8	5.7
CI EUR 10 to < 30 bn	58.2	18.7
CI EUR 1 to < 10 bn	60.0	31.6
CI EUR < 1 bn	54.2	38.0
Investment firms	69.9	64.3

Source: EBA Report (2016)

Table II. European banks – 0 percent representation of women

Size	Zero female representation	0% female representation
CI EUR > 30 bn	2 out of 18	11.1
CI EUR 10 to < 30 bn	6 out of 23	26.1
CI EUR < 10 bn	251 out of 538	46.7

Source: Bank of Italy – press release (2015)

Table III. Italian banks – 0 percent representation of women

In this perspective, a minimum target of 20 percent female representation on boards has been fixed by the Bank of Italy for every bank, regardless of whether the mandatory legal requirements apply ("female quotas," see below). It is also worth noting that the substantial approach is adopted by the supervisory authority in this case: in addition to the 20 percent minimum target for the board of directors, at least one of the seats in the executive committee must be held by a woman. In accordance with the European legislation on corporate governance, the Bank of Italy regards a failure in the achievement of the minimum gender target as an infringement of the "sound and prudent bank management" provision.

But now, how far are Italian banks from the 20 percent target required by the Bank of Italy (Table IV).

If we consider the last four years (December 2013–2017), during which the boosting effect of the "female quotas" partially occurred, a rebalance seems visible (+5 pp), as the presence of women in banking top and senior management has been improving. Even when the total number of banking managers has significantly declined, the presence of women in senior and top management has increased: women managers have been growing not only in relative terms, from 9 percent to 14 percent, but also in absolute value (from under 800 to nearly 900 components).

A peak is expected at the end of 2018 when the next round of appointments for the boards takes place, as the Bank of Italy has fixed this deadline for the attainment of the 20 percent target.

Clearly the closing of the current gap of 6 p.p. (from the Bank of Italy's target) depends on the growth rate of the female representation as well.

4.4 The "female quotas" system in the Italian banking sector: a first impact assessment

The above considerations clearly show that the banking sector in Italy is caught under a crossfire: depending on whether banks are listed or not, they are now subject to two distinct targets (the 33 percent binding quota system and the 20 percent target issued by the supervision authority).

A deeper impact assessment necessarily requires a splitting of data between listed and non-listed banks, given the different enforcement of each target.

Focusing on the listed banks, as the table below clearly shows, the gender rebalancing on boards can be considered highly satisfactory: the number of female directorships grew by 19 p.p. from 2013 to 2017 (Table V). If we compare data from March 2007 to March 2016, the number of women on board of directors has tripled.

But during the years 2013-2017, a wide gap still persists between listed and non-listed banks: in this last case, women are still relegated to an under-represented position, reaching only 13 percent on boards of directors. Surprisingly, in the same period, no women have been directors general in listed banks, while in non-listed banks women have constituted 3 percent of directors general. The data confirm the results found in non-financial sector that

	Women	Men	Total	%Women
1. Boards of Directors	616	3,561	4,177	15
2. Control bodies	215	1,165	1,380	16
3. Directors general	11	382	393	3
4. Other managers	41	413	454	9
Total	883	5,521	6,404	14

Source: Elaboration from Bank of Italy's data (December 2017)

Table IV. Women in Italian banks

	Women	Men	Total	% Women
December-2017				
1. Boards of Directors	99	202	301	33
2. Control bodies	27	44	71	38
3. Directors General	0	10	10	0
4. Other managers	6	82	88	7
Total	132	338	470	28
December-2015				
1. Boards of Directors	79	235	314	25
2. Control bodies	20	43	63	32
3. Directors General	0	10	10	0
4. Other managers	5	56	61	8
Total	104	344	448	23
December-2014				
1. Boards of Directors	69	248	317	11
2. Control bodies	10	53	63	12
3. Directors General	0	11	11	3
4. Other managers	6	61	67	3
Total	85	373	458	10
December-2013				
1. Boards of Directors	60	264	324	10
2. Control bodies	9	51	60	12
3. Directors General	0	10	10	3
4. Other managers	6	64	70	5
Total	75	389	464	9

Source: Elaboration from Bank of Italy's data, December 2017

Table V. Women in Italian listed banks

women are significantly better represented on audit boards (38 and 14 percent, respectively, in listed and non-listed banks) (Table VI).

