

Assessing Support for Gender Equality Certification in Italian Lombard Companies

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Abstract: This study examines the firm's factors influencing the likelihood of participating in the Lombardy Region's call for support for gender equality certification. The sample under study consists of 12,694 micro, small, and medium-sized firms in Lombardy, of which 575 firms participated in the Lombardy region's call for tenders to support gender equality certification. The research analyses the impact of the presence of women on boards of directors and in executive positions, firm age, profitability, and financial constraints. The results show that firms with a higher percentage of women on boards of directors and in executive roles, listed, and with high revenues are more likely to seek certification support. In contrast, firm profitability, liquidity, and age do not appear to influence the decision to participate significantly. These findings offer important implications for both management and policy: firms interested in gender equality certification could benefit from the access to the support, while more targeted regional policies could also encourage the participation of less profitable and younger firms.

Keywords: Gender Equality Certification; SMEs; UNI PdR 125/2022; Public Incentives

1. Introduction

Promoting gender equality has become a central goal for governments, firms, and civil societies worldwide. Globally, women face persistent challenges in accessing the job market, securing leadership roles, and initiating enterprises (Kronfol *et al.*, 2019). According to Kronfol *et al.* (2019), women make up only 40 percent of the global workforce and have a low representation in leadership roles across all commercial sectors. 62 percent of women in OECD nations hold employment, compared to nearly 80 percent of men (Kronfol *et al.*, 2019).

Policy instruments serve as a conduit between decision-making and execution, as well as among the stakeholders engaged in both processes (Tandé, A., 2017). Following the creation of an instrument, field agents utilize it and provide reports on the progress of its implementation (Tandé, A., 2017). If dissatisfied with the outcomes, policymakers may amend certain elements of the instrument or substitute it with a new one (Tandé, A., 2017). It is important to note that elaboration and implementation activities frequently occur simultaneously and in parallel (Tandé, A., 2017). They also develop according to specific logics and temporalities, which may result in disjunction (Jann and Wegrich, 2007). Contrary to the perceptions or assertions of political decision-makers, policy instruments are not readily and quickly accessible to them. Instruments possess distinct logics that can result in unforeseen consequences. Governments can promote gender equality through a range of interventions targeted at the private sector, which can be divided into three main categories: fiscal and financial incentives, regulatory instruments, and information and facilitation activities (Kronfol *et al.*, 2019).

In Italy, gender equality certification represents a formalised effort to address gender inequalities in the workplace by adopting standards that promote fairness and inclusiveness. The Technical Table on gender equality certification has established the UNI PdR 125/2022 guidelines in Italy to support this initiative. These guidelines offer a framework divided into six assessment areas: corporate culture and strategy, governance, human resources processes, opportunities for growth and inclusion, gender pay equity, and protection of parenthood and work-life balance. The guidelines serve as a 'benchmark practice,' helping firms to assess and improve gender equality, often with financial incentives linked to compliance. Even though UNI PdR 125/2022 isn't required, more and more Italian firms are voluntarily following these guidelines. These actions are intended to boost their business and reputation.

Lombardy Region has implemented an economic support program to encourage gender equality certification in micro, small, and medium-sized firms (SMEs) with at least one operational site in the Lombardy region. The European Social Fund Plus (ESF+ PR 2021-2027) funds this initiative, which aims to guide firms in adopting the UNI PdR 125/2022 certification, focusing on crucial areas like equal growth opportunities, wage equity, parental protection, and work-life balance. The purpose of this regional call is to incentivize firms to apply for UNI PdR 125/2022, thereby indirectly reducing the gender gap in firms and recognizing the value of a fair and inclusive working environment for society and business competitiveness.

Given the value of this type of support, it is crucial to understand which characteristics make firms more likely to apply for these funds. Understanding the distinctive features of the firms that participate in the Lombardy Region's call can help to improve policies to promote gender equality and better target future incentives.

This study analyses a sample of 12,694 micro, small, and medium-sized enterprises (SMEs) in Lombardy, of which 575 participated in the regional call for support for gender equality certification. The analysis explores how the presence of women on boards and in executive positions, stock market listing, profitability, revenues, and liquidity affect the application. In this way, the study aims to identify the firm factors that influence participation in the call, providing an overview of the characteristics that determine adherence to gender equity initiatives.

This study provides an in-depth understanding of the characteristics of firms seeking support for gender equality certification. Knowing the firm characteristics that favor participation in these calls helps managers make informed decisions to participate in support for gender equality certification.

From a policy point of view, understanding which firm's characteristics are most associated with the demand for support for gender certification can help the Lombardy Region and other bodies to develop targeted policies that incentivise even those firms that are less inclined or have limited resources to undertake this path.

