Let's shatter the glass ceiling for women in senior corporate roles

That so little has changed a decade after a board-diversity mandate highlights India Inc's challenge

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The first day of April marked the 10th anniversary of the rule that made it mandatory for all listed firms above a certain size to have at least one woman member on their board of directors. According to Primeinfobase, as of March 2024, of 2,296 listed companies on the National Stock Exchange, 2,251 have at least one woman director on their board. So far, so good. However, the picture changes if we dig a bit deeper. Only 262 companies have three or more women directors; 43 have four women directors; 12 have five women directors; and just three companies have six women directors. This shows that while India Inc has made progress in complying with the statutory provision, genuine—let alone proportionate—representation of women at the board level remains a distant goal.

A breakdown of the composition of women directors at India's top 500 companies makes for revealing reading. According to a report by Institutional Investor Advisory Services & APG, as on 31 March 2022, independent women directors comprised 71.5% of total women directorships of Nifty-500 companies. Out of 827 women directors, 592 were independent directors, 148 were non-independent, non-executive directors (from the promoter family, promoter nominees and other non-promoters); and just 87 were executive directors. Out of these 87, 54 were from promoter families, two were promoter nominees and only 31 were non-promoters. This data is two years old and may have changed, but it is startling to discover that in the 21st century, among India's top 500 listed companies, there are less than 100 women executive directors and so few professional, non-promoter women in this role.

In these tiny numbers and the micro presence of women at the CXO level lies corporate India's women's-empowerment challenge. These numbers must rise sharply for women to become decision-makers and change agents at the highest levels. In the last 10 years, firms have complied with the gender diversity rule by inducting independent directors. *Per se*, there is nothing wrong with this. Independent directors are the lifeline of good governance, after all. But for the pool of competent independent women directors to expand, the number of women at senior/CXO levels must rise substantially. Otherwise, the danger is that women from unrelated fields with little relevant experience will get pitchforked onto boards and their contribution being limited may reinforce the false belief that they should not be there.

Businesses must follow a deliberate strategy of hiring, retaining and promoting female talent. The presence of women in the workforce drops from the entry to mid-management level, which reduces the pool for CXO elevation. A key reason for this is what former PepsiCo CEO Indra Nooyi described as the conflict between managerial and domestic responsibilities. "Total, complete conflict. When you have to have kids you have to build your career. Just as you're rising to middle management, your kids need you because they're teenagers, they need you for the teenage years," Nooyi had said.

Companies must help their women employees manage this conflict. Deloitte's 2023 work report suggests that workplace flexibility is the primary factor driving women's career choices. To increase women's participation at the highest levels, an environment conducive to their retention and success needs to be created. This might include non-linear work hours, reduced commute time, flexible work locations and more financial and institutional support for dependent care.

Simultaneously, companies should build a pipeline of women leaders. Quantifiable and clear targets should be set for the number of women at various levels, including leadership positions, and these should be tracked. Policies should be designed to promote, reward and mentor high-performing women managers and enable them to shatter the glass ceiling. A few companies have mandated that when there are male and female candidates of equal merit, the woman must be chosen. This should become a universal practice. But more importantly, there should be a level playing field for women at the workplace. These changes have to be driven from the top. Creating a pipeline of women leaders should not be the HR department's responsibility. It should a 'key result area' of the CEO.

Here, it must be pointed out that greater women representation at the CXO and board level is not just about women's empowerment (not that this is not sufficient reason). Studies suggest it is good for business as well. According to a 2020 McKinsey report (*Diversity Wins: How Inclusion Matters*), companies in the top quartile for gender diversity on executive teams were 25% more likely to have above-average profitability than companies in the fourth quartile. Its finding: The greater the representation, the greater the outperformance.

France and Norway have mandated 40% women's representation at the board level. Some have called upon India Inc, too, to increase its number of women board members. For this measure to be successful, companies should focus on expanding the overall pool of female managers and leaders.