

CHAPTER 5 SUMMARY OF FINDINGS OF STUDY

Women directors on boards

From the research study it is revealed that majority of the companies (50%) have only one-woman director on their boards throughout 5-year period (2018-19 to 2022-23). While the percentage of companies with 2 women directors increased from 25.5% in 2018-19 to 29.1% in the year 2022-23. The companies with 3 or more women directors increased significantly from 5.5% in 2018-19 to 14.5% in the year 2022-23, indicating towards slow shift towards gender diverse boards in Indian companies. Majority of the companies (71%) appointed women directors in independent position rather than as Executive or non-executive directors' position.

Age Distribution of Directors

The age statistics reveals that the mean age of men directors is 60.44 years, and mean age of women directors is 54.97 years suggesting women directors on average are generally younger than men directors. The minimum age of men directors is 23, while the minimum for women directors is 32, indicating that men directors tend to enter board positions at a younger age compared to their women counterparts. The maximum age of men directors is 89 and women directors is 82 indicating that men directors also tend to remain on boards longer than women directors.

Total Experience of Directors

Men directors (60.98%) outperform women directors (39.53%) when it comes to having experience of more than 30 years This indicates that men directors tend to stay longer on board compared to women directors. Mann-Whitney U test results indicate a statistically significant difference in professional experience between man and women directors.

The mean rank of men directors (230.39) is higher than the mean ranks of women directors (160.62) indicating that on an average men directors have more experience than women directors. Also, the value of p (0.000) is less than 0.05, confirms that there is statistically significant difference in experience of men directors and women directors.

Education Qualification of Directors

The Mann-Whitney U Test reveals the mean rank of women directors (238.94) is higher than the mean rank of men directors (210.92) indicating women directors have higher level of education compared to men directors. However, the p-value (0.051) is above the significance

level of 0.05, it indicates that there is statistically no significant difference in educational qualifications between men and women directors. It indicates that there is no dearth of highly educated women for the post of director on the board.

Board Meeting Attendance of Directors

The board meetings attendance data reveals that men executive directors have a higher average attendance (95.28%) compared to women executive directors (90%). Women non-executive directors (91.01%) have slightly higher attendance percentage than men directors on boards (90.19%), and independent directors again women directors reflect slightly higher attendance (93.19%) percentage than men directors (92.64%). However, overall, the Mann-Whitney U test results suggests that there is no significant difference in board meeting attendance between men and women directors, with a p-value of 0.968. Despite slight differences in mean ranks, the lack of statistical significance suggests that both genders exhibit equal levels of commitment and involvement in board meetings participations.

Multiple Directorships held by the Directors

Overall, while men directors tend to hold more directorships compared to their women counterparts but the differences are statistically not significant enough. The Mann-Whitney U test results shows that the mean rank of men directors is 218.62 slightly higher than the mean ranks of women directors 207.97. However, since the p value (0.463) > 0.05 there is no significant difference in the number of directorships held by men or women directors, indicating that existing women directors are holding multiple directorships in different public listed companies.

Remuneration of Directors

On an average a women executive directors earn two times less than their men counterparts. The gap remains pronounced, indicating persistent gender pay inequality in executive roles. The analysis indicates gradual improvements towards gender pay equity among non-executive and independent directors. There is requirement for continuous efforts to promote pay parity and enhance the representation of women in leadership positions in the organization remains critical.

Nomination & appointment of Women Directors

Nomination & Selection committee plays a major role in identifying with 34.5% companies and nominating women directors with 69.1% of companies. A large majority of respondents with 80% supporting the mandatory quota for women directors on the company boards, which aligns with the regulatory mandate of Companies Act 2013 and SEBI's LODR clause 49. The median year of appointment of women directors was 2014 and the mode year was 2015, thereby suggesting that the majority of the sample companies appointed women directors on the board around this time, majorly driven by the compliance factor of Companies Act 2013 and not because to increase the gender diversity on the boards.

Mandatory quota and Demographic variables

No significant association was found between demographic variables such as industry type, sector (ownership), age of the organization and board size, with the respondents' support for mandatory quotas.

Designation of Women Directors and Board size

There was significant correlation (0.414) with p value $0.002 < 0.05$ between independent women directors and board size, indicating that larger boards tend to have higher representation of independent women directors. While there was no significant relationship between board size and number of executive and non-executive women directors.

Committees of Boards

From the research study it was found that majority of the women directors were part of Nomination & Remuneration Committee, CSR and Audit Committee.

Women Directors and Demographic Variables

Significant association was found between women directors and sector ownership, indicating, PSUs have higher representation of women directors on boards compared to private sector companies. Similarly significant association was found between number of women directors and board size, indicating large boards (8 or more board members) have higher number of women directors on board than smaller boards.

