Women Leadership: Reflections from Indian Business

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ABSTRACT:

Women have equal access to higher education but are not treated equally in comparison to their male counterparts while climbing the corporate ladder. A man’s chances of emerging as a leader in a group are greater than a woman’s, both in research studies and in everyday political, organizational, and social life. This paper focuses on the present scenario of women leadership in corporate, with special reference to Indian business, specially identifying important women leaders in India in various sectors. This paper concludes that although Indian businesses are dominated by men where women do not have proportionate representation, still the Indian women are better off than their counterparts in other regions of the world when it comes to holding higher positions in the corporate hierarchy.

KEYWORDS:
Women leadership, Indian business, Leadership, Business, Corporate achievement, Position.
INTRODUCTION

Leadership is about creating vision for the future, designing social architecture that shapes culture and values, inspiring and motivating followers, developing personal qualities, and creating change, to improve organizational effectiveness” (Daft, 2002). Kotter (1988) defines leadership as a change process, focusing on the key concepts of visioning, networking, and relationship building. Leadership refers to the abilities of an individual to influence, motivate, and enable others to contribute towards the effectiveness and success of organizations of which they are members (House et al., 2004). ‘Leadership is one of the most observed and least understood phenomena on earth’ (Burns, 1978). Leadership requires balance (McCarthy, O'Connell, & Hall, 2005). In an environment of complex change and paradoxical choices leaders are challenged to align actions with values, navigate boundaries, manage multiple relationships, be self-aware and understand their capabilities, and juggle professional responsibilities while trying to maintain a personal life.

WOMEN LEADERSHIP IN BUSINESS

After years of analyzing what makes the business leaders most effective and figuring out who’s got the right stuff, management gurus now know how to boost the odds of getting a great executive: Hire a female (Sharpe, 2000). Although more women are assuming leadership roles today than earlier, the notion of woman as a leader is still foreign to many individuals - both male and female alike. Over the last four decades women have entered many traditionally male domains of leadership including politics and business in increasing numbers. In addition to women in politics, countless lesser-known women occupy leadership position in education, healthcare, family owned business etc. But it is only fairly recently that women as leaders have been the subject of research. Eagly and Johnson (1990) conducted the first systematic and comprehensive analysis of gender differences in leadership based on the 162 studies they were able to locate by that time. It was found that the women and the men did not differ on task orientation or interpersonal style but that women did use a more participative and inclusive style than men who were more likely to use a directive and controlling style. Other studies show mixed findings when a gendered analysis is undertaken. Despite women’s move into leadership roles women remain the ‘other’, the exception to the norm.

Wajcman (1999) has pointed out that to study senior women managers was to study exceptional women in an atypical context. They inhabit a corporate world that is very male dominated, and they are inevitably disruptive to the status quo. When a woman occupies a position traditionally filled by a man, the significance of her sex, for both how she operates and how she is treated, is subjected to a scrutiny in a way that the ‘normal’ hierarchical order is not. Recent studies have shown that the types of leaders in this new global economy must possess a specific set of qualities. In fact, the changing business environment favors women because many of the characteristics and behaviors needed for leadership today are those that come more naturally to women (Noble & Moore, 2006). The idea that women are effective leaders has jumped from the writers of feminist trade books on management (Helgesen, 1990) to the mainstream press and is steadily making its way into the popular culture.

REVIEW OF LITERATURE

An empirical study of managers by Mandell and Pherwani (2003) confirms that females score higher on the transformational leadership scale compared to their male
counterparts and that women are extremely capable to serve as corporate leaders in this global economy. Eagly and Carli (2003) found that female leaders behave extremely competent while reassuring others that they conform to expectations concerning appropriate female behaviour and successful female leaders seek leadership styles that do not unnecessarily elicit resistance to their authority by challenging norms dictating that women be egalitarian and supportive of others. The work of Eagly and Karau’s (1991) - Meta analysis of 54 studies on gender, concluded that men more often emerged as task-oriented leaders while women were found to engage in behaviors that showed agreement with others. They also found that women emerged as social leaders more frequently than men. The Meta analysis of Goldberg paradigm experiments by Eagly et al. (1992) demonstrated that female leaders received less favorable evaluations than their equivalent male counterparts in male-dominated leader roles, but were equally evaluated in roles that were not male-dominated. Congruent evidence in survey data emerged from an analysis of the Panel Study of Income Dynamics (Hill, 1992), which showed that, despite controls on numerous variables (e.g., human capital, family characteristics, skill requirements of occupations), working in male-dominated occupations increased men’s chances of promotions (as assessed by substantial wage increases in successive years), but increased women’s chances of leaving their jobs (Maume, 1999).

