

## Presence of Women on Board: Reference to BSE-30 Companies from 2010-2014

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### Abstract

The need for gender diversity in the board rooms is getting accepted at corporate levels both national and international. Any change which is brought about voluntarily is more effective and long lasting. Gender representation on corporate boards of directors refers to the proportion of men and women who occupy board member positions. Studies have shown that even though there is no real dearth of talent pool, India, comparatively, has significantly a very low percentage of women representation on boards. No one doubts the importance of diversity in boardrooms, especially in improving corporate governance. With the changing demographics of the global workforce and the fact that women will control 75% of discretionary spending by 2028, globally companies cannot underestimate the importance of improving the gender balance on their boards. Women are increasingly becoming a major driver of the economy, both as contributors and as customers; it is appropriate that they be a part of the team leading companies. Past researches have shown that boards with more women members act as a motivator to other women employees within the organization. Continuing reliance on existing directors is likely to dilute the quality of board members. Broadening the talent pool by including women directors will help boards get skilled and competent members with a diversity of perspectives and leadership styles who can significantly contribute to board performance. The following study was conducted to assess the presence of women on board in BSE 30 listed companies from 2010 to 2014.

**Keywords:** Women on Board, Bse-30 Companies, Dilute the Quality.

### 1. Introduction

Haigreve Khaitan, Managing Partner, Khaitan & Co said, "India is one of the fastest growing economies of the world, and the initiative for higher representation for women in the boardroom and senior management positions in the corporate world is a very significant move. India can become an inspiration for other developing countries if it is able to demonstrate an actual change in the women representation on corporate boards, mandated by the new Companies Act, as well as influence their presence in senior leadership. The Companies Act, 2013, passed by parliament in August 2013, makes it mandatory for public and private firms with an annual turnover of at least three billion rupees (\$50 million) to have at least one female director by Oct. 1, 2014. Women account for less than 4% of top management jobs in BSE 100 companies, according to an ILO study released in

2015. Though women are flooding the workforce in the organized sector and quickly moving up the ladder, the pool of experienced women is rather limited.

The present study aims at analyzing the 5 year annual reports of BSE-30 companies for the presence of female members in the Board of Directors. To demonstrate whether there is a change in the women representation on corporate boards or their presence in senior leadership as mandated by the new Companies Act of 2013. Data have been collected from the Annual Reports of the BSE-30 companies for a period from 2010-2017 from the BSE's website. Companies will need to optimally utilize their human resources and ensuring adequate representation of women across their boards, which will become a significant step in this direction. Along with this, changes also need to be made at the grassroots level so that gender stereotypes are broken down.

### 2. Review of Literature

Amongst the developing economies, where India is the first country with such an Act, China led with an 8% representation of women on boards. Brazil followed close with 6%, and India was at 5% as of 2012. However, these numbers are far lower than the developed countries.

While the current statistics in India are not very promising, one is already seeing a change with the new Companies Act, which provides that every listed company and every public company - with a minimum paid-up share capital of Rs 100cr or an annual turnover of at least Rs 300 cr is required to appoint a woman director.

#### 2.1 International Scenario

The survey conducted among 1300 private sector companies in 39 developing countries, captures the extent to which the companies have policies and measures in place to promote women in management. The percentage of women CEO's in public listed companies is topped by China 5.6%, followed by NZSX 100 New Zealand 5%, US Fortune 500 4.8%, SGX Singapore 4.6%, BSE 100 India 4% and UK 4%. CAC 40 France and DAX 30 Germany have no women as CEOs in their public listed companies.

Women don't fare any better as percentage of board seats held by women in companies are still less. The 2013 Catalyst Inc survey in 44 countries reveals that in just four countries women represent over 20% of board members (Finland, Sweden, Norway and UK). India along with Russia, Kuwait, Oman, Bahrain, UAE fall under the less than 5% category.

Women have different leadership skills and a global research has revealed that companies having more women in governance and on the board are more effective and deliver better results. The report titled 'Women on Boards: a Policy, Process and Implementation Roadmap' by law firm Khaitan & Co in association with Biz Divas, a national network of professional women showed that amongst the 1470 public listed companies, the number of women directors on board were 350, representing only 4% of the total number of Independent directors on Board.

#### 2.2 Studies in India

The New Companies Act 2013, enacted with the objective of bringing in more accountability and robust corporate governance. The New Act requires every listed company and every public company - with a minimum paid up share capital of Rs 100 crore or an annual turnover of at least Rs 300 crore, is required to appoint a woman director.

