

CHAPTER 2 LITERATURE REVIEW

Women on board of companies has been a topic of discussion from the beginning of the 21st century. The challenges, opportunities for women to reach to the position of directorship has been tremendous vis-à-vis strength and weakness to have them on board. These aspects have been discussed by many researchers mostly by considering secondary data sources. Moreover, problems and issues that come in the way of any woman to reach to the position of a director is as indigenous as it seeks solutions. In such a backdrop the following review of literature explores the topic of this study i.e. Women at Board in Indian Companies Post Companies Act, 2013: A Study of Various Dimensions.

Leadership Position of Women in Company Boards

Researchers are trying to bring more focus on leadership positions of women these days. But still there is stereotyping when it comes to women's role at workplace especially when it comes to leadership roles (Tabassum & Nayak, 2021). The situation is gradually changing now and time has come that Indian CEOs and corporate leaders should take up the task of guiding and mentoring more women to take up future leadership positions.

From corporate governance point of view and strengthening the board participation in different activities, women directors have become an important part to keep pace with changing world (Dang & Sharma, 2015; Sharma & Gupta, 2015). Positive relationship has been found between women CEO in Indian private sector banks and financial performance of their banks (Chandani, Mehta, & Neeraja, 2014). There is positive relationship between women directors on boards and their financial performance (Rovers, 2011; Bushra & Mishra, 2016) making it important to have more and more women directors on boards. Different research studies showed that companies with women director score on average better than companies without women directors (Rovers, 2011; Bart & McQueen, 2013). Performance measures like ROE, ROIC, EBIT and stock price growth relationship between diversity and women director was found to be positive. Substantive increase in participation of women in corporate boards such trends suggest the continued progress of women in assuming prominent position in the corporate governance landscape (Dalton & Dalton, 2010)

Researchers favour that gender diversity indeed has positive impact on the financial performance of Indian companies (Chatterjee & Nag 2023). But they also clearly say that companies should not merely fill the position on boards only to follow the norms but bring

more competent and talented women on boards, otherwise it will not show the real impact on the financial performance of the companies (Watson, 2014; Dave, 2015). Catalyst study (2019) shows Fortune 500 companies with 3 or more women on the board has substantial performance lead over those companies with fewer women members on the board.

S. Chandrashekar and K. Muralidharan in their working paper (2010) focused on The Power of Women in Corporate India: Women directorship on Indian Corporate Boards 1995-2007 Trends. As a part of their research initiative, they tried to understand and interpreted the patterns of cross linkages between directors on boards of 166 Indian Companies between periods of 1995-2007. The purpose of their research study was to provide data-based understanding of the nature and role of women power in the Indian corporate world and not about listing some hypothesis or preconceived theories. The women directorship increased from 1.66% in 1995 to 3.63% in 2007; however, it was still much lower compared to industrially advanced nations.

A study by Tejaswini and Sridevi (2014) showed that women never held more than 3 chairperson positions in any year for the given period. The women directorship showed declining trend in public sector from 52% in 1995 to 27% in 2007, while it was reverse in the case of family-based firms where it increased from 28% in 1995 to 34% in 2007. Among all the companies ICICI and HDFC banks have many women directors on their boards. This research also reviewed a case study about Thermax Chairman- Anu Aga, which clearly depicted how women leader focused on Micro level issues and brought her company out of crisis.

The International Labor Organization (ILO) and Women in Leadership Positions

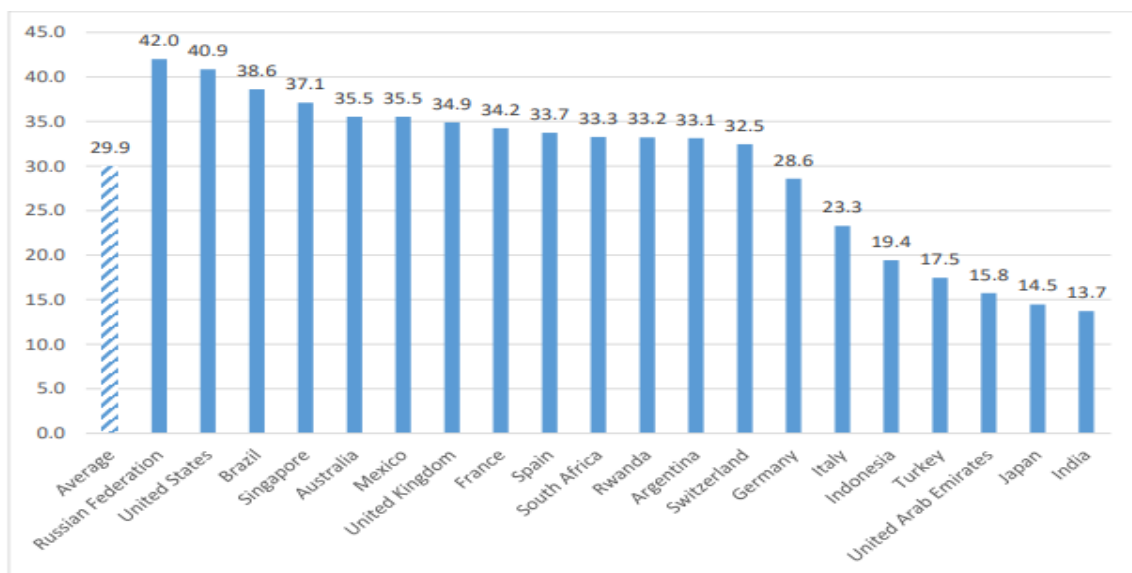
There is increase in research at ILO on women's under-representation at leadership positions. The ILO is committed to promoting gender equality in the world of work. It provides direction towards achieving more reasonable representation of women in leadership positions. ILO report on Women in managerial and leadership positions in the G20 (October, 2020) states that none of countries in G20 attained the target of 50% of women in leadership and middle management positions which is requirement as per indicator 5.5.2 Sustainable Development Goals (SDG). The average of G20 countries came below 30%. The report showed that over past 10 years very less progress has been made in terms of women's equal opportunities at leadership positions and their effective involvement.

Gender Parity on Boards Across the Globe

Terjesen, Sealy & Singh (2009) concluded that including women on corporate board is about improving corporate governance through better use of talent pool's capital. There is continuous pressure from diverse stakeholders to have more women on boards across globe. Gender diversity on corporate boards contributes to more effective corporate governance (Francoeur, Labelle, & Desgagné, 2008) and important firm level outcomes as they further play a direct role as leaders, mentors, and indirect role of an ideal for other women. But still women on corporate boards (WOCB) demographics indicate as corporate citizen, most women do not yet have equitable share in governance of firm (Balasubramanian, 2013). Different countries follow varying policies, ranging from Norway's stringent intervention quotas to the United States' deliberate non-intervention approach. The research studies about women on corporate board is very vital not only from academic point of view but also important from society's point of view for gender equality and effective representation of women at decision making levels in corporate point of view.

Figure 1

Share of Women in Middle and Senior Management Position in G20 Countries as on 2020



Source: ILOSTAT

Women on Board: International Perspective

United Kingdom (U.K.): Commissioned by Government of UK, Lord Davies conducted a review on gender diversity on boards in listed companies and identified the barriers which were

stopping women to reach to top positions. On 24 February 2011, a report was published by Lord Davies on “Women on boards” stated that in 2010 FTSE 100 companies had only 12.5% women on company boards and the rate at which the percentage was increasing very slow. The report brought government attention towards concerns about under-representation of women in the boardroom. He gave recommendation that instead of mandatory quota companies should opt for voluntary quota. FTSE 100 boards aimed for at least 25% of women representation on company boards by 2015, while FTSE 350 companies were required to set a target of women directors, they planned to have on their boards in 2013 and 2015 (Deloitte: 7th Edition, 2022). Such actions would increase gender diversity on board and more talented women could reach to the top position in the companies. As per the report by Deloitte these companies were needed make a disclosure in their annual reports about the percentage of women directors on boards, senior executive positions and women in entire organization as a whole.

Lord Davies the UK Financial Reporting Council (FRC) published two revisions to the UK Corporate Governance Codes. First was that the boards needed to report annually on their boardroom diversity policy, including gender, any such objectives that can measure the implementation of the policy, and progress on achieving the same. These revisions were implemented w.e.f. October 1, 2012. Within 6 months there was improvement in numbers of women on boards from 12.5% to 14.2% and more than double by 2015 i.e. 26.1%.

A policy statement was published by The Financial Conduct Authority (FCA) on diversity and inclusion for company boards and executive management in April 2022 which will be applicable to certain class of listed companies w.e.f. 1 April 2022. Following things were made mandatory to be mentioned in the companies’ annual report:-

- A "comply or explain" statement indicating that whether they have met the specified targets of having at least 40% women on the board (with at least one woman in a senior position) and at least one ethnic minority board member.
- Disclosure regarding the number of members in board positions and executive management team with different ethnic background and gender.

