International Journal of Business and Society, Vol. 20 No. 3, 2019, 968-983

GENDER BOARDROOM QUOTAS: A SURVEY OF MALAYSIAN CORPORATE DIRECTORS

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ABSTRACT

A number of countries have introduced gender boardroom quotas by which firms are required to appoint at least a certain number or proportion of women to their boards. Subsequently, the government of Malaysia, in 2011, introduced the policy of having at least 30 percent women on corporate boards. This study seeks the opinion of corporate directors on whether they are supportive of the policy. In addition, we examine if the characteristics of the respondents influence their opinion. A questionnaire survey was conducted on a sample of 84 directors who sit on the boards of listed companies in Malaysia. A majority of the respondents believe that there should not be any quota for both genders. Some of the respondents comment that it is not gender that matters; what is more important is the quality of individuals who sit on the board. We find that women are indifferent, while a majority of the men do not agree with the policy. In addition, directors who have a family relationship with any other directors tend not to favour the policy, compared to those who do not have any family relationship. We also find that a majority of the respondents do not agree that women directors could enhance firm financial performance and social responsibility activities; neither do a majority of them agree that women could curb unethical conducts. This study is important to the policymakers in that the results provide insights on the issue of whether the 30 percent quota is necessary.

Keywords: Gender boardroom quota, women directors, women on boards, gender diversity

Received: 8 August 2017
Accepted: 2 April 2019

1. INTRODUCTION

Many jurisdictions around the world realize the importance of the involvement of women in the top level decision-making, both in the government and corporate sectors. As far as the corporate sector is concerned, women can bring value to a firm. Some studies have shown that women are

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associated with better firm performance (e.g. Abdullah et.al., 2016; Erhardt et al., 2003; Nguyen & Faff, 2007; Smith et al., 2006), higher firm value (Ku Ismail & Abdul Manaf, 2016), and improved corporate social responsibility activities (Alazzani et al., 2017; Jia and Zhang, 2012; Marquis and Lee, 2013; Giannarakis et al., 2014). In addition, women are found to be less involved in unethical conducts, compared to men (Krishnan & Parsons, 2008; Srinidhi et al., 2011). Despite their substantial contribution in the economy, their significant presence in the labour market and institutions of higher learning of many jurisdictions around the world, women still lack behind in securing positions on corporate boards. In order to correct the imbalance, a number of countries have introduced quotas by which firms are required to appoint at least a certain number or percentage of women to their boards.

Norway has taken the lead by requiring firms to have at least forty percent of each gender on their boards of directors. The announcement was made in 2003, and was subsequently followed by Finland in 2005 and Spain in 2007. Later, in 2011, the government of Malaysia introduced the policy of having at least 30 percent women on corporate boards by 2016. However, the policy has no legal backing, and as in early 2016, the figure stood at only about 10 percent. In Malaysia, the introduction of the quota is premature, where many companies are not prepared for the change. Perhaps, the pool of potential female candidates may not be big enough for companies to select the right candidates from. Studies show that some improvements can be observed in countries where quotas have been implemented, even though at a slow pace. For example, in Norway, the percentage of women on boards rose from 6.8% in 2002 to 40.3% in 2010. In France, the percentage tripled from 10.7% in 2008 to 30.3% in 2014 (de Beaufort & Summers, 2014).

One debate that has been going on is whether gender boardroom director quotas (hereafter gender quota) should be implemented. It is argued that quotas can be an effective mechanism to improve gender equality when there is a lack of networking opportunities among women to help them reach the highest corporate rank. In the presence of discrimination, quotas can rectify the inequality by opening up the opportunity for capable women to help improve a business. On the other hand, quotas can be detrimental and will not go as planned when there is not enough talented women for companies to select. Since companies are forced to satisfy the quota, women of lesser calibre would be appointed to the board, resulting in lesser motivation for women to achieve their best as mediocre is thought to be sufficient to reach the boardrooms (Bertrand et al., 2014).

