Empowering Women
Diversity in Leadership Positions

Promoting gender diversity on boards of listed companies remains a priority in Malaysia as an essential measure of good corporate governance. In addition, increasing the number of women in leadership is one significant way of strengthening the culture of diversity in organisations and growing the number of women in a company's talent pipeline. Cheryl Khor, Risk Advisory Leader at Deloitte Malaysia and South East Asia Operational Risk Leader, highlights salient points to drive the 'women on boards' agenda forward.

Cheryl Khor

Diversity and inclusion[1]

In today's global business environment, diversity and inclusion in the workplace have become a CEO-level issue. According to the Deloitte Human Capital Trends 2017 survey, the number of executives who cited inclusion as a top priority has risen 32% against the same survey results of 2014.

---

1   Adapted from Deloitte Insights article titled '*Diversity and Inclusion: The reality gap*', which can be found at
     https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2017/diversity-and-inclusion-at-the-workplace.html

The digital organisation of today operates as a network of teams and thrives on empowerment, open dialogue and inclusive working styles. Leading organisations now see diversity and inclusion in a broader and more comprehensive view: as a wide-ranging strategy woven into every aspect of the talent life cycle to enhance employee engagement, improve brand standing and drive performance. The era of diversity as a 'check box' initiative owned by HR is over. CEOs must take ownership and drive accountability among leaders at all levels to close the gap between what is said and actual impact.

Not only is the public increasingly aware of diversity and inclusion, but employees are also expressing stronger views on this issue. Millennials, for example, see inclusion as a mandatory part of corporate culture, defining how the company listens to them at work. Shareholders, customers and suppliers are all taking a closer look at this issue. For millennials, inclusion is not just about assembling diverse teams but also about connecting team members so that everyone is heard and respected. Companies should align their approach with the expectations of millennials and others, or they will likely lose talent.

Gender diversity and women empowerment in Malaysia

As the level of interest in diversity increases, it is clear that organisations are placing an increased amount of focus on the areas of age, race and ethnicity, gender, sexual orientation, religion, disability, personality, socio-economic status, education level and life experience. While these are important factors to address, gender equality and empowerment in organisations are still seen as the key diversity focus areas to date.

Knowing that close to half of the world's population are women (49.6%)[2], it is perplexing that the female population barely contributes to half of the global workforce (39.28%)[3]. The effects of low participation of women in the workforce are a matter of concern because a nation's standard of living is dependent on the amount of goods and services produced and sold, hence the measurement of gross domestic product (GDP) per capita. Through the years, it is visible that an increase in female employees in the workforce or a reduction in the gap between male and female participation in the workforce points towards higher economic growth[4].

In a recent report on gender gap by the World Economic Forum (WEF), Malaysia ranked 104 out of 144 countries, a slight improvement from 2016's rank of 106[5]. Women in Malaysia often succumb to cultural norms, sacrificing their careers to care for their families. To raise women's participation in the workforce, the government has outlined a 59% target by 2020 as part of the 11th Malaysia Plan, compared to 56% currently[6].

The government of Malaysia has urged organisations to increase their effort in retaining women in the workplace by considering flexible work arrangements, longer maternity leave, as well as childcare assistance. On the other hand, changes from the ground up are important too – employers must encourage the development of women leaders at every level, starting from executives to managers and directors, and by ensuring impartial advancement for women and enhancing their skillsets for advancement into senior roles.

"

Not only is the public increasingly aware of diversity and inclusion, but employees are also expressing stronger views on this issue. Millennials, for example, see inclusion as a mandatory part of corporate culture, defining how the company listens to them at work.

2   https://www.ined.fr/en/everything_about_population/demographic-facts-sheets/faq/more-men-or-more-women-in-the-world/
3   https://data.worldbank.org/indicator/SL.TLF.TOTL.FE.ZS
4   http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures
5   http://www3.weforum.org/docs/WEF_GGGR_2017.pdf
6   https://www.pmo.gov.my/dokumenattached/speech/files/RMK11_Speech.pdf

Board women in Malaysia

Promoting gender diversity on boards of listed companies' remains a priority in Malaysia as an essential measure of good corporate governance. In addition, increasing the number of women in leadership is one significant way of strengthening the culture of diversity in organisations and growing the number of women in a company's talent pipeline.

In 2011 the Malaysian cabinet approved a policy mandating that women form at least 30% of senior management and board positions in companies with more than 250 employees by 2016. Commendably, this target has been met both in the civil service and top management of listed companies. In addition, at the end of 2017, women accounted for 19.2% of directors of the top 100 public listed companies compared to 16.6% in 2016[7].

Elsewhere, efforts were also seen from the Securities Commission Malaysia (SC), which on 26 April 2017 released the Malaysian Code on Corporate Governance (MCCG) requiring all companies to disclose their gender diversity policies, targets and measures. During the launch, the SC also set a target to have no all-male boards in large companies (companies on the FTSE Bursa Malaysia[8] Top 100 Index or companies with market capitalisation of RM2 billion and above at the start of their financial year) by the end of 2018. On a positive note, it is reported that as at 17 January 2018 there are only seven companies with all-male boards, a 65% improvement from 20 companies as at 31 December 2016[9].

