

Vladislava Ryabota
Regional Corporate Governance
Lead, IFC South Asia



Hairline cracks in the glass ceiling

More board diversity is needed in South Asia but there are signs that women are rising through the ranks

Many studies show the clear and positive correlation between increased gender diversity at top levels of corporate leadership and better company performance. The fundamental business case for more women on boards and in senior leadership positions is fast becoming undeniable: reduced risk, better decision-making, increased collaboration and broader market perspective, among many other benefits.

South Asian markets are slowly warming to this message. In India, 75 per cent of listed companies have one female director. Of Sri Lanka's 20 largest listed companies, 14 have company boards that include one female director – up from nine just a few years ago.

That said, the overall picture is still not great. While the increased percentage of South Asian companies that have a female board member represents a step in the right direction, the fact is that one woman in an otherwise all-male board is usually not enough to drive meaningful change at her company. And, in the aggregate, it is not enough to drive change in the country or the region.

It does beg the question: with so much evidence pointing to the value of increased women's participation on boards and in senior leadership, why aren't there more women serving in these positions?

Well, it's complicated. Many factors are at play, especially in this vibrant, diverse and rapidly developing region. Moving towards a more gender-inclusive corporate leadership approach involves changing a complex and

entrenched social and business dynamic. Working in South Asia as part of IFC's corporate governance group, I have seen that such seismic shifts require multipronged efforts at many levels.

At the societal level: knowledge, information and change in mindset

Social change can be slow, particularly in a region characterised by contradiction when it comes to women's advancement. Consider that women comprise nearly 60 per cent of Sri Lanka's university graduates, yet they make up only 32 per cent of the labour force and a tiny four per cent of the nation's top management cadre.

Only 28 per cent of India's women work – one of the lowest percentages of working women in the world – even though nearly 50 per cent of its university students are women.

The talent pool is clearly growing. Even in business schools, where the number of female students has typically been low, women are catching up. In at least one of India's graduate business programmes, the Goa Institute of Management (GIM), women and men are enrolled in equal numbers, according to GIM professor Divya Singhal, who has studied gender diversity in graduate degree programmes.

But somewhere along the way, too many smart and capable women are dropping out of the workforce and not ascending the ranks of corporate leadership. Typically cited reasons for this fall off include a need to care for children, family expectations to run the household and lack of ambition. I strongly disagree with this last presumption, which smacks of unfair stereotypes and flies in the face of reality. There are many highly capable women who have the drive and determination to make it to the top in these markets.



BREAKING DOWN THE BARRIERS
Promoting gender diversity is bringing added value to South Asian boardrooms

Given the opportunity, they could become true agents of change.

Conferences, public events and positive media coverage can help to empower and encourage women to continue their climb up the corporate ladder. They also serve to educate men on the benefits of gender diversity in the workplace. For instance, at one event in Colombo, a panel of experts explored the reasons why there are fewer women in Sri Lanka's corporate sector, even as women have achieved prominent leadership positions in the country's professions, academia and judiciary. The back-and-forth focussed on the question of whether men in Sri Lanka were ready for women on boards.

Co-hosted by IFC and the Sri Lanka Institute of Directors, the event was well attended by both women and men. In India, last year's

Women in Leadership Conference drew more than 500 mid-career businesswomen, all of whom are being mentored by top business leaders. It's another way to inspire women and encourage them to reach ever higher, beyond mid- and senior-level management and into the C-suite and boardroom.

We have also seen that widely publicised global events, such as the Ring the Bell for Gender Equality event held every year at stock exchanges around the world to mark International Women's Day, have helped raise awareness, trigger discussion and spread the word on the business case for gender diversity. In South Asia, the exchanges in Dhaka, Colombo and Mumbai are all in on this initiative, hosting sessions aimed at spurring greater women's participation at all levels of the economy.

At the market level: networking, mentoring and training

South Asian women who are poised for corporate leadership roles sometimes face significant barriers to entry. They have not been part of the traditionally male-dominated peer networks from which new board directors are often chosen. They may not know anyone who can provide guidance as they navigate their career path. And they may lack board skills and confidence in their own abilities.

IFC works in tandem with institutions, such as the Federation of Indian Chambers of Commerce and Industry, the Bangladesh Enterprise Institute and the Sri Lanka Institute of Directors (SLID), to address these issues. New networks and platforms now enable women to build their business

contacts and share knowledge. Mentorships, through programmes such as the one SLID recently launched, connect senior executives with early- and mid-career professional women, offering an important source of support. Databases of qualified female director candidates are making it easier for companies to find appropriate nominees.

And then there is training, an all-important way to fill critical skills gaps. Recently, IFC piloted a global board training programme specifically aimed at female directors, with sessions focussing on soft skills, such as projecting confidence, negotiating and resolving conflicts. In post-event feedback, participants said that they welcomed the opportunity to learn in a safe environment, together with other women.

