



Gender Diversity on the Board of Directors: What Keeps Empowerment Away

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Abstract

Gender diversity on board is a pertinent issue that attracts considerable attention from researchers. The strength of women in an organization correlates with the extent of women's representation on the boards. The study aimed to explore the trend of women's representation and the efficacy of the new regulations (Company Act 2013) to enhance the same. It involves comparing the board of Indian Navratna companies (PSUs) with their similar private companies. The research needs to explore the relationship between a company having a board diversity policy and the number of women on board. For the purpose of the study, a total of 26(N) companies were chosen as a sample comprising Navratna Companies $n_1=13$, Private Companies $n_2=13$. Data have been fetched from websites of the respective companies, The National Stock Exchange of India Limited, and Bombay Stock Exchange Ltd. The results of the study show that majority of firms have not bothered to go beyond the mandated requirement. The number of men on board is significantly higher than that of women on board. The gender gap is smaller among independent directors as compared to other types of director positions (Managing Director/CEO, Executive Director). This is due to new regulations (Company Act 2013 and Securities and Exchange Board of India, Listing Agreement) which make it mandatory to have at least one woman as the independent director for large firms. In the study period of six years viz. (2013-14 to 2018-19), the total number of directors in both types of companies were 1492, and out of this, the representation of women was only 193 (12.93 percent) which is not even one-fourth of the total directorial positions. It seems like companies are forced to appoint women directors on board and rarely have a proactive approach towards gender diversity on board.

Key Words: Gender diversity on Board, Woman Director, Navratna, Companies Act 2013, Security Exchange Board of India, Independent Director

Introduction

In the past few decades, women have been a major workforce in most of the areas. They have moved from traditional stereotypical roles (submissive, nurturing, and emotional) to more challenging ones (aggressive and ambitious) (Bennett and Bennett 1992). Different empirical and other research studies suggest that an increase in participation of women is vital for the economic development of the country. A country cannot be successful if half of the people are ignored. After a decade of initiatives to provide equal opportunities to women in every field, we are still lagging in raising women to the corporate board. The higher education statistics suggest that fifty percent of graduates in the world are women, but only twenty-five percent of them reach the managerial level. (Mckinsey 2017-"Women Matter Time to accelerate Ten years of insights into gender diversity"). Men are dominating because we still consider women for soft roles. In India, women's population is 48.5 percent of the total population (census 2011) but Indian industries don't use their economic potential (Balasubramanian and Mohanty 2015). The participation of women on the board is very less as compared to men, not only in India

but in most of the countries of the world. Many countries have strict rules such as Australia- Affirmative Action's (Equal Employment for Women in the Workplace Act 1986), Canada-Employment Equity Act 1995, Finland Act 1986-respecting equity between men and women, and India-Company Act 2013 mandatory to have one woman on board in a specified class of companies. A transformational change in gender preference in the economy of countries has lead to a disruptive environment in the industries. To deal with this transformational change, the board of the organizations needs to be diverse in skill, knowledge, and experience. A diverse board represents a wider perspective to solve the problems and women may play an extremely vital role in the corporate board.

Literature Review

Gender diversity is an “umbrella term that is used to describe gender identities that demonstrate a diversity of expression beyond the binary framework” as defined by AGA organization (A Gender Agenda). Gender Identity refers to “one’s sense of oneself as male, female, or something else”. The concept is based on a distinction between sex (the physical characteristics that identify individuals as male or female) and gender (an individual’s sense of being a man or a woman, or a combination of these). American Psychological Association defines Gender Diversity as “to the extent to which a person’s gender identity, role, or expression differs from the cultural norms prescribed for people of a particular sex. This term is becoming more popular as a way to describe people without reference to a particular cultural norm, in a manner that is more affirming and potentially less stigmatizing than gender nonconformity”. Gender and diversity are inseparable in an organization and organizations have looked at the issue of gender diversity for decades. The increasing percentage of women in the labour force further exacerbates the issue as this increase is leaving its footprint at every level of a company's hierarchy. Gender diversity is a crucial dimension of workplace diversity of companies and it is defined as the "proportion of men to women in an organization that can affect how they interact and behave with one another at the workplace, and thereby impact the social and cultural environment". When talking about the percentage of women in the workplace, it is important to know their share in the upper hierarchy of companies. Gender diversity on board is a study of women's number or percentage on the board of directors. It is usually measurable by the proportion of men and women in companies or institutions. Women's representation on board leads to a greater diversity of talent cognition and skill set. The composition of the board should align with the interest of all the stakeholders. Gender diversity on board brings effective decision making to the boardroom (Becht, Bolton and Röell 2002; Hermalin and Weisbach 2003).

