

GOVERNANCE AND WOMEN'S LEADERSHIP*

Prelude

The ancient Indus valley civilization of India reveals that women were highly revered, as there are evidences of worshipping of mother goddess. During the Rig Vedic period, it is believed that the position of women was honoured, particularly in the performance of religious ceremonies.

With the passage of time the role of women in society as well as in the business world has grown prodigiously. Today in all the sectors of the economy their significant contribution can be witnessed. Both at global and domestic levels, a rising participation of women in key business processes is assisting phenomenally in enhancing the economic development of a nation.

The positive impact of rising women association in various business activities have been captured by various research studies which revealed that business organisations had experienced wide spectrum of benefits after espousing gender diversity on boards. Benefits include improved financial performance and shareholder value, greater investor confidence, and enhanced market knowledge and reputation. Studies also point to the positive influence of gender-diverse management and boards on a company's sustainability profile.

Women Leadership - Global Scenario

Gender quotas on corporate boards have emerged as a popular tool for policymakers to promote gender equality in the workplace. The movement began in 2003 when Norway instituted a 40 percent quota for women on its country's corporate boards. Spain, Finland, Iceland, France, Israel, Kenya, Italy, Belgium, Portugal, Germany, and Austria have followed suit with their own quotas. In March 2020, the European Commission announced it would attempt to reach a gender balance of 50 percent within its own management structure by the end of 2024. In 2018, California became the first U.S. state to mandate gender quotas for publicly traded companies incorporated in the state or risk facing heavy fines.

Substantial attention has been paid towards the number of women at board level. This has resulted in positive outcomes. Regulatory frameworks have played a pivotal role in providing steam to gender diversity within companies. The European Union has been the most proactive in this domain, issuing a proposal for a directive on improving the gender balance on corporate boards as early as 2012. Consequently, six EU member-states embraced binding quotas for gender board diversity - Belgium, Italy, Portugal, Germany, Austria and France. Another nine states resorted to soft and non-binding quotas- Denmark, Ireland, Spain, Luxembourg, the Netherlands, Poland, Finland, Slovenia and Sweden.

* Directorate of Academics

Views expressed in the Article may not express the views of the Institute.

India through its Companies Act, 2013 made it mandatory for public companies to have at least one woman director. Malaysia adopted a policy in 2011 for companies with more than 250 employees to have boards that are at least 30% women by 2016. Please refer exhibit 1 for regulatory scenario pertaining to appointment of women directors.

Exhibit 1

Regulatory Framework Scenario regarding Appointment of Women Directors

Country	Type of Quota	Threshold	Compliance Year
Australia	Non-binding	30%	2018
Austria	Binding	30%	2018
Belgium	Binding	33%	2018
Brazil	Binding	30%	2022
California (US)	Binding	2 women (for 5 persons board)	2019
		3 women (for 7 persons board)	2021
Finland	Non-binding	No specific threshold	2008
France	Binding	40%	2017
Germany	Binding	30%	2015
Greece	Binding	25%	2020
Iceland	Binding	40%	2013
India	Binding	1 woman	2013
Ireland	Non-binding	1 woman	2019
Israel	Binding	1 woman	1999
Italy	Binding	33%	2015
Luxemborg	Non-binding	40%	2019
Malaysia	Binding	30%	2016
Netherlands	Non-binding	30%	2015

Norway	Binding	40%	2008
Pakistan	Binding	1 woman	2017
Portugal	Binding	33%	2018
Spain	Non-binding	40%	2013
Slovenia	Non-binding	40%	2015
Sweden	Non-binding	40%	2008
United Kingdom	Non-binding	25%	2015

Source: S&P Global

Women Leadership - Indian Scenario

India has performed better than its Asian counterparts when it comes to diversity in executive and non-executive roles in corporate boardrooms. A research study reveals that women in India occupy five percent executive chairs and 10 percent non-executive chairs, the numbers stand at 2.6 percent and 5 percent respectively in Asia. Around 23 percent large company boards in India average at least three women, up from 10 percent in 2018.

