
ETHICAL LEADERSHIP AND GENDER DIVERSITY: STRENGTHENING INCLUSION IN INDIA'S CORPORATE GOVERNANCE FRAMEWORK

Dr. Shruti Vijay Vaghela

Assistant Professor of Law

Maharashtra National Law University, Nagpur

ABSTRACT

This research explores the intersection of diversity, inclusion, and ethical leadership within corporate governance, emphasizing gender representation in Indian boardrooms. It examines how ethical leadership transcends legal compliance—mandated under Section 149(1) of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015—to foster a culture of genuine inclusion and equity. Using the Infosys case and Kiran Mazumdar-Shaw's leadership as a study model, the paper analyzes how ethical decision-making and value-based governance drive beyond tokenistic representation toward substantive gender diversity. Drawing upon statutory analysis, empirical studies, and comparative global insights, the paper establishes that while legal mandates initiate inclusion, ethical leadership sustains it by embedding diversity in corporate culture. The study concludes that long-term governance efficacy depends on moral commitment and inclusive leadership that transforms regulation into organizational values of equality and fairness.

Keywords: Corporate Governance, Ethical Leadership, Gender Diversity, Boardroom Inclusion, Companies Act 2013, SEBI LODR, Infosys, Kiran Mazumdar-Shaw, Tokenism, Equality.

INTRODUCTION

Diversity and Inclusion (D&I) have become fundamental tenets in the evolution of contemporary corporate governance, signaling a paradigm shift towards leadership frameworks that are more equitable, representative, and accountable. In the current corporate landscape, the composition of a company's boardroom transcends traditional metrics of financial performance

to encompass broader social, ethical, and governance responsibilities. Stakeholders—including shareholders, employees, consumers, and regulatory bodies—now demand that corporations actively embody and advance values of social equity, ethical integrity, and sustainable development. This heightened expectation reflects an understanding that organizational success is integrally linked not only to economic outcomes but also to the promotion of inclusive governance standards.¹

A particularly salient dimension of this discourse is gender diversity, which has emerged as a critical marker of a company's genuine commitment to equality and sustainability. Gender diversity refers to the equitable representation of individuals across different gender identities within leadership roles. The integration of gender-diverse leaders within corporate governance structures enhances the quality of decision-making by introducing varied perspectives and experiences. Such inclusion serves to counteract the cognitive homogeneity often associated with groupthink, thereby reducing governance risks and fostering more robust oversight.²

Moreover, gender-diverse leadership contributes significantly to corporate credibility and legitimacy in the eyes of external stakeholders. Firms recognized for their commitment to inclusive boardroom representation are better positioned to navigate the complexities of contemporary social expectations, regulatory scrutiny, and market dynamics. Consequently, beyond its intrinsic ethical value, gender diversity functions strategically as a driver of long-term corporate value creation, innovation, and resilience. In this way, contemporary corporate governance is increasingly being reconceptualized to prioritize inclusivity as a cornerstone of both ethical responsibility and sustainable business success.

In the Indian context, the Companies are legally mandated to appoint at least one woman director under Section 149(1) of the Companies Act, 2013.³ The incorporation of this mandate

¹ Aluri Supriya. "Women and Corporate Governance: Gender Diversity in Corporate Boards." *Journal of Management: GIBS, Bangalore*, Vol. 1, Issue 1 (2022).

² Kakabadse, N. K., Figueira, C., Nicolopoulou, K., Hong Yang, J., Kakabadse, A. P., & Ozbilgin, M. F. "Gender diversity and board performance: Women's experiences and perspectives." *Human Resource Management*, 2015.

