

Now Is the Time for Gender Equality in the Boardroom

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Melinda Gates once said that “a woman with a voice is by definition a strong woman. But the search to find that voice can be remarkably difficult.” While considerable progress has been made in recent years on gender inclusivity and diversity in the business world and most countries have in place rules and guidelines for increasing the representation of women in the boardroom, a stark divide still exists at the top of the corporate pyramid. The sixth edition of “Women in the Boardroom,” a study conducted by Deloitte in 2018, revealed that women hold only 16.9% of board seats worldwide. Of the 2,765 MSCI ACWI Index companies, only one in five directors were women in 2019, up a marginal 2.1% from the year before.

There is no dearth of inspirational women who have been a role model for millions of aspiring women entrepreneurs in the world. Women in leadership positions are hardly viewed as an anomaly, and yet the male-dominated boardroom still lacks the diversity that is advocated and expected.

Diversity is so much more than just an organizational goal. Studies have long shown that there are tangible benefits of diversity in an organization. If the organization chooses to look beyond discriminating factors like gender, they will be able to recruit from a larger talent pool. By embracing diversity, they can attract and retain the best talent. And when a diverse, talented group of people work together, there is a better exchange of ideas, viewpoints, market insights, and problem-solving skills. This results in a high level of employee engagement and improved financial performance. A diverse organization not only signals an attractive working environment for talent but also a promising opportunity for investors.

Diversity Affects Performance

Vinita Shrivastava, Chief Human Resources Officer at Syngene International Ltd., says that boards will a greater gender balance “bring a lot of finesse, sophistication, and human touch to the boardroom,” which creates an “objective and unbiased environment.” It also allows for a variety of perspectives, which

can boost both strategy and execution.

Because of Boards' pivotal role in company growth and decision-making on behalf of shareholders, both of which involve considerations of economic, social, and political realities, diversity on the Board is a crucial element in its ability to successfully perform. And the number of qualified women out there means that there is little reason for any Board to not be enhancing diversity – and performing successfully.

According to Arun Balakrishnan, Honorary Chairman Bengaluru at the Institute of Directors, the different perspective that women can offer is an indispensable tool in a male-dominated world. “The key to success is always intelligence and hard work, with an eye on results,” he said. “A woman also often finds herself faced with the need to keep abreast of new paradigms in management and technology to boost her value among peers.”

Empowering Women to Make the Leap

Women tend to have an edge over men when it comes to emotional intelligence, which can be leveraged in managing shareholders and employees more efficiently. Vinita Shrivastava maintains that if women have confidence in themselves, are well-versed in their subject, and have a good balance of IQ, the emotional quotient, the adaptability quotient, and the sociability quotient, then “there is nothing that can stop us.”

“It is very important to be aware of the world around us and also try and network to the best of our ability,” she added. “In order to be a part of the boardroom, one needs to have a holistic view of things around us and be able to articulate that well.”

Vinita Shrivastava advises aspiring women leaders to have a 360-degree view of topics around them in addition to their specialization, network strategically, and make their presence felt. “Move ahead with grit and passion,” she said. “Don't feel challenged at any time because you are a woman but feel empowered that you bring a different set of skills and

perspective to the table. Articulate your views clearly and don't feel intimidated.”

First and foremost, women must believe in themselves and be willing to negotiate for themselves without compromise and build on their successes. Facing the steep uphill climb to the top of the corporate ladder means using all the tools in one's arsenal and not being afraid to tout one's accomplishments.

Beating the Status Quo

According to a Credit Suisse Research Institute report published in 2019, female representation on boards increased just 4.3 percentage points to 15.2% in 2019 since 2014 in India, which is significantly lower than the global average of 20.6% for the same period. India saw a slight improvement in the representation of women in senior management, rising from 6.9% in 2016 to 8.5% in 2019.

A recent study of “Women on Boards 2020” ranked India 12th globally in female representation on company boards. Among the 628 listed companies who took part in the survey, 55% have women as directors of their Boards, which is 14% higher than last year. The increase in the number of female directors over the past year is an encouraging sign that organizations are starting to prioritize gender diversity in the boardroom.

This positive upward trend is in part due to regulations that have been put in place to encourage gender diversity of Boards. In response to the struggles women face in making their mark in the boardroom, the Securities and Exchange Board of India (SEBI) in compliance with the Companies Act 2013, made it compulsory to have at least one woman on the board from October 2014. In addition, SEBI mandated that vacant board seats previously held by women are required to be filled by other women. This regulatory nudge has paved the way toward better gender diversity in the boardroom to 17% year-on-year in March 2020 from just 6% in March 2014.

