Project Report

(Submitted for the Degree of B.Com. Honours in Accounting & Finance under the University of Calcutta)

Title of the Project:

WOMEN AT WORK-WOMEN EXECUTIVE AND COMPANY BOARD

Submitted by

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Annexure-IA

Supervisor's Certificate

This is to certify that RITIKA KHATER a student of B.Com. Honours in Accounting & Finance of THE BHAWANIPUR EDUCATION SOCIETY COLLEGE under the University of Calcutta has worked under my supervision and guidance for her Project Work and prepared a Project Report with the title WOMEN AT WORK-WOMEN EXECUTIVE AND COMPANY BOARD which she is submitting, is her genuine and original work to the best of my knowledge.

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Annexure-IB

Student's Declaration

I hereby declare that the Project Work with the title **WOMEN AT WORK-WOMEN EXECUTIVE AND COMPANY BOARD** submitted by me for the partial fulfilment of the degree of B.Com. Honours in Accounting & Finance under the University of Calcutta is my original work and has not been submitted earlier to any other University /Institution for the fulfilment of the requirement for any course of study.

I also declare that no chapter of this manuscript in whole or in part has been incorporated in this report from any earlier work done by others or by me. However, extracts of any literature which has been used for this report has been duly acknowledged providing details of such literature in the references.

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To make a project of this magnitude is impossible without a dedicated effort and proper guidance.

I would like to thank my supervisor Prof. Samreen Alam for her assistance, guidance and inspiration before and throughout the project.

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It has been a pleasurable challenge and I look forward to many more such experiences.

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CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF STUDY

Gender diversity on boards continues to be a hotly debated topic across the world. Proponents of greater diversity contend that female representation brings in a different perspective, intuitiveness and a more collaborative style of leadership into corporate boardrooms. Their views are supported by a growing body of academic evidence linking gender diversity and financial performance. Consequently, multiple jurisdictions across the world have adopted legislation to promote diversity at the leadership level.

The European markets have taken the lead in this initiative with Norway, Germany, France, Belgium, and Italy, all having enacted mandatory quotas for female representation on the board. Other countries, including Austria, Sweden, and the UK, have adopted voluntary targets. In the UK, the 30% Club launched in 2010 has set a goal to achieve a minimum of 30% women on the FTSE-100 boards – currently that figure stands at 27%, up from 12.5%. The 30% Club has now extended its original target – it has set a goal of 30% women on FTSE-350 boards by 2020 (currently at 23.2%).

But not everyone subscribes to this view. Critics of enforced diversity lament the lack of experienced and professional women candidates to be promoted or appointed. Others oppose such quotas on the grounds of meritocracy – they believe that it may denigrate the board nomination process and lead to selection of unqualified directors. While there may be genuine concerns at an individual level, empirical evidence suggests that such fears are unwarranted. A recent IMF study has found that firms with a larger share of women in senior positions have significantly higher return on assets (ROAs).

The study further goes on to state that replacing one man by a woman in senior management or on the corporate board is associated with 8–13 basis points higher ROAs. This is corroborated by a 2019 MSCI study, which concluded that companies in the MSCI World Index with strong female leadership (at least three women directors or female representation higher than country average) generated a return on equity (ROE) of 10.1% versus 7.4% for those without. These are key differentiators and calls for a more concerted push on gender diversity.

India is one of the first developing countries to have enforced a quota – the legal framework now mandates listed companies to have at least one women director on the board. While this is less stringent than some of the thresholds prevalent in global markets, it is a welcome step in changing the extant market dynamic. The push seems to have worked – at least for now.

Companies have woken up from their inertia and are more mindful of the need to have women directors at the board level. Female representation in the NIFTY 500, which was at 5% as on 31 March 2012, has increased to 13% as on 31 March 2019. A large proportion of women directors (60%) are independent – which is contrary to the popular notion that women directors are only getting appointed from the promoter family to comply with the regulations.

But clearly more needs to be done. At 13%, women are still underrepresented in stewardship roles despite constituting a significant portion of the talent pool in corporate India. This is much lower than countries like Norway (39%), France (34%), UK (23%), and USA (21%). Only 26 boards in the NIFTY 500 had three or more women directors on 31 March 2017. 15 companies had no female representation on the boards, as compared to only six companies in the S&P 500 on 31 March 2019.

By having only one woman director, companies may not be able to fully realize the potential of gender diversity as an actual driver of change and efficiency. There is a need to increase the gender diversity on boards. This could be approached in two ways:

1. Ensure that boards have at least one woman independent director in the next 18 months.

2. Have a target to achieve 20% for female representation by 2020.

Companies, on their part, need to embrace the diversity and put in place systems and processes which will end discriminatory practices and create an environment which allows for equal opportunity and collaboration. Increased visibility of women at the senior leadership will send a clear message that company's value diversity of thought and expertise – this sets the tone for advancing their overall governance agenda. But for this, there needs to be a market-wide effort to support the initiative to better the gender diversity. To that extent, it will take corporate, industry bodies, regulators and investors to push for the agenda.

1.2 LITERATURE REVIEW:

The following research papers have been reviewed:

- **MARIATERESA TORCHIA, ANDREA CALABRO, MORTEN HUSE:** in an article titled "Women Directors on Corporate Boards: From Tokenism to Critical Mass" (August 2011) has stated that most corporate boards have only one woman director or a small minority of women directors, therefore, they can still be considered as tokens. The article addresses the following question: Does an increase number of women corporate boards result in a build-up of critical mass that substantially contributes to firm innovation? The aim is to test if at least three women could constitute the desired critical mass by identifying different minorities of women directors. Tests are conducted on a sample of 317 Norwegian firms. The results suggest that attaining critical mass makes it possible to enhance the level of firm innovation. Moreover, the results show that the relationship between the critical mass of women directors and the level of firm innovation is mediated by board strategic tasks. Implications for both theory and practice, and future research directions are discussed.

- **MIJNTJE LUCKERATH:** Rovers on research titled "Women on Boards and Firm Performance" (May 2013) published by Journal of Management and Science investigates the financial performance of Dutch companies both with and without women on their boards. The analysis extends earlier methods used in research by Catalyst (The bottom line: corporate performance and women's representation on boards, 2007) and McKinsey (Women matter, Gender diversity, a corporate performance driver).This article adds to the international debate, which is often normative, through examining 99 listed companies in the Dutch Female Board Index. The results show that firms with women directors on boards perform better than those without women on their boards.

- **MEREDITH B. LARKIN, RICHARD A., SUSAN M:** on research titled "Does Female Representations on Boards of Directors Associate with Increased Transparency and

Ethical Behavior?" (2013) has examined the association between corporate transparency and ethical orientation of Fortune 500 companies and the number of females represented on the board of directors from 2010 annual report data. The basis for this judgment was whether or not the firm was listed one either (both) Ethisphere Magazine's 2010 and World's Most Corporate Citizens List. The results indicate that as the number of women directors increased, the probability of a corporation appearing on these lists increases.

- **MEHDI NEKHILI, HAYETTE GAFAOUI:** On article titled "Are Demographic Attributes and Firm Characteristics Drivers of Gender Diversity? Investigating Women's Positions on French Boards of Directors" published by Journal of Business Ethics (December 2013) has examined the factors determining the representation of women on boards of directors by considering three main questions dealing with relationship between characteristics of ownership and governance on one side and female directorship on the other, the demographic attributes of women directors and women in senior positions on French boards in relation to firm characteristics and women demographic attributes. The study focuses on French large and mid-capitalized companies belonging to the SBF120 stock market index during a 5-year period running from 2000 to 2004. The results given evidence that the appointment of women directors is strongly related to family ownership and board or firm size as well as related to their professional services, valuable skills, and network links. French firms rely more on the demographic attributes of their women directors when they are appointed to senior board positions. It sheds light on the issues concerning the law that comes into force in 2016, which imposes quotas of women members on boards of directors in French Companies.

- **YOGESH PATEL, CHARU PATEL:** On research titled " Agenda of Women Empowerment At the Board- Amendment to Companies Act" published by International Journal of Innovations of Engineering and Management (July-December, 2013) has stated that the new act introduces a new provision relating to Women Directors which stipulates at least one woman director's appointment on the Board of a company. Women constitute 24 per cent of the Indian workforce. It has also stated that IPOs issued in India since 2002 and listed on Bombay Stock Exchange are investigated for women presence on board of directors. The sample for gender diversity of boards includes 404 IPO issuing company during the period of April 2002 to March 2012. The issues which were delisted or listed on NSE or on which complete information could not be gathered were dropped out from the final sample. The total number of directors position in these 404 companies were 3143 and these total directorships were analysed for female presence compared to their male counter parts. Women constitute only 5.3% of the total number of board members in the top 100 companies by market capitalization on the Bombay Stock

Exchange. Research studies indicate a more representative Board enhances governance, ethical behavior and shareholder value. Compulsion of appointing at least one women as a director can prove to be the balancing act but does that happen in spirit would have to be investigated.

- **KAREN SOMERVILLE, CATHERINE ELLIOTT, CATHY GUSTAFSON:** on research titled "Increasing Women's Participation on Corporate Boards in the USA" in August 2014 published by Journal of Business and Economics has explained the results from a qualitative study of 15 women executives working in small business in the United States indicate that while any of them have interest in participating on corporate boards, they do not have the time to take actions to secure such positions.

- **MAREVA SABATIER:** On research paper titled "A women's boom in the boardroom: effects on performance?" published in applied economics on 04 February, 2015 analyses whether improving gender diversity in boardrooms improves firms' economic performance. In the context of French CAC40 listed companies between 2008 and 2012, this research uses instrumental variable panel regressions, including production frontier estimates, to arrive at two key results. First, gender diversity in boards depends on firms' attributes including their previous gender promotion strategies. Second, promoting women in boardrooms has a significant and positive effect on economic performance while accounting for the endogeneity boards' gender diversity. Gender diversity even reduces corporate inefficiencies and enables firms to come closer to their optimal performance.

- **CATHERINE SEIERSTAD, GILLIAN WARNER- MARIATERESA TORCHIA, MORTEN HUSE:** On their research work titled "Increasing the Number of Women on Boards: The Role of Actors and Processes" (12 June, 2015) published by Journal of Business Ethics has explained that the spread of national public policies to increase the percentage of women on boards is often presented using different types of institutional theory logic. This article, beyond the institutional setting by focusing on the role of actors. They explore processes that include who the critical actors that drive and determine these policies are, and what motivates them to push for change and employ a processual design approach using a longitudinal country case study exploring the case of Norway, England, Germany and Italy. They map the political games, both inside and outside legislative areas, including the micro-politics among various actors and groups of actors in the selected countries. Data are collected through participation observations, interviews and text analyses. The study contributes by filling important gaps in the literature by embedding the discussion about women on boards in politicking and national public policies and by introducing dynamic perspectives. Finally, by using a processual design approach, they capture the reality of the women on board debates at different points of time and in different actor and motivational contexts. The study has consequences for how policy-makers and businesses may follow up and act, based on the debates

1.3 OBJECTIVE OF THE STUDY:

The role objective of this project is to understand the current situation of Women on Board in India and other countries.

