



## Gender Diversity In Boardrooms In The Indian Corporate Sector:

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### Abstract

Gender diversity term indicates the equality between both genders in different phases of life. Gender Diversity can be segregated into many aspects like equality in salary, equal treatment, equal representation, equal promotional opportunities, equal training and development opportunities. Gender Diversity in the boardroom is the same concept applied to the corporate sector, especially in the top level management. Gender diversity in the boardroom can be analysed through various lenses like equality in remuneration, equal promotional opportunity, equal representation, equal treatment, and much more. This paper will throw light on the current state of gender diversity in boardrooms in the Indian corporate sector as compared to global numbers, and the reasons and the results of the situation. The data of NIFTY-500 companies has also been used for the study to see the impact of the government and SEBI interference in the low women on board scenario in the Indian corporate sector. The women leadership in different Indian sectors has also been taken into consideration for the study, under which the shift in the women leadership trend from 2017 to 2022 has also been highlighted to better understand the curve of women in boardrooms. Also this paper will enunciate on the ways and means through which this diversity could be improved for the future scenario.

**Keywords:** Gender Diversity, Boardroom, Remuneration, Promotion, Glass Ceiling.

### I. LITERATURE REVIEW:

(Mahakagarwal, 2023) Diversity means being diverse in a balanced manner in terms of

gender, skill, expertise, talent, age, culture, religion, caste, creed, and much more. With the ever changing and developing corporate world, gender diversity has also taken several forms and shapes, and therefore it becomes vital to study its ever-changing form in the Indian corporate sector. Gender balanced boardrooms have become the new requirement and the new positive change in the Indian firms. Also with the Companies Act 2013, along with SEBI LODR regulation the Indian government has also taken the required step to ensure gender diversity being infused in the boardroom<sup>1</sup>.

(Standard, 2023) The amendments made in the companies act resulted in women occupying 18% of boardroom seats in 2022 as compared to only 6% in 2014. But this increase mainly accounts for independent women directors, independent directors are the ones which are not directly linked to the company owners. This yet bubbles up the question that the share of female leaders is increasing in the Indian corporate boardrooms but only for independent directors!<sup>2</sup>

(2022) Gender diversity in boardrooms is not limited till equal representation of females, rather it is a much wider concept which aims at providing holistic development and authority to female leaders also. Apart from these lending an ear and justice to the suppressed and unheard voices also constitutes gender diversity management in boardrooms. Gender diversity can only be ensured in the boardrooms when the foundation for leader females is laid at all the recruitment levels of the organisation. Gender neutral work culture infused with gender diversified recruitment, selection, training and



development processes would result in women in boardrooms<sup>3</sup>.

(Newsdesk, 2023) As per the union ministry of corporate affairs, in the total 3232 listed companies in the Indian corporate sector 4741 women hold good positions in the boardrooms as of financial year 2023. This trend has been increasing since the pandemic year 2020 which had 3941 women directors, increasing to 4054 in the financial year 2021<sup>4</sup>.

**CURRENT STATUS OF WOMEN LEADERSHIP IN THE NIFTY-500 COMPANIES:**

The current status of women in boardrooms of NIFTY-500 companies shows that these companies are working closely with making a more inclusive work culture and infusing diversity in the

boardrooms., beyond following the regulatory requirements set by the government.

1. 17.6% of directorship was held by women in the NIFTY-500 companies in the 2022 financial year.
2. The share of one or more women directors in the NIFTY-500 companies increased to 48.6% in 2022 as compared to 45% in 2021 and 44% in 2020 respectively.
3. 159 of the NIFTY-500 companies had more than 20% women representation in 2022 as compared to 146 and 139 companies in 2021 and 2020 respectively.
4. 22 of the NIFTY-500 companies are chaired by women, 25 women are the CEOs and 62 have executive directorships in these companies.
5. Out of 2960 committees held by these NIFTY-500 companies 442 are lead by women and the rest 2518 are chaired by males.

