Gender Inclusivity in Global Corporate Boardrooms – is India the Tortoise in the Race

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Abstract:*Corporate boardroom gender balance has been a matter of debate and serious concern calling for corrective measures in recent time. Gender inclusivity and women participation in workforce is used as one of the alternatives to accelerate growth in an economy. While workforce participation seems to have increased significantly, women elevation to boardrooms still leaves a lot to be desired across the globe with the exception of few western European nations. This research study, which is purely exploratory in nature, attempt to highlight board room gender balance or the lack of the same, globally and in India. It uses publicly available information, from reports, publications and research papers as well as published information from the annual reports of companies. The analysis is carried out using tables, chart and percentages. It is expected that the study may bring out a yearning gap between the west and the east and suggest measures to minimize the gender imbalance at the helm of affairs of corporate management*

Keywords:*Corporate Boardrooms, Gender Imbalance, Women Workforce Participation, Inclusive Growth, Gender Inclusivity*

I. INTRODUCTION

Sustainable development inclusive growths are generally viewed as conjoined twins and are always expected to grow together. Inclusive growth may takes several forms such as balanced regional development, inclusive sect oral development, financial inclusion and better income distribution among the population as well as gender inclusivity in the work force. The policies initiatives across the world, for a long time, have been concentrating on most of these areas to achieve sustainability. But the issue gender inclusivity and women participation in the work force was left contest just two long in most of the countries both west and east. It is not only important that serious efforts should be made to ensure significant participation of women in the work force , its also essential to lure them with great opportunities for progression to highest levels of corporate management. It is desirable to achieve inclusivity of women at all levels of management including the corporate boredoms.

Advanced economic in the west had been able to accomplish a significant increase of women's participation in the work force since the commencement of post-world war to boom period. Today the United States of America is on the top of the list with 47% in terms of women's participation in the workforce, followed by an average of 40% in Eastern Europe and 43% in Western Europe. It's is lowered in most of the country in Asia pacific region with a maximum of 34% in Malaysia and 33% in Singapore in India, in spite of efforts to reserve 33% quota for women, north much head wade to improving the rate of participation in the women. IT and IT enable services account for 22% in terms of gender inclusivity while banking and financial services account for around 16% however when it comes to progression to the highest level senior management or boredoms, India is as good as bad as main of the countries, US being no exception. In this back drop, the study focuses on a comparative analysis of women career progression in terms of gender inclusivity in corporate boredoms and in the west and in India.

II. JUSTIFICATION FOR THIS STUDY

Women account for almost 50% OF global population of more than 7 billion but that proportion doesn't translate in to either the work force or in corporate boredoms. Although researcher insist that the invisible women participation and the lower levels boost up the proportion that may not necessarily progress beyond the level, interesting to know that there are studies that indicate lack of progression for women who are professionally qualified and reasonably in good numbers. Hence this study become relevant in so far as it analysis the global and Indian scenario for women career progression to corporate boredoms and tries to understand the factors that influence or act as impediments for greater gender inclusivity at the bored level.

III. OBJECTIVES OF STUD

This study is conducted with following objectives

3.1 To understand global and Indian scenario in terms of gender balance in corporate boredoms

3.2 Analyse the factors that act as impediments to women's progression to boredoms

3.3 To relate gender inclusivity and corporate performance based on available data

3.4 Suggest measure to significantly improve women representation in boredoms

IV. RESEARCH METHODOLGY

This study is explorative in nature and uses publically available information to realize the objectives. Sources of data- secondary data are collected from published reports by regulators' market analyses consultants and researchers who have published in reputed journals and websites.

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V. TOOLS OF ANALYSES

No non parametric rules are used as there is no primary data. Secondary data is analysed using tables, diagrams, graph and percentages.