Reasons for Appointment of Women Directors

Legal compliance came out to be the primary reason amongst all for appointing women directors, however there is an increasing acknowledgment of women's innovative ideas and constructive contributions on the boards. Financial acumen of women directors was the least influential factor in appointing women directors compared to other reasons.

Participation of Women Directors

Respondents strongly agreed that women directors equally participate in all the important board discussions with mean value ($\bar{x}=4.53$), they also agreed that women directors got proper opportunities to deliberate on the agenda items ($\bar{x}=4.49$) and respondents also felt that all the directors including women directors came well prepared for board meetings ($\bar{x}=4.45$), indicating women directors are active participants in all the board discussions of the company.

Women Directors' Qualification and Representation on Boards

Respondents strongly agreed that women directors are equally qualified as their men counterparts ($\bar{x}=4.44$) and that gender diversity on boards leads to better corporate governance practices ($\bar{x}=4.27$). However, when it came to increasing women directors through quota system there was neutral approach ($\bar{x}=3.38$) or whether cultural obstacles lead to less representation of women on boards ($\bar{x}=3.42$).

Mentorship and Appointment of Women Directors

The perception of having woman CEO or chairperson making difference in appointment of women directors on boards had a neutral response ($\bar{x}=3.67$), showing that respondents do not strongly believe that gender of leadership in the companies plays significant role in appointment of women directors. Similarly, companies providing mentorship programs to women at middle management level to prepare them for future directorship roles was perceived to be neutral with mean value ($\bar{x}=3.60$), indicating room for improvement for the companies and increasing the mentorship programs.

Perceived Challenges of Women Directors on Boards

Respondents showed disagreement regarding about women directors easily agreeing with the decisions made by other directors ($\bar{x}=2.64$), and appointment of women directors is dominated by men board members ($\bar{x}=2.60$). There was stronger disagreement that women directors' voices were not heard during the board meetings ($\bar{x}=2.13$) indicating that women directors get

enough opportunities to give their opinions in discussions during the board meetings and does not get influenced by other board members.

With Friedman test significant difference was found in the mean value of various statements about the perception of women directors ($\chi^2=284.882$, $p=0.000$). Post-hoc analysis using Wilcoxon-Signed rank test identified that respondents majorly agreed that gender diversity on board leads to good corporate governance.

Women Directors and Areas of Contribution

Friedman test. $\chi^2=56.681$ and the p value is 0.000 at 5% significance level. Since $p < 0.05$, indicating significant difference in the perceived contribution of women directors across different areas of decision-making. The respondents perceive that the women directors contribute more in the areas of Corporate Governance, CSR, and Board Related Matters, contributions in the areas of HR, Policy and finance are moderate, while contributions in Marketing, Operations, and Risk Management are perceived as lower.

Independent Women Directors and their Roles

The Friedman test. $\chi^2=26.727$ and the p value is $0.000 < 0.005$ indicated significant difference between mean value of perception about different roles of independent women directors in the organization. From post-hoc test using Wilcoxon Signed rank test it was clear that respondents perceive independent women directors' role in improving corporate governance of the company more positively than their roles like monitoring behaviour of management or controlling shareholders, their role as a strategic advisor to boards and their role as doing vigilance on behalf of minority shareholders of the company. Vigilance for minority shareholders tends to be ranked lower compared to other roles.

Characteristics of Women Directors

The research study revealed that the respondents viewed women directors as highly ethical ($\bar{x}=8.64$), attentive ($\bar{x}=8.36$) and independent ($\bar{x}=8.36$) with these characteristics of women directors scoring the highest means. While traits like Sports enthusiastic ($\bar{x}=5.55$), aggressive ($\bar{x}=5.27$) and dominating ($\bar{x}=4.64$) are lowest rated characteristics, indicating these characteristics are less found in women directors. With Spearman's Rank correlation test, strong relationship was found between characteristics like professionalism, subject matter expert and attentiveness, indicating women perceived as subject matter expert also tend to be viewed as more professional and attentive. Dominating and aggressive traits did not have

positive correlation with other traits indicating that these traits are not associated with leadership roles among women directors.

Women Directors and Financial Performance

Mann-Whitney U test was conducted to find out significant differences in financial performance ROA, ROCE and ROE of companies with less than 2 women directors and companies with 2 or more women directors on board. The p-values for all the three financial metrics ROA (0.264), ROCE (0.973) and ROE (0.471) were greater than 0.05 indicating that there is no significant difference in ROA, ROCE and ROE between firms with less than 2 women directors and firms with 2 or more women directors on boards which aligns with other research studies, where women directors did not have any significant impact on the financial performance of the companies. These findings were in line with the findings of Kumar & et.al (2020) and Rawat & Sharma (2019). However, it is against the findings of Rovers (2011) and Bushra & Mishra (2016).