



## CORPORATE GOVERNANCE - WOMEN DIRECTORS

### PART OF BOARDS

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#### ABSTRACT

Women constitute 48.17% of the population of India; yet their presence on the boards of companies has not been substantial. This paper attempts to define the pathways available to women on Indian boards. The essence of Corporate Governance practices in the new Millennium is construed to mean something beyond the formal demonstrations and exhibitions of accountability and trust. The appropriateness of corporate governance can be felt only by giving regard to the assessment of competencies and behavioral skills of the Board of Directors. The companies with the goal of composing boards with integrity and expertise are dipping into new pools of candidates including women. Yet some of the large companies still have no women directors. The further details of this topic are outlined and examined in this research paper.

**KEY WORDS:** CORPORATE GOVERNANCE, WOMEN DIRECTOR

#### INTRODUCTION:

Globalization has not only significantly heightened business risks, but has also compelled Indian Companies to adopt international norms and good governance. Much has been heard, talked and said about the topic of Corporate Governance, but unfortunately the parameters to judge its practical implementation is still not very clear. Corporate Governance is an enduring process that requires integrated efforts and in today's highly specialized times it is requisite to be specialists to achieve excellence. The corner stone of effective corporate governance practices is imbedded in virtues and intellectual honesty that obviously extends beyond the structural form of corporate law and governance which is naturally present in every woman to handle situations more extensively. Manager's accountability to shareholders and corporations responsibility to society is two important objectives of corporate governance. Therefore the practice of good corporate governance has become a necessary prerequisite for the effective management of any corporation to sustain with the global standards. All These requirement beyond the Corporate Governance concepts can be conveniently fulfilled by the presence and involvement of Women Directors in the decision making process of the companies which leads to Nation's overall economic growth and good corporate governance.

From a human capital perspective, women constitute 48.17% of the population of India and their participation in higher education has been increasing. Their presence

in senior leadership teams and in boards of companies, however, has not been significant enough. This report is an attempt to define the pathways available to women on Indian boards, with a focus on women's experiences on the board, how they were identified to serve on boards, their perceptions of how they influenced the board process, and finally, the competencies needed to be effective on a board. So after considering all we can definitely said that-

***“Women director plays most outstanding role in modern business world.”***

#### **MEANING OF CORPORATE GOVERNANCE:**

The Institute of Company Secretaries of India (ICSI) defines: “Corporate Governance is the application of best management practices, compliance of law in letter and spirit and adherence to ethical standard for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.”

#### **OBJECTIVES OF THE STUDY:**

The main objectives of the study are stated below:

1. To indicate the role of women directors in an effective way.
2. To examine and identify eligible Women talent pool available in India to occupy positions on the Boards of Indian Companies.
3. To understand the concept of appointment of Women Directors in companies with the introduction of the provisions of Companies Act, 2013.
4. To study which profession and qualification should a Woman Director should have.

#### **REVIEW OF LITERATURE:**

Reviews of literature of the study are stated below:

To quote the words of **J.WOLFENSOHN**, the former President of the World Bank, “Corporate Governance is about promoting corporate fairness, transparency and accountability”. A timely and accurate disclosure of information regarding the financial situation, performance, ownership, control and governance of the company is an important part of corporate governance. Xavier Vives has studied that different systems of Corporate Governance have different impacts on the degree of competition in the economy. Board diversity creates positive benefits for the management of large corporations (cf.Bilimoria, 2000). By incorporating socially legitimated elements (women on the corporate Boards, “Women Directors”) firms increase their institutional legitimacy and enhance their likely success (cf.meyer and Rowan, 1977).

**PFEFFER AND SALANCIK** (1978) suggest that directors bring four benefits to organizations: (a) information in the form of advice and counsel; (b) access to channels of information between the firm and environmental contingencies; (c) preferential access to resources; and (d) legitimacy. These benefits highlight the significance of diversity of perspectives within teams in decision making. Research suggests that teams with functional (occupational) diversity solve problems faster and more effectively than teams of like-minded people (Barsade et al., 2000); further, studies indicate that demographic diversity increases network connections, resources, creativity, and innovation (DiTomaso et al., 2007). Therefore, the presence of women

on boards and in top management positions could promote a better understanding of the marketplace by matching the diversity of a firm's directors to the diversity of its potential customers and employees, thereby increasing its ability to penetrate markets (Carter et al., 2003; Campbell and Mínguez-Vera, 2008).

