



New 'Right-hand Men': The Growing Role of Women in Indian Family Business

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Women have always been powerful forces in Indian politics. Indira Gandhi was probably the most dominating prime minister the country has ever had. Today, her daughter-in-law, Congress Party President Sonia Gandhi, is the most powerful person in New Delhi, though she has no official role in the government.

When it comes to business, however, women have had little opportunity -- expected to move from the parental hearth to the husband's home, rather than play any role in the company.

Today, that is changing. Globalization, liberalization, the decay of the institution of marriage and a growing emphasis on education have helped to raise the status of women in family businesses. Roshni Nadar, 27, daughter of HCL Technologies founder Shiv Nadar, was appointed CEO of the group's holding company in April. She has an MBA from the Kellogg Graduate School of Management and has worked with CNN in the United States and Sky News in the United Kingdom. Ashni Biyani, 24, daughter of Future Group (formerly Pantaloon) chief Kishore Biyani, has already joined the business. She won her academic spurs at Stanford. "Savvy girls in their twenties are new scions," says *The Economic Times*, adding, "They are their fathers' new right-hand men."



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Among the others making headlines for winning senior positions in their groups are 26-year-old Lakshmi Venu (Yale and Warwick), daughter of TVS Motor supremo Venu Srinivasan; Divya Modi (Brunel University; University of Southern California), the 25-year-old daughter of B.K. Modi of the Spice Group; and the 28-year-old Devita Saraf (University of Southern California) of Zenith Computers, started by her father Raj Saraf.

Having studied abroad is almost universally common. Many have also worked abroad before returning home to take up jobs with the family business. "Education and exposure have led to greater societal acceptance of women participating in various walks of life, including business," says Pradeep Mukerjee, founder-director of Confluence Coaching & Consulting (CC&C), who earlier headed human resources for Citigroup in India, Sri Lanka and Bangladesh.

"Perhaps the biggest change in the past couple of decades has been the increasing importance of educational qualifications," says Sona Rajesh, practice head, organization effectiveness, at Tata Strategic Management Group. "The distinction between female and male members of a family is also going. More women are inheriting now than before."

Education was an escape route. In India, daughters of business families are still regarded as marriageable assets, useful for tying up business alliances. This is truer of smaller groups than large industrial houses. Young women are guarded all the way to the school or college gate by drivers and security personnel, and are picked up the same way. Once, it was simply tradition; today the excuse is kidnapping and terror threats.

Breaking Through the Periphery

"Women who go abroad to study develop a mind of their own," says Mukerjee of CC&C. "Work broadens this further. In India, they would only be permitted in peripheral roles such as CSR [corporate social responsibility] in the family business. What happened in the West as an economic necessity

post-World War -- that is, greater economic participation of women in society due to sheer lack of manpower -- is happening here because of education and greater exposure to the West."

India is not a unique case, but some factors are peculiar to the country. The law on the Hindu Undivided Family (HUF) is one. The Hindu Succession (Amendment) Act of 2005 removed gender discrimination with regard to inheritance in Hindu joint families. Previously, only the male line, to great-grandson, had inheritance rights. "The trend of daughters inheriting family businesses picked up steam after 2005 when the HUF succession norms were amended and girls were allowed to inherit equal shares in family businesses," says B.K. Modi of Spice Group. Modi has kept a 51% stake in the Spice Group, giving 24% to his daughter Divya and 25% to his son Dilip, who is the elder of the two. "I have always been a vocal proponent for equal rights for daughters," Modi says. The one-percentage-point difference in holdings can be attributed to a difference in age. Dilip is 35 and Divya 25. Divya has just stepped in, while Dilip has helped run group companies for several years. (Eldest daughter Ritika is managing her own business with her husband, Nikhil Rungta.)

"It was only in 2006 that I decided to join the group full-time, at which time I went back to school to professionally train myself and get further educated in order to take on greater responsibilities within the group," Divya Modi told *The Economic Times*. "We aspire to be a \$10 billion group in the future and I would like to play my part in making that happen by creating value in the areas of business that I'm focusing on -- innovative technologies and finance."

