

Bridging the divide

Bolstering the economy and talent pool through diversity and inclusion

MORE than just corporate buzzwords, diversity and inclusion are important considerations in driving business growth.

According to TalentCorp-PwC's 16th Annual Global CEO Survey conducted in August 2014, workforce diversity and inclusion is the top non-financial priority for CEOs. The research shows that when diversity is acknowledged, managers find new ways to maximise and capitalise on the different skills, styles and sensibilities of employees.

To better understand the diversity landscape in Malaysian public-listed companies, Talent Corporation Malaysia (TalentCorp) and PwC recently conducted the Diversity in the Workplace survey with the support of Bursa Malaysia. The survey findings were announced by Prime Minister Dato' Sri Najib Razak at the Business Leaders Dialogue with 30 CEOs of leading listed companies. He noted that Malaysia's strength lies in its diversity and that it should be mirrored in the workplace and every employer.

The Malaysian situation

Recognising the importance of diversity, from 2015 onwards, public-listed companies in Malaysia are required to disclose their diversity policies for its board of directors and workforce in terms of gender, age and ethnicity.

The Diversity in the Workplace survey, which was conducted from July to August this year, saw the participation of 130 listed companies, encompassing 1,094 members of the board and 464,092 employees. Those surveyed included 67 of the top 100 listed companies, which represent 70% of Bursa Malaysia's total market capitalisation.

Speaking at the recent Bursa Malaysia Sustainability Symposium 2015, Dato' Sri Abdul Wahid Omar, Minister in the Prime Minister's Department, referred to the main findings of the TalentCorp-PwC survey, calling on listed companies to accelerate diversity in the workplace. Against the government's target of women holding 30% of decision-making positions, the survey showed that, on average, women only accounted for 22% of top management in listed companies.

The 30% target however was met at the top management level in sectors such as financial services and fast moving consumer goods. At the board level, Astro Malaysia is among the very few listed companies with more than 30% of its board members being women.

Of particular concern, was the prevalence of companies completely lacking diversity. The survey showed that 31% of companies had no woman board member; 19% had no women in top management; 24% had no ethnic diversity in top management; and 31% had no board members below the age of 50.

However, on the upside, listed companies in the financial services and fast moving consumer goods (FMCG) sectors have achieved the government's target of having at least 30% of women in top management.

Diverse in their DNA

For Alois Hofbauer, managing director of Nestlé (Malaysia) Bhd, diversity is about celebrating differences. Nestlé, by virtue of operating in almost every country in the world, has an extremely diverse workforce,



Clockwise from top: Alois Hofbauer, managing director of Nestlé (Malaysia) Bhd; Hamidah Naziadin, group chief people officer of CIMB Group; and Johan Mahmood Merican, CEO of TalentCorp

whether in terms of gender, ethnicity, age, nationality or languages. "Diversity is naturally in our DNA," he says.

Hofbauer points out that it has been proven that the most robust ideas come from a thought process, which includes a myriad of views, opinions and experiences.

"The more widespread the experiences and ideas, the more robust the discussion and the higher the quality of the solutions,"

Diversity disclosure / Workforce composition

1 31% of companies surveyed have no women on boards while 19% have no women in top management

2 24% of companies surveyed have top management consisting of a single race

3 31% of companies surveyed have no board members under 50 years old

"It is our ability to leverage on diversity and harness its value that has given us the competitive edge. Embracing diversity means we leverage on talents of different cultures, educational backgrounds, gender and age groups."

— Hamidah Naziadin

he shares, adding that it can only benefit companies when diversity exists in the workplace.

Diversity in ideas and ways of thinking can complement each other and lead to higher quality decision-making. This, he says, makes good business sense.

"As an employer, when you are recognised for supporting and being open to diversity, then you attract a wider talent pool. It is no longer enough to be a workplace that only offers tangible benefits," he stresses.

Hofbauer says that highly skilled employees of today want to know that they can be their authentic selves in the workplace. "When they can, they will flourish and do their best. No two women are the same, and neither are men. The point is to ensure that we have a healthy mix."

The focus at Nestlé is to ensure that each individual carrying multiple identities is recognised, respected and nurtured.

