

WOMEN ON BOARD: A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN INDIA

ABSTRACT

Government and other authorities have taken many steps to improve the status of women in India and to overcome various problems faced by women. Under Companies Act (Amendments), 2013 one initiative was taken for women empowerment at the higher level post. As per section 149 (1) of Companies Act (amendment), 2013, it's compulsory to appoint at least one woman on BOD (Board of Director) in listed companies/public companies within one year from the commencement of the provision for existing companies and within 6 months for newly incorporated companies from the date of incorporation. The present paper analyzed the proportion of women on BOD (Board of Director) before and after Companies Act (Amendments), 2013 in Indian banking sector. The study concluded that companies act (Amendments) 2013 had a significant effect on the proportion of women on board. The percentage of women in private and public banks was 4.12% and 6.02% respectively during 2012-2013 which increased to 10.33% and 11.15% during 2015-2016. The percentage change over the period of private sector bank (1.51) was higher than public sector bank (.85). Although the percentage of women has increased on board after Company Act (Amendments), 2013, but still the proportion of women is very less in comparison to men.

KEYWORDS: Board of director, banks, women, amendments, company Act 2013.

INTRODUCTION

The time has gone when women had been living in the boundaries of home just to manage their families. In today's life, she is not only attending her family but also handling and developing the whole country by obtaining various positions at several levels like – President of the country, Prime minister, entrepreneurs, doctors, lawyers, professors etc. The role of working women is very challenging and difficult. In spite of this she has to face many other problems like – acid attack, domestic violence, rape, dowry, gender inequality, involuntary prostitution etc. 'National commission for women' is a national level organization which defends and supports the interest of women. Many other laws have been framed for women protection – Commission of Sati (prevention) Act, 1987, Dowry Prevention Act, 1961, Protection of women from domestic violence Act, 2005 and Protection of women against sexual harassment bill, 2007, etc. Various schemes have been designed for the promotion of women's interest like - Rashtriya Mahila Kosh (National Credit Fund for Women), Mother and Child Tracking System (MCTS), Indira Gandhi Matritva Sahyog Yojana, Conditional Maternity Benefit plan (CMB) and Rajiv Gandhi scheme for

Amandeep kaur

Research Scholar,

Dept. of Commerce

Punjabi University, Patiala, Punjab

Email: akaur1640@gmail.com

Dr. Rajinder Kaur

Professor, Dept. of Commerce

Punjabi University, Patiala, Punjab

E-mail: rajindergb@yahoo.com

the empowerment of adolescent Girls – sable. In most of the Indian companies, it is the men who hold a dominant position in the management which has lead to patriarchy in the industry.

As per Companies Act (amendment), 2013 section 149 (1) it's compulsory to appoint at least one woman in BOD (Board of Director) in listed companies/public companies within one year from the commencement of the provision for existing companies and within 6 months for newly incorporated companies from the date of incorporation. It's compulsory for those companies who have paid up capital of Rs 100 crores or more and turnover of Rs. 300 crores or more. Board of Director governs and controls the activities of the company by formulating objectives, policies and various strategies. Companies Act (Amendments), 2013 made some changes regarding board of director like – at least one person of BOD should stay in India for 182 days in previous year; electronic voting for board and shareholder introduced, contents of director's report in detailed and listed companies must have at least one woman director on board. The purpose of electing at least one woman as a board member is to ensure gender diversity and to enhance the role of women in the management of the organization.

The present paper endeavors to study the changes in gender diversity of board (in the banking sector) after the introduction of the provision of at least one woman in Companies Act (Amendments), 2013. The economics times (26 Sep.2016) news highlighted the number of women on board from 2010 to 2015 in India. During these six years, the percentage of women on board increased from 5.5% to 11.2% which is near to global percentage (14.7%). It was also witnessed that companies with a greater number of women on board showed higher rate of profitability and were on the right track.