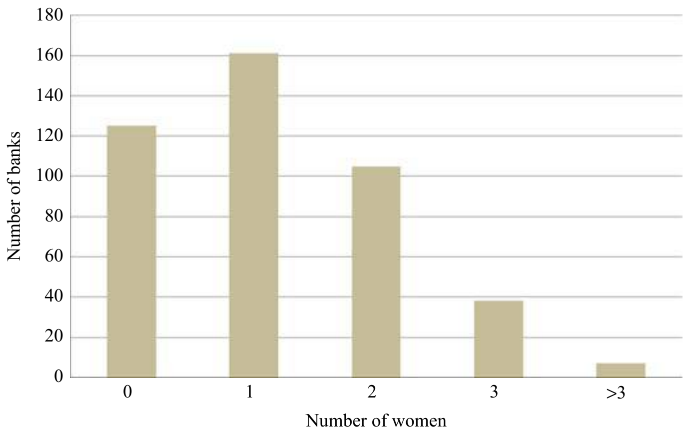
The following figures on number of women on boards (see Figures 3–4) show that women are often members of minority groups, so gender diversity may still be overemphasized. The opportunities for creating false appearance of inclusive practices and for stereotyping behaviors, intentionally or not, are rather open, especially in not listed Italian banks, in 37 percent of which only one woman is sitting in the boards of director (while in nearly 30 percent of these banks, no woman is still present on boards). Data suggest that such an environment may still favor tokenism phenomena against women. In 87 percent of listed banks, women are more represented, thanks to the binding quotas law, women reach 25 to 50 percent of board members (in nearly 40 percent of listed banks, one-third of the board members are women). These banks seem to be not far from achieving the "critical mass" goal, which, according some scholars, would consist of the presence of "3 women at least on 6-member board" as minimum standard against distortions in decision making (Figure 2 and Figures 3).

It cannot be excluded that some multiple directorships may occur, which may result in the so-called "golden skirt" effect. As is well known, the "golden skirt" effect has been complained of in previous studies on Norwegian quotas experience as a decrease of diversity, whereas Norwegian companies would have been induced to dive for women from a golden eligible pool. In Italy, while in the other listed companies, the presence of women holding multiple directorships has largely increased (currently, 30 percent of women directors are interlockers, up from 18 percent in 2013), in the banking sector, the "golden skirt" effect is irrelevant.

	Women	Men	Total	%Women
December-2017				
1 .Boards of Directors	517	3,359	3,876	13
2. Control bodies	188	1,121	1,309	14
3. General directors	11	372	383	3
4. Other managers	35	331	366	10
Total	751	5,183	5,934	13
December-2015				
1. Boards of Directors	544	4,202	4,746	11
2. Control bodies	214	1,396	1,610	13
3. General directors	12	460	472	3
4. Other managers	32	433	465	7
Total	802	6,491	7,293	11
December-2014				
1. Boards of Directors	498	4,440	4,938	11
2. Control bodies	201	1,442	1,643	12
3. General directors	13	484	497	3
4. Other managers	29	442	471	7
Total	741	6,808	7,549	10
December-2013				
1. Boards of Directors	464	4,672	5,136	10
2. Control bodies	198	1,487	1,685	12
3. General directors	14	499	513	3
4. Other managers	25	469	494	5
Total	701	7,127	7,828	9