The aim of this study is to seek the opinion of listed Malaysian corporate directors on whether they support the 30 percent gender quota. We believe that the opinion of the directors would depend on their demographic background. As women is the focus of this study, whose worthiness and accomplishment are being recognized, it is expected that women are more likely than not to support the gender quota; opposition, if any are more likely to come from men. The phenomena of "glass ceiling" (Liu, 2013) and "old-boys network" are still profound in many culture, and Malaysia is no exception. We also believe that the presence/absence of family affiliation is associated with the directors' opinion.

Subsequently, this study examines if the characteristics of the respondents, namely gender, ethnicity, family affiliation, independence and age would influence their opinion. A questionnaire survey was conducted on a sample of 84 directors (38 men and 46 women) who sit on the boards of listed Malaysian companies as at the end of 2015.

Malaysia is an interesting jurisdiction for this study for various reasons. First, it is among the very few emerging countries that had introduced the gender quota. In fact, it is one of only 15 countries around the world, and one of four in Asia (together with India, UAE, and Israel) that introduced the quota (Terjesen & Sealy, 2016). Second, the introduction of the quota was without major resistance from companies and their stakeholders; at least if there are any, the resistances were not publicized. Being a country that can be categorised as having a high power distance according to Hofstede's (1984) culture dimensions, public and vocal resistance would be less likely. Thus, it would be very interesting to learn how directors feel about the new gender quota from a survey questionnaire. Third, many of the Malaysian firms are family-owned, in which family-directorship is common. Being a multi-racial country, the boards are also ethnically diverse. Thus, it would be interesting to examine if directors with different backgrounds have different opinions on gender quota. Finally, although studies have shown that women are able to improve firm performance and value in Malaysia (see for example Abdullah, Ku Ismail & Nachum, 2016, Abdullah and Ku Ismail, 2016, Ku Ismail & Abdul Manaf, 2016) none had actually sought the relevant parties' opinions on whether a gender quota on corporate boards is necessary.

This paper is structured as follows. First, we provide a literature on women on boards, and gender quotas implemented around the world and in Malaysia. We then proceed with the discussion of the methods used in this study. Next, we present our results and discussion. We end the paper with a conclusion section.

2. LITERATURE REVIEW

2.1. Gender Quotas around the World

From a corporate governance perspective, appointing individuals with different background, perspective, characteristics and experience to the boards would enhance boards' functioning (Deloitte, 2011). As stated in Liu (2013):

> "In today's fast-changing world, organizations need leaders who can be both hard and soft. As a result, the soft capabilities of women managers will play an increasingly important role. Women managers are capable of understanding the needs of stakeholders concerned with a changing environment and come up with solutions acceptable to all parties."

It is beneficial for companies to consider having a gender diverse board. This is because the leadership style and feminine characteristics that belong to women may complement men directors. Having women on a board of directors is assumed to increase board independence and monitoring (Abdullah et al., 2016; Adams and Ferreira, 2009). Further, women directors can complement men directors and bring different perspectives on the issues discussed (Konrad et al., 2008). Having women directors are supposed to benefit companies because they would make use all available resources that they have (Hoobler et al., 2011; Singh et al., 2008).

Currently, fifteen countries have introduced a policy with respect to gender boardroom quotas. Some of the policies are with sanctions (Norway, France, Italy and Belgium) and the rest are without (de Beaufort & Summers, 2014). Leading the list is Norway, whose announcement by the Minister of Trade and Industry in 2002 from his home was a shock to the country, including to his fellow cabinet (Terjesen & Sealy, 2016). According to Terjesen and Sealy, "The announcement was the first of its kind in the world – a government forcing businesses to ensure gender balance in boardrooms," Beginning from 2008, Norwegian public traded firms must have 40% of both genders on their boards, failing which would impose them with strict actions such as company dissolution and delisting. As in 2013, Norway had about 40% women on boards of directors.

In the Europe, Finland, Spain, Iceland and France also announced a 40% quota; however, except for in France, the quota was without sanctions. In France, fees will not be paid to the directors if companies do not comply. In Italy and Belgium, the quota is at 33% and the sanctions include fines, suspension of director benefits, and losing of directors' office. In Germany, there is a 30% quota, failing which the director's seat must be left vacant. Recently, in 2014, a quota of 50% was set in Greenland, Denmark, however without any sanctions. In Quebec, Canada, the announcement made in 2006 requires a 50% quota without any sanction for noncompliance. In Asia, countries that have quotas include Israel (50%), Malaysia (30%), UAE (at least one women), and India (at least one women); they are all without sanctions. In Africa, Kenya requires a 30% quota, without any sanctions (Terjesen & Sealy, 2016).