LITERATURE REVIEW

Following review of literature for gender diversity and women empowerment has been done to make a base and get a detailed knowledge for further study -

Shrader et al. (1997) assessed the relationship between the percentage of women in management and financial performance of 200 large US firms. This study revealed the percentage of women in top management and on board was very low (4.5%) and there was not even a single chief executive who was a female. Such low percentage of women had no significant effect on the financial performance of these firms.

Adams and Harte (1998) examined reporting practices of women employment in annual reports of 10 British banks and 8 retail companies from 1935 to 1993. The study found that although many government legislations have been passed for gender based disclosure very few companies provided gender based information and even large firms totally ignored this factor.

Wolfers (2006) studied the relationship between women headed firms and the stock return of those companies. The study was based on S&P 1500 firms and period covered in the study was 1992 to 2004. During 15 year only 1.3% women worked as CEO in firms. This study found that there was no significant effect of women headed firms on stock return.

Rose (2007) evaluated the effect of female board presentation on the performance of all Danish firms listed on Copenhagen stock exchange. The study concluded that proportion of women on board was only 4% which was very low as compared to men and female representation on board had no significant effect on the performance of companies.

Francoeur et al. (2008) examined the share of women in corporate governance and top management in large 500 Canadian companies. The time period of study was 2001 to 2004. This study revealed that percentage of women officers, directors and their combined participation in companies was 10.8%, 7% and 9.1% respectively and also found that high proportion of women on officer rank had a positive effect on the return whereas more women on board and their combined participation have no significant effect on return of firms.

Chakravarty et al. (2013) studied the role of self-help group in women empowerment in Jharkhand. The study covered 10 SHGs and one leader & animator selected from each group. The study concluded that SHG had a significant effect on women empowerment. It provided them a source of income, rose their status & decision making power

OBJECTIVES OF STUDY

To study the proportion of women on BOD (Board of Director) in private sector banks before and after Companies act (amendments), 2013

To study the proportion of women on BOD (Board of Director) in public sector banks before and after Companies act (amendments), 2013

HYPOTHESIS OF STUDY

H₀: Companies Act Amendment has no significant effect on the proportion of women on board in private banks.

H₁: Companies Act Amendment has no significant effect on the proportion of women on board in public banks.

RESEARCH METHODOLOGY

The study is based on public and private sector banks operating in India during 2012-2013. Secondary data has been collected from annual reports of banks from their websites, notes on accounts, newspapers, journals, articles, and website of RBI (Reserve Bank of India). The time period of study is 2012- 2013 (before the amendments) and 2015-2016 (after the amendments as per current availability of data). Statistical test percentage and Wilcoxon signed-rank test have been used to analyze the data. The data of ING Vysya bank was not available because it has been merged into Kotak Mahindra Bank. An Annexure of public and private banks and their websites have been attached at the end of the paper.

DATA ANALYSIS AND RESULTS

(a) Analysis of the proportion of women on board in private sector banks

The table 1 shows the proportion of male and female on BOD (Board of Director) in private sector banks. The table shows the data of 19 private sector banks in India for the year 2012-13 and the year 2015-16.

Table 1. Proportion of Women on Board in Private Sector Banks

Private Banks Banks / Years	2012-2013					2015-2016				
	Male (no.)	Female (no.)	Total (no.)	Male %	Female %	Male (no.)	Female (no.)	Total (no.)	Male %	Female %
1 Catholic Syrian	12	1	13	92%	8%	12	1	13	92%	8%
2 City Union	10	0	10	100%	0%	10	1	11	91%	9%
3 Dhanlaxmi	8	0	8	100%	0%	10	1	11	91%	9%
4 Federal	10	0	10	100%	0%	8	2	10	80%	20%
5 J & K	8	0	8	100%	0%	6	1	7	86%	14%
6 Karnataka	11	0	11	100%	0%	11	1	12	92%	8%
7 Karur Vysya	10	0	10	100%	0%	11	1	12	92%	8%
8 Lakshmi	13	0	13	100%	0%	11	1	12	92%	8%
9 Nainital*	NA	NA	NA	—	—	8	1	9	89%	11%
10 Ratnakar	11	0	11	100%	0%	11	1	12	92%	8%
11 South Indian	10	0	10	100%	0%	9	1	10	90%	10%
12 Tamilnad Merc.	12	0	12	100%	0%	13	0	13	100%	0%
13 Axis	13	2	15	87%	13%	13	2	15	87%	13%
14 Development cr.	13	0	13	100%	0%	12	1	13	92%	8%
15 HDFC	11	1	12	92%	8%	10	2	12	83%	17%
16 ICICI	10	2	12	83%	17%	11	2	13	85%	15%
17. IndusInd	9	1	10	90%	10%	7	1	8	88%	12%
18. Kotak Mahindra	9	0	9	100%	0%	9	1	10	90%	10%
19. Yes	6	1	7	86%	14%	9	1	10	90%	10%
Total	186	8	194	95.88%	4.12%	191	22	213	89.67%	10.33%

