

Boardrooms need more women not just for the sake of gender parity but also for India Inc



Synopsis

82% of women felt comfortable voicing their opinions, and that their opinions were measured by their credibility, knowledge and approach in boardrooms.

In 2021, the global average of women on **company boards** was a dismal 19.7%, marginally higher than 17.1% in India. According to Deloitte's 2022 Women in the **Boardroom** report, the global average has seen a 2.8% rise since 2018. If this rate of change continues every two years, the world could expect to approach boardroom **gender parity** in 2045.

India introduced the mandate of 'one woman on boards' under Section 149 of the Companies Act, 2013. In 2019, Sebi (Listing Obligations and Disclosure Requirements) (LODR), 2015, Regulation 17, made it mandatory to have at least one independent woman director on a company board. A 2022 research study (bit.ly/3FSJI6V) by Pacta was commissioned by UN Women India to understand how effective the law has been for catalysing boardroom gender parity.

Numbers: The affirmative quota has facilitated entry of women directors to the boardroom. Board positions held by women increased from 12.85% in 2016 to 18.11% in 2021. However, the number of women executive and promoter directors remained relatively stagnant during the period. Also, although more women were appointed each year than the number retiring and resigning from boards, the rate of replacement - number of women joining boards for every woman leaving - remained constant at about 1.5.

Representation: An overbearing narrative has been that women directors are preferred only in corporate social responsibility (CSR) committees, and are disregarded for appointment to more powerful portfolios like audit and nomination and remuneration (NR) committees. Interviews with 49 board members (38 women and 11 men) of NSE 1000 companies revealed that gender actually does not play a role. Instead, factors such as experience, skill and qualification determine assignment of committee to the board member.

Representation of women on board committees increased steadily from 2015-16 to 2020-21, the top three being in CSR, NR and audit committees. Though the ratio of men to women in committees has declined, board committees are still dominated by men, which is reflective of the overall gender disparity on boards.

Women directors: To determine whether compliance was merely token or not, participation of women in board meetings was examined. Women on boards were found to attend as many meetings as their male counterparts. Attendance provides much opportunity to raise questions, and participate in discussions and decision-making procedures.

Mere attendance, however, does not imply 'participation' as hostility in male-dominated boards can dissuade women from actively taking part. But, contrary to expectations, 82% of women stated they felt comfortable voicing their opinions, and that their opinions were measured by their credibility, knowledge and approach adopted in boardrooms.

71% of interviewees stated that women and men are accorded the same treatment inside the boardroom. 55% of women on boards reported they experienced no gender-based discrimination. 27% mentioned that being a member does provide women entry into the boardroom, but women directors are 'expected' to be tougher, smarter, more assertive and to work harder.

So, the key takeaway seems to be that once on boards, gender as an issue is bypassed by experience and wisdom. One big caveat: these findings are based on the experience of highly accomplished women, with long and exemplary careers that preceded their appointment as board members. Their experiences as members are based on their learnings from navigating previous, gendered professional settings to rise to higher levels of corporate leadership.

All NSE 1000 companies in the study sample were compliant with the one-woman independent director mandate. Despite this, the gender-skewed numbers tell us that gender parity is still a distant goal. Fewer women occupying executive and leadership positions in corporates results in a shortage of women capable of taking board-level positions. When board positions do fall vacant, male directors prefer to hire colleagues from their closed networks. Despite mainstream conversations about gender-equal boards, corporates have not made any formal commitment or policy to pursue board diversity goals.

So, what is to be done? A quota system does catalyse the presence and participation of women both in India and globally. Legal mandates are substantially complied with. But for law and policy initiatives to achieve deep-rooted change, affirmative action must be designed to allow the creation of this critical mass - a higher quota of 30% board positions reserved for women. Having women at the top translates into pro-women policies, the benefits of which percolate to the bottom of the pyramid.

While women directors, once appointed, have been able to participate in corporate affairs with little or no discriminatory action, gender still works against those who must traverse this journey to the top. In 2014, a Sebi regulatory modification mandated that independent directors may hold office for a term of up to five consecutive years on a board, and shall be eligible for reappointment for another term of up to four consecutive years on passing a special resolution by the company.

Thousands of independent directors will retire in 2024, and new directors would need to be appointed. If companies can commit to hiring women directors, this will swiftly enhance gender diversity of boards - and, indeed, that of India's corporate workforce as a whole. 82% of women felt comfortable voicing their opinions, and that their opinions were measured by their credibility, knowledge and approach in boardrooms

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