DATE	TOTAL NO. OF NSE-LISTED COMPANIES BEING CONSIDERED	TOTAL DIRECTORSH IPS	TOTAL WOMEN DIRECTORSHIPS	WOMEN REPRESENTATION (%)
31-3-2015	340	3208	367	11.44
31-3-2020	427	3910	636	16.27
31-3-2021	450	4026	676	16.79
31-3-2022	479	4462	780	17.48
31-3-2023	493	4660	842	18.07
26-10-2023	497	4750	870	18.31

Table 1.1: Rise in women representation in the boardrooms from 2015-oct 2023.

Source: S, V., & Rukhaiyar, A. (n.d.). *Seat at the table: How women have entered corporate boardrooms and carved out a space for themselves*. business today. <https://www.businesstoday.in/interactive/photo-essay/seat-at-the-table-how-women-have-entered-corporate-boardrooms-and-carved-out-a-space-for-themselves-128-08-12-2023>

**WOMEN LEADERS ACROSS DIFFERENT SECTORS IN INDIA:**

In the current scenario with more companies taking a step further to infuse more females in their boardrooms, the following is the sector wise share women leaders have in the Indian economy as in 2022:

S.No.	Sector	Percentage of Women Leadership (approx.)
1	Education	28%
2	Consumer and Retail	33%



3	Healthcare and Hospitals	24%
4	Financial Services	25%
5	Media and Communication	18%
6	Manufacturing	19%

Table 1.2 Sector wise women leadership in Indian Economy 2022

Source: *Unleashing potential: Nurturing women's leadership in India's workforce*. Catenon. (2023, August 2). <https://catenon.in/unleashing-potential-nurturing-womens-leadership-in-indias-workforce-2/>

The shift in the women leadership in various sectors of the economy from the year 2017 to 2022 can also be studied to understand deeper in the aspect of gender diversity and women leadership. The following chart shows the shift:

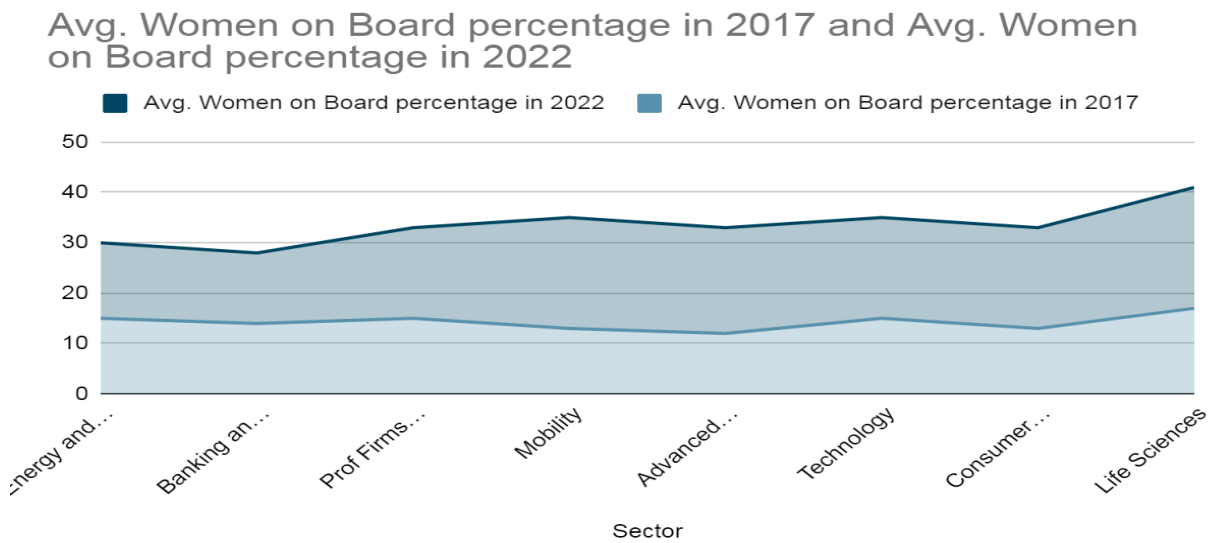


Chart 1.1: Women representation on board in various sector from 2017 to 2022

Source: *Unleashing potential: Nurturing women's leadership in India's workforce*. Catenon. (2023, August 2). <https://catenon.in/unleashing-potential-nurturing-womens-leadership-in-indias-workforce-2/>

