

# Women Career Progression to Corporate Board Rooms – The Indian Scenario

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**ABSTRACT---** *An increasing emphasis on women participation in the workforce and the emergence of women leadership to the highest level of the management is the point of debate and discussion in India. In terms of participation in the workforce, India is still behind 24% as compared to 47% in USA and close to 40% in the other advanced countries in the west. However, when it comes to progression to corporate boardrooms there is a lag elsewhere in the world because the women employees in these countries take a break in their carrier after they reach the middle level management. This is generally attributed to late marriages, pregnancy and the commitment to bring up the child until a minimum period of 3 years. So it becomes difficult for the women to continue their carrier and achieve high levels of leadership with the exception of the notable few. On the other hand in India, the early marriages and awareness of begetting children early gives the women employee no much time to direct themselves in career map. Added to this a gender friendly policy in government, public sector and private sector organizations enable them to fulfill their commitments to their family and pursue their carrier after they reach either late 20's or early 30's. This research article focuses on an analysis of women professional's progression into corporate boardrooms in the top listed companies in Nifty and BSE.*

**Keywords---** Women Professionals, Career progression, Boardrooms, Gender Inclusivity, workforce Participation

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## 1. INTRODUCTION

The growing emphasis on diversity inclusion with special focus on gender inclusivity has gained momentum in Indian corporate companies over the last several years. However the career progression seems to be limited to middle level and senior level management and has not really translated into these women professionals finding a place in the corporate boards in any significant way. While there have been voluntary initiatives in select quarters particularly in IT and Banking sector, there has not been any proactive measures to recognize and accept these professionals at the highest levels of board room inclusion.

The SEBI mandate vide their letter dated 21- August – 2014, directed listed companies in BSE & NSE to have atleast one women director from 01-October-2014 and hinted at possible penalties for non compliance on or before 31<sup>st</sup> – March – 2015. However more than one –third of the top thirty companies in BSE have not complied with this mandate until recently. In the first week of April 2015 SEBI suggested the imposition of a penalty of Rs.50, 000/- for non compliant companies and a final decision on this issue is to be taken shortly.

This paper seeks to analyse the career progression of women professionals to Indian corporate boards and understand the causes for the slow progress of the same. It also seeks to analyse the causes for such non inclusivity in terms of gender and make suggestions for fostering speedy growth to usher in greater level of gender inclusion in Indian corporate boards. It also seeks to understand the limitations that hamper a faster rate of career progression for the women folk and explain the social environmental reasons for the same. Finally it attempts to put forward a set of recommendations which would result in a quantum increase in the number of women professionals making it to the highest levels of corporate decision making bodies.

## 2. RATIONALE FOR THE STUDY

In the context of the current scenario the increasing emphasis on gender inclusivity at the highest levels of corporate hierarchy, is a reality considering the fact that India is still far behind, compare to the best especially the USA and

Europe. While USA accounts for atleast 21% of women professionals occupying board positions either as independent directors or on account of in-house executive promotions, followed by about 19% in Eastern Europe & around 18% in Western Europe, the percentage is dismally low in India at 5.1%.The proactive initiatives seem to come mostly from public and private sector banks as well as from IT & ITES companies. On the other hand it is significantly lower or almost absent in manufacturing, automobiles, telecommunications and many other sectors. A study conducted by indianboards.com, a joint initiative between Prime Database and

National Stock Exchange (NSE), as many as 966 of the 1,456 companies listed on NSE or two-thirds, do not have a woman director on their board currently. with this background it becomes imperative to understand as to why there is a general reluctance to promote women's career progression into corporate board rooms. Moreover it would been useful to see the case and effect relationship between gender inclusivity and in lower and middle level managements and what causes a pipe line leak when it comes to further elevation into corporate board rooms. Such understanding may prove helpful in suggesting measures to overcome the bottlenecks and ensure a faster rate of inclusivity. As in all cases ends may justify the means in this issue as well.

