



# Towards gender balanced boards



March 2017

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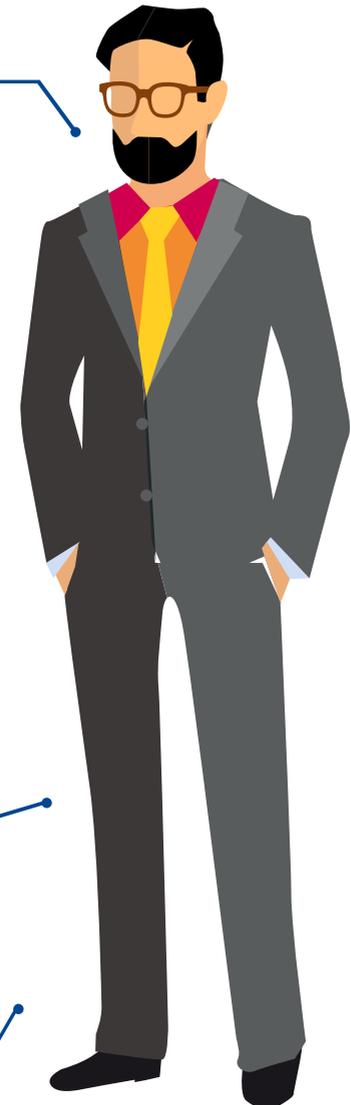
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# Foreword - KPMG

In India, the debate surrounding the inadequate number of women on corporate boards has gained momentum after 2013. This issue was already a cause of concern globally and has been actively debated.

While women hold 45 per cent of university degrees and comprise nearly 27 per cent of the labour force, they represented less than 5 per cent of directorships at listed companies in India before the mandate<sup>1,2</sup>. In order to encourage female participation at the highest levels in corporate India and encourage diversity, the government introduced a mandate requiring there be at least one woman on the corporate boards of listed and certain other companies<sup>3</sup>. The mandate was introduced through the Companies Act, 2013 and later brought into the ambit of the listing agreement. Companies were required to comply with the mandate by 1 April 2015.

As a response to the mandate, nearly 600 companies announced the appointments of women directors in the last three days left for the deadline to lapse<sup>4</sup>. Some companies still remain non-compliant. As of 31 March 2016, 1,375 BSE-listed companies (of the total of 5,541 companies) and 191 NSE-listed companies (of the total 1,759 companies) were non-compliant with the regulations and fined by the respective stock exchanges<sup>5</sup>.

Given this background, KPMG in India's Board Leadership Center and WomenCorporateDirectors India (WCD) conducted a survey in 2016 to assess the progress and challenges, which companies faced in identifying, appointing, inducting and integrating the right women candidates into corporate boardrooms.

The survey results and interviews highlight that while women have got a foothold in corporate boardrooms and are contributing effectively to boardroom discussions, in order to achieve greater diversity there needs to be a change of mind sets, voluntary diversity targets, alignment between board composition and strategy, and looking beyond personal networks for director appointments.

We hope you find the survey report insightful and discuss this at your organisation to institute change and make corporate boards in India more diverse and effective.



Mritunjay Kapur

**Partner and Head**  
Risk Consulting  
KPMG in India



Pankaj Arora

**Partner**  
Governance, Risk and Compliance Services  
KPMG in India

1. "Women In The Workforce: India," <http://www.catalyst.org/knowledge/women-workforce-india>, Catalyst, 17 November 2015

2. Prime database, 2016

3. "The Companies Act, 2013," The Gazette of India Extraordinary, Ministry of Law and Justice, <http://www.mca.gov.in/Ministry/pdf/Companies-Act2013.pdf>, 30 August 2013

4. "Women directors: Erring companies to face minimum Rs 50,000 fine," <http://economictimes.indiatimes.com/markets/stocks/policy/women-directors-erring-companies-to-face-minimum-rs-50000-fine/articleshow/46853642.cms>, The Economic Times, 8 April 2015

5. "Women directors: 1,375 BSE, 191 NSE companies fined for non-compliance," <http://economictimes.indiatimes.com/news/company/corporate-trends/women-directors-1375-bse-191-nse-companies-fined-for-non-compliance/articleshow/52153245.cms>, The Economic Times, 6 May 2016



# Executive summary

over **60%**



## Diversity needs to improve to make boards more balanced

A majority of the respondents (above 60 per cent) highlighted that much more needs to be done to improve diversity in terms of gender and nationality, and align it with company strategy. While survey respondents think there is diversity with regard to skillsets, there appears to be a difference between their perception and our analysis on this aspect. For instance, the survey respondents are predominantly from finance/audit/accounts/general management backgrounds.

over **50%**



## Companies are hiring women directors primarily to comply; the need to comply seems stronger than the belief that diversity adds value

Over 50 per cent of the respondents indicate that companies are hiring women directors primarily to comply with the regulatory mandate. A significant majority of the respondents believe that this could be due to the lack of companies with formal diversity / plans / targets (75 per cent) and because a large number of these organisations are beset with traditional gender stereotypes (69 per cent). The need to comply seems to have become a stronger driver of gender diversity than the belief that it adds value or creates the brand image of a progressive organisation.

**70%**



## Regulation has given women a voice in the boardroom. Only a third agree that it should have specified that the hired women need to be independent

A significant majority (70 per cent) of survey respondents agree that the mandate has opened up opportunities for experienced women that were not previously considered for board memberships. Only one-third of the respondents agree that the regulation should have specified that the appointed women directors have to be independent. This shows that as long as women are contributing well to the boardroom discussion, it doesn't matter whether they are independent from the promoters or not.

89%



### Aspiring women who have the relevant expertise and are well-networked, stand a better chance

As much as 89 per cent of the women respondents considered expertise in a particular domain as a pre-requisite for their board membership. However, only half of these women identified 'business contacts and networks' as a prerequisite. Since 86 per cent of respondents indicate that companies leverage internal networks / peer groups to hire new directors, women with strong professional networks tend to be at an advantage.

### Women directors are contributing effectively to boardroom discussions; a formal induction could help them hit the ground running

80%



A significant proportion of the men respondents (over 80 per cent) agree that women are as qualified / experienced as their male peers and contribute well to boardroom discussions (85 per cent). The women respondents also overwhelmingly (98 per cent) agreed that they are able to provide insights on strategic matters. However, not many companies have a formal induction programme for new directors. Therefore, directors both male and female may have to take proactive steps on their own to become familiar with the organisation.



68%

### Women help create a positive environment within the boardroom and are better at providing constructive feedback

Respondents largely agree that women improve board dynamics by creating a positive environment (68 per cent) and are better at providing inputs / feedback in a constructive manner (51 per cent) – traits that help in decision making at the board level. However, men and women respondents differ in their opinions on the other traits/advantages that women bring to the table.

# Balancing board composition

## Diversity needs to be entrenched in meritocracy and aligned with strategy for a well-balanced board

The Securities and Exchange Board of India's (SEBI) consultative paper – on the then proposed revisions to Clause 49 of the listing agreement – articulated the need for diversity in the boardroom quite well. The report said, 'Diversity, in all its aspects, serves an important purpose for board effectiveness. It can widen perspectives while making decisions, avoid similarity of attitude and help companies better understand and connect with their stakeholders.'<sup>1</sup>

Board members, through this survey, were asked if adequate diversity existed at the board level on three different parameters: skillsets, nationality and gender. While over 60 per cent of the survey respondents indicate that much needs to be done to enhance diversity in terms of gender and nationality, 78 per cent believe that there is sufficient diversity in terms of skillsets. However, there appears to be a difference between the perceived and required levels of diversity in the boardrooms. For instance, an analysis of the primary area of expertise of survey respondents (see the respondents' profile section) reveals that a majority (71 per cent) of the directors are from finance, accounting, audit and general management backgrounds. Very few indicated that their primary area of expertise as information technology, marketing, international expertise or supply chain management. This was despite the fact that our sample for the survey was fairly diverse comprising directors representing companies of different sizes and from varying industries.

