

# Women on the hot seat

**FAIR PLAY** The Companies Act has put the spotlight back on the issue of under-representation of women in India Inc's leadership cadre, which at present needs 966 women directors

**Harini Sriram**

■ harini.sriram@hindustantimes.com

Gender diversity in the workplace has assumed a lot of significance over the years. Although the corporate world does offer opportunities to women, to some extent, it is still tough for women to break the proverbial glass ceiling, resulting in under-representation of women at the top level across boards. However, the provisions of the Companies Act 2013 regarding the appointment of women directors might just change the scenario for the better.

The Companies Act 2013 states that every listed company and every other public company having (a) paid-up share capital of one hundred crore rupees or more or (b) turnover of three hundred crore rupees or more shall have a woman director. Given this criteria, it essentially means that India Inc needs 966 more women directors effective from October this year, as per a report by Khaitan & Co, a law

firm, in association with Biz Divas, a national network of professional women. Titled 'Women on boards: a policy, process and implementation roadmap', the report goes on to state that out of the 1470 public listed companies in India, women constitute only 4% (350) of the total number of independent directors on board.

The reasons for this gross under-representation of women in India Inc are steeped in societal stereotypes and social conditioning, say experts. As Dedeepya Ajith John, knowledge and research consultant, SHRM India, points out, "While present-day India sees a considerable change in its cultural mindset, the origin of fewer women on boards starts with terminal values being different for both men and women. This is in part reinforced by societal stereotypes which outline women as caregivers, while men are considered providers for the family. An organisational ecosystem does not recognise this inherent difference."

Networking is another key aspect, says Kalpana Unadkat, partner, Khaitan & Co. "Networking has largely remained a male bastion. Male counterparts focus more on strategic networking through golf and other means, and these activities translate into more opportunities for them," she says. However, a major reason why there are fewer women directors has to do with the fact that most women leave their jobs in the mid-career phase to focus on family, kids, marriage, etc. "So there is no pipeline of experienced women who can be groomed to the level of directors. Ambitious, driven, career-oriented women decide to leave after five to seven years of work, and unfortunately, not many companies have friendly policies that let these women come back and resume work," she adds.

However, the question arises as to how the gap of 966 women directors can be bridged in such a short span; there are concerns that it may give rise to medioc-

rity and the suggestion, though well-intentioned, may end up being merely a symbolic gesture. Chandrajit Banerjee, director general, CII (Confederation of Indian Industry), says, "The period is very short for finding the right candidate. While CII supports gender diversity, it needs to be recognised that board members are leaders who evolve in their respective fields to be fit for the hierarchical role in the organisation. Mandating a legal requirement for this may pose a challenge for some companies." Some companies have sought an extension of deadline to find the right candidates, while some are hiring qualified women from their families.

India is the first country amongst the developing nations that has chosen to make representations of women on company boards mandatory. The iron and steel industry boasts of the maximum representation of 10.98% amongst the BSE Sensex companies, followed by IT consulting and banking.



## BETTER DAYS AHEAD?

- In four-and-a-half months since the SEBI board meeting in February, 2014, 91 women have been appointed to 97 directorship positions in 94 companies
- Among the Fortune 500 companies in India, there is only one woman representative on the boards

THINKSTOCK

## WHO LEADS WITH THE LADIES?

- The report by Khaitan & Co states that one-fifth of the world's 200 largest companies have no women directors. Norway is the first developed nation to make the inclusion of women in company boards mandatory. The country has witnessed women's representation in boards shoot up from 7% (2003) to 41% (2013). The report adds that the Norway implementation was made successful by imposing serious penalty for non-compliance as grave as dissolution. The largest economies — US, China and Japan — which have no quotas for women in boardrooms, had the lowest growth of women on boards