While culture often keeps equity holdings in the male line, daughters aren't sent to their husband's home empty-handed. In poor rural households, a tree is planted when a daughter is born. By the time she is of marriageable age, the tree is cut down to sell. In business households, they plant a subsidiary that is often handed over as a "dowry."

Globalization and liberalization have also played a role in the emancipation of women in business families. So has the decay in the institution of marriage and the acceptance of divorce -- which means a son-in-law isn't necessarily for life. Many women now keep their own names, so the family doesn't lose its identity after marriage. "All these explanations find merit in different contexts," says [K. Ramachandran](#), associate dean and Thomas Schmidheiny chair professor of family business and wealth management at the Hyderabad-based Indian School of Business (ISB). "The entry of women is recognition of a social change from two angles: one, acceptance of the potential of women, and two, ensuring that ownership and control do not go away even if there are in-law problems.

"Besides, there is greater recognition that women are equally capable of managing the 'rough' world of business," Ramachandran continues. "There is also a huge change in attitude toward girls, with the number of children in any family coming down. Families sometimes have only one or two girls. I do not say that it is newfound love for daughters but realization of an opportunity to share parental wealth among all children independent of gender."

"Family businesses in India have been changing," says Harsh Mariwala, chairman of fast-moving consumer goods manufacturer Marico Ltd. "New generations bring discontinuity, often altering the direction of the business; the open environment and increased competition have also helped create this change. There is no one model of managing succession." Mariwala's children -- Rajvi, 29, and Rishabh, 28 -- joined the business a few years ago. The Marico chairman is unequivocal that his is a professionally managed company with a clear separation between ownership and management.

At the Avantha Group, chairman Gautam Thapar -- who has two daughters -- is installing a structure that will allow his children to manage their wealth without interfering with the day-to-day running of the company. "The best that I can do for them is to leave them with a structure and people that allow them to do that," he says. "If they're interested in running a business day-to-day, then they will have to go through the grind." (See [Avantha Group's Gautam Thapar: 'I See Myself as an Entrepreneur'](#).)

Leadership by Default

For some business families, the process of turning to women started because they had no choice. Sushma Berlia, president of the Apeejay Stya Group, says, "My father wanted to retire and there was nobody else. Being the only child, I had no option but to take over the reins." Berlia, who has run the show for nearly

20 years, says she "accompanied my father to work from a very early age. I am doing the same with my children." Her eldest son is already in the business. Her daughter and younger son are studying management in the United States. Will her daughter inherit? "Yes, as far as the family wealth is concerned," Berlia responds. "But it is up to her to decide how much she wants to be part of the family business."

At Thermax, the Pune-based boiler manufacturer, Arnavaaz "Anu" Aga was thrust into leadership when her husband and then her brother died. The company was originally floated by A.S. Bathena, Anu Aga's father. Anu married Rohinton Aga. (Today, Rohinton Aga -- not Bathena -- is considered the founder of the company.) Anu Aga was not involved in running the business until Rohinton suffered a heart attack in 1982. "My father had brought her into the company after his first heart attack in 1982, but in human resources," says Anu and Rohinton Aga's daughter Meher Pudumjee. Rohinton died of another heart attack in 1996. Within a year, Pudumjee's brother and Thermax heir apparent Kurush died in a road accident. Anu Aga landed in the hot seat. "There was no succession plan in place then," Pudumjee says. "My mother had to take over in circumstances that were not so good, and had a rough time."

While Anu Aga, despite being the owner's daughter, had never been trained to take over, it's been different for Pudumjee. A post-graduate in chemical engineering at the Imperial College in London, she's been given a proper education. She's also been given proper training; Pudumjee joined Thermax as a trainee engineer in August 1990. She managed Thermax's U.K. subsidiary before joining the board of directors in 1996. She's had stints in treasury and working capital management. In October 2004, she took over as chairperson on the retirement of Anu Aga. "My mother didn't want me to go through the same difficulties, which is why she decided to bring me in properly," Pudumjee says. "We were all prepared for me to become chairperson. Most important, I was prepared. My mother did a lot of hand-holding before she handed over the reins. That's very necessary. Every business family must have proper succession planning, just as in professional management."