2. Gender Equality Certification and Incentives for Firms: the Case of Lombardy

2.1 Gender Equality Certification

In order to define technical standards to monitor and achieve gender equality, a Technical Table on gender equality certification was established on 1 October 2021 with the participation of representatives of the Department for Family Policies, the Ministry of Economy and Finance, the Ministry of Economic Development, the Ministry of Labour and Social Policies and the National Equality Advisor. The work of this roundtable led to the adoption of UNI PdR 125/2022 *'Guidelines on the management system for gender equality, which provides for the adoption of specific Kpi related to gender equality policies in firms'* (Department for Equal Opportunities).

The UNI PdR 125/2022 is the reference practice, non-binding, introduced in 2022 by the Italian National Unification Body (UNI) in order to provide guidelines and recommendations in six assessment areas for the different variables that distinguish an inclusive and gender-equal firm: 1. culture and strategy; 2. governance; 3. human resources processes; 4. opportunities for growth and inclusion of women in the firm; 5. pay equity by gender; and 6. parental protection and work-life balance. Its main goals are to adopt KPIs and technical standards and promote firm transparency, both in the present and in the future.

Being a Reference Practice, it is a tool that, in a pre-normative dimension, introduces technical prescriptions or sectorial application models of specific standards. The UNI/PdR, as indicated in the UNI Statute, art. 35, represent 'pre-normative documents' that precede subsequent national standardisation activities, responding to specific market needs, which can then be consolidated as 'state of the art' through subsequent standardisation activities (UNI, 2022)¹. Despite its non-binding character, many firms decide voluntarily to adopt the practice. In fact, the gender equality certification provides for contribution exemptions and bonuses that can act as an incentive for firms that have voluntarily embarked on the certification path. In fact, the provisions of Law No. 162 of 5 November 2021 exempt firms with the gender equality certification from paying a percentage of the total social security contributions by the employer. Moreover, firms that, on 31 December of the year preceding the reference year, have the gender equality certification are granted a bonus score for the evaluation of project proposals by national and regional European fund authorities to grant State aid to cofinance the investments incurred (Article 5, paragraph 3 of Law No. 162 of 5 November 2021).

Urgent measures for the implementation of the National Recovery and Resilience Plan (Decree-Law No. 36 of 30 April 2022) introduced further forms of incentives linked to participation in tenders. Specifically, Article 34 of the Decree-Law No. 36 of 30 April 2022 amended the Public Contracts Code, allowing contracting authorities to

¹ According to the procedure laid down for Reference Practices, the transition from its 'pre-normative' dimension to its actual validity as a binding technical standard requires careful verification under Art. 8 of the Regulation.

indicate in their notices a higher score associated with the possession of gender equality certification, and to reduce the guarantee in contracts for services and supplies by 30% for firms with the same certification.

This approach allows firms to demonstrate compliance and good practice concerning gender equality, potentially improving their reputation and accessing financial benefits.

2.2 The Lombardy Support for Gender Equality Certification

The analysis focuses on Lombardy and its provinces. Lombardy, aware of its position of importance in economic terms on a national level, has distinguished itself in its commitment to achieving gender equality. This desire has manifested through various initiatives covering the most diverse fields of sustainability, acting as a leader for the remaining Italian regions. For this research project, the decision to give a regional contribution of 10 million euros from the Regional Program co-financed by the European Social Fund Plus for the years 2021–2027 (ESF+ PR 2021–2027) is of particular interest. Lombardy companies will use this money to obtain the gender equality certification. This action aims to accompany and incentivise firms to adopt adequate policies to reduce the gender gap in all the most critical areas (e.g., growth opportunities in the firm, equal pay for equal work, gender equality management policies, maternity protection) (Regione Lombardia).

3. The Allocation process According

Heckman and Smith (2004) assert that analyzing the involvement process in a public intervention is essential for three primary reasons. Initially, it enables us to discern the origins of disparity in the allocation of finances. By looking at the things that make firms choose which incentives to seek, we might find barriers to access that we didn't expect (Blanes, Busom 2004). Secondly, data regarding the overall participation process enables us to establish a counterfactual judgment accurately. The allocation analysis can provide significant insights into the program's operation when examining the self-selection behavior of firms in contrast to agency selection (Caprara *et al.*, 2010).

We can categorize the procedure for availing a public incentive into five distinct phases, each involving several stakeholders. The sequential processes are as follows: eligibility, knowledge, request, acceptance, and provision (Heckman and Smith, 2004; Bannò *et al.*, 2010). The process involves three entities: policymakers, corporations, and public authorities. Policymakers define the eligibility conditions (first step), and firms, informed of the incentive's existence (second phase), decide whether to seek public help (third phase). The initial three rounds comprise the self-selection phase for firms. The responsible governmental agencies select the incentive recipients and, in the case of cash benefits, determine the precise distribution amount in the fourth and fifth phases.

