International Journal of Global Research Innovations & Technology (IJGRIT)
ISSN : 2583-8717(Online), Impact Factor: 6.972, Volume 03, No. 03(II), July-September, 2025, pp 49-53

A Study on Gender Diversity and Current Scenario of Women Representation on Companies' Boards in India: A Case Study on Hospital and Health Care (HHC) Industry

Dr. Sohag Joarder*

Associate Professor, Department of Commerce, Kidderpore College, Kolkata, W.B., India.

*Corresponding Author: sohagjoarder05@gmail.com

Citation: Joarder, S. (2025). A Study on Gender Diversity and Current Scenario of Women Representation on Companies' Boards in India: A Case Study on Hospital and Health Care (HHC) Industry. International Journal of Global Research Innovations & Technology, 03(03(II)), 49–53. https://doi.org/10.62823/ijgrit/03.03(ii).8073

ABSTRACT

Diversity in board stems from need for versatile talents, newer ideas vital for innovation, globalisation, changing demographics and customer expectation (NASSCOM, 2011). Gender diverse board is measured by presence of independent woman director on the board. As per section 149(1) of the Indian Companies Act 2013 and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014, at least one woman director is mandatory for all listed companies, and violation of mandate by the companies will be fined Rs. 10,000. The current study attempts to examine the implementation of Companies Act 2013 mandate and inquire into the status of women representation on Indian boards. In doing so, the present study undertook analysis of board composition of BSE listed top 31 Hospitals & Health Care Companies of the current year 2023. It is found, as a whole, women representation in the Board of Directors (with different board sizes) of sample companies is nearly 23%. The board composition of the selected sample companiesclearly indicate mere compliance of the regulationresulting in appointment of women in the boards. The study makes some useful recommendations for the corporate managers and policymakers.

***Keywords**: Gender Diversity, Companies Act 2013, Hospital & Healthcare Companies, Women Directors, India.*

Introduction

Corporate boards are responsible for governance and overseeing the overall direction and functioning of the organisation (Carroll and Buchholtz, 2011). Diversity in board stems from need for versatile talents, newer ideas vital for innovation, globalisation, changing demographics and customer expectation (NASSCOM, 2011). Gender diverse board is measured by presence of independent woman director on the board. As per section 149(1) of the Indian Companies Act 2013 and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014, at least one woman director is mandatory for all listed companies, and violation of mandate by the companies will be fined Rs. 10,000. India is the first country among the developing nations which has decided through legislation to make presence of women directors on company boards mandatory.

In this context, gender diversity means equal representation of women on the companies' boards. It is a social issue. It implies inclusion of soft gender to equality and improves corporate governance. Gender diversity is not a matter of discrimination but also related to good corporate governance by implementing the corporate laws mandate women inclusion in boards could have been possible in India.

In Europe, many countries have fixed a minimum percentage for female representation on boards in publicly traded companies. Norway was the first nation to introduce mandatory gender quota for at least 40% women representation on boards of listed companies. Following Norway, Spain and Iceland mandate 40% women directors on boards. Similarly, Netherlands and Germany and Malaysia have introduced 30% female quota for the companies.

Indian patriarchal and family dominated system failed to accept these regulations in right perspective(Ramaswamy et al., 2000). Thus, most of the male-governed Indian listed companies, as an eyewash,appointed women independent directors in the board only to comply with the legal mandatory requirement. Researchers have established evidence that there is a significant positive impact of women representation (on board) on firm performance. Female directors bring different set of expertise, and their commitment to effective leadership and board monitoring functions help in improvement in financial performance of Indian companies. Board gender diversity has a strong impact on corporate performance. However, mere presence or absence of just one female director on companies' boards does not impact firm performance.

In India, corporate governance focuses on the protection of minority shareholders; accountability of board of directors; management of the company; timely reporting and adequate disclosures to shareholders; and corporate social responsibility. The second provision of section 149(1) of the Companies Act 2013, provides that a certain class of companies (as specified in the Rules) should at least have one woman director on its board. This is a mandate for every listed company, or every other public company having (a) minimum paid-up share capital of Rs. 100 crore, or (b) minimum turnover of Rs. 300 crore. The main objective of this study is to inquire into the status of women representation on Indian boards. Before going into that, secondarily, this study has also tried to give a concept of corporate governance and gender diversity in this context.

Gender Diversity

Gender diversity means equal representation of women on the companies' boards. It is a social issue. It implies inclusion of soft gender to equality and improves corporate governance. Gender diversity is not a matter of discrimination but also related to good corporate governance by implementing the corporate laws mandate women inclusion in boards could have been possible in India.

