Women Appointments on Corporate Board: A Study of Top 50 BSE Listed Companies

Vivekananda Journal of Research
July - December 2021, Vol. 11, Issue 2, 116-129
ISSN 2319-8702(Print)
ISSN 2456-7574(Online)
Peer Reviewed Refereed Journal
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http://www.vips.edu/vjr.php

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ABSTARCT

GOI (Government of India) is continuously making efforts for women empowerment and gender equality. Parliament has passed section 149(1) of Companies Amendments Act, 2013 to diversify the gender representation on corporate board. As per this section, it is compulsory for listed companies and other public companies to appoint at least one woman on board. The study attempts to examine the status of women on board among the top 50 BSE listed companies during 2007-08 to 2018-19. The study found that there is a significant effect of Companies (Amendment) Act,2013 on the appointment of women on board. Companies with women on board have been increased after the amendments but the number of women on board varies between 2 to 3 over the study period and number of women as the CEO, chairman & executive director are ranging from one to two only.

Keywords: *Women, Board of directors, Companies' Amendments Act, 2013, BSE listed, gender.*

INTRODUCTION

Over the time, status of women is getting improved day by day as they are becoming independent, confident, possessing their self worth and playing great role in enhancing the economic development, productivity and income equality. As per p.w.c. (Price waterhouse and cooper & Lybrand) of U.K., OECD (Organisation for Economic-Cooperation and

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Development) countries could enhance the GDP by 6 trillion USD $ by improving the female employment rate in their countries. Still this growth doesn't show the way to gender equality automatically and still women are facing many challenges due to gender inequality. The W.B.L. (Women Business and the Law) report of World Bank revealed that more than 2.7 billion females are restricted to have their choice of job as compared to men. Total 189 economies are assessed in 2018 and found that 104 countries have regulation to prevent the women from doing particular jobs and specifically 18 countries have provided legal right to the husbands to stop their wives from doing jobs. According to survey of ILO (International Labour Office) during 2017, more than 4.6% women are indulged in informal employment than men and spending 2.5 times more on domestic work and unpaid care. Catalyst organisation reported that there are only 5% female CEO among the Fortune 500 companies.

Indian law came forward to protect the rights of women like fundamental civil rights and duties of Indian women are finely explained in Indian constitution. The Indian constitution is focusing on women empowerment together with gender equality in different sphere of actions. To promote the role of women on top positions of business world, parliament of India brought the amendments through section 149(1) in Companies Act during 2013. According to section 149 (1) of companies amendments act, 2013, it is mandatory for listed companies and some public companies to select at least one woman as a member of board of directors. The purpose of this amendment is to lessen gender biasness and promote the role of women on top positions of business field. This study gives an idea about the status of gender diversity on board before and after Companies Amendments Act, 2013 passed during 2007-08 to 2018-19.

LITERATURE REVIEW

Bernardi et al. (2006) examined the percentage of women on board among the Fortune "100 best companies to work for" & Fortune 500 companies during the 1977 to 2001. The study found that there were 27 companies which were common in the both lists. Numbers of women on board on an average increased by 28 women every year and percentage of women on board was 14.1% in 27 common companies as compare to 473 Fortune companies which have 12% women on board. **Campbell and Vera (2009)** studied the long term and short term stock market reactions to the appointment of women on board among the Spanish firms during 1989 to 2001. The study revealed that stock market positively reacted to women appointment in short period and women appointment enhanced the value of firms over the long period. **Nielsen and Huse (2010**) studied female directors' involvement in decision making and strategic participation. The study found that ratio of women on board was 28%

on board, 7% women occupied the role of chairperson and 4% women worked as CEO. The study also found that female directors with diverse values had positively contributed in decision making of board and the ability of women with different professional experiences had negatively influenced the working of board. **Rovers (2013)** analysed the financial performance of 116 Dutch companies listed on Amsterdam stock exchange with and without women on board as on June, 2008. The study revealed that companies with more women directors were more modern, innovative, highly transparent and had better relations with all the relevant stakeholders. **Shafique et al. (2014)** studied the effect of gender assortment on profitability of 6 banks of Pakistan. The time period of the study was 2008 to 2012. The study found that total 33% women were working as directors in the sample banks, percentage of women was just 7.29% on board as compare to men and 16% women were working as CEO. The study also found that ROA was positively correlated with count of women on board whereas negatively correlated with percentage of women on board and women CEO. **Rana and wairimu (2017)** analysed the effect of board gender assortment on the profitability of six agricultural companies listed on Nairobi Security Exchange during 2008 to 2015. Ratio of female directors on board and presence of women on board had positive effect on profitability of companies.

STUDY OBJECTIVES

1. To test the significant difference in number of women on board, women CEO & women chairman and executive women director before and after Companies (Amendment) Act, 2013 passed.