Further, from our conversations with prominent independent directors, we gather that diversity goals should be aligned with the long term business strategy of the organisation.

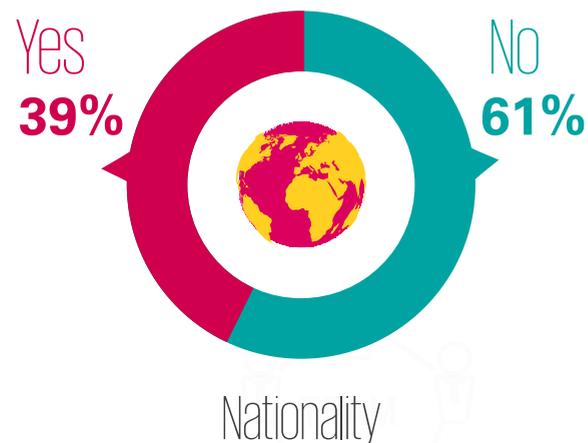
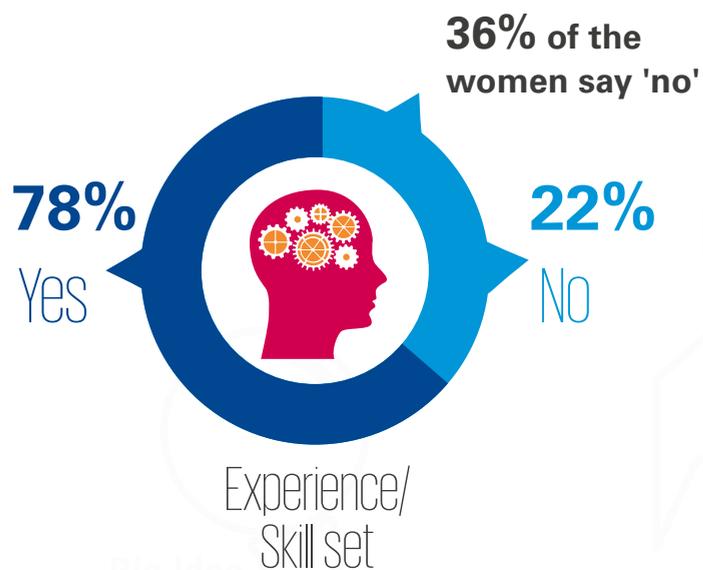


Companies have failed to appreciate the reason for board diversity, in gender or otherwise. They generally look for the same attributes in such 'diversity' directors as they look for in any other director. The purpose of diversity is to get a different perspective on business matters; to reduce the risk of group think. Today, in the context of a company's responsibility to balance the interests of all its stakeholders, this is even more relevant. The advantage of feminine attributes being included in board discussions and decisions is a development of greater sensitivity to stakeholders other than the equity investors. In order to see such a difference, there should be not less than three women on a board who demonstrate such conduct. But that will require boards and controlling stakeholders to accept that a company exists for every one of its stakeholders.

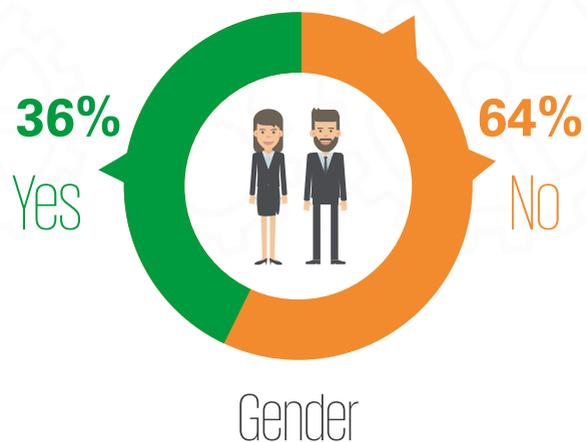
**Nawshir Mirza,**  
Independent director on the boards of multiple listed companies

1. "Consultative Paper on Review of Corporate Governance Norms in India," [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1357290354602.pdf](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1357290354602.pdf), Securities Exchange Bureau of India, January 2013

## Is there adequate diversity with respect to the following parameters on the boards you serve?

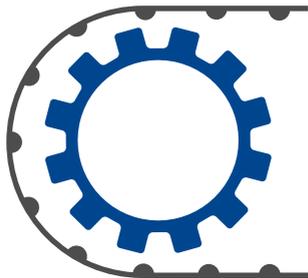


**Women more polarized towards a 'no' with 80% respondents selecting 'no' as an answer**



## ICAEW's principal drivers of board diversity

According to the Institute of Chartered Accountants in England and Wales (ICAEW) there are four principal reasons why diversity matters:

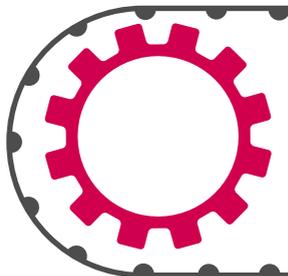
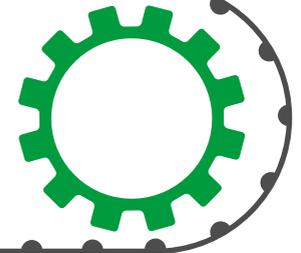


### Apparent lack of diversity raises doubts about effectiveness

Since boards mainly operate behind closed doors, people outside the boardroom will use external signs to assess board effectiveness. Boards should accept this and understand that a board with members whose individual profiles look very similar will raise doubts about its ability to think outside the box. Boards should also be prepared to explain their policies for setting priorities for diversity based on the arguments set out below relating to social acceptability, achievement of business purpose and decision-making rigour.

### Diversity can help social acceptability

In a diverse society, a company whose board members look like each other rather than like society, can undermine people's belief that the company supports social norms of equal opportunity and fairness, and will conduct itself in a socially acceptable way.

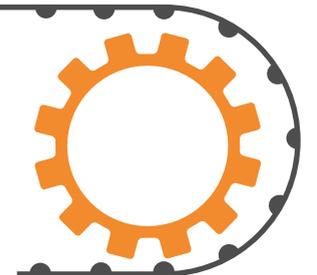


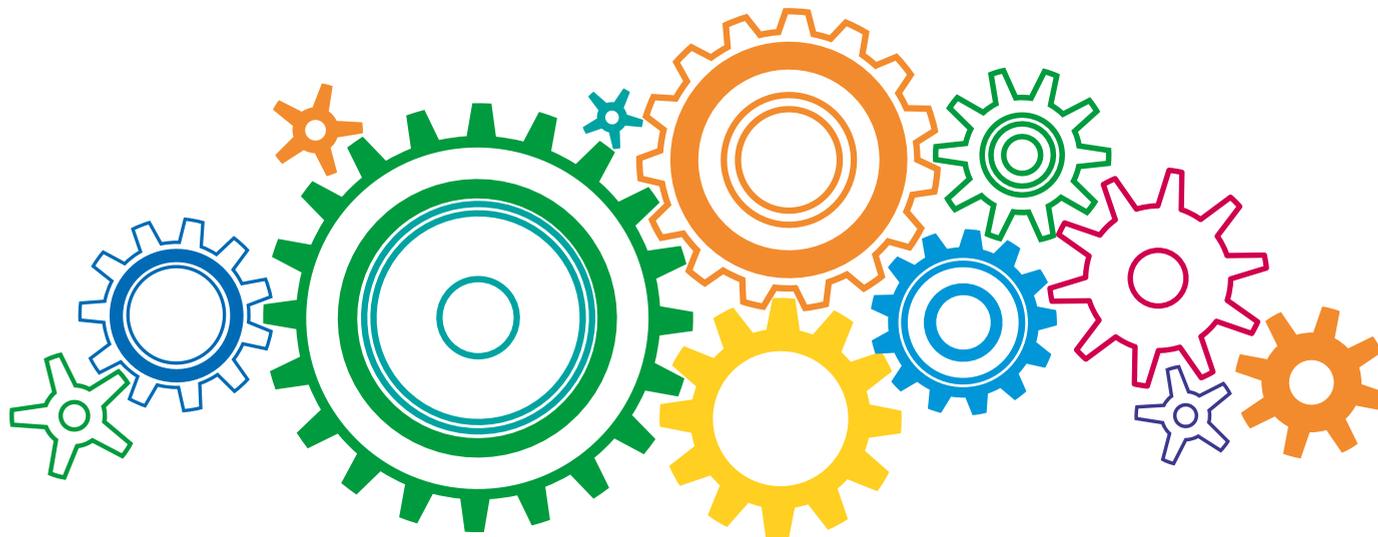
### Diversity can strengthen understanding of the business