United States (The U.S.): There is no federal law mandating quotas for women directors on corporate boards. However, different states like California, Maryland, New York, Washington and Illinois have taken measures accordingly to increase the women representation on corporate boards. Considering the importance of gender diversity on boards, The U.S. In the

year 2010 Securities and Exchange Commission (SEC) passed a rule which required all the listed companies to disclose whether they were considering diversity during the nomination process of the directors, and how the policy's effectiveness is assessed. Further on August 6, 2021, The SEC approved new listing rules submitted by The Nasdaq Stock Market LLC to advance board diversity through a "comply or disclose" framework and promote clarity of board diversity statistics. All these initiatives taken have boosted the number of women directors on boards. S&P 500 reported growth of women directors on boards from 23% in 2018 to 31% in 2022 & further to 32% in 2023 with 86% companies having 3 or more women directors. Russell 3000 reported the growth from 17% in 2018 to 27% in 2022 to 28% in 2023, with 54% of companies having critical mass (The Conference Board, 2023).

Japan: Though Japan is the 4th largest economy in the world, but still it is behind in race of gender diversity on boards. In Global Gender Gap Index Japan ranked 125th out of 146 countries in the year 2023. Now Japan has started taking measures to improve gender diversity on boards for which the Japanese government had set up a goal of increasing the share of women in leadership positions to 30% by 2020 (Gender Equity Bureau Cabinet Office 2011). The proportion of women board of directors in Japan was 3.4% in 2016, 8.8% in 2020 and 13.6% in 2022; even though this proportion has drastically increased since 2012, when women held only 1.6% of seats on boards of directors, it is still one of the worst among the OECD (Organization for Economic Cooperation and Development) countries (Gender Equity Bureau Cabinet Office 2017; OECD 2017).

Italy: In the year 2011 The Gender Parity Law introduced gender Quota on boards on public companies in Italy. As per this law the publicly listed companies required quotas for three consecutive board renewal terms, with a 20% of quota should be there for the gender which is under represented for the first renewal and thereby 33% in the 2nd and 3rd ones. The law was implemented w.e.f. October 2012. This law was further updated on 14 October 2020 extending the period for six consecutive renewals and 40% quota requirement for underrepresented gender. In the year 2013 the representation of women in the boards of listed companies in Italy was 13.8% which increased to 36.5% in 2019 (Statista Research Department, Jan 27, 2021).

Norway: Norway was the first country in the world to introduce mandatory quota for appointment of women directors on boards. The new regulation mandated all the publicly listed companies to have at least 40% of each gender on their company boards. The new quota

regulation was an amendment to the Companies Act. It required that both genders are represented according to the mandated rules.

Norwegian experience reveals that mandatory quota is essential for success in increasing women representation on boards (Storvik, 2011). Different database was created where women could register themselves and companies could search and appoint best talent from the pool. The mandatory legislation helped in promoting the share women representation on listed company boards from 5% in 2001 to 40% by 2010. Many countries followed the footsteps of Norway and thereby adopted mandatory quota legislation for appointment of women directors on company boards.

Germany: Women were highly under represented on the company boards in Germany. Therefore, the Government was forced to adopt mandatory quota legislation which required top 100 companies to appoint at least 30% of women in non-executive positions starting from early 2016. The law also required 3500 mid-sized companies to their own voluntary targets in September 2015 for women representation on company boards and executive committees sitting below supervisor board level (Financial News,2015). After the implementation of the law the share of women on boards at supervisory level increased from 18.6% in 2014 to 31.3% in 2022, and representation of women in executive boards rose from 4.1% to 17.5%. However, still the representation of women as chairperson on supervisory boards and executive boards both is very low at 7.9% and 5.6% respectively (Kirsch, Anja; Sondergeld, Virginia; Wrohlich & Katharina; 2023) (Kirsch , Sondergeld, Thompson, & Wrohlich, 2023)

Sweden: Sweden is considered to be one of the most gender equal country. Government planned to pass legislation in Swedish Parliament for gender quota on company boards, however, the opposition voted against the proposal and it got rejected (Institutional Shareholder Services, 2017). Though the country has adopted voluntary quota, still the number of women representations on boards is on higher side. As per report by Nordic Spencer Stuart Board Index there were 39% women on boards in 2021 which further increased to 41% as on 2023

Denmark: In the year 2012, Denmark passed the Act on Gender targets with an aim to increase the representation of women in leadership roles and on boards w.e.f. 2013. The Act required Denmark's largest private companies to set targets, create policies to increase women on boards and leadership positions, also report the same. Like other Nordic countries, Denmark has not imposed quota legislation and instead opted for soft law. To improve the gender diversity in

management bodies, the largest companies in Denmark work under the guidelines provided by The Danish Business Authority. From 2011 to 2022 the percentage of women board members on largest public listed companies rose from 16.3% to 40.8% (OECD. stats; 2024)

Finland: The Equality Act 1986 in Finland prevented any kind of gender-based discrimination and promoted gender equality. The equality act was reformed in 2014 (1329/2014) and 2016 (915/2016) extending it to schools and other government departments. The Government of Finland also promotes gender equality on the boards of listed companies, through comply or explain approach. The Finnish Corporate Governance Code 2020 guides the listed companies regarding board composition. The listed companies can decide their targets of increasing women representation on boards and actions in achieving those targets, which will be monitored by the Government (Ministry of Foreign Affairs Finland; 2019). Though this approach has somehow paid off well as the representation of women on boards has increased from 25.9% in 2010 to 36.1% in 2022 (OECD.stat; 2024) it is still behind many other EU countries.

France: After Norway, Spain and Iceland, in 2011 France adopted the quota legislation on boards to increase gender diversity through Cope-Zimmermann Act by mandating at least 40% of both the genders men and women on boards of directors, amounting to at least 40% of women directors in total boards of directors within span of six years and minimum 20% of members be women within three years. All the listed and non-listed companies having revenues or total assets of over 50 million Euros or have employed at least 500 persons for past 3 consecutive years were covered under the Act. The implementation of the Act had shown positive results with threefold increase in percentage of women directors on boards from 12.3% in 2010 to 45.2% in 2022 (OECD stat; 2024)

Spain: In the year 2007 Spain became first country in European Union (EU) to implement a recommended gender quota law that required 40% gender diversity to be achieved by the year 2015. However, the companies did not achieve the target and till 2016 only 20% women directors were there on boards (Patricia & Daniela (2017)). Therefore in 2023, Spain passed bill that required publicly listed companies to achieve the target of at least 40% of women on boards until mid-2024 and companies with more than 250 employees and turnover exceeding €50m will have to comply until 2026 (Kassam, 2023).

Belgium: On 28 July 2011, Belgium introduced law that required its state owned and public listed companies to have at least 1/3rd of women as board members. Any kind of appointments made violating this law are invalid and financial penalties might be applicable on these companies (The Policy on Gender Equality in Belgium, 2015). This has given positive results as the proportion of women directors on boards have increased from 10.5% in 2010 to 39.3% in 2022 (OECD.stat; 2024).

Netherlands: Netherland has adopted the comply or explain approach for companies under its Civil code which requires the limited companies to have at least 30% target representation of each gender on the board (The Policy on Gender diversity in the Netherlands, 2015). Netherlands had 14.9% of women representation on boards which further increased to 41.6% in 2022 (OECD.stat; 2024).

Australia: At present there are no quotas for women directors on boards in Australia, still country has taken various several initiatives which resulted in more than 30% of women directors on boards on ASX 300 listed companies (Women in the Boardroom: A Global Perspective, 2022). The Australian Institute of Company Directors (AICD) has set voluntary target for achieving at-least 30% of each gender representation on the boards of the listed companies in 2015, under which ASX 200 companies needed to reach the target by 2018 and ASX 300 companies were to reach the target by 2021. 30% Club Australia has also set the target of 30% representation of women in top ASX 300 companies in 2015. The ASX Corporate Governance Council recommended that disclosure should be made by all the listed companies with regards to gender diversity in their companies and they should set voluntary but measurable objectives for achieving at least 30% representation of each gender on their boards.

AICD quarterly tracks the achievement on quarterly basis and significant improvements were achieved without any mandatory quotas as by 31st Oct 2021 women directors were 33.9% on ASX 200 boards and 32.3% in ASX 300 boards. In March 2019, a revised policy on gender diversity on board was published by The Australian Council of Superannuation Investors which stated that if any of ASX 300 companies had only one or no women director then the pension funds will vote against those companies' nominating committee chairs. The AICD revised the target from 30% to 40% representation of both men and women ratio on boards and considered 40:40:20 as good practice model. Women on Boards Australia, the group closely works towards enhancing the share of women on top management and boards levels. Chief Executive

Women (CEW) is a not-for-profit organization provides scholarships to create a strong path for further CEOs, create opportunities for women in leadership positions and annually publishes the a report to track the ratio of women executives in ASX 300.

