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Beyond the Bahu-beti-biwi-bhanji-on-boards Syndrome

The fear of there being not enough qualified women director candidates to go around is unfounded

By Rama Bijapurkar

An auto company I worked with years ago invariably got their new product positioning wrong at the time of market launch and then got it exactly right after correction a year later. When challenged to get it right the first time around, they explained their DNA flaw. "Whenever we try to get it right on the first bounce, we make a big mess of things."

Taking the point about going with the DNA flow, for things to get done in India there must be a deadline triggered crisis, an intransigent authority figure, and the adrenaline rush of last minute scrambling to figure out how to do it and then breathless execution. Some examples are the 1991 economic reforms, the 'clause 49' amendment in 2004 which brought a sea change in the institution of independent directors, and most recently the March 31 deadline driven scramble for doing board evaluations and having independent director (ID) meetings. While we wrangled inside boardrooms about how to do board evaluations (the subject of a whole different article), the fact is that we were forced to do a board health check, no matter how cursorily or sullenly, and formally identify how to make it perform better. While we joked about the ID meetings being mere tea drinking rituals, what happened was that when we put a bunch of responsible people with a shared con-

text into a room, something useful inevitably emerged. I can vouch for that.

And it is in this same pool of happenings that we need to place the issue of having to get a woman director on the board; and we need to look at it in the same light. Sadly this issue has been singled out in all our discourse as something without parallel, yet another example of exclusion-thinking when it comes to women at work.

Is It All Bad?

So what's going on and is it all bad? First bounce, we have had compliance via inducting the bahu-beti-biwi-bhanji on boards. That's not necessarily the best way to do it, but hardly any boards even have a two-minute discussion on whether promoter (often minority shareholder) sons should be inducted on boards. Nomination committees (nom com) keep complaining that they can't find qualified women ID candidates. That's because they did the lazy, obvious thing. Looked around for visible women or asked the question "who do we know who is good", and they made a prioritised list. Dilutes board merit? But that's how nom coms in India mostly operate when looking for men too, and that's why the familiarity quotient on Indian boards is so high. It's the same constellation in different combinations moving through different boards, or it's people that

board members know well and have had present or past professional relationships with outside the board. All this is legally kosher, even morally okay since the intent is not always to subvert the system; but it makes for clubby capitalism which is a weaker shade of crony capitalism. It does not foster sins of commission but it does risk sins of omission since there is too much other stuff at stake outside the board, so why rock the boat unless unavoidable.

Luckily for the cause of good governance, the law limiting the number of boards per person and the women director rule come together. So the visible women are not enough to go around, and nom coms are being forced to search harder and wider and more systematically, requiring external search firm help. That's actually very good for reducing clubbiness and hopefully this practice will rub off on to finding male directors also.

Will they Add Value?

There are murmurs that rushing to fill deadlines and using external firms who are 'peddling' data banks of women candidates dilutes board merit. This does not stand up to either empirical evidence (reflect on the outcomes of other deadline driven event discussed earlier) or to honest intellectual examination. More hitherto "invisible" women with first-rate résumés and solid working experience are able to enter the fray by sending their resumes to these firms. I have seen many of them and they are first rate. Oh but are they all formally employed and in full-time jobs? How many male directors are? Let's apply the same yardstick. The bonus is that these are younger women, well below the average age of male directors, because there aren't that many women in the previous generation.

On the often-asked question "but without prior board experience will they add value?", nom coms must know that every male director has been a first-timer once and learns on

the job. Today, there is enough routine board work that needs to get done and board freshers with business experience can hit the ground running on audit, remuneration, customer service committees. Exotic governance process issues, tough judgement calls on complex financial or business restructuring or CEO hiring, firing are less frequent, and it is the chairman's job to harness the capabilities of individual members into a complementary team. No man knows it all, no woman either.

So let's relax, board quality is safe, in fact may even be getting better. Deadline driven is the way we always work, new nom com processes will reduce clubbiness and demonstrate the unfoundedness of the fear of there being not enough qualified women director candidates to go around. ■



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