

Boards more diverse, but tokenism still prevails

ALOKANANDA CHAKRABORTY
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THE MEDIAN BOARD representation of women in the BSE 100 companies was a little over 16% in 2023, similar to the levels a year ago. According to the Corporate Governance Scores 2023 report released by proxy advisory firm Institutional Investor Advisory Services (IIAS), for the full effect of gender diversity, women should comprise at least 30% of the board.

The good news though is that the number of companies where women comprise 30% or more of the workforce increased from 16% to 24%.

Though the progress has been slow, the consensus among women directors is that things have improved. Vibha Paul Rishi, who sits on the boards of a host of marquee companies, says India Inc has come a long way from the days when she found herself to be the lone woman on a board.

The Companies Act 2013 made women's representation in listed company boards mandatory but the real push came from the Sebi mandate that the top 500 companies by market capitalisation must appoint at least one woman as an independent director from April 1, 2019. "But once it started, the numbers just grew," Rishi says.

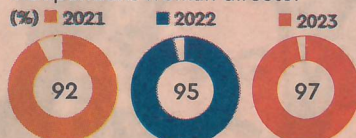
Others agree. "Today, even very strong family run businesses are co-opting professional women on their boards and I think that's a great step forward," says Ashu Suyash, founder & CEO Colossa Ventures.

But do the numbers call for celebration? A global comparison will put the picture in perspective.

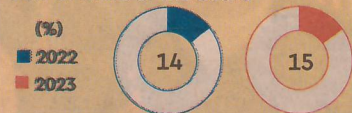
Women make up one in three directors on the boards of S&P 500 companies worldwide. A decade after the implementation of the Companies Act 2013, 223 (or 45%) of the Nifty-500 companies have only

A SEAT AT THE TABLE

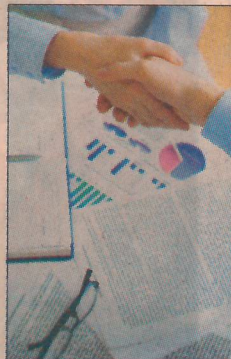
Companies with at least one independent woman director



Companies where women comprise 30% or more of the board



Source: Corporate Governance Scores 2023 report by IIAS



GEETA MATHUR,
INDEPENDENT DIRECTOR

MANY CORPORATIONS STILL WANT A GOOD LOOKING BOARD, NOT NECESSARILY AN EFFECTIVE BOARD



VIBHA PAUL RISHI,
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DIVERSITY IS ABOUT THE QUALITY OF THE PARTICIPATION: THAT'S THE NEXT FRONTIER TO BE CONQUERED



one woman director in compliance with the law, as per Prime Database.

"In India, women's contribution to GDP is 18%, while the global average is 37%. The number of registered enterprises set up by women in India is 20%, while the global average is 40%. The number of women on board is in the mid-teens. So we have a long way to go. I think the cycle has started, it's on the upturn but we have a lot more to do," says Suyash.

Experts say an Indian board places a premium on familiarity with the person chosen for a seat at the table because they are entrusted with all kinds of information. "Like always, when you have to comply with regulation, friends and family members are recruited first," points out Suyash.

That's also a reason why the same names are circulated. But that's true also for men – one sees the same "pool of directors" so to speak, she adds.

"Many corporations still want a good looking board, not necessarily an effective board," says Geeta Mathur, a professional independent director.

That brings us to a key danger facing board diversity – tokenism. Theoretically, a diversified boardroom enables value creation; but do the ladies in the hot seat feel they are on par with their male counterparts or that their presence is only about adhering to the numbers mandated by law?

For one, Mathur feels certain qualities that women bring to the table – such as diligence and conscientiousness – are in great demand. "Once you are on

the board, they don't treat you as a diversity candidate," says Mathur, who completes her stint on the NIIT board soon. "I will leave the place with 50% of the board made up of women," she says. "I consider that an achievement."

"What we need now is not legislation," says Rishi. "Diversity is not just about absolute numbers, it is about the quality of the woman member's participation: How are you treated? Are you also part of the important committees? Do they listen to you or there's a lot of mansplaining happening? That's the next frontier to be conquered."

There is strength in numbers. So what will it take to increase this pool of directors?

First, create a pipeline of potential candidates, suggests an industry veteran. Start mentoring women to take up more risks because women in general are risk averse. "Many accomplished women in the field of HR or from a PSU background have the ability but not the willingness – they are scared. A certain amount of financial literacy will help," she says.

Second, maybe there's a need to make the regulation around board membership less onerous.

Third, look beyond age/experience, suggests Mathur. Most corporations look for the number of years or the companies a potential member has served. "Look for age diversity, look at the younger lot – say the 35 to 40 year old group – especially if you are taking the ESG agenda seriously," she says.

At the end of the day, it is about dealing with a leaky bucket. "The real challenge ends up being can you ensure that we don't have that many women dropping off from the workforce before they reach the C-suite." Roughly, 35% of women join the workforce, 20-24% reach the mid-level and 10-12% the top. "You have to deal with that first," sums up Suyash.

(With inputs from Rajesh Kurup in Mumbai)