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35,295 ▼ -92.68

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30,891.00 ▼ -106.00

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67.69 ▼ -0.10

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Need more women on boards? Hire a female CEO

BY [KIRAN KABTTA SOMVANSHI](#) & [RICA BHATTCHARYYA](#), ET BUREAU | UPDATED:

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MUMBAI: Companies struggling to find a woman director should take heed. Those with female CEOs typically find it easier to comply with the regulatory requirement, which is aimed at redressing the gender imbalance and promoting diversity in the boardroom.

Of the 17 companies with woman CEOs on the BSE 500, about two-thirds have women directors, according to ETIG data. These include companies such as Apollo Hospitals, Axis Bank, Jindal Saw and Biocon.

Against this, only 25% of BSE 500 companies with male CEOs have more than one woman on the board. In the case of Nifty 50 companies run by male CEOs, only 22% have more than one woman on the board. Companies such as [UltraTech Cement](#) and [Cipla](#), which have male CEOs, are exceptions, having four and three women directors, respectively.

“Women CEOs show an enlightened attitude to boards and promoters. A greater gender diversity at board level is a desirable outcome for companies and businesses,” said Arun Duggal, chairman, ICRA.

Duggal, an experienced independent director and mentor, is of the view that there should be least two women on corporate boards.

Of the two, one should be an independent director. “One woman on the board puts a lot of unfair pressure. One more person will reduce that pressure,” he added.



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“Being an individual from a different background isolates the person from the rest of the group. That issue of singling out goes away if we have more than one woman on board.”

Having more women on boards will have a cascading effect on the organisation and greater likelihood of a woman CEO. “I am in favour of every board having at least two women directors, of whom at least one should be an independent director,” said M Damodaran, former head of the Securities and Exchange Board of India (Sebi).

“However, I do not see adequate evidence of any necessary correlation between having a woman CEO and having more women on the board of that company,” said Damodaran, who is now the chairman of Excellence Enablers, a corporate governance advisory firm.

The gender gap at the top is glaring — three in every 100 CEOs in India are women. Sebi, in compliance with the Companies Act 2013, made it compulsory to have at least one woman on a board from October 2014. Despite this, many companies including several public sector companies are struggling to meet the norm. ONGC, India’s most profitable public sector company, is one such example.

This means that a small pool of talent including Kalpana Morparia, Naina Lal Kidwai, Falguni Nayar, Renu Karnad and Shyamala Gopinath — all of whom have had long professional careers and held top jobs — are among the most popular women directors in India



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Bridging the Gap

WOMEN MEMBERS ON BOARDS OF BSE 500 COS HAVING WOMEN CEOs

Companies	Women on Board
Apollo Hospitals	4 
Jindal Saw	3 
Axis Bank	3 
Biocon	2 
CRISIL	2 
ICICI Bank	2 
LIC Housing Finance	2 
NMDC	2 
Punjab National Bank	2 
State Bank of India	2 

Source: ETIG Database

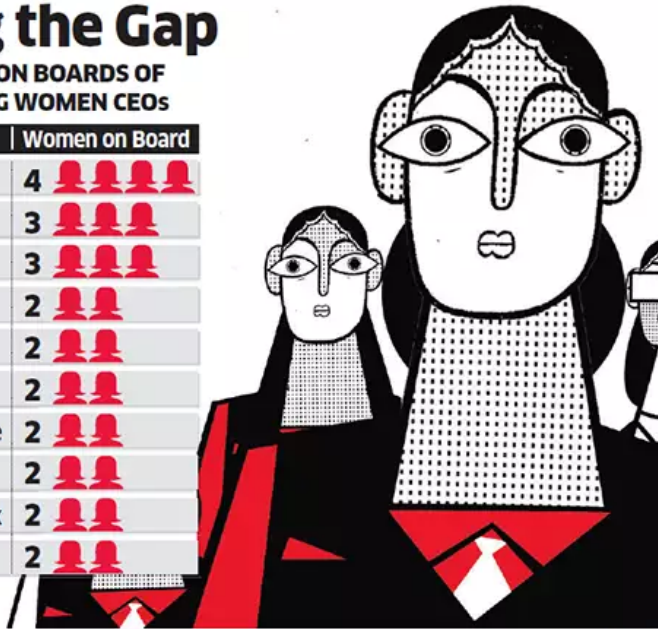


Illustration: ANIRBAN

Inc. The last few years have seen progress.

Many companies have appointed more than one woman director, making a case for the impact of this on board governance and functioning. Some have drawn women from the promoter family.

“In my experience of working with women CEOs in pursuing the gender inclusion agenda, I find that they are the first to espouse the cause of greater inclusion,” said Saundarya Rajesh, founder and president at Avtar Career Creators and Flexi Careers India and an expert on gender diversity. “They take a personal interest, they drive programmes and they are deeply invested in the process.”

As part of this engagement, they take a

personal interest and want to make a difference. They also bring a different mindset to the boardroom.

“Women bring in unique skillsets to the table and it is imperative for companies to understand the business case of diversity at the top level,” said Samina Vaziralli, executive director, Cipla. “Women are aggregators and try to break the silos.”

Cipla has three women on its board, including Vaziralli, niece of Cipla chairman YK Hamied and global head for strategy, M&A and new ventures. Punita Lal and Naina Lal Kidwai are the two non-executive independent directors on the Cipla board.

Across the world, companies are convinced about the business case for gender diversity and having more than one woman on board. Norway mandated 10 years ago that at least 40% of all board members should be women. Most European countries are moving toward at least 25% of board members being women.

Even in a tradition-bound country such as Japan, where few women enter the top echelons of management, there is a move to have at least one woman board member, said Duggal.

“Women board members add to the effectiveness of the boards and improve the quality of discussions and decisions,” he said.

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