Canada: The report by Catalyst Census 2013: Financial Post 500 Women Board Directors, women on boards were just 15.9% among Canada's 500 largest companies. There is no mandatory quota system to increase number of women directors on boards. Canada has adopted comply or explain approach. The 50- 30 Challenge, 2020 was announced by the Canadian federal government, focusing on 50% gender parity on Canadian boards and senior management roles, as well as 30% quota of other underrepresented groups. National Instrument 58-101 (NI 58-101), Disclosure of Corporate Governance Practices, required companies to be more transparent about their gender diversity policies w.e.f. 2015.

- Term of Director
- Percentage of women representation at board and executive levels
- Policies that identify and nominates women to boards
- Representation of women in nomination and selection committee
- Targets for women's representation in boards and in executive and nonexecutive roles.

Austria: The Austrian government was committed to raise the representation of women directors on supervisory boards of companies where the federal government had a stake of 50% or more. This target was further updated to 35% by 31 December 2018 and implementation of the target then extended to the end of 2019. On 3 June 2020 the target as further raised to 40%. In the year 2021, 50.5% average federal quota was there for women in state and other state associated companies. However, in the private companies the representation of women top corporate positions like CEO/Chairperson is still very low.

The Act on Equality between Women and Men in Supervisory Boards (2017) was introduced to increase the percentage of women in board. As per this act, w.e.f. 1st January 2018, there must be at least 30% of both the genders i.e. male and female directors on supervisory boards of all the public listed companies, while the companies having more than 1000 employees have at least 20% women or men been employed in the company and supervisory boards has at least six members (Gender Equality in Austria :Milestones, successes and challenges, 2022).

Hongkong: All the IPO applicants are banned from having single gender boards w.e.f. 1 January 2022 and all existing listed companies with single-gender boards need to appoint directors of different genders until 31 December 2024. Apart from Quotas, all the listed companies must report on gender diversity in the workforce, set targets and timelines for achieving board gender diversity (Weaver & Wong, 2023).

Switzerland: In 2021, (Article 734f, Swiss Federal Act) the Amendment of the Swiss Civil Code, new law was enforced stating that women must represent at least 30% of board of directors and 20% of the executive board of companies subject to regular audits (Houdrouge & Kruglak, 2023).

South Africa: There is no legislation stating requirement of gender parity on board in South Africa. However, there are other initiatives like diversity with regards to gender, age, culture, race, skills, experience and knowledge is emphasized in “King IV Report on Corporate Governance for South Africa, 2016”. It is not mandatory for the all the companies to comply with King IV, but it is used to motivate the companies to increase the representation of women in company boards. The Johannesburg Stock Exchange introduced a specific requirement whereby all the listed companies were required to make the disclosure regarding the targets for gender and ethnicity representation at the board level and what was the progress made against each target. (Women in the boardroom a Global perspective: 7th Edition, 2022)

Russia: At present there is no law which requires minimum share of women in company board rooms in Russia. Almost 80% of women in the age group of 16 to 55 are employed in various industries, which makes it comparatively higher than many other countries. On March 8, 2017, the Government of the Russian Federation approved the National Strategy of Actions for Women for 2017 – 2022 (Skorniakova, Leontyeva, Popov, Fokina, & Fokina, 2019). Russia had 12% women directors on board in 2021 (Milhomem , 2021)

China: Mainland China has not adopted any kind of regulatory measures to improve the share of women representation on boards. Shenzhen Research Association of Corporate Governance took following initiatives for increasing representation of women directors on boards. It required the investors to make sure that board gender diversity is an optimal tool for evaluating corporate governance of the company and creation of higher investment funds.

At least one-woman director or 20% of women in senior executive roles should be there in the company by 2021 and at least one-woman director and at least a 30% representation of

women in senior executive roles by 2023; and at least one-woman director and at least a 20% representation of women on their boards by 2025 in the companies targeted for fund investment (Women in the boardroom a Global perspective: 7th Edition, 2022)

South Korea: Before the quota law was introduced in South Korea, women held just 3.3% of board seats in Korean listed companies in 2019 which very low compared to OECD average of 25.5% (Women in the boardroom a Global perspective: 7th Edition, 2022). However, in 2020, with global trend of increasing gender diversity on boards and social demands, gender quota legislation mandated appointment of at least one-woman director in all listed Korean companies that have assets of 2 trillion won (\$1.77 billion) or more was implemented (Korea JoongAng Daily, 2021), which increased the percentage of women on boards to 7.8%, almost double in one year since the quota legislation was introduced.

In the year 2016 South Korean chapter of World Corporate Directors was launched with the target of improving gender diversity in South Korean boardrooms (Women in the boardroom a Global perspective: 7th Edition, 2022). Various initiatives were taken by South Korean government in 2018 to boost gender diversity on boards through like requiring public enterprises and quasi-governmental institutions to set their own target of having women in executive roles and annually disclose the progress of the same in their report.

Israel: - In the year 1999 The Israel Companies Law came into force which required all the public companies to appoint new non-executive director of other gender if existing board is composed of only one gender, thereby requiring that boards of public companies include at least one woman. An amendment in 2011 established that the Israel Securities Authority has the authority to impose monetary fines on any company that violates the law (Fishkin & Vander, n.d.) (Women in the boardroom a Global perspective: 7th Edition, 2022). A 2014 report of ILO stated that 89% of companies had at least one women director on boards and 17.2% women held board position in top 100 firms.

Ireland: Irish Corporate Governance (Gender Balance) Act was introduced in 2021 which requires corporate bodies, within 3 years from the commencement of the Act and thereafter when it gets the active status on Register of Companies have to maintain a gender balance on its board of directors, trustees or governing council all the time. The board or governing council shall comprise a minimum of 40 per cent of directors, trustees or members of each gender and

which minimum shall within 12 months provisions be limited to 33% (Irish Corporate Governance (Gender Balance) Bill 2021, 2021).

Portugal: Portugal introduced the mandatory gender quota on state owned companies' boards and listed companies by Law 62/2017. For state-owned companies, the percentage of directors from each gender appointed in management and supervisory body (executive & non-executive directors) may not be less than 33.3% w.e.f. 1st January 2018, while for the listed companies, the percentage may not be less than 20% after 1st January 2018 and 33.3% after 1st January 2020. Non-compliance of minimum requirements, sanctions will be applied in the companies. Amendment was also made in the Portuguese securities code requirements on the corporate governance content, in accordance to the national law of Directive 2014/95/EU, through Decree Law 9/2017, which required the companies to disclose the diversity policy adopted by the company in terms of age, gender, qualifications, and professional background (Carmo, Alves, & Quaresma, 2022).

Greece: Principle of gender equality in employment relations (Law 1414/84), which prohibits any kind of discrimination against women and create opportunities for women in the labour market through various training programme (The Policy on Gender Equality in Greece, 2013). Greece is an EU member since 1981. After a long discussion Greece has most recently adopted a law (Law 4706/2020) in accordance with EU directives dealing with corporate governance focusing on gender equality on boards. The law mandated quota of at least 25% women directors on the boards of listed companies (Corporate Governance & Boards: Views & Insights, 2023).

Luxembourg: There is no quota legislation to increase share of women on boards in Luxembourg. However, all the listed companies in Luxembourg Stock Exchange follow the X Principles of Corporate Governance for performing their corporate governance duties. All the listed companies need to establish a formal transparent process for appointment of board members and consider various criteria for appointments and reappointments of board members like origin, experience, skills & gender. Database of women candidates has been created for board positions. The Diversity Charter Lëtzebuerg initiated by public and private companies, associations to encourage companies to commit towards increasing diversity throughout organization, beyond what is legally required (Women in the boardroom a Global perspective: 7th Edition, 2022).

Slovenia: There is some statutory regulation for public companies as well as other “soft” measures promoting gender equality at board levels and at senior managerial roles of the companies, the proportion of women is very moderate. There is significant possibility for next measures that is required to improve the gender equality at decision-making levels in the Slovenian economy (Kanjoo, 2017). The percentage of women directors on boards were 23.1% (OECD.stat;2024)

Poland: Poland have not adopted any quotas for women on boards. However, there are many other initiatives undertaken to increase gender diversity on corporate boards. W.e.f. 1-7-2021, Warsaw Stock Exchange (WSE) has adopted Best Practices for Listed Companies, which works on comply-or-explain basis applying to all the listed companies. The corporate governance framework of WSE presents the ongoing trends in corporate governance in capital markets and European regulations. It further requires all the listed companies to disclose the data on their respective official websites payment made to each gender and timeline for eliminate the gap if any.