The complete procedure for distributing an incentive consists of two primary steps. The first pertains to firms, whereas the second delineates agencies' operations.

Understanding the part that each person plays in putting an incentive into action and giving it is important for evaluating and improving policy instruments (Mudambi, 1999; Schilder, 2000). When looking at how firms self-select versus how agencies choose, allocation analysis can give important information about how the program works (Caprara *et al.*, 2010).

This study aims to identify which firm characteristics increase the likelihood of applying for the regional support for gender equality certification, providing an in-depth analysis of the factors that make firms more inclined to participate in this initiative and benefit from the related incentives.

4. Model and Data

In **Table 1**, we can see the data used for the studies.

Table 1: data used for the studies.

Variable	Definition	Source
Dependent variables		
Support for gender equality certification	Dummy variable taking the value 1 if a firm participates to the support for gender equality certification and 0 otherwise	Regione Lombardia
Independent variables		
Women on board	Percentage of women on board	Orbis
Women executives	Percentage of women executives	Orbis
Listed	Dummy variable taking the value 1 if a firm is listed and 0 otherwise	Orbis
ROA	A measure of a firm's profitability relative to total assets. It is calculated by dividing the net income by the total assets of the firm.	Orbis
ROE	Indicator of the firm's return on equity. It is calculated by dividing the net income by the total assets of the firm.	Orbis
Revenue	Total revenue generated by the firm through its main activities of selling goods or services.	Orbis
Liquidity index	Measure of the firm's ability to meet its short-term obligations. This is calculated as the ratio of current assets to current liabilities.	Orbis
Age	Age of the firm, calculated in years since its foundation	Orbis
Number of employee	Amount of staff employed by the firm	Orbis
Control variable		
Milan	Dummy variable taking the value 1 if a firm has headquarter in Milan and 0 otherwise	Orbis
Industry	Categorical variables covering industries: agriculture, mineral extraction, manufacturing, water supply, construction, trade, transport, accommodation and catering, finance and insurance, real estate, administration, public administration, health, arts and entertainment	Orbis

The independent variables used in the model could influence the likelihood of a firm participating in the Lombardy Region's call for support for gender equality certification as follows.

A high percentage of women on the board of directors could reflect a stronger commitment to gender equality, making the firm more likely to participate in the call. Similarly, a higher percentage of women in management roles could indicate a corporate culture that values gender diversity, increasing the likelihood of participation. Listing on the stock exchange might push firms to enhance their reputation and transparency, including gender equality efforts, thus incentivising them to participate in the call.

Regarding profitability, firms with a high ROA (Return on Assets) might be less motivated to participate if they perceive that compliance costs outweigh the benefits. Similarly, a high ROE (Return on Equity) might make the firm focus more on shareholder value than on gender initiatives, reducing the likelihood of participation. Firms with higher revenues might focus on growth and profitability rather than on social initiatives, reducing the interest in the announcement.

A high liquidity index might indicate a conservative financial strategy focused on short-term obligations, which might reduce the willingness to invest resources in participating in the call. Old firms with established practices might be less inclined to participate in new initiatives, such as the call for certification support. Finally, firms with a larger number of employees might have more formalised human resource practices and be more aware of gender equality issues, making them more inclined to participate in the call.

We use the following model to test these claims:

Model *Support for gender equality certification* = $f(\text{Women on board}; \text{Women executive}; \text{Listed}; \text{ROA}; \text{ROE}; \text{Revenue}; \text{Liquidity index}; \text{Age}; \text{Number of employees}; \text{Control variables})$

The sample consists of 12,694 micro, small, and medium-sized firms in Lombardy, of which 575 firms participated in the Lombardy region's call for tenders to support gender equality certification.

According to the Istat data (2023) for the last two years (2022–2023), there are still clear differences between the employment rates of men and women and between provinces in Lombardy, even though the overall employment rate in Lombardy is higher than the national rate (68.2% for the 15–64 age group compared to 60.1% at the national level in 2022 and 69.3% compared to 61.5% at the national level in 2023). In particular, the male employment rate for 2022 was 75.8% compared to 60.4% for women. In 2023, Istat recorded a variance of 76.4% for male employment and 61.9% for female employment.