³ Section 149(1) of the Companies Act, 2013 provides, "(1) Every company shall have a Board of Directors consisting of individuals as directors and shall have—(a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and (b) a maximum of fifteen directors: Provided that a company may appoint more than fifteen

marked a significant legislative intervention in India's corporate landscape, acknowledging the underrepresentation of women and aiming to correct it through enforced inclusion.⁴ While legal mandates serve to ensure "*formal inclusion*", ultimately it is ethical leadership that transforms structural compliance into genuine cultural acceptance.⁵ In this context, "*ethical leadership*" refers to value-driven decision-making and commitment to fairness by those holding senior positions in corporate powerhouses. It transcends mere legal compliance, aiming instead to cultivate an organizational culture in which inclusion is not mandated but genuinely internalized and valued. This study critically examines the extent to which ethical leadership facilitates such cultural transformation and evaluates whether Indian corporations exhibit a commitment to diversity and inclusion that extends beyond regulatory obligations.

This paper offers a critical analysis of the role of ethical leadership in bridging the gap between formal regulatory compliance and substantive cultural transformation in the promotion of boardroom diversity. Situated within the context of India's corporate governance framework, the study systematically evaluates the effectiveness of statutory mandates on gender representation, while emphasizing the indispensable function of ethical leadership in fostering authentic inclusion. Employing the appointment of Kiran Mazumdar-Shaw to the board of Infosys as an illustrative case, the research demonstrates how ethical leadership operationalizes diversity and inclusion (D&I) policies into tangible organizational practices. Through an interdisciplinary approach that integrates legal analysis, theoretical frameworks, and empirical evidence, the study highlights that although legislative measures are crucial in mandating diversity, it is ultimately ethical leadership that nurtures an organizational culture characterized by genuine inclusion, equity, and sustainable equality. This paper thus contributes to the discourse on corporate governance by asserting that enduring advances in diversity depend on value-driven leadership beyond statutory obligations.

directors after passing a special resolution: Provided further that such class or classes of companies as may be prescribed, shall have at least one woman director."

⁴ Konrad, A. M., Kramer, V., & Erkut, S. "Critical mass: The impact of three or more women on corporate boards." *Organizational Dynamics*, 2008.

⁵ Siri Terjesen et al., "*Women Directors on Corporate Boards: A Review and Research Agenda*", *Corporate Governance: An International Review*, 2009, p. 3.

REVIEW OF LITERATURE

Adams, R.B., & Ferreira, D. (2009)⁶ This study highlights that women directors improve board monitoring, attendance, and governance efficiency. It reveals that gender diversity enhances oversight, especially in poorly governed firms. The findings emphasize that ethical and cultural contexts determine diversity's effectiveness.

Bilimoria, D. (2000)⁷ Bilimoria establishes that women's participation on boards strengthens strategic decision-making and corporate accountability. She connects gender inclusion to both moral responsibility and economic performance. The research advocates for ethical leadership that transforms diversity from compliance to cultural commitment.

Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003)⁸ The study finds a positive correlation between board diversity and firm value, using Fortune 1000 data. Diverse boards better understand market dynamics and stakeholder interests. Ethical leadership is identified as essential for converting diversity into measurable performance gains.

Gompers, P. A., Ishii, J. L., & Metri, A. (2003)⁹ This study links strong governance frameworks with higher equity valuations through a Governance Index model. It implies that ethical oversight and inclusive leadership enhance corporate credibility and investor trust. Their findings support that diversity, anchored in governance quality, boosts firm value.

RESEARCH OBJECTIVES

The primary aim of this research is to investigate how ethical leadership influences diversity and inclusion within the framework of corporate governance. As global corporate environments increasingly recognize the importance of equitable and diverse representation, especially at the

⁶ Adams, R. B., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance *Journal of Financial Economics*, 94(2), 291-309.

⁷ Bilimoria, D. (2006). Building the business case for women corporate directors. In Ronald J. Burke & Mary C. Mattis (Eds.), *Women on Corporate Boards of Directors: International Challenges and Opportunities*, pp. 25-40. Springer.

⁸ Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Corporate governance, board diversity, and firm value. *Financial Review*, 38(1), 33-53.