The approach taken by the U.K. in promoting board gender diversity was voluntary but organized and backed by the government. The initiative started when Lord Davies, the former chairman of Standard Chartered was asked by the UK Business Minister and Minister for Women, in 2010 to issue a report containing recommendations on how to increase women participation on corporate boards. The report recommends FTSE 100 companies to increase women representation on boards to 25% by 2015. It also urges the Financial Reporting Council to require companies to disclose boardroom diversity policies. There was a tremendous effect of the recommendation in which female representation on boards rose from 12.5% in 2011 to 20.6 in 2015%. Having achieved the target, the aim now is to extend this recommendation to FTSE 350 companies, whereby by 2020, the companies should have at least 33% women representation on boards (Cranfield University, 2015).

Although there appears to be a significant support for diversity initiatives in the United States, these efforts remain voluntary. Initiatives have not been taken to implement quotas or mandatory requirements related to gender diversity on corporate boards. Although the effect of voluntary approaches is not immediate, it is believed that the voluntary approaches, which will not give rise to controversial issues, could gain support in promoting gender diversity. However, improvements over the years are not considerable. In 2015, women held only 19.1% board seats for Fortune 500 companies, compared to 16.9% in 2013, and 15.7% in 2010 (Fortune, 2016).

2.2. Gender Quota in Malaysia

In Malaysia, the introduction of the quota started when a memorandum paper prepared by the Ministry for Women, Family and Community Development entitled "Policy on at Least 30 Per Cent Women at Decision Making Level in the Private Sector" was approved by the Cabinet in June, 2011. The A week later, on 27 June 2011, the Prime Minister announced the Cabinet's decision, specifically stating that companies are given a five-year transition period or until 2016 to achieve the target. The policy is aimed to open up opportunities to qualified women to become company directors. It was a continuation of the Policy of At Least 30 Per Cent Women in the Decision-Making Level in the Public Sector, announced in 2004, in which the achievement had been encouraging. In response to the new announcement, the Government allocated a fund to the NAM Institute for the Empowerment of Women (NIEW), formed under the Ministry for Women, Family and Community Development (MWFCD), to conduct activities under the Women Directors' Programme.

In a press conference, as reported by Bernama in Mysinchew.com (27 June 2011), The Prime Minister said:

> "I believe this is the way for us to appreciate the role of women in the context of our national development because the women's capability in handling key positions had been proven. I believe that the decision made by the Cabinet is also a 'landmark decision' which will change the participation of women in our country to a much higher level."

Later in the same year (2011), in his Budget 2012 speech, he explained that the 30% policy was implemented because the Government recognized the potential of women leadership and managerial skills. The policy did not come as a surprise because in his 2011 budget speech in October 2010, the Prime Minister had already spoke of his intention. He said, “I urge the private sector to provide opportunities for more women to hold posts at decision-making levels, particularly as board of directors and chief executive officers.” He added, “The Government will organise advanced management programmes for women with potentials to become members of the board of directors, intensify advocacy activities for greater participation of women in the corporate sector and develop a database of potential women directors,” (Oh, 2015)

The 30% policy is supported by various government agencies in the Finance Ministry, Attorney General Department, the Ministry of International Trade and Industry, Ministry of Domestic Trade, Cooperatives and Consumerism, the Economic Planning Unit and the Prime Minister Department. Prior to the presentation of the Memorandum to the Cabinet, the MWFCD had consulted various stakeholders in two occasions (18 Mac 2011 and 24 Mac 2011), including the Securities Commission, Malaysian Bourse, Central Bank, Permodalan Nasional Berhad, Companies Commission of Malaysia and Khazanah Nasional Berhad. The sessions were held with the objective of seeking their views, suggestions and consent on the new policy. The participants at the sessions believed that the new policy would increase women participation at the decision-making level in the private sector especially in the top management and the boards of directors. This initiative is important as the expertise, competitiveness and the leadership of women in Malaysia are optimized for the benefits of the companies, community and the nation. In addition, the new policy has targeted that it will be achieved by the private sector by 2016.