The study will also help me to analyze the gap between men and women on board, on a global level.

More precisely the objective of this study:

- ❖ To investigate the global gap of women representation on the boards.
- ❖ To examine the present status of Indian women directors of NSE listed companies (1807) and unlisted financial sector companies (217).
- ❖ To see the laws made in India for appointing women directors on board.
- ❖ To considerably answer the question why women are needed on Board.
- ❖ To see the influence of women on board.

1.4 RESEARCH METHODOGLY

This research involves study of women executive on board. The research is done on a global level, which involves companies from different countries.

Tools of Data Collection:

- **Secondary Data:**

The study is entirely based on Secondary data. It involves the study of Women on Board. For this, descriptive research design has been used. The data is collected from NSE INFOBASE (Indian Boards Database) and Catalyst Reports on women on boards. Total 11 countries are selected for the study to check the global representations of women on boards. Out of 11, four countries are taken from the Asia-pacific Stock Index companies segment, 6 from the European Stock Index companies segment, Canada from Canadian Stock Index companies and remaining one country, US from US Stock Index companies. Also the data has been taken from 1807 NSE listed companies and 217 unlisted financial sector companies in India to investigate the women representation on these companies.

1.5 LIMITATION OF STUDY:

This project was really interesting to work on but there were some problems that I faced while working on it. They are as follows:

- The study area wasn't very vast and collecting the data was a little difficult.
- The lack of sufficient research paper on this topic.
- This study is mainly based on quantitative research as secondary data.
- Time was also a factor.

CHAPTER 2: CONCEPTUAL FRAMEWORK / NATIONAL AND

INTERNATIONAL SCENARIO

2.1 WHY DO WE NEED WOMEN DIRECTOR?

Gender-balanced leadership in India will provide a significant opportunity to help drive forward the change in perspective needed to reach the future we want by 2030. Here are 7 reasons companies should consider having more women on corporate boards:

1. COMPANIES WITH WOMEN ON CORPORATE BOARDS PERFORM BETTER:

These firms around the world demonstrated an average increase in return on equity of 53%, as well as 42% higher profits and 66% higher returns on invested capital. One study found that having a minimum of three women on the board offered the best results. A board or C-suite made up of 30% women could boost profitability by 15% compared with companies with no women in leadership, and secure a net profit increase for both profitable and unprofitable firms of 6 percentage points. Another study found a 20% lower bankruptcy rate for businesses with at least one woman on the board.

2. NEW PERSPECTIVES TO PURSUE FUTURE GROWTH:

Women leaders may provide a new perspective to decision-making. With more women in upper-management positions, research suggests that businesses can shift from short-term profit maximization to a broader focus on longer-term goals. Boards that include women are more likely to make decisions that result in large but delayed rewards, and to favor compensation tied to long-term success.

For example, in Norway, when the share of corporate directorships held by women doubled from 18% to 40% by 2009, short-run corporate profitability declined by about 4 percentage points as a result of fewer layoffs and higher relative employment. However, these firms did not experience reduced profitability when they were reviewed more than three years later.

3. WOMEN LEADERS DRIVE INNOVATION CAPACITY:

An increase in the number of women on managerial teams has shown to boost the innovation capacity of their companies, especially when tackling complex issues. There is considerable evidence that women identify the critical new technologies, business models, new products, and services to meet consumer needs while also solving societal problems. Women in top management positions in India will be the key to leading more knowledge- and innovation-driven businesses and delivering the speed and scale of innovation necessary to achieve the 2030 SDGs.

4. THEY COLLABORATE TO CREATE PARTNERSHIPS:

A significant review of the existing research found that women in corporate boards were collaborative and ready to engage in consensus-building. Women directors also tend to engage effectively with the difficult, multi-faceted situations and social issues that increasingly confront companies today. They take an inclusive and co-operative approach to decision-making, spending time to find the ideal solution, and are skilled at balancing multiple stakeholders' interests to reach decisions that benefit all parties.

5. <u>THEY DRIVE TRANSPARENCY TO IMPROVE CORPORATE GOVERNANCE:</u>

Companies with more women on the board of directors tend to have greater transparency and better corporate governance. Women lead companies to behave more ethically and engage in fewer bad business practices. They also institute strong governance structures, increase efforts to monitor management and demonstrate high levels of disclosure and transparency. Women leaders uphold ethical business practices and instil programmes, guidelines, and clear policies to stamp out corrupt business dealings. Companies with women executives experience fewer large-scale controversies.

6. <u>CHAMPION SOUND ENVIRONMENTAL MANAGEMENT:</u>

Female company directors have been shown to prioritize environmental issues, taking proactive steps to manage and improve the energy-efficiency of their company's operations and address the environmental risks in their business decisions. Companies with women on their boards are more likely to measure their products' carbon emissions and to implement programmes with suppliers to decrease the carbon footprint throughout the value chain. They integrate climate change impacts into their actuarial models while developing products to help customers manage related risks.

They also try to anticipate environmental regulations and proactively work to change consumer demand. The more gender-balanced an executive team, the more likely the company is to invest in renewable power generation, low-carbon products, and energy efficiency.

7. FEMALE DIRECTORS ENCOURAGE SOCIAL INCLUSION:

There are multiple indications that women leaders show concern for others' welfare, resulting in increased positive social outcomes. Employees of companies with women on corporate boards have better working conditions and offer strong benefits. Women leaders tend to proactively provide professional development opportunities and formalized training programmes to their employees. When a number of women are on the board, the gender wage gap is smaller, and female labour participation in the company increases. Women executives also give higher priority to social issues outside the business, taking into account the welfare of their employees' families and the community, and being aware of consumers' needs.

2.1.1 IS IT A STEP TOWARDS THE EMPOWERMENT OF WOMEN IN CORPORATE WORLD?

Most of the companies recognize the importance of appointing directors of different ages and with different kinds of educational background and functional expertise, but they tend to underestimate the benefits of gender diversity.

The absence of women on corporate boards is embarrassingly noticeable. Only four percent of the directors of publicly listed Indian companies are women. There are many reasons for the scarce representation of women in the top positions, some say that traditional companies do not hire women; few others say that maternity leaves are a serious interruption of work and still others cite safety as an issue. The lack of women at the top in business is now referred to as a “brain drain,” and a “crisis of talent retention.”

According to latest Catalyst Bottom Line Report, companies with more women board director’s experience higher financial performance. Reports also pointed out stronger-than-average performance by companies with three or more women board directors. Experts also believe that female directors provide the greatest impetus for change in times of good performance and also companies with women directors deal more effectively with risk.

This legislation by the Indian Government is a good start for empowering women in the corporate world. There are several of capable women around who can add value to the boards, with this mandatory requirement these deserving women will get a chance to prove their efficiency and companies will start witnessing the merit of women directors.

Appointment of independent woman director would be beneficial in many ways but the provision is not clear about appointing an independent woman director and since there are no such norms regarding this, companies are likely to recruit women from amongst the promoter’s family and friends irrespective of whether they are qualified for the post or not. Such being the case women will be appointed to the boards but they would be the promoter’s wife, daughter, niece or a friend.

Here Norway's experience could serve as an example for us; Norway established a 40 percent quota for women on its boards in 2003. At the start of the initiative, women held less than seven percent of board seats but by 2010, women filled more than a quarter of those seats. Although the numbers of women were up in Norway, there was little evidence that corporate performances had been enhanced. A study conducted by the University of Michigan suggested that Norway’s introduction of quotas had negatively impacted both performance and board quality. In order to obey the law the Norwegian firms appointed many women as members of the board who were less experienced.

Though such legislation and quota can be effective to bring women to the top positions in the companies, its benefits will be short lived if there are no proper guidelines to implement it and if it is not properly supervised by the Government.

Women should be accepted for their skills and not just because they are women. It's indisputable that only experienced women with the right qualifications should be appointed as a director of the boards. There are lots of talented women out there; the deserving and qualified women should be brought on board.

The deadline for appointment of at least one woman director was extended to 1st April, 2015 and with this companies will be getting more time to find the right women candidates. This provision is definitely a step towards empowerment of women in the corporate world and this will help women continue to build their presence in the corporate world.

2.1.2 HOW ARE WOMEN INFLUENCING BOARD EFFECTIVENESS?

A number of governments (notably those in India, California, and parts of Europe) are pushing for greater female representation in the boardroom. And several studies suggest why: Having women on the board results better acquisition and investment decisions and in less aggressive risk-taking, yielding benefits for shareholders. What's less clear is why these effects happen.

Research suggests one potential reason: Having female board members helps temper the overconfidence of male CEOs, improving overall decision making for the company.

We were interested in studying overconfidence because prior research has shown that it can be detrimental to the firm and is more prevalent among male CEOs. Overconfidence leads CEOs to overestimate returns and underestimate risk, which can result in overinvestment and excessive risk-taking, destroying shareholder value.

One benefit of having female directors on the board is a greater diversity of viewpoints, which is purported to improve the quality of board deliberations, especially when complex issues are involved, because different perspectives can increase the amount of information available. At the same time, research has found that female directors tend to be less conformist and more likely to express their independent views than male directors because they do not belong to old-boy networks. So a board with female directors might be more likely to challenge the CEO and push him to consider a wider range of options, as well as pros and cons, when making strategic firm decisions. This could then attenuate CEO overconfidence and correct for potentially biased beliefs.

To test this, we gathered data on 1,629 listed firms in the U.S., including data on their CEOs and boards, for the time period 1998 to 2013. During these years men were disproportionately represented among CEOs and board members. Women, on average, made up 10.4% of the board members and 2.9% of the CEOs in our sample. We examined whether CEOs were less likely to exhibit overconfidence when there were women on their board, and how this effect influenced corporate decisions and performance. To assess overconfidence, we looked at CEOs' option-exercise behavior. Unlike corporate decisions that reflect top management's collective beliefs (such as whether to pursue a corporate strategy), the personal choice of holding or exercising vested options is likely to reveal a CEO's individual beliefs and confidence about the company. We estimated CEOs' level of overconfidence by calculating the "moneyless" of their stock option portfolios, or how much the stock price exceeds the exercise price for each year. Think about it this way: If a CEO is confident about the future performance of the firm, he'll likely be more willing to hold onto his options, thinking he'll profit from a future stock price appreciation. But if it's already profitable to exercise those options because the market price is high, holding onto them could indicate overconfidence about the company's prospects, especially if the anticipated future performance doesn't materialize.

