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## **Women Representation in Corporate Boards of BSE Listed Companies and Causes of Their Low Workforce Participation in India**

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*(Received 19 April, 2015, Accepted 09 May, 2015)*

*(Published by Research Trend, Website: www.researchtrend.net)*

**ABSTRACT:** Women play a key role in the growth and development of a nation. In India, women represent close to half the total population and human resources of the country. If such a large proportion of the population is not well utilized it can prove to be a big impediment in the progress of the nation. The paper examines the current status of Women representation in Corporate Boards of BSE listed Companies in India. Additionally, it seeks to examine the status of women workforce participation in India and underlying causes for low participation of women in workforce in India. It further builds the linkage between low workforce participation of women and low representation of Women in Boards of BSE listed Companies in India.

### **I. INTRODUCTION**

There are several underlying gender related issues that present issues towards the economic participation of women in India. Several of these long-standing and deep-rooted issues will need to be dealt with in order to improve the overall status of women in India. India's lack of gender balance in economic participation remains amongst the worst in the world. The International Labour Organization (ILO) ranks India 102th out of 131 countries examined for women's workforce participation. In 2010 workforce participation rate was 26.1% for women in rural India and 13.8% for women in urban areas. Corporates are taking several steps to improve the representation of women in their employment. In 2013, the Indian Parliament enacted a new Companies Act, which replaced the original 1956 law. The new law made many changes to corporate governance in India, including a mandate that all listed companies must have at least one woman on their board of directors. Diversity on boards in India is currently low, because many companies do not have any female directors; as of 2010, only 5.3% of directors at Indian companies were women.

### **II. OBJECTIVES OF THE STUDY**

- (i). To study the representation of Women in Boards in BSE listed Companies and analyze the causes of shortage of women talent for participation on Boards in India.
- (ii). To examine the current status of women's workforce participation and evaluate the underlying causes of low female workforce participation in India.

### **III. LITERATURE REVIEW**

There are several studies published in these topics that have been examined. The review of literature on the topic presents several startling facts about the poor representation of women in the Indian workforce. Research by the Catalyst Information Centre highlights the diversity and complexity of India, while presenting underlying social and cultural factors that influence the status of women in Indian society and its linkages to their economic participation. India Overview Report published by the Catalyst Information Centre provides an overview of work, culture, and gender in India. The study touches upon the diversity of the country, the democratic system and representation of women in Indian politics. It also covers the economic growth of India over the last decade and the trends of women workforce participation. It also examines several issues such as gender status, family structure, religions, class diversity and regional differences in India. The study also examines women in the organized workforce and aspects of work-life in India. The Diversity and Inclusion in Asia Country View by Community Business covers a background on the country and legal context and examines key Diversity Issues in India around Gender, Culture, and Generations etc. In issues around gender, the report touches upon the Poor performance of India on gender equality compared to other countries across the world and Indian women at home, in education and in politics. It also goes on to cover participation of women in the workplace in India, rural versus urban women and the under-