THE GLOBAL PERSPECTIVE

Recent studies have revealed that out of the 500 largest U.S. companies, those with the highest percentage of female directors are more profitable and efficient than those with the lowest proportion (Graham, 2007). According to Tara (2010) “French lawmakers are considering legislation that would require at least 40% of companies’ boards be made up of women within six years or risk not being able to add new male directors.” About 1,370 female directors will need to be selected in six years to meet the quota requirement. According to Governance Metrics International, a corporate governance research firm in New York, 9.5% of women make up the 103 French boards (Tara, 2010). In the United States, it was 12.1% among 1,754 companies. In Norway the percent was 6.8% of 23 companies before quotas were established in 2002 and in 2010 the number was 34%. Since January 2008 every organization quoted on the Oslo stock exchange in Norway must have at least 40% of each gender on its board. In Spain, the government has given companies listed on the IBEX until 2014 to ensure 40% female representation on their boards (Shalini & Kate, 2009).

Mary (2003) states that “Asian women in senior management are numerous, but most are behind in pay, passed over for promotions, and drop out of work for various reasons.” More notice of women in powerful positions was reported nearly three years ago in 2008, when State Bank of Pakistan Governor Dr. Shamshad Akhtar was listed among the ten outstanding Asian women leaders. The report published in the Asian Wall Street Journal said that Dr. Akhtar was the first woman Governor of Pakistan’s Central Bank. According to various studies and EMA Partners' estimates that in Germany, over 25% executives are women, in the UK more than 30% and in France over 35% executives are women. The increase in female leaders has been accompanied by changes in theories and practices of leadership. Whereas in the past, leaders based their authority mainly on their access to political, economic, or military power, in postindustrial societies leaders share power far more and establish many collaborative relationships (Lipman-Blumen, 1996). According to the second annual WOMENOMICS 101, a survey was taken for top Fortune 101 companies in the year 2010 in each region of United States, Europe, and Asia. They key findings of this study are as follows:
The USA leads the way with 87% of American companies having at least one woman on their Executive Committee. Of the 1,230 in Europe, 44% of companies have at least one woman on their Executive Committees. In Asia, 23% of companies have at least one woman on their Executive Committees. Of the Executive Committee members of America’s top 101 companies, 193 (15%) are women. Around 7% of the total number of Executive Committee members of the top 101 European companies is women. However, of the 734 members that make up the Executive Committees of Asia’s top 101 companies, only 20 (3%) are women (Figure 1).

The findings of the sixth annual UC Davis Study (2010) of California Women Business Leaders: A Census of Women Directors and Highest-Paid Executives-2010, present the status of women in the top decision-making positions of California’s largest 400 public companies. The study reveals that:

- Overall, women hold just 9.5% of board seats and highly-paid executive positions.
- More than one third, 141 (35.3%) of the 400 largest public companies in California have no - women among their directors and highest-paid executives where as only 16 (4.0%) have a woman serving as CEO.
- The real estate sector has the highest percentage of women directors, 14.4%. The finance sector ranks second with 14.0%. The telecommunications sector has the lowest percentage of women directors with 2.9%. The consumer products and services sector has the highest percentage of highest-paid women executives, 18.3%. The media and entertainment sector follows with 15.1%. Only 4.1% of highest-paid executives in the electronic hardware sector are women.
- Ferrary (2009) found a direct correlation between the proportion of women in top management at a corporation and its stock price during a time of general economic downturn. He found that, “the more women there were in a company’s management, the less the share price fell in 2008.” Ferrary suggests that women managers tend to balance the risk-taking style of their male colleagues, a trait especially important in protecting profits in bad times and postulates that feminization of management seems to protect against financial crisis.

According to the survey of Grant Thornton International Business Report (2011), the key findings of women in global corporate world are as follows:
- On a global level, women hold 20% of senior management positions, down from 24% in 2009. The percentage of private businesses that have no women in the senior management level has risen to 38% compared to 35% in 2009.
- Globally just 8% of companies have a female Chief Executive Officer (CEO).
- Thailand leads with 30% of companies employing female CEOs, followed by China (19%), Taiwan (18%) and Vietnam (16%).
The percentage of women in senior managerial positions in the year 2011 according to the Grant Thornton International Business Report 2011 (IBR) is presented in Figure 2.

Figure 2: Percentage of women in senior managerial positions in 2011

Source: Grant Thornton International Business Report -2011.
Among the 39 countries studied, Thailand stands first with 45% of women in senior managerial positions whereas Japan stood last with only 8% of women in managerial positions and India was slightly ahead of Japan with 9%.

A Catalyst study (Lois et al, 2007) linking performance and gender balance on the board of the Fortune-500 companies found that companies with three or more women on the board gain a significant performance advantage over those with the fewest. In the case of ‘Return on Equity’, companies with more women on board outperformed those with the least by 53%. Regarding the ‘Return on Sales’, it was 42% and the difference on ‘Return on Invested Capital’ was 66% (Figure-3).

Figure-3: Link between performance and gender balance on the board of Fortune-500 Cos.

Another McKinsey Report (2007) demonstrated a link between the performance of a company and the proportion of women serving in its governing body. The companies with the most women on their senior team showed superior growth in equity, operational results and share price. If at least a third of the senior team is made up of women, then companies outperformed those with no women on 9 criteria of organizational excellence. The study utilized a proprietary McKinsey diagnostic tool to measure the nine criteria: leadership, direction, accountability, coordination and control, innovation, external orientation, capability, motivation, work environment and values. The 2010 Women Matter study further reveals that only 28% of respondents identified this as a top-10 priority in their company. This is a matter of concern. Thus many of the empirical studies have shown that companies with significant numbers of top female managers do better, both in terms of such organizational aspects as innovation and accountability and also in terms of profit, relative to sector competitors.