Best Practice for WSE Listed Companies stated that companies should have diversity with respect to gender, education, knowledge, age and experience in management and supervisory boards. There must at least 30% representation of underrepresented gender on boards. In the year 2011, Deloitte CE SheXO Club 2 (2011) and Champions of Change Club 3 founded in 2018 support and promotes in increasing representation of women on boards through various development programmes. The 30% Club global initiative was launched in the year 2021 in Poland to increase women representation at least by 30% at both management and supervisory boards by 2030. (Women in the boardroom a Global perspective: 7th Edition, 2022).

Middle East Countries: Public data is not openly available on women’s participation in business of middle eastern countries. **UAE** requires at least one-woman director on boards of all the listed companies of **Abu Dhabi** and **Dubai** as on March 2021. UAE’s efforts have increased the gender diversity in boards from 3.5% in 2020 to .9% in 2022 (Spotlight: UAE’s listed companies with 20% women on board, 2022). In December 2020, an agreement was made between **Saudi** Ministry of Human Resources & Social Development and the Capital Market Authority in effort to increase the count of women directors on the listed company boards.

The Lebanese League for Women in Business (LLWB) promotes gender diversity on company boards and therefore calls for 30% representation of women directors on the **Lebanese boards** by 2025 (Women on Board, 2022). With an effort to support to increase the participation of women in business world and crease the pool of well qualified women candidates for leadership roles in the organization, the **Jordan** Forum for Business and Professional Women offers various training and legal guidance to professional women. The **Egyptian** Institute of Directors of the Ministry of Investment adopted the Code of Corporate Governance that sets standards for promoting diversity on company boards. The Women on Boards Observatory pursued to increase gender diversity in the company boardrooms in Egypt and across the MENA region. (Women in the boardroom a Global perspective: 7th Edition, 2022).

European Union: To improve the gender diversity on the corporate boardrooms the European Commission has been working since 2010. In 2012 The European Commission proposed Women on Boards directive, which was intended at increasing the representation on the boards of listed companies in all the countries of European Union, it included that all the listed companies' boards for non-executive directors should have at least 40% share of each gender. An established, definite and unbiased selection criterion should be followed by the companies. When there are two different genders with equal qualifications and merits for the role of director then the gender which is underrepresented should be given priority. The member states should adopt an appropriate sanction for the companies that do not comply the norms.

Majority of the member states support the idea of gender balance boards in the European boardrooms, however still there are some of the members do not support the mandatory measures at EU level and prefer voluntary targets. By October 2020, seven EU countries (Belgium, France, Italy, Germany, Austria, Portugal, and Greece) had mandatory national quotas for the underrepresented gender on listed companies' boardrooms, while nine members namely (Denmark, Ireland, Spain, Luxembourg, the Netherlands, Poland, Slovenia, Finland, and Sweden) favored a softer laws with respect to increasing women directors in company boards and the remaining eleven member states did not take any substantial action to have gender parity on boards (Women in the boardroom a Global perspective: 7th Edition, 2022).

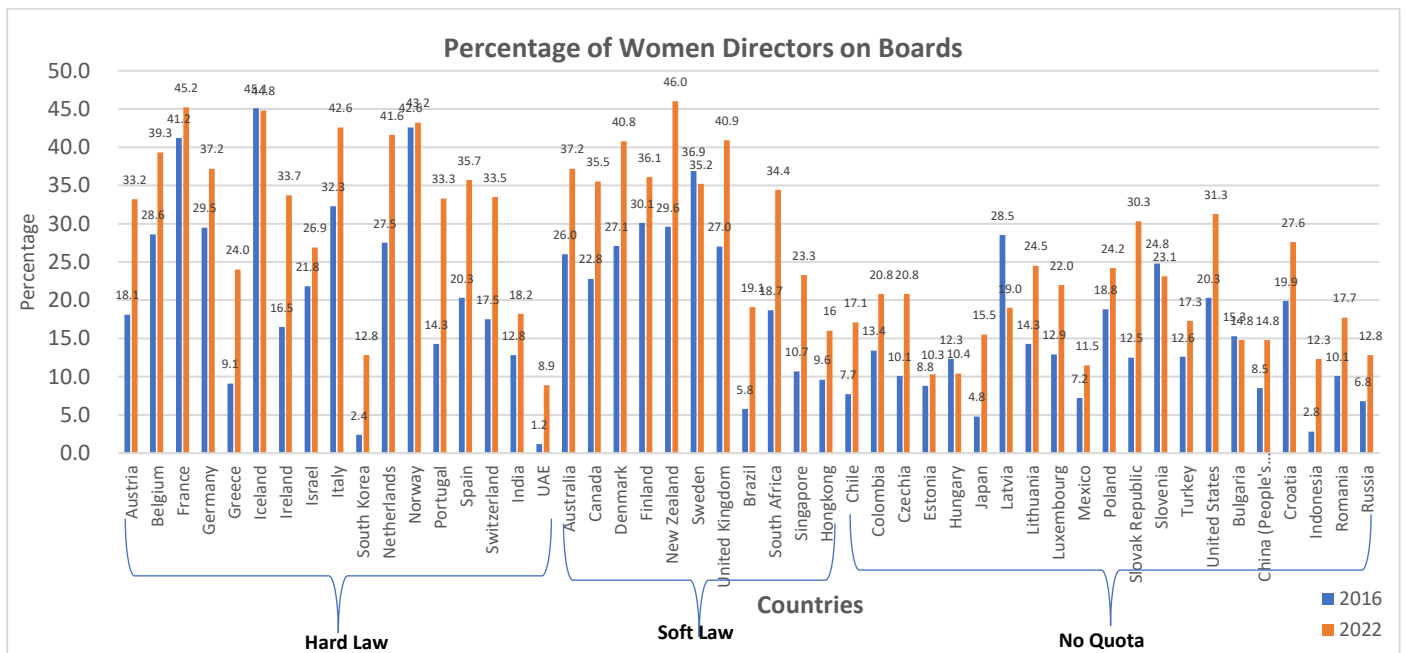
European Union Directive (EU) 2022/2381 was adopted by the co-legislators on 23 November 2022 - addressing gender balance among directors of listed companies, which was

published in the Official Journal on 7 December 2022 (Council of the European Union, 2022). As per the directive all the listed companies were required to have at least 40% of non-executive directors or 33% of all the directors from underrepresented gender by middle of 2023. The directives are designed to make sure that there is gender parity on all the boards of listed companies in EU, to ensure that nomination and selection process for the board positions be transparent and the candidates be assessed on the basis of individual merits rather than gender (Lally, 2023).

Figure 2 represents the percentage of women directors on corporate boards across various countries for 2016 & 2022. The figure shows how countries are divided into hard laws, soft laws and No Quotas. Hard laws refer to mandatory quotas for women implemented by the countries and non-compliance might result into sanctions. While soft law means non-binding recommendations to encourage the companies to enhance gender diversity on boards. No Quotas means countries which do not have any regulations or voluntary recommendations to improve gender diversity on boards.

Figure 2

Percentage of Women directors on Corporate Boards Across Various Countries for 2016 & 2022



Source: Compilation by Researcher

The Organization for Economic Cooperation and Development (OECD)

OECD's 2013 Recommendation on Gender Equality in Education, Employment and Entrepreneurship ("OECD Gender Recommendation"). It recommends through government approach and through different measures like legislation policies, voluntary targets, continuous monitoring the progress, disclosure requirements and other initiatives that promotes gender diversity on boards and in senior management roles of the listed companies. Accompanying such efforts with other measures to support effective board participation by women and increase the pool of qualified candidates; also monitoring and doing the cost benefit analysis of various measures like voluntary targets, mandatory quotas on boards and disclosure requirements to enhance the gender diversity on boardrooms and managerial roles of private companies.

The OECD Gender Recommendation into consideration by the Corporate Governance Committee during the 2015 update of the G20/OECD Principles by deciding to include a new reference to the aim of promoting gender diversity on boards and in the senior management level. It also recommends that the boards needs to continuously evaluate the performance and assess whether the boards have right mix of experiences and skills. With diverse members in the boardrooms, it will help in avoiding groupthink and bring diverse thoughts in board discussions (Denis, 2022).

Institute of Directors (IOD)

IOD was established in India in the year 1990. It is a national association of Corporate Directors. It has been actively shaping a cadre of business leaders prepared to tackle the complexities of our economic landscape. IOD significantly contributes towards the development of the leadership cohort through its various educational programs, events, training programs and advocacy for best practices. Various training programs are also conducted for development of women directors on boards.

Evolution Corporate Governance India

Vedic History: Corporate Governance is a set of rules by which all the firms are governed and controlled. The governance has been practiced since ancient days for management of daily life and also to govern the relationships between individuals, between the individual and the kingdom or between the 2 Kingdoms, individuals and/or also between the individual and the

Kingdom. The concept of corporate governance can be traced in ancient various scriptures and ancient texts like Vedas, Manu Smriti, Somadeva neeti stuti, Baharspatya Neeti stuti, Bhagvad Gita, Ramayana and Arthashastra focusing on good corporate governance (Raveendranth, 2015).