2. To analyse the year-wise, company-wise and industry-wise difference in number of women on board.

RESEARCH METHODOLOGY

Sample Size

Sample of study included top 50 BSE listed companies as on January 2019 (Annexure 1) on the basis of market capitalisation. These companies further classified into 16 industries as per BSE industry classification namely Basic Material, Power, Auto, Energy, Fast Moving Consumer goods, Oil and gas, Finance, Telecom, REALTY, Health care, Consumer Discretionary goods and services, Capital goods, Metal, Information Technology, Industrial, TECK as presents in Table I.

Table I: classification of companies as per industries

Industries	No. of companies	%
Basic Material	1	2.0%
Industrial	1	2.0%
Health Care	3	6.0%
Auto	7	14.0%
Consumer Discretionary Goods And Services	3	6.0%
Finance	14	28.0%
Tech	1	2.0%
Telecom	2	4.0%
Capital Goods	2	4.0%
Power	1	2.0%
Energy	2	4.0%
Fast Moving Consumer Goods	3	6.0%
Metal	3	6.0%
Realty	1	2.0%
Oil And Gas	3	6.0%
Information Technology	3	6.0%
TOTAL	50	100.0%

Source: www.bseindia.com

Time period

Time period of the study was 12 years from 2007-2008 to 2018-19. Time was segregate into two parts, first part covered the time period from 2007-08 to 2012-13 i.e. before the Companies (Amendment) Act, 2013 and second part coated the time from 2013-14 to 2018-19 i.e. after the Companies (Amendment), Act 2013.

Data collection

Data was collected from the annual reports, newspaper and magazines. Annual reports of companies were downloaded from the websites of respective companies. Number of women comprised on board examined through corporate governance report, in case of any ambiguous about identity of women director than standard prefix has been take into consider Mrs., Ms., Smt. and their profiles were also searched on internet to make sure about identity (Hillman et al, 2007; Ahern & Dittmar, 2012).

Tools for analysis

Statistical test one-way-ANOVA has been applied to find out the year-wise difference and Kruskal Wallis H-test applied to find company-wise and industry-wise difference in number of women on board. Paired sample t-test also employed to know the difference in number of women on board before and after the Companies Amendments Act, 2013. Percentage and frequencies are also computed. Statistical package SPSS and Excel has been used for analysis purpose.

Hypothesis

Ho_1: There is no significant difference in number of women on board, women CEO, women chairman and executive women directors before and after the companies (Amendments) Act, 2013.

Ho_2: There is no significant difference year-wise, industry wise and company-wise in number of women on board over the study period.

RESULTS AND DISCUSSION

Table II: Number of companies with women directors over the study period

Years	Number of companies										
	With Zero woman director		With One woman director		With Two women director		With Three women directors		With Four women director		Total companies
	N	%	N	%	N	%	N	%	N	%	N
2007-08	32	64.0	14	28.0	3	6.0	1	2.0	0	0.0	50
2008-09	31	62.0	15	30.0	3	6.0	1	2.0	0	0.0	50
2009-10	26	52.0	18	36.0	6	12.0	0	0.0	0	0.0	50
2010-11	29	58.0	15	30.0	5	10.0	1	2.0	0	0.0	50
2011-12	24	48.0	19	38.0	7	14.0	0	0.0	0	0.0	50
2012-13	23	46.0	20	40.0	5	10.0	2	4.0	0	0.0	50
2013-14	13	26.0	30	60.0	3	6.0	4	8.0	0	0.0	50
2014-15	4	8.0	37	74.0	5	10.0	4	8.0	0	0.0	50
2015-16	4	8.0	29	58.0	14	28.0	3	6.0	0	0.0	50

2016-17	4	8.0	27	54.0	15	30.0	4	8.0	0	0.0	50
2017-18	2	4.0	30	60.0	11	22.0	6	12.0	1	2.0	50
2018-19	0	0.0	24	48.0	20	40.0	6	12.0	0	0.0	50

Source: Annual reports of companies

Table II presents number of women on board throughout the study period. On an average 64% companies have zero women on board during 2007-08, while, there was company with no company with zero women on board during 2018-19. Percentage of companies 'with one woman director' was sharply increased from 28% to 74% from 2007-08 to 2014-15 but again declined to 48% during the rest period because companies started to enter into next category 'with 2 women directors' that's why percentage of companies 'with 2 women director' increased from 6% to 39.2% during 2013-14 to 2018-19. Companies 'with 3 women director' rose from 2% to 11.8% and only 2% companies have 4 women directors during 2017-18.