Source : Annual Reports of Banks (Annexure II)

The result highlighted that percentage of women on board during 2012-2013 was 4.12% and in 2015-2016 was 10.33% in comparison to men. The proportion of women increased by 1.51% percent after Companies Act (Amendments), 2013. It represents a very low change in the percentage of women over the period of time. Among all private banks, in the year 2012-2013 ICICI Bank has shown the highest percentage of women on Board in comparison to other banks whereas in 2015-2016 Federal bank has shown highest percentage as compared to other private banks. Before the companies act amendments 2013, only 6 banks had appointed women on BOD (Board of Director), the percentage of women in 6 banks vary between 8%-17% whereas 12 banks didn't appoint women on BOD (Board of Director), these banks had all male members on boards. After Company (Amendments), 2013, 18 banks had appointed women on BOD (Board of Director). The

percentage of women in 18 banks lie within 8%-20%. Even after amendments one bank named Tamilnad mercantile bank (due to no vacancy, the company couldn't appoint women on board) did not appoint any woman on BOD (Board of Director). Although the number of banks increased from 6 to 18 in the appointment of women as a director but the percentage of women on BOD (Board of Director) as compared to men was still very low.

Hypothesis Testing in Private Sector Banks

The Wilcoxon signed-rank test is applied to test whether Companies Act Amendment, 2013 has a significant effect or not on the proportion of women on board in private banks. The computed statistical values of Wilcoxon signed-rank test are given below –

	2012-2013	2015-2016
Mean	0.4444	1.1667
Standard Deviation	0.7047	0.5145
z-value	-3.357	
Asymp. sig (2-tailed)	0.001	

Source: Table 1

The mean value of women during 2015-2016 (1.1667) was higher than 2012-2013 (.4444). It indicates that number of women has increased after amendments. The calculated p-value (.001) is less than significant level (0.05) in the two-tail test. So, null hypothesis rejected which means that there is a significant difference in the proportion of women on boards of private sector banks after Companies Act (Amendments), 2013.

(a) Analysis of The Proportion Of Women On Board In Public Sector Banks

Table 2 presents data of men and women on BOD (Board of Director) of 26 public sector banks for the year 2012-2013 and 2015-2016 –