The Egon Zehnder Global Diversity Report 2020 also shown that women currently hold 17 percent board positions in corporate India, an increase of 8.6 percent since 2012. At the same time, women lag behind when it comes to leadership posts in company boards. The report indicates that only 11 percent committee chairs are held by women, while the number stands at 27.3 percent globally. The report analysed data from 1,685 companies across 44 countries with a combined market capitalisation of \$48 trillion, including 48 companies in India. The research included analysing data and board compositions of listed companies, and interactions with female board members in India to understand their experiences and suggest ways forward accordingly.

According to the study titled, "Women On Board 2020' by global recruitment tendering platform MyHiringClub.com and Sarkari-Naukri.info, India ranked 12th worldwide in women member presence on board. This study was done online amongst 7,824 listed companies across 36 countries, including India. In India, 628 listed employers participated in this study and the findings were quite impressive, i.e., among these 628 listed companies, 55 percent have women directors, which was 14% higher than 2019.

At this juncture it is imperative to discuss regarding state of women entrepreneurship in India. In this regard, some of the significant facts are as under:

- ✚ In the Mastercard Index of Women Entrepreneurs 2019, India ranked 52 out of 57.
- ✚ Nearly 14% of the startup founders in India are women, according to Startup India data.
- ✚ A study by Makers India shows the number of women founders increased by 11 times from January 2018 to June 2020.
- ✚ There are 285 startups in India founded / cofounded by women.

- ✚ Startups with only female founders accounted for around 1.43% or \$480 million across 80 deals of the total startup investments in India between January 2018 and June 2020.

Most Funded Indian Startups with Women Founders / Cofounders (2018-2020 YTD)

<i>Company</i>	<i>Founder /Cofounder</i>	<i>Sector</i>	<i>Select Investors</i>	<i>Amount (\$Million)</i>
Byju's Classes	Divya Gokulnath	E-Learning	General Atlantic, Tiger Global, DST Global, Silver Lake, Qatar Investment Authority	1,717
LivSpace	Shagufta Anurag	Online Services- Interior Design	Pidilite Group, UC-RNT Fund, TPG Growth, Bessemer, Goldman Sachs	226
Rivigo	Gazal Kalra	Online Marketplace Trucks	KB Investment, Warburg Pincus, Elevation Capital	102
Zolo	Senha Choudhry	Aggregator-Home Rentals	Mirae Asset Global Investments, Trifecta Capital, Nexus Venture Partners	89
NSPIRA	Sindhura Ponguru	Education – Consulting	Banyan Tree Growth Capital, Morgan Stanley	84

Source: Makers India State of Women in Tech Entrepreneurship, Venture Intelligence

Some of the important women focused networking platforms are as under:

- ✚ CII Indian Women Network
- ✚ FICCI Flo
- ✚ Sheroes
- ✚ TiE Women
- ✚ Women's Leadership Network (WLN)
- ✚ Her Entrepreneurial Network (HEN)
- ✚ Federation of Indian Women Entrepreneurs (FIWE)
- ✚ The Star in Me
- ✚ International Women's Federation of Commerce and Industry (IWFCI)
- ✚ Women Entrepreneurship Platform (WEP)

- ✚ Women Entrepreneurs for Transformation (WEFT)
- ✚ IMC Chamber of Commerce (Ladies Wing)

Women's Leadership- Spotlight of 2021 International Women's Day

This year United Nation's theme for commemoration of International Women's Day was, ***"Women in leadership: Achieving an equal future in a COVID-19 world."*** The theme celebrates the tremendous efforts by women and girls across the globe in shaping a more equal future and recovery from the COVID-19 pandemic.

It was also aligned with the priority theme of the 65th session of the Commission on the Status of Women, ***"Women's full and effective participation and decision-making in public life, as well as the elimination of violence, for achieving gender equality and the empowerment of all women and girls"***, and the flagship Generation Equality campaign, which calls for women's right to decision-making in all areas of life, equal pay, equal sharing of unpaid care and domestic work, an end all forms of violence against women and girls, and health-care services that respond to their needs.

As it is widely known that women stood as front line warriors during Covid-19 in the capacity of health care workers, caregivers, innovators, community organizers and effective national leaders to combat the pandemic, it can be opined without an iota of doubt that women possess tremendous potential of ushering in positive changes in the society as well as organisations.