THE CASE OF INDIAN BUSINESS

Women executives broke through India Inc's glass ceiling long ago, and it now appears that women promoters are leading the league tables in case of management
performance too. According to a Sunday ET study (Anand, 2009), nine listed companies managed by prominent women promoters fared better than the top 30 firms listed in the Bombay Stock Exchange in year-on-year growth rates for the last five years. The nine companies during the last five years grew by a compounded annual growth rate (CAGR) of around 35% on the key parameter of income before tax as against a 21% CAGR for the BSE-30 firms. Indian women may not have proportionate representation in companies, but they are better off than women elsewhere. Eleven percent of 240 large companies - Indian-owned as well as multinational, private as well as state-owned - have women CEOs, according to a study carried out by executive search firm EMA Partners (SiliconIndia, 2009). As many as 54% of the women CEOs are in financial services. Amongst private and foreign banks, women almost outnumber men.

This has been helped in no mean measure by women from ICICI bank who has joined other financial institutions in recent times. Chanda Kochhar the Managing Director and CEO of ICICI Bank, ex-ICICI Prudential Chief Shikha Sharma heads Axis Bank and Kalpana Morparia is the Country Head of JP Morgan. The former CEO of ICICI Ventures, Renuka Ramnath is the Founder, Managing Director & CEO of Multiples Alternate Asset Management. In addition, the capital markets are important as India opens up to foreign direct investment, Naina Lal Kidwai, the first Indian woman to graduate from Harvard Business School and runs the Indian operations of HSBC, has been named repeatedly on lists of the most prominent Indian business women and Meera Sanyal at ABN Amro, Manisha Girotra heads UBS and Ashu Suyash at Fidelity. Eleven percent of the Indian women CEOs are in the media, Shobana Bhartia is the Vice President of Hindustan Times and was appointed to the Rajya Sabha, the upper house of parliament. Another 11% in pharmaceuticals, Kiran Mazumdar-Shaw the Chairman and Managing Director of Biocon and Villoo Morawala Patel the Founder, Chairman and Managing Director of Avesthagen. Eight percent are in consulting and another 8% in FMCG and consumer durables. The big names here are Vinita Bali of Britannia and Nadia Chauhan of Parle Agro. Four percent each can be found in manufacturing and IT and IT-enabled services. The largest personal computer company in the country, Hewlett-Packard, is headed by Neelam Dhaman. In alternative medicine, Shahnaz Hussain, CEO of Shahnaz Herbals which has hundreds of worldwide franchises, was one of the earliest to realize the business potential of Ayurveda and alternative medicine. The automotive industry has also been pretty important in recent developments, with a number of large auto manufacturers opening branches in India and with large-scale investment in highway projects and in other infrastructure. Sulajja Firodia Motwani, joint MD of Kinetic Motor, manufacturers of two-wheelers, scooters and motorcycles and various auto components, as well as elevators, escalators and auto parking systems, is a noteworthy figure here. Her company has attracted investment from the likes of Citigroup and is likely to do well as the transportation business profits from the real estate boom in India. Priya Paul, the chairperson of Apeejay Surendra Park Hotels is a business woman in a field which has a pivotal role to play now – travel and tourism. Commercial real estate and the hotel business is slated to be very profitable in Asia. Health and medicine is an area where India offers extremely competitive rates for world class services where medical groups like the Apollo Hospital caters to that demand, the heads of Apollo, Preetha and Sangita Reddy are positioned at the center of the development. Jyoti Naik, President of Lijjat Papad, the first cooperative business by housewives with no experience made it big.

Manufacturing has traditionally not attracted too many women because of the nature of the business and the location of factories in the interiors. On further analysis, it was found that in India, more than half of the women CEOs hail from the banking and financial services sector, which accounted for 54%. Around 35% of the women CEOs, according to EMA
Partners, are also promoters of their companies. This includes Rajshree Pathy who runs Rajshree Sugars and Chemicals and Meher Pudumjee, the Chairperson of Thermax. The other 65% are professional CEOs. A notable achievement of Dr. Swati A. Piramal Vice Chairperson of Piramal Life Sciences Limited and Director of Piramal Healthcare Limited is that she is the first women President to be elected for ASSOCHAM in 87 years of ASSOCHAMs history.

CONCLUSION

Given that roughly about 50% of the planet’s population is female, that about 50% of staff is female in most markets, the gender is hugely unrepresented in boards and at the CEO level. According to Pew Research, women are rated higher than men in every area of leadership measured, except decisiveness (Stroope, 2011). Women are rated as more honest, intelligent, hardworking, compassionate, outgoing, and creative, as well as equally ambitious when compared to men. McKinsey’s ‘Women Matter’ series of reports have continuously been proving that companies with higher numbers of women at senior levels achieved better organizational and financial performance. Even though Indian women do not have proportionate representation in companies, they are better off than their counterparts elsewhere. In this aspect, any Indian can be proud about the contribution of women in business.

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