Do Women Directors Influence the Profitability & CSR of Firms – A Study of India Inc.

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(i) Context and Significance of the Proposal

As SEBI makes it mandatory for all the listed companies in India to have at least one woman-director by 31 March, 2015, debates are raised in different quarters about the actual benefits of such a measure for companies. Boards have been found to be largely male dominated across countries. Women are found to be under-represented in the top management of companies all across the globe. A report by Catalyst (2008) suggests that currently only 4.2 per cent of CEOs' position in Fortune 500 list of companies are held by women. According to a study by Deloitte, percentage of women in the boards across the globe varies from as low as 1.4% in Japan to as high as 39.7% in Norway. Following enough debates and discussions about lack of representation of women in the board of directors, governments have come up with regulations to ensure the inclusion of women on the board.

Section 149 (1) of Companies Act of 2013 and Clause 49 of Securities Exchange board of India (SEBI) made it mandatory for all the listed companies in India to have at least one woman-director from 31 March, 2015. In May 2018, SEBI further stipulated that the large companies in India must have at least one woman independent director by March 2020. These regulatory mandates raise questions about the actual benefits of such measures for Indian companies. However, India is not alone in taking such initiatives (Afsharipour, 2015). Governments in both Norway and Spain have gone a step ahead and made it mandatory for the companies to have at least 40% women on the board (Catalyst 2008). Spain, France, and Belgium have similar laws with compliance deadlines in three phases—2015 (Spain equality law 2007), 2017, and 2018

(Catalyst 2011). Germany and Sweden have adopted a “comply or explain” approach (Catalyst 2011).

(ii) Research Questions

This study will make an attempt to i) briefly review the academic literature to see why companies do not appoint more women directors and what benefits companies obtain by having women directors, ii) examine Indian data to see if companies that have more women on the Board are indeed more profitable and, iii) What are the potential barriers to female representation in the company’s board of director in India?

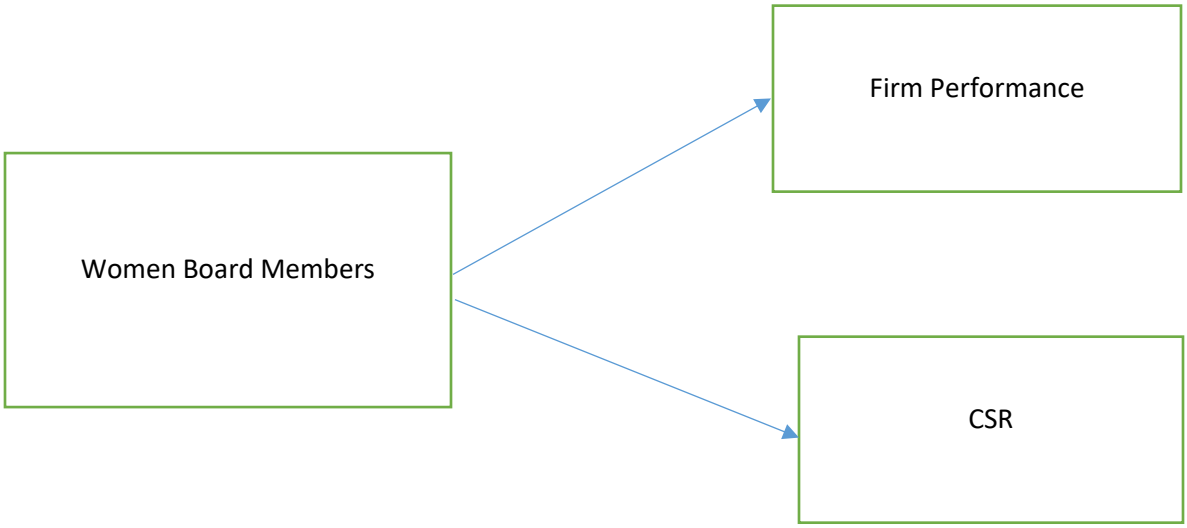
(iii) Research Objectives and Hypotheses

Board diversity as a research agenda has risen into prominence recently. Female representation on corporate boards has also become the focus of policy agendas. Women on the board increase organizational creativity and innovation, produce more effective problem solving, promote corporate monitoring, decrease the private benefits of managerial control, enhance the effectiveness of corporate leadership, and encourage a better understanding of the complexities of the business environment (Carter et al., 2010; Richard et al., 2007; Robinson & Dechant, 1997). As a result, women directors have a positive effect on the organizational integration of knowledge that increases corporate governance efficiency (Adams & Ferreira, 2009; Francoeur et al., 2008; Milliken & Martins, 1996). There are also studies that show companies with women in on the board of directors are more socially responsible. Literature documents a positive influence of female directors on CSR practices (Bear et al., 2010; Cuadrado-Ballesteros et al., 2017). Women are believed to be more sensitive to social needs, aware of others, and stakeholder-oriented than men in addition to being more ethical (Tate and Yang, 2015; Rao and Tilt, 2016). In this background, we propose the following hypotheses in the context of Indian companies:

H1: Companies having women on the board will be more profitable.

H2: Companies having women on the board will be more socially responsible.

(iv) Framework of the concepts involved



(v) Research Methodology Highlighting the Data Collection Methods and Methods to Analyze the Data:

Since the study is exploratory in nature, data collection will be done in two phases- In the first phase, secondary data will be collected from companies listed in Bombay Stock Exchange (BSE) or National Stock Exchange (NSE) in India. Data will also be collected from database such as CMIE-Prowess and Bloomberg. Data of last 5 years will be analyzed through the appropriate statistical techniques such as correlation and regression with the help of software such as R and SPSS. In the second phase, primary data will be collected to validate the findings of the secondary data through survey.

(vi) Expected Outcome and Value Additions

This study will identify the potential barriers and enablers of women participation in board and will explain what women participation means to organizational profitability and social responsibility. As women involvement in the workforce has been debated across streams, this study will present a clear picture for practitioners, academicians and scholars in understanding the merits of gender diversity in terms of potential benefits and challenges to the organization. Additionally, the study will also seek to explain how women leadership promotes social responsibilities which makes organizations sustainable in the long run. It will also reflect the influence of cultural factors on women participation at the senior management. Furthermore, this research is essential as it will throw light in the domain of women empowerment and women leadership, particularly in a non- western context.

Costing and Timelines: We have to obtain the gender and educational background data of the directors of all the listed firms for the last 5 years, which will take about 3 months. After that, it will take us six months to complete the first draft of the paper. Once we get the first draft ready, we propose to get peer feedback and get the final draft ready in another three months.

Total Cost:

1. Data for Indian companies for 5 years: ₹20,000
2. Data Entry & Analysis: ₹20,000
3. Study Material: ₹10,000
4. Field Visit: ₹10,000
5. Report Preparation: ₹30,000
6. Other Incidental expenses: ₹5,000
7. Institutional Overhead expenses: ₹5,000

(vii) **References**

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