Through the research done for the report, Khaitan & Co and Biz Divas found that in the global scenario as well, women were under represented at the board level. The largest economies - US, China and Japan - which have no quotas for women in boardrooms, had the lowest growth of women on boards, suggesting that unless pushed, change does not occur. India is the first country amongst the developing nations that has chosen to make representations of women on company boards mandatory. Though women are flooding the workforce in the

organized sector and quickly moving up the ladder, the pool of experienced women is rather limited. There are just about a 100 distinguished women professionals in the country who could make able company directors. Women don't fare any better as percentage of board seats held by women in companies. The 2013 Catalyst Inc survey in 44 countries reveals that in just four countries women represent over 20 per cent of board members (Finland, Sweden, Norway and United Kingdom); in 13 countries between 10 and 20 per cent; and in 14 countries between five and 10 per cent and in 13 countries less than 5 per cent.

India along with Japan, Russia, Kuwait, Oman, Bahrain, UAE among other countries fall under the less than five per cent category. 30 per cent being often considered as the critical mass required for women's voices and views to be taken into account. In March 2014, just 18 women were heads of state, and women were only 22 percent (22.9 per cent) of all elected parliamentarians worldwide in April 2014 (ILO Report 2014). The ILO company survey found that 87 per cent of the boards of respondent companies had a man as president while 13 per cent had a woman as president. One of the reasons why it can be more difficult for women to be selected for top management jobs is the concentration of women in certain types of management functions displaying the "glass walls" phenomenon, which is segregation by gender within management occupations. An analysis of return on equity (ROE) data of top 100 Indian companies (BSE 100) by Randstad, a leading HR services provider, says that companies with women on their boards have a positive impact on ROE.

The benefits that an organization gets with the presence of women on its board are there is a trickle-down effect with respect to gender balance as it puts pressure on boards to bring more women into the organization (Rohini Anand, senior VP & global chief diversity officer, Sodexo). "In a recent internal global research, it was found that in entities that have a gender balance, there was higher engagement as compared to those entities which were not gender balanced. Similarly, brand awareness was much higher in entities with a gender balance and so was client retention.

### 3. Objectives of the Research

- To analyze the presence of women on the corporate boards of BSE listed 30 companies.
- To understand the trend in the inclusion of women on board from 2010 to 2017.
- To compare the financial performance of the selected companies and assess their performance with regards to the presence of women on board.
- To understand the relationship that exists between the number of women on board and its impact on the Return on Net worth of the company.

### 4. Research Methodology

The required data regarding the presence of women on the board of director's list or among the senior management position of the top BSE listed 30 companies were analyzed using the annual reports from 2010 to 2014 from the BSE's website. The return on net worth of the company has been taken from the financial data available for each company from moneycontrol.com.

### 5. Results and Discussion

Table 1: The 5 year data analysis of women on board among the 30 stocks from BSE

<b>BSE 30</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
RELIANCE	0	0	0	0	1
SBIN	0	1	0	1	1
TATASTEEL	0	0	1	1	1
INFY	0	0	0	1	1

LT	0	0	0	0	2
TCS	0	0	1	0	1
ONGC	2	3	1	1	1
TATAMOTORS	0	0	0	1	1
HINDALCO	1	1	1	1	1
BHEL	0	0	0	2	1
ICICIBANK	1	1	1	2	1
SUNPHARMA	0	0	0	0	1
AXISBANK	1	1	1	2	3
BHARTIARTL	2	2	2	3	3
SSLT	0	0	0	0	1
HDFC	1	1	1	1	1
HDFCBANK	1	1	1	1	1
GAIL	0	0	0	1	1
MARUTI	1	1	1	0	1
ITC	0	0	0	0	0
COALINDIA	3	3	3	2	2
WIPRO	1	1	1	1	1
M&M	0	0	0	1	1
DRREDDY	0	0	0	1	1
CIPLA	0	0	0	0	0
HEROMOTOCO	0	0	0	0	0
TATAPOWER	0	0	0	0	1
HINDUNILVR	0	0	0	0	0
BAJAJ-AUTO	0	0	0	0	1
NTPC	0	0	0	0	0
Total	14	16	14	23	27

The table clearly shows the increase in the number of women on corporate boards and those holding senior management positions in BSE 30 companies from 2010 to 2014. There are companies which do not have any women on board. 2013 and 2014 have witnessed an increase in the number of women on board as mandated by new Companies Act. It also shows that larger the companies lesser the less likely the head to be a woman. The responsibilities held by boards of director today are very different from what they were a few years ago. The diversity at the corporate board levels help to look at issues and decision making from different perspectives. Though there are discernible benefits to having gender diversity at the corporate board levels, data on women's participation in top management in India is still dismal.