Source: Elaboration from Bank of Italy's data, December 2017

Table VI.
Women in Italian not listed banks

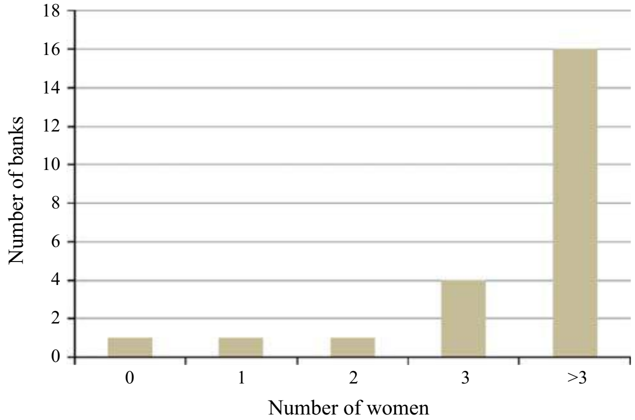


Source: Elaboration from Bank of Italy's data – December 2017

Figure 2.
Number of women in boards of directors (Italian not listed banks)

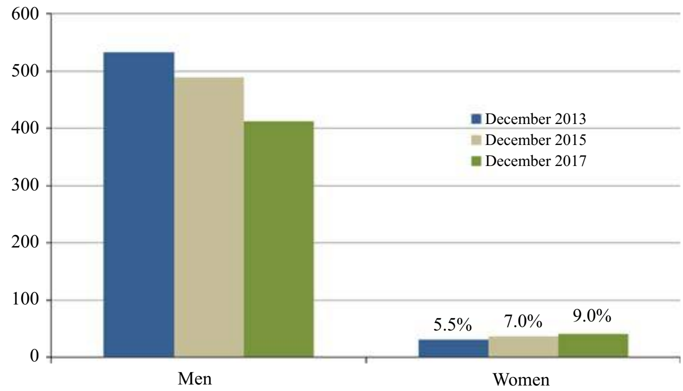
Finally, from data concerning the senior management, it is reasonable to draw the conclusion that the glass ceiling is still persisting where no mandatory rules are provided (Figure 4).

With regard to new banking management resources, some relevant aspects have arisen and need to be assessed. In spite of a higher rate of female employees than on total



Source: Elaboration from Bank of Italy's data – December 2017

Figure 3.
Number of women in boards of directors (Italian listed banks)



Source: Elaboration from Bank of Italy's data

Figure 4.
Number of female managers in Italian banks

(45 percent of women in 2015), due to gender equal recruitment policies, a gender gap in management is still seen; on average less than one of the women employed in banks is qualified as manager, while 3.5 percent of men are managers (data 2015 from ABI, 2017). Fortunately, as regard age, women employed in banks are younger than men (32 percent of female banking employees are under 40 years old); furthermore, they are more highly educated than their male counterparts (female graduates exceed male by 4 p.p.).

Briefly, if we wonder whether the "feminization of management" has taken place in Italian banks, certainly the answer is still negative. The data provided confirm the thesis that gender is not generally a discriminatory bias for employment but it is still a severe constraint for career opportunities for women in Italian banks. Obviously, the limited promotion opportunities for women in banking sector have also had an impact on the income gap between women and men.

What is not comforting is that in addition to vertical discrimination (the traditional "glass ceiling" issue), horizontal segmentations seem to persist: the complete lack of female CEOs and directors general in listed banks (data up to December 2017) is the clearest sign in evidence. Decisional powers on bank strategies and key roles in lending or investments appear to be still male dominated. From a sociological perspective, the analysis confirms that a "Royal Edict" may be dramatically shrunk in its positive effects if the social determinants of the gender biases are not removed in the meantime. The domain of large banks is still rooted in the "boy's club."

Summarizing, the above considerations on the impact assessment of the binding quota regime are necessarily a first insight. More sophisticated methodical approach, based on econometric analyses, will be certainly explored in order to build a more robust relationship between the implementation of quotas and the evolution of women representation.

Unfortunately, specific econometric studies considering individual board member characteristics, such as age, tenure and education, the role of family affiliation, the local environments in which banks operate, have been carried only in the past, before the implementation of the binding system. In particular, Del Prete and Stefani (2013), using the same historical archive managed by the Bank of Italy, analyze a panel of banks during the years 1995–2010 (ante quotas). In their research, the authors highlight the relevance of "corporate culture" which is usually considered a constant factor whereas it is, in fact, a significant driven factor, in addition to other internal determinants in organizations such as independence of women in decision making, professional networks between men and women, openness to corporate social responsibility. It is worth heeding that according to Del Prete and Stefani's research, women are more represented on boards in those Italian banks which have stronger ties to family owners, and are more focused on cost efficiency or affected by high non-performing loan rates.