representation of women in leadership roles and Women in Directorships in BSE companies. The study also examines gender issues in the workplace such as male-dominated workplaces, lack of corporate support, insufficient support for work-life balance and sexual harassment. Through the Global Gender Gap Report series, the World Economic Forum has been quantifying the magnitude of gender-based disparities and tracking their progress over time. The Global Gender Gap Index, benchmarks national gender gaps on economic, political, education and health criteria, and provides country rankings that allow for effective comparisons across regions and income groups, and over time. The rankings are designed to create greater awareness among a global audience of the challenges posed by gender gaps and the opportunities created by reducing them. The methodology and quantitative analysis behind the rankings are intended to serve as a basis for designing effective measures for reducing gender gaps. By providing a comprehensive framework for benchmarking global gender gaps, the Report reveals those countries that are role models in dividing their resources equitably between women and men, regardless of the overall level of those resources. The Global Gender Gap Index examines the gap between men and women in four fundamental categories (sub indexes): economic participation and opportunity, educational attainment, health and survival and political empowerment. The Booz and Co Empowering the Third Billion- Women and the World of Work in 2012 Research has developed The Third Billion Index as a means of ranking countries in terms of how effectively they are empowering women as economic agents in the marketplace. The index itself is a composite of established data drawn from the World Economic Forum and the Economist Intelligence Unit, while choosing to focus on women's economic and professional empowerment. The Third Billion Index groups the indicators of women's economic standing into two clusters. The first is "inputs," meaning steps that governments and the private sector can take to improve the economic position of women. These inputs include laws and policies regarding minimum schooling, employment policies during and after childbirth, and access to credit. The index also considers "outputs," meaning the observable aspects (social, political, and economic) of women's participation in the national economy. These include the ratio of pay between women and men as well as the proportion of women among technical workers, senior business leaders, and employees. A combination of the input and output factors for a country determines its overall index ranking. The study goes on to classify the results across the 128 countries into clusters with the top cluster countries classified as "on the path to success", the second cluster as "taking the right steps", the third cluster as "forging their own path", the fourth cluster as "average" and the countries in the bottom most cluster as "at the starting gate". In this study, India has been found to rank 115<sup>th</sup> out of 128 countries and classified as "At the Starting Gate". The World Bank Study on Promoting Women's Economic Participation in India by Ejaz Ghani, William Kerr, and Stephen D. O'Connell states that gender disparities in women's economic participation have remained deep and persistent in India and analyzes the spatial determinants of female entrepreneurship in India in the manufacturing and services sectors. It finds that good infrastructure and education predict higher female entry shares. Gender networks also influence women's economic participation, as strong agglomeration economies exist in both manufacturing and services. The Community Business Standard Chartered Bank: Women on Corporate Boards in India 2010 Report studies Corporate Governance and the composition of Boards in India. It reports out information on BSE-100 Companies with Female Directors, details of women Directors in BSE-100 Companies. It additionally goes on to interview some of the female Directors and present general views regarding women on Boards in India. It also studies various obstacles to women on Boards such as juggling career and family, mid-career drop-outs, Inherent biases and lack of visibility in the search process. The Grant Thornton International Business Report 2014- "Women in business: from classroom to boardroom" studies key global statistics of women in education, in the workforce, in Senior Management, across roles and Industries. The study states that numerous empirical studies find education to be the single most important factor contributing to wage differentials around the world. The report also examines quotas across countries to increase the number of women on boards. The study also touches upon schemes offered by companies to support the career paths of working mothers.

#### **IV. RESEARCH METHODOLOGY**

This research is based on secondary data along with the experience and practical exposure of authors. The research is exploratory in nature. The study comprises a qualitative approach to gain better insights and understanding within the problem area. Existing literature on the topic has been reviewed.

#### **V. ANALYSIS AND DISCUSSION**

Before delving into the participation of Women in Boards in India, this study examines several underlying factors that contribute to the low participation of women in the workforce. These factors are important contributors to the availability of suitable women representation at Boards.

##### *A. Gender Ratio*

The gender ratio in India currently stands at 933 females for 1000 males. There has been a prevalent preference for male children in the Indian society. This gender ratio stands amongst the lowest in the world. There have been several measures by the government to curb the practice of female infanticide and social groups have been greatly emphasizing on these issues to create better awareness. However, while there has been some improvement in this regard, there is still a long way to go in covering the gender gap. The World Economic Forum Global Gender Gap

Report 2012 ranks India 134<sup>th</sup> of 135 countries in the Health and Survival Index for Women, with India standing at 134<sup>th</sup> of 135 in female to male sex ratio at birth and 111<sup>th</sup> of 135 in healthy life expectancy. The poor gender ratio is also a representative of underlying preferences and beliefs in society, that manifest itself in the status given to women in society, education to girl children and their economic participation.

#### *B. Education*

There has been progress in the female literacy rate in India over the last decade however the female literacy rate stands at 65.5% in 2011 versus male literacy at 82.14%. The World Economic Forum ranks this at 122 out of 134 countries studied. At primary education levels the female to male ratio stands at 0.96, dropping to 0.70 at tertiary education level. The availability of education to girl children still does not stand at the desired rate in India. In 2010-2011, 25% of girls in India dropped out of primary classes and almost 50% dropped out of secondary classes. The World Economic Forum Global Gender Gap Report 2012 ranks India 121<sup>st</sup> of 135 countries in Educational Attainment. Within this index, India stands 123<sup>rd</sup> of 135 in Literacy Rate, 96<sup>th</sup> of 135 in enrolment in primary education, 123<sup>rd</sup> of 135 in enrolment in secondary education and 110<sup>th</sup> of 135 in enrolment in tertiary education. There is much ground to be covered in changing the attitudes that prevail- 63% of Indians surveyed in a recent study conducted by Pew Research agree that a university education is more important for boys than girls.