We then analyzed whether female board representation affected this behavior, controlling for many factors that could influence overconfidence, including firm size, profitability, leverage, growth opportunities, corporate governance, and CEO characteristics (such as age, tenure, education, professional background, and experience). After accounting for these, we found a negative and significant relationship between female board representation, as measured by the fraction of female directors, and the overconfidence measure for male CEOs. In other words, male CEOs at firms with female directors were less likely than male CEOs at firms with no female directors to continue holding options when exercising would yield profits. Interestingly, there was no similar effect on female CEOs' option-exercising behavior. It's hard to say why this is the case — whether it's because female CEOs tend to be less overconfident, for example — because the sample of women was so small.

If women on boards keep CEO overconfidence in check, how might this impact corporate decisions and performance? We've already said that too much CEO overconfidence may hurt the firm if it leads to overinvestment in certain opportunities and/or bad acquisitions. So, by reducing CEO overconfidence, female board representation may also result in less aggressive investment policies and better acquisition decisions. This would make the gender composition of the board particularly important in industries where CEOs are more likely to suffer from overconfidence – in our data; we found that the most overconfident CEOs were in industries like pharmaceuticals, computer software, coal, and construction.

And we did find that having at least one female director on the board was associated with less aggressive investment policies, better acquisition decisions, and ultimately improved firm performance in these industries. We did not observe this relationship in the remaining industries, such as telecommunications and utilities, perhaps because CEO overconfidence was already not so high.

To further examine how female board members affect firm performance, we looked at differences in accounting and stock performance for 516 firms during the financial crisis of 2007 to 2009. We expected CEO overconfidence (which we similarly estimated from their option-exercising behavior) to result in poor performance during the crisis, as it might have led CEOs to pursue aggressive strategies that made their firms more vulnerable. But because female directors might be more likely to temper these CEOs' behavior, we expected to see better performance during the crisis for firms with female directors.

Our results were consistent with this prediction. We found that female board representation reduced the negative impact of the crisis on firm performance (measured by firm value, return on assets, and return on equity) because CEOs of firms with female board representation were less likely to adopt aggressive strategies that made their firms more vulnerable to the crisis. Firms that did not have female board representation suffered a greater drop in performance on these measures.

Our study has two important policy implications. First, it suggests that female board representation matters more in certain industries, because some industries have more overconfident CEOs. Second, our findings suggest female board representation can be especially beneficial in helping firm's weather crises. Overall, our research supports the view that having women on boards improves strategic decision making and benefits firms.

2.2 WOMEN ON BOARD: NATIONAL SCENARIO

The parliamentary committee report on the Companies Bill, 2011 offers one justification for the proposal by stating that the provision is 'likely to be in line with the policy of the Government for encouraging more and more women participation in decision making at various levels'. In this section, we offer a few more. Traditionally, corporate law has followed a property law approach where the corporation is regarded as the property of its shareholders and its "....purpose is to advance the purposes of these owners (predominantly to increase their wealth), and the function of directors, as agents of the owners, is faithfully to advance the financial interests of the owners." Taking this line of reasoning further, it has been argued that the issue of women representation on the board of directors is irrelevant to the objective of wealth maximization, which is the primary purpose of a corporation. However, recent studies indicate that higher number of women in executive positions results in stronger rates of corporate return on equity. Another study on board diversity found that companies with the highest percentage of women on their boards outperformed companies with the least number of women on their boards by 53% on return on equity, 42% on return on sales and by 66% on return on invested capital. This study's data pool consists of Fortune 500 companies and compared the means of the two groups but did not use control variables which could have helped explain the above correlations. While other studies have also found that gender diversity on boards correlate to improved financial performance, it is difficult to prove the causal linkage between the two. A normative analysis of how women might contribute to good corporate governance may be more persuasive. Studies have found that an active board of directors and an independent board of directors are two characteristics of good governance that are closely related to strong organizational performance. This leads us to ask what sort of directors the board should comprise of in order for it to result in an active and independent board. While each director would be motivated by his individual considerations, the board as a whole is motivated by more than just the sum total of each individual director's behavior. Rather it also adds the product of interactive relationships shared among individual directors. Thus it is not only the quality of each individual director but the quality of the mix of the set of directors on the board of a company that affects the quality of the board. Nevertheless it has to be acknowledged that measuring the success of board dynamics is difficult since board composition is jointly determined with the financial performance of the company and the latter is not solely a function of the former. Historically, boards have been homogeneous in terms of race, ethnicity, gender, class and status, which resulted in cohesive or collegial boards. While this has, in the past, been viewed as the hallmark of an effective board, there has been increasing support for corporate board diversity in recent years. Advocates of board diversity argue that diversity increases the efficiency of the board and also the efficiency of the corporation. They argue that board homogeneity (like in the case of Enron's board which consisted of all white and all male directors) may prevent alternate views and critical thinking, factors that enable a board to actively monitor corporate affairs. The other rationale used by proponents of board diversity is that it could improve a corporation's ability to interact with employees, clients and customers. Thus, board diversity might be universally relevant but the elements of that diversity vary within each society.

2.2.1 LAWS RELATING TO WOMEN DIRECTORS:

1. COMPANIES ACT 2013- SEC 149(1)

In India, the Companies Act, 1956 was the most important piece of legislation that empowered the central government to regulate the formation, financing, functioning and winding up of companies. The Companies Act, 1956 was repealed in 2013 giving way to the new Companies Act, 2013 which inter alia contains the mechanism regarding organizational, financial, managerial and all the relevant aspects of a company and empowers the Central Government with certain powers to regulate the companies and their working. One significant departure of the new Act from the old one is the provision for mandatory inclusion of at least one woman on the Board of Directors in certain class or classes of companies. The effectiveness of the provisions in the new Act depends on their effective enforcement.

As per second provision to Section 149(1) read with Rule 3 of The Companies (Appointment and Qualification of directors) Rules, 2014 (Chapter 11),

❖ **THE FOLLOWING CLASS OF COMPANIES ARE REQUIRED TO APPOINT AT LEAST ONE WOMAN DIRECTOR-**

(i) Every listed company;

(ii) Every other public company having –

(a) paid–up share capital of 100 crore rupees or more; or

(b) Turnover of 300 crore rupees or more.

For appointment of Women Director, paid up share capital or turnover, as the case may be, as on the last date of latest audited financial statements has to be taken into account.

❖ QUALIFICATION / INDUSTRY EXPERIENCE:

The **Companies Act, 2013** does not prescribe any qualifications or minimum industry experience criteria for candidature as Women Director of any applicable company

❖ TIME FRAME FOR APPOINTMENT:

The Companies which were covered by Section 149 (1) were provided with the time limit to comply with such provisions within a period of 6 months from the date of its incorporation. Further as per interpretation other existing Companies were required to appoint Women Director within a period of 1 year as mentioned under Section 149(2).

❖ INTERMITTENT VACANCY:

In case of any intermittent vacancy of woman director the same has to be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later.

❖ DUTIES AND LIABILITIES:

The following duties and liabilities have been imposed on the directors of companies, by the Companies Act of 2013: —

- A director of a company shall act in accordance with the Articles of Association of the company.
- A director of the company shall act in good faith, in order to promote the objects of the company, for the benefits of the company as a whole, and in the best interests of the stakeholders.
- A director of a company shall exercise the duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- A director of a company shall not involve in a situation in which she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to herself or to her relatives, partners, or associates and if such director is found guilty of making any undue gain, she shall be liable to pay an amount equal to that gain to the company.
- A director of a company shall not assign her office and any assignment so made shall be void.

- If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than Rs.1,00,000/- but which may extend to Rs.5,00,000/-.

❖ ESSENTIAL REQUIREMENTS FOR APPOINTMENT OF WOMAN DIRECTOR:

- DIGITAL SIGNATURE CERTIFICATE in Class II or Class III as per Information Technology Act, 2000
- Application in the FORM DIR-3 pursuant to Section 153 of The Companies Act, 2013 & Rule 9(1) of The Companies (Appointment and Qualification of Directors) Rules, 2014 for allotment of Director Identification Number (DIN)
- Consent in the form of FORM DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014
- Intimation in FORM DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013
- MBP- 1 in terms of Companies (Meetings of Board and its Powers) Rules, 2014
- DIR- 12 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014

Thus the Government has now empowered women to participate as one of the Board Members of the company. This step towards gender discrimination is welcomed by many leading companies some of which appointment Woman Director immediately on commencement of Companies Act, 2013.

2. SEBI LODR REGULATIONS 17 (1):

The composition of board of directors of the listed entity shall be as follows:

(a) Board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent. Of the board of directors shall comprise of non-executive directors;

(b) Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020

❖ WHO WILL APPOINT

The top 500 and 1000 entities shall appoint an independent Women director. The top 500 and 1000 listed entities shall be determined on the basis of market capitalization as at the end of immediate previous financial year.
So if a company is a part of top 500 or 1000 on 31st March 2018 it will have to appoint an Independent Women Director by 1st April 2019.

❖ BY WHEN?

- Top 500 listed entities have to appoint independent women director by 1st April 2019.
- The top 1000 listed entities shall appoint Independent Women Director by 1st April 2020.

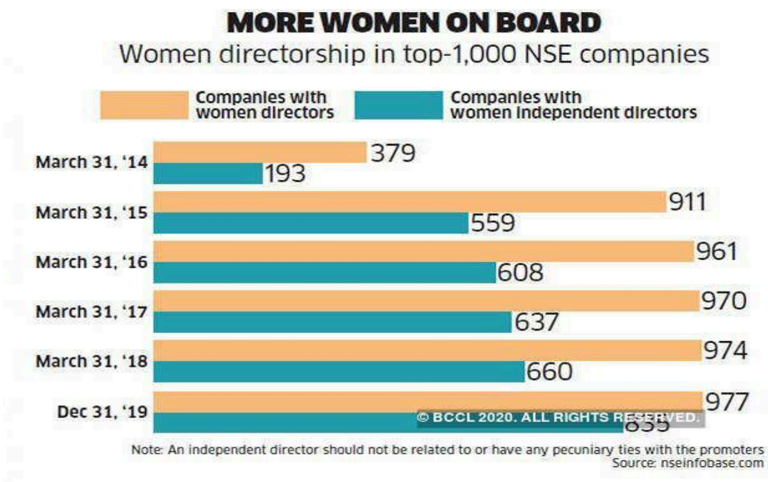
Still all entities have to appoint women director but only top 500 and 1000 have to ensure that they are independent director

2.2.2 THE PICTURE AFTER LAWS RELATING TO WOMEN DIRECTORS:

The boards of directors of Indian companies are possibly one of the last bastions of male domination in the country's business landscape. Directors often deferred to the most powerful man in the corporate boardroom and coteries could easily shut down dissenting voices. Women board members, who were mostly relatives of the powers that be, usually remained silent.

