Gender Diversity in India

Diversity is being invited to the party, but inclusion means being asked to dance.

A roundtable of opinion on gender diversity from India’s leading woman business leaders.
Introduction

To explore the state of gender diversity within India’s businesses, measure the progress towards a better balance, and hear the best practices that are making a difference, we invited female board members and CEOs from some of India’s leading companies to a roundtable discussion. We thank them very much for their valuable time and their insights.

This paper attempts to reflect the roundtable conversation and suggest ways that the drive for diversity might be accelerated to the benefit of all. We begin with a picture of the current situation.

Current situation on gender equality in Indian business leadership 3
Diversity of thought is a valuable asset 4
Initiatives that work 6
The journey to diversity 7
Deepening the pool of leadership talent 8
The responsibilities of women to other women 9
Looking beyond the numbers 10
Questions of pay inequality 11
Putting it right on pay 12
Hiring practices to overcome bias 13
Closing thoughts 14
Current situation on gender equality in Indian business leadership

The 2020 Global BoardEx Report into gender balance at the top of businesses that are listed on the BSE Sensex revealed that only 18% of board members were female. This compares to a global average amongst the 26 indexed companies of 27%.

To provide historical perspective on progress, the number of women on Boards was 5% before official regulation was implemented in 2013.

When it comes to female representation in leadership teams more broadly, the picture of gender balance from the Boardex Report is even more skewed: only 8% are female (compared to a global average of 19%).

Research reported by Forbes paints an equally unbalanced picture. In a world where women are finding more and more places in the executive suite, India seems to have all but stalled. Looking at the Top 20 companies in the Fortune India 500, a mere 6% of their executive team members were women. 65% of companies had no women at all in their executive suites.

Diversity of thought is a valuable asset

At its simplest, more diversity, whether gender or any other, delivers greater diversity of thought, a wider perspective on problems and their solutions. A very necessary aspect as we face up to a world requiring new solutions to rapid change and almost constant disruption. Clearly, assembling diverse leadership teams should be a top priority for businesses intent on building back better in the wake of Covid-19.

“Out of the nine Boards that I serve on, I enjoy working on the Board that is diverse in terms of gender, in terms of experience, in terms of tenure on the Board, and diversity in terms of age. These aspects bring in different perspectives to the table in terms of dialogues that take place and the issues that are discussed during the board meet,” was one comment.

“Women on boards hired from outside traditional networks bring unique dimensions to the table.”

Hiroo Mirchandani, Independent Director on corporate boards & Former Business Unit Director, Pfizer India.
Diverse leadership teams perform better financially, have a competitive advantage when recruiting for top talent, and suffer from lower employee turnover.

Anita Belani - Independent Director and Co - Founder Emotionally.

Whilst hiring women on boards because of the mandatory guidelines issued by the Government via the Companies Act started out as a ‘tick-box’ exercise, the effect was to bring diversity of thought to the table. This is because many of the women hired were not from the traditional old boy’s network. Being hired from outside that pool of talent added much-needed diversity of thought. The clear lesson is that talent can be found in individuals from all kinds of diverse backgrounds; they aren’t all in any one place, and can sometimes emerge from the most seemingly unexpected sources.

There are signs of progress on this as the following comment testifies, “Previously, if a woman Board member was to be hired, there was only a list of 10-12 women. We would call this list and that was the end of the search process. This has changed significantly. Kudos to search consultants who have widened that net over time. That being said, search consultants still need to go beyond the obvious pool and look at more candidates.”
Initiatives that work

Driving diversity clearly goes beyond hiring policies and processes, although these are key and part of the initial building blocks for driving diversity into the culture of the organisation.

IndiaFirst Life Insurance was mentioned as having some great practices that were very useful in promotion of diversity throughout the organisation. One of the campaigns was ‘50-50 by 20-20’, a vision of achieving gender parity. As part of this campaign, a lot of policy framework were laid down that helped ensure that for any job posting, women were also interviewed. Importantly, the policies underlined the message that no-one would be disadvantaged by hiring female team members.