⁹ Gompers, P. A., Ishii, J. L., & Metri, A., "Corporate governance and equity prices". *Quarterly Journal of Economics*, 2003.

board level, this project seeks to assess whether ethical leadership actively fosters inclusive practices or whether diversity mandates function more as symbolic compliance. In particular, the project intends to focus on gender diversity in Indian boardrooms, given the legislative mandates under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and assess their effectiveness.

1. To examine the current state of diversity and inclusion in corporate governance in India, with a focus on gender representation.
2. To analyse the role ethical leadership plays in promoting or resisting diversity initiatives.
3. To study case laws, empirical research, and corporate responses to legal mandates on boardroom diversity.
4. To evaluate the effectiveness of these measures and offer recommendations for fostering a more inclusive corporate ecosystem.

RESEARCH METHODOLOGY

The doctrinal method of study has been used by the author of this research project. In this research paper, the author has used secondary data sources, and has gone through various books & records. By assiduously analysing different aspects of the subject, the research provides information for this study mentioned above. The researcher made sure that she cleaned her mind of all the inclinations, biases, & perceptions before she conducted her research for this project considering such inclinations, prejudices and assumptions obstruct the flow and understanding of a research subject.

SCOPE AND LIMITATIONS OF THE RESEARCH

This research focuses primarily on Indian corporate governance with some comparative references to international practices where necessary. The scope includes legal provisions, case studies, and empirical data concerning gender diversity on boards. This study focuses specifically on gender diversity within corporate boardrooms, with an emphasis on the representation of women in leadership roles. While the broader discourse on diversity and inclusion rightly encompasses various identities, including those related to sexual orientation,

gender identity, caste, ethnicity, and disability, this project confines its analysis to the inclusion of cisgender women within corporate governance structures in India. However, by narrowing the focus, the project aims to offer a more in-depth and rigorous analysis of women's representation and the role ethical leadership plays in fostering meaningful gender inclusion at the board level.

LEGAL FRAMEWORK ON BOARDROOM DIVERSITY

"Boardroom Diversity", with a particular emphasis on Gender Diversity, has emerged as a critical pillar within contemporary corporate governance frameworks. Its rising prominence in regulatory discourse reflects an evolving recognition that diverse leadership enhances not only organisational performance but also fosters inclusive decision-making, strengthens ethical leadership, and contributes to broader societal equity. Across jurisdictions, legal and policy interventions have progressively transitioned from non-binding recommendations to enforceable mandates, thereby affirming that diversity in corporate leadership is no longer a matter of discretion but a governance imperative anchored in principles of accountability, transparency, and social responsibility.¹⁰

In the Indian context, the regulatory shift towards mandating diversity began with the enactment of the Companies Act, 2013. Section 149(1) of the Act mandates that every listed company must have at least one woman director. In 2014, the Ministry of Corporate Affairs enacted the Companies (Appointment and Qualification of Directors) Rules, 2014 clarified that the legal mandate extends to certain "class" of unlisted public companies. Rule 3 provides that, "Every other public company having-(a) paid-up share capital of one hundred crore rupees or more; or (b) turnover of three hundred crore rupees or more."¹¹ This provision was a landmark legislative step in compelling corporate India to recognize the role of women in decision-making roles, even though it only sets a minimum baseline. Additionally, the Securities and Exchange Board of India (SEBI), through the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), reinforced this mandate. At the onset,

¹⁰ Aluri, Supriya. "Women and Corporate Governance: Gender Diversity in Corporate Boards." Journal of Management: GIBS, Bangalore, Vol. 1, Issue 1 (2022).

¹¹ Rule 3, The Companies (Appointment and Qualification of Directors) Rules, 2014.