### **3. METHODOLOGY**

The study is exploratory in nature and is based entirely on authenticated and published secondary data. No statistical tools have been used except tables as there has been no primary data collection for this purpose. The entire analysis and the inferences have been drawn out of studies and special reports conducted by indiaboards.com a joint initiative with prime database and NSEinfo.com.

Limitations

1. The study is based purely on secondary data and is hence limited by information available upto the third week of April.
2. No statistical tools, parametric or non parametric, have been used for want of primary data.
3. The study is limited by the currency of data since upto date information is not available for all 1,456 listed companies in terms of no. of women directors as a proportion to total no. of directors.

### **4. OBJECTIVES OF THIS STUDY**

The following are the major objectives of the study.

- 4.1 To understand the current scenario of women career progression into corporate board rooms in India.
- 4.2 To analyse the existing practices in nominating women professionals as directors in companies.
- 4.3 To analyse the causes for the lag in women professionals being elevated to corporate board rooms.
- 4.4 To suggest measures to improve gender inclusivity and career progression of women to the highest level of corporate hierarchy.

### **5. REVIEW OF LITERATURE**

It is essential to have a good grasp of earlier studies in this matter of women career progression & gender inclusivity for a thorough understanding of the issues involved & also analyse the scope for further studies in this area based on identified research gaps. Hence a brief but suitable review of the available literature in this area is undertaken in this section.

Rachel Suff and Dianah Worman in 2015, OBE CIPD Advisers in their study titled Gender Diversity in the boardroom: reach for the top point out that while Almost half (49%) of surveyed organizations monitor the gender profile of their workforce at all levels including senior and board roles. However, over a quarter (28%) does not monitor the gender profile of their workforce at all and a further 6% monitor more junior levels but do not monitor gender diversity in their boardrooms.

Chapter in Women in Leadership and Management: A European Perspective, edited by Dr Duncan McTavish and Dr Karen Miller, Glasgow Caledonian University, Edward Elgar Publishing Ltd, 2006 Opening The Boardroom Doors To Women Directors Val Singh & Susan Vinnicombe

This chapter has highlighted the history of women directors' progress into the top boardrooms of UK companies, identifying some progress in terms of women nonexecutive directors but stagnation in terms of women executive directors over a period of fifteen years. The Rt. Hon. Patricia Hewitt, Secretary of State for Trade and Industry and also Minister for Women in 2004, commented: "If we are serious about creating a modern economy, recognising diversity and utilising the skills of everyone, there is still much more to do."

Nora Bensahel, David Barno, Katherine Kidder, and Kelley Saylor in 2015, published "Battlefields and Boardrooms": Women's Leadership in the Military and the Private Sector. In the coming years and decades, women will have expanding opportunities to serve at the most senior levels of the public and private sectors. The ever-growing numbers of

female university graduates combined with the still underutilized pool of female talent available for the workforce suggest that this century will be one of monumental growth for women's leadership and participation in all domains.

George Desvaux, Sandrine Devillard Hoellinger, Pascal Baumgarten 2007, point out that the area for consideration relates to models of family balance. The traditional social pressures on men to be breadwinners are not so strong in the younger generation, which has greater freedom of choice and a more balanced distribution of roles within the household. Nevertheless some work remains "Women's work" for which women are totally responsible and face all related constraints. For example, motherhood makes mothers vital to the well-being of their babies and, as we have shown, this limits their career choices and prospects. Men enjoy greater freedom. In seeking to create a balance in the work environment, should we not also encourage and enable a different, more equal balance at home?