It could be seen from the above chart that sectors like energy and utilities and banking and capital markets did not experience much growth when it came to women leadership. But on the other hand sectors like life sciences and consumer products and retail saw humongous growth on the same.



### WOMEN IN THE BOARDROOMS ACROSS THE GLOBE:

The representation of women leaders in the company's boardroom has seen positive trends all over the globe, but still there are many improvements to be made to further enhance the percentage. The highest percentage is 7.3% of

women in boardroom in France followed by Italy with 6.8%; India has only 3.2% women on board which makes it quite low in the worldwide list, and therefore the government along with the companies need to work together in order to make things work out for global good.

Women in the boardroom across the globe

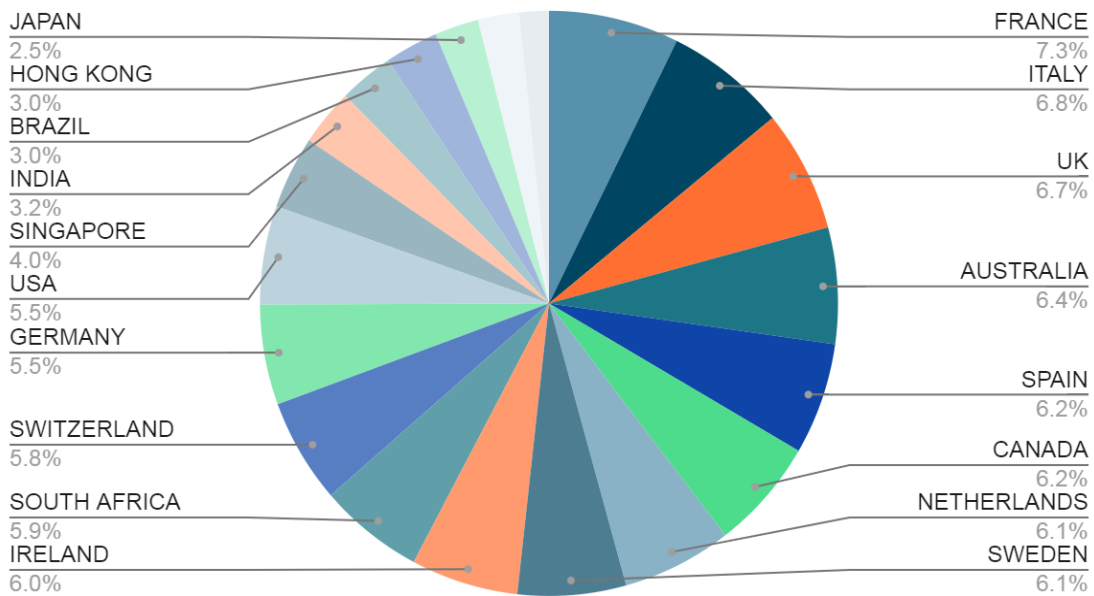


Chart 1.2: Women in Boardroom across the globe (Q1 2023)

Source: Goldberg, R. (2024, January 23). *Global gender diversity 2023*. Altrata.  
<https://altrata.com/reports/global-gender-diversity-2023>

### REASONS FOR LOW PERCENTAGE OF WOMEN LEADERSHIP:

There are several reasons due to which women participation in the Indian boardrooms is an issue for the companies as well as the employees. Some of the major reasons are mentioned herein below<sup>6</sup>

1. **Mentality:** Gender diversity is majorly a subjective issue when it comes to low women representation in the boardrooms. Societal norms, expectations of the family members towards a daughter-in-law or daughter, institutional hurdles, policy gaps in the organisations, biases towards male staff, jealousy for succeeding women, and many more are one of the topmost reasons for low percentage women in the boardrooms. A woman has to bear the load of the household also apart from her career, and therefore women have to cross a comparatively difficult path when it comes to climbing the ladder of career promotion.

