

# Let More Women Join Company Boards

We welcome more women joining company boards in India. A new legal requirement mandates all listed companies to appoint at least one woman director on their boards by October 1. A quota on company board seats sounds patronising. Women should be chosen on merit and performance, and not because of their gender. However, the lack of progress in achieving gender diversity through other means has compelled the government to enact a law. The UK and many countries in Europe have quota laws for the same reason. There is a dearth of women on company boards. Worldwide, women hold about 11% of board seats. In India, only 6% of directors on the 1,463 companies listed on the National Stock Exchange are women, according to Prime Database. That's odd and must be remedied.



Corporate India should be mindful that there is something called a glass ceiling for women. So, promoters should see the new rule as an exercise to get the benefit of diversity at the board level. Diversity improves the quality of decision-making.

Twitter appointed a female board member in December 2013, after it came under attack for being the only tech powerhouse that lacked diversity. Similarly Facebook named a woman director after its public offering. Google has three women on its board, while Facebook, Apple, Microsoft and Amazon, all have two women each on their boards.

Many studies have shown a positive correlation between gender diversity on boards and improvements in financial performance. One concluded that companies with even one woman on their board have stronger corporate governance ratings than those with no women. Companies with at least three women ranked even higher. To get there, Indian society has to value and respect its women more.