Why Women on Board Matters

The global gender diversity report 2016 has developed a relationship between women's participation in the workplace and the economic growth of the country. Women's participation on board brings distinctive and diverse competence to the board (Srinivasan and Pallathitta 2013). Companies which are having at least one woman director on board have positive market value and higher profits (Sarkar and Selarka 2015). Investors also believe that diversity on board helps organizations to solve problems from wider perspectives with diverse experiences, knowledge, and backgrounds. (Balasubramanian and Mohanty 2015). Higher participation of women on the board lowers the rate of bribery, corruption, and fraud (MSCI Inc. 2015). Women are “**Valuable Assets**” to the organizations (Mckinsey 2012), generate greater operating width, and also help to improve the financial performance of the organization. But still, much more needs to be done as many organizations still do not consider Gender Diversity a strategic priority (Mckinsey 2010). GMI rating 2013 studied 5977 companies from 45 countries around the world and found that only 11 percent of women are on boards while the results reveal that diverse directorship improves the board's decision-making power. Although women directors represent a minority in the boards of companies, the presence of minorities on the board of directors can influence decision-making. In this sense, appointing women directors, even in a board dominated by men, can improve the working environment of the group (Bilimoria and Huse, 1997).

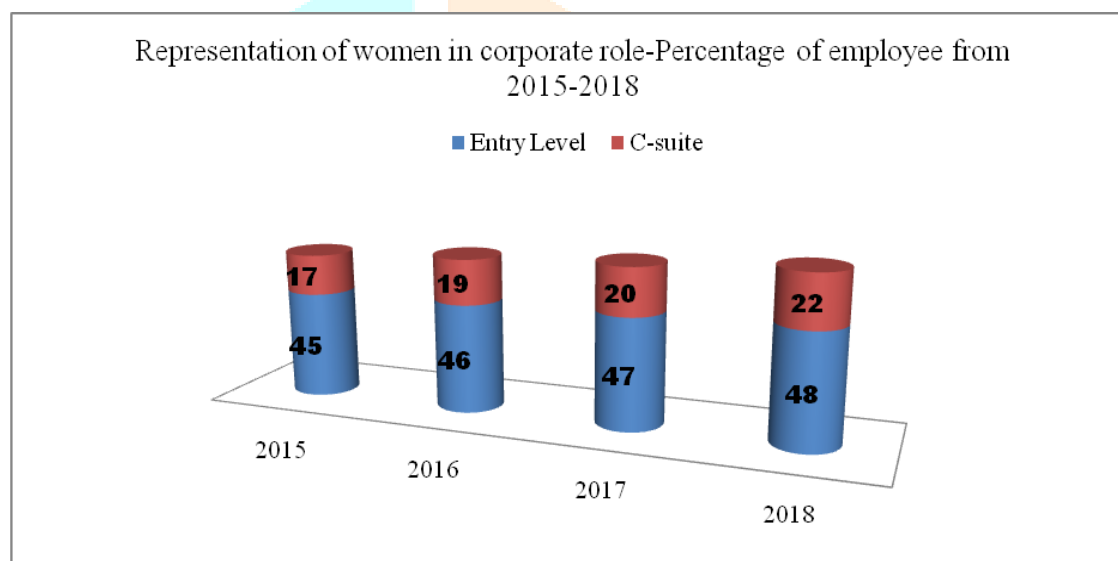
Women representation in boards-Global Trends