CIMB Group is another corporation that has showed to embrace diversity in the workplace. Group chief people officer Hamidah Naziadin says CIMB embraces diversity and that it is of central importance to the company. The group, which operates in 19 countries, serves more than 13 million customers of various nationalities and backgrounds.

"It is our ability to leverage on diversity and harness its value that has given us the competitive edge. Embracing diversity means we leverage on talents of different cultures, educational backgrounds, gender and age groups. Take age group for example. It is just a few more years before Gen Z joins the workforce. They are our

future customers and having Gen Z as part of our workforce provides us an advantage as we cater to their needs as our future customers. Therefore, embracing diversity in a workplace is necessary for business growth," she elaborates.

"From CIMB's experience, diversity coupled with an open culture often brings creative solutions and positive results."

Currently, 53% of CIMB's employees consist of women. "While we are gender-neutral in our hiring and people development policy, we are also sensitive to the needs of our female employees. For instance, we believe that starting families is a natural development in a person's life; as such, we offer extended maternity leave for our female employees. We have breastfeeding rooms at our main offices, and are in the midst of setting up our second childcare centre," says Hamidah.

CIMB also has the Staff Rejuvenation Programme (SRP), allowing its employees to take unpaid leave for up to six months.

"The programme is open to all but we find that over 80% of those who go on SRP are women, often opting for the programme to care for elderly parents, or even to further extend their maternity leave.

"We also ensure that our people development programmes cater to a healthy number of women. Our CIMB INSEAD Leadership Programme has 44% women participation."

Breaking down preconceived notions

In a group of people that share common ideals and values, answers to a problem are often one-sided. When it comes to a more diverse group, the mix of different

personalities, outlooks and experiences might bring about a more holistic solution. Apart from that, diversity and inclusion also allows different groups of people to grow and learn from one another.

While the benefits are evident, changing the mind set is no easy task. Ultimately it is about how an organisation can adapt and grow to optimise on a new and diverse talent pool.

Hofbauer points out the first challenge in pushing for diversity in the workplace is about convincing managers of the science behind the benefits of diversity. "Human behaviour can be steered by unconscious bias and it is a challenge to bring awareness into the system. Unconscious bias is having existing perceptions that people have, for example, on gender roles.

"In order to change the mind set, we need to first facilitate understanding about the underlying issues," he says.

Hamidah notes that it may be easy to say that diversity is for the better but it rarely happens by itself. "The natural tendency is for managers to hire people like themselves. Diversity is an asset but it can also be divisive unless properly managed. There are real cases of it working in the opposite direction due to perceived differences."

"Organisations need to be patient and understand that changing a mind set is a journey that cannot be undertaken in a day. It requires clear development plans and targets and monitoring of progress," shares Hofbauer.

More importantly, he states, it requires commitment and dedication from the top management and support from all levels of the organisation. The promotion of leaders who are role models for nurturing talent and diversity can help send out a strong message on the level of commitment from the top.

Hamidah views the human resource team as playing an important role as a strategic business partner. The department must be visionary and be able to persuade the board and management to recognise the value of diversity to the company's growth and success.

"HR's role is to integrate both business and people strategies in ways that advance the bottom line. If a company already has unspoken guidelines that have led to a strong diversity profile, then it is necessary to formalise things."

In CIMB's case, geography and natural cultural inclinations are some of the challenges faced when it comes to pushing for diversity. "Companies are microcosms of society. Some towns may not be ethnically diverse, and so if you operate there, you may have to operate with those limitations. Then, some industries attract certain segments of society but for banking, it is fair game for all, and so diversity should be expected."

The future of diversity

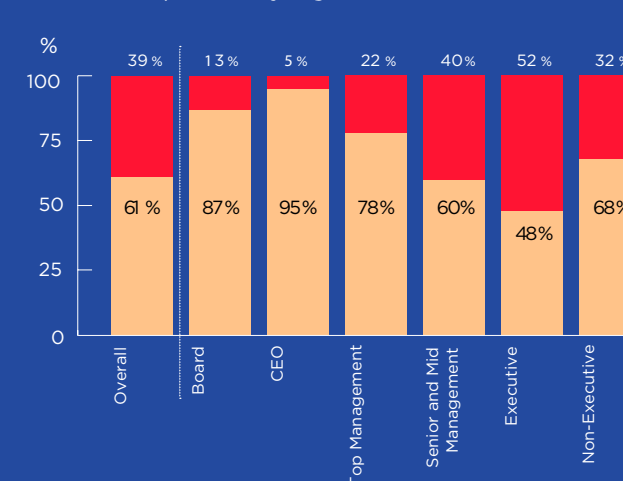
While some prominent corporate players have shown exceptional initiative in fostering a diverse workplace, Johan Mahmood Merican, CEO of TalentCorp, notes that from the survey findings, only 10% of the listed companies surveyed plan to enhance or implement Flexible Work Arrangements (FWA) within the year.

