

CHANGE OFFACE Digital disruption, younger customer & employee base drive trend

India Inc Boards Make More Room for Young Guns

Raring to Go

	March 31, 2024	March 31, 2014
Total directors under 40*	1,618	687
Independent directors under 40	745	134
Total directors under 30*	261	104
Independent directors under 30	110	20

WHAT'S DRIVING MORE BOARDS TO INDUCT YOUNG DIRECTORS?

Young people more tech/digital-savvy

Fresh thinking, different perspective to decision-making

Rejuvenating board dynamics

*Including independent



BHAVIN G

Sreeradha Basu

Bengaluru: Young directors are slowly but surely making inroads into India Inc boardrooms — traditionally a bastion of the older and more experienced — as companies gear up to respond to digital transformation and disruption in their industries and bring in diversity that reflects their increasingly younger customer and employee bases.

As of March 31, 2024, there were 1,618 directors (including independent) under the age of 40 across all the NSE-listed companies — a 136% jump from 687 under-40 directors a decade earlier, data put together for ET by primeinfobase.com shows.

In the case of independent directors alone, the jump was 456% from 134 as of March 31, 2014, to 745 as of March 31, 2024.

Harsh Mariwala, chairman of Marico, said that with Indian boards trying to be a source of competitive advantage in today's VUCA (volatile, uncertain, complex, and ambiguous) world, they are trying to identify competencies that may be lacking.

"Digitisation is a source of competitive advantage and young talent understands this much better, prompting boards to induct such directors with digital competencies," he said. "Even in promoter-run/family-managed businesses, families are inducting younger board members to groom them by becoming stakeholders so they get a larger perspective."

During the last fiscal alone, the number of under-40 directors across NSE-listed firms increased by 239 — the highest jump in a one-year period. But they still occupy only a tiny part of India Inc boardrooms, making up 8.2% of 19,686 directors across 2,291 NSE-listed companies as on March 31, according to primeinfobase.com.

The share was 5.1% (687 of 13,350 directors) across 1,485 companies as of March 31, 2014.

The average age of Indian boards is 58.32 years. Experts expect more young people on boards in the coming years.

"There is a significant shift happening," said Shailesh Haribhakti, chairman of audit and accounting firm Haribhakti & Associates and an independent director at several Indian companies. "The biggest fear on boards is the fear of disruption on the business model. People are looking for fresh, out-of-the-box thinking and dedication to board services," he said.

While some boards continue to bank on the tried and tested, startups and tech companies are among those actively seeking younger directors, Haribhakti said. "Even at promoter-run companies, where the next generation is coming in, they want more people of their kind," he said.

Marico's Mariwala said young directors add a lot of value in many areas. "Young talent could be highly qualified and better able to

understand the disruption. They also bring in fresh thinking and rejuvenate board dynamics," he said. "I see this trend gaining momentum."

Monica Agrawal, managing director, financial services, Asia Pacific, and India lead, board services, at Korn Ferry, said companies are looking to have at least 1-2 directors who are very young.

"Aware, mature organisations want their board

to reflect the profile of the customer base — so young people, women, representation across different domains is becoming prevalent," Agrawal said, adding that new-age companies such as insurtech, wealthtech, and consumertech are taking the lead.

While the supply of young directors remains limited largely due to time and availability constraints, since most of these people are in full-time roles, the hunt for them will only increase as new technologies take centre stage.

"The increasing trend of younger director on boards of companies is not an aberration, given the age profile of their employees and customers, and the increasing demand for directors who bring depth in new-age businesses, technologies, and skills," said Pankaj Arora, managing director of executive search firm Russell Reynolds Associates.

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