

CRACKING THE C-SUITE CODE

Why does India have
more female bank leaders
than any other country?

 BENNETT VOYLES

WOMEN STILL HAVE a hard time in India, by and large. A recent survey by the Global Economic Forum ranked the country 127th out of 136 nations in terms of female economic opportunity.

Even in the corporate world, where attitudes towards women's capabilities tend to be more progressive, the situation is not very good. A survey conducted a few years ago by the Confederation of Indian Industry (CII) found that only 4% of senior management posts in India's top companies are held by women.

There is only one sector, in fact, where the situation is completely different: financial services.





Today, two of India's four largest private sector banks—ICICI Bank and Axis Bank—have women in charge. Add the female leadership at the Reserve Bank of India (two out of four deputy governors are women), HSBC Bank, JP Morgan, UBS, and it all adds up to an extraordinary amount of financial power in female hands—extraordinary not just for India, but also anywhere on the planet.

Among the top 249 Indian companies, only 11% are headed by women, but over half of those, 54%, are in the financial sector. Right now, women run nearly half the companies in the sector, according to a recent survey by executive search firm EMI Partners International. By contrast, only 7% of female CEOs in the Fortune 500 are in financial services.

How did so many women get ahead in a sector as notoriously macho as banking, which is still a mostly male bastion everywhere else in the world, even in the United Kingdom and the United States?

Even more remarkably, how did they manage to reach the executive suite not because their family owned the company or because a government quota pushed the door open for them, but through merit alone, even as traditional mores continue to restrain millions of other women's horizons in almost every conceivable way?

No single factor is responsible, observers say.

However, even without one prime mover, it's worth a look at the elements that made this concentration of extraordinary careers possible—both for women looking for a game plan to get ahead and for CFOs interested in finding a way to expand their pool of potential financial talent.

GAMBLING ON GUPTA

For this generation of leaders, one of the biggest breaks occurred in 1971, when one of the country's larger private financial institutions, the Industrial Credit and Investment Corporation of India (later renamed as ICICI Bank), decided to give young Lalita Gupte a chance.

The bright graduate of Jammalal Bajaj Institute of Management Studies in Mumbai was not the first female banker at ICICI. The first, she says, could



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— LALITA GUPTA, CHAIRPERSON OF ICICI VENTURES

have had a great career, but left early to have a baby and didn't end up coming back. Gupte, however, grabbed that first rung and never let go except to take another rung further up the ladder.

Why the leaders were so progressive, Gupte and other ICICI alumnae don't recall. Even the current chief executive officer, Chanda Kochhar, describes the company's attitude towards diversity of all kind as something that has just always been “part of the DNA” of the company.

In any case, the company's progressive attitude towards women wasn't just a whim of HR.

ICICI put Gupte to work right in the heart of the business. At the time, ICICI was a lender involved almost exclusively in project finance.

While many companies routinely barred women to opportunities out of safety concerns, by requiring that they leave the office by 5 p.m. or by restricting their travel, the leaders at ICICI expected her to work pretty much as the men did.

The daughter of a well-connected family (her father D.S. Joshi was India's cabinet secretary; her mother was a social activist), Gupte doesn't recall being given any special treatment because of her gender, either in terms of hours worked or obligations to travel, even when it meant week-long trips to plants in conservative towns in the interior.

“There was never a question about going or not going. If you wanted to do well, you did everything that everybody else did,” says Gupte, now 61.

From the beginning, Gupte says, she was accepted as an equal by her colleagues. “There was no particular deference,” she recalls. “I was one of the gang, one of the team.”

Gupte's success encouraged the bank to take on other women, who report having the same experience. A later hire, Kalpana Morparia, now CEO of JP Morgan in India, also insists that gender was never a factor in ICICI's decision-making. “Everything was on merit and gender played no role whatsoever,” she says.

“What was clear was that if I perform I would get what I deserve and not be discriminated against because I am a

woman,” agrees Kochhar, 48. “At the same time, I was also very clear that I can't expect too many special privileges being a woman—you know, I am a woman so I'm going to walk out every evening at a certain time or

VERY FEW TOP CORPORATE MANAGEMENT POSITIONS ARE HELD BY WOMEN ... THERE IS ONLY ONE SECTOR, IN FACT, WHERE THE SITUATION IS DIFFERENT: FINANCIAL SERVICES.