Table 2: The top positions held by Women in BSE-30 during the past 5 years

BSE-30	Position held by Women
RELIANCE	0
SBIN	Chairman

TATASTEEL	chairman/senior management
INFY	risk management/VP
LT	auditors/solicitor
TCS	0/BOD
ONGC	0/Independent Directors
TATAMOTORS	independent
HINDALCO	non executive
BHEL	part time non official director
ICICIBANK	MD and CEO
SUNPHARMA	Director
AXISBANK	BOD
BHARTIARTL	BOD
SSLT	non executive
HDFC	senior management/BOD
HDFCBANK	0/BOD
GAIL	BOD
MARUTI	BOD
ITC	0
COALINDIA	BOD
WIPRO	BOD
M&M	independent
DRREDDY	independent
CIPLA	0
HEROMOTOCO	0
TATAPOWER	BOD
HINDUNILVR	management committee
BAJAJ-AUTO	BOD
NTPC	0

Table 3 :Return on Net worth for the past 5 years

BSE 30	(ROI)	2015	2014	2013	2012	2011
RELIANCE		10.42	10.97	12.55	12.82	13.15
SBIN		10.20	9.20	14.26	13.94	11.34
TATASTEEL		9.25	13.37	12.80	14.77	14.86
INFY		24.44	24.21	25.05	26.83	26.29
LT		12.67	14.57	--	15.98	17.46
TCS		42.40	41.87	39.32	44.24	38.80
TATAMOTORS		-31.93	1.74	1.57	6.33	9.06
HINDALCO		2.48	3.84	5.08	7.10	7.19
BHEL		4.16	10.47	21.72	27.74	29.82

ICICIBANK	13.89	13.40	12.48	10.70	9.35
SUNPHARMA	-6.48	-38.18	6.63	21.54	20.71
AXISBANK	16.46	16.26	15.64	18.59	17.83
BHARTIARTL	16.86	9.89	9.41	11.59	17.49
SSLT	5.65	3.19	0.92	13.00	29.62
HDFC	19.34	19.46	19.52	21.67	20.41
HDFCBANK	16.47	19.50	18.57	17.26	15.47
GAIL	10.43	16.16	16.60	16.89	18.49
MARUTI	15.65	13.26	12.87	10.76	16.50
ITC	31.31	33.51	33.36	32.88	31.36
COALINDIA	79.97	91.26	47.73	41.22	26.35
WIPRO	23.66	25.16	23.31	19.23	22.71
M&M	17.25	22.39	22.88	24.08	26.46
DRREDDY	15.79	20.71	16.25	13.58	14.84
CIPLA	10.65	13.76	17.00	14.90	14.54
HEROMOTOCO	36.47	37.66	42.31	55.43	65.21
TATAPOWER	6.42	7.26	8.35	9.78	8.37
HINDUNILVR	115.87	118.04	142.01	76.62	86.72
BAJAJ-AUTO	26.31	33.75	38.51	49.72	68.01
NTPC	12.60	12.78	15.69	12.58	13.40

From the above table it can be seen that out of the BSE-30, companies like Hindalco, ICICI Bank, Axis Bank, Bharti Airtel, HDFC , HDFC Bank, Coal, Wipro have the presence of women on Board from 2011 onwards. Among these companies ICICI Ban and Coal India has been financially performing better compared to others , as consistent upward trend in the Return on Net worth has been depicted in the financials of the companies. Comparing the financial performance of 2013 and 2014 from the above table it can be seen that out of 30 companies 12 have declined in terms of the RONW when compared to the rest 18 , which has advanced when compared to their previous year figure.

India being one of the fastest growing economies of the world, and as the initiative for higher representation for women in the boardroom and senior management positions in the corporate world is on a very significant move. India can become an inspiration for other developing countries if it is able to demonstrate an actual change in the women representation on corporate boards, mandated by the new Companies Act, as well as influence their presence in senior leadership. The table shows the senior management positions held by women from 2010 till 2014 which ranges from management committee, VP, Non Executive, Independent Directors, Board of Directors to Chairman and MD.

## 6. Conclusion

Women are still under-represented at the board level across the world. Nearly a fifth of the world's 200 largest companies have no women directors. Some key developed countries like France, Italy and Norway have made women on board compulsory for the larger companies, resulting in a strong gender mix of boards. The results are clear, as women representation in boards of BSE-30 companies shot up from 14 in 2010 to 27 in 2014.

There is no dearth of women talent for board positions so organizations need to be forward looking. Retention of

women employees and coaching women on developing networking skills as some of the radical measures required to bring them up the hierarchy.

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