



Women on Corporate Boards: Competing Realities

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Companies Act 2013, Women Directors, Governance, Diversity.

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ABSTRACT *The Companies Act, 2013 mandates all companies in India to have at least one woman as a director be appointed on the boards. The focus of the Companies Act 2013 is on stronger governance, transparency and accountability and the important aspect of governance and management is a strong and competent Board of Directors. There is an extremely enhanced role for Directors in the Companies Act 2013.*

Women are still low in number as far as their representation on the corporate boards is concerned.

This paper seeks to critically examine the Perspectives of Women directors on corporate boards globally and also focuses on the barriers faced by Indian Women to represent on the corporate boards. It also examines the ways to encourage women directorship and increase the boardroom diversity.

1. Introduction:

Women constitute 48% of the population of India Inc, yet their presence on the boards of companies is less than 7% when it comes to board level positions. India is ranked at 28th in terms of the presence of women directors in, a slight improvement from last year's 30th position, according to "Women On Board 2013". The ranking is better than that of a few major countries like Japan, New Zealand, South Korea etc., India is still in need to promote more women for senior management level. Presence of Women members on board are very low, even it's below from average percentage of developing countries.

2. Need for the study:

The Companies Act, 2013 prescribes that every listed Company and every other public company in India having a paid up share capital of Rs. 100 Crore or more or turnover of Rs. 300 Crore or more shall appoint at least one women director on the company board. This Mandatory requirement motivates this study and brings the competing realities of women to be a director on the corporate boards.

3. Objectives of the Study:

1. To study and understand the global perspectives of women on corporate boards.
2. To understand the barriers faced by Indian women to represent on the corporate boards.
3. To examine the ways to encourage women directorship and increase the boardroom diversity.

4. Women on Board – The Global Picture

Globally, 11.0% of directors in 2013 are women with only 62.5% of the companies having a female on board. This means that more than 37.5% of boards are all male boards. (Governance Metric International Women on Board Report 2013, 5,997 companies)

This report provides statistics on Women on Boards globally.

In this section presented in Table-I is the current percentage of female directors on corporate boards across regions in different countries based on different studies. Legislated or recommended quotas for females on Boards, where existing, have been included.

Table- I:

Table IA: North America

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
Canada			13.1%	145	2013	Governance Metric International Women on Board Report 2013.
Mexico			5.8%	24	2013	Governance Metric International Women on Board Report 2013
USA			66.8%	1489	2013	Governance Metric International Women on Board Report 2013

Table IB: South America

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
Brazil			5.1%	80	2013	Governance Metric International Women on Board Report 2013.
Chile			2.8%	24	2013	Governance Metric International Women on Board Report 2013
Columbia			6.0%	10	2013	Governance Metric International Women on Board Report 2013
Peru			6.3%	3	2013	Governance Metric International Women on Board Report 2013

Table IC: Australia

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
Australia			69.8%	212	2013	Governance Metric International Women on Board Report 2013.
New Zealand			0.0%	10	2013	Governance Metric International Women on Board Report 2013

Table ID: Europe

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
European Union	30% 40%	2015 2020	12%	All Listed	2013	European Commission Data Base on women and men in decision making
Austria			11.3%	24	2013	Governance Metric International Women on Board Report 2013
Belgium			9.2%	24	2013	Governance Metric International Women on Board Report 2013
Czech Republic			8.6%	3	2013	Governance Metric International Women on Board Report 2013
France			18.3%	101	2013	Governance Metric International Women on Board Report 2013
Germany	30%	2015	74.1%	58	2013	Governance Metric International Women on Board Report 2013
Greece			7.0%	22	2013	Governance Metric International Women on Board Report 2013
Hungary			4.5%	4	2013	Governance Metric International Women on Board Report 2013
Italy			74.1%	54	2013	Governance Metric International Women on Board Report 2013
Netherlands	40%	2020	5.03%	53	2013	De Nederlandse Female Board Index 2013
Poland			66.7%	21	2013	Governance Metric International Women on Board Report 2013
Portugal			3.7%	12	2013	Governance Metric International Women on Board Report 2013
Spain			9.5%	43	2013	Governance Metric International Women on Board Report 2013
UK			12.6%	410	2013	Governance Metric International Women on Board Report 2013
Denmark			17.2%	24	2013	Governance Metric International Women on Board Report 2013
Finland			26.8%	27	2013	Governance Metric International Women on Board Report 2013
Norway			36.1%	30	2013	Governance Metric International Women on Board Report 2013
Sweden			27.0%	44	2013	Governance Metric International Women on Board Report 2013

Other European Countries:

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
Ireland			54.7%	152	2013	Governance Metric International Women on Board Report 2013.
Russia			5.0%	28	2013	Governance Metric International Women on Board Report 2013
Switzerland			62.5%	56	2013	Governance Metric International Women on Board Report 2013