VI. REVIEW OF LITERATURE:

Anne Sweigart (2012) recommends the adoption and implementation of the Norway model that mandates publicly listed companies to have 40% women representation in their boards. The study observes that board room gender imbalance is not just a problem of Europe but it is worse in even USA, with less than 15% representation in the fortune 1000 companies as against 9.7% in the European Union. The study urges speedy implementation of the quota loss that are already passed in the other European union countries. According to Financial times (2007), gender imbalance in corporate boardrooms is not due to lack of ambition of women because research revealed that both men and women have the same levels of ambition by the time of exiting educational institutions. However women seem to encounter greater challenges and hurdles in progression essentially due to the society in which they live in. However on the other hand a few women themselves believe that there is nothing wrong with society but the women's slowdown in the race after a point of time were compelling family obligations are considered more important than the will to push forward the career ambitions. Mentoring and counselling was recommended as a means to sustain women's focus towards the part of progression. Wendy Hirsh (1991) concluded that the absence of proper gender representation in IV league schools of management as well as other institutions that promote management education could probably be the cause for boardroom gender imbalance. The fact of the matter that a higher representation in the workforce need not necessarily translate into a similar rate in the board rooms because the management and leadership skills required to handle suck responsibility may be making all the difference. Jennifer Tomlinson (2010) observed that the more serious impediment to women career progression essentially allows from their desire to migrate to the part time mode from full time employment as a consequence they found it difficult to handle the burden of longer than contracted working hours, lack of a higher pay and the inability to handle a frustration arising out of such issues. In essence many of them give up the race and keep ambling along just for the sake of some supporting money to sustain a comfortable life style. Accenture report (2016)discovered a paradigm shift in board room composition driven by the compulsion to embark upon management by digitisation. The study observed that out of the 518 companies from the Forbes 2000 in 39 countries, 16% of the directors in the board were women with technology background as compared to a mere 9% men with the same background. The study also established a pattern among companies across 7 countries including US, France and Japan that tended to have a greater female representation in the board rooms with technology know-how. Significantly but not surprisingly the percentage was highest at 51% in IT industry followed by 29% in communications. Banking, financial services and capital markets accounted for 2%. Among countries China, Spain and Canada had more men in their boards with technology backgrounds. The study attributed this phenomenon, the changing approach to management which is now driven by artificial intelligence and Big Data

VII. ANALYSIS AND INTERPRETAION

A top- down approach is used to analyse that available and draw inferences. This approach is takes the form of analysing global data and move on to Asia before analysing the available information for India.

Global scenario:

7.1 Out of more than 3000 global companies it is found that 14.7% seeds to the boredoms are occupied by women in 2015. This increase of 54% since 2010 which suggest that the representation of women in 2010 was less than 7.5%

7.2 Out of 40218 companies covered in MSCI'S STUDY WOMEN HEALTH 15% of bored seeds 2015, because increase of 2.6% from the previous year.

7.3 Of thesecompanies 73.5% add at least one women director 20.1% of the companies had 3 or more women in their boards.

7.4 The deloitte's study of nearly 6000 companies across 49 countries revealed a 12% represent from women in boardrooms 2015, interestingly out of this 6000 companies only 4% bored chair positions were held by women

7.5 A sector wise analysis revealed at consumer staples sector accounted for the highest representation for women in boredoms at 16.3% closely followed financial services at 14.8% materials and manufacturing accounted 11.6%

7.6 Nearly 75% of global companies have at least one women bored director

VIII. EUROPEAN COUNTRIES SHOW THE WAY

There are lot lesson to learn on gender inclusivity from European countries, who read the tables accounting for highest women participation in corporate boredoms Norway with 46.7% France with 34% and Sweden with 33.6% have the highest percentage of women in their boredoms. There are studies to reveal that these countries work with quotas and targets through shore up numbers there also penalty for not meeting the regulations in countries like Norway Iceland, Finland and Sweden. It is interesting to know that while an average this countries account for 34% women representation in boredoms aided by these measures, countries that have not adopted these measures account for a decimal 18%.