Regulatory push has made it mandatory for companies to have at least one independent woman director on boards. While most of the top 1,000 listed companies have complied with the directive from the Securities and Exchange Board of India (SEBI), boards still have a long way to go before they become more inclusive. Self-made billionaire and founder chairman of Biocon, Kiran Maunder-Shaw, recounts her experience of being a board member of a company that was dealing with a sexual harassment complaint lodged by an employee.

The men on the board, she says, described the complaint as "silly", "rubbish" or "an exaggeration". Mazumdar-Shaw says it took her, a woman director, to object to this "flippant" approach, put her foot Men often show an "authoritarian" attitude and a "command and control" approach in situations that need a little "consultative reach-out" for resolution, Mazumdar-Shaw says. Many senior women directors echo her views, and add that walking into a boardroom as the sole woman independent director can be intimidating, especially if the men have been on the board for many years and may have socialized together. And then there are overt signals. It is important for the board of directors, who are elected by the shareholders of a company, to be active and effective to safeguard the interests of the corporation. The directors, particularly the independent directors, are also mandated to look after the interests of the minority shareholders and act as a check on the executive powers exercised by the management team.



Source: nseinfobase.com

Thus, an experienced and diverse board of directors is necessary to ensure all stakeholders get representation. The case for women on boards got a leg up when the Companies Act of 2013 mandated listed companies of certain size appoint at least one woman director. In May 2018, SEBI said each of the top 1,000 listed companies must have at least one woman independent director by March 2020. As on December 31, 2019, 977 of those top 1,000 companies had a woman director, and 835 of them had a women independent director.

This diversity drive has led to some early gains. Women independent directors, usually seasoned professionals, have acted as role models, ensured the interests of women in the workforce and pushed for hiring of more women, among others. Many professional women had joined company boards as independent directors after the 2013 law, largely as MNCs and professionally run groups took the lead. Today, the share of women on the boards of BSE 100 companies has gone up to 14% from 10% five years ago, according to a Bloomberg research.

The Securities and Exchange Board of India (SEBI) in its board meeting decided that there should be at least one woman independent director in the top 500 listed entities by market capitalization by April 1, 2019. Also, it added that there should be at least one woman director in the top 1,000 listed entities, by April 1, 2020. This was taking a recommendation of the Kotak Committee on Corporate Governance.

However, human resource experts are of the view that companies will only be doing lip-service to this requirement in the initial years, especially because of the lack of availability of qualified talent. “Earlier, it was a formality and people would have their kin on their board. But they will need an independent person of a certain capability," said Sunil Goel, Managing Director, Global Hunt. It is assumed that companies will need to appoint people who are not related to any officials of the firm and does not have any personal interests, investments in the company."Those who didn't have a diverse board will first look for women to simply fill the post. The intent is far more long-standing. But because there is a deadline that has been given to companies, it is likely that some companies simply look to ensure compliance of the guidelines,"

Goel added that in the initial stages, there will be a demand-supply gap for companies because there will be multiple firms looking for the same kind of talent. The Companies Act, 2013, says that one-third of the directors on board of every public-listed company must be independent directors. The Securities and Exchange Board of India (SEBI) norms also require the same of any listed company where the chairman of the board is a non-executive director. They can hold the position for five years.

Goel said that there will be an availability gap for women directors. Immediately if every company will need them, there will an increased demand. Purpose of appointing director is to have a neutral view. Once it is clear, it will better

2.2.3 TOP 5 INDIAN WOMEN DIRECTORS:

- **ROSHNI NADAR MALHOTRA**

Born and brought up in Delhi, Roshini is an alumna of Vasant Valley School and a Communication with a focus on media, major, graduate from North Western University, US. She went on to do her master’s in Business Administration with a major in Social Enterprise Management from the Kellogg School of Management. Roshini has a brief experience in the media industry and has worked with Sky News UK and CNN America as news producer prior joining her father’s empire. After joining HCL as the CEO, Roshni is leading with diverse strategy for the overall direction of the corporation including the key areas of determining its governance structures, treasury, risk and portfolio management, and the diversification plans of HCL. But she spends a notable time on the Vidya Gyan initiative that aims to nurture future leaders from rural India who can act as catalysts of change for their communities, villages and the nation. Roshni envisions Vidya Gyan to be an inspirational platform and a beacon of hope for underprivileged meritorious students to dream big and achieve even bigger. She believes that children, who are born without a silver spoon in their mouth, should also be given equal opportunities and similar platform to make it big in their lives.

The 34-year old, Roshni, is a Young Global Leader of the World Economic Forum, a unique and diverse community of the World’s most outstanding, next generation leaders. In 2015 she was also felicitated with The World's Most Innovative People Award for Philanthropic Innovation by The World Summit on Innovation & Entrepreneurship (WSIE), in partnership with the UN.

- **NEELAM DHAWAN**

A mother of two, a wife, and also a CEO, NeelamDhawan has played numerous roles in her journey of life and continues to do so till date. In today's date, she is the Managing Director of Hewlett Packard India and continues to be an icon for women in the IT industry. She is a graduate in economics from St' Stephens College which is located in Delhi. She has also done post-graduation in Business Administration from Delhi University from the Faculty of Management Studies. However, that is not what it is about. Her journey never stopped because she never stopped learning. Neelam had not chosen what she is now but what she is now is an inspiration to women all around the globe. It was not her first choice. Like every B school graduate, she wanted to join the major FMCG industries and companies like Asian Paints, Hindustan Lever. However, she was rejected spontaneously by both the companies. However, instead of worrying and frowning upon her failures, she never lost her will and continued the road to her hard work with determination. Her failures made her a fearless and motivating woman which she is today. Dhawan was offered a job into banking at the ANZ Grindlays Bank. However, she never was found of that offer. She had other plans in mind. She wanted something different from life. Her ambitions were different and so was she. If there would have been someone else, they would have jumped at the offer. However, she chose to become what she aspired. She started her career with HCL Technologies and then for about 14 years she learned all about the sales and marketing nuances and became a PRO in her genre. She started a new path by becoming the Vice President in IBM and also became a member of the Board of Directors. She then joined HP at the post of Vice President of the customer solutions group. From small ways to huge successes, she never stopped. She continued to pursue her ambition even after having to play the role of a wife and a mother. Her role in her career never got hampered no matter how many responsibilities came her way from her home or other areas of life. She ruled all roles in her life like a Boss Lady! She took to the strategic growth of Alliances and Partnerships. In the year 2005, she joined the company, Microsoft Corporation India Pvt. Ltd. as the head of Sales and Marketing Operations. She was also recognized as Subsidiary of the Years IN APAC by Microsoft Corporation in the year span of 2005-2006. Since July 1, 2008, she has finally earned the position of Managing Director at Hewlett Packard India Pvt Ltd. Her aspiring journey is not inspiring due to her ambitions, but also of how she never stopped learning and never stopped trying regardless of what rejections and hindrances she faced.

- ❖ **ARUNA JAYANTHI**

Aruna Jayanthi was born in 1964 and is an alumnus of the NarseeMonjee Institute of Management Studies, Mumbai, where she did a graduate course in Management Studies in Finance in 1984. Currently she is the chief executive officer of Capgemini India, the French information technology services and consulting giant that employs 47,000 people in India and is one of the biggest business units of the Capgemini group.

She is responsible for operations across all business units – consulting, technology and outsourcing services in India. Prior to assuming the role of CEO in January 2011, Aruna was the global delivery officer for Capgemini outsourcing, where she improved quality, productivity and profitability of the company's outsourcing operations worldwide. Aruna has over 2 decades of experience in the IT services industry and has worked in both multinationals and pure-play companies. Within a short time of being appointed CEO, Aruna made her mark in the world of Indian business. She was ranked 3rd in Fortune India's list of 50 Most Powerful Women in Business 2012, and has also featured prominently in Business Today's list of Most Powerful Women 2012 for two consecutive years. Aruna was named the India Today Woman in the Corporate World at the India Today Women Summit 2013.

❖ MALLIKA SRINIVASAN

Mallika Srinivasan is a thought leader and a strategist, recognized for entrepreneurship, commitment to excellence and contribution to Indian agriculture machinery business and academia. She is presently the Chairman and Managing Director of TAFE – Tractors and Farm Equipment Limited, a ₹93 billion tractor major incorporated in 1960 at Chennai, India. TAFE is today, the third largest tractor manufacturer in the world and the second largest in India by volumes, with an annual sale of over 150,000 tractors and presence in over 100 countries, including developed countries in Europe and the Americas. TAFE is also a significant shareholder in AGCO Corporation, USA - a US $9.4 billion tractor and agricultural equipment manufacturer.

She is additionally on the Global Board of U.S.-India Business Council (USIBC), and the Boards of AGCO Corporation - USA and TATA Steel Limited. She is a member of the Executive Board of the Indian School of Business, Hyderabad, and the Governing Board of the Indian Institute of Technology (IIT), Chennai, and a member of the Governing Body of Stella Maris College, Chennai.

In a span of 25 years, Mallika has established TAFE as a quality mass manufacturer of tractors, a lean and resilient organization that can effectively weather the cyclicality of the tractor business. With her special emphasis on product and process development, she has ensured significant expansion of TAFE's product range. She enhanced and leveraged the engineering strengths at TAFE to design, develop and manufacture a range of products for international markets, while simultaneously strengthening TAFE's partnership with AGCO for mutual growth, in both, the components and complete tractors businesses.

❖ VINITA BALI

Vinita is a global business leader, who has smashed the glass ceiling – having held principal positions at corporate giants like Britannia, Coca-Cola and Cadbury. As a speaker at several industry and academic forums in India and abroad, she motivates female professionals to make a mark in the male-dominated business community and energizes young leaders to become top achievers.

Vinita brings a global and pragmatic perspective to strategy, marketing, innovation and operations, having worked across countries and continents, with responsibility for global and regional roles.

Her first job was at Voltas, where she worked on the launch of the soft drink brand Rasna. She worked for the Indian division of Cadbury for 14 years, expanding the company's markets in India and Africa. In 1994, Coca-Cola hired her as its Marketing Director and she was later appointed Vice President of Marketing for Latin America. During her nine years at Coke, Bali also worked as Vice President of Corporate Strategy. She left Coca-Cola in 2003 to work at the Zyman Group. She was Managing Principal and Head of the Business Strategy at the group's Atlanta location.

