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CORPORATE GOVERNANCE

BIASES IN THE BOARDROOM



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THE Securities Commission released its Corporate Governance Monitor on Dec 1.

The headline figures for gender diversity are impressive. As of Oct 1, among the top 100 public-listed companies (PLCs), there were 29 per cent of women on the boards. That was close to the “aspirational” target of 30 per cent of women on boards.

However, overall, there were only 20.5 per cent of women on boards. And there were still 188 PLCs with no women on their boards.

This will soon be a thing of the past as by June next year, all PLCs must have at least one woman on their board under the listing requirements.

A total of 224 PLCs had more than 30 per cent of women on their boards. But if we were to achieve the aspirational 30 per cent target for all PLCs, we need about 630 women directors. It is still a long way to go.

THE IMMERSIVE EXPERIENCE

To further promote gender diversity on boardrooms, Bursa Malaysia on Nov 30 and Dec 1 held the aptly titled Bursa Malaysia Immersive Experience – The Board “Agender” programme – pun intended. These sessions were targeted at the board chairmen and chairmen and members of the nomination committees – directors who can help move the needle in a persuasive and influential way when it comes to increased gender diversity.

LeadWomen was the partner for these sessions. The objectives were to create a safe space to openly discuss the challenges of achieving board gender diversity and to identify and crowd-source solutions through facilitated discussions and peer learning to address the challenges of attaining board gender diversity.

A NOVEL APPROACH

What was interesting was the novel approach adopted to meet these objectives. The Immersive Experience in the programme title referred to the dramatic simulation of boardroom situations, relationships and social dynamics in the form of an interactive exchange theatre followed by a facilitated knowledge-sharing session.

As such, they had professional actors acting out the situational biases which tend to arise among directors. These skits were followed by group discussions and peer sharing on the barriers to diversity. The three skits were titled “The Bro Club”, “Show me the money” and “Woman, where art thou?”.

The skits delved into the unconscious biases that we carry with us. We need to know that such biases exist. We then need to delve thoughtfully in an introverted manner to realise whether we harbour such unconscious biases. We need to be prodded and provoked to acknowledge these biases. And that is precisely what these skits and the following discussion sessions did. These biases arise not only in gender di-

versity situations but are also general biases that we carry with us, and they rear their heads in various situations.

GENDER DIVERSITY-RELATED BIASES

“The Bro Club” addressed the affinity bias. We often gravitate towards people like ourselves, whether based on appearance, background or beliefs. While it is rooted in finding belonging and seeking comfort, when we have an affinity for those who are like us, we unintentionally shut out those who are different. Affinity bias can result in a room full of people looking, thinking or believing the same thing, leaving little room for new ideas and alternative views. This can hurt the effectiveness of a business, negatively impact a team’s growth, and hinder a person’s leadership abilities.

“Show me the money” addressed two other biases – confirmation bias and attribution bias.

Confirmation bias is the tendency to seek and interpret new information in a way that confirms what we already believe. Not only can confirmation bias harm others but it can also affect our decision-making on the job. Confirmation bias can cloud our judgment and keep us trapped in cycles of other biases.

The attribution bias correlates people’s actions to unrelated (or untrue) characteristics. This bias causes us to make inferences about the causes of events or behaviours without necessarily

considering every facet of facts. “Woman, woman, where art thou?” addressed gender and authority bias.

Unconscious gender bias is unintentional associations based on a person’s gender, often stemming from traditions, values, social norms or culture.

Studies show that unconscious gender bias leads to more favourable treatment of men than women. Even when female candidates have similar skills and job experiences, men are often perceived as more qualified and chosen for job offers or promotions.

On the other hand, authority bias is the tendency to place more weight on the opinion or idea of an authority figure. Similarly, authority bias can lead people to treat people in positions of authority or power more favourably than those who do not hold high-level positions.

UNCONSCIOUS BIASES

Unconscious biases are prejudices and stereotypes we have about certain groups of people that we are not consciously aware of. These biases may exist towards people of various races, ethnic groups, gender identities, sexual orientations, physical abilities and more. Unconscious biases in the workplace can negatively impact the diversity and inclusivity of recruiting, hiring and promotion practices.

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