

Independent directors are not investigators - Naina Lal Kidwai

Naina Lal Kidwai, former country head of HSBC India, has her hands full. Not only is the former Ficci president a Senior Adviser to Rothschild & Co India, who sits on the board of a clutch of companies, she also finds time for not-for-profit work in water sanitation, environment and green financing. Kidwai, a chartered accountant by training, was the first Indian woman to do an MBA from Harvard, and one of the first top women executives in the banking space in India. In an interview with Business Today's Global Business Editor Udayan Mukherjee, Kidwai talks about her not-for-profit work, the role of independent directors, and breaking the glass ceiling.

Q: Naina, I remember that time back in 2015 when you put in your papers at HSBC, and everybody said, isn't she quitting too early? You were not even 60 at that point. Do you ever feel that you could have hung on a little longer?

A: So, Udayan, the retirement age was indeed 58. They were extending it by a couple of years but I didn't want to be seen as the one who was hanging on for my benefit, because there were others who were impacted. And they tried to keep me on in advisory roles, etc., but I was quite clear. I wanted to break with banking and move on to do other things, a decision I've never regretted because it's given me the ability to not be a slave to others. You know, when you work in an organisation, you work for their agendas. Some of them can be very uncomfortable. Because there are times when you have to ask people to leave, there are things you have to do that you don't enjoy. What I can do now is to pick and choose what I like—and I have by no means retired from work; I've only retired from HSBC—and my entire portfolio today gives me a very, very full day made up of everything that I enjoy.

It's a mix of being an independent director on a few boards, global and Indian, but I have committed 40-50 per cent of my time to not-for-profit work in water sanitation, environment and green financing—areas that I'm very passionate about. And I do some advisory work, which keeps me in the flow of what is happening in the world of private equity and investment banking. So, a very full portfolio indeed and not retired at all. And, I would actually urge everyone who is in the moment to think of moving into that next phase.

Q: I can see you have your hands full, Naina, but what do you really enjoy more? Would I be stretching the case if I suggested that you actually enjoy the pro bono work more than the investment banking hat that you still wear?

A: Oh, it's actually both. I do enjoy being in the flow of information and what is happening. It's too many years of experience to just throw out the window, Udayan. It is my core competency, an area where I can still guide and help and mentor and work in. So, I definitely enjoy doing what I used to do. But it does give me time to do some of the things in the broader spaces of water, sanitation, environment, where we are still carving a role for ourselves in the country; [they are] very critical roles. The timing of some of that has been

very exciting for me personally because I started the India Sanitation Coalition with my late husband about six months before the Prime Minister announced the Swachh Bharat Mission, and it gave us a chance to partner in a very major government programme and work very closely with the government in that programme. That has been a truly rewarding experience.

Having said that, a lot of the work that happens in the NGO world is also fraught with frustration. It's slower than what I'm used to in the corporate world. You know, the funds are not easy to come by. And, if I didn't have that other half, the half that I know well—the world of banking and investment banking and finance—to keep me going, I think it would sometimes get me down because it can be a very difficult and frustrating world.

But I've learnt through all the wonderful people I work with in the NGO space, how to indeed keep a smile on my face even when I'm fuming and fretting and worrying about all that needs to happen, but doesn't happen! They are two very different worlds actually, and you need very different strengths in each.

Q: You are a business leader in your own right but the celebrity status around you is also because you are a woman who achieved all that. Were you always aware of some extra scrutiny attached to you because you were a woman, that the yardsticks of judgement were different?

A: Sadly, I would say yes. And I think that scrutiny starts very early in our careers as women. Even in the days when I was at Grindlays Bank, as one of the first few senior women bankers in the early '80s, I felt like a goldfish in a bowl. You always felt you were on display. There were people just waiting to see you fall and say oh, see, this is what it was about. For every woman who took maternity leave, it was another slight, and I was very conscious of the fact and therefore under a lot of pressure personally—for everything that I did, if it turned out wrong, it would not just be a blot against my name, but possibly against all women that were to follow. That puts one under immense pressure.

I don't think that has gone away completely because we still represent other women, not just ourselves as individuals in our careers as we go. So, that pressure is something one just gets used to living with. And that scrutiny never ends, so when you fall, you are noticed much more than when you succeed. Though fortunately, that too gets noticed.

Q: It's interesting to hear you say this because exactly something like this happened a few years ago. You'll recall that time when women were at the top of Indian banking with Shikha Sharma, Chanda Kochhar, and Arundhati Bhattacharya running three of the top banks in the country. Then the Chanda Kochhar episode happened and exactly as you said, there were men smirking, saying, oh, look, it was just a matter of time before something like this happened. Do you think that took some of the gloss off the women-breaking-the-glass-ceiling story in India?

A: I don't think so. It was, of course, unfortunate. One of the most celebrated women leaders literally falling as she did from a very, very high perch, is troubling at any time for any leader. It didn't have to be a woman but you are right that there was that additional scrutiny around it in terms of—is this about other women, too? I'm just glad that there were other competent women at the time—Arundhati [and] Shikha, among others—which prevented it from becoming an outright man/woman issue. After all, there are men who had been in similar situations, too. So, I think at the time it did take some of the sheen off women CEOs who were being celebrated as if they were better than men, which I think is always silly because at that level, it is really very individual.

I have had as many good male bosses as bad ones, and it will always be the case that there will be individuals who in their own right are fabulous human beings and great leaders; and individuals who may be smart but are not such good leaders, whether men or women. And I think we have to just take the good and the bad as it goes. You cannot typecast men and women leaders once you're at that level.