4.5 The female representation in the Italian banks and the lesson from the financial crisis: some qualitative insights

It is well known that throughout the last decade, the banking system has been overall accused of having caused the financial crisis and largely profiting by the negative and turbulent financial market trend. For purposes here under consideration, we can neglect the causal process associated to this negative reputation, without studying in depth the actual involvement of banks in the global turmoil: it is undeniable, indeed, that the public opinion has dramatically perceived the crisis as a result of the "financialization" of the economy and therefore as the result of the banking business.

During the latest financial crisis, this reputational pressure has driven the idea that women should play a major role in the reconstruction of the economy, in order to build a new image for companies. The need for new economic formulas, more connected to inclusiveness, fairness and reliability, is likely to favor women who in the collective mind seem utterly unrelated to the financial crisis.

Under this global scenario, the Italian banking sector does not seem to have embarked on a new path in diversity management after the crisis. Wherever the growth of women on boards occurred, it seems to be substantially due to the binding quotas in Italy; women do not seem indeed to have been called as leaders in top management in Italian banks in order to give a visible "signal of change" to stakeholders. In this sense, we can exclude that the financial crisis has produced an alternative model of leadership on the boards of Italian banks: the lack (for listed banks) or the low number of women (for not-listed banks) as CEOs and Directors general is an incontrovertible evidence. Throughout the financial crisis, the persistence of the low rate of women in executive functions has led to exclude a glass cliff effect.

According to the results of more recent studies, it seems that the glass cliff effect occurs when a company's performance is attributable to past leadership and not when it is attributed to global economic circumstances. The idea is that whenever the company's crisis is caused by a crisis that is not controllable by the leadership of a company, the bias in favor of women appointments does not occur (Kulich *et al.*, 2015).

In the public opinion domain, the magnitude and pervasiveness of the recent financial crisis have certainly made faulty performances of banking managers less visible. Hence, these considerations are in line with the thesis against glass cliff in the case of global turmoil.

Undoubtly, it is important to avoid any deterministic and not science-backed inference. However, it cannot be ruled out that in the Italian banking system, typical traits of women – such as being empathic, less abrasive, risk adverse – are more welcome than in the past and can be more valued for appointments in senior management. In particular, we cannot assess to what extent the financial crisis has actually impacted on the rhetoric of female representation but it is likely that smaller banks operating in local context have been mainly powering female representation in order to disseminate the idea of a "regenerative" organizational change aimed at achieving a more inclusive and egalitarian image.

Data on listed banks suggest that a form of "cosmetic gender diversity" still persists. In larger banks, operating in international context, women appointed on boards not only do not play executive functions but also are often independent members in management bodies. Acting as independent member does not help women to take solid roots in their decision-making positions. In a postmodernism approach, focused on the balance of powers, the large number of women as independent members are a clear signal of "interest of self-preservation," "rather than a broad acceptance of the principle that gender diversity is good for business" and for stakeholders (Main and Gregory-Smith, 2018).

Furthermore, the complete lack of CEO and directors general in listed banks cannot be explained by the insufficient supply of talent. It is worth noting that women make up 45 percent of total employees in Italian banks and they are on average higher educated and younger than male staff.

Future econometric research works should investigate the correlation between performance in the banking sector and women managers' selection as "last resort."

The lesson from the last financial crisis has clearly showed how has become important to enhance gender diversity in the banking sector. For listed banks, among other listed companies, a further boost could come from the introduction of non-financial reporting statements from January 2017 (Legislative Decree 254/2016 which implemented the Directive 2014/95/EU). Non-financial reporting (often in the form of Sustainability or Integrated Reports) increases the disclosure to the stakeholders, by offering additional information on sensitive items such as gender diversity. In particular, non-financial reporting gives additional insights on companies' values and related internal organizations through labeling material topics (the so called materiality). Thus, it can positively activate a selection process on the market based on new values of inclusive growth.