“The Catalyst” conducted a study from the period 2010 to 2013 to analyze the representation of women on boards in fortune 500 companies. The results showed that in 2010, only 15.7percent of women were represented on the boards and it did not have enough increase in 2013 as well (16.9percent). (**Refer Table -1**)

Table -1

2010	2011	2012	2013
15.7percent	16.1percent	16.6percent	16.9percent

Another study (Catalyst Census: Women share on board in the stock index of US, Candian and European countries) conducted by ‘Catalyst’ in 2014, to find women representation on boards found that the number of women on boards is maximum in Norway (35.5percent) followed by Finland (29.9percent) and France (29.7percent) due to hard laws of gender quotas and legislation. An early disparity (initial low representation of women at entry-level) can be the reason for fewer women on boards as found by a study (“*Women in the Workplace 2018*”) conducted by McKinsey & Company in collaboration with LeanIn.Org. The study was from 2015-2019, to know the status of women’s representation in corporate America. The interesting fact which came out from this study was that women are scarce within an organization at the managerial level as a result of their low representation at the entry level (early disparity). There is also a scarceness of the availability of adequately experienced women who can be hired from outside. Although companies are improving their recruitment and promotion policies, results are not satisfactory as their focus is on hiring employees only at the senior level. So, it is necessary to narrow the gap at the entry level which can only be done by the necessary amendments in these policies (Recruitment and hiring). Graphical presentation of reports' result is as follows; (Graph-1)



Source: McKinsey. (2018). *Women in the Workplace in 2018*. Retrieved from <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2018>

The senior-level positions which start with the Letter "C" represent C-suit such as (chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), and chief information officer (CIO). The result evidently shows that it is inevitable for companies to take more decisive action swiftly. In fortune 500 companies, women constitute only one-fourth of the board of directors according to a report (*Missing Pieces Report 2018*), presented by The Alliance for Board Diversity (ABD), in collaboration with Deloitte. This was 16.90 percent in 2014. The studies on women’s representation are creating the impression that companies are appointing women on board as a "Checkbox exercise".

Countries around the globe have been divided into three categories on basis of law; hard law, soft law, and no law. Hard law category of countries is trying to increase women representation by initiating different legislation or gender quotes such as Norway, which was the first country (2003) to enact 40 percent gender quotas which implies that 40 percent person on board should be women, Finland 40 percent (2005), Canada 40percent (2006), Spain 40percent (2007), Iceland 40percent (2010) and Kenya 33percent (2010). The soft law category of countries does not have any hard law but are committed to gender diversity e.g. in the United Kingdom, there is no hard law for gender quotas or legislation in their books but in 2015, they set a target to have 25 percent women on the board of director in FTSE 100 listed companies and they achieved it (MSCI Inc, 2015). Now, they are working on another target of 33 percent of board seats in the top 350 UK listed companies (FTSE 100 and FTSE 250 indices) by the end of 2020 year.

Opposite to this, there are still a few countries that do not have either hard law or soft law for gender diversity on boards such as China, Japan, South Korea, and Greece.

India is a country that comes under the hard law of gender legislation on boards. The Indian Government recently introduced the Company Act 2013, which has made changes to the previous Company's Act 1956, as follows:

- A one-person company shall have a minimum of 1 (one) director
- The maximum limit has been increased from 12 to 15 directors and if the company wants to increase the number of directors further, it can be done through a special resolution which earlier, needed central government approval.
- The introduction of one Women Director on Board mandatory to a certain class of companies
- Provision of Independent Director
- The nominee director will no longer be treated as an Independent Director
- Introduction of Resident Director
- It clearly defined the duties of directors to boost corporate governance.