Businesses need to achieve a business purpose. For a company to do this, it helps if it is in tune with its key internal and external stakeholders and can see business opportunities and threats through their eyes. Board diversity can help boards understand customer, supplier, employer and other relevant perspectives. As companies become more international, this adds another dimension to the need for diversity.

### Diversity can enhance rigour

Although a tightly-knit group of like-minded people with common experiences can take decisions quickly and efficiently, problems associated with groupthink are well-documented. An overriding objective of sticking together may mean that common limitations and biases go unchallenged. Better decisions are made by a board that contains people who are prepared to consider a wider range of alternatives, to be critical or to simply ask why?





# The question of the gender diversity mandate

## The merit of regulatory intervention

In order to bring greater gender diversity in corporate boardrooms, several countries have chosen either to regulate the desired levels of diversity or introduce voluntary targets for companies. The trend probably started after Norway introduced a mandate requiring at least 40 per cent of the board of listed companies, to comprise women in 2006. Thereafter, many countries across Europe, Asia-Pacific and Africa have followed suit with some form of mandate or target<sup>1,2</sup>. In Europe, regulatory intervention is believed to have largely spurred by a significant increase in the proportion of women directors on boards, at times contributing to a growth of 100 per cent or more between 2011 and 2015<sup>3</sup>.



An increase in the number of independent women directors would help the cause. This will bring to the fore women who have the necessary skillsets and are therefore not on boards merely to fulfill the the regulatory mandate. They can then contribute not only to gender diversity but to also the skill-based diversity that is required on any board



**Shivpriya Nanda,**

Partner, law firm and independent director on the boards of multiple listed companies

1. Kollwe, Julia, "Women occupy less than a quarter of UK board positions," <https://www.theguardian.com/business/2016/apr/27/women-uk-board-positions-gender-equality-europe>, The Guardian, 27 April 2016  
 2. Davidson, Lauren, "Proof that women in boardrooms quotas work," <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/11341816/Proof-that-women-in-boardrooms-quotas-work.html>, The Telegraph, 13 January 2015

3. "Gender diversity on European boards," <http://european.ewob-network.eu/wp-content/uploads/2016/04/EWoB-quant-report-WEB-spreads.pdf>, European Women on Boards and ISS, 2016

## Proportion of women on boards at STOXX<sup>4</sup> 600 companies by country, 2011 to 2015



Source: "Gender diversity on European boards," <http://european.ewob-network.eu/wp-content/uploads/2016/04/EWoB-quant-report-WEB-spreads.pdf>, European Women on Boards and ISS, 2016

4. STOXX Europe 600 index represents large, mid and small-cap companies across 18 countries in Europe

In India the mandate might have created an urgency of appointing women directors on corporate boards. In fact, survey respondents feel that the need to comply with the regulation has become a primary driver of gender diversity and it is stronger than the belief that it adds value (18 per cent) or creates the brand image of a progressive organisation (20 per cent). Not surprisingly, the proportion of women directors has increased significantly (180 per cent) after the mandate was introduced. Previously, women occupied less than 5 per cent of the board roles in India<sup>5</sup>. Without regulatory intervention, it might have taken a decade or so for corporate India to witness such levels of improvement in gender diversity.

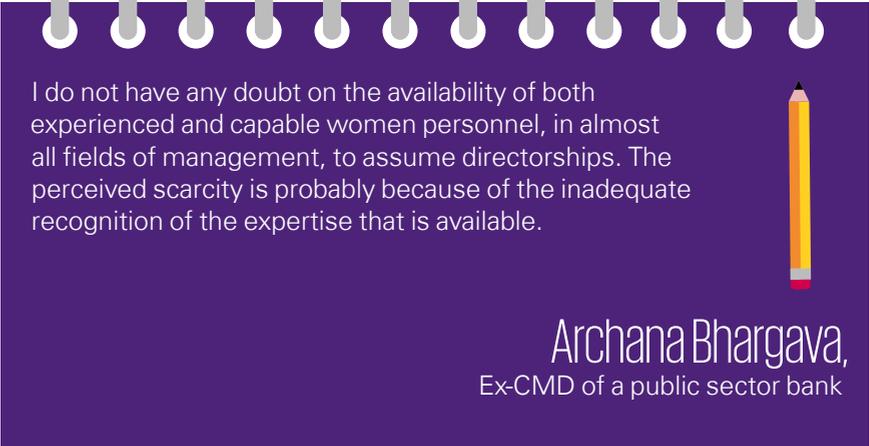
As much as 70 per cent of the survey respondents indicate that the mandate has opened up board-level opportunities for women that were previously not considered for this role. On the flip side, 25 per cent of the respondents indicate that it has only opened up opportunities for candidates in the promoter's network. Further, 33 per cent of the respondents more subtly highlight that the regulation should have specified that the appointed women directors should be independent. However, in some of these cases, these women in promoters' network or women related to the promoters held executive responsibilities and were involved in the operations of the company. Therefore, as long as these women are contributing meaningfully to boardroom discussions, it might not matter whether they are independent from the promoters or not.

Three-fourths of the respondents opine that 'the lack of companies with formal diversity policy / plan / targets' is the biggest factor preventing companies from appointing more women on board. The other two inhibiting factors that respondents agree on are 'inadequate number of qualified women' and 'traditional gender stereotypes'. However, male and female respondents differ in their ranking of these factors. The perception of inadequacy of qualified women could be because companies are now forced to look beyond known faces and traditional networks.



Regulatory intervention was necessary to catalyse the change in the gender make-up of boards. But, for women to actually make a difference on corporate boards, we may need two or more women on board.

**Nasser Munjee,**  
Independent director on the boards of multiple listed companies



I do not have any doubt on the availability of both experienced and capable women personnel, in almost all fields of management, to assume directorships. The perceived scarcity is probably because of the inadequate recognition of the expertise that is available.