Birgit G.O. Andrag 2004 Female Executive Career in Corporate South Africa. This paper argues that women enhance diversity in boardrooms; they contribute a different set of competencies to strategic decision-making. In combination with reported increased financial performance when Female Leaders contribute to board decisions, do SA organizations need any more motivation to increase female directors in their boardrooms? This reflective research process furthermore surfaced three questions for future research. Firstly, why do organizations lose their female intellectual capital and where is this talent disappearing to? Secondly, further research questions relate to how women could be assisted in dedicated career planning to create their own desirable existence of which their integrated career paths and working experiences will be part of? Thirdly, Old boy Clubs, who reinforce the existing corporate culture, are scrutinized for the way they exclude certain individuals. How could this inter-reflective socialized environment be redesigned to contribute to organizational meaning?

Gita Patel, FCA June 2013 Gender Differences in Leadership Styles and the Impact within Corporate Boards This section covers recommendations for corporations and senior level management as well as women's affair ministers and policy makers. In order to meet targets on female representation and leadership, (1) Embrace career flexibility, (2) increase men's awareness, (3) become transparent about gender, (4) increase awareness about boardroom dynamics, (5) and create programs for networking, mentoring and sponsoring.

Caroline Followell White Paper 2014, Key challenges to creating gender balance at all levels of the organization The scholarship essays provide significant, and often personal insight, into the challenges women face in securing gender balance at all levels of organizations; from unconscious bias with gender inequality ingrained in culture and organizational processes to the lack of self-confidence and lack of influential role models, mentors or sponsors.

The above review of literature brings out several dimensions to the issue of women career progression to boardrooms. They analyse various causes that hamper women career progression and suggest various remedial measures for overcoming the same. However most of these papers analyse the issues in the west and do not bring out the issue of mandatory norms for diversity inclusion and women professionals making it to the highest levels of decision making. This paper evaluates the current performance (or the lack of it) of Indian companies in terms of gender inclusivity in corporate board rooms also it highlights some features very peculiar to India that also act as impediments to a more desirable and inclusive board rooms in India.

## **6. INDIAN SCENARIO AT A GLANCE**

At the start of the study in March 2014, 11 out of 30 companies that make up the BSE30 did not have even a single women director. Companies such as Reliance industries, TCS, ONGC and L&T share this dubious distinction. The government controlled Navaratna companies are no exception to this rule with BHEL among the defaulters. Multinational companies operating in India such as HUL & Sun Pharma were also guilty of being non-compliant. Significantly 966 companies out of 1,456 listed entities in NSE (forming two thirds of the total number) did not have a single women director at the time of the issue of the mandate. On an aggregate basis, there are a total of 9,009 persons occupying a total of 11,596 directorships in

NSE-listed companies. Of these, only 597 positions are held by women, just 5.1 per cent. This does not favorably compare with global practices particularly developed countries in the west.

SEBI extended the deadline for compliance by 6 months from (1<sup>st</sup> – October - 2014) to (31<sup>st</sup> – March -2015) and categorically stated in mid march that there would be no further extension and hinted that the possibility of a penalty. There were speculations that the penalty may be very stiff with fobes putting it at as high as \$4 million. Even in mid march there were atleast 451 companies out of 1,456 listed ones that did not have even a single women director. In spite of repeated reminders from the business magazines and dailies and warnings and the subsequent scramble, 180 out of the 1,456 companies listed on the National Stock Exchange have not yet appointed a woman director as of April 1, 2015.

It is interesting to note that from SEBI stipulation since February 2014, a total of 829 companies have appointed women. And of the newly-minted women directors, 733 are first-time appointees to the board of a listed company, and a total of 109 are from promoter groups. However it is a minor consolation to note that 43 listed companies already had one or more women directors in their board even prior to the stipulation. The maximum number of women directors in an Indian

company stands at four, and three companies share that distinction: Apollo Hospitals Enterprise Limited., where the four daughters of founder and chairman Dr. Prathap Reddy hold board positions !!, Indraprastha Medical Corp. also part of the Apollo Hospitals group and Monte Carlo Fashions, a fashion house that went public in December.

The above data for compliance or non compliance does not include 20 companies whose paid-up capital is less than \$1.6 million and net worth is less than \$4 million. Another seven in the small enterprises segment are also exempt from this requirement.