#### *C. Status of women in society*

Social interdependence is a key part of Indian culture with interactions following strict protocol in relation to hierarchy, respect and honour. India's largest practiced religious follow a patriarchal system, where men play the leading role in key family decisions. Women are expected to live with their extended families post marriage in the traditional family set-up. A significant portion of house-hold tasks, elder-care and child-care is shouldered by women in Indian households, whether they work outside the home or not. In a study entitled 'Evolving Men-Initial results from the International Men and Gender Equality Survey (2011) more than 80% of Indians agree with the statement "changing diapers, giving kids a bath and feeding kids are the mother's responsibility". The mean marriage age of women is 20, although 28% of women still get married between 15 and 19 years of age. Safety of women within and outside the home has also been a long-standing issue. Women are still subjected to dowry related violence, domestic abuse and violence outside their homes. This has also proven to be a big impediment for economic participation of women outside their homes.

#### *D. Legal framework*

India's Constitution makes provisions for the individual's right to equality and protection against discrimination, including equality before the law, prohibition of discrimination on grounds of religion, race, caste, sex or place of birth and equality of opportunity in matters of public employment, while keeping intact the right of the State for making special provisions for women and children and for the advancement of any socially and educationally backward classes of citizens or for Scheduled Castes and the Scheduled Tribes. India has statutory commissions such as the National Human Rights Commission and the National Commission for Women to monitor and review state actions and make recommendations for better enforcement of human rights and women's rights. The more recent Act on Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act 2013 has introduced various measures to provide women protection against sexual harassment at the workplace and for the prevention and redressal of complaints of sexual harassment and connected matters. Several laws are also in place for prevention of Dowry related violence etc. however enforceability remains an issue. Another big challenge is that gender rights guaranteed by the constitution do not extend over religious personal laws, which often give fewer rights to women.

#### *E. Economic participation*

Various studies have estimated the women labour participation rate in India to be at 29-30%. According to the ILO's Global Employment Trends Report 2013, India's labour participation rate for women stands at 29% in 2009-2010. The ILO ranks India 120<sup>th</sup> out of 131 countries studied for labour force participation rate. As reported in Indiastat- "Workforce Participation Rate by sex and sector in India" (2013), the 2010 workforce participation rate was 26.1% for women in rural India and only 13.8% for women in urban areas. Further, according to the ILO's Global Employment Trends Report 2013, India's labour force participation for women has fallen from over 37% in 2004-2005 to 29% in 2009-2010. Despite economic growth in the country, female labour participation is declining across all age-groups, education levels and in both rural and urban areas. The trend can be partly explained by the fact that increasing numbers of women of working age are enrolling in secondary schools and by rising household incomes, women in wealthier households tend to have lower participation rates, according to Steven Kapsos, ILO economist. The ILO report suggests that women in India tend to be grouped in certain industries and occupations, such as basic agriculture, elementary services and handicraft manufacturing.

Female employment has grown by 9 million only between 1994-2010 but the ILO estimates that it could have increased by almost double that figure if women had equal access to employment in the same industries and occupations as their male counterparts. The World Economic Forum Global Gender Gap Report 2012 ranks India 123<sup>rd</sup> of 135 countries studied.

Owing to India's demographic dividend, Indian workforce is estimated to play a much more important role in the global labour landscape. However, with the current women labour participation rates, India will not be able to make even a fraction of the contribution expected. Due to a whole host of reasons, the drop-out rate of women from the workforce is also very high. In one study, 75% of women who quit their jobs did so for childcare reasons.

The implications of greater workforce participation have been examined across several studies. A 2012 study by Center for Strategic and International Studies suggests that the Asia-Pacific region continues to lose between 42-47 billion dollars a year in GDP due to lack of participation of talented women in the workforce. The status of women as seen through their participation in education, decision-making in households, economic opportunities, access to healthcare etc. has to be strengthened in the country. While there has certainly been an improvement in these aspects over the last few decades, but much ground remains to be covered.

## VI. REPRESENTATION OF WOMEN IN BOARDS

The Companies Act 2013 has introduced the mandatory requirement of Woman director in companies. The categories of companies which need to comply with the requirement of having at least of one woman director are as follows:

(i). Every listed company, within one year from the commencement of second proviso to sub-section (1) of section 149.

(ii) Every other public company that has paid-up share capital of one hundred crore rupees or more, or a turnover of three hundred crore rupees or more within three years from the commencement of second proviso to sub-section (1) of section 149.