**Archana Bhargava,**  
Ex-CMD of a public sector bank

5. Prime database, 2016

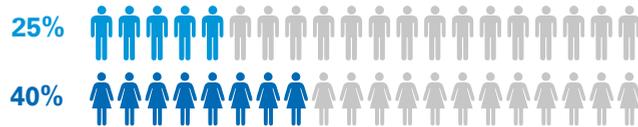
## Proportion of women directors between 2010 and 2016 (NSE-listed companies)



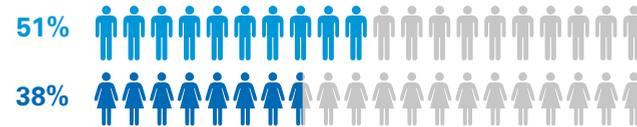
Source: Prime database, 2016

## Factors preventing companies from appointing more women

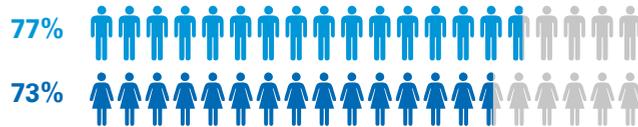
Inadequate statutory quotas for fostering gender diversity



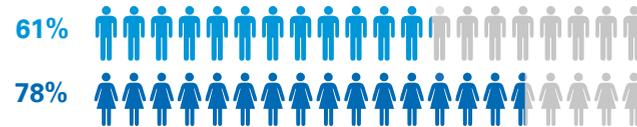
Inadequate women role models



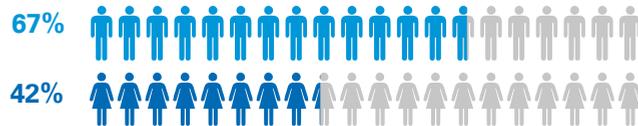
Lack of companies that have formal diversity policy/plan/targets and women friendly policies



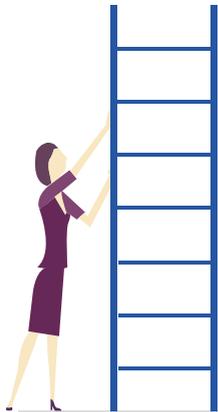
Traditional gender stereotypes



Lack of an adequate number of qualified women to hold board positions



Others



Source: KPMG in India's Towards gender balanced boards survey, 2016

## Exemplar countries that have taken a holistic approach to gender diversity

Some countries that have chosen a voluntary targets approach or a stakeholder-driven approach towards enhancing boardroom diversity have also enjoyed reasonable success. Since regulatory mandates have a limited shelf life, India could emulate the success of these countries to further enhance boardroom diversity.



### United States

The Securities Exchange Commission's (SEC) proxy disclosures rules require public companies to reveal whether they consider diversity while appointing directors and how they go about ensuring this diversity. Specifically, companies are required to disclose the existence of a diversity policy, its implementation and review mechanism. However, an analysis of such disclosures by S&P 100 companies has found that companies usually define diversity in terms of skillsets instead of socio-demographic factors. This has made both regulators and investors push for more diversity on U.S. boards in terms of gender, race and ethnicity. While the SEC is considering making the rules more explicit by specifying the types of diversity required, institutional investors (such as CalPERS and CalSTRS) have allied with companies and directors to create a coalition – such as the 'Thirty Percent Club' – to develop a diverse pool of director candidates<sup>6,7</sup>.

### United Kingdom

In 2011, the U.K. government commissioned an independent review, under Lord Davies, to examine the issue of underrepresentation of women on corporate boards. In response to Lord Davies' report, the Financial Reporting Council (FRC) made revisions to the existing Corporate Governance Code recommending companies to disclose their board diversity policy, measurable objectives to implement the policy and progress made towards that end. It also recommended including gender diversity as a factor in board evaluation<sup>8</sup>. Further, in 2015, Lord Davies recommended a voluntary target of achieving 33 per cent female representation on corporate boards by 2020 for FTSE 350 companies<sup>9</sup>.

### Finland

Similar to the U.K., Finland promotes self regulation with regards to gender diversity in corporate boardrooms. The country's corporate governance code for listed companies recommends representation of both genders in corporate boardrooms. It further recommends companies to establish principles of diversity by considering gender, age, education and experience. Companies are expected to disclose these principles, including the gender diversity goals, means of achieving them and progress against these goals. Any disclosure beyond this is left to the discretion of the companies. Furthermore, the Securities Market Association (SMA), a body that administers this code, is largely driven by industry bodies<sup>10,11</sup>.

6. "Gender diversity on boards," <https://corpgov.law.harvard.edu/2016/03/25/gender-diversity-on-boards-the-future-is-almost-here/>, Harvard Law School Forum on Corporate Governance, 25 March 2016

7. "The SEC wants new rules for board diversity," <http://fortune.com/2016/01/29/sec-rules-board-diversity/>, Fortune, 29 January 2016

8. "FRC announces changes to UK Corporate Governance Code," <https://frc.org.uk/News-and-Events/FRC-Press/Press/2011/October/FRC-announces-changes-to-UK-Corporate-Governance-C.aspx>, Financial Reporting Council, 11 October 2011

9. "Lord Davies: FTSE 350 boards should be 33% female by 2020," <https://www.gov.uk/government/news/lord-davies-ftse-350-boards-should-be-33-female-by-2020>, UK Government, 29 October 2015

10. "Gender diversity on European boards," <http://european.ewob-network.eu/wp-content/uploads/2016/04/EWoB-quant-report-WEB-spreads.pdf>, European Women on Boards and ISS, 2016

11. "Finnish Corporate Governance Code 2015," <http://cgfinland.fi/files/2015/10/hallinnointikoodi-2015eng.pdf>, Securities Market Association, 2015

# Hiring the right candidate

## Network versus skills – what matters most

Increasingly, women respondents rated expertise in a particular domain or technical skills, sound business / industry knowledge, prior senior management experience and recommendations from individuals as crucial parameters to become a director. Only half of the women respondents emphasised the networking aspect – either with other women (through recognised women professional / industry bodies) or with other male colleagues within and outside the organisation.

If women aspire to hold prominent board positions in corporate India, then it is important for them to not only build their domain knowledge but also expand their professional networks. They should consider ways for creating opportunities for others as professional relationships with those individuals might translate into boardroom opportunities. They should also constantly seek ways to update themselves on key industry trends, regulatory developments, emerging technologies and the evolving risk landscape.

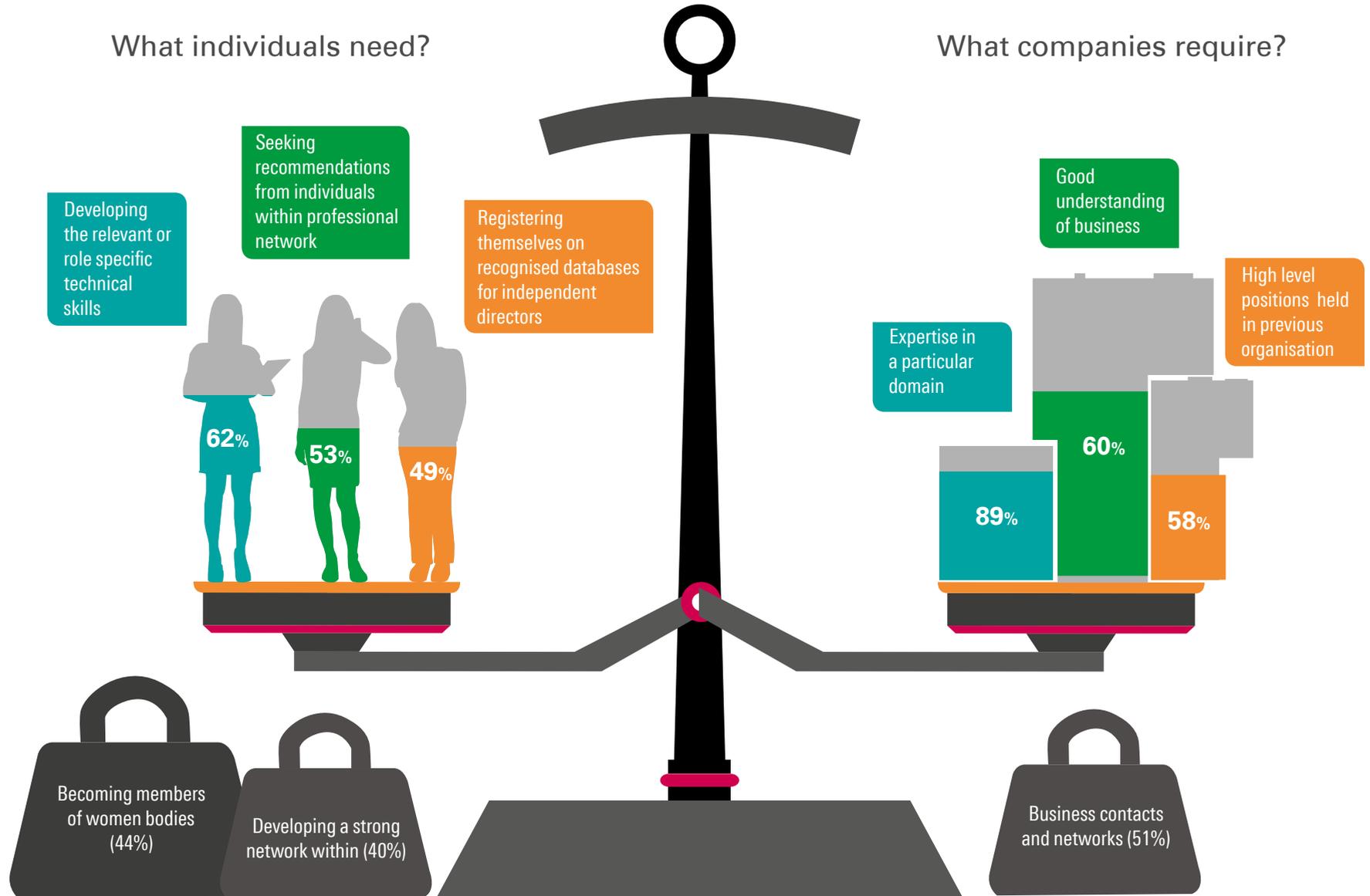
Before taking on board positions, women directors also need to perform adequate due diligence of prospective companies as much as the companies themselves do. They need to understand if the company has a viable business model, is compliant with the law of the land and whether its culture suits them.