This paper inquires the gender diversity of the corporate board of Indian Hospital & Health Care industry. In Europe, many countries have fixed a minimum percentage for female representation on boards in publicly traded companies. Norway, the first European country which imposed a quota of minimum 40 % women inclusion by 2008 for publicly held companies.Following Norway, Spain and Iceland mandate 40% women directors on boards. Similarly, Netherlands and Germany have introduced 30% female quota for the companies.

Gender Diversity = No. of Female Directors / Board Size

Till 2022 women representation in Indian boards is 18% which is the result of the mandate of corporate laws. c Globally, many researchers have shown that gender diversity (WD) helps companies perform better in various aspects. As per data from the Union Ministry of Corporate Affairs, around 3,232 listed companies in India have 4,741 women directors on the board. The positive impact of GD is:

- Diverse boardroom provides a diversity of thought, expertise, ethnicity, background, etc..
- Offer unique ideas, solutions and strategies.
- More diverse the board more sharing of experience can be possible.
- Increase in profits and productivity.
- Generally, patience is the key to women directors.
- In decision making women can think of almost every aspect even the smallest thing of the organization.

On the other side, GD on boards may have less effective interpersonal dynamics, mainly communication dynamics show downsided and becomes more complex. This ultimately impart a negative effect on firm performance.

Objectives of the Study

- to inquire into the board composition having women representation of HHC companies;
- to study on status of representation of soft gender on corporate boards of HHC companies in India;

Literature Review

Chatterjee C and Nag T (2022) in their paper observed that mere presence of women directors (WD) on boards makes no difference in financial performance of the firm.The significant participation of WDs in functioning and governance of companies leads to positive contribution to financial performance of firm and creation of economic value.

Singh G (2020)in his article tried to study the compliance of the regulatory framework with regard to corporate governance through the enactment of Companies Act 2013. In Indian patriarchal society and family businesses, the very purpose of compliance of corporate laws has been destroyed with the appointment of WDs in male-dominated boardrooms.

Das P K (2019) in his paper investigated the impact of WDs on financial performance of Indian firms defining the active participation on boards. He found that there is a significant positive influence of women involvement on corporate performance.

Kishore K (2016) has assessed and analysed representation of women directors on boards of Indian IIT companies in response to new legal mandate. His study revealed that women representation has shown only a tokenism to comply with the mandate.

Halder A, Shah R and Rao S V D Nageswar (2015) in their paper examined the effectiveness of gender diverse boards on financial performance of Fortune 500 Indian firms. This research suggested that gender diversity or representation of independent WDs on boards may be effective in the inaccurate functioning of boards.

Alverado N R, De Fuentes P and Laffarga (2015)have inquired the relation between board gender diversity and financial performance of 125 listed non-financial firms. Spain being the second country to make mandate for the female representation on boards and experienced a positive effect on economic results with the increase in female participation in the workforce.

Ali M, Ng Y L and Kulik C T (2013)have divided their research into three segments, and accordingly resulted in positive linear relationship between board gender diversity and employee productivity of 288 listed companies of nine Australian industries; a negative linear relationship between age diversity on the board and return on assets; and finally, suggested an inverted U-shaped curvilinear relationship between age diversity and return on assets. They claimed that their study may be the first to propose competing linear and curvilinear predictions between board diversity and performance based contrasting theories.

Joecks P, Pull K and Vetter K (2012) in their study explored the relation between gender diversity in the boardroom and firm performance based on critical mass theory of 151 listed companies of Germany.

Mahadeo J D, Sooberoyen T and Hanuman V O (2011) examined the key elements of board diversity or heterogeneity amongst listed companies of an emerging economy like Mauritius and its effect on financial performance of 42 listed companies.With introduction of corporate governance and its development it is resulted that women remain poorly representedon boards, and presence of satisfactory level of heterogeneity in terms of educational background, age and independence in relation to developed countries.

Campbell K and Vera A M (2007)have investigated the relationship between board gender diversity and firm value of 48 listed firms of Spain. It is found that gender diversity has a positive effect on firm value and that the opposite causal relationship is not significant.

Methodology

The study uses secondary data to draw some conclusions on the current status of women inclusion on boards in India which is the result of mandatory gender diversity on such boards. For this purpose, time series data have been taken as on 31.3.23. The sample companies have been selected by net profits as well as by availability of required data. The main source of required data for the current study is Corporate Governance Reports being part of annual reportsof the selected companies in which the study gets number of both male and female directors from the structure of BODs. Till date, may be only a very few or no such study has been done in hospital and health care (HHC) sector in India. On this backdrop, the present study tried to examine the current status of female representation in boardrooms of HHC companies. For this purpose, BSE-listed top 31 HHC companies have been chosen on the basis of net profit and availability of required data as on 31.3.23. This paper is based on theoretical research and no financial data analysis was required to be done.