Out of the 1,112 directorships on the BSE-100 companies, only 59 directorships are held by women, representing 5.3% of directorships. These directorships are held by 48 different women. 46 companies on the BSE-100 have women on their corporate boards, leaving 54 companies with male-only boards. Just 12 companies have more than one female director as shown in Fig.2.

Stock market regulator the Securities and Exchange Board of India's (SEBI) has also announced a decision to make it mandatory for every listed company to have at least one lady director on its board. As of June 2014, there are 618 listed companies that do not have Women Directors as shown in Fig. 1.

Women Directors			
No. of Women Directors	845	No. of Independent Directors	348
No. of Directorship Positions Held	1,136	No. of Independent Directorship Positions Held	530
No. of Listed Companies without Women Directors: 618. To know more, <a href="#">click here</a> .			

Fig. 1. Women Director (Source: Indianboards.com).

Gender Diversity of Boards of BSE-100 Companies		
Key Gender Diversity Number in 2010	No.	%
Total number of directorships	1,112	
Total female held directorships	59	5.3%
Total number of executive directorships	323	
Female executive directorships	8	2.5%
Total number of non executive directorships	789	
Female non-executive directorships	51	6.5%
Number of women holding BSE-100 directorships	48	
Companies with female executive directors	7	7.0%
Companies with at least one female director	46	46.0%
Companies with multiple female directors	12	12.0%
Companies with no female directors	54	54.0%

Fig. 2. Gender Diversity.

(Source: Cranfield University, Community Business- Standard Chartered Bank: Women on Corporate Boards in India 2010). From an international perspective, interest in the diversity of corporate boards is highly topical and continues to generate much interest. There is also a growing body of academic evidence linking diverse boards to better corporate governance and various other aspects of performance. Of the 18 women Directors interviewed for The Community Business Standard Chartered Bank: Women on Corporate Boards in India 2010 Report, one of the key themes that emerged was that women in India need to juggle their career with their family responsibilities.

Family duties remain, according to all the women interviewed, the number one perceived and actual responsibility of women in India. This means that until the family is taken care of, there is little capacity for working women to commit to leadership roles. The interviewees also pointed out the limited flexibility offered in the workplace by Indian companies and pointed to this as an obstacle to women's career progression once they have children. Interesting this was noted by women from all age groups, most stating that options to work from home or flexible working hours tend to be few and far between. The Directors interviewed also highlighted child-birth and critical stages of children's education to be important reasons for mid-career drop-outs. They also stated that partly because there are fewer women in corporate India to begin with and partly because of the phenomenon of mid-career drop outs, some women said that the reason there are not more women on boards in India is that there are fewer senior women than men in the pipeline to choose from<sup>30</sup>. Some of the women Directors also highlighted inherent biases as a key reason for under-representation of women in Boards.

## VII. LIMITATIONS OF THE STUDY

The study relies on secondary data available on the topic. Additionally, the study examines Directorship positions held by women in listed companies in India and does not cover women representation in top management positions in the country.

## VIII. SCOPE FOR FURTHER RESEARCH

There is significant scope for further research in this field. Some of the potential areas for further research are as below:

- a) Workforce Participation of Women in developing economies
- b) Methods to increase Workforce Participation of Women in India
- c) Steps to be taken by Corporates to enhance women representation in their workforce
- d) Women in Top Management Positions in India
- e) Talent Management Strategies for Women employees in Corporates in India

## IX. CONCLUSION

There are several challenges encountered towards adequate representation of women in Corporate Boards in India. Measures and steps will need to be taken by the government, Non-Government Organizations and citizens themselves to improve the lot of Indian women starting right from addressing social issues impacting the gender ratio, education provided to the girl-child, quality of health-care available to women, various laws for protecting the safety of women and providing them equal opportunities in all fields and ultimately, the participation of women in the organized workforce. Unless the underlying factors are addressed, helping to raise the status of women in the Indian society, women will continue to remain under-represented in the workforce. A mere 30% women workforce participation will not be able to provide the required supply to meet the skills and talent gap in the country, much needed for the desired economic development. While mandatory measures such as those introduced by the Companies Act and SEBI will certainly make a positive impact towards improving the representation of women in Corporate Boards, any lasting solutions will need to be holistic and centred towards improving the overall lot of women in India. Much more effort will need to go into studying the challenges encountered by women in the workforce.

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