For women aspiring to be directors, it is important to understand the role and responsibilities of a board and its committees. It helps to have prior senior management experience and financial literacy. It is equally important to network and have the confidence to express one's independent views

**Hiroo Mirchandani,**  
Independent director on the boards of multiple listed companies

## What does it take to become a board member?



Source: KPMG in India's Towards gender balanced boards survey, 2016

## The right hiring methods

A majority of the respondents (86 per cent) indicated that women directors were identified and hired through internal networks / peer groups which, in turn, indicates that women candidates with strong networks could be at an advantage.

The other two hiring approaches – such as ‘promoting women candidates internally’ and ‘leveraging recognised independent director databases’ – were ranked a distant second and third, respectively.

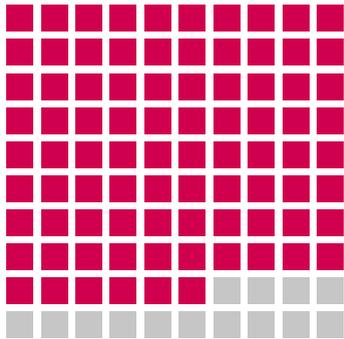


Companies usually identify director candidates, whether men or women, by leveraging word-of-mouth and peer groups. This may not be the most effective way to get the right candidate. We may need an approach that is more structured and independent.

Suresh Talwar,  
Independent director on the boards of multiple listed companies

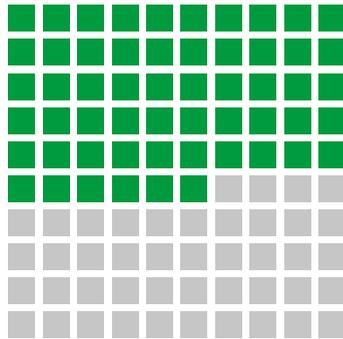
## General approaches to recruit women directors

86%



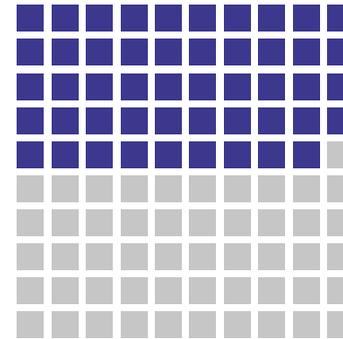
Leverage internal network/peer groups

56%



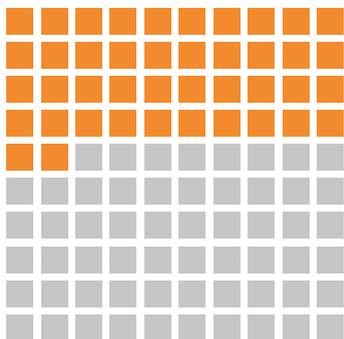
Promotes women candidates internally

49%



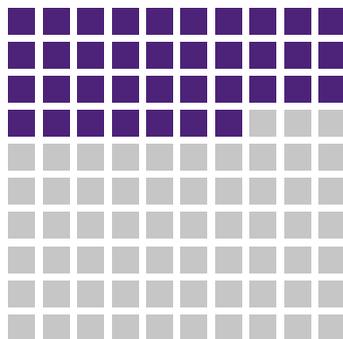
Leverage recognised databases of independent directors

42%



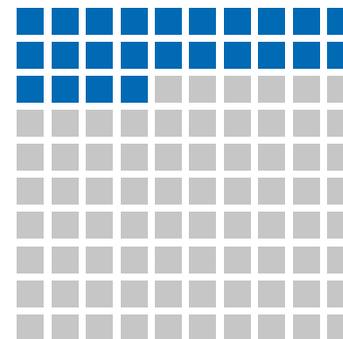
Seek assistance from external executives search firms

37%



Seek help of women wings of industry/professional bodies

24%



Others



Source: KPMG in India's Towards gender balanced boards survey, 2016

# Ensuring active participation

## Induction of new directors

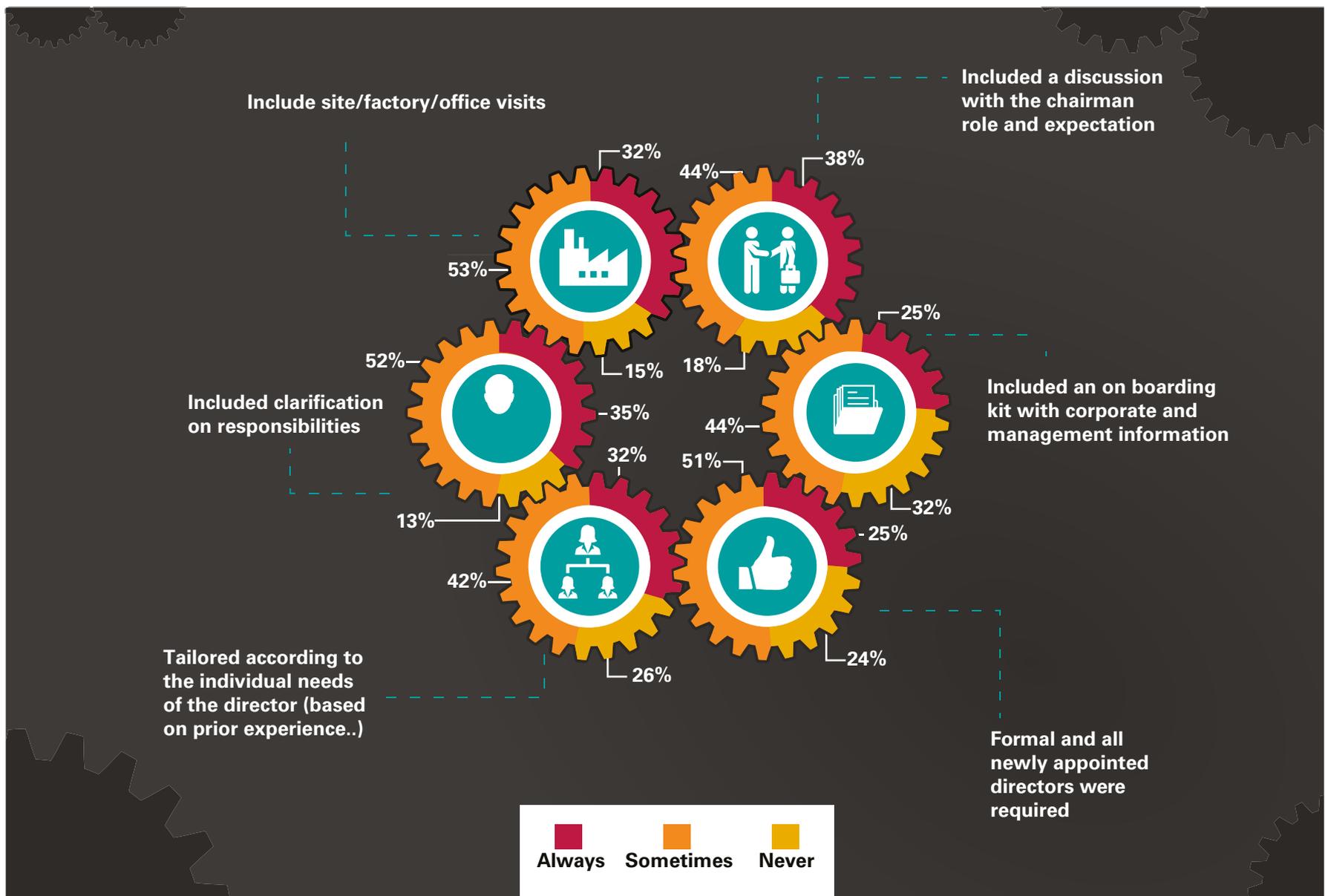
The 'Code for Independent Directors' in the Companies Act 2013 says that 'the company shall familiarise the independent directors with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The details of such familiarisation programmes shall be disclosed on the company's website and a web link shall also be given in the annual report.'