She left in 2005 to take up the position of CEO at Indian food company Britannia Industries, where she was eventually appointed Managing Director in 2006. Under her direction, Britannia's revenue tripled to $841 million. Bali was awarded the "Business Woman of the Year" Award at the 2009 Economic Times Awards. In 2009, she founded the Britannia Nutrition Foundation which combats child malnutrition through the distribution of fortified biscuits to Indian schoolchildren. She won a Corporate Social Responsibility Award for her work with the foundation. In 2011, *Forbes* named her on its list of "Asia's 50 Power Businesswomen". Vinita is Chair of the Board of the Directors of the Global Alliance for Improved Nutrition (GAIN).

Cognizant Technology Solutions, a US-based IT company with a large presence in India, appointed Vinita Bali as an independent director effective February 24, 2020. "We are delighted that Vinita Bali has joined the Cognizant Board," said Michael Patsalos-Fox, Cognizant's Chairman of the Board. "We believe Vinita's extensive and successful experience at large companies, both India-based and multinational, will make a significant contribution to Cognizant."

2.3 WOMEN ON BOARD: INTERNATIONAL SCENARIO

Deloitte Globe's sixth edition of Women in the Boardroom: A Global Perspective shares the latest statistics on global boardroom diversity, exploring efforts and regulation in 66 countries to increase gender diversity in their boardrooms while featuring insights on the political, social, and legislative trends behind the numbers.

Globally, women hold just 16.9 percent of board seats, a 1.9 percent increase from the report's last edition published in 2017. The numbers underscore a now-familiar challenge: women are largely under-represented on corporate boards, and progress to change this trend continues to be slow. If the global trend continues at its current rate of an approximately 1 percent increase of women on boards per year, it will take more than 30 years to achieve global gender parity at the board level. And even then, actual parity is likely to be concentrated to the few countries that are currently making concerted efforts to overcome this issue, leaving several regions lagging behind.

One example: women hold just 4.4 percent of CEO positions globally. CFO positions are nearly three times more diverse, but women still hold just 12.7 percent of these positions globally. Given that many board members are recruited from the executive level, this also contributes to a shortage of women in the boardroom.

MSCI ESG Research Inc. collected boardroom diversity data covering nearly 8,648 companies in 49 countries spanning Asia Pacific, the Americas, and EMEA. Based on this data, the Women in the Boardroom publication includes global, regional and country analysis of the progress made towards greater board diversity. It also includes a breakdown of how well women are represented in boardrooms across 6 key industries—financial services; consumer business; technology; media, and telecommunications; manufacturing; life sciences and health care; and energy and resources. To supplement this data, Deloitte Global compiled information about diversity quotas and other board diversity initiatives from 17 additional countries. So, in total, the publication explores the efforts of 66 countries to promote boardroom gender diversity. Finally, interviews were conducted with 3 directors from Australia, the United States, and Spain to provide editorial perspective about the publication findings and additional insight into how boardroom diversity is progressing in their parts of the world.

Representation of Women on Board of Directors in Other countries

1. **NORWAY,** in 2003 became the first country in the world to enforce a gender quota requiring nearly 500 firms including 175 firms listed on the Oslo Stock Exchange to raise the proportion of women on their Boards to 40%. Though initially the compliance of this provision was voluntary, in 2006 the Norwegian Parliament made it mandatory thereby imposing a final shut down as a penalty for the noncompliance of the law, by January 1, 2008. Thus Norway has imposed a gender quota requirement for corporate board membership in all public limited liability companies. In a period of ten years, the women representation in Norwegian company boards has shot up from 7% to 41%.

2. **FRANCE** in 2010, made 40% reservation for women on board's compulsory for its largest companies, whether listed or not the breach of which would cause for the suspension of the director's fees. A recent survey reveals that France now has 7% women directors in their companies.

3. **ITALY** introduced a similar legislation in 2011 which requires public limited companies and state owned companies to have at least 33% of each gender on their boards (Executives and Non Executives) by 2015 (with a target of 20% for the transitional period). In the event of noncompliance, a progressive warning system was developed which would eventually lead to the dissolution of the Board. This resulted in an increase in the number of women directors to 23.6% from 2003 to 2013. In 2014, Italy had 25.8% women directors.

4. On the other hand, **THE UNITED STATES OF AMERICA** has no quota requirement at the federal level and still has 22.5% women directors.

5. **THE CALIFORNIA SENATE**, in 2013, approved a resolution formally encouraging gender diversity, which urges every Californian public company to have one to three women on its Board of Directors by the end of 2016, depending on the size of the Board.

6. **THE EUROPEAN COMMISSION** has also taken steps to break the glass ceiling that continues to bar female talent from reaching top positions in Europe's biggest companies. On the basis of equal qualification, priority shall be given to the underrepresented women community. The Commission had proposed legislation in 2013, with the aim of attaining a 40% representation for women in non-executive board member positions in publicly listed companies, with the exception of small and medium enterprises. The objective of attaining at least 40% membership for the women community in the non-executive positions has to be met by 2020 while public undertakings have the time until 2018.

7. **THE UNITED KINGDOM** also has a fair women representation in its Boards without any quota.

8. However, **DEVELOPED ASIAN COUNTRIES LIKE CHINA AND JAPAN** have only 8.4% and 2% of women representation respectively in the boardrooms, and have no quota requirement on the Boards, suggesting that no change can occur unless sought for.

2.3.1 NUMBER OF COUNTRIES WITH WOMEN IN HIGHEST POSITION OF EXECUTIVE POWER:

1960-2020

The highest position of executive power has been held by a woman in just 57 countries, since 1960. The first democratically elected female Prime Minister was Sirimavo Bandaranaike of Sri Lanka, who took over the leadership of the Sri Lanka Freedom Party when her husband was assassinated in 1959. Bandaranaike successfully led her party to victory in three elections, in 1960, 1970 and 1994, however constitutional changes in the 1980s meant that her final term as Prime Minister was spent in a more ceremonial role, while the President now held the real executive power (although the President at this time was also a woman; Bandaranaike's daughter, Chandrika Kumaratunga). Sri Lanka is one of just thirteen countries that have had more than one woman in the highest position of executive power, and most of these countries can be found either in the Indian sub-continent or in Northwestern Europe. Of these thirteen, New Zealand and Finland are the only countries to have had three female leaders, including the current Prime Ministers; Jacinda Ardern and Sanna Marin.

❖ LONGEST-SERVING FEMALE LEADERS

The women who have served the longest consecutive terms in these positions are Dame Eugenia Charles of Dominica (14 years, 328 days), Angela Merkel of Germany (currently in her 14th year, but could be around 15 years and 10 months at the end of her term), and Ellen Johnson Sirleaf of Liberia (12 years, 6 days). The longest non-consecutive terms were held by Indira Gandhi.

❖ SLOW PROGRESS

Since 1960, 72 women have held the most powerful positions of executive power in their respective countries, although over one third of these women were acting in a temporary capacity, or they replaced previously-elected leaders and were never re-elected in their own right (the shortest term was held by Ivy Matsepe-Casaburri, who was the Acting President of South Africa for just 14 hours in 2008). Since Bandaranaike was first elected in 1960, the number of women in power has grown slowly, with the fastest growth coming in the past twelve years. The most recent addition to the list of female leaders was on March 13, 2020, when Katerina Sakellaropoulou was appointed as the first elected female President of Greece; and it is possible that Mary Lou McDonald may become Ireland's first female Taoiseach in the coming months, if her party can form a coalition. Despite this growth in recent years, there has never been more than 18 women in these positions of power in a single year, which is less than 10% of the number of men who have held these positions (as today, there are 193 UN member states).

CHAPTER 3: PRESENTATION OF DATA, ANALYSIS AND FINDINGS.

3.1 ANALYSIS AND INTERPRETATION

3.1.1 A GAP ANALYSIS BETWEEN INDIA AND THE WORLD

Total 11 countries are selected for the study to check the global representations of women on boards. Out of 11, four countries are taken from the Asia-pacific Stock Index companies segment, 6 from the European Stock Index companies segment, Canada from Canadian Stock Index companies and remaining one country, US from US Stock Index companies.

Table 1: Selected Countries with respective Stock Indices

<table>
<tr><td>1. US Stock Index</td><td>2.) Canadian Stock Index</td><td>3.) Asia-Pacific Stock indices</td><td colspan="2">4.) European Stock Indices</td></tr>
<tr><td rowspan="3">United States- S&P 500 index</td><td rowspan="3">Canada- S&P/TSX 60 index</td><td>Australia-S&P/ASX 200 index</td><td>France-CAC 40 index</td><td>Netherlands-AEX index</td></tr>
<tr><td>Japan-TOPIX Core 30 index</td><td>Germany-DAX index</td><td>Sweden-OMX Stockholm 30 index</td></tr>
<tr><td>India-NSE 200 index</td><td>Switzerland-SMI index</td><td>United Kingdom-FTSE 100 index</td></tr>
</table>

Table 2: Women's Global representation on board

Country	Women Directorships (%)	With Three or More Women on Board (%)	With 1-2 Women on Board (%)	With Zero Women on Board (%)	Quota and Year Introduced
Australia	31.2%	58.2%	40.3%	1.5%	Voluntary
Canada	29.1%	63.0%	35.9%	1.1%	Pending
France	44.3%	98.6%	1.4%	0.0%	2010
Germany	33.3%	81.0%	17.2%	1.7%	2015
India	15.9%	21.3%	78.8%	0.0%	2013
Japan	8.4%	3.4%	63.2%	33.4%	No
Netherlands	34.0%	65.2%	34.8%	0.0%	2013
Sweden	39.6%	96.6%	3.4%	0.0%	2016
Switzerland	24.9%	48.8%	51.2%	0.0%	Pending
United Kingdom	31.7%	82.2%	17.8%	0.0%	No
United States	26.1%	56.2%	42.8%	1.0%	CA Only, 2018

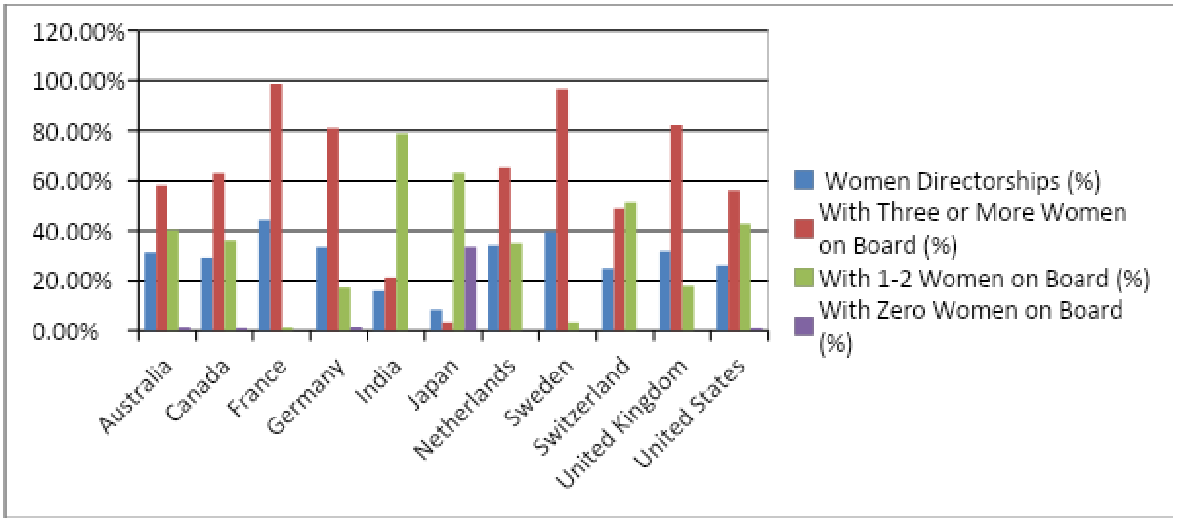


Figure1: Women's Global representation on board

Source: Catalyst Census

Table 3: Gap analysis of women and men on boards in different countries.