5. Concluding remarks

Five years later from the implementation of the Italian quota regime (Law 120/2011), a boosting effect is evident in increasing gender diversity in large companies. Driven by the Law, Italy has become the second country after France in the EU, showing the highest percentage of female directors on boards.

Moreover, what is relevant is that the upward trend of gender diversity on boards has positively affected the diversification of directorships in Italian listed companies in terms of age (decreased by 1 pp on average), education and professional skills. Given the mandatory nature of the legislative measures and the sanctioning system against non-compliant companies, it is difficult to predict what will ever happen in 2022 when the law is no longer in force, whether gender diversity will suddenly vanish or it will persist in corporate governance.

But if we consider not only the number of women on the companies' boards of directors but also the role which has actually been played by them, some pessimistic concerns arise. The progress made by women mainly refers to non-executive positions as they mainly keep managing as non–executive and independent members.

It is likely that the temporary nature of the measures is a serious risk to feed a "façade" gender diversity. This effect may derive from the genesis of the gender quota system itself. The Law 120/2011 was put forward, mainly thanks to the individual initiative of two Members of Parliament; it has neither been the result of a mature political debate and concertation among stakeholders in different economic sectors nor had therefore a widespread media participation or an actual support in public opinion. So, the legislative system does not reflect a homogeneous cultural development across the industry.

Focusing on the Italian banking sector, the gender rebalance in management bodies could be considered rather satisfying. If we compare ten-year-old findings (March 2007-2016), the number of women on boards of directors has tripled.

But the same figures clearly show a dichotomy due to significant differences between listed banks (under binding gender quotas regime) and non-listed banks (under a new 20 target provided by the Italian Supervisory Authority). In non-listed banks, women are still relegated to an under-represented position, reaching only 13 percent on boards of directors (as against 33 percent in listed banks). The data confirm the results found in non-financial sector that women are significantly better represented on audit boards.

In accordance with previous studies, no relevant changes can be noticed on key-decision roles: no CEOs or directors general are women in listed banks and women are always more represented in non-executive functions.

In this respect, it is worth mentioning, among various academic findings, the negative correlation between men as CEO-directors general and the actual contribution from women in decision making: the gender of top-leaders seems to play a key-role in influencing female participation. After nearly a decade of financial turmoil, it does not seem that Italian banks have strongly exploited as a crucial key the "golden dust" of female resources, that means a higher risk adverse attitude of women and special skills in monitoring risk exposure. New branches of future research can explore the extent to which women representation in top and senior management can affect corporate reputation.

In Italy, women do not seem to have been appointed leaders in top management in Italian banks in order to give a visible "sign of change" to stakeholders. In this sense, we can exclude that the financial crisis has produced an alternative model of leadership on the boards of Italian banks: the low number (in listed banks, the complete lack) of women as CEOs and directors general is an incontrovertible evidence. At the top level of the Italian banks, the glass cliff phenomenon (that is, the preferential selection of a female leader in the case of bad performance) seems to not have occurred during the latest global financial crisis. Luckily or not, in the Italian banking system, the transition from "think manager, think male" to "think crisis, think female" has not been in place.

The lesson from the last financial crisis has clearly showed how important it has become to bridge companies in their new corporate governance strategies promoting cultural change in the meanwhile. The Italian experience in the banking sector has shown us that a mandatory gender quota system could not always produce a substantial gender rebalancing in decision making. Tokenism phenomena and horizontal segregations could dramatically persist. The Italian lesson confirms that in this matter it is more useful to adopt a variety of policies providing additional support rather than a "one best way" action.

In Italy, for listed banks, among other listed companies, a further boost to rebalancing female representation in the decision making will come from the implementation of non-financial statements starting by law from the fiscal year 2017. This new set of information could create a new "quality labeling" for stakeholders and it could activate a "natural selection" of the most inclusive and virtuous companies on the market.

In the meanwhile, it would be very helpful to promote a widespread awareness-raising campaign to open the debate on the relevance of gender diversity among academics, Institutions and public opinion before the expire term (2022) of the mandatory quota regime in Italy.

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