While there is no prescriptive formula for such a programme, a formal one with some of the elements outlined above is likely to quickly bring new directors up to speed with the key issues facing the company. It is likely to enable them to 'hit the ground running' and contribute effectively to discussions from the first board meeting itself.

It also helps if the entire induction programme is led by the board chairperson and facilitated by the company secretary. At listed companies, the responsibility of structuring the entire programme could be delegated to the Nomination and Remuneration Committee (NRC). The programme could conclude with a follow-up meeting of the new director/s with the board chairperson. This measure helps the chairperson not only assess whether all directors are up to speed but also, more generally, evaluate the effectiveness of the programme.



The survey results show that the process of inducting / on-boarding of new directors, for both men and women, remains largely informal.



Source: KPMG in India's Towards gender balanced boards survey, 2016

## Structuring an effective induction programme

Typically, a combination of written materials, coupled with presentations and activities, such as meetings and site visits, will provide the newly appointed director with a realistic picture of the company's position and the challenges it faces. It can also help foster a constructive relationship between the new

directors, their fellow directors and senior management team members. Initially, a new director could receive an induction pack, which may include the following information:

Corporate Information	Governance Framework	Management Information
<ul style="list-style-type: none"> <li>✓ Strategic and business plans</li> <li>✓ Major shareholders</li> <li>✓ Regulatory frameworks</li> <li>✓ Company history</li> <li>✓ Overview of the company's competitors and industry information</li> <li>✓ Product information</li> <li>✓ Risk profile and appetite</li> <li>✓ Financial accounts</li> <li>✓ Corporate communications</li> </ul>	<ul style="list-style-type: none"> <li>✓ Board and relevant committee charters and governance statement</li> <li>✓ Annual agenda</li> <li>✓ Full details of directors</li> <li>✓ Committee structures and members</li> <li>✓ Board processes</li> <li>✓ Details of assurance providers</li> <li>✓ Resources available</li> <li>✓ Key stakeholders</li> <li>✓ Procedures for sign-off of financial statements</li> </ul>	<ul style="list-style-type: none"> <li>✓ Names and background of senior management</li> <li>✓ Organization chart and management structure outline, etc.</li> </ul>

In addition to the pack, it is also important to schedule in-depth discussions for new directors with the board chairperson, other fellow directors and senior management team members to build on the information provided in the pack. For instance:

- Board chairperson or CEO could inform the new directors on the company's business model, products and competitors
- Finance director or CFO could apprise them of the company's financial performance

- Chief Risk Officer or Head of Internal Audit could provide them an overview of the company's risk profile, its appetite and mitigation approaches
- Marketing director or Chief Marketing Officer could provide these directors with a general idea of the company's consumer demographics, preferences and trends.

An induction to board committees, with a particular emphasis on those committees which a new appointee is joining, should not be overlooked.



## Participation in board meetings

With regards to board meetings, a majority of male respondents agreed that their women colleagues are contributing well to boardroom discussions. Women also agree that they are given equal opportunities to contribute to boardroom discussions and are able to assert themselves when required.

While respondents largely agree that women are given an equal chance and contribute effectively to discussions, there could be some cases in largely male-dominated boardrooms, where men knowingly / unknowingly tend to dominate discussions giving little room to their female colleagues. Research indicates that in such scenarios, women may end up getting only 25 per cent voice share . Therefore, it might make more sense to have two or three women on corporate boards to ensure they are heard.



I have not seen any difference in the performance of men and women directors on the boards that I serve. I have found my women director colleagues to be experienced, well-informed and effective contributors.

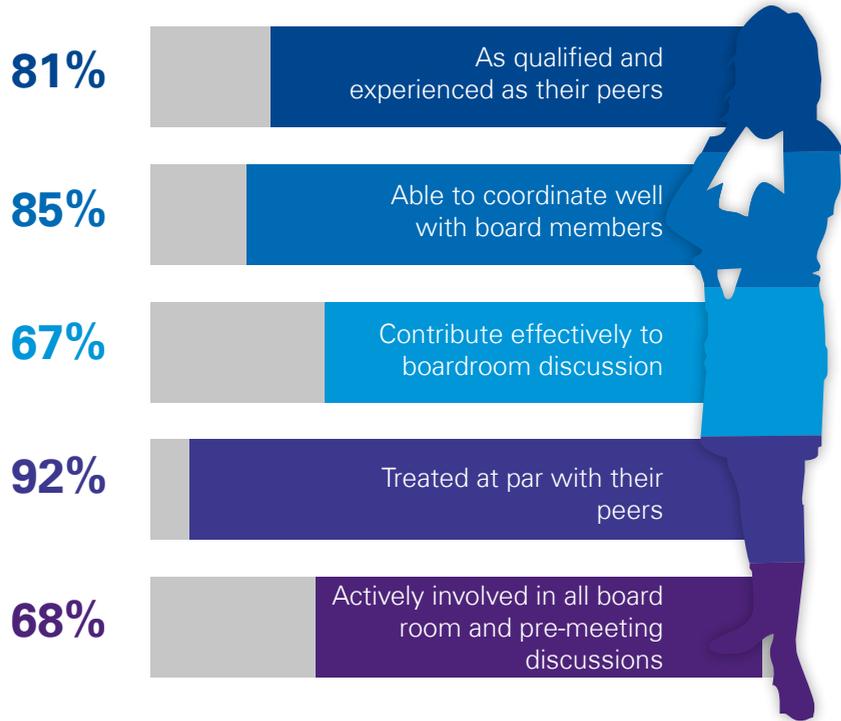


**Keki Mistry,**

Executive Director at a major financial services firm and independent director on the boards of multiple listed companies

## Men and women respondents on participation of women directors in board meetings

### Women directors agree they are



### Men directors agree that their women colleagues are



Source: KPMG in India's Towards gender balanced boards survey, 2016

# Evaluating their value proposition and compensation

## Areas where women perform better than men

There is a strong business case for having women on boards. Research indicates that companies with gender balanced boards outperform companies with male-dominated boards on various financial parameters. For instance, a recent study of 2,400 companies, globally, for a period of six years indicated that companies with one or more women boards tend to have better return on equity, lower debt-to-equity ratio, higher price-to-book value ratio and better average growth. This is because inclusive and diverse boards are not only effective but they are also better able to understand their customers and stakeholders and benefit from fresh perspectives, new ideas and broad experience.