Table 2. Proportion of Women on Board in Public Sector Banks

Private Sector Bank/Years	2012-2013					2015-2016				
	Male (no.)	Female (no.)	Total (no.)	Male %	Female %	Male (no)	Female (no.)	Total (no.)	Male %	Female %
1. Allahabad	12	1	13	92%	8%	11	1	12	92%	8%
2 Andhra	12	0	12	100%	0%	9	1	10	90%	10%
3 Bank of Baroda	13	0	13	100%	0%	9	2	11	82%	18%
4 Bank of India	11	1	12	92%	8%	9	2	11	82%	18%
5 Bank of mahar.	9	1	10	90%	10%	9	1	10	90%	10%
6 Canara	9	3	12	75%	25%	11	1	12	92%	8%
7 Central BOI	10	0	10	100%	0%	10	1	11	91%	9%
8 Corporation	10	1	11	91%	9%	10	1	11	91%	9%
9 Dena	11	0	11	100%	0%	11	1	12	92%	8%
10 IDBI Bank Ltd.	6	1	7	86%	14%	6	1	7	86%	14%
11 Indian	11	0	11	100%	0%	10	1	11	91%	9%
12 Indian overseas	11	0	11	100%	0%	11	1	12	92%	8%
13. OBC	12	1	13	92%	8%	9	1	10	90%	10%
14.P & S Bank	11	0	11	100%	0%	9	1	10	90%	10%
15 PNB	11	1	12	92%	8%	8	2	10	80%	20%
16 Syndicate	12	1	13	92%	8%	9	0	9	100%	0%
17 UCO	9	0	9	100%	0%	6	1	7	86%	14%
18 Union BOI	13	1	14	93%	7%	10	0	10	100%	0%
19 United BOI	10	2	12	83%	17%	8	1	9	89%	11%
20 Vijaya	9	2	11	82%	8%	11	1	12	92%	8%
21 SBI	16	0	16	100%	0%	12	2	14	86%	14%
22 SB B&J	11	1	12	92%	8%	10	2	12	83%	17%
23 SBH*	12	0	12	100%	0%	7	3	10	70%	30%
24 SBM	11	0	11	100%	0%	11	1	12	92%	8%
25 SBP*	8	1	9	89%	11%	10	1	11	91%	9%
26 SBT	11	0	11	100%	0%	11	1	12	92%	8%
Total	281	18	299	93.98%	6.02%	247	31	278	88.85%	11.15%

Source: Annual reports of banks (Annexure II)

***Note:** Data for the year 2012-2013 obtained from Notes on account due to unavailability of the full annual report of this year.

The table showed that the Percentage of women was 6.02% during 2012-2013 and 11.15% during 2015-2016 as compared to men which also indicated that percentage of women on boards had increased by .85%. It means that change in percentage over the period was very low. Canara bank had the highest proportion of women as compared to other public banks before company act amendments and State bank of Hyderabad had a larger proportion of women in comparison to other public banks after Companies Act (Amendments), 2013. During 2012-2013 only 14 banks selected women on BOD, the percentage of women was between 8%-25% while 12 banks had not appointed women on BOD (Board of Director). During 2015-2016, 24 banks employed women on BOD

(Board of Director), the percentage of women on board falls into 8% to 25%. Syndicate and Union bank of India still had not fulfilled this provision. Although the number of banks had increased from 14 to 24 who had appointed women on board but still the proportion of women on board was very less as compared to men.

Hypothesis Testing in Public Sector Banks

The Wilcoxon signed-rank test is applied to check the variation in the proportion of women on BOD (Board of Director) of public sector banks after Companies Act (Amendments), 2013. The calculated values are provided below –

	2012-2013	2015-2016
Mean	0.6923	1.1923
Standard deviation	0.788	0.633
z-value	-2.108	
Asymp.sig(2-tailed)	0.035	

Source: Table 2

Average value of females on board was higher (1.1923) during 2015-2016 than 2012-2013 in public banks which showed that the number of women in top management increased over the period of time. The computed p-value (0.035) is less than the significant value (0.05) in the two-tailed test. Thus, null hypothesis was rejected which indicates that there was a significant difference in number of women on board in public sector banks after Companies Act (Amendments), 2013

Proportion of Men vs. Women on Board in Public and Private Sector Banks

The following figure presents the overall percentages of men and women in public and private sector bank before and after Companies Act Amendments, 2013

