Moves to bring more women on board as company directors

New, welcome efforts in Hong Kong to break up all-boys-club culture in corporate boardrooms

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HKEx is among the 40 per cent of companies with an all-male board. Photo: David Wong

With International Women's Day this Friday, it is time to review prospects for our women business leaders.

Compared with many other Asian cities, Hong Kong women have an advantage in terms of opportunities to receive a good education and advancement in the workplace. But as this column keeps stressing, there is still a lot of room to improve.

Only 10 per cent of directors of Hong Kong-listed companies are women. So it's encouraging to see Hong Kong Exchanges and Clearing introducing a new requirement from September to make diversity a matter of corporate governance. This means companies that don't have enough women will have to explain why.

Yesterday, we saw new progress in promoting more women on boards, with 10 headhunter firms, including DHR, Korn/Ferry, Russell Reynolds and Global Sage, signing up for a voluntary code of conduct on board diversity.

The voluntary code means these headhunting firms will help the listed companies achieve diverse boards over time.

They will also help train candidates to become directors.

HKEx will be among the companies needing the help of the headhunters to find more women directors because it is among the 40 per cent of companies with an all-male board. Something has to be done to break the all-boys-club culture.

The reason so many companies in Hong Kong still do not have women at the director's level is that chairmen positions and nominating committees are dominated by men and the incumbents naturally look to appoint like-minded friends and contacts.

Boards are increasingly realising they need people of different genders, ages and expertise to ensure better decision-making in the boardroom.

This is particularly important when companies target women and younger customers.

In another move to promote more women on boards, Hong Kong will set up its own version of the 30% Club.

The club started in Britain two years ago with a group of chairmen voluntarily committed to getting more women on British corporate boards.

Its members include the heads of HSBC, the Big Four accounting firms, and many retailers and banks.

The Hong Kong version of the club is also a Who's Who, including movers and shakers like Securities and Futures Commission chairman Carlson Tong Ka-shing, as well as HSBC chairman Douglas Flint. Applause for the support from these men.

Why 30 per cent? The British government appointed former Standard Chartered Bank chairman and British trade minister Mervyn Davies, now vice-chairman of Corsair Capital, to study how the country's corporate boards could be diversified. It determined that women should occupy at least a quarter of positions on the boards of all Britain-listed companies by 2015. The club is, like its name suggests, aiming for 30 per cent representation.

Following the efforts of Davies and others, 17.3 per cent of the board seats on FTSE-100 companies were filled by women last year, up from 12.5 per cent two years ago. Now only 8 per cent of FTSE-100 companies are all-boys-club boards, compared with 21 per cent two years ago.

Hopefully, with the start of the 30% Club in Hong Kong and the introduction of the HKEx's new requirement, we will see improvement here too.

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