

Breaking the boardroom barrier

New report finds HK may be missing out on having fewer women on corporate boards, writes **Liana Cafolla**

Almost half-a-century after the women's liberation movement, the city's boardrooms remain a hostile place to female executives, and only a change of mindset among leading firms can smash this glass ceiling, according to a recent report.

The stark finding and recommendation were presented by two Hong Kong women's non-governmental organisations (NGOs) and by Mervyn Davies, former British trade minister, ex-chairman of Standard Chartered Bank, vice-chairman of Corsair Capital, and author of a report on women on boards in Britain.

The study released on March 5 – "Standard Chartered Bank Women on Boards: Hang Seng Index (HSI) 2012 Report" – shows that just 9 per cent of HSI companies have women on their boards, a rise of just 0.1 per cent on 2009, when research was last compiled. This compares with an international average of 16.1 per cent in 2011. Furthermore, only 6.7 per cent of executive directorships in Hong Kong are held by women.

If this trend continues, according to the report, it will take 80 years to reach a level of 30 per cent of women on boards – and 156 years to achieve parity.

"The research findings, in summary, are disappointing," says Shalini Mahtani, founder and board director of Community Business, an NGO that partnered with Standard Chartered Bank to produce the report.

Davies says the figures were unacceptable. "If your board percentage of women is so low, then I don't think Hong Kong is benchmarking against the rest of the world," he says. "It's not good enough, it needs to change, and it needs to change now."

Hong Kong should learn from



Hong Kong needs to keep up with global trends

SU-MEI THOMPSON, CEO, THE WOMEN'S FOUNDATION



Your [company should] represent the communities you operate in

JASPAL BINDRA, CEO FOR ASIA, STANDARD CHARTERED BANK



It's not good enough, it needs to change, and it needs to change now

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the experience of other countries, as well as assessing the economic cost of having fewer women directors and deciding on an approach that works for the city, says Su-Mei Thompson, CEO of The Women's Foundation, a leading local NGO that is also calling for more women on boards. "Hong Kong needs to keep up with global trends," she adds.

Trends show that women are becoming increasingly important to global economies, says Jaspal Bindra, group executive director of Standard Chartered Bank and CEO for Asia, adding that putting more women on boards makes strong economic sense.

"The single most compelling logic is that you have your [companies] represent as closely as possible the communities you operate in," he adds.

Davies says local companies need to address the lack of transparency in appointing board directors, and take a proactive approach to women. "I believe it's about getting a few chairmen to show leadership," Davies says.

Women lack the networking opportunities that men tend to find on the golf course or in bars,

says Mahtani. And board appointments are often arranged in these informal circumstances, adds Elspeth Renshaw, partner at Talent2 International who focuses on search for senior executives in the financial services sector.

"The patrician elite clubs – sporting, social, legal circles – appear to be the likely source of a board appointee rather than a deep search and selection process," says Renshaw.

While Davies says it would be "a mistake" for governments to set quotas, Renshaw points to the effectiveness of quotas in other countries, such as Australia and Malaysia, which has set a 30 per cent target for women in senior roles at publicly listed companies.

"In Australia, the governor general – a woman – has supported the implementation of

quotas to address gender in public companies and in the public sector," says Renshaw.

Relying on voluntary action has proven largely ineffective in other countries, she adds. Last year's appeal by European Union justice commissioner Vivian Reding to improve the gender imbalance on corporate boards resulted in just 24 companies signing the pledge.

About 30 FTSE 100 companies by Davies in his 2011 "Women on Boards" report, says Renshaw.

While critics say quotas risk replacing merit as the chief criterion for selection, she says they achieve results. "In Norway, full compliance with the 40 per cent quota was reached five years after implementation in 2003," Renshaw adds.

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The estimated number of years needed to reach male-female parity in HK's boardrooms based on current trends, says a report