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CORPORATE GOVERNANCE AND GENDER PARITY

ABSTRACT

Corporate Governance is to do with the regulation of the corporate sector and has to do with the functioning of the company. It has to do with everything from the Registrar of Companies (ROC) to the lowest employee or sweeper in the company, and thus it is very important for a company to have an appropriate governing structure and that it works in accordance with that structure. It involves the formulation of rules, rights and responsibilities in respect of all the activities of the organisation.

Gender equality should prevail in all institutions. No gender should be discriminated at the workplace. Men and women of all ranks should be treated equally. Deserving men and women should receive equal recognition of their achievements as that received by others for similar achievements. Gender discrimination is not restricted to women and men alone. Therefore, equal treatment should be accorded to all genders with proper institutional measures in place to ensure effective compliance.

Women should be employed in all departments to improve the productive efficiency of an organisation. Fair employment practices help in the development and stability of organisation. It is vital that employees are aware of employment rights, responsibilities and standards of behaviour in the workplace and

prohibited practices in order to avert potential grievances and discipline. Good governance is a major factor in motivating employees to achieve their maximum potential in the advancement of their careers and in the achievement of the company's business objectives and financial success.

The purpose of this paper is to show the factors and ways through which gender parity can lead to increased productivity of the organisation, higher profitability and better wages and to demonstrate the necessity of equity in the workplace for all staff.

Keywords: Corporate governance, Gender Parity, Workplace Equality, Growth, Fairness, Employees.

INTRODUCTION:

Corporate governance is a governing system in the corporate world. This helps the companies to work smoothly and in a controlled manner. Corporate governance is not only available in one aspect, but it has vast control to deal with the directed control of the company. Under this, there comes gender parity, which exactly means giving equal opportunities to both genders in the corporate world, which clearly means a 50:50 ratio should be there for the welfare of the company.

Gender parity helps in equality for every gender as a member of the company to represent him/her. Both men and women need to be given leadership roles in the company, not only in small aspects or small roles, but also on the boards of the company. Giving equal opportunities and creating a healthy environment among the members of the company helps in the welfare of the company, in creating a positive work environment, increasing profitability, and mainly it benefits the families and society in their development. Making such positive input helps the company in getting innovative thinking and helps in risk management of the company.

In recent years, the importance of gender parity in corporate governance has gained global recognition, particularly with the growing emphasis on the Environmental, Social, and Governance standards. Investors and regulatory bodies are increasingly evaluating companies not only on their financial performance but also on their commitment to diversity, inclusion and ethical governance practices. Gender-diverse leadership is now considered essential for ensuring transparency, accountability and balanced decision-making within organisations. For instance, companies with inclusive boards are often better equipped to address complex business

challenges and adapt to changing market conditions. Thus, the integration of gender parity into corporate governance is no longer optional but a necessary element for sustainable growth and long-term corporate success.

COMPARISON BETWEEN PAST AND FUTURE:

In the 21st Century, corporate governance and gender parity are two of the most important aspects to work upon. All over the world, gender equality helps countries in their development. Looking in past years women's were not recognised much in corporate world but looking at the current situations mostly women's are coming with this idea and innovation in corporate society. Although there are still certain loopholes

in the governance but comparing the development from past years till date there are vast changes and opportunities made for equal gender opportunity to prevent discrimination and any kind of negative environment in the company. This helps the welfare and promotes the company to a wider aspect to work upon and gain profit.

In addition to these developments, the future of corporate governance is increasingly being shaped by global standards and investor expectations, particularly through the Environmental, Social, and Governance criteria. Companies are now being evaluated not only on financial performance but also on their commitment to diversity, inclusion and ethical governance. Gender parity is becoming a key indicator of responsible corporate behaviour, with investors and stakeholders demanding greater transparency in board composition and leadership roles.

For example, many multinational companies now voluntarily adopt diversity policies and set targets for increasing women's representation at senior levels. This shift indicates that gender equality is no longer merely a social objective but a strategic necessity for sustainable growth and global competitiveness.

RULE IN INDIA:

In India, the companies act, 2013 mandates the gender diversity in corporate governance. This act helps in controlling and preventing crime by imposing rules and regulations on the members and on the governance of the company. This act helps the members to know their rights and duties. This act helps to prevent discriminations among the members and genders. In section 149(1) of the companies act, 2013 clearly says "Every

company shall have a board of directors consisting of individuals as directors and shall have-

(a) A minimum number of three director in the case of public company, two directors in the case of a private company, and one director in the case of one person company; and

(b) A maximum of fifteen directors: Provided that company may appoint more than fifteen directors after passing special resolution.

Provided further that such class or classes of companies as may be prescribed shall have at least one woman director.”

Rule 3 of the section clearly mentions the opportunities provided to women on the board of directors. This mandates the company to follow the law and prevent any discrimination, and helps in the welfare and development of society, as well as helps women to get their statements in the improvement of the company and attain profit.

Risk of ignoring gender parity: Nowadays, investors demand diversity as a part of environmental, social, and governance (ESG) standards. If the company ignores gender parity, there is reputation damage, which leads to loss of investors, and there is a loss to the company and the company's environment is hampered. The company might lose skilled professionals. If the company lack gender parity, the company will hamper innovation and strategies. In a country like India, if any company ignores gender equality, there are penalties and punishments that have to be faced by the company.