Bhagvad Gita (200 B.C. and 300 A.D) one of the most popular Hindu Holy. It is the teachings of Lord Krishna to Arjuna during the battle field of Mahabharata. It focuses on commitment towards work through philosophy of detachment. Lord Krishna emphasized on concept of Karma (duty) and how it is very much important for a good leader. In the Bhagavad-Gita, Lord Krishna motivates and encourages that good leader is one who govern does his duties diligently and does not escapes from the duties as he stated that leaders are bound to perform all their stated duty, as it is better to perform their duty than staying ideal (Corporate Governance Through Ancient Indian Scriptures, 2020).

The Ramayana, the epic of Lord Rama's life written by Valmiki, one of the greatest epics widely accepted and respected by people even today. Ramayana describes about the importance of ethics and values, governance, politics and also about the general and human resources management. It is one of the good examples of good corporate governance. The Ayodhya Kanda, one of the chapter mentions in detail about different lessons on good governance. The chapter is a dialogue between two brothers Lord Rama and Bharata when the latter went to meet him in jungle. Rama explains to Bharata all the important points of management in simple manner, importance of having good quality ministers, how one should not take decision on a complex matter individually nor in discussion with too many people. There should be core group of efficient personnels for important decision making. Reasonable taxes should be imposed on the people. Treating all the soldiers with good care and paid proper wages on time. Making a fear free environment for the traders and addressing their grievances quickly. Even protecting the forests and maintaining livestock are important aspects of effective governance (Khangarot, 2017; Kumar & Patel, 2024).

Indian Epic Mahabharata' chapter Shanti Parva describes the duties of the ruler about what is dharma and good governance, which was advised by the dying Bhishma to King Yudhistir. It should be the duty of a King to make sure his people are happy, pursue truth and act with sincerity. A kingdom can be prosperous only if it is guided by truth and justice. A ruler should function according to dharma, and it is dharma of all the rulers to help the upliftment of all the

living beings and lead a simple life rather than using his power to enjoy luxurious life (Khangarot, 2017; Kumar & Patel, 2024).

Kautaliya Arthasastra was written in the 4th Century B.C. containing detailed instructions about how should the administration take place, management should work, law and justice, economy, foreign policy etc., Kautilya describes that it is important for King to please his people first rather than doing things which pleases him, because in happiness and welfare of people lies his happiness and welfare. “Bahujana sukhaya bahujana hitayacha”- means welfare of all the people and happiness of all the people. The King should make sure he keeps public good prior to his private good. Kautaliya Arthasastra instructs that, a king should always act according to ethic and principles i.e. Dharma. Key Mantras for good governance as per Kautaliya was accountability, responsibility, sharing of work and delegation. Mauryan period was considered to be the golden period of governance. There was clear structure for all the administrative work and with that the accountability and responsibility was also fixed with each duty. Even the judicial system was well organized and there was continuous supervision and inspection process installed in every walk of administration (Vaijyanthi & Kiran, 2013; Khangarot, 2017).

There is requirement of very strong regulatory and legal framework for an effective corporate governance. Different reforms were initiated, after economic liberalization and privatization in 1991, to be at par with the global progress and developments. Taking inspiration from Cadbury Committee Report, the Confederation of Indian Industry (CII), the Associated Chambers of Commerce and Industry (ASSOCHAM), the Securities and Exchange Board of India (SEBI) constituted different committees over the years to recommend a framework for good Corporate Governance. CII released a desirable Corporate Governance Code in the year April 1998. CII was the first to carry out work with regards to developing and promoting Corporate Governance Code in India.

Kumar Mangalam Birla Committee was set up by SEBI on May 7, 1999, in order to boost and raise the standards of corporate governance in Indian companies. Clause 49 was included in the Listing Agreement with the recommendation of Birla Committee in the year 2000. The recommendations aimed at improving the standards of corporate governance into mandatory and non-mandatory recommendations (Madhumati, 2011; Guha, Samanta, & Majumdar, 2019). After Birla Committee, Naresh Chandra Committee was constituted in the year 2002 to examine various corporate governance issues. On the basis of examination, the committee

recommended issues related to the Auditor-Company relationship, ensuring there is only professional nature of the relationship; the rotation of auditors, restrictions on non-audit fee/work, proper procedures for appointment of auditors & determination of audit fees, etc. (Guha, Samanta, & Majumdar, 2019).

Under the Chairmanship of Shri N.R. Narayana Murthy, SEBI formed another committee to review the implementation of the corporate governance code for listed companies and on the basis of committee's recommendations it revised clause 49. In the year 2004, government formed committee under the Chairmanship of Dr. J.J. Irani to make revisions in the Companies Act, 1956, in order to cater the changing demand to national and international issues. It provided a major renovation in Corporate Governance norms. SEBI revised clause 49 in 2014 to be in line with the norms of Companies Act 2013. On 2nd September 2015 notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the listed entity who has listed designated securities on recognized stock exchanges (Madhumati, 2011).

In June 2017, SEBI formed a committee on corporate governance under the Chairmanship of Mr. Uday Kotak with an aim to further enhance the standards of corporate governance of listed companies in India. Kotak Committee recommended to have a minimum of 6 directors and a maximum of 8 to be on the board of listed entities with at-least one third of the board having independent directors and compulsorily one woman among them. It also considered for more transparency on appointment of independent directors and a more enhanced role for them. It proposed a mandatory formal induction for every new Independent Director appointed to the board. It said that stakeholders should approve the application to fill a casual vacancy of office of any Independent Director. It recommended that an alternate director cannot be appointed in place of an independent director of a listed company. There must be distinction between the roles of chairman and MD/CEO of listed companies.

The committee emphasized the need for regular interaction should take place between non-executive directors (NEDs) and senior management team. The committee recommended that the Audit Committee should review loans or investments made by holding companies exceeding ₹100 crore and frequency of the Audit Committee meetings be increased to five. The proposal also included making Directors and Officers (D&O) insurance mandatory for independent directors of the top 500 companies by market capitalization (Vyshak, Jyaranjan, & Vishnu, 2021).

Kotak Committee was of the view that though with Companies Act, 2013 and SEB LODR Regulations, women representation has increase on corporate boards from 5% as on March 31, 2012, increased to 13% as on March 31, 2017, it still can be improved further if the listed companies appointed at least one independent woman director on its board of directors (Report submitted by the Committee on Corporate Governance, 2017). Women representation on the boards of NIFTY 500 companies, which was at 5% as on March 31, 2012, increased to 13% as on March 31, 2017. The committee recommended to have at least one independent woman director on the board of every listed company to improve the gender diversity on corporate boards (Vyshak, Jyarajan, & Vishnu, 2021).

Women Directors on Corporate Boards in India

Srinivasan (2013) conducted a study on women directors in in Indian companies to understand about the experiences of women directors on board, what was the process of identifying the prospective women directors to serve on board, what was the criteria considered by women to accept or reject board position, whether their opinions were taken into consideration during board discussion etc.

Though quota systems are there such quotas also need to be structured in such a manner that organization do not demonstrate tokenism and thereby promote women. There must be effective director assessment process; women should be provided with adequate exposure and grooming to become director. Proper mentoring process should be there, and more structured intervention from organization such as Catalyst, or other women's network organization should take place.

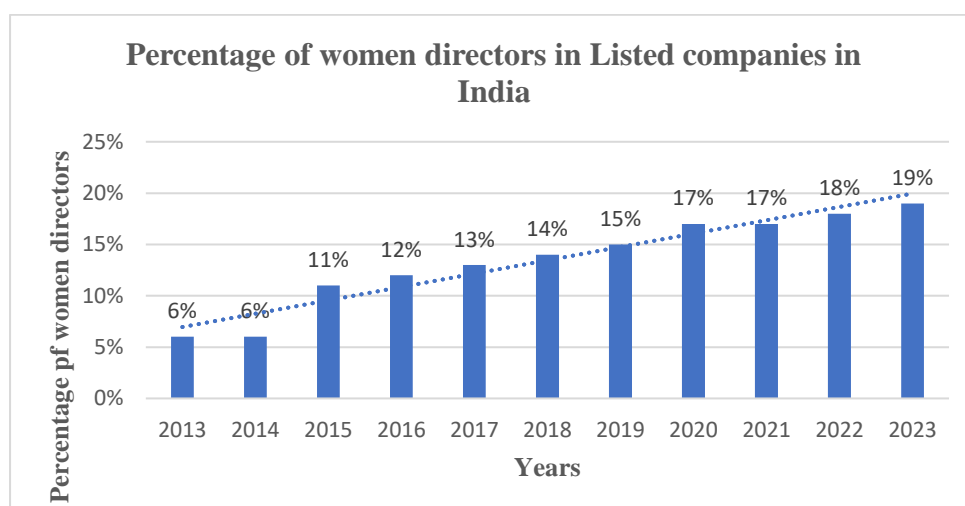
Section 149 of Companies Act, 2013 mandated appointment of at least one-woman director on board of every listed company and every other public company having paid-up share capital of at least Rs.100 crore or turnover of at least Rs.300 crore w.e.f. 1st April 2014. Further SEBI (LODR) Regulations 2018, required top 500 listed companies & top 1000 listed companies to have at least one independent woman director w.e.f. 1-04-2019 and 1-04-2020 respectively. Prior 2013 the percentage of women directors in Indian boards was less than 6% (Tumbe, 2022). After introduction of Companies Act, 2013, the number of women directors on board has gradually increased from 6% in 2013 to 19% in 2023, however from 2020 till 2023 there is no major changes in share of women on boards, which clearly reflects that

companies are merely fulfilling the compliance and settling down with appointment of one-woman director on boards.