## 7. FINDINGS, SUGGESTIONS & CONCLUSION

The general despair among women that it's a man's world and there is really no level playing field when it comes to comparison of performances is amply evident from the foregoing evaluation of available data. The following are some of the findings of the study

- 7.1 Only 2.95% of the listed companies were proactive in promoting gender diversity, even if to limited extent, even before it was mandated for the first time in Feb 2014.
- 7.2 A dismal 0.27% of companies only had four women as directors even if they came from either the promoters close relatives or from their nearest kin
- 7.3 Only two women, Renu Sud Karnad & Ireena Gopal Vittal out of a total of 597 women directors hold multiple directorship positions with 9 & 7 respectively as of today. When reduced to a percentage is stands at a heartbreaking 0.34%.
- 7.4 Out of the total available positions (11,596) 72% are occupied by men with multiple memberships in corporate boards while the women come as an also-ran with just about 5.14%.
- 7.5 As on date 12.36% of the companies which is almost 1/8<sup>th</sup> of the total listed companies have not bothered to appoint even a single women director.

A cursory glance at these percentages are enough to show how the women have not even started the race with men when it comes to reaching the highest levels of corporate authority Like adding insult to injury, the reasons put forward for non compliance among other things, is dearth of available quality. What performance indicators were used to arrive at this conclusion is anybody's guess? The so called initiatives for women empowerment and gender inclusivity probably stops at a 1/3<sup>rd</sup> reservation at the time of entry and only squeamishly followed when it comes to further promotions and higher elevations. It is also conveniently explained that the women have a greater role to play in handling the twin responsibilities of work pressure and household commitments and often or unable to take the stress. It is more like telling a girl that she is not biologically suited to either run a race or take part in any significant sport event without considering all glaring examples of success were ever the opportunities are well utilized.

The following suggestions are made to overcome the current problem of gender non inclusivity at the highest levels of corporate organizational structure.

- Sincere attempt should be made to improve gender inclusivity at the entry level or in the lower and middle level management in all sectors without exceptions. For example while the industry average for IT sector is 22%, Infosys is already on top with more than 34% a the same example can be followed by other companies in the IT sector as well as other sectors.
- Young Indian women should be encouraged to participate in leadership initiatives very early in their career by making atleast two such participations mandatory each year.
- Career breaks caused by marriages and consequent mother hood should be properly planned with sound and suitable career counseling by granting sabbatical or extended maternity leave facilities. While IT and banking companies have a sound policy in these matters other sectors still lack behind in these areas.
- Working from home should become a compelling reality even if for atleast 2 or 3 days in a week to seal their leaking pipeline in women career progression.
- Mentoring women professionals from very early stages of the career may a go a long way in preparing them for future responsibilities and elevation. These mentees of today will become the mentors tomorrow and the culture is likely to spread among a larger number for a better future society.

In the late 90's and the early part of this millennium, there was a lot of clamoring about taking India to the world. This has been done in the last fifteen years and the world seems to grudgingly like what we have taken. It is now time to bring the world to India as we are more likely to become the emerging global accommodators all the positives such as the young population forming a major cohort of the staggering 1.3billion, plenty of talent pool available and a domestically consumption driven and investment driven economy, all point two a robust era of economic growth and sustainability. However when the world comes to India because it is upbeat about the prospects in India, we should have a inclusive workforce as well as inclusive corporate leadership to handle such tremendous economic boom. This is the time to prove

to the world that Indian women can compare and compete with their counter parts from the developed economy with equal vigor and versatility.

The discussion can be aptly summarized in the words of Professor Boris Groysberg, Harvard Business School, thus “There is a big difference between diversity and inclusiveness. Diversity is about counting the numbers. Inclusiveness is about making the numbers count. Whether it is about individuals or companies or countries, the conversation has to shift from talking about whether diversity affects performance to talking about the conditions under which you’d expect diversity to have a positive effect on performance”.

## **8. REFERENCES**

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