Women on Boards: A New Corporate Leadership Scene

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Abstract: The Indian Society has always been male dominated from its very beginning. Women were always seen as lower to men. But now the time has changed. Various laws are formed for providing security and special status to women in our Society. In the same line, The New Companies Act 2013 is a milestone in the history of Indian corporate. Women have also entered the board of rooms of many companies. This new company bill is a welcome move towards the women empowerment. This bill is providing a provision for employing women director with mandatory disclosure. This article focuses on the issues of new scene in corporate board rooms; as a call for women in Directorship.

Keywords: Corporate boards, Gender equity, Women directors, SEBI.

I. Introduction

"Empowered Women who reach tough or unconventional positions, Make CHOICES not sacrifices".

–Kiran Bedi

The society in our county is male tending from the very beginning. Women were always seen as lower to men. But now, the time has radically changed the philosophy of society. The role of women worldwide is undergoing a dramatic change. Women at present share the platform with men in almost all fields. Numerous laws are framed for providing security and special status to women. The Central Government is providing special tax exemptions to the women. Some schemes of Central Government are specially designed only for the betterment, protection and empowerment of the women. In the same line, The New Companies Act, 2013 section 149 (1) is a great step providing for the appointment of the women director is an effort for empowerment of the women in India.

The Board of Directors is the important body designated by the shareholders of the company and is accountable for administration of the company. The board shall act in good interest of the company to protect the interest of the various stakeholders of the company. The Companies Act 2013 improved the answerability and liability of the directors by mandating certain disclosures and provision of the Act.

One of the compulsory requirements of the companies Act 2013 is the appointment of the women director on board. As per the research statistics, many of the fortune 500 companies in America; are having women director on their board have attained improved financial performance than those who have less women directors on board. In India, very negligible percentage of women director is present on board. In this way, this new edition in companies' bill will help to improve the status of women in India.

II. Provisions of Companies Act 2013

Under Section 143 (1) of New Company Act, 2013, the following class of companies shall appoint at least one women director:

i. Every Listed Company
ii. Other public company having:
   a. Paid up share capital of ₹ 100 crore or more
   b. Turnover of ₹ 300 crore or more

Provided that any intermittent vacancy of a women director shall be filled up by the board at the earliest but not the later than immediate next board meeting or the three months from the date of such vacancy, whichever is earlier. Woman director must obtain Directors Identification Number (DIN) and shall give a declaration that she is not disqualified to be appointed as a Director. Companies Act 2013 mandate for companies to have three types of Directors; Resident Directors, Independent Director and Women Director.

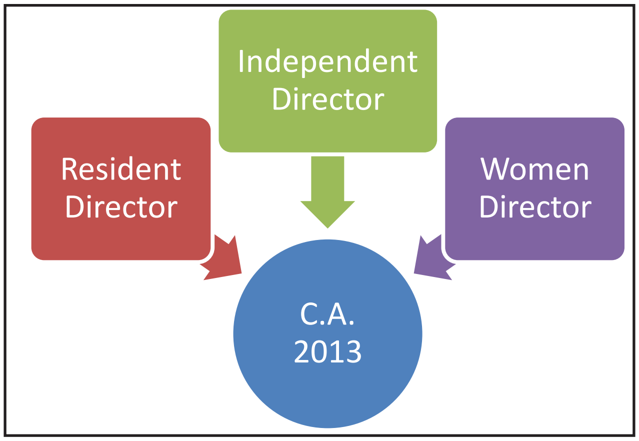

Fig. 1

III. Need or Role of Women on Board

The Securities and Exchange Board of India (SEBI) vide its circular dated 17th April, 2014 made it mandatory for all the listed companies to appoint at least one Woman Director on their Board of Directors by 31st March, 2015 in alignment with the requirement of the Companies Act, 2013, under corporate governance norms.

According to the report in *Harvard Business Review*, the leading Business Magazine, There are several benefits to appointing more women on boards. There are several benefits to appointing more women on boards. Experts believe that companies with women directors deal more effectively with risk. Not only do they better address the concerns of customers, employees, shareholders, and the local community, but also, they tend to focus on long-term priorities. Women directors are likely to be more in tune with women's needs than men, which helps develop successful products and services. Research by Catalyst reveals a not for profit that seeks to expand opportunities for women, shows a strong link between the presence of women on boards and corporate reputations. Female directors serve as role models, and therefore, improve female employees' performance and boost companies' images.

IV. Women Leadership and Performance

There are so many examples of women leadership in each and every area of business and life as well which shows the strong positive relationship between performance and leadership in the sense of goodwill of that organization. Here, we have three cases for the discussion or to support that relationship.

A. Case I: Chanda Kochhar, MD and CEO, ICICI Bank Ltd.

Ms. Chanda Kochhar is the Managing Director and Chief Executive Officer of ICICI Bank Limited. She is widely recognised for her role in shaping the retail banking sector in India and for her leadership of the ICICI Group, as well as her contributions to various forums in India and globally. Ms. Kochhar began her career, with earlier ICICI Limited in 1984 and was eminent to the Board of Directors of ICICI Bank in 2001. She was elevated as Managing Director and CEO of ICICI Bank in 2009 and is responsible for the Bank's diverse operations in India and overseas. She was conferred with the Padma Bhushan in 2011. Under her leadership, ICICI bank has won the "Best Retail Bank Award" continuously for four years. Chanda Kochhar has new vision to explore ICICI Bank's digital strategy by drawing on the power of mobile and social platforms. With the result of it bank is likely to end FY 2016 with ₹80,000 crore worth of transactions from its mobile banking alone.