"It is disappointing that not more companies are making a greater effort to attract and retain talent. International experience has shown FWA to be effective in retaining talent and yet in Malaysia only a minority practise basic forms of FWA, such as staggered hours," says Johan.

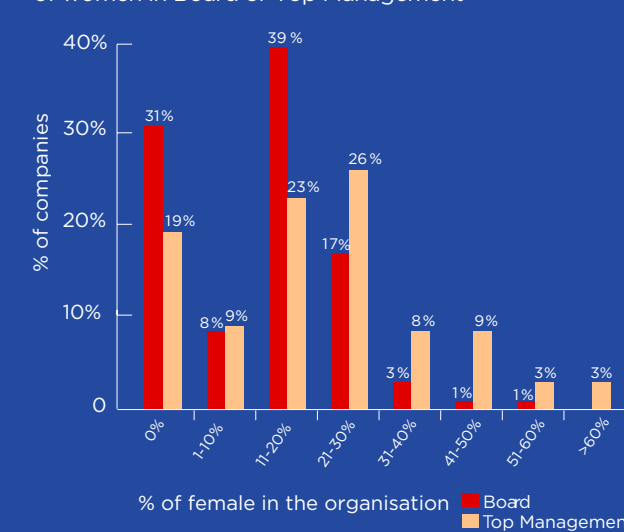
"Within the next year, only 5% of companies plan to enhance or implement better work-life practices by offering family-friendly facilities and another 10% plan to offer work-life benefits such as paternity leave and study leave."

Diversity disclosure

Gender composition by organisation levels



Distribution of companies based on representation of women in Board or Top Management

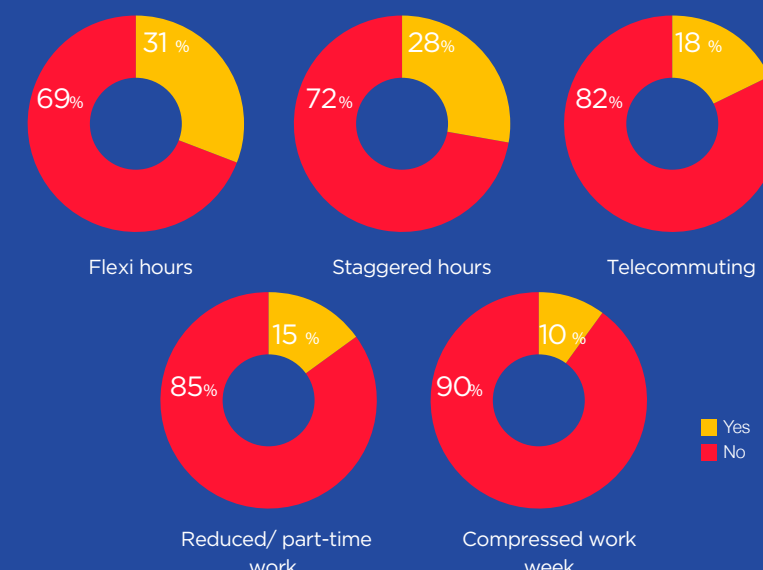


Work-life practices

Percentage of companies that offer flexible work arrangements (FWA)

Minority of companies surveyed have forms of FWA commonly practised internationally

For details on the different forms of FWA and case studies of how Malaysian employers have implemented them, visit: flexworklife.my



Percentage of companies with future plans to enhance or implement work-life practices

Only 10% of companies surveyed plan to enhance or implement work-life practices within a year

Source: TalentCorp-PwC Diversity in the Workplace 2015 Survey

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