Chapter 4
Factors Affecting Women´s Involvement in the Governance of Family Firms:
The Role of the Generational Stage

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ABSTRACT

The chapter analyzes female involvement in medium-sized family businesses in Central Italy. The empirical analysis focuses on 233 firms over the period 2007-2014, to understand how female representation in corporate governance has evolved in recent years, and to pinpoint the factors tending to encourage/discourage female involvement in the board of directors. A descriptive analysis was conducted, enabling a fuller understanding of how female involvement in governance roles has evolved over the years. A regression analysis was performed to determine if and how specific governance characteristics – such as family ownership and generational stage – may have a bearing on the female presence on the board. The results confirm that female representation is favorably influenced by a strong family presence in the ownership of the business, while family firms under first-generation control exert a negative influence on female involvement.

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INTRODUCTION

This chapter investigates women's participation in family firms' governance and namely, on factors that may affect women's involvement in family-owned businesses' board of directors.

In Europe, women's participation in corporate governance is a key issue. The European Commission published the European Strategy for gender equality, the European Pact for equality between women and men, and 2016-2019 Strategic engagement for gender equality aims to promote and increase women's representation and participation in politics and economics. Moreover, in 2012, the European Commission encouraged listed companies to reach the goal of 40 percent women board members by the year 2020 (European Commission, 2012).

Several European countries decided to implement gender quota legislation introducing mandatory quotas to promote the presence of women on corporate boards of directors. Norway was the first country to impose gender quotas in 2003, followed by Finland in 2010, Belgium, France and Italy in 2011, and other countries in the following years. In Italy, the Law 120/2011 introduced mandatory quotas in listed companies and government-owned corporations. This law establishes that by 2015, at least one-third of the seats on the board of directors must be held by the underrepresented gender. This law was renamed "pink quotas," as so far, women have been underrepresented.

All over the world, several countries decided to implement mandatory rules to support gender board diversity (e.g., California, Colombia, Québec, Panama, and Taiwan) and often resulted in greater board gender diversity. The participation of women on corporate boards of directors has been increasing in many economies, and board gender diversity in family firms has been enhancing too.

Findings from a survey involving 525 of the world's largest family businesses (located in Australia, Belgium, Brazil, Canada, China, France, Germany, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, India, Indonesia, Italy, Japan, Mexico, the Netherlands, Russia, South Korea, Spain, Switzerland, Turkey, UK and USA), show that 55% of companies have at least one woman on their board; 16% of their board members are women (on average, more than one woman per board); 8% of their boards have women as at least half of the members (Ernst & Young, 2015). Additionally, "70% of family businesses are considering a woman for their next CEO, and 30% are strongly considering a woman for the top spot."

However, in Italy, the presence of women in the governance of family businesses has grown much more slowly and with different rhythms and intensities depending on the time frame considered. For example, between 2000 and 2008, the percentage of women on the boards of larger family businesses remained almost unchanged (Corbetta & Minichilli, 2010). On the other hand, a very different trend has been observed in more recent years. In listed family companies, the percentage of boards with at least one woman as a director has increased from 53.3% in 2007 to 92.7% in 2016. However, in this case, it was not a spontaneous change, but the consequence of the introduction of the Law n. 120/2011. This is confirmed by the fact that in unlisted family businesses, which are not liable to this law, the percentage of boards with at least one woman has remained almost unaltered in the last ten years (from 51.5% in 2007 to 55, 5% of 2016) (Corbetta & Quarato, 2016). Although available data show that the amount of women involved in governance is higher in family businesses than in non-family businesses (Gnan & Montemerlo, 2008), the presence of women in these businesses has been increasing slower (Corbetta, Minichilli, & Quarato, 2011), especially in non-listed companies. The latter are not liable to Law n. 120/2011.

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