2. **Glass Ceiling:** It is quite common in the corporate world that women are made aware about the top position they can achieve, but there are endless and hidden hurdles which makes it almost impossible for them to reach the top. Workplace bias, male dominating environment are some of the hurdles which make up the glass ceiling for these female employees to reach the boardroom.

3. **Boardrooms filled with males already:** When the boardrooms are already filled with male employees there is no one to voice for these women who are on their way to the top. The pre-existing low percentage of women leaders is another reason for the forthcoming low percentage. This aspect boils down to the point that in order to have more women leaders we have to start at some point in order to break this chain of gender issues at the top.

4. **Perception of role:** female employees are usually perceived to be better for admin and



support roles rather than main decision making roles and responsibilities. And this perception is one of the main reasons for these female warriors getting side roles even at the top.

5. Lack of networking and mentoring: Female employees are not provided proper mentoring and networking opportunities during the course of their career which would make them ready for the top positions<sup>5</sup>.

### HOW TO GET MORE WOMEN A SEAT IN THE BOARDROOMS?

It has been seen that diverse boards are better at taking decisions and timely actions when it comes to performing at the global level. Therefore a company must follow some of the below mentioned steps in order to infuse more women in their boardrooms which in turn would have a positive long term impact on the productivity and stake in the global competition:

1. The company should disclose in clear terms its diversity policies and what all measures it has taken and will take in the coming future to improve the same. Also different rules and regulations aligned to the diversity policy should also be mentioned in the disclosure in crystal clear terms so that no confusion or chaos takes place later on.

2. The targets set by the company should be measurable and in a timeframe of 3-5 years. Along with these regular analysis of the progress made by the female board members and other senior directors should also be considered.

3. Refreshment of board should be done at some interval. Long Term director tenure also poses a problem for both male and female employees, and therefore refreshment of board should be a practice followed by the companies, and a proper procedure should be followed to elect the new board members. This would allow fresh talent to prove their capability and unlock new vacancies.

4. A proper nomination committee should be set by the company which would dig deeper about the employees considered for the post of directors and would also search for such hardworking and efficient employees whose name could be nominated. Also, this committee would be responsible for ensuring fair representation of women directors in the company's board.

5. Investor engagement for the board diversity should be a welcoming thought for the companies. In today's competitive world even the investors are interested to know about the diversity

status of the companies and firms they have invested in.

6. Investor voting should also be a procedure followed when it comes to appointing new board members. Unbiased voting system would ensure that females also get an equal chance of being a part of the company's boardroom.

7. Professional development should be done for female employees from all levels and departments of the company so that the board does not choose among only a few females every time for the directorship. This practice will give each female working in the company a chance to run for the boardroom seat<sup>6</sup>.

### II. CONCLUSION:

In a broader sense gender diversity is more of a subjective concept, wherein the outlook of the male counterparts towards female leaders also plays a major role. The mentality of individuals also plays a vital role when it comes to making both genders equal at the workplace, therefore accepting all equally is more important than just formulating policies and regulations for the same.

With India's low global ranking in terms of percentage of women on board, the government had to take strict measures to ensure that at least one woman director is there in every listed company; and because of the same some improvement has been seen in the statistics in past few years.

Companies and the individuals should work together to make the work culture more diverse and infuse such practices which would harbinger gender neutrality and gender diversity management in the organisation. Gender neutral projects, multicultural work environment, diverse teams, equal pay policy are some of the ways through which companies can play their part when it comes to managing and handling gender diversity at all levels of the organisation in an efficient manner.

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