

Why don't Boards have Women Directors?



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Mao Zedong may have expected 'Women (to) hold up half the sky,' yet men have come to assume that it's their sex that is primarily burdened with running corporate enterprises. What else can explain why 919 of the 1500 odd listed companies on the National Stock Exchange do not have even one woman on their board? This is after the new companies act expects all companies

to have at least one woman director on their board. SEBI too expects compliance with this clause by October this year.

But first, is this headcount of women directors relevant? Many will argue that the gender equality in hiring at entry level that we see today, when roughly equal number of men and women are hired was not what was witnessed three decades ago – from where today's leaders are being drawn. Well we probably are looking at the wrong data. But even so it is difficult to imagine a very different outcome in future, unless there is a conscious effort to bring about change. Today even as men and women in far more equal numbers step onto the worker treadmill, this proportion continues to change, as people move along the corporate walkway, with more men puffing their way to the retirement line.

Writing in the Harvard Business Review, Jill Flynn, Kathryn Heath, and Mary Davis Holt, recognized experts on women's leadership, have listed four reasons why women stunt their careers unintentionally – women are more modest (- less likely than their male colleagues to take credit for their success), not asking (less likely to raise their hand for a new role), blending in (- conversely consciously don't stand out) and remaining silent. What all this means is that men are more confident, and women remain plagued with self-doubts (- *their words*). There are skills that women bring - intuitiveness and a more collaborative style of leadership, to list just two. This is in sharp contrast with the more aggressive stance of that men display. A mix of the two is clearly more desirable.

A contrasting argument is that women realize the pointlessness of excess travel and 70 hour weeks and actually choose a career below their potential. Or that women do not actually want the top job. For one, women start thinking ahead - taking career decisions based on well in advance of when they want to start a family. This stretches to childbearing and rearing, particularly in the early years, when women take a disproportionate amount of the load. This leads to attrition with women dropping out, to focus on childcare, while men. This also leads to the early choice of careers, often those which are 'domesticated', i.e. in which work can be fitted around family life. This decision translates into doing line jobs – HR or PR, which seldom leads to the corner office. (As an aside this points to the need for companies to become more considerate employers and tweak work practices. This involves offering a flexible work environment, with the emphasis on getting the job done rather than being present in office).

And just why does the above lead to fewer women in the executive suite? Because it implies that fewer women reach the 'threshold of organizational leadership' i.e. the pool from which leaders are drawn. As more women reach this threshold, more will find themselves walking into the corner office.

Finally is this rally for having women on boards mere tokenism or can corporates expect healthier bottom lines? Expectedly the evidence is mixed. While some studies have not found any relationship between having women on boards and financial performance, others have found having them is profitable and have been able to build a strong case in favor of gender diversity on boards.

Although the number of women on the boards of Indian company's remains dismal, it has increased from even a decade ago. While some will gripe that its more 'wives and daughters' who are boards, and less professionals, it is worth bearing in mind that 'promoters' have at long last started to acknowledge that their daughters have the same blood running through their veins as their sons. We should recognize this as tokenism, but I believe we should welcome it as a first step, in a long journey.

Indian boards have long needed to be re-energized. Having women on board may be the impetus we need to make this change.

iiAS is an advisory firm dedicated to providing participants in the Indian financial markets with voting recommendations on shareholder resolutions, independent opinions, research and data on corporate governance issue.

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