Figure 3 represents the percentage share of women directors on Indian boards from 2013 to 2023. In 2013, the percentage of women directors on board was 6% which increased to 11% in 2015 due to mandatory requirement of appointing at least one-woman director on board by 1st April 2015. Over the years the representation of women directors on boards have triple from 6% in 2013 to 19% 2023. However, after 2020 the growth has slow down, barely increasing by 1%-2%.

Figure 3

Percentage of Women directors in Listed Companies in India from 2013-2023



Source: Prime Database

Women Directors and Impact of Regulations

The Indian market regulator, SEBI is trying its best to adopt best governance practices in par with the global reforms. Companies Act, 2013 and SEBI's Listing Obligations and Disclosure Requirements (LODR) made various reforms from mandatory appointment of one-woman director on listed boards w.e.f. 1st April 2014, and thereby mandatory appointment of one independent woman director on listed boards w.e.f. 1st April 2019. These reforms were brought in to make sure that women are appointed not just for fulfilling legality but to ensure that corporate governance objectives are achieved. Due to these regulatory measure effects were clearly visible as women directors grew to 17% on Nifty 500 companies as on 30th March 2020. Though these measures have improved the gender diversity in Indian boards, there is still lot

needs to be done to fully embrace the move of gender equality on Indian company boards (Singh G. , 2020).

Legal and Regulatory Actions for Non-Compliance

The Companies (Amendment) Act, 2020 have now decriminalized the offence for the not appointing woman director on the corporate boards. Before this amendment was made, it was punishable by fine. However, under the new provisions, it has been made ad judicable and now the penalties are specified under Section 172 of the Companies Act. SEBI, listing agreement, 2015, had mandated that all listed companies have at least one-woman director on their board. It is not applicable to Small Listed Entities i.e. companies which are having paid-up equity capital not exceeding Rs. 10 crore and net worth not exceeding Rs. 25 crore and Small and Medium Enterprises. SEBI and Ministry of Corporate Affairs have initiated some necessary actions to penalize and charge compounding fees to companies for non-compliance.

Year wise fine collected by the Ministry of Corporate Governance and Stock Exchanges have been reported by the Government in Lok Shabha session. Following table represents the fine collected by Ministry of Corporate Affairs under Companies Act 2013.

Table 2

Fine Collected Under Companies Act 2013

Financial Year	Resulted in fine / compounding fee/ penalty (₹ In lacs)	
	No of companies against which penal action has been taken	Amount collected as fine / compounding fee/ penalty
2015-16	3	3.51
2016-17	20	33.00
2017-18	3	1.09
2018-19	3	1.57
2019-20	1	2.50
2020-21	10	28.22
2021-22	12	19.98
2022-23	9	17.95
2023-24 (upto Jan)	20	33.65
TOTAL	81	141.47

(Source: Ministry of Corporate Affairs of India)

Table 2 reflects the fines collected by Ministry of Corporate Affairs of India for non-compliance of appointing one woman director as per provisions of Companies Act, 2013 section 149. The table reveals that law is stringent and government is making sure that companies comply with the regulations of appointing at least one-woman director on board. By imposing fines on the companies for non-compliance, the government is ensuring that the law is taken seriously by the companies. Total ₹ 141.47 Lakhs have been collected as find from 81 companies till January 2024 by Ministry of Corporate Affairs.

Table 3 reflects the fines collected by both the stock exchanges (NSE & BSE) empowered by SEBI, for non-compliance of appointing one-woman director as per provisions of listing agreement.

Table 3

Fine Collected by Stock Exchanges as Per Regulations of SEBI

F.Y.	No. of Listed Entities	Amount of Penalty Collected (in ₹ Lacs)	No. of Listed Entities	Amount of Penalty Collected (in ₹. Lacs)
2018-19	20	77.16	40	191.61
2019-20	47	106.00	64	481.71
2020-21	41	67.20	57	506.08
2021-22	40	31.04	62	431.98
2022-23	21	28.95	24	392.68
2023-24 (till Sep)	16	1.96	20	280.28
TOTAL	185	312.31	267	2284.34

(Source: Ministry of Corporate Affairs of India)

As per the data provided by SEBI, NSE has collected ₹ 312.31 Lakhs as fine from 185 companies till September 2024 for non-compliance of the provisions of appointing at least one-woman director on board, while BSE has collected ₹ 2284.34 Lakhs as fine from 267 companies for non-compliance of the provisions till September 2024. The fine collected from BSE listed companies is higher compared to NSE listed companies. Over the years the number of companies being non-compliant have reduced in both the stock exchanges. This further

reflects that SEBI is more vigilant than the Ministry of Corporate Affairs when it comes to penalizing companies for non-compliance of appointing at least one-woman director on board.

Women Directors on NIFTY-500 Boards

As per Prime Database report as on 31 March 2022, the NIFTY-500 companies had 4,694 directorships, of which 827 (17.6%) were held by women directors.

Table 4 reflects the count of women directors on Nifty 500 Companies. There are 13 (2.6%) companies with no women directors a on March 2020, which increased to 27 (5.4%) in the FY 2021 and further decreased to 8 (1.6%) in the FY 2022.

Table 4

Count of Women Directors on Nifty 500 Companies

Women directors / Companies	2020		2021		2022	
	N	%	N	%	N	%
0	13	2.6%	27	5.4%	8	1.6%
1	264	52.8%	247	49.4%	249	49.8%
2	171	34.2%	176	35.2%	174	34.8%
3	41	8.2%	40	8.0%	51	10.2%
4	7	1.4%	6	1.2%	14	2.8%
5 or more	4	0.8%	4	0.8%	4	0.8%

Source: NSE, Prime Database, IiAS Research

Most of the companies have only one-woman director in all the three financial years 52.8% in FY 2020, 49.4% in FY 2021 and 49.8% in FY 2022. This indicates that most of the companies are still reluctant to go beyond the mandatory requirement.

In the FY 2020, 34.2% companies (171) had two women directors, in FY 2021, 35.2% companies (176) and in FY 2022, 34.8% companies (174) had two women directors on board. While companies with three women directors were 8.2% (41) in FY 2020, 8.0% (40) in FY 2021 and 10.2% (51) in FY 2022. 1.4% (7) companies had four women directors in FY 2020, 1.2% (6) companies in FY 2021 and 2.8% (14) companies in FY 2022 had four women directors on board. In each financial year i.e. 2020, 2021 and 2022, 0.8% (4) companies had 5 or more women directors on board. The percentage of companies with two or women directors has gradually increased from 44.6% in FY 2020 to 45.2% in FY 2021 and 48.6% in FY 2022.

Type of Directorship held by Women in Nifty 500 Companies

Table 5 reflects the type of directorship held by women directors in Nifty 500 companies as on March 2022. As on March 2022 there were 827 directorships held by women.

Out of total 827 directorships the percentage of promoter family directors were 14.51% (n=120), and promoter nominee women directors were 6.28%(n=52). The Percentage of directorships held by women in non-promoters' category was 7.62% (n=63), while out of total directorships held 72% (n=592) were in non-executive, independent capacity. This is a good sign as companies are ready to look beyond family members for appointment of women directors on the board.

Table 5

Type of Directorship Held by Women directors as on March 2022

Women directorships	Promoter family		Promoter Nominee		Non-Promoters		Independent		Total
	n	%	n	%	n	%	n	%	
Executive	54	6.53%	2	0.24%	31	3.75%	0	0%	87
Non-Executive	66	7.98%	50	6.04%	32	3.87%	592	72%	740
Total	120	14.51%	52	6.28%	63	7.62%	592	72%	827

Source: NSE, Prime Database, IiAS Research

Women Chairperson in NIFTY 500

Though the number of women directors have tripled from 6% in 2013 to 18% in 2022, still 95% of the companies have one woman director on their boards as on March 2022. When it comes to Chairperson, less than 5% women Chairpersons were there on the boards of NIFTY 500 companies as on March 2022 as per the report by Ernst & Young. This shows that though Indian companies are making progressing in gender diversity on board but there is still room for improvement when it comes to position of CEO or Chairperson in the organization.