Analysing the data at a provincial level, one also finds deviations between apparently similar territories: for the year 2022, the province of Milan has, in fact, recorded the Lombard record for female employment, reaching 64.3% at the expense of the neighbouring province of Brescia, which saw a female employment rate of 54.2% (Istat, 2023). The same dynamic was repeated in the following year, with the provinces of Monza and Brianza recording a rate of 66.8%, while the province of Brescia remained at the bottom of the list with a rate of 56.2% (Istat, 2023). There is, therefore, a clear need to assess the employment situation and the effectiveness of the instruments put in place by the region.

5. Results

Table 2 reports the results of the regression analyses.

Table 2: results of the regression analyses.

	Support for Gender Equality Certification	Standard error
Women on board	0.02***	(0.003)
Woman executive	0.007***	(0.002)
Listed	1.824***	(0.652)
ROA	-0.009	(0.008)
ROE	0	(0.001)
Revenue	0**	(0)
Liquidity index	-0.013	(0.042)
Age	-0.002	(0.004)
Number of employee	0.002**	(0.001)
Milan	-0.592***	(0.158)
Agriculture	2.422***	(0.755)
Mining	1.168	(0.928)
Manufacturing	2.45***	(0.749)
Water Supply	1.321	(1.242)
Construction	1.858**	(0.743)
Trade	2.342**	(1.055)
Transport	0.66	(1.237)
Accommodation and Catering	1.07	(1.015)
Finance and Insurance	2.58***	(0.775)

	Support for Gender Equality Certification	Standard error
Real Estate	0.559	(0.73)
Administration	1.738	(1.256)
Public Administration	2.771***	(0.732)
Health	0.547	(0.741)
Arts and Entertainment	0.737	(0.845)
Constant	-4.984***	(0.738)
Pseudo r-squared		0.161
Chi-square		350.758
Akaike crit. (AIC)		1879.226

*** $p < .01$, ** $p < .05$, * $p < .1$

The independent variables used in the model seem to influence the likelihood of a firm participating in the call for support for gender equality certification in various ways. *Women on board* of directors (0.02, $p < 0.01$) shows a positive and significant effect, suggesting that firms with a higher presence of women on the board are more committed to gender equality initiatives and, therefore, more likely to apply for certification. Similarly, *Women executive* (0.007, $p < 0.01$) also has a positive and significant effect, suggesting that firms with more female executives are more likely to apply for certification.

Listed (1.824, $p < 0.01$) exerts a positive and highly significant effect, suggesting that listed firms are more inclined to apply for certification, perhaps to improve their public image. As for *ROA*, the negative coefficient (-0.009) is not statistically significant, suggesting that profitability as measured by ROA does not clearly influence the decision to seek certification. Similarly, *ROE* shows no significant effect on the likelihood of applying for certification, indicating that it is not a determining factor. Conversely, *Revenue* shows a positive and significant effect (0, $p < 0.05$). *Liquidity index*, while showing a negative coefficient, is not significant, indicating that liquidity does not play a significant role in the decision to participate. *Age* also shows a negative but not significant effect, suggesting that older firms are not necessarily more or less likely to apply for certification. Finally, *Number of employees* (0.002, $p < 0.05$) shows a positive and significant effect, indicating that larger firms are more likely to participate, probably due to more formalised HR practices and greater awareness of gender issues.

6. Conclusion

We cannot undervalue the importance of gender equality certification, as it serves as a fundamental tool for promoting inclusion and equality within firms. This study focuses on the Lombardy context, analysing the firm characteristics influencing the likelihood of applying for gender equality certification support.

The results suggest that firms with a higher presence of women on boards and in executive positions, as well as those listed on the stock exchange and with higher revenues, are more likely to apply for certification. In contrast, profitability, liquidity, and age of the firm do not seem to have a significant impact on the likelihood of participation.

The managerial implications of this study are relevant for firms wishing to improve their public image. Promoting more women in leadership roles could incentivise participation in certification initiatives, enhancing the firm's reputation and strengthening its competitive position. Listed firms, in particular, could benefit more from such policies, as the expectations of investors and the general public regarding sustainability practices are increasingly stringent. Investing in gender equality not only improves the corporate image but can also have a positive impact on the working environment, increasing employee satisfaction and reducing turnover.

At the policy level, the Lombardy Region could think about adding more incentives to get younger or less profitable businesses to participate in certification. It would be easier for everyone to join these programs. Particular attention could be paid to supporting small and medium-sized enterprises, which may face greater difficulties in implementing gender equality policies due to limited resources. Targeted policies, such as financial

contributions, specialised consultancy, or training, could facilitate access to certification for these realities, thereby contributing to a more widespread and systemic change.

This study has some limitations. The analysis is limited to Lombardy, where the call for funding was promoted, which may reduce the generalisability of the results to other regions or national contexts. Business and regulatory dynamics may vary significantly between regions, making it challenging to apply the results directly to other contexts.

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