

MINORITY SHAREHOLDER WATCHDOG GROUP

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Grooming more women for the board

Research reveals they bring diversity to decision-making and enrich companies

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IT'S been almost a century and the battle for gender equality rages on. While great leaps have been achieved in the West, it is still a struggle in the East, where bias towards the male gender is still prevalent. More so in the corporate world where the fight for parity still persists.

With women making up some 50% of the world's population, only 15% of board members in America, 10% in Europe and 7% in Malaysia are of the fairer sex.

The gaping chasm between males and females in the decision-making panel in companies reflects the patriarchal society Malaysians and Asians continue to live by despite the roles of women having evolved tremendously since American feminist Ernestine Louise Rose fought for women's suffrage in the 19th century.

The fact is men are openly favoured for positions of power, especially in Asia. Rarely do women become successors of family-owned businesses. Women CEOs in Asia are still a rarity.

All things being equal, the argument has been made that if a man and a woman were to compete for a management position, with both having the same qualifications, experience and skill sets, the man would still be the chosen one.

Men are said to have twice the chance of getting ahead of women in the workforce. They still earn higher salaries and have a better chance at promotions due to entrenched perception issues.

There are still hardened mind sets and behaviours, not just in companies, but among women themselves, which pose roadblocks to their advancement.

And this old-fashioned prejudice is seen to hamper a woman's transition from middle to senior management level.

The lack of women in high positions does present a lost opportunity to corporations. Companies that only have half the talent of the true sample size will lose out compared with those who throw out a larger net.

The gender bias at the board level, however, has its own set of problems.

McKinseys has done research that shows that boards consisting men and women not only make better decisions, but deliver better financial results. When a board includes a diversity of viewpoints and personalities, impractical and poor ideas are more likely to be disputed.

Recognising the benefits of having more women in boardrooms, European countries are giving women more opportunities.

A French law now requires listed firms to reserve 40% of board seats for women by 2017. Norway and Spain have similar laws. The European Parliament declared in June that such quotas should be applied throughout the European Union.

Reportedly, the proportion of women on the boards of top European companies has increased to 12% in 2010 from 8% in 2004.

Case for change

The Government has announced that the corporate sector should have at least 30% women representation in boardrooms in five years.

The number of women directors in Malaysia is still relatively low, with only 7.59% of women sitting on the boards of companies and only 48 companies having had women directors last year.

According to data from Corston-Smith Asset Management Sdn Bhd, women representation on boards was at 6.46% in 2000, falling to 5.48% in 2005 before picking up again last year while only 28 companies with women directors were recorded in 2000 and 2005.

Securities Commission chairman Tan Sri Zarinah Anwar says the 30% target would be incorporated into Bursa Malaysia's listing rules by next year.

Disclosures in annual reports of policies and targets on women's composition will be made compulsory under changes to the listing requirements.

The requirements were contained in the Corporate Governance Blueprint 2011,

launched on July 8, and are expected to take effect sometime early next year.

Zarinah says a registry of directors comprising women and men would also be set up to provide a list of potential candidates that companies could source from.

Minority Shareholders Watchdog Group chief executive officer Rita Benoy Bushon applauds the move.

"Public listed companies have certainly not been doing much on their own up to now and, if not for this initiative, we might continue to see the same infinitesimal rate of progress ad infinitum," she says.

Director of NAM Institute for the Empowerment of Women (NIEW), Tan Sri Rafiah Salim noted that the greatest challenge for Malaysian women is still their family commitment including caring for their children and elderly parents.

"As a nation we must address this issue. There must be a better support system so that women can also equally contribute to nation building," she says.

"For the moment what the policymakers have done is to set (30% of board members to be women) as a target and not a quota. NIEW will follow up and measure the improvement. As long as there are developments, we do not need to have quotas," she says.

A good idea?

If we complain about affirmative action, then aren't quotas just as bad? Wouldn't it be more detrimental to have "token" women board members just for the sake of filling up the board? Women advocates feel that the quota merely gives more awareness to an otherwise ignored issue.

Anecdotally, some women leaders say that a compulsory quota might be necessary to enable women to enter what has historically been a "boys' club".

"Some men are chauvinistic. When they dominate corporate boards, they have a tendency to get other directors who are men. It doesn't matter how talented a woman is, if she has oestrogen, then she is not qualified. Only through force, can you change such 'patriotic' ways," says an observer.