



**UNIVERSITÀ
NICCOLO' CUSANO**



GENDER DIVERSITY E CORPORATE DISCLOSURE

Recenti prospettive ed evidenze empiriche in ambito internazionale

Osservatorio Scientifico - Questioni di genere

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Agenda

- **Objectives of the research project;**
- **Disclosure of Non Financial Information (NFI);**
- **Gender diversity, corporate reporting and corporate governance;**
- **Research design;**
- **Expected results and conclusion**

Objectives of the research project

OB1: recognition of existing legislation in the area of gender diversity in terms of **mandatory reporting**;

OB2: recognition of frameworks and guidelines in the area of gender diversity in terms of **voluntary reporting**;

OB3: analysis of annual reports/stand alone reports of a sample of **European listed companies** referring to two years 2009 and 2013 (before and after the introduction of Integrated Reporting);

OB4: analysis of integrated reports of a sample of **companies** listed on the **Johannesburg Stock Exchange** referring to two years 2009 and 2013 (before and after the mandatory requirement of drawing up of Integrated Reporting)

Disclosure of NFI

REGULATORY INITIATIVES ON NFI

- **15 April 2014 (Statement 14/124) the European Commission amends Directive 2013/34/EU: Disclosure of non-financial and diversity information by large companies and groups (EU/95/2014 issued on October 22, 2014).** The objective is to increase EU companies' transparency and performance on environmental and **social** matters and, therefore, to contribute effectively to **long-term economic growth and employment**.
- This initiative is the **reply to several disclosure requirements** introduced by some Member States (**Denmark, 2008; Spain, 2011, France 2010; 2012, the UK 2010, 2011, 2014, and Germany, 2011**).
- **Italy: d.lgs. 32/2007, revision of article 2428 Civil Code, (national reception of Directive 2003/51/CE (*Accounts Modernization Directive*))**

Disclosure of NFI

EUROPEAN DIRECTIVE EU/95/2014:

*“In order to enhance the consistency and comparability of non financial information disclosed throughout the Union certain large undertakings should prepare a non financial statement containing information relating to at least environmental matters, **social and employee-related matters, respect of human rights, anti-corruption and bribery matters.** Such statement should include a description of the **policies, outcomes and risks** related to those matters and should be included in the management report of the undertaking concerned. [...] As regards social and employee-related matters, the information provided in the statement may concern **the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation, working conditions, social dialogue, respect for the right of workers to be informed and consulted, respect for trade union rights, health and safety at work** [...] With regard to human rights, anti-corruption and bribery, the non-financial statement could include information on the prevention of **human rights abuses** and/or on instruments in place to fight corruption and bribery.”***5**

Disclosure of NFI

VOLUNTARY INITIATIVES: IIRC/IoDSA/GRI

1. A critical step into the development of the new models of business reporting was represented by the recent introduction of **Integrated Reporting (IIRC, The International <IR> Framework, 2010; 2011; 2012; 2013)**. IR is able to **link financial to non-financial information** with a particular focus on the items of **environmental, social, sustainability and corporate governance** (Eccles & Krzus, 2010; Eccles, & Armbrester, 2012; Leuner, 2012; Busco et al., 2013; Gasperini, 2013; Adams, 2013).
2. **Institute Of Directors in Southern Africa, King Code of Governance Principles for South Africa, King III, 2009.**
3. **Global Reporting Initiative (GRI G3 and G3.1 Update – Comparison Sheet, GRI G4 Sustainability Reporting Guidelines)**

Disclosure of NFI

INTERNATIONAL STANDARDS (EU/19/54)

STANDARD	ORGANIZATION	TOPIC/AIM
Eco-management and audit scheme	EMAS Unione Europea	Valorizzazione delle prestazioni ambientali; trasparenza dell'informazione sul risparmio energetico, sulla gestione dei rifiuti e sulla riduzione dell'inquinamento.
Global Compact	Nazioni Unite	Principi focalizzati sulle aree di diritti umani, ambiente e anticorruzione
Guiding Principles on Business and Human Rights	Nazioni Unite, 2011	Principi sui diritti umani
Guidelines for Multinational Enterprises	Organisation for Economic Co-operation and Development (OECD), 2011	Principi su diritti umani, ambiente, lavoro, anticorruzione
ISO 26000 Social responsibility	International Organization for Standardization (ISO), 2010	Guida operativa per un condotta socialmente responsabile
Tripartite declaration of principles concerning multinational enterprises and social policy	International Labour Organization (ILO), 2006	Principi e criteri su tematiche del lavoro e sociali
GRI Sustainability Reporting Guidelines	Global Reporting Initiatives, ultima versione G4, 2013	Principi e criteri per l'elaborazione di un'informativa di sostenibilità