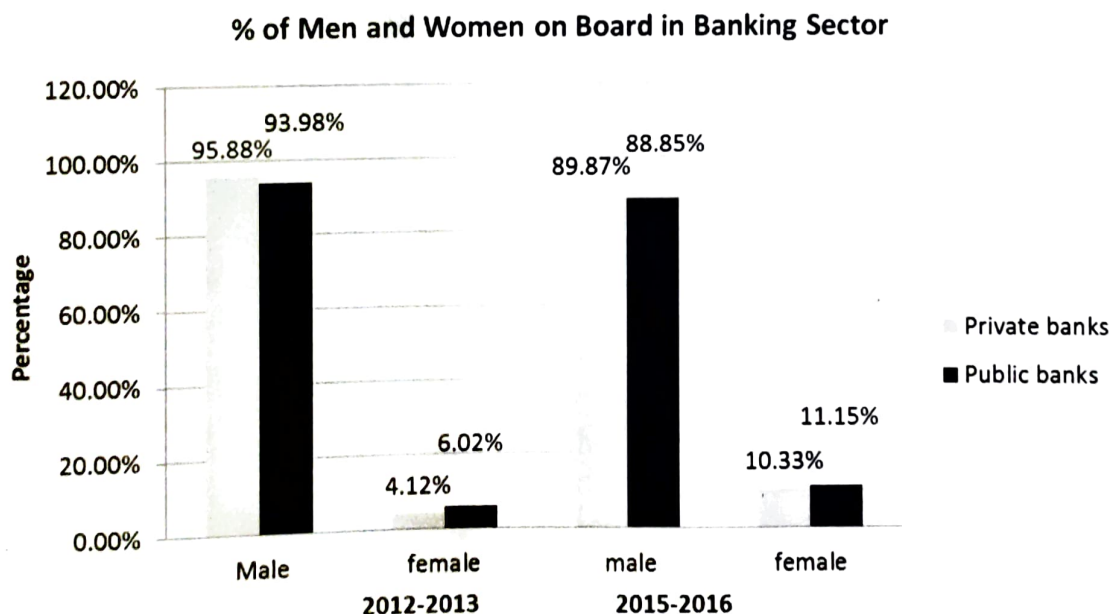


Figure 1: Proportion Of Men Vs. Women On Board In Public And Private Sector Banks

Figure 1 highlighted that percentage of men was very high in both public and private sector banks during 2012-2013 and 2015-2016. The percentage of women on board was 4.12% and 6.02% in private and public sector banks during 2012-2013 whereas 10.33% and 11.15% during 2015-2016 respectively. The percentage of women in public banks was higher than private banks in both year but the percentage change over the period of private sector bank (1.51) was higher than public sector bank (.85).

CONCLUSIONS

The study concluded that companies Act (Amendments), 2013 have a significant impact on gender diversity of board in the banking sector which meant that the number of women increased after amendments but the proportion of women was still very low as compared to men. The percentage of women in private and public banks was 4.12% and 6.02% respectively during 2012-2013 which increased to 10.33% and 11.15% during 2015-2016. 18 out of 19 private banks and 24 out of 26 public banks have appointed women on BOD (Board of Director). One private bank (Tamilnad mercantile bank) and two public banks (Syndicate and Union bank of India) did not satisfy the provisions of appointment of at-least one woman as director in BOD (Board of Director).

REFERENCES

- Adams, C. A., & Harte, G. (1998). The changing portrayal of the employment of women in British banks' and retail companies' corporate annual reports. *Accounting, Organizations and Society*, 23(8), 781-812.
- Chakravarty, S., Kumar, A., & Jha, A. N. (2013). Women's Empowerment in India: Issues, Challenges, and Future Directions. *International Review of Social Sciences and Humanities*, 5(1), 154-163.
- Coleman, S. (2007). The role of human and financial capital in the profitability and growth of women owned small firms. *Journal of Small Business Management*, 45(3), 303-319.
- Francoeur, C., Labelle, R., & Sinclair-Desgagné, B. (2008). Gender diversity in corporate governance and top management. *Journal of business ethics*, 81(1), 83-95.
- Rose, C. (2007). Does female board representation influence firm performance? The Danish evidence. *Corporate Governance: An International Review*, 15(2), 404-413.
- Shrader, C. B., Blackburn, V. B., & Iles, P. (1997). Women in management and firm financial performance: An exploratory study. *Journal of managerial issues*, 355-372.
- Wolfers, J. (2006). Diagnosing discrimination: Stock returns and CEO gender. *Journal of the European Economic Association*, 4(23), 531-541.