Security Exchange Board of India amended its Listing Agreement to align it with Company Act 2013 (with prospective effect from October 01, 2014)

Rule 3 of Companies (Appointment and Qualifications of Directors) Rules, 2014 deals with Woman Director in detail and it also prescribes the class of companies as referred to in Section 149 of the Company Act, 2013 on which this provision is applicable. The said rule lays down the following:

The class of companies for which appointment of woman director is mandatory:

- Every listed company;
- Every other public company having:
 - a) paid-up share capital of one hundred crore rupees or more; or
 - b) Turnover of three hundred crore rupees or more.

The roles and responsibilities of appointed women directors will be the same as those of other directors on the board. As far as classes of the director are concerned, the Company Act 2013 and Security Exchange Board of India (SEBI) - Listing Agreement have broadly mentioned the following class of directors:

Managing Director and Whole-Time Director

Managing director means a "director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called" Section 2(54) of companies Act 2013.

The Managing Director of the company holds some substantial power which consists of

- (i) Laying down broad policies and objectives of the company, and
- (ii) Executing such policies and objectives.

Substantial powers of management imply the ability to take a decision to do or not to do a thing. The managing director doesn't need to be entrusted with the management of all affairs of the company as is the case with the manager. He is the liaison officer between the Board of Directors and the rest of the organization. He is the director-cum-executive, and as a member of the board of directors, he shares the objectives and policies of the company, though he is subordinate to the Board.

A whole-time director "includes a director in the whole-time employment of the company". Section 2(94) of Company Act 2013. The major difference between the managing director and the whole-time director is that a person can be a managing director of more than two companies, but he/she cannot be a whole-time director of more than one company.

Executive Director class of directors is somehow related to the definition of whole-time because as per rule of 2(1)(k) of the Companies (Specification of definitions details) Rules, 2014 "Executive Director" means a "whole-time director as defined in clause (94) of section 2 of the Act". To be an executive Director there are two conditions that should be fulfilled:

Condition 1 - The person should be a director of the company

Condition 2 - Person should be a whole-time employee of the company

Whole-time Employee + Director = Executive Director

Ultimately, a person should be a whole-time director of the company to be an EXECUTIVE DIRECTOR due to 2(1)(k) of the Companies (Specification of definitions details) Rules, 2014. Executive Director can either be the whole-time director or managing director of the company (Narasappa, Doraswamy & Raja, 2011).

Non-Executive director – Director who doesn't fulfill the conditions for Executive directors is a Non-executive director. Non-executive directors are not directly related to day to day work of the company. They work independently, provide positive criticism, and help in policy-making.

3. Residential Director :

In section 149, for sub-section (3) for the words “Every company shall have at least one director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year”.

Provision of Resident Director has been introduced to avoid the complete acquisition of the board of Indian companies by a non-resident.

4. Nominee Director

Under Companies Act, 2013, the appointment of a nominee director is made following section 161(3): " Subject to the articles of a company, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government company." “ A nominee director is not merely a thread to protect the interests of the nominator but is also capable of giving meaningful insights towards better corporate governance practices and functioning of the company. His/ her specialized knowledge in the field of finance and banking is a utility for the investee company, which can be deployed in taking critical policy and business decisions, benefitting the company as a whole” (Vallari Dubey 2018).

6. Independent Director

Previously, there was no provision of appointing an independent director in the Company Act 1956. Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 and Clause 49 of the Listing Agreement ("Listing Agreement") of the Security Exchange Board of India (SEBI) notified provision regarding the appointment of Independent Director. Sub-section (5) of section 149, an independent director may be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by anybody, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank and put on their website for the use by the company making the appointment of such directors. Company Act 2013 also defined requirement to be fulfilled for the appointment of independent director:

- (i) Public listed company: At least one-third of the board to be comprised of independent directors;
- (ii) Certain specified companies that meet the criteria listed below are required to have at least 2 (two) independent directors:
 - Public companies which have paid-up share capital of Rupees one hundred million only;
 - Public companies which have a turnover of Rupees one billion only;
 - and Public companies which have, in the aggregate, outstanding loans, debentures, and deposits exceeding Rupees five hundred million only

As per Clause 49 Clause 49 of the Listing Agreement (“Listing Agreement”), only listed companies were required to appoint independent directors. The number of independent directors on the board of a listed company was required to be equal to

- (i) one-third of the board, where the chairman of the board is a non-executive director; or
- (ii) one half of the board, where the chairman is an executive director.