“As a leader, I personally monitored statistics on the ratio of women hiring which brought to light the gap in gender diversity, especially in sales roles. This helped to understand the concerns within the organisation on not hiring women for sales roles. With the implementation of our diversity initiatives, there has been an acknowledgement that women can be an equally good fit and evaluation has to be neutral, without generalisation.”

R. M. Vishakha, MD & CEO, IndiaFirst Life Insurance
The journey to diversity

We must look at gender diversity as a journey was the message from Uma R Krishnan, MD and co-CEO, Barclays Global Service Centre. It is measured in years, not months. According to her, to recruit women at any level, there are three pillars. First, setting the culture, which is derived from the CEO itself. This requires a culture mindset shift, creating the platform to promote gender diversity groups. The second pillar of the diversity journey is the process. The third pillar is the measurement, as it is said, what gets measured, gets done.

Some practical measures taken by organisations to promote diversity include conducting ex-officio appointments. Aligning corporate communication channels to ensure the organisation as a brand promotes diversity, which further helps in recruiting more women. Using technology to understand hiring & attrition ratios. Having diversity dashboards in place to effectively measure the success achieved via diversity programs.

Sometimes there is unconscious bias, but there must be investment by organisations in training people, in sensitising people.

Uma R Krishnan, MD & co CEO – Barclays Global Service Centre
Deepening the pool of leadership talent

How to deepen the talent pool of women was a common theme of the roundtable. Clearly, any shortage of women at more junior leadership levels means that a lack of diversity on boards and in top management is bound to continue.

“I believe the steps towards diversity are being taken, the tough questions are being asked, but at the ground level support needs to be given. This means supporting the leadership with very real and practical measures to improve women diversity in the workplace,” was one of the way forward suggested during the discussion.

The good news is that there is evidence that organisations in India are working towards developing women into leadership roles. To achieve this, the talent pool in being widened right at the hiring level. This includes hiring of women at the campus level, then widening the talent pool, wherever possible, at the mid-management and leadership level.

Bhavana Bindra, Independent Director and Former MD DSM India, shared an example of progress from her previous post at Cummins, a hard-core engineering and manufacturing-based organisation. “When I joined Cummins, women representation was 7%. This figure was up to 30% last year (2019).”

“Odgers Berndtson has a critical role to play in promoting diversity at the leadership level of organizations. We present a suitable diverse pool of candidates and work in collaboration with the Board, CEO and HR leadership of the client to ensure selection and closure.”

Dr. Prasad Medury, Managing Director – India, Odgers Berndtson.
The responsibility of women to other women

Once on the board, what should women be doing to advance diversity?

For at least one of our panellists, it starts with asking hard questions. “Why should we be satisfied with very low numbers of women being represented within the organisation in terms of benchmarks? Why should we have only one woman independent director on the Board? Clearly, we should have much higher numbers.”

The danger is that when boards achieve one or two women board members, they might feel they have achieved something significant. In no other benchmark, it was pointed out, would leaders be happy with a 20% / 30% representation.

“It is the responsibility of women at Board level to ask the questions around diversity representation.”

Gita Nayyar, Independent Director & Senior Advisor – Fulcrum Ventures

Otherwise, those questions might not even be asked, let alone answered, since some CEOs still do not have a clear vision and commitment to women’s representation within their organisation.

There is clearly a call for ambition too, as was well put by a leading woman leader on our roundtable, “Setting low benchmarks means we will be satisfied with low results. I urge the women serving at the board level to ask the tough questions. So women at board level can push for larger women representation across the organisation.”
Looking beyond the numbers

It was emphasised that it was always important to look beyond the raw numbers of how many women are in a particular role.

A quote was mentioned that summed this up very well: “Diversity is being invited to the party but Inclusion means being asked to dance.”

It is not just about bringing people into the organisation, as one member of the round-table emphasised, “It goes beyond that, to enable and empower them, to make sure the underrepresented are brought to the table, so that they also can voice their opinion. The main point being diversity is not just about the numbers, or getting the under-represented to the table, it is about creating the infrastructure and support system required for inclusivity, so that the diverse opinions can be heard.”