A significant majority (68 per cent) of the respondents agree that women create a positive environment within the boardroom improving its culture and dynamics. Additionally, nearly half agreed that they are better in providing feedback and inputs in a manner that is constructive. However, on other traits that women bring to the table, there is considerable divergence in the views of men and women respondents.

While nearly half of the male respondents agree that women bring in a comparatively balanced view of risks, there is little agreement between them on other traits that women bring to the table. On the contrary, a significant majority of female respondents unequivocally agreed that women: (a) create a positive environment, (b) have a more balanced view of risks and (c) are better at conflict management.



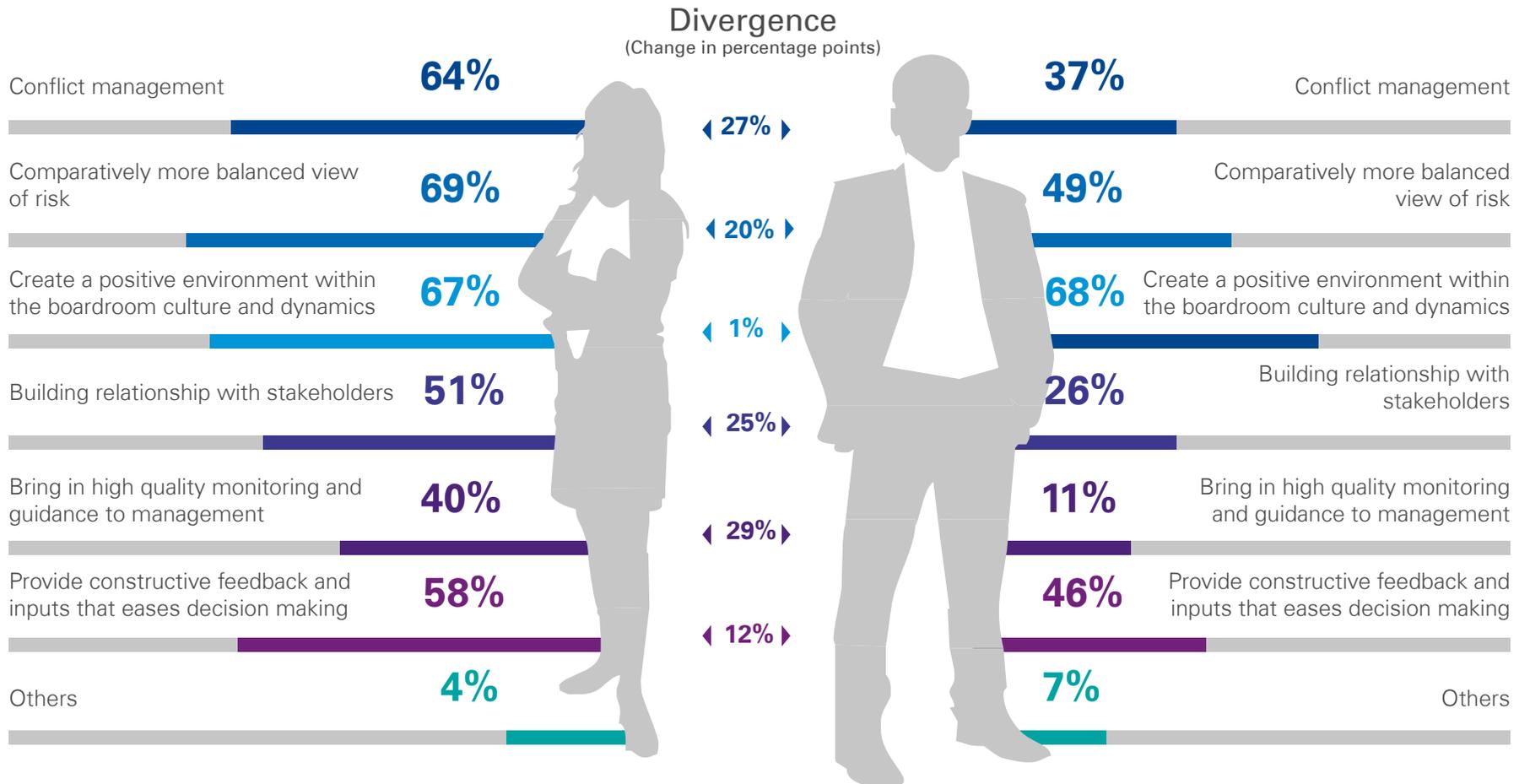
Women are better risk managers, positive thinkers, competent, and have skillsets that are in no way lesser than men. When provided with the right opportunities like in the banking sector they grab them with both hands

AK Purwar,  
Independent director on the boards of multiple listed companies

## Areas where women perform better

### Views of women directors

### Views of male directors



Source: KPMG in India's Towards gender balanced boards survey, 2016

## Parity in remuneration

Almost all respondents (95 per cent) agree that the compensation of board members are gender neutral, and both men and women receive the same compensation. However, a recent study reveals that the average compensation of women executive directors at 163 NSE-listed companies is 20 per cent less than their male counterparts. According to the study, this could be because:

- More male executive directors are in revenue-generating roles, while female directors are usually in support roles such as communication, corporate social responsibility, etc.
- Male directors could also be more tenured than their female counterparts.
- Gender diversity was not as important for companies, as it is now, a decade ago. When women from this pool become executive directors, there might be some disparities in compensation.

The situation might not be different for independent directors. Based on our understanding, one of the reasons for the same could be because men, on an average, may have more years of board experience and may tend to have more opportunities in terms of directorships, companies and the committees they chair.

However, the situation is likely to change for the better as more and more women join corporate boards and become more tenured.



There is adequate talent pool for companies to hire more women directors; more than the statutory mandate. But I think some qualified women are deterred from taking on board opportunities as they perceive the associated liabilities that come with board membership as not commensurate with the rewards.

**Geeta Mathur,**  
Independent director on the boards of multiple listed companies



# Boardroom agenda on diversity

The following action items could ensure that boards become truly diverse in the coming years:

- **Demonstrate leadership and commitment:** The 'tone at the top' is crucial in enhancing gender diversity not only in the boardroom but at all levels of the organisation. Promoters, board chairperson and CEO should help raise awareness about the need for capitalising on the female talent pool, challenge stereotype roles, develop a formal process for hiring women on boards and if they are unable to find suitably-qualified women directors interested in the position, understand the reasons for the same.
- **Establish formal diversity policy and voluntary targets / goals:** The 'tone at the top' should be articulated in the form a formal diversity policy that sets out: (a) measurable targets for gender diversity at all levels of the organisation, including those at the board level and (b) a reasonable timeline for achieving these targets. These targets and their accomplishment then need to be discussed periodically in the boardroom.
- **Align these diversity goals with corporate strategy:** While the regulatory mandate focusses on gender diversity, there are other forms of diversity required at the board level. These could be in the form of a qualification, skillsets, age and nationality. Boards could benefit from this diversity if this is entrenched in meritocracy and aligned with their company's strategy. It is here that a formal skillset matrix, outlining the different kinds of skillsets and backgrounds required at the board level, helps.
- **Develop a strong pipeline of women leaders:** Women leaders that are groomed within the organisation are probably best placed to take on directorship roles. In order to develop a strong female talent pipeline, the diversity policy and targets have to be complemented with women-friendly work policies, transparent managerial / reward systems and formal / informal mentoring programmes.
- **Coaching and mentoring of women directors to make them ready for a role on the board:** At an industry level, it might make sense if companies and their stakeholders could collaborate to create formal and informal groups to mentor aspiring women directors similar to the Thirty Percent Club in the U.S. It will be helpful if leading independent directors in India coach the next generation of women directors in the skills required to be an effective board member.