The scope of duties is not clearly defined either in Company Act 1956 or the Listing Agreement of the Security Exchange Board of India. The Company Act 2013 under Schedule IV, describes the role, duties, and task of the independent director when he/she occupies a position. The code or guideline for the professional conduct of independent directors has been issued by Company Act 2013 which prescribes facilitative roles, such as “offering independent judgment on issues of strategy, performance, and key appointments, and taking an objective view on performance evaluation of the board. Independent directors are additionally required to satisfy themselves on the integrity of financial information, to balance the conflicting interests of all stakeholders and, in particular, to protect the rights of the minority shareholders” (Ministry of Corporate Affairs, 2014). Similarly, The SEBI also feels that there is a requirement to lay down a proper code of conduct for an independent director which should be in alignment with the Company Act 2013.

“Person cannot be Director in a maximum of 20 companies. Directorship includes alternate directorships also of these 20 companies, one cannot be a Director in more than 10 public companies (including private companies which are holding or subsidiary companies of public companies). Members can specify a lower number by passing a special resolution.” (Section 165).

Women directors can act as independent directors or nominee directors. The nominator can be appointed by the government, creditor, or stakeholder. She plays the role of communicator between the Board of Directors and the nominator. It will be beneficial for the company to appoint women as independent directors because it improves the "corporate credibility of the company and also to improve governance standards of the company" (Bhavyags). Gender diverse boards represent diverse thinking and improve decision making (George Joffy 2019).

As earlier, there was no clear provision of appointing a woman as an independent director; this is the reason why many companies appoint a promoter's wife, daughter, or relative as an independent director (George Joffy 2019). This was clearly evident in a study conducted by The Indian School of Business in collaboration with The Thomas Schmidheiny Centre for Family Enterprise on standalone family firms (SFF) and family business group affiliated firms (FBGFs) in the year 2018. The results showed that women directors on boards (4.9 percent in 2013 to 14.4 percent in 2017) are increasing among the family members of the firms rather than a non-family member (5.0 percent in 2013 to 13.9 percent). It was expected that the mandatory requirement of appointing women directors on boards will bring gender diversity on board, but companies are facing difficulty in coping with the provision (One women director on Board of Company Act 2013). “In many cases, quotas are a result of frustration and imposed as a last resort for progress to occur due to the concern that women's voices were underrepresented and as a compensatory gesture. However, quotas should not be viewed as ceilings for Women Directors on company Boards" (George Joffy 2019).

Research Methodology

Companies that want to be gender diverse need to be representatives of the same first. A comparative study was conducted from the year 2013-14 to 2018-19 between Navratna Companies and their comparable private companies with respect to gender diversity on boards. Navratna is those companies that quantify on the basis of eligibility described in few categories such as net worth, net profit, total manpower cost, the total cost of production, cost of services, PBDIT (Profit Before Depreciation, Interest, and Taxes), capital employed as per center of public enterprise. Average of Net Profit (as defined in section 197 of company Act 2013) of the year 2013-14 and 2014-15 has been chosen to select private companies to compare them with Navratna companies. The total sample size (N) for this study was 26 (Navratna Companies $n_1=13$, Private Companies $n_2=13$). Data have been fetched from websites of respective companies and through the National Stock Exchange of India Limited and Bombay Stock Exchange Ltd. Data were normally distributed in a sample size of less than 30. Thus, the independent t-test has been applied to test the hypothesis. The study covers 1682 directors and classifies these directors across multiple categories (Chairperson/managing director, executive director, non-executive director, independent directors, independent directors (part-time non-official, independent directors (non-executive), and government nominee).