Clearly, there is no shortage of initiatives on promoting gender diversity or the 'women on boards' agenda. However, we continue to hear of complaints that boards cannot find enough qualified women. How might the agenda be driven forward? Here are some actions to consider:
- More resourcefulness in selecting candidates would widen the talent pool of qualified women considerably. This can include increasing search networks, expanding the criteria and establishing a new focus to identify (and recruit) board-ready

Women directors in Top 100 public listed companies

19.2%
in 2017

16.6%
in 2016

> In 2011 the Malaysian cabinet approved a policy mandating that women form at least 30% of senior management and board positions in companies with more than 250 employees by 2016.

7   https://www.nst.com.my/business/2018/01/327938/malaysia-wants-more-women-board-directors-listed-companies-pm
8   Launched in 2006 in partnership with Bursa Malaysia, the FTSE Bursa Malaysia Index Series is a broad range of indexes covering all eligible companies listed on the Bursa Malaysia Main and ACE Markets. The indexes are designed to measure the performance of the major capital segments of the Malaysian market, dividing it into large cap, mid cap, small cap, fledgling and Shariah-compliant market segments. The indexes enable market participants to measure, invest and create products in these distinct segments of the Malaysian market.
9   https://www.sc.com.my/post_archive/positive-progress-made-on-gender-diversity/

Overall numbers

13.7% +3.3%
**Board seats
held by women**

2.7% +2.7%
**Board chairs
that are women**

126
Women on
boards

1.13
Stretch
factor

108
Total
companies
analysed

5.6%
CEOs
that are
women

Figure 1: Overall 2017 data on Malaysia as published in Deloitte's 5th edition of *'Women in the Boardroom – A Global Perspective'* **report**

women. Are boards only considering candidates with C-suite level titles or women that have specific experience and qualifications? Are organisations willing to look beyond titles and strict experience-related requirements and instead assess candidates based on their potential? Strong leaders know how to find out what they need to know, and despite having no specific background, these dynamic and versatile professionals can adapt and learn to become great board members and leaders.

- Companies should start thinking about mentorship and sponsorship programmes to nurture their talent and guide women towards the C-suite level. Mentorship is about guidance and advice while sponsorship is about advocacy. Many companies have mentorship programmes but do they also have sponsorship programmes in place? A sponsor can be a woman leader who expands the perception of what her protégé can do and recommends her for key assignments. Sponsors go beyond mentoring – they act as a sounding board and advocate

"

Companies should start thinking about mentorship and sponsorship programmes to nurture their talent and guide women towards the C-suite level.
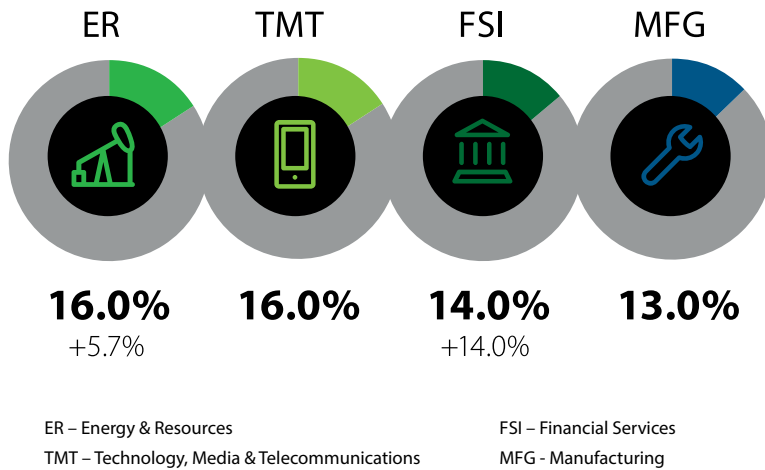
Top industries with highest percentage of women

ER	TMT	FSI	MFG
16.0%	**16.0%**	**14.0%**	**13.0%**
+5.7%		+14.0%	

ER – Energy & Resources
TMT – Technology, Media & Telecommunications
FSI – Financial Services
MFG - Manufacturing

Figure 2: Top industries with highest percentage of women

> **Women who aspire to be on boards should increase their personal networks and build a diverse set of relationships. Creating awareness of your interest in being a director and seeking advice from senior board members are advisable.**

for their protégé and actively connect them to opportunities and senior leadership. Sponsorship is more important for women than mentorship because it means women employees have allies who support them in climbing the corporate ladder.

• Women need to be more proactive. When women start thinking about career advancement, they should think about identifying the right companies to be part of. They should start looking for roles that give the right profiling and personal branding. They should reach out to board chairs, members of nomination committees and take board training courses to get noticed. Women who aspire to be on boards should increase their personal networks and build a diverse set of relationships. Creating awareness of your interest in being a director and seeking advice from senior board members are advisable. Do not wait for someone to come knocking at your door or open doors for you, start knocking on doors yourself.

We already have a multitude of studies related to gender diversity and women on boards; we also have various initiatives and programmes in place by different groups, but what we need now is to shift the attention to different areas of focus, which will take women participation on boards to greater heights.

Cheryl Khor is Deloitte South East Asia Operational Risk Leader and Risk Advisory Leader in Malaysia, Cambodia and Myanmar.