IX. UNITED STATES –NOTHING TO BOAST ABOUT

A study conducted by Catalyst on S&P 500 boards revealed thatonly 19.9% of board seeds where represents by women about 14 companies listed in S&P 500 strictly men

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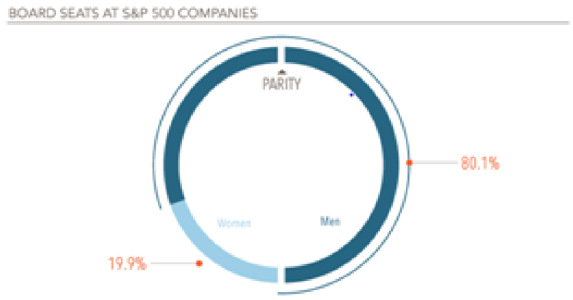
only boards while 123 companies had only one women in the board.



SOURCE: CATALYST REPORT 2016

The diagram says it all. USA has to long way to go convert highest participation in work force in to highest representation in the boards. A 47% general participation that translated in to only 20% at the board level is not every encouraging the companies in US should undertake a serious reality check to find out the causes for the leaking pipeline and take necessary steps to plague the leaks.

X. EASTERN SCENARIO

A study conducted in Australia with AXX200 companies revealed that 23.4% representation for women as on June 2016 as compared 15.1% IN 2009. Significantly 20 of this company's board add no women at all in their board, meaning these boards are men only. However it is gratified to knows that women are bagging 40% of new board appointments' since 2016, which increase of 6% over 2015, 10% over 2014 and 18% over 2013. Canada however is still behind at 21.6% in 2016 though it was almost doubled in comparison to 10.9% in 2001(quit slow but seems to be study)A study on TSX of 677 companies revealed 45% all-male boards

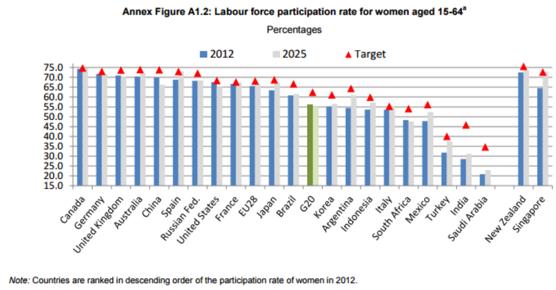
In Asian region Taiwan 4.5% South Korea with 4.1% and Japan with 3.5% where the lowest.

XI. INDIA- THE TORTOISE IN THE RACE

A country with conservative culture that did not encourage women to work has slowly risen out of a deep slumber and its now on the move, though like that of tortoise.

In terms of participation in the work force women account for above 15.6% on average, with IT and banking, banking and financial services at the top of the list. But when it comes to board room representation they are only 11.2% in 2015 as compare to 5.5% in 2010 and 7.3% IN 2013 But it was a dramatic improvement in the year 2015 brought about by a SEBI mandate that directed companies to have at least 1% participation of women in the boards of listed companies on or before 31st march 2015 and threaten to levy at penalty for non compliance. These regulatory requirements brought down that percentage of all-men in boards from 44% in to 2014 to 29% in 2015. A study conducted by Credit Suisse.

The organisation for economic cooperation and development (OECD) has projected the participation of women in work force up to the year 2025 taking the actual from 2012 for the G20 countries. This data is expressed in the form of graphical representation. It is evident from the projections that there is likely to be a significant increase of women participation in the workforce. However if that will translate into their progression to the corporate boardrooms can, at best be only an educated guess. Going by the current trends, the rate of progress for women seems to be quite slow and not well spread out across the globe. While western Europe is in the lead with an average of around 34% women representation in boardrooms (lead by Norway which is 46.7%), there is a big gap down the line with US trying to lead the slow movers.



SOURCE: OECD 2016

It is interesting to note that studies conducted by Credit Suisse has shown that companies with more 3 women representatives in the board have outperformed their peers n terms of key financial indicators. These companies have achieved a higher RETURN ON SALES (ROS), a higher RETURN ON EQUITY (ROE) and better rate of growth in comparison to companies that are either all men boards or one woman only boards. The study attributes this performance to a more rational approach by the women leaders in decision making.