GRI G4 (2013): CATEGORY: SOCIAL

CATEGORY: SOCIAL	CODE	ITEMS
SUBCATEGORY: LABOR PRACTICES AND DECENT WORK		
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region
	LA3	return to work and retention rates after parental leave by gender
Occupational Health and Safety	LA6	type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalities, by region and by gender
Training & Education	LA9	average hours of training per year per employee, by gender and by employee category
	LA11	percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Diversity and Equal Opportunity	LA12	composition of governance bodies and breakdown of employees per employee category according to gender age group, minority group membership and other indicator of diversity
Equal Remuneration for Women and Men	LA13	ratio of basic salary and remuneration of women to men by employee category, by significant location of operations
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

Disclosure of NFI

INTEGRATED REPORTING IN SOUTH AFRICA

- The adoption of Integrated Reporting leads to a turning point in the communication of **financial and non-financial information** by companies;
- Thanks to its degree of **space-time connectivity** within the key contents (Content Elements) IR will enable companies to disclose to users **concise, standardized and material NFI about the process of value creation** over time, and about how companies will be able to create it in a sustainable way in the future.
- Companies listed on the Johannesburg Securities Exchange (JSE) **were required to adopt Integrated Reporting** from the fiscal year commencing **on or after 1 March 2010**.

NFI and gender diversity information within corporate reporting: an overview

Some previous studies are focused on:

1. **Corporate social responsibility/environmental disclosure** (Hughes, 2000; Hassel et al., 2005; Ragothaman and Carr, 2008; Semenova et al., 2009, Gallego-Álvarez et al. 2010, Murcia and Santos 2010, Schadewitz and Niskala, 2010; Jacobs et al. 2010; Moroney et al. 2011; de Klerk and de Villiers 2012; Uyar and Kiliç 2012; Iatridis 2013, Lourenco et al., 2013; Zuraida et al., 2014; Liu et al. 2014);
2. **Intellectual Capital disclosure** (Abdolmohammadi, 2005; Vafaei et al., 2011; Veltri and Silvestri, 2012; Gamerschlag, 2013);
3. **Non Financial Information** (Graham et al., 2002; Dima et al., 2013)
4. **Gender Diversity Information** (Nalikka, 2009; Holm and Scholer, 2011)

Gender diversity in corporate governance

CAN GENDER DIVERSITY IN THE FIRM'S BOARD DIRECTORS AND TOP MANAGEMENT ENHANCE FINANCIAL PERFORMANCE?

1. INFLUENCE OF GENDER DIVERSITY ON **VOLUNTARY DISCLOSURE** (Matsunaga and Yeung, 2008);
2. INFLUENCE OF GENDER DIVERSITY ON **CORPORATE GOVERNANCE DISCLOSURE** (Carter et al., 2003; Adams and Ferreira, 2004; Kramer et al., 2006);
3. INFLUENCE OF GENDER DIVERSITY ON **FINANCIAL PERFORMANCE** (Catalyst, 2004; Francoeur et al., 2008);
4. INFLUENCE OF GENDER DIVERSITY ON **RISK ATTITUDES** (Powel and Ansic, 1997; Shubert, 2006);
5. INFLUENCE OF GENDER DIVERSITY ON **DECISION-MAKING ORIENTATIONS AND DECISION-MAKING SKILLS** (Radecky and Jaccard, 1996)

Research design

- The aim of this research is to explore the **value relevance of Gender Diversity Information (GDI) in Annual Report, stand alone report and integrated reports** through evidence from the European Union and a developing country, South Africa.
- The methodological approach is based on two different fields: 1) **content analysis** (Holsti, 1969; Neuendorf, 2002; Krippendorff, 2004) in order to evaluate the presence of GDI in company reports and 2) **established valuation models**.
- The **GDI disclosure index (Cooke, 2002)** includes different items (8/10) with the corresponding code number from the **GRI's G3 and G4 guidelines** (www.globalreporting.org)

Expected results

- This study assesses the **market valuation implications of GDI within corporate reporting**;
- The adoption of IR is supposed to improve the **publicly available GDI** and hence it should be **relevant to companies' market valuation**.
- The analysis will set and empirically test some hypotheses in order to understand the role corporate reporting and in particular IR plays in **mitigating information asymmetry, in order to attract long-term investment from outside investors and to improve the firms' "signal", and then increase firms' value**.
- The hypotheses will be appropriately processed using statistical methods.

Conclusion

The expected findings will show the following considerations:

- 1. Gender Diversity Information disclosure is value relevant for a company' market value;**
- 2. the differences in the level of compliance regards to GDI between 2009 and 2013 is statistically significant.**

Practical implications:

- The findings may provide an interesting insight into the current state of reporting of GDI and about the value relevance of GDI.
- The findings can be used by policy makers in order to develop or modify the regulatory frameworks on GDI reporting and to encourage the use and harmonization of existing reporting guidelines to increase comparability

Conclusion

LIMITATIONS OF THE STUDY:

1. By conducting such investigations aimed at assessing the impact of GDI on investors' reaction, the research shows a certain degree of **subjectivity** in referring to the selection and the identification of the items of GDI;
2. a lack of a comparative analysis examining the value relevance of GDI in other developing countries or in traditional stock markets such as in the United States or in the United Kingdom.