Q: True, it cannot be a man versus woman issue. But on the subject, a few weeks ago I was talking to Zia Mody and she said something very interesting. She said you know Udayan, I would always work twice as hard as my male colleagues to just stand out and succeed. Did you ever feel that yourself—that you had to go the extra mile to stand out?

A: Oh, absolutely, Udayan. There's no doubt about that one. And it wasn't just Zia; I had done a book on 30 women CEOs, their voices, their stories, and pretty much every one of those women CEOs had felt that pressure of having to work twice as hard to be heard, to be understood, and to make their way forward. Don't forget that working hard doesn't just come from the office environment, but also from trying to balance all that happens at home where the social pressures of being the ideal wife, mother, daughter-in-law, daughter, all of that too weighs on women as they make their way through their careers. And, that aspect of society, the aspect which puts pressure on women to really have two huge roles—one at work, and one at home—is one that needs attention, because until society changes, women carry an unequal and uneven burden into the workplace even today.

Q: You just said something important because I always like to ask very successful women whether their success takes any kind of toll on their interpersonal relationship with their partner. Purely in a corporate sense, you were the more successful between you and your husband; did that ever put any kind of strain on your equation?

A: Udayan, never, because what I had was a husband who was extremely supportive. One who had succeeded in his own right. Around the time when I moved on to head investment banking, he was head of marketing at a large corporate MNC. But his real desire was to work in the not-for-profit sector, and we both decided it would be our joint way of giving back to society.

And as both of us couldn't do it, he was going to do it for the two of us. And, he really succeeded there in his work with SEWA [Self Employed Women's Association] as CEO of the Grassroots Trading Network. What he established there, even today [Founder] Ela Bhatt and Reema Nanavati [who leads it now] and others at SEWA remember him very, very fondly. And, those achievements helped me and guided me in my own entry into the not-for-profit spaces, because I learnt through him, the DNA of the not-for-profit sector.

The suspicions, the issues, the inability of the not-for-profit sector and corporates to work comfortably with each other, which was really the path which Rashid, my husband, had embarked on, to try and get corporates and NGOs to work together. He got companies like HUL, ITC working with SEWA in a way where revenue models went up from `10-20 lakh to a crore. Earlier, it tended to be much more about corporates signing cheques to NGOs, never about helping them scale up to grow, to demonstrate partnership. Now, when a Fabindia comes together with SEWA, it helps SEWA make products that can retail through Fabindia, but it has to spend a lot of energy and time, leading to frustration on timelines not being met, products not being right. So, that patience, that DNA at the corporate level is very important. Just like ITC taught them how to package spices that clears customs so that they could then achieve 10 times the price they were getting by selling in the local market; or Unilever, which helped them retail a brand called Rudy, which sold in the Tata retail stores, with Noel Tata himself actively engaged with the joint venture. These are some of the things we have to see a lot more of, as the best partnerships are the ones that have corporates, government, and not-for-profit as implementers, all working together.

Q: Having worked in this field of water and sanitation, do you get the sense that large Indian corporations are actually sensitive to the problems of climate change? Or is it mostly lip service, with them not taking it as seriously as they should?

A: You specifically said large companies; I think they get it. They're getting pressure from the investors, sometimes from their banks, too, but not enough. [There's] certainly [pressure] from foreign investors and foreign banks. The issue is really much bigger when we look at the MSME world. And, I think there, we need to really look at corporate parks, where the provision of these services is happening at a global climate-sensitive stance—energy as renewable energy or circularity of water being addressed, etc. So, it's a provision of infrastructure service, for which the MSMEs in that park pay, as it is very difficult for each small company to try and plan and have a programme for themselves. Getting them to pay for it is the answer rather than getting each to do it for themselves. The danger then is that sometimes it becomes a tick-box exercise where they say they have it, but we see often that a sanitation facility constructed by a real estate company—because it's mandatory—has fallen apart six months later.

Whereas here, in the model that I would like to see, because someone's paying for it, the provision of that service is going to be operational because the companies drawing on that

service are going to ask the provider of the service ‘why have you not done what you should have done?’ This has a much better chance of working.

Q: Finally, I want to ask you about the issue of independent directorships, as you sit on so many boards. When this whole NSE-Chitra Ramkrishna [row] came into the open, the point was made that if the board was strong enough, it may have been spotted earlier. Do you believe independent directors can actually prevent such episodes?

A: You know, the one shortcoming that you have as an independent director is you only get to hear and see what the management presents to you. But yes, to the extent that you’re engaged in the community and the stock market, the gossip vine can pick up and signal on what is happening, maybe then you can question the company about what is happening in a particular space. But you can easily be blindsided by a management that chooses not to bring certain things out in the open.

But when the regulator questions something that absolutely has to come to the board, that is certainly one warning bell that a board cannot ignore. If the management has indeed belled the cat and been forthright, at least we hear the bad news well before it becomes bad news in the public market. And that is the true way for good managements to operate.

So, an independent director is not an investigator as you well know, Udayan. You sit there... yes, it is four-five board meetings a year but you do meet in between that. You read a lot about the company, you understand the business, and you’re there to help the vision and strategising. You’re certainly there to ensure that compliances, as told to you, are met. And to the extent that there are internal auditors, and third-party reports, every one of those gets tabled and are read diligently by all of us as independent directors. But if it has been missed by one of the auditors or the information is not brought to you, it’s hard to dream up what is going wrong. That is often the lacunae and it will remain, that as an independent director, you can only know just that much. But once you know it, how you act is clearly a function which we have to be very conscious of as a custodian of the companies. It’s not just shareholders, but stakeholders. So yes, for the minority shareholders, but also for stakeholders, the community, the various ways in which we engage. And I think that is why as independent directors, we have to pay more attention, including the ESG agenda of companies, and not just because the investor community is questioning and asking us for it.