Board Diversity Across the Industries

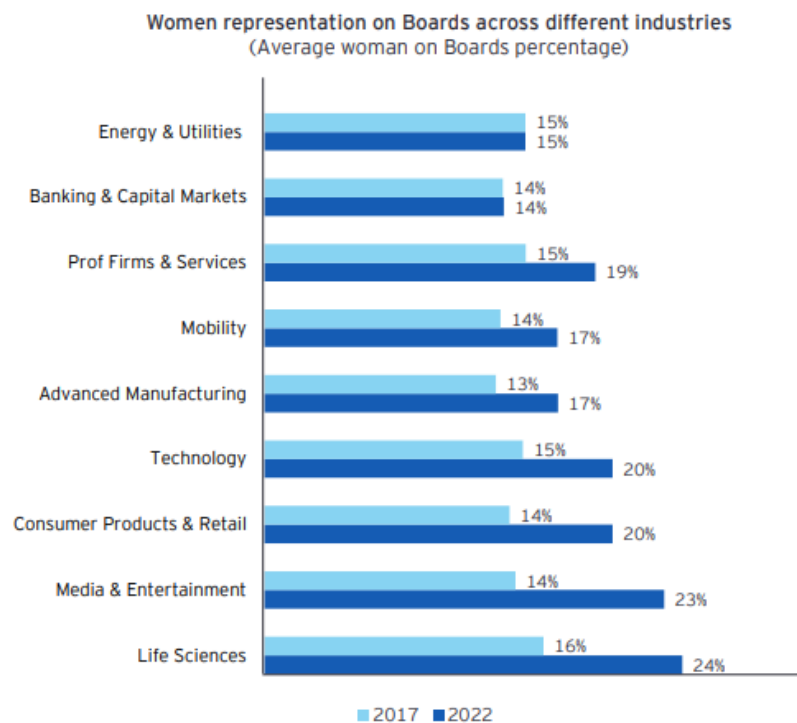
Gender Diversity across different industries have shown significant progress. Figure 4 represents average women directors across various industries for 2017 and 2022. Major

progress is visible in industry of life science where the percentage of women directors on boards increased from 16% in 2017 to 24% in the year 2022.

Similar trend is visible in Media & Entertainment industry where the progress of women representation increased from 14% in 2017 to 23% in the year 2022. While for consumer product and retail industry the share of women directors increased from 14% in 2017 to 20% in 2022, for technology it increased from 15% in 2017 to 20% in 2022.

Figure 4

Average Women directors Across Various Industries for 2017 and 2022



Source: BoardEx, EY Analysis

In the advanced manufacturing industry, the percentage of women directors increased from 13% in 2017 to 17% in 2022, while in mobility industry it raised to 17% in 2022 from 14% in 2017. Women representation across professional firms and services boards increased from 15% in 2017 to 19% in the year 2022. There is no change visible in representation of women directors on board of banking industry (14%) for both the years and energy utilities (15%) share in both the years.

Federation of Indian Chambers of Commerce & Industry (FICCI)

FICCI introduced the Women on Corporate Boards (WCB) initiative which focused on improving gender diversity on corporate boards aiming to enhance corporate governance. One of the major obstacles in improving share of women serving on corporate boards in India is inadequate talent pool of well qualified and trained women who can serve on the boards (Women on Corporate Boards , 2015). Similarly, there are limited number of women who are “Board Ready” for the role of Board chairperson. Additionally, familiarity with potential candidates often plays a crucial role in board appointments.

The WCB Mentoring Programme provides structured mentorship by senior professionals, including board chairmen and directors with extensive experience in board governance, to highly qualified and knowledgeable women to take up board positions. The programme has extensive list of activities which includes reading articles, attending workshops, group discussions, board meetings and one-on-one sessions with their respective mentors on corporate governance (Women on Corporate Boards , 2015). FICCI has also established the FICCI Ladies Organization (FLO), which focuses on supporting and motivating women in showcasing their talents, skills and experience fostering inclusive economic growth (About FICCI FLO, n.d.).

Corporate Governance & Women Directors

The gender diversity on corporate boards contributes to more effective corporate governance and they further play direct roles as leaders, mentors or indirectly role of an idol for other women (Terjesen, Sealy & Singh, 2009). Women directors are important not only from corporate governance point of view but also needed to strengthen the board participation in different activities (Dang & Sharma, 2015). Representation of women directors on corporate boards in India is very low, although there are enough talented women who can be appointed as director. Women on boards signifies that the board is competent enough which helps in contributing towards good corporate governance (Mahalakshmi & Reddy, 2017).

The Indian market regulator, SEBI are trying its best to adopt best governance practices at par with the global reforms. Companies Act, 2013 and SEBI made various reforms from mandatory appointment of one-woman director on listed companies, to mandatory appointment of one independent woman director on listed companies. Various reforms were brought in to make sure that women are appointed not just for fulfilling legality but to ensure that corporate

governance is achieved. Although these measures have helped in improving the gender diversity on corporate boards in India, there is still lot needs to be done to fully embrace the move of gender equality (Singh G. , 2020).

Organisation Performance and Women Directors

There is positive relationship between proportion of women on top management positions and organizational performance (Krishnan and Park, 2003). Gender diversity is beneficial to companies with weak shareholders rights but has detrimental effects in companies with strong shareholder rights (Adams & Ferreira, 2009). Women directors usually make better directors than men as they tend to bring different ideas, thought process, skills thereby improving firm performance (Bart & McQueen, 2013). While a research study by Pastore, Tommaso & Ricciardi (2017) found that the investors do not strongly believe that appointment of women directors on board will have any positive effect on the performance of the firms. The women directors have higher CMR (Complex Moral Reasoning Abilities), which enable them to access each situation confronting a board more affectively because they are more interested in learning new things, more intrusive and they actively try to understand the prospective and reasoning. Moreover, women director makes better directors than men (Bart and McQueen, 2013).

Participation of Women Directors in Board

There was increase in number of women directors on boards of listed companies after the mandatory requirements of 30% women on boards announced by the Malaysian Government. 49.4% women had more than 20 years of experience still companies were not making their efficient utilization as most of them were non-executive directors restricting their involvement and inclusion in company's strategic decision, (Abd-Mutalib, Yahya & Shaari, 2018). Research studies highlight that quota system usually results in tokenism which results in lower participation of women directors in decision making process in the company boards (Kumar & Arora, 2016).

Though the survey conducted by Nielsen & Huse (2010) in 120 Norwegian companies it was observed that women directors with different set of values and different professional qualifications have involvement in various strategic decisions during the board meetings. With presence of women directors on boards the attendance of male directors became much better, also if the boards were more diverse it was more likely to hold CEOs accountable for poor stock and they the compensation of the directors was based on equity (Adams & Ferreira, 2009).

Financial Performance and Women Directors

When there are greater number of women directors on boards, they help in solving the issue of group think as they tend to think in a different way and are economically more advantageous to a company (Burgess & Tharenou, 2002). The research study by Chandni, Mehta & Neeraja (2014) concluded that there was positive relationship between women CEO and the financial performance of the private banks. Different research studies have found positive impact of presence of greater gender diversity on the financial performance of the companies like ROA (Ionascu, Ionascu, Sacarin & Minu, 2018; Pangestu, Gunawan, & Wijaya, 2019), ROE (Rovers, 2011; Bushra & Mishra, 2016) & ROCE (Das, 2019).

A Research survey conducted by Tadwalkar & Vedula (2015) on top 100 BSE listed companies showed that companies with women directors on boards had positive impact on ROE compared the companies which did not have women directors on boards. However, on contradictory there are few other research studies which revealed that there was either no relationship or negative relationship between women directors on boards and financial performance (Singh, Singhania, & Sardana, 2019; Chatterjee & Nag, 2023; Rawat & Sharma, 2019). A research study by Banbhan, Cheng & Ud Din (2018) found that a smaller number of women board members has negative relationship between Financial Information Quality and women director.

The research studies on women directors and financial performance have mix results, however having women directors on boards is benefit to the larger society rather than just focusing on the impact on financial performance of the companies (Reddy & Jadhav, 2019). When the board size increases there are more chance that the percentage of women directors also increases, which is significantly and positively correlated with Return on (Rovers, 2011; Bushra & Mishra, 2016). There is research article which shows positive correlation between women directors and ROCE (Das, 2019). A research study in Malaysia showed that women with degree qualification have positive impact on the ROA of the firm (Aripin, Hassan, Amran, Ismail & Manaf, 2016).