Objectives:

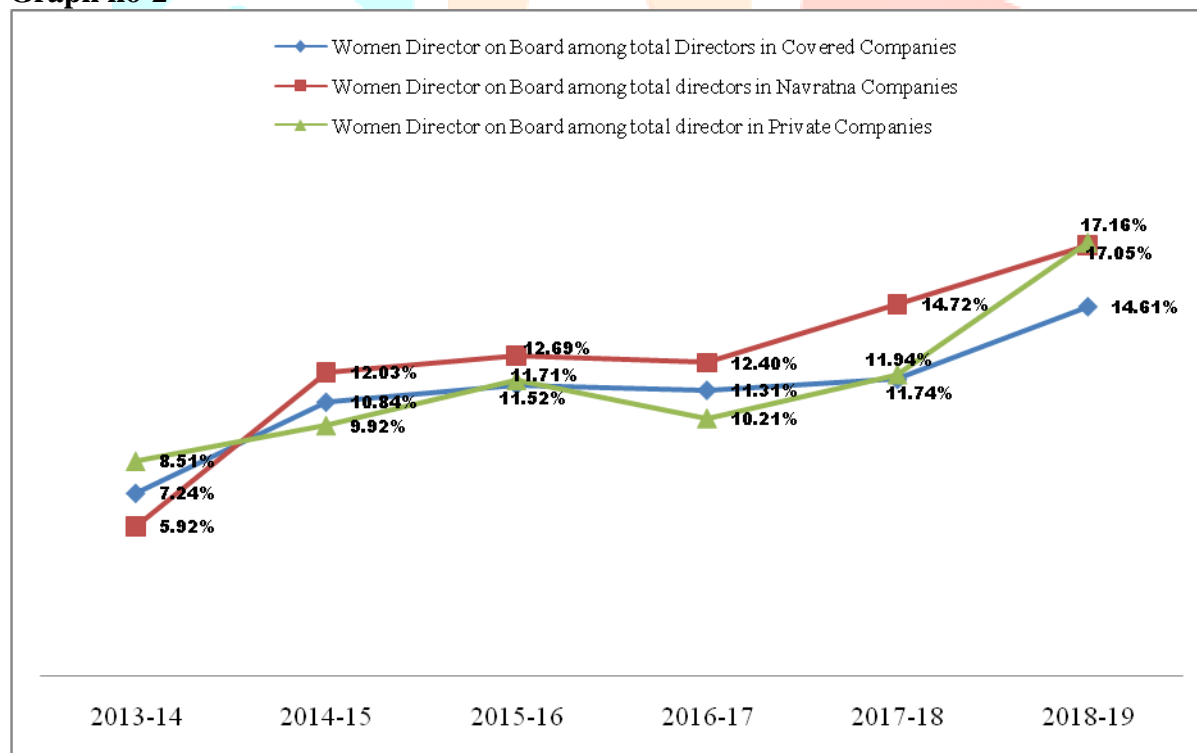
1. The analysis of the effects of the regulatory push such as the Company act 2013 on the number of women as Directors on the Board of Navratna companies and private companies from 2013-14 to 2018-19.
2. To compare the number of women as Directors on Board with men as directors on board in Navratna companies and private companies from 2013-14 to 2018-19.
3. To compare the number of women in a particular position on the boards of directors from 2013-14 to 2018-19 in Navratna companies and private companies.
4. To find out the relationship between a company having a board diversity policy and the number of women on boards.

Hypothesis:

H_{01} = There is no significant difference between women as a director on board in Navratna companies and private companies from the year 2013-14 to 2018-19

Findings

1. The effects of the regulatory push are evident in the boardroom after Company Act 2013 from 8.23 percent (21/255) in 2013-14 to 17.22 percent (46/267) in 2018-19. The board composition is significantly more inclusive now with gender diversity on board. However, there is much work to be done in this regard. In the six years of study (2013-14 to 2018-19), the total number of directors in both types of companies was 1492; out of these directorial positions, women represented only 193 (12.93 percent) which is not even a one-fourth of the total directorial positions. Cumulatively, the number of women on boards has increased but in a given Board the number of women as compared to the number of men still remains very low in both types of companies.