Table III: Number of companies with women CEO, women Chairman and women Executive directors over the study period

Years	Number of companies									
	With Women CEO		Total Companies	With Women Chairman		Total companies	With Executive Women director			Total Companies
	0	1		0	1		0	1	2	
2007-08	50	0	50	49	1	50	48	2	0	50
2008-09	50	0	50	49	1	50	45	4	1	50
2009-10	48	2	50	49	1	50	45	4	1	50
2010-11	48	2	50	50	0	50	46	3	1	50
2011-12	48	2	50	49	1	50	43	6	1	50
2012-13	48	2	50	49	1	50	43	6	1	50
2013-14	48	2	50	47	3	50	42	7	1	50
2014-15	48	2	50	45	5	50	41	8	1	50
2015-16	47	3	50	46	4	50	42	6	2	50
2016-17	47	3	50	47	3	50	42	6	2	50
2017-18	48	2	50	48	2	50	44	4	2	50
2018-19	50	0	50	48	2	50	47	2	1	50

Source: Annual Reports of Companies

Table III depicts the number of companies with woman CEO, Woman chairman and woman executive directors over the study period. Companies 'with one women CEO' were consistently remained two during 2009-10 to 2014-15 which further increase to 3 companies for next two years while there was no company which have women CEO during 2018-19. It showed that very few companies have women CEO as compare to men (Simpson et al., 2010). There are 5 companies which have one women chairman during 2014-15 which was highest in numbers then it started to deteriorate every year and reached at two companies having chairman during 2018-19. Companies with one executive women director were gradually increased to 8 till 2014-15 and again decreased to 2 during 2018-19 while there were only one to two companies who have appointed two executive women director over the study period. (Ruigrok *et al.,* 2007).

Ho_1: There is no significant difference in number of women on board, women CEO, women chairman and executive women directors before and after the companies (Amendments) Act, 2013.

Table IV: Result of Paired Sample t-test on number of women on board, women CEO, women chairman and executive women directors

Basis	Paired Differences					t-value	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Number of women director Before companies act (Amendment) Number of women directors After companies act (Amendment)	-.736	.881	.051	-.837	-.636	-14.48	299	.000
Number of women CEO Before companies act (Amendment) Number of women CEO After companies act (Amendment)	-.0133	.163	.009	-.032	.006	-1.42	299	.158

Number of women chairman Before companies act (Amendment) Number of women chairman After companies act (Amendment)	-.0433	.204	.012	-.067	-.020	-3.68	299	.000
Number of women executive Before companies act (Amendment) Number of women executive After companies act (Amendment)	-.053	.343	.020	-.093	-.014	-2.69	299	.007

Source: SPSS Computation

Table IV shows the results of paired sample t-test on number of women on board, women CEO, Women chairman and executive women on board before and after the Companies (amendment) Act, 2013 passed. Null hypothesis in the case of women on board, women Chairman and executive women on board was not accepted as calculated significant p-values are .00, .000 and .007 respectively which were less than .005, it means there was significant difference in number of women on board, women chairman, women executive directors before and after the companies amendments Act passed. In case of women CEO, the calculated p-value was .158 which was higher than .05, So, null hypothesis was accepted means there was no significant difference in number of women CEO before and after the company's amendments act, Passed.

Ho_2 (a): There is no significant difference year-wise in number of women on board over the study period.

Table V: Year-Wise result of ANOVA test

A. Test of Homogeneity of Variances					
Levene Statistic	**df1**		**df2**		**Sig.**
1.396	11		588		.183
B. One way ANOVA					
	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between Groups	96.258	11	8.751	15.539	.000
Within Groups	331.140	588	.563		
Total	427.398	599			

Source: SPSS Computation

Table V firstly depicts the results of Levene's test which test the assumption of ANOVA test i.e. Homogeneity of variance. Null hypothesis 'homogeneity of variance' means Variances in number of women on board for all years were same. The calculated significant p-value of levene test was .183 which was higher than .05. So, the null hypothesis accepted which means variances in number of women on board for all the years were same thus the assumption of ANOVA test 'homogeneity of variance' was satisfied. Table further presents the result of ANOVA test which checked the significant difference in the mean value of women on board year wise. The calculated F-value was 15.539 and the significant p-value was .000 which was smaller than .05, so, null hypothesis was rejected which means that there was a significant year wise difference among the mean values of woman on board.

Ho_2 (b): There is no significant difference in the number of women on board industry-wise and company-wise

Table VI: Result of Kruskal Wallis H-test industry-wise and company wise

Industry-wise Female Directors		Company-wise Female Directors	
Chi-Square	47.913	**Chi-Square**	204.717
Df	15	**Df**	49
Asymp. Sig.	.000	**Asymp. Sig.**	.000

Source: SPSS computation

Table VI shows the results of Kruskal waliss H-test to verified the industry wise and Company wise Difference. In ANOVA test, one of the hypothesis homogeneity of variance was not satisfied and Welch test can't be implemented because at least one group has zero variance in the both cases i.e. industry-wise and company-wise difference, So, Kruskal Wallis H-test has been applied. The calculated significant p-values were .000 in both cases which were less than .05. Null hypothesis was not accepted which means that there was significant industry-wise and company-wise difference in number of women on board.