NATURAL-BORN FINANCIERS?

Simple math suggests that doubling your applicant pool will double your chance of finding top financial talent. But the math involved in expanding efforts to bring in more women may be subtler than you would think.

MINUS Many women aren't interested in the punishing life of a high-powered financier. A certain percentage will decide they would rather spend more time with their children.

PLUS Recent studies suggest that the talent balance may not be one for one: some recent studies have found that when it comes to handling money, men and women aren't equal. Women are better. A variety of studies have found that women handle money more carefully and analytically than men, and now a new study is confirming that women in finance have some of the same characteristics.

PLUS A 2009 survey by a Boston College assistant professor and a PhD candidate at the school tracked the performance of 73 female CFOs who served at least four years as CFO between 1996 and 2002. They compared the stock performance of the women's companies with that of 500 male CFOs after they announced an acquisition or secondary offering, and found that on the whole, the market gave the women higher marks. Over all, the market gave the women a 2% price premium over the men after the announcement of an acquisition or a secondary offering. Professor Darren Kisgen's conclusion: the market believed the deals were of higher quality.

PLUS "Female CFOs seem to take a more strategic view," says Prasad Kaipa, a management professor at the Indian School of Business, who is now beginning a study of women's leadership in business. "They seem to be able to create a balanced view regarding profitability versus risk."

PLUS Women tend to be better at putting themselves in another's shoes, says Chanda Kocchar of ICICI, giving them an advantage when it comes either to designing products or HR policies. Kaipa agrees. "Women tend to congregate in groups and talk about what is shared. Men tend to congregate in groups and talk about themselves," he says. "Women work very well in teams," says Gupte. "There are many women out there, eager to make good," says UBS's Manisha Girotra.

I am not going to travel or I am not going to keep long hours. Whatever it took to do the job, I must do it. Whatever a male colleague would have given to that job, one must do it."

In fact, the only special treatment ICICI alumnae recall was the company's liberal policies when it came to maternity leave. Otherwise, the bank gave no special quarter on account of chromosomes.

The company was broad-minded in other ways as well, says Morparia, 62.

"There were no stereotypes. There was nothing to say just because you are a great quantitative person you can only be very good at model building, or you're a lawyer, so the only role you can play is in-house counsel," she says. "...If you had it in you, you got the job."

Brought in as a lawyer herself, for instance, Morparia was given opportunities beyond the law that led her eventually to a role as joint managing director. Always, she says, the only question was who is the best person for the job?

But one feminist is skeptical that ICICI Bank could always be so even-handed.

"I'm sure for every Chanda Kochhar there are 10 women who were stepped over and were not allowed to step up the ladder," says Urvashi Butalia, a Delhi-based feminist writer and publisher.

JUST BE GREAT

Gupte's recipe for success in the man's world of banking is simple: good work and a lot of it. "You have to be very dedicated and you have to work very hard, maybe twice as hard initially," she explains. "...The point is to be so good at your work that nothing else matters."

The recipe worked, both for Gupte and for many of the women who followed her. Over time, many women rose at ICICI Bank and kept on rising, even as the bank grew. In time, Gupte became the bank's joint managing director and chief operating officer, and although she retired in 2006, today she retains a post as chairperson of ICICI Ventures, the company's venture capital arm, and serves as an audit committee member for Nokia and several other boards.

In recent years, women have become so successful at ICICI Bank that some competitors took to deriding it as then-CEO K.V. Kamath's "petticoat brigade", but the women at ICICI have had the last laugh. Today, ICICI alumnae run not only ICICI and the majority of its divisions, but a number of other financial service companies as well, including Axis Bank and JP Morgan. Former ICICI Venture head Renuka Ramnath has even struck out on her own, and is now raising money for a new venture fund, Multiples.

Several of the women, including Morparia and Gupte, regu-

larly make it to the lists of top business women, not only within India, but also around the world. One of the latest triumphs: the *Forbes* magazine recently ranked Kochhar the 20th most powerful woman in the world, a few steps behind India's ruling Congress party's president Sonia Gandhi but ahead of some heads of state, including Michelle Bachelet, the president of Chile.