Women leaders and women's organizations have demonstrated their skills, knowledge and networks to effectively lead in COVID-19 response and recovery efforts. Today there is more acceptance than ever before that women bring different experiences, perspectives and skills to the table, and make irreplaceable contributions to decisions, policies and laws that work better for all.

Experiences of renowned Women Entrepreneurs – The Stories of Glories

The growth of women leadership has not been a cake walk. Most of the women entrepreneurs in India have witnessed mammoth challenges in setting up their business entities. In this section, experiences of some of the leading women entrepreneurs who by their sheer determination, dedication, perseverance and patience have attained astral heights in their business pursuits.

Kiran Mazumdar Shaw, Chairperson, Biocon

In 1978, when Kiran Mazumdar Shaw established Biocon she was not able to get a job, despite the fact that she was the first qualified woman brew-master. Since she was bereft of financial support or business experience, and with no banks coming forward to provide financial succour due to lack of collateral, it was really a struggle for Kiran Mazumdar Shaw to establish her organisation. But despite all ordeals, with her sheer determination and perseverance she could succeed in bringing in an angel investor who provided her with the requisite funds to scale up her business against an equity stake in the company.

Anju Srivastava, Founder, Wingreens Farms

As a social entrepreneur, the biggest challenge before Wingreens was a lack of revenue for numerous months after commencement of the business. The financial conditions were so fragile that even it was difficult to pay rent and salaries to landless labourers and local youth who were dependent on the company. But by embracing the trajectory of innovation to

make ends meet transformed the serendipity of the company. One of the innovative initiative was to grow herbs in small pockets and generate revenue by selling pot herbs. Exhibits were conducted and selling of pot herbs at home became an instant hit.

It is heartening to note that Wingreens has always surmounted financial challenges through innovative techniques of enhancing revenue.

Geetha Manjunath, Founder, Niramai

One of the significant learnings of Geetha Manjunath was the importance of creating systematic experiments to avail the benefit of the product, especially in healthcare sector, wherein publication of clinical study results in renowned journals is extremely vital for enhanced product adoption.

Coming to funding challenges, it was the identification of appropriate set of investors who will believe in the idea and mission of the company, understanding and articulating how the company's product fills a gap in the market.

Conclusion

As global economy continues to be reshaped by changing technologies, companies keep searching for ways to better integrate innovation into their strategy. No industry is immune to this need. One way to meet this challenge is to focus on gender diversity on corporate boards.

Although evidence on the relationship between gender diversity on boards and financial performance is mixed, studies suggest that gender diversity can play an important role in supporting innovative activity and organizational change. For example, companies with greater gender diversity are associated with higher R&D intensity, obtain more patents, and report higher levels of overall innovation (particularly when there is a critical mass of women directors). This pattern is also reflected in external accolades; companies recognized as innovators have more women directors.

As we are living in the era of globalisation marked by cut-throat competition and high magnitude of professionalism, it is imperative to have balanced corporate boards by accommodating women members' thereby ensuring growth, sustainability and good governance of corporations.

No doubt, women leadership has grown prodigiously but more initiatives needs to be undertaken for fostering women's leadership and to witness it attaining the pinnacle of excellence.

References:

1. <https://www.sociologydiscussion.com/status-of-women/status-of-women-in-india-ancient-medieval-and-modern-sociology/13526>
2. https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/topics/women+on+boards+and+in+business+leadership
3. <https://hbr.org/2021/02/what-happened-when-india-mandated-gender-diversity-on-boards>

4. <https://www.spglobal.com/esg/csa/yearbook/articles/gender-equality-workplace-going-beyond-women-on-the-board>
5. <https://www.forbesindia.com/blog/missrepresent-women-gender-sexuality/women-hold-17-of-board-positions-in-corporate-india-but-only-11-leadership-roles/>
6. <https://economictimes.indiatimes.com/news/economy/indicators/india-ranked-12th-in-women-member-presence-on-companies-board-globally/articleshow/74538186.cms?from=mdr>
7. <https://sloanreview.mit.edu/article/gender-diversity-at-the-board-level-can-mean-innovation-success/>
8. <https://www.unwomen.org/en/news/stories/2020/11/announcer-international-womens-day-2021>
9. <https://www.unwomen.org/en/news/stories/2020/11/announcer-international-womens-day-2021>
10. “It is a Capital Call for Businesswomen”, The Economic Times.