**ICSI.EDU:** Corporate governance is playing an effective role in the context of organization. The role of corporate governance is also becomes helpful in achieving the objectives of the organization. Women Director has a stronger positive effect on performance of the Board. Some of the companies have appointed Woman Director while remaining companies are yet to be appointed Woman Director on their Board. Women Director brings diversity of views, new perspective along with seriousness to the discussion of the Board. The presence of women on corporate boards seems to increase board effectiveness through reducing the level of conflict and ensuring high quality of board development activities.

**COMPANIES ACT 2013:** With the modern era the status of women is changing. The Government of India has taken a revolutionary initiation by the appointment of at least one woman director in certain classes of companies' board of directors under the Companies Act, 2013. The second proviso to section 149(1) of the act makes it mandatory that every listed company shall appoint at least one woman director within one year from the commencement of the second proviso to section 149(1) of the Act. Every other public company having paid up share capital of Rs.100 crores or more or turnover of Rs.300 crore or more as on the last date of latest audited financial statements, shall also appoint at least one woman director within one year from the commencement of second proviso to section 149(1) of the Act.

**TITLE OF THE STUDY:**

After going through existing literature in the library, researchers has selected topic as under:

**“CORPORATE GOVERNANCE - WOMEN DIRECTORS PART OF BOARDS”**

**GAP ANALYSIS:**

On the basis of evaluation of literature, researcher found the gap in this area. After considering a few research have been taken for the study, researcher is found following gap:

- The roles of women directors have been significantly changed and yet it was not studied.
- It is era for women in corporate corridors in India and yet it was needed to study.

**RESEARCH METHODOLOGY:**

Researcher analyzed all the data based on secondary data. So main source of this research paper is secondary data and after considering these authenticated journals, articles etc. done all the analysis of women directors. The sample size is 10 companies both listed and unlisted.

**FINDINGS OF THE STUDY:**

The following findings are:

1. Data related to Women talent for Boards:

|                                     |              |
|-------------------------------------|--------------|
| Current Population of India in 2016 | 1.34 billion |
| Total Male Population in India      | 696 million  |
| Total No of Females in India        | 652 million  |

Therefore No. of Women talent available for board:

652 million

-----x 20 = 65.2million women talent pool available

100

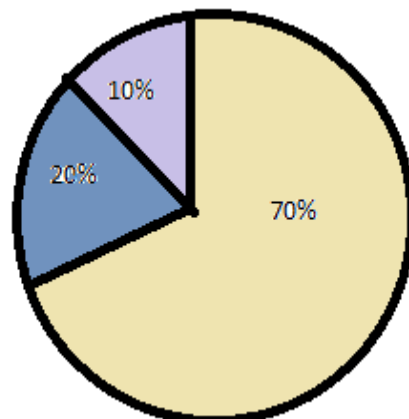
**2. COMPANIES ACT 2013:** With the modern era the status of women is changing. The Government of India has taken a revolutionary initiation by the appointment of at least one woman director in certain classes of companies' board of directors under the Companies Act, 2013. The second proviso to section 149(1) of the act makes it mandatory that every listed company shall appoint at least one woman director within one year from the commencement of the second proviso to section 149(1) of the Act.

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The existing companies has to comply with the above requirements within one year and new companies incorporated under the new companies act has to comply within 6 months

from the date of its incorporation. Further, if there is any intermittent vacancy of a woman director then it shall be filed by the board of directors within 3 months from the date of such vacancy or not later than immediate next board meeting, whichever is later.

**3. QUALIFICATIONS, PROFESSIONAL OR OTHERWISE FOR A WOMAN DIRECTOR:**



**EXPERTISE IN THE SECTOR**  
**WILLINGNESS TO CONTRIBUTE TO THE COMPANY**

**INTERPRETATION:** As per the results shown, 70% companies expect the Woman Director should have expertise in the sector which can be seen in pie chart. 20% companies expect the willingness to contribute to the company and only 10% companies expect capability to provide solutions to the situational problems which can be seen respectively.

**LIMITATIONS OF THE STUDY:**

The following limitations are:

- 1) Limitation of secondary data will remain with the study of women directors.
- 2) The study was limited to reflect the role of women directors.
- 3) SEBI in its guideline has not mentioned about women representation at all, in a multi religion and multi language and more orthodox families in India until and unless it is made mandatory, companies will not seek women on boards.

**CONCLUSION:**

The aim of the study is to understand the concept of Corporate governance and the requirement of women talent pool to achieve the objectives of corporate governance, to find answer to the question whether there are enough women talents available to represent corporate boards and study those areas where there is availability of talents for the board and recalling the proving abilities by women on corporate boards around the world. As the board contribute to good corporate governance practices. The board with women members has proved competences which are important for the success story of the successful companies.

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