Careful scrutiny of the corporate governance reports helped knowing the exact number of women directors in diverse posts as managing director (MD), executive director (ED), non-executive director (NED), independent director (ID), non-independent director (NID), non-executive independent director (NEID), non-executive & non-independent director (NENID), whole-time director (WTD) and simply directors.

Findings & Conclusion

HHC industry continues to surpass other industries in the representation of women. Since HHC industry is a service industry which requires patience and motherly care for this job, diverse thoughts and expertise help companies perform better. However, in this industry it is found that women remain underrepresented in the leadership position.

Among 31 sample companies only one company has all-men board.The gender diversity is 23% which is calculated as follows:

Total Board Size = 251

Total Male Board Members = 193

Total Female Board Members = 58

Therefore, Gender Diversity = Total Women Representation on Boards/Total Board Size

= 58/251 = 23% (approx)

The purpose of this study is to examine the current status of women directors as on 31.3.23. Normally, the board size varies from 4 to 22. In the study board size varies from 4 to 17. The number of female directors varies from 0 to 6 whereas number of male directors vary from 3 to 12. From the analysis of board composition of all sample companies it is clear that maximum limit of WD could be possible only in family-owned business, but in other cases only compliance of corporate laws has been done. The presence of 58 female directors on the boards of 31 selected HHC companies can be depicted as follows:

Table 1

Posts in boards	**MD**	**ED**	**NED**	**ID**	**NID**	**NEID**	**NENID**	**WTD**	**Directors**
No. of cos.	3	8	7	17	1	3	1	4	14

[Author's observations]

Again, observation regarding number of companies having 0-6 women representation on boards is shown as below:

Table 2

No. of WD	**0**	**1**	**2**	**3**	**5**	**6**
No. of companies	1	12	13	3	1	1

[Author's observation]

The family-owned companies can only appoint a good number of directors in the board but in other cases women representation remains only a mere compliance of corporate laws mandate. Table-1 shows more than 50% of companies have independent women participation which implies HHC industry thinks of women thoughts and expertise in this field matters a lot. In Table-2, 39% companies having one women representation and 42% companies having two women inclusion in boardrooms, altogether 80% companies having one or two WD on boards. It shows inspite of importance of female inclusion in this sector, companies only tried to comly with the inclusion mandate.

This study is only a basic theoretical evaluation, further investigation could be done in future. Panel data analysis can also be possible for further research as no such study has been done previously on hospital and health care industry in India.

References

1. Ali, M., Ng, Y L., & Kulik, C T. (2013). Board age and gender diversity: a test of competing linear curvilinear predictions. *J Business Ethics (2014) 125:497-512*. DOI 10.1007/s10551-013-1930-9.

2. Campbell, K., & Minguez-Vera, A. (2008). Gender diversity in the boardroom and firm financial performance. *Journal of Business Ethics (2008) 83:435-451*. DOI 10.1007/s10551-007-9630-y.

3. Chatterjee, C., & Nag, T (2022). Do women on boards enhance firm performance? Evidence from top Indian companies. *International Journal of Disclosure and Governance (2023) 20:155-167.*HTTPS://doi.org/10.1057/s41310-022-00153-5.

4. Das, P. K. (2019). Impact of women directors on corporate financial performance-Indian context.*World Journal of Social Science Research, ISSN 2375-9747 (Print) ISSN 2332-5534 (Online), Vol. 6, No. 3, 2019.*www.scholink.org/ojs/index, php/wjssr.

5. Halder, A., Shah, R., & Rao, S.V.D.N (2015). Gender diversity in large listed Indian companies. *Corporate Ownership & Control/Volume 12, Spring 2015, Continued-5.*

6. Joecks, J., Pull, K., & Vetter, K. (2012). Gender diversity in the boardroom and firm performance: what exactly constitutes a "critical mass?". *J Business Ethics (2013*) 118:61 -72. DOI 10.1007/s10551-012-1553-6.

7. Kishore, K. (2016). Representation of women on boards of IT companies: an Indian story. *Journal of management & Public Policy, Vol.7, No. 2, June 2016, pp. 29-36.* ISSN 0976-0148 (Online) 0976-013X (Print).

8. Mahadeo, J D., &Soobaroyen, T., Hanuman, V O. (2011). Board composition and financial performance: uncovering the effects of diversity in an emerging economy. *J Business Ethics (2012) 105:375-388.* DOI 10.1007/s10551-011-0973-z.

9. Reguera-Alvarado, N., de Fuentes, P., &Laffarga, J. (2015). Does board gender diversity influence financial performance? Evidence from Spain. *J Business Ethics (2017) 141:337-350.*DOI 10.1007/s10551-015-2735-9.

10. Singh, G. (2020). Corporate governance: an insight into the imposition and implementation of gender diversity on Indian boards. *Indian Journal of Corporate Governance 13(1) 99-110, 2020.* DOI: 10.1177/0974686220930839.