Graph no-2

2. The results show that the majority of directors on boards were men in both types of companies. There is no significant difference between the number of women on the boards of directors in Navratna companies and private companies from the year 2013-14 to 2018-19. Both types of companies are equally quick to appoint women directors on the boards after mandatory regulation of the Company Act, 2013 and SEBI. However, further analysis of the position held by women directors, shows that studied private companies are appointing women on other positions (Non-Executive Director and Managing Director/ECO) than independent director's position. Although there is an improvement in the representation of women on the Board of Directors in Navratna and private companies, when we compare them, the results of independent t-test results are not significant. While the percentage of women on each board has increased progressively, this is not necessarily reflected in a proportion of women's directorships. After the company act 2013 Amendment, the mean value of

women directors on board is increasing gradually. Due to the new regulation (company Act 2013 and SEBI Guidelines), it was expected that Navratnas will implement new regulation earlier than the private sector, but results are not satisfactory and Navratna companies need to catch up with private companies in creating more opportunities for women.

3. In six years of the study (2013-14 and 2018-19), there were no women directors on the Managing Director/CEO positions in any Navratna companies except Bharati S. Sihag, Chairman-cum-Managing Director & Govt. Nominee Director who represented National Mineral Development Corporation from 2015-16 (1 out of 97 number of total directors in Navratnas). The highest positions held by women as directors in studied are Government Nominee (25/97) and Independent Director (Part-Time non-Official-23/97). Conversely, studied private companies have more women directors in the Managing Director/CEO position (7/96). The highest positions held by women as a director, in studied private companies, are Non-Executive Director (43/96) and Independent Director (30/96). Though obligating legislation is inducing more women on boards, it should not be forceful. There needs to be a change in the mindset of companies, so that benefit of gender diversity can be embraced.

4. We also found that only five companies (Engineers India Limited, National Aluminium Company Limited, NMDC Limited, Power Finance Corporation Limited, and Power Grid Corporation of India Limited) out of thirteen Navratna companies have a board diversity policy in its reports, while eight Navratna Companies (Bharat Electronics Limited, Mahanagar Telephone Nigam Limited, National Buildings Construction Corporation Limited, Neyveli Lignite Corporation Limited, Rashtriya Ispat Nigam Limited, Rural Electrification Corporation Limited, Container Corporation of India Limited and Shipping Corporation of India Limited) do not have any committee to deal with diversity on board. Of these five companies, 44.3 percent of the total women directors of Navratna companies in six years are women directors, which prove gender diversity on board policy matters. In contrast, each covered private company, in this study, has a diversified board policy. They have a council and a committee to look at the diversity-related intricacy and gender diversity on board data is clearly mentioned on its websites for more transparency.

