

Gender diversity to stay relevant in Leadership

Narinder KAUR – Managing Partner Alexander Hughes Malaysia

The theme for International Women's Day this year is just so apt. Better the balance, better the world. It urges us all to think how we can create a better gender-balanced world in all spheres of life – at home, in the workplace, in the playing field. There is no doubt we are seeing more balance emerging. For example, it is no longer uncommon to see fathers playing an active role in the care of the children and household chores. And of course, women are making impressive inroads in the workplace.

But are we seeing sufficient balance in senior leadership roles to make a difference in this age of disruption? Disruption is a constant growing concern in business. New competitors with digital expertise and a penchant for experimentation are emerging to steal market share and legacy firms are trying to figure out what to do. One key criterion widely and continuously talked about that will give companies the edge to compete is gender diversity at the leadership level.

A survey by global executive search firm Alexander Hughes interviewing 13,000⁽¹⁾ leaders across 30 countries in the Americas, Europe, Middle East, Africa and Middle East shows positive change in most regions and industries. From 2016 to 2018, the gender diversity trend increased from 20% to 21.7% (1.7%) in North America, 12% to 15.5% (3.5%) in Europe and from 5% to 7.2% (2.2%) in Latin America. In Asia Pacific, it remained constant at 12.5%.

The bright side is Malaysia is not far off from the global scene. A World Bank report on 'Women on Boards in Malaysia'²⁾ showed that a typical Malaysian firm has 13.8% women board members, above the Asia Pacific average of 12.5% and just below the global average of 15%.

This comes as no surprise as the country has achieved multiple milestones in the corporate scene. For example, there is an existing national initiative pushing for 30% women representation on public listed boards by 2020 and in 2018, 3 out of 11 homegrown investment banks had women chiefs. As reported by Bloomberg, this makes Malaysia a big outlier in a space where 96% of investment banking elite are men.

The question here is, can the improvements continue at a slightly faster pace? Our country's women labour force participation rate sits at just over 54%⁽³⁾ and is an indication that women talent is not lacking. Perhaps what may be lacking are opportunities to rise in the upper echelons of an organization. One barrier is that as men make most of the decisions, they tend to hire people who think like them. They look for similarity and compatibility. They don't look for diversity or difference.

There also seems to be a fallacious association between leadership and masculinity.

Nurturing is an innate quality of women. Women score higher on emotional intelligence, have higher social sensitivity, patience and empathy, which makes them better listeners, relationship builders, collaborators, team players and are better at compromising, in the good way especially in negotiating deals. These are all traits that were deemed feminine in the past and today, are considered traits of an effective and transformational leader.

So, on this International Women's Day, let's give a thought to shaping better balance in the corporate environment and how gender diversity can give organisations that competitive edge to stay relevant in this disruptive age.



Global Corporate Governance Review

It is a study conducted by Alexander Hughes teams worldwide on the structure of boards and executive committees of large listed Corporations.

<http://www.alexanderhughes.com/alexander-hughes-global-governance-review-2018/>

(1) The leaders are board and executive committee members of companies listed on the main stock exchange of the various countries

(2) Development Digest Issue 04 – April 2018

(3) Principal Statistics of Labour Force, Third Quarter (Q3), 2017