Arun Balakrishnan says the appreciable increase in gender diversity on Indian Boards reflects the fact that more qualified and competent women are coming up the corporate ladder and their presence goes beyond just a statutory requirement. But a lack of enforcement and Board accountability mean that in practice, the regulations can sometimes be bent or ignored. Smaller and family-run organizations, for example, tend to appoint their female relatives to the Board – women who are often neither qualified nor have participatory powers on the Board and whose presence simply marks compliance with the SEBI rules. Larger organizations, on the other hand, might favor the same handful of known names already serving on Boards elsewhere to fill the slot. This approach overburdens women who are already serving on various boards and discourages a new set of aspiring leaders at the same time.

The reasons that organizations cite for their lack of active diversity are a Catch-22. The most common is reportedly fewer women at the senior management and C-suite level who are

“board ready” – which begs the question of why these organizations are not taking steps to help prepare women for Board positions. Another reason seems to be the patriarchal mindset of organizations that are reluctant to adapt to change and want to stick to their old methods. But organizations have the power to rectify these perceived obstacles by adopting the right mindset and taking the right measures.

Women's presence on Boards needs to reach a certain critical mass for it to have a real impact. The end goal for organizations should not be just getting more female representation on their Boards but ensuring it as a step toward gender parity. To achieve this, the industry as a whole needs to take concrete action. Legislation does play a part, but it is only a part of the equation. Here are a few ways that organizations can move in the right direction for better representation of women on Boards.

Reducing Bias and Casting a Wider Net

Bias poses a huge constraint on diversity, and organizations must aim to reduce bias during the recruitment process and cast a wider net while looking for talent within and outside the company.

“In India, organizations have limited their search to the more experienced women leaders,” said Pranab Barua, Chairman of Loyal Hospitality. “One way of overcoming this is to take some risks and broaden the net covering bright young leaders from the next rung. This will not only bring youth to some of the Boards but will also create a huge future pipeline of women leaders for Board positions.”

Making a Commitment

Gender diversity and representation in the organization must not be just a goal but must become part of the organizational culture. The decision to hire more women at the C-suite level and appoint a certain number of female directors needs to come after taking into view the many benefits rather than looking at it narrowly through the lens of compliance. Once there is a commitment from the top, finding the right candidates becomes much easier. Organizations should develop standard procedures and processes that will enable them to stick to the commitment. Mandatory disclosures about diversity, well-defined diversity criteria, measurable targets, periodic refreshment of the board, investor engagement, and voting are some of the ways through which organizations can convert their gender diversity commitment into a measurable achievement.

Sponsoring and Mentoring

Offering sponsorship and mentorship programs to support, groom, empower, and prepare women for board positions is an important step toward ensuring that there is a pool of qualified candidates for the present as well as the future. The companies can introduce campaigns for their women employees to create awareness on how they can climb the corporate ladders. Regular guidance and mentorship programs dedicated to encouraging women at workplace to take up the senior

positions will generate a good pipeline of boardroom ready women leaders.

Creating Role Models

Creating strong female role models within the organization encourages other women to aspire for leadership positions and establishes a precedent. These women can also become facilitators to guide and support other aspiring women. When a woman holds a position at the C-suite or board level, it often makes it easier to increase the representation over time.

The Mid-Level Management Hitch

A woman's career usually stalls at middle management because of a lack of opportunities and support. To encourage retention and growth of women in the workplace, organizations should provide more flexibility for working parents and facilitate easy transitions for those returning from a career gap. In addition, the organization should provide professional development opportunities, challenging roles, and elevated responsibilities for women at the mid-management level so that they feel empowered and stand out for that next step.

Are You Board Ready?

Organizations have a responsibility to come up with initiatives promoting gender equality at the board level. But women leaders also need to be introspective and analyze situations themselves. They should volunteer and seek guidance from their mentors and ask themselves whether their existing skill set is enough to become a board member. Women leaders should consider undergoing new training to upgrade their talents, which will distinguish them from others in the organization.

Corporations thrive on networks, and women leaders should endeavor to develop their contacts among industry leaders to climb up the corporate ladder. Fortune favors the brave, and

women should be bold about asking more questions to establish their position in senior leadership instead of waiting for organizations to create a conducive ecosystem. For women to enter the boardroom, they must first ask themselves whether they are boardroom ready.

The benefits of a diverse board cannot be realized without an unbiased and liberal organizational culture. Diversity spurs more diversity. Any approach for diversity in the boardroom must be synchronous with broader diversity in the organization. One without the other is simply ineffective. Organizations should reflect the diverse world we live in, and organizational heads should be responsible for executing this vision. They should set the tone at the top and make a case for diversity and gender parity in the organization as a priority. Unless this becomes the norm, women will continue to be underrepresented in the C-suite and boardroom. Now is the time for change.

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Established in 1990, Stanton Chase is one of the leading global executive search firms. They advocate diversity and inclusion at the workplace, is a proud member of the 30% Club and has established itself as a leader in promoting gender-diversity on boards.