In more recent times, daughters have not just inherited the business, they've been deeply involved in running it. At Apollo Hospitals, founder Prathap C. Reddy recently appointed his eldest daughter Preetha Reddy, 53, as his successor. She is managing director of the group. Her three sisters -- Suneeta Reddy, 51, Shobana Kamineni, 48, and Sangita Reddy, 47 -- are also directors and very much hands-on.

Earlier this year, Jayanti Chauhan, 24, joined her father's business Parle Bisleri. Dad Ramesh Chauhan is best known for building cola brand Thums Up, which he later sold to Coca-Cola. (Thums Up remains the leading cola brand in India, despite all-out efforts to establish Coke.)

At Parle Agro, meanwhile, the daughters of Ramesh Chauhan's brother Prakash are running the business. Eldest daughter Schauna, 33, is CEO. Her sisters Alisha, 31, and Nadia, 23, are directors. Alisha had wanted to run a chain of health and fitness centers on her own. But that has been brought into the Parle fold.

For Sminu Jindal, 34, managing director of tubular pipe company Jindal SAW (her father, Prithvi Jindal, is vice chairman), joining the firm was a matter of choice. "Neither of my two sisters have followed suit," she says. "They have opted to become homemakers instead." Though married, Jindal still goes by her maiden name and corrects you if you refer to her as "Mrs."

A Question of First Roles

The arrival of the woman inheritor has raised issues including the question of the entry point. In an earlier generation, the scions in most business families came in right at the top. "There was very little training for family members," says Adi Godrej, chairman of the multi-product Godrej Group. Today it is considered necessary for a son to do a tour of the shop floor or its equivalent. But in most companies this is a male-dominated area. Whether a daughter, qualified engineer though she may be, should operate a lathe is a delicate question.

Women often, however, are placed in areas such as marketing and finance. Godrej's daughter Tanya, the oldest in the fourth generation, is responsible for marketing, media and running the Godrej brand. "Looking after the brand is a job well suited to a family member," Adi Godrej says. This group has managed succession successfully for several generations so it knows the pitfalls. But some critics see

women being placed in marketing and finance as just another form of discrimination.

The initial training ground is another matter of debate. "In many foreign family companies, family members work outside the firm," Godrej says. "That was quite uncommon in India until five or 10 years ago. I never worked outside the Godrej group, and when my three children were ready to start working, I thought they would learn more here than in any other company. Today my views have changed. Some experience of working in a company where you are not associated with the owners -- especially in the period between undergraduate and MBA study -- is good. The feedback I receive from friends whose children have worked this way has also been very positive."

N.R. Narayana Murthy, cofounder and chief mentor of Infosys Technologies, has changed his views on a related issue. He once believed that no family member of an Infosys founder should join the company. "Over the past five years, after discussions with many people whose wisdom I respect, I have realized that this is not a fair stand to take. I realize that it is not correct to prevent any individual from adding value to any organization. As long as there is merit in the individual and the due process is followed and as long as the person whose children are being considered is not part of the decision-making, I am okay with it." So is his venture-capitalist daughter Akshata, who recently married a former Stanford classmate, about to join Infosys? "I am not talking with respect to my children but generally as a matter of principle," Murthy responds. It will be up to Akshata herself -- and the people at Infosys in charge of hiring.

The environment has changed, but it will always be up to the woman herself to make the choice. Mukerjee of CC&C says due credit must be given. "Women are today more determined to make a mark for themselves," he says. "They are a lot more career-oriented than in the past and more assertive about their rights and status."

Ramachandran of ISB says that business families must change with the times. "In any case, it is important for families to discuss and arrive at norms that are in tune with the realities of the day. Traditions should be adapted according to the times."

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