Countries	Women (%)	Men (%)	Rank
France	44.3	55.7	1
Sweden	39.6	60.4	2
United kingdom	31.7	68.3	6
Netherland	34.0	66.0	3
Canada	29.1	70.9	7
United states	26.1	73.9	8
Australia	31.2	68.8	5
Germany	33.3	66.7	4
Switzerland	24.9	75.1	9
India	15.9	84.1	10
Japan	8.4	91.6	11

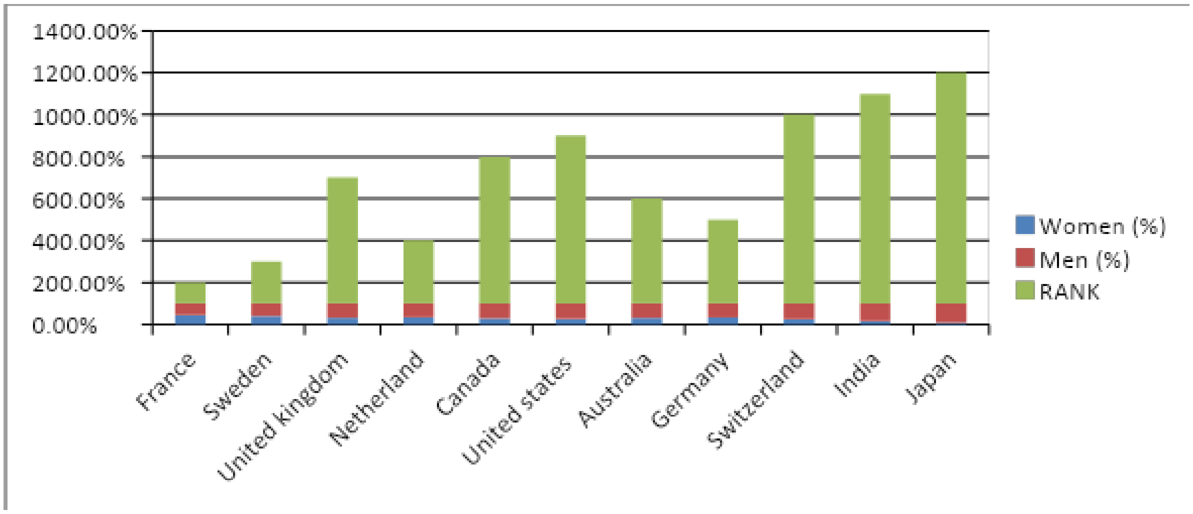


Figure 2: Gap Analysis of women and men on boards in different countries

Source: Catalyst Census: Women Board Directors, Corporate Women Directors International, and European Commission Gender Equality Newsroom

INTERPRETATION: An inspection of Table 3 depicts the representation of women and men on boards at global level. Top five countries with highest percentage of women on boards are European countries. France is able to bag the first position with 44.3 percentage women representation, followed by Sweden (39.6%) and then by Netherlands (34%), whereas Japan has lowest 8.4% women participation on boards. India is at 10th position. Even world's most powerful economy United States also lags behind at 8th position with 26.1% women on boards.

Table 4: Average percentage of men and women representation on boards

Companies	Women (avg. %)	Men (avg. %)
US Stock Index Companies (United States only)	26.1	73.9
Canadian Stock Index Companies (Canada only)	29.1	70.9
European Stock Index Companies (6 Countries)	34.63	65.37
Asia-Pacific Stock Index Companies (3 Countries)	18.50	81.50

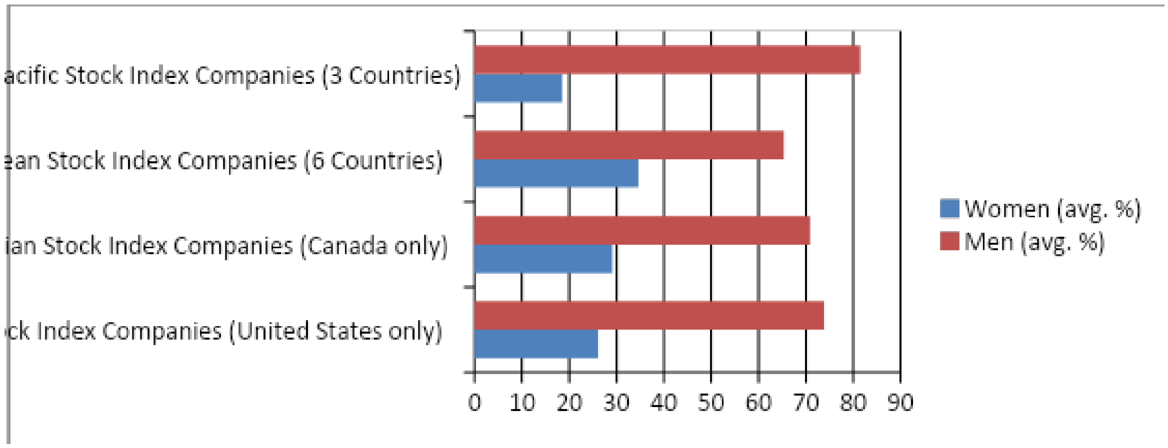


Figure 3: Average percentage of men and women representation on boards

Source: Catalyst

INTERPRETATION: Table 4 depicts that EU countries have maximum 34.63% of women representation on boards and the lowest rank is of Asia-pacific region stock index companies (18.5%) whereas United States has 26.1% and Canada has 29.1% women on boards without any legislative quota.

3.1.2 DIRECTORSHIP STATUS OF WOMEN IN INDIA

The data has been collected from 1807 NSE listed companies and 217 unlisted financial sector companies in India to investigate the women representation on these companies.

Table 5: Directorship status of NSE listed companies (1807)

NSE Listed Companies (1807)					
	Men	**%**	**Women**	**%**	**Total**
No. of Directors	9170	82.70	1918	17.3	11088

No. of Directorship Positions held	11264	82.45	2398	17.55	13662
No. of Independent Directors	4280	79.03	1136	20.97	5416
No. of Independent Directorship Positions held	5444	78.27	1511	21.73	6955

Figure 4: Directorship Status of NSE listed Companies (1807)

Source: NSE infobase.

INTERPRETATION: A glance at Table 5 indicates the number of men and women on boards of NSE listed companies. The total no. of directors on the boards is 11088, where only 1918 are women. As far as directorship positions are concerned, women lag behind representing 17.55 %. Out of total 13662 only 2398 directorship positions are held by women. The total no. of independent directors on the boards is 5416, where only 20.97 % are women with absolute figure of 1316. Major portion i.e. 78.27% with total of 5444 number of directorship positions is held by men in companies whereas women holds only 1155 directorship positions as independent directors.

Table 6: Directorship status of Unlisted Financial sector 217 companies

Unlisted Financial Sector Companies (217)					
	Men	**%**	**Women**	**%**	**Total**
No. of Directors	955	95.88	41	4.12	996
No. of Directorship Positions held	1464	93.39	87	5.61	1551
No. of Independent Directors	91	100	0	0	91
No. of Independent Directorship Positions held	1711	94.79	94	5.21	1805

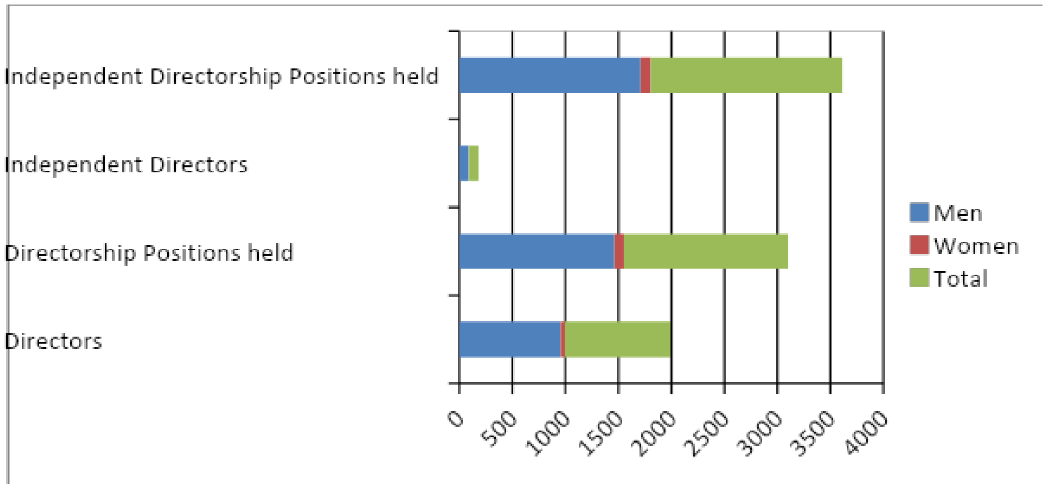


Figure 5: Directorship status of Unlisted Financial sector 217 companies

Source: NSE infobase

INTERPRETATION: Table 6 depicts that there are 996 directors on boards of 217 unlisted financial sector companies out of which only 41 are women representing 4.12%. The numbers of directorship positions held by women are 87 out of 1551 representing, 5.61%. There are 91 independent male directors. No woman is on the boards of unlisted financial sector sample companies as independent director. Men holds total 1711 directorship positions as independent directors representing 94.79% while only 94 independent directorship positions are held by women which constitutes 5.21%.