ANNEXURE 1

(List of Public and Private sector banks considered for study)

Sr. No.	Public Banks	Sr. No.	Private Banks
1.	State Bank of India	1.	Catholic Syrian Bank
2.	State Bank of Bikaner and Jaipur	2.	City Union Bank
3.	State Bank of Hyderabad	3.	Dhanlaxmi Bank
4.	State Bank of Mysore	4.	Federal Banks
5.	State Bank of Patiala	5.	ING Vysya Bank
6.	State Bank of Travancore	6.	Jammu and Kashmir Bank
7.	Allahabad bank	7.	Karnataka Bank
8.	Andhra Bank	8.	Karur Vysya Bank
9.	Bank of Baroda	9.	Lakshmi Vilas Bank
10.	Bank of India	10.	Nainital Bank
11.	Bank of Maharashtra	11.	Ratnakar Bank
12.	Canara Bank	12.	South Indian Bank
13.	Central Bank of India	13.	Tamilnad Mercantile Bank
14.	Corporation Bank	14.	Axis Bank
15.	Dena Bank	15.	Development Credit Bank

16.	IDBI Bank limited	16.	HDFC Bank
17.	Indian Bank	17.	ICICI Bank
18.	Indian Overseas Bank	18.	IndusInd Bank
19.	Oriental Bank of Commerce	19.	Kotak Mahindra Bank
20.	Punjab and Sind Bank	20.	Yes Bank
21.	Punjab National Bank		
22.	Syndicate Bank		
23.	UCO Bank		
24.	Union Bank of India		
25.	United Bank of India		
26.	Vijaya Bank		

Source: A Profile of Banks on RBI site (2012-2013)

ANNEXURE II

List of banks' websites from where annual reports are obtained

Public Banks	Websites	Private Banks	Websites
State Bank of India	www.sbi.co.in	Catholic Syrian Bank	www.csb.co.in
State Bank of Bikaner and Jaipur	www.sbbjbank.com	City Union Bank	www.cityunionbank.com
State Bank of Hyderabad	www.sbyhd.com	Dhanlaxmi Bank	www.dhanbank.com
State Bank of Mysore	www.statebankofmysore.co.in	Federal Banks	www.federalbank.co.in
State Bank of Patiala	www.sbp.co.in	ING Vysya Bank	N.A (merged)
State Bank of Travancore	www.statebankoftravancore.com	Jammu and Kashmir Bank	www.jkbank.com
Allahabad bank	www.allahabadbank.in	Karnataka Bank	www.karnatakabank.com
Andhra Bank	www.andhrabank.in	Karur Vysya Bank	www.kvb.co.in
Bank of Baroda	www.bankofbaroda.com	Lakshmi Vilas Bank	www.lvbank.com
Bank of India	www.bankofindia.co.in	Nainital Bank	www.nainitalbank.co.in
Bank of Maharashtra	www.bankofmaharashtra.in	Ratnakar Bank	www.rblbank.com
Canara Bank	www.canarabank.in	South Indian Bank	www.southindianbank.com
Central Bank of India	www.centralbank.net.in	Tamilnad Mercantile Bank	www.tmb.in
Corporation Bank	www.corpbank.com	Axis Bank	www.axisbank.com
Dena Bank	www.denabank.com	Development Credit Bank	www.dcbbank.com
IDBI Bank limited	www.idbi.com	HDFC Bank	www.hdfcbank.com
Indian Bank	www.indian-bank.com	ICICI Bank	www.icicibank.com
Indian Overseas Bank	www.iob.in	IndusInd Bank	www.indusind.com
Oriental Bank of Commerce	www.obcindia.co.in	Kotak Mahindra Bank	www.kotak.com
Punjab and Sind Bank	www.psbindia.com	Yes Bank	www.kotak.com
Punjab National Bank	www.pnbindia.in		
Syndicate Bank	www.syndicatebank.in		
UCO Bank	www.ucobank.com		
Union Bank of India	www.unionbankonline.co.in		
United Bank of India	www.unitedbankofindia.com		
Vijaya Bank	www.vijayabank.com		