Regulation 17(1)(a) of the SEBI LODR Regulations, 2015 had required every listed entity to appoint at least one woman director in the optimum combination of executive and non-executive directors in the Board of Directors. However, by the enactment of SEBI (Listing Obligations and Disclosure Requirements)(Amendment) Regulations, 2018, the top 1000 listed entities are mandated to have at least one independent woman director.¹² This move aimed at addressing tokenism and ensuring that women on boards had a greater degree of independence and influence, rather than being appointed merely to meet compliance requirements.¹³

However, when it comes to board committees, such as the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee, the LODR regulations do not prescribe the mandatory inclusion of women directors. This omission represents a notable limitation in the pursuit of comprehensive gender diversity within corporate governance structures. While women may be present on the board, their absence from key committees can limit their influence on critical decisions related to audits, executive appointments, and stakeholder relations. Addressing this gap by mandating the inclusion of women directors in significant board committees would further the objective of gender diversity. It would ensure that women participate not only in board deliberations but also in specialized areas of corporate governance, thereby enriching decision-making processes with diverse perspectives.¹⁴

Globally, similar legal frameworks have evolved over time. Norway was a pioneer, introducing a 40% gender quota on Boards of Directors of public limited companies in 2006, backed by sanctions for non-compliance, including dissolution of the company. The European Union followed suit with the “*Women on Boards*” directive, adopted in 2022, requiring large listed companies across member states to ensure that at least 40% of non-executive director posts are occupied by the underrepresented gender by 2026. The United Kingdom, while not adopting

¹² Regulation 17(1)(a) provides, “*The composition of board of directors of the listed entity shall be as follows: (a) board of directors shall have an optimum combination of executive and non -executive directors with at least one woman director and not less than fifty per cent. of the board of directors shall comprise of non-executive directors; Provided that the Board of directors of the top 1000 listed entities shall have at least one independent woman director.*”

¹³ Gagandeep Singh, “Corporate Governance: An Insight into the Imposition and Implementation of Gender Diversity on Indian Boards”, (2020) 13(1) IJCG.

¹⁴ Hillman, A. J., Cannella, A. A., & Harris, I. C. (2002). Women and racial minorities in the boardroom: How do directors differ? *Journal of Management*, 28(6), 747–763.

mandatory quotas, established targets and reporting requirements under the Financial Reporting Council's (FRC) Corporate Governance Code, relying on a "comply or explain" approach.¹⁵ Despite these measures, challenges persist. In India, many companies have complied with the legal minimum but failed to go beyond token representation. For instance, a report from Deloitte India in 2022 put forth that women occupied only 17.1% of board seats in India, compared to the global average of 20.2%, highlighting a persistent gender gap. The gap is more pronounced in terms of executive leadership and chairperson roles.¹⁶

Critics contend that although legislative mandates have facilitated increased representation of women on corporate boards, they often fall short in addressing the entrenched cultural and structural impediments that obstruct meaningful diversity. A significant concern lies in the absence of stringent enforcement mechanisms; the lack of penalties for non-compliance weakens the efficacy of such mandates. Moreover, a recurring trend among companies is the appointment of women from promoter families, which has the effect of undermining the substantive goals of diversity initiatives. It is essential to recognize that formal compliance does not necessarily equate to genuine inclusion. The research also observes that many of these appointments are made just before the statutory deadlines, indicating a token effort to meet legal requirements rather than a genuine commitment to boardroom diversity.¹⁷

Despite increased representation quantitatively, as per the Grant Thornton's International Business Report on 'Women in Business 2023- The Push for Parity' India 2023¹⁸, shows that women held just 18% of board positions in Nifty 500 companies, and a significant number of these women were relatives of promoters. This pattern, while compliant, does little to change internal dynamics or encourage the participation of professionally qualified women. Thus, while the legal and regulatory framework for boardroom diversity in India and across the globe

¹⁵ Marie-Anne Birken and Gian Piero Cigna, "Gender Diversity on Boards: A Cause for Multilateral Organizations", Good Governance and Modern International Financial Institutions, 2018.

¹⁶ Press Trust of India, "At 17.3%, India Inc badly lags presence of women board members: Report", Business Standard, September, 2021. Accessed on [At 17.3%, India Inc badly lags presence of women board members: Report | Company News - Business Standard](#) on March 2024

¹⁷ Elise Perrault, "Why does Board Gender Diversity Matter and How Do We Get There? The Role of Shareholder Activism in Deinstitutionalizing Old Boys' Network", Journal of Business Ethics, Vol. 128, No. 1, April 2015, pp. 149-165.

