

Over 25% of India Inc's directors have an MBA

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Mumbai: Given the popularity of an MBA degree in India, an MBA/MBA-equivalent is the most commonly held qualification among directors on boards of companies. A study by executive search firm Executive Access India — done exclusively for **TOI** — says more than a quarter (26%) of directors, on an average, hold an MBA/MBA-equivalent degree, followed by a non-MBA master's degree (22%). An engineering degree comes in third with only a fifth of board members holding such an educational qualification.

In terms of subjects of specialisation, economics stood out with around 10% having either a graduate or higher degree in the subject. In what reflects poorly on diversity on boards, nearly half the directors (47%) across industries were specialists in their respective fields. Retail and financial services have close to 67% of directors with significant experience within their respective industries.

While most corporate boards are seen to be taking measures to move the needle with respect to gender diversity, the Executive Access study covering 1,095 directors across 106 companies from across industries reveals a lack of general diversity on boards with respect to education, age and region. Auto industry had the highest composition of engineering graduates (30%) as directors, while in FMCG, 34% directors had MBA degrees. In banking, chartered accountants (CAs) held almost 30% of board positions.

Retail saw the lowest percentage (11%) in master's degree (not including the MBA), while it was the highest for the

MBA/MBA-equivalent (38%), indicating a strong preference for MBAs on the boards of these companies. Hotels, on the other hand, saw the lowest MBA degree holders (14%), engineering degree holders (6%) and PhD holders (2%).

Ronesh Puri, MD, Executive Access India, said, "Moving towards diverse boards is the next stage of evolution for organisations as they face bigger challenges of disruptions going for-

ward. Boards need to help the management to innovate more and faster as shelf life of any product or service is reducing fast. For ensuring this, boards will get better outcomes when they have more diversity of backgrounds and mindsets."

dia spokesperson said the company's policy is to have broad experience and diversity on the board of directors, which embraces knowledge and understanding of relevant diverse geographies, people and their background, diverse culture, personality and work-style.

Rajeev Dubey, group president (HR & corporate services), Mahindra Group, said, "There are many dimensions of board diversity and education mix is

QUALIFYING EDUCATION

Split of board directors' qualifications across some sectors (in %)...							
Industry	Masters*	CA/CPA	Engg	MBA	Economics	PhD	Law
Auto	28	10	30	28	16	10	13
Banking	26	23	27	26	11	9	8
FMCG	30	5	23	34	13	7	7
IT	18	5	20	25	13	13	8
Pharma	29	14	20	22	14	10	6

*Non-MBA; Sample size was 1,095 directors at 106 cos Source: Executive Access India

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Among companies with greater board diversity, Dr Reddy's Laboratories (DRL) had the highest representation of people from different industry backgrounds. As against the industry average of 35% of board directors with non-pharma background, DRL has 60%. Bajaj Finserv has a mix of 80% directors from the non-finance space while the industry average is at 35%. ICICI Prudential's board is composed of 42% engineers while the industry average is only 15%.

As against the FMCG industry average of 5% CA directors, Nestle has almost 30% of CAs on its board. A Nestle In-

just one of them. The other dimensions could be business experience, functional expertise, age, gender and nationality." Mahindra & Mahindra has a board comprising 25% CAs, while the industry is at 9%.

Globally, consumers are becoming increasingly discerning with greater choices and reducing brand loyalty. The boards of today, however, are not well represented to showcase diversity. "In a country like India which has a large percentage of youth, age diversity is skewed towards older directors. Younger directors are not well represented. Similarly, while rural India is a big growth opportunity, people from rural backgrounds are not represented on company boards. What we see today are too many people from the same industry getting inducted on boards. When you have similar people on boards, nobody challenges the old paradigm," said Puri.