Discussion and Managerial implication

The board of directors is one of the key governance mechanisms that help align the interests of both managers and shareholders (Reguera-Alvarado et al., 2015). The boardroom which has a higher women representation on board has a diverse performance impact on different tasks of the boards. Gender diversity appears to be more crucial when companies need to encounter diverse thinking (Dwyer et al., 2003), and women on board present perspectives that result in diverse views, choices, and the ability to make better decisions. These help an organization to create unique strategies and practices. Women on boards embody a participative management style (Pearce & Zahra, 1991) and are more sensitive than men (Bradshaw & Wicks, 2000). This combination of the board reflects their involvement in a strategic nature that concerns all stakeholders of the company. Women play an active role in influencing organizational practices, such as those related to corporate-social-responsibility. Gender diversity on board is considered a "value driver" for corporate governance and organizational strategy for numerous reasons (Terjesen, Sealy, and Singh, 2009). Firstly, the investor goes through the board structure to know the representation of women which is progressively becoming part of their investment decisions (Carter, Simkins, and Simpson, 2003). Secondly, an increase in legislations around the world indicates the importance of gender diversity, such as 40 percent women representation in companies by the Norwegian government (Terjesen *et al.*, 2009). Thirdly, board diversity issues have also been discussed by best practices in corporate governance. For example, the Sarbanes-Oxley Act of 2002 (in the United States) or the Higgs Review (in the United Kingdom) encourages more diversity on corporate boards (Adams and Ferreira, 2009; Dalton and Dalton, 2008). Fair employment practices for women are now part of the criteria of many social investment indices (e.g. FTSE4Good or Domini 400 Social Index). According to a study conducted by the Pittsburgh-based human resources consulting firm DDI, the companies that perform best, financially have the greatest number of women in leadership roles (Thapar Chaur, 2017). But still, companies are not accepting this, and this is clear through our study as there are eight Navratna companies (Bharat Electronics Limited, Mahanagar Telephone Nigam Limited, National Buildings Construction Corporation Limited, Neyveli Lignite Corporation Limited, Rashtriya Ispat Nigam Limited, Rural Electrification Corporation Limited, Container Corporation of India Limited and Shipping Corporation of India Limited) which don't have any 'diversity on board policy' to deal with the issue. Till 31st March 2019, few companies have gone beyond the mandatory requirement of having one woman on board (Bharat Electronics Limited, Mahanagar Telephone

Nigam Limited, and Bharti Airtel Limited). Given the nascent stage of the regulation (Company Act 2013 and SEBI) in India, this study shows that the impact of compulsory gender diversity on the board is progressing, although gradually, because the regulation does not clearly describe the appointment of women. This may be the reason why many companies opted to employ women within the family: promoter's wife, daughter, or relative on board irrespective of their qualification: Vedanta Resources Limited, appointed Priya Agarwal daughter of Anil Agarwal, Chairman of Vedanta Resources Limited, as a director to comply with this rule; K.P Singh introduced his daughter Pia Singh on board in his company DLF Limited; Mallika Srinivasan (Independent Director of Tata Steel Limited) is the wife of Venu Srinivasan who is member of Tata Trust (Sushmita Choudhury Agarwal,2018), Kumar Mangalam Birla chairman of Hindalco Industries Limited appointed his mother Rajashree Birla onboard. So, although legislation can help in the entry of women into the boardroom it cannot necessarily help creating gender diversity because having just one woman on board is not an indicator that companies are utilizing the full potential of the gender-diverse board as "actual driver of change and efficiency" (MicKinsey 2018). Norway, with nearly 40percent of directors comprising women to ensure that gender diversity, has the required impact on the boards (Report by Biz Divas and Khaitan & Co. 2014). The "One Woman on Board" is a step towards gender-diverse boardrooms in Indian companies by the Companies Act, 2013, and there is a strong need to understand the intention behind this major step. Its implementation will indeed be abundant when companies (including all stakeholders) actually go beyond this regulation and accept the ability of a woman director and appoint more women on the board.

Conclusion:

Countries around the world have realized the benefits of appointing women directors on boards such as "independence, innovation, and good governance and maximize their company's performance" (Sinha Nath 2019). India is also one of them, but the ground reality of women's representation on boards is completely different from what we expected from the legislative change. The major reason for the lesser representation of women on boards is that we are lagging behind from the basic level, such as a lower number of women at the entry-level of the workforce. In India, women make up a 42percent of new graduates, but only 24percent of entry-level professionals. Of the women who enter into various professions, about 19percent reach senior-level management roles. Women hold only 7.7percent of management board seats and just 2.7percent of board chairs (SCOPE-ILO Study-March 2018). Another reason is the vague attitude of companies towards gender diversity on the boards, as only five Navratnas (Engineers India Limited, National Aluminium Company Limited, NMDC Limited, Power Finance Corporation Limited, and Power Grid Corporation of India Limited) have a policy or committee to deal with the gender diversity issue. The Companies Act 2013 has taken a persuasive step towards gender diversity on the boards and it always takes time to translate this change from law to corporate mentality. It can be years or even decades after what we are witnessing.

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