“The organisation can hire as many women as they like, but if it does not give them the platform to voice their opinions, they will not survive.” commented Ms. Anita Belani, Independent Director and Co - Founder Emotionally.

At the board level, women leaders have the responsibility to the cause to make the management understand that the presence of a platform for diverse opinions to be heard and, crucially, more representation of not just women, but other under-represented groups as well, is very important.

It is about creating enabling systems for under-represented groups to feel like a part of the organisation.

An important aspect is what percentage of women leaders are being hired at the board level because of traditional old networks v/s those being hired for what they bring to the table. There is dearth of talent at the leadership level. So it is imperative to bring women up the ladder.

Bhavana Bindra, Independent Director & Former MD DSM India
Questions of pay inequality

What a person is paid is a clear indicator of their status in an organisation and how their worth is measured. If a clear pay gap between males and females has become institutionalised, as it appears in many cases, what is to be done and whose responsibility is it to drive towards greater equality?

There are many factors at play here.

The larger issue is the gender pay gap. It was pointed out that men holding positions that are more lucrative makes the gender pay gap wider. Are women choosing the roles that are paid more or not? It is important that they understand this aspect and choose roles that have more lucrative pay scales.

When it comes to setting a remuneration level, all too often organisations base it on the 'current pay' of the female candidate. But, typically, it was pointed out by panellists, the current pay approach is based on a foundational level of pay that has been set long ago at a lower level. Thereafter, that lack of equitable pay in an organisation tends to create a snowballing effect. To get pay to an equitable level, people need to be trained to understand that ultimately it does not matter how much of an increment the person is paid based on her current pay. It might seem a large pay raise, but people must reflect on what you might be willing to pay a man doing a similar job?

There are clearly biases at work. For example, in cases when there might be a limited pool of increments to be distributed, women would be given the lesser share as they were the ‘second’ earning member of a household. In contrast, men were paid more as they were the ‘single’ income earners for the household. Clearly, whether the woman is a single mother etc, should not affect her pay that is due for the work performed by her.

All being said, there are many instances where people believe they are being fair, while responding with unconscious bias that results in discrimination.

R. M. Vishakha, MD & CEO, IndiaFirst Life Insurance
In public sector in India, there is equal pay for equal designation. There is zero gender bias. Unfortunately, the model was not developed to reward for performance. In the private sector, when productivity and performance were built-into the remuneration model, there were unfortunate subjectivities too and biases started to creep in.

The final point made on pay was sometimes if a woman candidate does have the courage to ask for the industry benchmark, then often she is negatively regarded as being money-minded. This would not be something seen as bad in a male counterpart who might well be praised for assertiveness in that regard. With all this in mind, it’s not surprising that often women tend not to negotiate as hard as their male counterparts on the pay aspect.

Putting it right on pay

So, when it comes to putting things right on pay equity, for more than one participant, it is definitely a corporate culture issue. HR can drive pay equity only to a certain extent since this is an issue that impacts the organisation as a whole.

Yes, it was agreed, HR does play a role, but really it’s a mindset change in management that is key. Thus, woman’s representation and the gender pay gap are issues that must be a part of the Board agenda, as part of a proper talent and remuneration plan.
Hiring practices to overcome bias

It’s well-accepted that leaders like to hire people who are ‘like them’. This can often be the first hurdle in hiring equitably. Coupled with any conscious and unconscious bias, it is clear to see how a hiring process might not identify and promote talent that is outside of the box, so to speak.

This tendency was vividly illustrated as one participant described an interview process where sales representatives from within an organisation were being considered for promotion to a leadership position. A panel of two men and one woman interviewed one of the women candidates with an excellent past performance. She was clearly suitable for the position. However, one of the male interviewers commented that she does not have the merit for the job as ‘she talks too much’.