¹⁸ <https://www.grantthornton.global/en/insights/women-in-business-2023/the-push-for-parity/> Visited on 7 January 2024

represents a positive step, its success largely depends on genuine corporate commitment to inclusion, rather than mere box-ticking. This underlines the importance of ethical leadership, which can move beyond compliance to foster a culture that truly values diverse perspectives.

ETHICAL LEADERSHIP: THE GAME-CHANGER IN DIVERSITY

Ethical leadership plays a transformative role in shaping inclusive corporate cultures, especially in contexts where regulatory compliance alone fails to drive genuine diversity. While laws may mandate boardroom representation of women or marginalized groups, it is ultimately ethical leaders, those who prioritize fairness, integrity, and equity, who breathe life into these mandates and ensure that diversity is not just a statistical goal but a substantive reality. Ethical leadership, as a concept, extends beyond legal obligations. It reflects a conscious commitment to moral values, responsible decision-making, and a culture that respects individual differences. In the sphere of corporate governance, this means selecting board members not only to meet demographic quotas but also to introduce diverse experiences, competencies, and viewpoints into the boardroom. Ethical leaders recognize that diversity enhances collective intelligence and fosters better oversight, innovation, and responsiveness to stakeholder interests.¹⁹

One of the keyways in which ethical leadership advances diversity is by influencing organizational norms and expectations. When the tone at the top reflects inclusive values, it sets a precedent throughout the company. Ethical leaders often engage in self-reflection, recognize their implicit biases, and take proactive steps to ensure that selection and evaluation processes are fair and inclusive. This includes transparent nomination processes for board appointments, the use of independent search firms, and the inclusion of diversity metrics in performance evaluations.²⁰

In India, ethical leadership has been instrumental in driving meaningful progress beyond compliance. For instance, companies like Infosys and Mahindra & Mahindra have taken deliberate steps to promote diversity not merely because of legal mandates, but because they consider it a business imperative aligned with their values. These organizations have invested

¹⁹ Gagandeep Singh, “Corporate Governance: An Insight into the Imposition and Implementation of Gender Diversity on Indian Boards”, (2020) 13(1) IJCG.

²⁰ Kakabadse, N. K., Figueira, C., Nicolopoulou, K., Hong Yang, J., Kakabadse, A. P., & Ozbilgin, M. F. “Gender diversity and board performance: Women’s experiences and perspectives.” Human Resource Management, 2015.

in mentorship programs, diversity training, and leadership development initiatives targeted at underrepresented groups, fostering long-term structural change. Globally, ethical leadership has been at the core of significant diversity milestones. A compelling example is the approach taken by Paul Polman, former CEO of Unilever, who publicly committed to gender parity in leadership and embedded inclusive practices across hiring and promotion policies. The inclusion not just as a moral obligation, but as a strategic tool for sustainable growth.²¹ This approach led to an increase in the number of women in senior management roles and made Unilever a global benchmark in ethical and inclusive leadership. Academic research supports this correlation between ethical leadership and board diversity. A 2021 study published found that boards with ethically-driven CEOs had higher representation of women and minorities.²² The study concluded that such leaders were more likely to value a diverse range of opinions and implement policies that support equitable access to leadership opportunities.

However, ethical leadership must be coupled with accountability. Boards and CEOs should be held responsible not only for meeting diversity targets but also for fostering inclusive boardroom dynamics where diverse voices are heard and valued. Tokenism, where women or minority directors are appointed without being given meaningful participation, undermines the spirit of both ethical leadership and governance. In conclusion, ethical leadership is pivotal in transforming board diversity from a regulatory obligation into a cultural norm. It involves a conscious and consistent effort to make corporate governance reflective of societal diversity. By setting a moral example, ethical leaders empower organizations to embrace inclusion as a value rather than a mandate, thereby fostering equality and long-term corporate sustainability.