XII.FINDINGS

- There is not only a gender gap in terms of inclusivity in board rooms among global companies but also an almost unbridgeable gap between the east and the west with Japan showing a dismal 3.5% representation and Norway at around 47%.
- Even among the matured economies are the G10 club countries there is a wide gap of almost around 15% (an average of 34% in western Europe and less than 20% in US and Canada)
- It is also evident that there does not seem to be a positive correlation between women participation in workforce and the rate of elevation to corporate boardrooms.USA for example has 47% gender inclusivity in workforce but only 19.6% in boardrooms.
- Similarly among the eastern countries Australia with a gender inclusivity of 39% of workforce accounts for only less that 20% in board rooms.
- Asian countries are almost non starters in the race weighed down by China, Japan and Taiwan that show only less than 5% in terms of gender inclusive boards.

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- India at 11.2% seems to be step ahead thanks, mainly due to the SEBI mandate to listed companies to have at least one women member in the board. This has resulted in the proportion of all men boards dropping from 44% to 29% in a matter just 1 year.
- Interestingly countries with an almost equal ratio of men to women fared poorly when measured by the yardstick of women career progression to boardrooms.
- The borderless expansion of MNC's both Indian and foreign have not made a big difference in bringing about gender inclusive boardrooms.
- In fact MNC's have a lower rate of gender inclusivity in their boards as compared to domestic company in their respective countries (less than 10% as compared to 11.4% in India).

XIII. SUGESSTIONS

The Norway model of enforced regulation with quota stipulation has been adopted by some countries in the west with a great degree of success. The same should be emulated by Asian countries and India.

- The issue of career breaks can be tackled by women friendly policies including a longer period of maternity leave and financial support (at least 40% of pay for extended periods of leave).
- The Indian parliament approved a bill that allows 26 weeks of leave for maternity for the first child and 12 weeks of leave for the 2^{nd} child in both public and private establishments that employee 10 or more women the same may b implemented in countries that have less than 20% gender inclusivity in the boards.
- Budgets for Learning and development, certifications and special management programme for women leaderships should receive priority while allocating resources for training and progression.
- Positive re-enforcement through tax sops can be considered to increase gender inclusivity for example companies that have 33% women representation in the boards can be granted a 5% remission in tax payable and this can progressively increase with every 5% increase in gender inclusivity in boardrooms up to a maximum of 20% rebate.
- Although penalties are considered as regressive it is essential to achieve a minimum 20% representation of women in boardrooms. Hence penalties can be replaced with a surcharge of 5% on tax payable on companies that cannot accomplish 20% board inclusivity.
- Companies that come to the market with an IPO should be granted permission to tap the market only if there is 20% gender inclusivity on the boards as evidenced by their names in the Red Herring prospectus.
- Similarly companies that tap overseas market for funds should be granted permission to do so, only if there is 25% inclusivity of women in their boardrooms. This can also be imposed as a condition on MNC's who seek avoidance of double taxation on their profits from the host countries.
- Just as a tax holiday for industrial undertakings set up in backward area and SEZ's, a five year tax holiday can be considered for companies that have 33% representation in their boards.
- Similarly companies that currently attract the provision of minimum alternate tax can be given a 50% remission in tax if they have 33% inclusivity in their boards.
- Finally, out of every 3 new vacancies in a board, 1 should always be reserved for women and the vacancy caused by a women director should be filled only by another women.

XIV. CONCLUSION

The proverbial journey to thousand miles always begins with a single step. Prolonged hesitation by the dominant male gender to accept and accommodate women at the helm of affairs has to come to an end and a new era of well balanced boards in terms of due representation for women has to begin. Especially in the light of scattered evidence of better financial performance by companies that have better women representation in the boards,it is high time that more companies should follow suit and emulate the example to achieve the twin objectives of profit maximization in the short term and wealth maximization in the long term. The curious question as to how many companies promoted women to the board on the women's day on 8^{th} march, if answered, may be very revealing. The companies that did so, should be glorified by the media and should receive special appreciation and awards for gender inclusivity initiatives.

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