CONCLUSION

The study revealed that 28 companies have no women on board before the Companies (Amendments) Act passed during 2007-08 to 2012-13 while even after amendments around 5 companies still haven't women on board. Approximate 64% companies 'with zero woman on board' decreased to 0.0% over the 12 years. There was significant difference in number of women on board, women chairman and executive women director before and after companies (Amendments) Act, 2013 passed but there was no significant difference in number of woman

CEO before and after Companies (Amendments) Act executed. There were around two to three companies have one women CEO and one to five companies have one women chairman and two to eight companies have one executive woman director while one to two companies have two executive women director during 2008-09 to 2018-19. Companies are complying the regulatory environment by appointing one woman as a director but still proportion of women on board is very small (Smith et al., 2006; Stuart, 2015; Banerji and Mahtani, 2010). The study also found that there was also significant difference year-wise and company-wise in number of women on board.

Practical implications

1. Regulatory authorities can come to know the level of compliance of regulatory guidelines regarding appointment of at least one woman director by listed companies.

2. Society can come to know the status of women in high profile jobs of business sector.

Further scope

1. Further comparison can be made with developed and other developing countries regarding the appointments of women on corporate board.

2. The study on particular sector can be conducted to know the status of women appointments in specific sector.

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ANNEXURE 1

S.No.	Industry	BSE Code	Company
1	Basic material	HINDALCO	Hindalco Industries Ltd.
2	Industrial	BHARATFORG	Bharat Forge Ltd.
3	Health care	DRREDDY	Dr. Reddys Labs Ltd.
4		PEL	Piramal Enterprises Ltd.
5		SUNPHARMA	Sun Pharmaceutical Industries Ltd.
6	Auto	ASHOKLEY	Ashok Leyland Ltd.
7		BAJAJ-AUTO	Bajaj Auto Ltd.
8		EICHERMOT	Eicher Motors Ltd.
9		HEROMOTOCO	Hero MotoCorp Ltd.
10		M&M	Mahindra and Mahindra Ltd.
11		MARUTI	Maruti Suzuki India Ltd.
12		TATAMOTORS	Tata Motors Ltd.
13	Consumer discretionary G & S	ASIANPAINT	Asian Paints Ltd.
14		PAGEIND	Page Industries Ltd.
15		TITAN	Titan Company Limited

16	Finance	Axis bank	Axis Bank Ltd.
17		BAJFINANCE	Bajaj Finance Ltd.
18		BAJAJFINSV	Bajaj FinServ Ltd.
19		BANKBARODA	Bank of Baroda
20		FEDERALBNK	Federal Bank Ltd.
21		HDFC	Housing Development Finance Corporation Ltd
22		HDFCBANK	HDFC Bank Ltd
23		IBULHSGFIN	India bulls Housing Finance Ltd.
24		ICICIBANK	ICICI Bank Ltd.
25		INDUSINDBK	IndusInd Bank Ltd.
26		KOTAKBANK	Kotak Mahindra Bank Ltd.
27		PNB	Punjab National Bank
28		SBIN	State Bank of India
29		YESBANK	Yes Bank Ltd.
30	Teck	ZEEL	Zee Entertainment Enterprise Ltd.
31	Telecom	BHARTIARTL	Bharti Airtel Ltd.
32		INFRATEL	Bharti Infratel Ltd.
33	Capital goods	BHEL	Bharat Heavy electricals Ltd.
34		LT	Larsen & Toubro Ltd.
35	Power	*NTPC*	NTPC Ltd.
36	Energy	BPCL	Bharat Petroleum Corporation Ltd.
37		RELIANCE	Reliance Industries Ltd.
38	Fast moving consumer goods	HINDUNILVR	Hindustan Unilever Ltd.
39		ITC	ITC Ltd.
40		NESTLEIND	Nestle India Ltd.
41	Metal	JSWSTEEL	JSW Steel Ltd.
42		TATASTEEL	Tata Steel ltd.
43		VEDL	Vedanta Ltd.
44	Realty	DLF	DLF Ltd.
45	Oil and Gas	HINDPETRO	Hindustan Petroleum corporation Ltd.
46		IOC	Indian Oil Corporation Ltd.

47		ONGC	Oil and Natural Gas Corporation Ltd.
48	Information Technology	INFY	Infosys Ltd.
49		TCS	Tata Consultancy Service Ltd.
50		TECHM	Tech Mahindra Ltd.

Source: www.bseindia.com