Beyond a progressive attitude towards female capacities which Kochhar says has always just been part of ICICI's DNA, some qualities of the industry itself may have made it easier for women to fit in, or at least a more attractive industry for them to join. For some, but certainly not for women in project finance or venture capital, the hours may have been helpful. Bankers' hours can be long, says Prasad Kaipa, a professor at the Indian School of Business, who has coached both Indians and American business people on leadership, but they are also often predictable: a help for a woman raising a family.

The value of banking as a tool of social development may also have attracted some women. Manisha Girotra, chairperson of Swiss bank UBS in India, for instance, went into banking partly because she had seen how her father's work as a banker of a state-owned bank could transform a life.

"I liked what he did," says the 40-year-old banker.

The fact that clients need to win banks over to get their loans may have helped, too.

When they met clients, none of the ICICI executives interviewed ever recall running into any difficulties, not even when touring factories in the country. "People were not used to seeing women walking the shop floors," says Kochhar, recalling her first project finance trips 25 years ago. However, employees were still respectful—a reflection, perhaps, that people are generally on their best behaviour around their creditors. "We were their bankers, after all," explains Kochhar.

FAMILY TIES

Support from their company wasn't the only reason for the success of today's female bank leaders: they also say they benefited from support outside the company. Most came from families that valued the



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education of all their children, and expected them to succeed professionally.

All of Gupte's siblings, a brother and two sisters, for example, are also professionally accomplished. Gupte's brother was closely involved with the ground-breaking super computer project; her sisters became a gynaecologist and a writer. Gupte and most of the other women had supportive husbands, too—men who not only let them work, but also wanted them to succeed at their work.

They say they benefited as well from the availability of domestic servants, and their families. Gupte, for instance, says she relied on her sisters to help watch her two children when she travelled.

Between servants and relatives, UBS's Girotra says that it's often simpler to combine a business career with motherhood in India than in the West, where nuclear families and expensive child care can make the decision to pursue a career more difficult. All that support "really makes the decision so much easier", she says.

The Indian public itself has been surprisingly supportive in its own way as well. Butalia says she has been surprised at how accepting the public has been of successful corporate women. It's the same as in politics, she says, where many women leaders who began under the quota system are now seen as individuals, and powers in their own right.

WHERE NEXT?

For Indian women in finance outside banks, the story isn't nearly as bright. When it comes to corporate finance, successes are few and far between. It's true that India-born Indra Nooyi, who has spent most of her career in the United States, rose to become the CFO at PepsiCo Inc and is now the CEO of the food and beverage giant, but it's hard to point to many other such stories.

On the supply side, a lack of qualified candidates is one limiting factor. Only 15% of the members of the Indian Institute of Chartered Accountants are women.

Soon, however, this is going to change. Perhaps encouraged by the example of today's queens of finance, roughly a third of accounting students today are women, according to the association.

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Demand is a second problem. It can be doubly difficult to break into a historically male function in a historically male industry. Even in the US, where women are 30-40% of finance MBAs, surprisingly few have reached the top. Changing that dynamic isn't hard, however, Gupte says. Her recipe: hire a few women.

Once a department gets used to having women as colleagues, the next hires take care of themselves, says she. However, most bankers interviewed opposed rectifying the balance through quotas. Although Gupte thinks quotas have shown some value in politics, particularly at the village level, she isn't so sure of their value in the corporate world.

Morparia agrees. "I think it's counterproductive both for the female individuals as well as the organisation," she says. While she helps her current employer, JP Morgan, in its more directed efforts to promote women, she says her personal belief is that neutrality is the better path.

About the only distinction in treatment between male and



female employees that they say is essential is liberal maternity leave. While not all these women took much time off—Gupte says that she stayed home only for three months—a liberal policy made it much easier for them to get ahead.

Kochhar says that for her, diversity itself is what's important—not how many men or women there are in a team, or their social group.

“Diversity makes the decision-making process that much more comprehensive,” she says. **CEO**

RECOMMENDED READING

1. Female Power (*The Economist*; March 9-19 issue)
2. Womenomics (*The Economist*; March 9-19 issue)
3. *Why Women Mean Business* by Avivah Wittenberg-Cox and Alison Maitland (published by John Wiley & Sons)
4. Women Hold Up Half the Sky (Goldman Sachs report; March 4, 2008)
5. www.20-first.com



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WHY WORDS MATTER: DUMP DIVERSITY, PAINT A MOSAIC

There are some words whose time has come ... and gone.