Challenges for Women to Become Director

There are multiple pull & push factors that affect women in the process of becoming a manager or leader in the corporate world (Parikh and Kollan, 2003). Many a times women directors have to display masculine characteristics like analytical, good at reasoning, mathematical etc. that

would favour them in getting accepted in the men's club as people have tendency to favour those, they perceive to be similar to themselves (Bugress and Tharenou, 2005). Though the number of graduated women in India is high, there is no remarkable increase in women representation on board. Many big companies failed to appoint women directors even after the introduction of mandate by Sec.149 of Companies Act, 2013 (Verma, 2013). Challenges like family demands, gender biasness and other conservative beliefs in regards to women force women to leave the job in mid-career.

From gender pay gap to dual roles, women have to go through all battles as they reach towards higher positions in the corporate world (Parik & Kollan, 2003). Therefore, it becomes difficult to find more women in middle and higher-level positions (Yadav, 2015). Women these days are not only playing their conventional household roles but also entering in the shoes of leaders' in spite of innumerable challenges (Kulkari & Bakhari, 2011). Women are often not heard on boards, as they need to first establish their credibility and they are not easily accepted in the old boys' club (Groysberg & Bell, 2013). Education, skills & management expertise is not enough for women to reach board level, it is important for them to increase their network (Ismail, Rahman, Mustapa and Abdullah, 2017). Even in developed country like France, very few companies have 2 or more women directors on board depicting the existence of glass ceiling (Dang, Nguyen, & Vo, 2014).

Women in all the countries face challenge of work life balance, family demands and external barriers of difference between men and women etc. The main reason behind Indian Companies having few women directors is due to Orthodox and Conservative beliefs in regard to women. Many women leave the job in mid-career and therefore it is difficult to find more women at middle and higher level for director and CEO positions (Yadav, 2015). As per the research project VIEWPORT 2015, it was found that Indian women leave the workplace majorly because of three reasons, first women were not investing in their careers the way men used to do. Second reason is women have to often relocate to their husband's home town after marriage or relocate to other location of her husband's job transfer. Third is that women take time to understand larger business perspective and take time in developing rapport with their bosses. Very few women consider the concept of long-term career development. While few companies are recruiting women on the basis of their talent, while few others follow the legal requirements (Rajesh, 2015).

Though the number of graduated women in India has gradually increased, but still there is no remarkable increase in women representation on the board. Very few companies are recruiting women on boards on the basis of their talent, while few others just fulfilling the legal requirements (Verma, 2013). In 2017, 2018, and 2019 Catalyst census fortune 500 companies, the share of women board directors had almost the same results, there was no significance improvement noticed, 22.2% in 2017, to 22.5% in 2018 and 27% in 2019. It will take time in the world, especially in India to reduce the gender gap in board rooms. A research study by Sharma & Rawat (2018) on the banking sector showed that though women directors were more qualified than their men counterparts, their entry in board was late and exit was at early age in comparison to their men counterparts.

Women directors are needed on board not only from corporate governance gender diversity point of view but also from women's perspective of equal opportunity. Though many countries have adopted quota system to bring in women directors on board but it won't resolve the issue but might raise concern of meritocracy, so measures should be taken to balance out it with proper training and mentoring programs for women to make them eligible and suitable for boardrooms (Kamalnaath & Peddada, 2012).

Women as Effective Board Member

Kramer, Konrad, Erkut & Hooper (2007) were of the view that it is important that there are three or more women directors in order to have healthy corporate governance. They further stated that being minority woman director may not be able to put forth her ideas and opinions openly when she is aware that she will not be heard. At times 2 women on board may make a change but then again it should not show that the two women directors are dependent on one another. Therefore, when 3 or more women directors are there on board it makes much difference and helps in fulfilling its purpose of gender diversity for healthy corporate governance.

Mentorship & Women Directors

The issue of a smaller number of women on boards cannot be resolved by appointment of at least one-woman director alone but proper training and mentoring is also needed (Kamalnaath & Peddada, 2012). The study shows that though women in India may be considered good management option but poor when it comes to core management at most senior levels in companies. Also just creating opportunity is not enough but successful women leaders & other

business leaders should act as advisors and mentors for next generation (OXFAM INDIA, 2013). Though the quota system is there, but such quotas also need to be structured in a manner that organization do not demonstrate tokenism and thereby promote women. Proper mentoring process and more structured intervention is needed (Srinivasan & Pallathitta, 2013). The Institutional Investor Advisory Services submitted a report on November 2022 which stated that in Nifty 500 companies only 22 boards were chaired by women, of which 12 were promoter/family representatives and 10 were professionals.

Government Policies and Women Directors

Due to stringent policies, countries like Norway, Sweden, and France have strong presence of women in their workforce & thereby at corporate boards (Rai, 2012). The mandatory law of having one woman director in India needs to be checked that it is done in right spirit and not because of amendment in Companies Act, 2013 otherwise it will result into mere tokenism. It is important to build a pipeline of women executive directors from within the rank (Srinivasan & Pallathitta, 2013) only then we can get more talent, skill and knowledge on board (Patel & Patel, 2013). The report describes the policy problem and implementation of the changes introduced by act with regards to women on boards (Khaitan & Co & Biz Divas, 2014). Many companies did mandatory appointment in true spirit however, some companies have not done it in true spirit as they have fulfilled the positions of women directors by appointing women from their families or relatives of the promoters (Dave, 2015). Many companies are merely focusing on how to increase the representation of women directors on the board, rather on why to increase the women count on board (Watson, 2014).

Women of today are stronger, firm and decision makers. More and more women are taking up top managerial roles and today's youth are ready to work under women (Sharma & Gupta, 2015). The research study provided data of the nature and role of women power in the Indian corporate world during 1995-2007, and found that the women directorship increased but at lower rate (Chandrashekar & Muralidharan, 2010). Though Quota system is quick solution but they are not sustainable. It is important that board nomination criteria is transparent and women at middle and senior management level should be developed further in the pipeline for future board positions (Srinivasan & Pallathitta, 2013).

Quota of compulsory one women director on board of listed companies with respect to new Companies Act, 2013 is still modest compared to stiff quotas in European countries (Patel

& Patel, 2013). However, it needs to be checked that whether this corrective action is done in right spirit or not because main aim of amendment in Companies Act with regards to women directors was to bring diversity in board, thereby bringing more talent, skills and knowledge on board. Focus should be on increasing the supply of women eligible for board position through training, mentoring and coaching. The women directors have higher CMR (Complex Moral Reasoning Abilities), which enable them to access each situation confronting a board more affectively because they are more open to learning, more inquisitive and they actively try to understand the prospective and reasoning (Chris Bart & Gregory McQueen, 2013).

Gender Diversity on Boards in Indian Companies

As on March 2024, the share of women directors in Nifty 50 companies was less than 30%. The only company where women directors outnumber men directors is Apollo Hospitals Enterprise Ltd.

Table 6

Nifty 50 top 10 and Bottom 10 Companies in Number of Women Directors on Board as on March 2024

Top 10 companies with 30% or more-women directors on board		Bottom 10 companies with least women directors on board	
Name of Company	Percentage	Name of Company	Percentage
Apollo Hospitals Enterprise	54.55%	Adani Enterprise	11.11%
Nestle India	50%	Bajaj Finance	11.11%
Asian Paints	38.46%	Tata Consumer Products	11.11%
Tata Motors	37.50%	Bajaj Auto	10%
Dr. Reddy's Laboratories	36.36%	Sun Pharmaceutical Industries	10%
HCL Technologies	33.33%	Britannia Industries	8.33%
Hero Motorcorp	30%	LTI Mindtree	8.33%
Mahindra & Mahindra	30%	Maruti Suzuki India	8.33%
Tech Mahindra	30%	Coal India	6.67%
Ultratech Cement	30%	Larsen & Turbo	4.76%
		Power Grid Corporation of India	0%

Table 6 represents the list of top 10 companies in Nifty 50 having 30% or more women directors on boards and list of bottom 11 companies in Nifty 50 having least number of women directors on board. Out of 11 directors on the board, six directors are women. While Nestle has equal number of men and women on boards i.e. four each. Asian Paints and HCL Technologies both have 5 women directors on board i.e. 38.46% in Asian Paints and 33.33% of women directors on board of HCL Technologies. While Power Grid Corporation of India was the only company in the list which did not have a single woman director on their board. While 13 companies from the Nifty 50 companies had exactly one-woman director as per the requirement of the Companies Act 2013.

The Study Gap

With the above Review of Literature, it is evident that women have potential to become director even though they have family and other responsibilities. The policy decisions in favour of women to be appointed as directors will prove to be scratching the back of the issues rather than going to the roots of bringing gender diversity. However, historically it is proved that a mandatory requirement creates environment for future.

There have been mixed results shown by various studies that appointment of women director and number of women directors on the board are associated with Good Corporate Governance and better financial performance.

Therefore, this study fills this gap in research by seeking evidences of women directors, their characteristics, the association of presence of women directors with financial performances, the nature of their participation in board processes, challenges and opportunities for women directors in case of Indian listed companies.