Table 7: Directorship status of Indian companies

Total Companies Covered (1807+217=2024)					
	Men	**%**	**Women**	**%**	**Total**
No. of Directors	10125	83.79	1959	16.21	12084
No. of Directorship Positions held	12728	83.67	2485	16.33	15213
No. of Independent Directors	4371	79.37	1136	20.63	5507
No. of Independent Directorship Positions held	7155	81.68	1605	18.32	8760

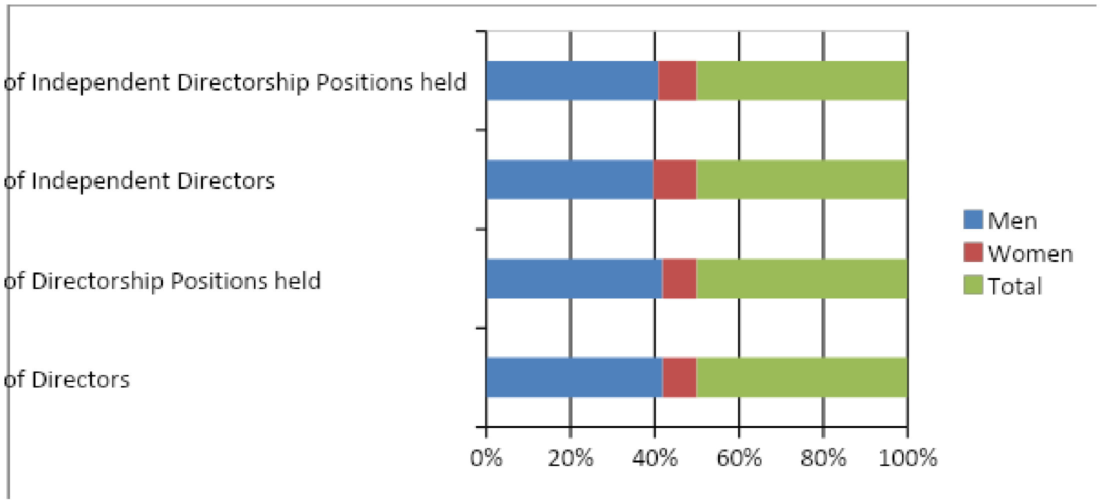


Figure 6: Directorship status of Indian companies

Source: NSE infobase

INTERPRETATION: Table 7 shows the gender diversity on boards of total 2024 Indian companies out of which 1807 are NSE listed companies and 217 are unlisted financial sector companies. Total number of directors on the board of companies is 12084, in which 10125 are male directors (83.79%) while only 1959 are women directors (16.21%). There is a huge gender gap of representation on boards. 2485 women hold directorship positions on boards while 12728 positions are secured by men. There are 5507 total independent directors out of which only 1136 are women (20.63%) and remaining 4371 are men (79.37%). This gap represents that the women are at backstage. Men holds total of 7155 directorship positions (81.68%) whereas women holds only 1605 directorship positions (18.32%) as independent directors.

Table 8: Designation of Women Directors as Managing Director/CEO

Year	No. of MD/CEO Women Directors	No. of MD/CEO Women Directorship positions	Total no. of MD/CEO Directorship positions
2015	39	40	1249
2016	39	40	1304
2017	46	50	1408

2018	57	61	1554
2019	56	60	1717
2020	63	67	1814

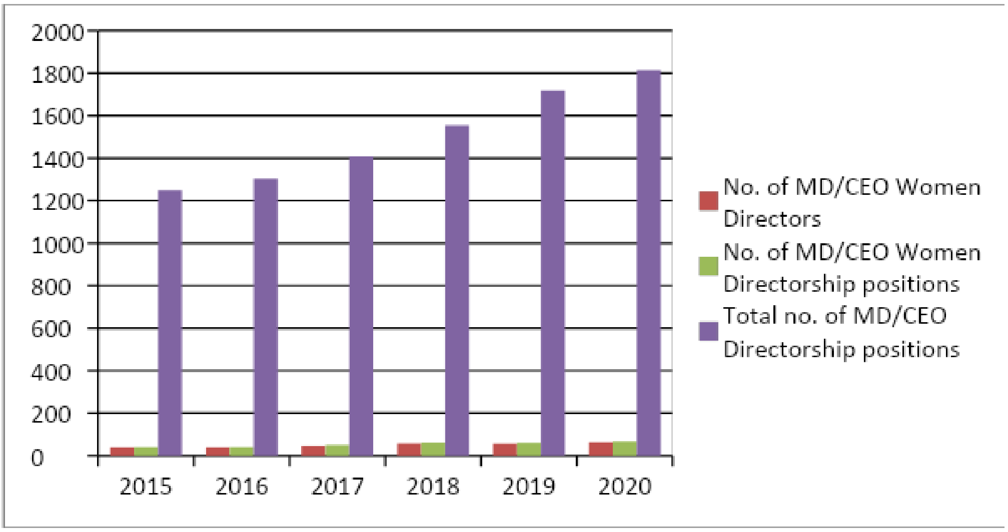


Figure 7: Designation of Women Directors as MD/CEO

Source: PrimeDataBase

INTERPRETATION: Table 8 depicts how the women CEO/ Managing Directors have increased in the recent years. The percentage in rise of women directors is still very low. Out of 1,814 chief executives and MDs of NSE-listed companies, only 67, or 3.69% are women as per March, 2020. This shows that the percentage of women CEOs/MDs has remained almost stagnant since March 2015 when out of 1,249 CEOs/MDs, 40, or 3.2%, were women. If the numbers (women CEOs) haven't changed, it is obvious that despite the stated intent to improve diversity and create opportunities for women at all levels, action has not matched the talk.

3.2 FINDINGS

3.2.1 MANY NSE-LISTED COMPANIES YET TO APPOINT WOMEN INDEPENDENT DIRECTOR

As many as 150 of India's top 1,000 companies by market value are yet to appoint a woman independent director, with just a month to meet the regulator's mandate, according to data compiled by market tracker nseinfobase.com, run by Prime Database.

Corporate governance experts and board members attributed this to sheer inertia on part of companies in meeting the mandate. Some also said there was a strong bias against women that still existed in the top echelons of the corporate hierarchy Woman leaders of today are still struggling because of the mindset of the business owners, many of whom are not lending themselves to unconscious bias training and inclusion conversations," said Saundarya Rajesh, the founder of diversity and inclusion consulting firm Avtar Group. "A lot of corporate are doing gender sensitization awareness and training managers. However, even while the middle management women are gaining from these, women in the top management are not gaining that much when it comes to CXOs and boards, the bias against women is still pretty strong," she said.

In 2018, the Uday Kotak Committee formed by the Securities and Exchange Board of India had recommended that at least one woman independent director be on the board of the top 500 listed entities by market capitalization by April 1, 2019. All the top 1,000 listed entities.

"It is an unhealthy situation that when when there is a mandate about which the industry is well aware of and there is every possibility to comply with it but these things are somehow not taken seriously,"

"Companies have been given enough time to comply with and there is no excuse for them to not yet be able to meet the requirement," Prime Database Group managing director Pranav Haldea said.

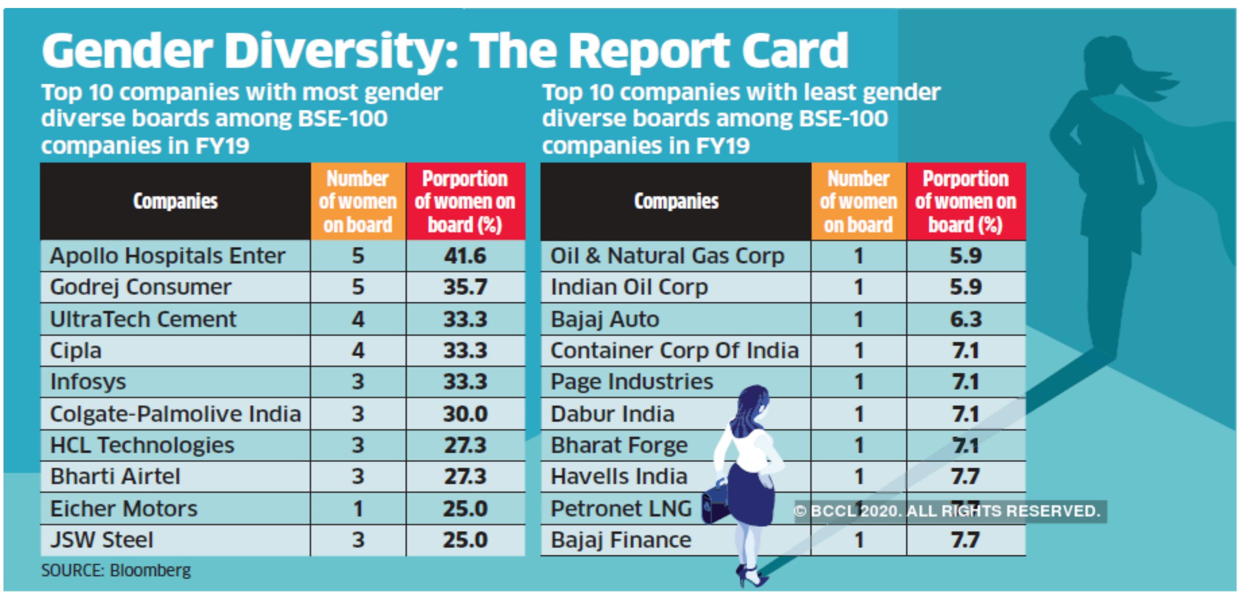
3.2.2 <u>WOMEN ON BOARDS DOUBLE IN FIVE YEARS, BUT REPRESENTATION STILL LOW.</u>

ET Intelligence Group: The median number of women on Indian boards doubled in the past five years, but they still form a small proportion of the total board members. A study of the

Bloomberg data on gender composition of boards of 91 companies of the BSE-100 index reveals the median number of women on an Indian board was two in 2018-19, up from one five years ago. However, women constituted only 14 per cent of the board.

India has lagged behind the US trend on gender diversity on boards. The 2018 US Spencer Stuart Board Index shows that nearly one-fourth of the directors of S&P 500 companies are women, with boards having 2.6 female directors on average. While 87 per cent of S&P 500 companies have two or more women directors, the corresponding number for Indian boards stands at 54 per cent.