BY AVIVAH WITTENBERG-COX

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his month I had the pleasure of spending a morning with a handpicked group of HEC MBA students, talking about careers, choices and life. Looking around the room, at a group made up of nine nationalities, 50% men and 50% women, it struck me. This isn't "diversity"—this is the new normal.

The underlying meaning of the current use of the word "diversity" in business labels certain groups as diverse, something different from the norm. The norm being homogeneity.

But that norm is long gone in global business.

And continuing to call the resulting, extraordinary, delightful mishmash of peoples "diversity" is misrepresenting a basic 21st century reality.

Now, the diverse element is the old dominant majority: the home-country nationals who have never truly left their country, their culture and their languages. And who look askance at those who do not fit their codes, or play by their rules.

For the moment, most progressive companies have created Diversity Departments. This starts from a well-meaning urge to make a range of differences, and minorities feel comfortable within the walls of an organisation.



This approach has not proven its efficacy. Especially not as relates to gender, given the startling lack of balance in the senior ranks of most companies.

Ironically, the diversity movement has proven to be quite good at alienating the "un-diverse", the guys who are the backbone of past successes, and who often pack their bags once they think that their next promotion is likely to go to someone "more diverse".

Yet these are precisely the people you need, to be pushing the change.

Recently, these departments, usually a sub-set of HR, have been re-baptised Diversity and Inclusion.

This is meant to be a whole new opening on a more progressive approach to diversity. I think it makes the whole thing even worse. The words underline the presumption that the “diverse” folk need to be included ... in what? The dominant norm?

It seems to me that the corporate read on diversity reflects the tension between the two definitions of the word diversity: the first meaning being difference, the second meaning variety.

One of my favourite quotes is from Tom Becker, president of the Chautauqua Institution, who says that “tolerance is a tepid response to diversity.” He points to the unacceptable hierarchy between those being tolerant and those being tolerated. I think the same comment can be made of those who are considered “not diverse” calling certain others “diverse”... or those being “inclusive” and those being “included”.

Tom goes on: “Life is diverse in all its expressions.... We know this from the biology of life. We know that all of life seems to relate to core expressions of DNA and yet all of life is different. This lesson that we are one within our differences finds its expression in the discoveries of science and in the basic tenets of religion. And yet we continue to define family by the small and familiar rather than the large and enfolding. We talk about the necessity of having our walls and windows for safety and comfort, and the large-heartedness of

our willingness to open those doors and windows, on occasion, and with care and within limits. We live in an interracial, inter-religious, intergenerational, inter-partisan and interdependent world.”

“Diversity and Inclusion” smacks of walls and windows. We need to re-brand the concept, and use new language. I grew up in a country, Canada, that aspired to be a cultural mosaic, in contrast with our formidable neighbour to

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the south that imagined itself as a melting pot. As the world yearns to balance local or national identities, roots and cultures with global openness, interconnectedness and cooperation, the mosaic seems ever more relevant.

Actually, I think we have come farther than we think.

When I look at the multinational companies that operate all over the globe, with managers familiar and fluent with airports and videoconferencing with other cultures, accents and business practices, I question the need for Diversity Departments.

Creating a Diversity Department, with a Head of Diversity, is a great way to get managers to think that diversity is someone else’s business, and not

the most basic part of their own job. Instead, we need to make the understanding and appreciation of the magnificent variations of human existence an integral part of 21st century management—for every manager. It’s not about magnanimously including others in your picture. It’s about humbly understanding that you are only a fragment in a much larger tapestry.

Finally, as the gender expert that I am, I am regularly offended by the term

“gender diversity”. What in the world does that mean? Men and women make up almost exactly equal parts of humanity. Women now outnumber men among university graduates and among consumers. Can companies consider the majority of the talent and the majority of their customers a “diversity”? That isn’t the best approach to harnessing the opportunities this new world offers us.

I propose renaming Diversity and Inclusion. How about referring to Mosaic Management? That puts the responsibility on all managers to have a global, inter-cultural mindset, and 21st century leadership competencies. This would of course include “gender bilingualism,” fluency in the differences, styles and preferences of men and women. Then you are uniting behind a common aspiration for connection, not unwittingly separating the ins from the outs.

Sometimes, in breaking new ground and new centuries, you need to update the vocabulary to fit the times. “Diversity” is one of the words whose time has come ... and gone.

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—Avivah Wittenberg-Cox