In the current times, there are more innovative minds and ways to control the loss of the company. The companies that follow all the rules and regulations and work with skilled, innovative professionals are more likely to get recognition in society.

Apart from the statutory framework under the Companies Act, corporate governance in India is also strengthened by regulatory bodies such as the Securities and Exchange Board of India through its Listing Obligations and Disclosure Requirements (LODR) Regulations. These regulations require listed companies to maintain transparency, proper board composition and adequate representation of independent directors, including women directors. Further, the growing importance of the Environmental, Social, and Governance has encouraged Indian companies to voluntarily adopt diversity policies and disclose gender-related data in their annual reports. This reflects a shift from mere legal compliance to ethical and responsible

governance, where gender parity is treated as an essential element of corporate sustainability and long term value creation.

LOOPHOLES:

In India, there are many firms and companies that, just for the sake of legal requirements, appoint a single woman director without giving her the real position. Most of the time, women are often given such positions just to prevent penalties and limit the decision-making powers.

Due to cultural barriers, there are women in certain regions who are prevented from working in such positions. The stereotyped members in the company don't allow women to work in such positions. Like in Japan, there is slow progress for women in a culturally conservative society.

In Norway, there are 40% female quota to achieve compliance, but critics argue that some women are overburdened with multiple board roles. There are certain issues with the members of the board who criticise the issue and prevent women from taking part in the leadership of the company.

These loopholes lead to damage to their reputation when this comes to the notice of any legal authorities or the investors. Due to which companies have to pay heavy penalties. Lack of diverse perspectives weakens innovation and adaptability. The government imposes stricter quotas if loopholes are noticed.

To close these gaps, companies must move beyond the loopholes and challenge the cultural stereotypes. Gender parity requires structural reforms and cultural transformation, not just legal mandates.

Corporate governance and gender parity are no longer two discussions that are taking place side by side, but rather are two interconnected trends that are shaping the future of companies. The principles of good governance, such as accountability, transparency and a whole host of other things that guarantee good corporate governance, are closely linked with gender parity, which brings a boardroom that truly reflects the diversity of society and its stakeholders. And there are many benefits to it.

BOARD DIVERSITY:

Where Are We? The fact that more diverse boards make better decisions, manage risk more effectively and have higher levels of performance is no longer a debatable topic. The position in the world differentiates between the "Quota" in Norway and

the Companies Act 2013 in India and many other jurisdictions where rules and regulations have a tangible impact on boards. However, the window for boards to exercise their discretion remains open, and the obstacles that hinder a genuine shift towards more diverse boards are numerous. From tokenism to enforcement, from the lack of a diverse pipeline of future leaders to cultural biases, the gap between mere

tick box compliance and having a boardroom that truly reflects the diversity of the society it serves remains substantial.

While most companies still see diversity as a compliance issue, embracing diversity in a more meaningful way can bring tangible value. Learn from our diversity case studies with Unilever, Infosys and Norwegian companies on how gender diverse boards can contribute to: – Innovations and higher shareholder value, improved ESG scores, and increased competitiveness in a volatile market. Investors are also starting to express their views on diversity and gender, and are including diversity in their ESG criteria. They are demanding that boards make a proper gender representation.

As the world moves on to a more equal gender balance, the work to come will be multi-faceted and active to implement rules, to make the working processes transparent, to arrange leadership training for managers and to carry out the social marketing to change the public opinion. Gender balance is no longer a question of legislation and society; it is a business opportunity.

Not accounting for parity can result in damage to reputation, penalties from regulatory bodies and loss of market position. On the other hand, taking a paradoxical perspective of parity, seeing parity not as a static condition but as a dynamic and evolving construct, can lead to leadership in sustainability, innovation and stakeholder trust.

Furthermore, effective board diversity requires not only representation but also meaningful participation in decision-making processes. Companies must ensure that women directors and diverse members are actively involved in strategic discussions rather than being appointed merely to satisfy regulatory requirements. In this regard, global governance standards such as those promoted by the Organisation for Economic Co-operation and Development emphasise the importance of inclusive and competent boards for strengthening corporate accountability and long-term performance. A well-balanced board with diverse perspectives enhances

ethical decision-making, improves stakeholder confidence and aligns corporate practices with evolving global expectations. Therefore, board diversity should be viewed as a core element of effective corporate governance rather than a symbolic or compliance driven requirement.

CONCLUSION:

Corporate governance and gender equality mean building an organisation that truly reflects the diversity of society, not just going through the motions of tokenistic change, but delivering tangible, structural and cultural reform. When companies make a serious effort to achieve these goals, they will see that compliance with regulation is only one of the many benefits they achieve as boards, managements, shareholders, employees and as a company in the wider community reap a multitude of rewards, including higher long-term financial performance, greater stability and a better reputation.

Looking ahead, the integration of gender parity into corporate governance frameworks must be treated as a continuous and evolving process rather than a one-time compliance requirement. Companies should adopt proactive measures such as transparent board appointment practices, leadership development programmes for women, and regular disclosure of diversity metrics in line with the Environmental, Social, and Governance standards. By aligning corporate policies with both national regulations and global best practices, organisations can foster inclusive growth and sustainable development. Ultimately, achieving gender parity is not only a matter of legal obligation but also a strategic imperative that strengthens corporate resilience, enhances stakeholder trust and contributes to a more equitable economic system.