CASE STUDY: THE CASE OF INFOSYS AND THE APPOINTMENT OF KIRAN MAZUMDAR-SHAW

Infosys Limited, one of India's largest IT service providers, has consistently positioned itself at the forefront of ethical governance and progressive boardroom practices.²³ A particularly significant moment in its history of corporate leadership was the appointment of Kiran

²¹ Konrad, A. M., Kramer, V., & Erkut, S. "Critical mass: The impact of three or more women on corporate boards." *Organizational Dynamics*, 2008.

²² Hillman, A. J., Cannella, A. A., & Harris, I. C. (2002). Women and racial minorities in the boardroom: How do directors differ? *Journal of Management*, 28(6), 747–763.

²³ Infosys Limited. "Kiran Mazumdar-Shaw appointed Lead Independent Director." Press Release. April 2023. People Matters. "Kiran Mazumdar Shaw re-elected to Infosys board." March 2023.

Mazumdar-Shaw to its board in 2014, and her subsequent elevation to Lead Independent Director in 2018. As the Chairperson and Managing Director of Biocon Ltd., Mazumdar-Shaw brought not only industry expertise but also a strong track record of inclusive and ethical leadership. Her role at Infosys stands as a case study of how ethical leadership can drive diversity, foster inclusivity, and influence decision-making at the highest level of corporate governance. Kiran Mazumdar-Shaw's induction into the Infosys board was not simply a response to regulatory mandates like Clause 49 of the SEBI Listing Obligations and Disclosure Requirements (LODR), which emphasized gender diversity. Instead, it reflected a conscious choice to bring in a leader whose values, ethical orientation, and entrepreneurial experience aligned with the company's vision of inclusive growth. Infosys co-founder N. R. Narayana Murthy and other members of the board saw in Mazumdar-Shaw a partner who could bring in not just gender diversity, but also cross-sectoral insight, independent thinking, and a balanced approach to governance.²⁴

During her tenure, Mazumdar-Shaw was pivotal in navigating Infosys through one of its most challenging periods: The Leadership Crisis of 2017, when CEO Vishal Sikka resigned citing boardroom tensions and personal attacks. As the Lead Independent Director, she played a crucial role in maintaining transparency between the board and shareholders. Her calm yet firm leadership and public communication helped stabilize investor confidence and conveyed that governance at Infosys remained grounded in ethical standards despite internal upheavals. What sets this case apart is the way ethical leadership and gender diversity converged in Mazumdar-Shaw's role. Her contributions transcended tokenism; she was not merely a woman on the board but an active influencer in corporate decisions, ethics committee matters, and stakeholder relations. Her scientific and entrepreneurial acumen complemented the technical strengths of Infosys's board, creating a richer, more multidimensional space for strategy and governance. The Infosys-Mazumdar-Shaw case also reflects global trends, where companies are realizing that diversity, when coupled with ethical leadership, improves board performance. According to a 2020 McKinsey report, companies with gender-diverse executive teams are 25% more

²⁴ The Times of India. "Infosys announces Kiran Mazumdar-Shaw's retirement from board." March 2023.

likely to outperform their less diverse peers financially. Infosys's governance model, which embraces inclusion as a strategic asset, mirrors this trend.²⁵