Table IE: Asia

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
China			54.7%	152	2013	Governance Metric International Women on Board Report 2013.
Hong Kong			63.3%	98	2013	Governance Metric International Women on Board Report 2013
India			4.7%	100	2013	Korn/Ferry's Asia Pacific Board Diversity Study
Japan			0.0%	447	2013	Governance Metric International Women on Board Report 2013
South Korea			0.0%	117	2013	Governance Metric International Women on Board Report 2013
Taiwan			1.5%	133	2013	Governance Metric International Women on Board Report 2013

South East Asia

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
Indonesia			3.0%	32	2013	Governance Metric International Women on Board Report 2013.
Malaysia			7.8% 7.6%	Largest 100 200 Bursa Malaysia	2011 2010	Korn/Ferry's Asia Pacific Board Diversity Study Central Bank of Asia
Philippines			15.8%	19	2013	Korn/Ferry's Asia Pacific Board Diversity Study
Singapore			6.9%	58	2013	Governance Metric International Women on Board Report 2013
Thailand			9.6%	27	2013	Governance Metric International Women on Board Report 2013

Table IF: Africa

Country	Female Quota on the Boards	Target Year	Female Representation	Sample Of Companies	Period of Study	Study
Egypt			0.0%	7	2013	Governance Metric International Women on Board Report 2013.
Morocco			0%	2	2013	Governance Metric International Women on Board Report 2013
South Africa			2.9%	63	2013	Governance Metric International Women on Board Report 2013

From the above Table – I it is observed that 44 countries has been selected globally by the Governance Metric International for the year 2013 and the percentage of Female representation has been discussed in its Women on Boards Report 2013.

It is observed that Five countries New Zealand (0.0%), Japan (0.0%), South Korea (0.0%), Egypt(0.0%), Morocco(0.0%) has Zero percent (0.0%) of female representation on its company boards. Taiwan has the least female representation of 1.5% on its company boards among all the 44 countries. Italy (74.1%) and Germany (74.1%) has the highest and equal female representation on its company boards among all the 44 countries. In the North American region, The United States of America (USA) has the maximum of 66.8% of Female representation compared to Mexico (5.8%) and Canada(13.1%). In the South American region, Peru has the maximum representation of 6.3% followed by Chile (2.8%), Brazil (5.1%) and Columbia(6.0%). Australia shows the maximum of 69.8% of female representation. In Europe, from the 21 countries selected Portugal (3.7%) shows the minimum female representation on its company boards. Out of 7 countries in Asia, Hong Kong has the maximum female representation of 54.7%. India has 4.7% of the female representation on its company boards. Philippines has the maximum female representation of 15.8% in the South East Asia compared to Indonesia that has the least female representation of 3.0%. South Africa has 2.9% of female representation on its company Boards.

5. Barriers faced by Indian Women to represent on the Corporate Boards:

The poor participation of women in the corporate boards is not only due to the organizational or cultural factors but also due to women themselves Nieva and Gutek (1980). There exists other reasons also they are:

- Recruitment process Unclear at Board Level.
- Conservative attitudes about the role of women.
- Difficulties for companies to identify Suitable candidates.
- Work Life Balance: The greatest burden of many working women in Asia particularly India holding down a job while looking after their families – particularly in cultures in which women are expected to take sole responsibility for family and household duties.
- Cultural Barriers: India is a country that assigns women a more traditional gender role in society. While tremendous progress has been made in formally including women into the workforce, they still comprise only

48% of the country's total labour force as of 2013. Complex cultural and social factors must play into this drastic gap. Without attempting to oversimplify the reasons behind this, it is likely that Indian women feel bogged down by these societal obligations.

- Male Dominance: Male board members dominate the decision process of the board and give less weightage to the opinions and ideas of women members.
- Stereotypes: Izraeli(1999) Women has to work hard to produce greater evidence of their competence than men to prove that they belong in the boardroom.

6. Ways to encourage women directorship and increase the boardroom diversity.

In addition to supporting the initiatives underway, business leaders and community influencers should consider few ideas to engage companies and encourage an increase in boardroom diversity.

Encourage leadership influence

- Use the influence of industry associations to encourage more women to seek out positions on boards and connect them to board programs.
- Encourage activist board members who are willing to find and support exceptional candidates for board seats (both gender and racially diverse).
- Make use of our most connected industry groups as a sort of "clearinghouse" where board openings and the names of women who are qualified to serve on a corporate board can be exchanged.

Ask the media to do more

- Encourage media to give more coverage to the contributions of women on boards and the best practices of companies with diverse boards.
- Give more attention to the data and research our academic institutions and think tanks are publishing.

Build knowledge

- Hold panel discussions and keynote talks with influencers and leaders in the region through groups.

Conclusion:

Women directors' should serve as role models to many Indian women who aspire to hold leadership positions. Women directors could also form a pool of effective mentors for other women executives in the corporation. Companies should realize that having an optimum mix of workforce is a good economic proposition that benefits the company in diversifying the ideas and lead to overall performance of the company.

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