# Methodology and acknowledgements

The survey received enthusiastic responses from more than 100 tenured corporate directors in India out of which 44 per cent were women. Independent directors comprised nearly half of the respondents with 45 per cent of them having directorships in five or more companies. On an average, 49 per cent of the respondents had more than 10 years of board experience, and come from various backgrounds, but the majority came from finance and general management backgrounds. These directors sit on various committees, including audit committees, nomination and remuneration committees, corporate social responsibility committees, etc. The survey, administered via an online questionnaire, contained 12 questions. The survey was followed by in-depth interviews with prominent independent directors sitting on multiple boards across different sectors in India.

KPMG's Board Leadership Center (BLC) would like to sincerely acknowledge and thank the below-mentioned corporate directors for their expert inputs without which the report would not have been complete.

- Arun Kumar Purwar
- Archana Bhargava
- Geeta Mathur
- Habil Khorakiwala
- Hiroo Mirchandani
- Keki Mistry
- Nasser Munjee
- Nawshir Mirza
- Suresh Talwar
- Shivpriya Nanda

The BLC also acknowledges the contribution of the team that worked tirelessly on the report. Some of the names include:

Content:

Aman Sharma, Meeta Gulati

Design:

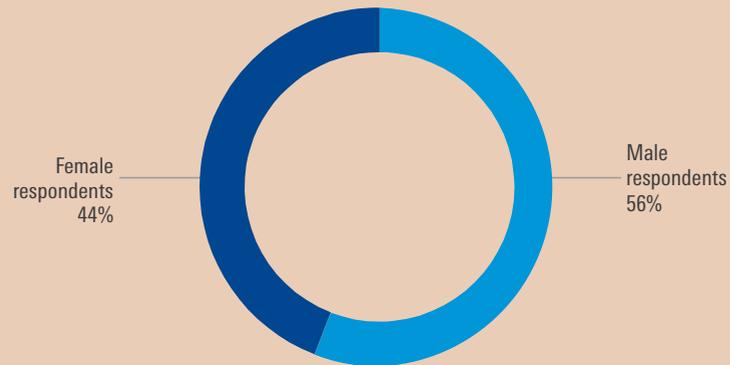
Hussain Rahat

Marketing and Compliance:

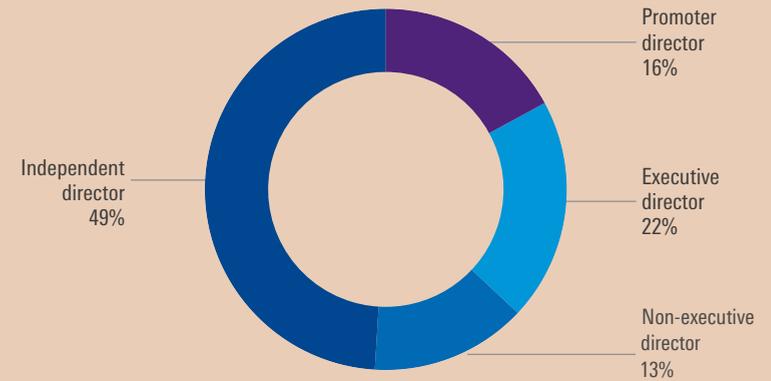
Nisha Fernandes, Sameer Hattangadi

# Respondent profile

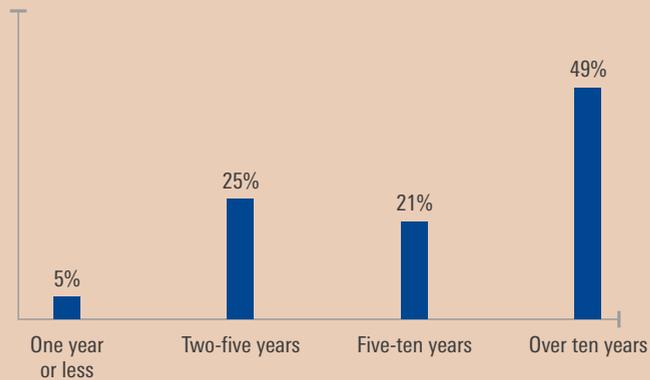
## Male versus female respondents



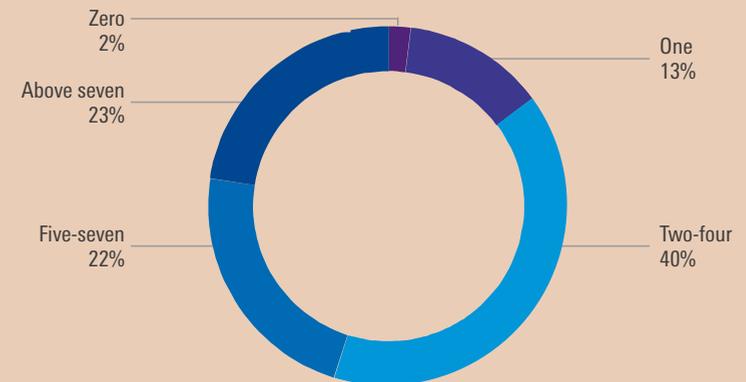
## Type of directorships held



## Years of board experience



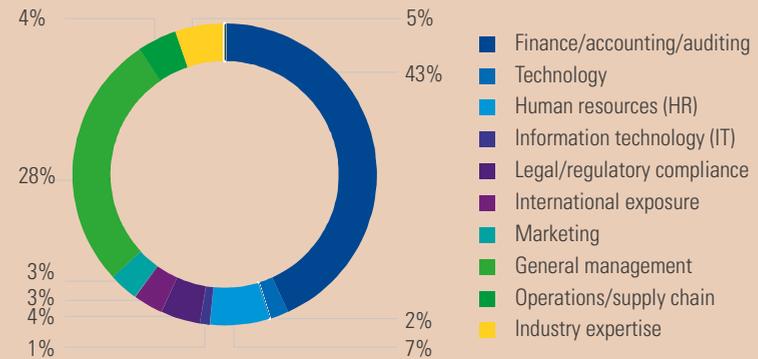
## Number of directorships held



### Type of committees they chair



### Primary area of expertise



### About Board Leadership Center

KPMG’s Board Leadership Center champions outstanding governance to help drive long-term corporate value and enhance investor confidence. Through an array of programmes and perspectives—including KPMG’s Audit Committee Institute—the Center engages with directors and business leaders to help articulate their challenges and promote corporate governance. Drawing on insights from KPMG’s professionals and governance experts worldwide, the Center delivers actionable thought leadership—on risk and strategy, talent and technology, globalisation and compliance, financial reporting, and audit quality, and more—all through a board’s lens.

### About the Women Corporate Directors Foundation

WomenCorporateDirectors (WCD India) is supported by WomenCorporateDirectors Education and Development Foundation - a non-profit company headquartered in the U.S. WCD India focuses on increasing boardroom diversity and advancing leading practices in corporate governance. It provides a networking platform for both existing and aspiring women corporate directors in India. As a global lead sponsor of WCD Foundation, multiple firms within the global network of KPMG member firms, including the Indian one, offer support to the organisation.

# KPMG in India contacts:

**Nitin Atroley****Partner and Head**

Sales and Markets

**T:** +91 124 307 4887**E:** nitinatroley@kpmg.com**Mritunjay Kapur****Partner and Head**

Risk Consulting

**T:** +91 124 307 4797**E:** mritunjay@kpmg.com**Pankaj Arora****Partner**

Governance, Risk and Compliance Services

**T:** +91 124 307 4796**E:** pankaja@kpmg.com**Follow us on:**[kpmg.com/in/socialmedia](https://kpmg.com/in/socialmedia)

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Printed in India. (005\_SUR0916)