ANALYSIS OF EMPIRICAL STUDIES ON GENDER DIVERSITY

The empirical evidence from multiple studies focusing on Indian corporate boards reveals that companies with gender-diverse boards tend to exhibit enhanced financial performance, including higher Return on Assets (ROA) and improved Environmental, Social, and Governance (ESG) scores, as well as greater resilience during crisis periods such as the COVID-19 pandemic. Notably, a study of 200 Bombay Stock Exchange (BSE) listed firms highlights these positive correlations.²⁶ However, despite quantitative increases in female board representation, qualitative limitations persist. Women directors frequently face restricted access to influential board committees and strategic decision-making roles, often being appointed based on familial or non-challenging profiles rather than professional independence, perpetuating a “glass ceiling” phenomenon.²⁷ Current SEBI Listing Obligations and Disclosure Requirements (LODR) mandate the presence of at least one woman director on listed company boards but do not require women to serve on critical committees such as Audit, Nomination and Remuneration, or Risk Management Committees. Consequently, it is advocated that these regulations be expanded to mandate women's meaningful participation within key board committees and extended to large unlisted public and private companies to promote substantive gender diversity and influence in corporate governance.²⁸ These findings underscore the necessity for regulatory reforms that move beyond mere numeric representation towards authentic inclusion and empowerment of women directors in Indian corporate

²⁵ CNBC TV18. “Kiran Mazumdar-Shaw to retire from Infosys Board.” March 2023.

²⁶ Emerald Insight. (2023). Impact of board gender diversity on firm performance: Empirical evidence from India. *Managerial Finance* 50(3), 614–633.

²⁷ Chatterjee, C., & Nag, T. (2022). Do women on boards enhance firm performance? Evidence from top Indian companies. *International Journal of Disclosures and Governance* 20(2), 155–167.

²⁸ PMC Article (2023). Do women on boards influence firm performance? Evidence from India.

CONCLUSION

The project demonstrates that while legal mandates have nudged Indian companies toward better gender representation in corporate governance, the spirit of inclusion often remains elusive. True diversity is not just numerical but functional, which depends on ethical leadership that actively champions equity, merit, and representation. Ethical leadership serves as the backbone of sustainable corporate governance. It determines whether diversity mandates translate into transformational change or stagnate as symbolic gestures. Through the analysis of regulatory frameworks, empirical studies, and the Infosys case, it is evident that ethical leaders are instrumental in fostering meaningful inclusion and leveraging the benefits of a diverse boardroom. As Indian companies evolve in a globalized world, embracing ethical leadership and embedding diversity into corporate DNA will not only elevate governance standards but also enhance corporate credibility, performance, and innovation. Thus, the future of corporate governance rests not just in law but in leadership.

SUGGESTIONS

- 1. Mandate Women's Representation in Board Committees:**
Amend SEBI (LODR) Regulations, 2015 to require at least one woman director to serve on key committees such as the Audit, Nomination & Remuneration, and Risk Management Committees.
- 2. Broaden the Applicability of Diversity Mandates:**
Extend statutory requirements for gender diversity beyond listed companies to include large unlisted public and private companies meeting specified capital or turnover thresholds.
- 3. Introduce Accountability and Penalty Mechanisms:**
Establish clear reporting requirements and impose penalties for non-compliance with gender diversity norms to ensure genuine implementation rather than formal adherence.
- 4. Encourage Ethical Leadership Training:**
Develop structured training programs for CEOs, board members, and senior executives on ethical leadership, unconscious bias, and inclusive decision-making.

5. **Strengthen the “Independent Director” Concept:**
Ensure that women appointed to boards meet independence criteria to discourage familial or symbolic appointments and promote genuine professional representation.
6. **Incorporate Diversity Metrics in ESG Reporting:**
Include measurable diversity indicators as part of environmental, social, and governance (ESG) disclosures, linking them with performance evaluation and investor reporting.
7. **Promote Transparent Nomination Processes:**
Require companies to disclose the process and criteria used for board appointments, emphasizing merit, experience, and diversity in selection.
8. **Incentivize Inclusive Practices:**
Encourage recognition programs or governance rating benefits for companies demonstrating exemplary diversity and inclusion performance beyond compliance levels.
9. **Institutionalize Mentorship and Leadership Pipelines:**
Create mentorship frameworks within organizations to prepare women for leadership roles and facilitate transition from mid-level management to board positions.
10. **Strengthen SEBI and MCA Oversight:**
SEBI and the Ministry of Corporate Affairs should collaborate to monitor diversity outcomes periodically, publishing annual “State of Board Diversity” reports to ensure transparency and progress tracking.

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