B. Case II: Indra Nooyi, Chairperson and CEO, PepsiCo

Indra Nooyi is Chairman and Chief Executive Officer of PepsiCo. Mrs. Nooyi was named President and CEO on October 1, 2006 and assumed the role of Chairman on May 2, 2007. She has directed the company's global strategy for more than a decade and led its restructuring. In 2014, she was ranked 13th in the list of Forbes World's 100 most powerful women.

C. Case III: Arundhati Bhattacharya, Chairperson, State Bank of India

Mrs. Arundhati Bhattacharya is an Indian banker and the chairperson of the State Bank of India currently. She is the first woman to be the Chairperson of State Bank of India. She was listed as the 4th most powerful woman in Asia Pacific by 'Fortune'. In 2016, she was listed as the 25th most powerful woman in the world by Forbes. Recently, India has nominated her as the World Bank managing director and chief operating officer's position. She has got extension of a year in her service period of three years. She has planned to merge five associate banks and the Bharatiya Mahila Bank with SBI as it will give the solution for NPA decision to a rational conclusion to a large extent. The merger would make SBI the 45th largest bank in the world with an asset of over ₹37 trillion with over 500 million customers and 22,500 branches and 58,000 ATMs.

V. Global Scene: Percentage of Women as Director

"Some countries with specific targets, quotas, and penalties for not meeting regulations, including Norway, Iceland, Finland, and Sweden, had nearly double the average percentage of women on boards (about 34%) than countries without those measures had (about 18%)"[1] - Association for Psychological Science (2016).

1 APA (2016), Putting Corporate Quotas to Work for Women. 19 July 2016.

We are providing here country wise percentage of women directors as per the companies listed in respective stock exchanges:

Table I

Country	Stock Exchange Index	% Women Directors
Australia	ASX – 200	23.4%
Europe	STOXX – 600	25%
United States	S&P – 500	20%
Japan	TOPIX	2.7%
United Kingdom	FTSE – 100	20%

Source: Catalyst.org (Women on Corporate Board Globally, January 2017)

A survey conducted by Spencer Stuart and Women Corporate Directors Foundation in 2016, discovered the views of more than 4000 directors from 60 countries for diversity in the boardroom. There are two prominent questions, why is not number of women on boards increasing? And why is not quota system supported overall? The findings reveal that there is a common view about lack of qualified female candidate for directorship. In the same line, most of the directors are not in the support of quota system for female. This result has combination of male and some young female directors. The survey highlights gender differences; gender is a most significant factor in board appointment as well. Female directors are more likely recruited by an executive search firm, while male directors are more likely appointed by a major shareholder. Therefore, the percentage of female in board is recently increasing with a very slow rate.

VI. Discussion and Conclusion

Escalating involvement of women on corporate boards encourages intense discussion around the world. *Global Corporate Governance Forum* conducted a series of interviews of different directors belong to diversified areas of business from different countries. All those ten representatives (male directors) of ten countries (India, US, UK, China, Brazil, Sweden, South Africa, Germany, Canada and Malaysia) have their different views regarding the effective women leadership. But the conversation shown their unanimous welcoming note for the women in their boardrooms as it is a good step for the development of business. GCGF has narrated different traits of leadership for discussion;

i. Initiation and Professional working,
ii. High Integrity and Honesty,
iii. Development of Others,
iv. Motivation and Teamwork,
v. Problem solving and Caring attitude and
vi. Strong communication.

In India, there are five main sectors having high rate of women directors involvement in business decisions; Financial services, IT, Healthcare, FMCG, Telecommunication and Media. Overall about 11% companies of total listed companies in stock market have women in their Board (As per the database of National Stock Exchange, till 2015).

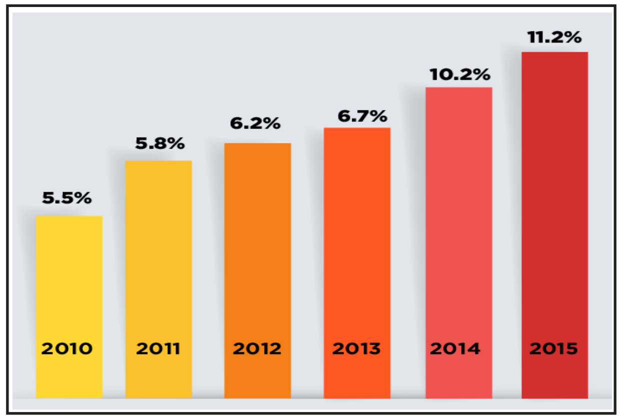

Fig. 2

The Board of Directors is the important body designated by the shareholders of the company and is accountable for administration of the company. Addition of female directors is a good initiative and has a constructive impact on profits of a company and risk management. Women board directors will also expand share of company in market. The increased visibility of women on higher levels plays a significant role as they seem as ideals that help empower women at all levels. But, in Indian scenario there is a long way to go.

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