We have to ensure policies are present to mitigate any unconscious biases like that. Ultimately, the policies within organisations should be built in such a manner that they promote inclusiveness, be it job specification, interview and selection of candidates, working conditions, training hours, and so on, until every individual is given an equal opportunity to thrive and reveal their potential.

Good example

Naina Lal Kidwai, Independent Director and former Country Head HSBC India, offered an example of where diversity is at work at multiple levels. Cipla has achieved greater success by having a top-level team, with three women in their management council (heading Technical Operations, HR and Quality) and three women on the Board.

Cipla is a perfect example of how diversity can work. Ultimately, success is driven by how seriously the owner, in the case of family-run companies, or the management and boards in other organisations, takes up the cause of diversity. Like so many aspects of corporate culture, change and progress comes from the top.
Closing thoughts

In conclusion, there was optimism for the future and the direction of change, especially with listed companies. With global ESG requirements, the roundtable highlighted that global investors looking to invest in Indian companies are demanding greater diversity before they invest. They are demanding clear diversity milestones that Indian companies will have to heed in their search for capital.

The greatest challenge in India will remain amongst the large group of family-owned companies who may differ in perspective from multinational companies. The mindset of family-owned companies, with respect to succession planning from fathers to daughters, will need to change. But all these mindset changes can be brought about with education and consistent training.

Sita was taught to be a good girl, but so was Lord Ram. Let us use the wisdom from our scriptures was the roundtable’s message to the Indian business community.

“Diversity should not be just a tick in the box. Anyone who leads more than three people should have a clear understanding of why diversity is important for the DNA of the organisation. Towards this, training is required at every level.”

Naina Lal Kidwai, Independent Director and Former Country Head HSBC India

Talented people are our lifeblood

Thinking creatively about how we identify talent has always been fundamental to our business as an executive search firm. Our purpose is to think diversely for you, provide options, challenge thinking and ultimately assist you in appointing the best individual, wherever in the world they might be.
About us

Odgers Berndtson is a global search firm, with 62 offices in over 30 countries. We have grown exponentially in the last ten years, are the number one search firm in Europe (by revenue) and the sixth largest globally. Our structure provides us with the greatest reach of candidates in functional roles, across sectors, and around the globe. Our scale enables us to tap into diverse network nationally and internationally. Odgers Berndtson’s agile, proactive, results-driven culture pushes us to think outside of the traditional talent pool to identify candidates capable of transformative leadership.

Roundtable participants

We thank the following for joining us at the Odgers Berndtson roundtable.

**Anita Belani**, Independent Director and Co - Founder Emotionally

**Bhavana Bindra**, Independent Director & Former MD DSM India

**Gita Nayyar**, Independent Director & Senior Advisor – Fulcrum Ventures

**Hiroo Mirchandani**, Independent Director on corporate boards & Former Business Unit Director Pfizer India

**Naina Lal Kidwai**, Independent Director & Former Country Head HSBC India

**R. M. Vishakha**, MD & CEO, IndiaFirst Life Insurance

**Uma R Krishnan**, MD & co CEO – Barclays Global Service Centre

Report Compiled by

[Image of John Cooke, Content Editor]

[Image of Akamsha Bipin, Marketing Associate India]
Our Team in India

Dr. Prasad Medury  
Managing Director India  
prasad.medury@odgersberndtson.com  
+91 124 475 8301

Gaurav Seth  
Partner, India  
gaurav.seth@odgersberndtson.com  
+91 124 475 8302

Kaushik DasGupta  
Partner, Consumer, Media and Retail sector  
kaushik.dasgupta@odgersberndtson.com  
+91 124 475 8303

Mahima Chaudhary  
Principal, Industrial & Social Sector  
(Higher Education) Practices  
mahima.chaudhary@odgersberndtson.com  
+91 22 6826 5300

Angela Thomas  
Consultant, Retail & Consumer, India  
angela.thomas@odgersberndtson.com  
+91 124 475 8308

Ramit Bhel  
Consultant, Consumer & Industrial Practice, India  
ramit.bhel@odgersberndtson.com  
+91 124 475 8305
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