The most gender-diversified board (of Apollo Hospitals NSE -4.41 %) among the BSE-100 index has 42 per cent women on it, while the least diversified board (of ONGC) has 6 per cent representation of women. Public sector undertakings (PSUs) have been the traditional laggards in improving the diversity quotient of their boards. They comprised four of the top ten BSE-100 companies with the worst diversity ratios at the board level in FY19. Bajaj NSE 0.16 % group companies — Bajaj Auto and Bajaj Finance



Gender Diversity: The Report Card

Top 10 companies with most gender diverse boards among BSE-100 companies in FY19

Companies	Number of women on board	Porportion of women on board (%)
Apollo Hospitals Enter	5	41.6
Godrej Consumer	5	35.7
UltraTech Cement	4	33.3
Cipla	4	33.3
Infosys	3	33.3
Colgate-Palmolive India	3	30.0
HCL Technologies	3	27.3
Bharti Airtel	3	27.3
Eicher Motors	1	25.0
JSW Steel	3	25.0

SOURCE: Bloomberg

Top 10 companies with least gender diverse boards among BSE-100 companies in FY19

Companies	Number of women on board	Porportion of women on board (%)
Oil & Natural Gas Corp	1	5.9
Indian Oil Corp	1	5.9
Bajaj Auto	1	6.3
Container Corp Of India	1	7.1
Page Industries	1	7.1
Dabur India	1	7.1
Bharat Forge	1	7.1
Havells India	1	7.7
Petronet LNG	1	7.7
Bajaj Finance	1	7.7

Source: Bloomerg

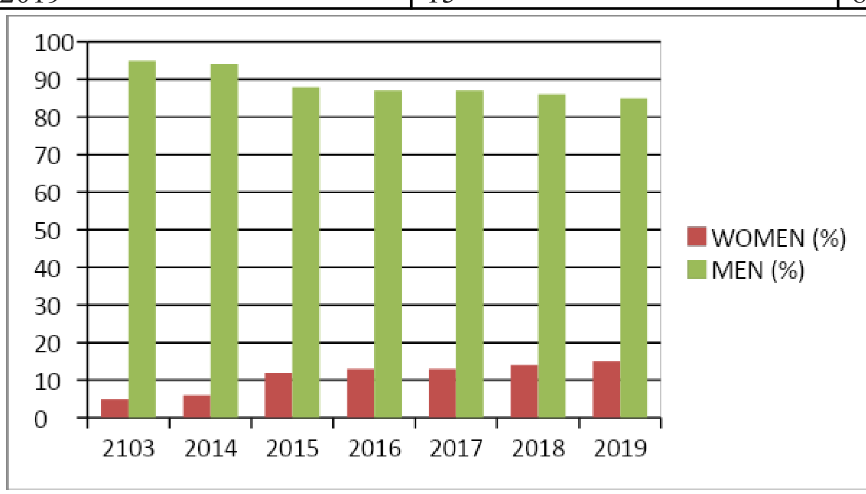
3.2.3 MORE WOMEN ARE JOINING THE BOARD BUT VERY FEW GET THE CORNER OFFICE.

Every Women's Day (8 March), companies of all hues and stripes run campaigns showcasing their commitment to gender equality. Some also get chocolates and flowers for women employees. But when it comes to appointing women to senior management positions, most companies fail to walk the talk, shows a Mint analysis of gender data across top listed firms.
Across Nifty-500 firms, only 15% of board members were women in 2019, data sourced from NSE InfoBase shows. Among CEOs, less than 5% were women. The Nifty-500 index is a rough proxy for listed firms across the country, as it accounts for roughly 96% of free float market capitalization on the National Stock Exchange (NSE).
It is worth noting that even the share of women directors was a lowly 5% at the end of fiscal 2013. But then a gender quota introduced in the new Companies Act forced listed and large companies to appoint more women on boards. The share of women directors has tripled after the law came into force in 2014.

Women's representation on corporate boards has increased in the last few years

Directorships held (in %)

FINANCIAL YEAR	WOMEN (%)	MEN (%)
2103	5	95
2014	6	94
2015	12	88
2016	13	87
2017	13	87
2018	14	86
2019	15	85



For companies in the Nifty 500 index.

Source: NSE info base (Corporate Information Database, nseinfobase.com)

Yet, a majority of firms have not cared to go beyond the mandated requirement. 60% of the Nifty-500 firms had just that one woman on board that the law mandates as of fiscal 2019.

31% had two women on their boards. Only 5% had three women. And only eleven companies, or 2.2% of the Nifty-500 firms, had more than three women on board.

As of fiscal 2019, not a single Nifty-500 firm had more women than men on their board, the NSE InfoBase data shows.

Only three firms had equal representation: Apollo Hospitals Enterprise Ltd (5 men and 5 women directors), Crisil Ltd (4 men, 4 women), and Vinati Organics Ltd (3 men, 3 women). Perhaps it is not a coincidence that the managing directors in all three firms are women. Apollo is run by the Reddy sisters, Crisil by Ashu Suyash, and Vinati Organics by Vinati Saraf Mutreja. Crisil though has one woman less on its board now, after Martina Cheung resigned last year.

Ten firms did not have a single woman director at the end of fiscal 2019 but eight of them have a woman director now, according to the latest information on their website. Two of them, Bharat Heavy Electricals Ltd (BHEL) and UCO Bank still don't have any woman on their boards according to their websites.

Sectors such as healthcare, telecom, consumer goods, and construction have a relatively larger share of women directors, the data shows. Mining, metals, banking and finance have a relatively smaller share of women directors.

Across sectors, few make it to the corner office. When it comes to positions such as the Chief Executive Officer (CEO), or the Chief Financial Officer (CFO), the gender gap is yawningly large.

Among independent directors, the gender gap is lower. A gender quota introduced by SEBI in 2015 that mandates large firms to have at least one independent woman director on board could explain the relatively better gender balance when it comes to independent directors.

Globally, the picture is not too different when it comes to women CEOs. Among advanced economies belonging to the Organization for Economic Co-operation and Development (OECD), roughly 5% of CEOs were women, as of 2016.

The share of women directors in OECD countries is however significantly higher than in the case of India. Most OECD countries had introduced gender quotas in boardrooms several years ago, and that seems to have pushed up women's participation in corporate boards.

Most of India's emerging market peers have a smaller share of women board members compared to India. Again, the gender quota may explain the difference. Very few emerging markets other than India are mandated to have women on their boards. Among emerging market peers, South Africa and Turkey have a relatively higher share of women board members compared to India. In Turkey, the capital markets regulator had mandated the inclusion of at least one woman board member in 2009, and in 2013, asked firms to set and disclose a voluntary target level of women on boards (with the minimum floor set at 25 percent) by a target date they specified. South Africa does not have gender quotas but the Johannesburg Stock Exchange made it mandatory for listed firms to disclose gender and race representation in 2016.

A growing body of research suggests that having more women on board can be financially rewarding. A 2016 study by researchers at the International Monetary Fund (IMF) showed that across two million European firms, there was a strong positive link between return on assets and the share of women in senior positions.

And yet, the force of law has proved to be more powerful than the logic of profit-maximization. Across countries, companies have tended to induct more women on their boards only when prodded by regulators and lawmakers rarely on their own.

Chapter 4: Conclusion, Recommendation and Bibliography

4.1 CONCLUSION

The gender gap emanating from centuries of exclusion and gender inequalities is not only disadvantageous to women, but it is also throwing challenge on competitiveness of their countries. As literature describes that gender diversity on the board may provide a basis for a success for the organizations. While the gaps between women and men are closing down with respect to education, still there is wide gap found in participation on boards. Even after legislative quotes by different countries, this gap is still not filled. There are 74 companies listed on NSE India having no woman on the board (Indian Boards Database, 2020). We observed that women are taken as tokenism and their impact in decision making is still minimal. Due to existence of impact of glass-ceiling, women are very less on senior positions specially director on companies' boards in India. Mere introduction of legislation is not sufficient for empowerment of women; companies should understand the benefits of gender diversity on their boards. This study has empirically examined the impact of women participation on the corporate financial performance and found that women on board participation have a positive and significant impact in predicting the financial performance in the context of India. Thus, having more female member on board, corporate would have better financial viability and social outreach. Few corporate expressed their desire to have a woman board member solely to comply with the provision of the Indian Companies Act, 2013 [Section 149 (1), Provision 2]. The reason behind adopting best practices of female representation on board might be strong commitment towards responsibility and goal of the company. Therefore, it can be inferred that women affect the corporate in a positive manner both in managing the social and financial performance to achieve their social mission and growing into sustainable business. Steps should be taken seriously to increase the women on fortune boards. As the boards contribute to good corporate governance practices, the boards with women members has proved competence which are important for the success story of the successful companies. However this study is not an end to itself and an answer to all the questions related to women directors on board but this is just an attempt to explore for better governance with women representations on the boards.

4.2 RECOMMENDATION

It is the era for women in corporate corridors in India. Women empowerment calls for steps to be adopted by the corporate world to provide the working women strength, safety and security. Corporate have bigger role to play as a catalyst of social change. Gender equality and women empowerment will not be distant dream if the corporate world, the Government and women themselves take initiatives in this regard.

- ❖ **CAREER ADVANCEMENT PROGRAMS:** Corporate should supply more opportunities and career advancement programs for women so that they can get their due shares. Consistent monitoring and prevention programs should be organized by the corporate with proper support from top management to address and eliminate gender issues for lessening the percentage of women in senior positions and widening gender pay gap.
- ❖ **AMENDMENT OF LAW:** Companies should appoint women directors who are professionals and if companies are not appointing such professional directors, the law needs to be amended to ensure on boarding of independent women directors. This will give the company the benefit of knowledge and expertise of professional women.
- ❖ **EQUAL PAY:** Unequal pay creates depression and de-motivation among women leading to gender imbalances, confliction in work-family and deterioration in their work performance. Hence, eradication of this pay gap is pre-requisite.
- ❖ **SHOULDER THE RESPONSIBILITY:** Women should shoulder the responsibility to discard the nature of self-denial, sacrificing and compromising nature and adopt principles of self-assertion and self-confidence.
- ❖ **GROOMING PROGRAMS:** Companies must invest in grooming women for board positions. There should be workshops and training programmes for developing women. Experience shows that groups with diverse perspectives can achieve more balanced decision making with innovative and de-risked outcomes.
- ❖ **MORE WOMEN DIRECTORS:** One woman on board is definitely not enough. The number should be increased.
- ❖ **NOMINATION COMMITTIES:** Women directors should be given place in nomination committees that value gender diversity. It can help build a diverse leadership pipeline and a company culture.
- ❖ **INCREASE IN WOMEN'S REGISTRATION IN PROFESSIONAL INSTITUTIONS:** Professional Institutions and Associations should take steps to increase women registration and should frame strategies to reduce women drop outs.
- ❖ **WOMEN EMPOWERMENT:** To find an increase in number of Women executives and Directors a path way should be built to follow and empower themselves to be fit to occupy board positions.

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