By contrast, the male and female participants of the technical board skills programmes we run for new and potential directors of South Asian companies have said that they liked the exchange of ideas and perspectives that comes from being in a mixed environment.

The lesson here is that it can be effective to provide women-only training on board

With so much evidence pointing to the value of increased women's participation on boards and in senior leadership, why aren't there more women serving in these positions?

dynamics and interpersonal relations, covering such sensitive topics as how to insert yourself into a discussion and make sure your voice is being heard, even when you are in the minority. But for general skills training, there is a strong argument for mixed participation.

In IFC's own investee companies, we have seen the positive impact of all of these efforts as we aim for better gender

balance in the boardroom. We are drawing from ever-growing databases of capable candidates, appointing board directors who graduated from mentorship and training programmes. Already they have shown themselves to be well prepared and ready to tackle the challenges ahead.

At the regulatory level: laws, corporate governance codes and non-financial reporting

Legislation and regulatory action can incentivise progress on the gender front. For example, employment laws that require equal pay for equal work, enable more liberal family leave, or support flexible work schedules can help break down some of the obstacles that are keeping more women from remaining in the workforce. Over time, this could help create a larger pipeline of women who have the expertise to take on senior executive positions and directorships. »

» Some countries, such as India, have gone the legal route in a push for increased women's representation on boards. India's Company Act of 2013 requires all publicly listed companies to appoint at least one female director.

The law has definitely made an impact. According to a 2017 KPMG study, India saw a 180 per cent increase in the number of women on boards of its listed companies between 2013 and 2016. In the early years, it seemed that many companies sought to comply by appointing family members of controlling shareholder families, but more recently, Indian companies have reported fewer such appointments. According to the IiAS, FICCI and Prime Database Group study, *Corporate India: Women On Boards*, today family members comprise only 16 per cent of female directors of NIFTY 500 companies.

region are moving on this front. For example, Bangladesh's Securities and Exchange Commission is in the process of revising its corporate governance code to include a requirement for at least one female director in listed company boards. In India, IFC partnered with the Bombay Stock Exchange on a first-ever corporate governance scorecard. The scorecard, which includes a gender dimension, helps companies identify areas of improvement against generally accepted good practices.

As South Asian companies draw the attention of international investors, the regulatory push is becoming increasingly relevant. These investors, many of which have fully embraced the business case for diversity, are asking more questions about board composition as part of their due diligence. So, the availability of information


programmes can help build skill sets for all new directors, male and female alike, to ensure they are ready for the boardroom. This will enhance overall board effectiveness, supporting improved decision-making and stronger strategy.

Companies also can appoint gender champions and institute women-friendly work policies to make it easier for women to continue their careers while balancing responsibilities at home. They can generate a deeper and wider pipeline by promoting competent and capable women. They can set up networks and encourage women to join. And they can nurture top talent through internal mentoring programmes that pair younger female professionals with more experienced executives.

At the board level, companies can ensure that nomination committees value gender

TONE AT THE TOP

Including female directors on boards has a direct and positive impact



One woman, alone, sitting on an all-male board, is not enough to drive change at her company

The law may have made a difference in the Indian context, where women held only five per cent of board seats prior to the law's enactment. Yet Bangladesh, with no quota system, actually has a higher percentage of female directors: 19 per cent, compared to India's 13 per cent. Still, a look beneath the numbers reveals that many of Bangladesh's female directors are wives or daughters of the controlling shareholder families, an indication that there is a room for improvement.

Regulatory interventions, in the form of corporate codes or guidelines that encourage greater board diversity and increased disclosure on non-financial issues, such as gender balance, also have proven an effective way to incentivise companies to take action. Regulators in several countries across the

– and demonstrated progress towards greater female representation – will be a critical factor for companies as they compete for investment.

At the company level: tone at the top trickles down

Companies can do a great deal to promote gender balance throughout their organisations. Primary responsibility for demonstrating commitment to diversity lies with the board and senior executives. "The tone at the top is crucial in enhancing gender diversity not only in the boardroom but at all levels of the organisation," notes the KPMG study.

Actions companies can take include instituting formal on-boarding programmes for new directors – or setting aside funds to send nominees for such training. These

diversity, with specific terms of reference on gender balance. Boards also can include an indicator to measure support for gender inclusiveness on board and senior management performance evaluations. Indeed, there is no limit to what companies can do in support of better gender balance.

The rate of continued development in the nations of South Asia depends on how effectively resources are used. And that includes drawing from an ever-growing pool of competent, highly educated women, creating an enabling environment that encourages their rise through the ranks into the boardroom. There is a clear need to build a critical mass of male and female champions who can move this agenda forward, because the region's long-term economic health depends on it. 🌱