The MoWFCD through its agency NIEW has formulated a comprehensive Women Directors Programme which include among others, the Women Directors' Onboarding Training Programme and a Women Director's Registry. The Registry will serve several purposes. Besides capturing pertinent information of the skills and experience of professional women, it will also track the placement of board-ready candidates. Companies can also source for suitably qualified candidates for their boards through the Registry.

A total of 974 women participants has undergone the Women Director's Onboarding Training Programme between 2012 and 2014, which is designed to prepare potential and qualified women to fully understand their roles as board directors. They are equipped with critical skills to perform their roles effectively through the structured curriculum. This batch of potential women directors have also gone through a board simulation exercise to familiarize them with the real-life challenges of serving on boards.

2.3. Gender Diversity Disclosure in Malaysia

Following the gender policy announcement, the Malaysian Code of Corporate Governance (MCCG) 2012 recommends, “The board should establish a policy formalising its approach to boardroom diversity. The board through its nominating committee should take steps to ensure that women candidates are sought as part of its recruitment exercise. The board should explicitly disclose in the annual report its gender diversity policies and targets and the measures taken to meet those targets.” (MCCG 2012). However, companies are not penalized if they do not comply with the Code. Nevertheless, listed companies are required to disclose in the reports the extent of the compliance with the Code. Subsequently, the Bursa Malaysia requires listed companies to include in their annual report, a statement about the activities of the board’s nominating committee in discharging its duties, including among others, the policy on board composition with regard to gender diversity.

A cursory review of some of the listed companies’ 2015 annual reports shows that the degree of compliance with the disclosure requirements vary among companies. On one end, some companies are silent on the issue of gender diversity, and not a single word was written on it. On the other end, there are companies with policies on gender diversity. One company without any plan states:

> “The Board has no immediate plans to implement a diversity policy or target as it is of the view that board membership is dependent on each candidate’s skills, experience, core competencies and other qualities, regardless of gender, ethnicity, age and nationality”. In another report, a company states its future plan, “The Board, through the Nomination Committee will take steps to ensure that women candidates are sought as part of its gender diversity and recruitment exercise. Selection of women candidates to join the Board will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and contributions the candidate brings to the Board.”

Following is an example of what has been practiced by a company, “We adopted a Board Diversity Policy and launched the Women Inspirational Network (WIN) in an ongoing effort to support development, growth and retention of more women leaders. WIN will support professional development of leaders through exposure.”

The year 2016 has already passed by. Statistics show that most of the Malaysian companies are nowhere close to hitting the 30% target. As of 30 June 2016, NIEW reported that only 70 out of 815 (8.6%) companies made to the mark. It looks like Malaysian companies still have a long way to go.

As far as the individual companies are concerned, little is known about their views on the new policy. Unlike in some other countries such as Norway in which there was intense oppositions from companies, companies in Malaysia did not make any public opposition. Does this mean that they support the policy and believe that the target is achievable, or do they just ignore for the fact that they know that the policy has no legal backing? Because of the lack of information on how stakeholders (in our case the directors) feel about the quota, we believe that it is necessary to examine how they perceive about it. Specifically, we attempt to answer the following questions: i. Do directors support the 30% quota? and ii. Would directors with different backgrounds, such as gender, ethnicity, family affiliation, director independence and age have different opinions with respect to the quota?

2.4. Director Characteristics and Beliefs on Gender Diversity

The background of directors would influence the likelihood of women being nominated to the board. Directors also affect the corporate governance environment in which female directors serve (Abdullah et al., 2016). Thus, we believe that their background or characteristics would influence their preference for board gender diversity or quota. Among the noteworthy characteristics that we focus on in this study are gender, ethnicity, family affiliation, director independence and age.

We predict that women would be more likely to support gender quota because of the underrepresentation women at the top management level of companies, the glass ceiling phenomenon, and the “old boys network” mindset among men. Since the woman respondents are directors themselves, the likelihood of them to attract directors of the same gender is high. By being in the same team, the women directors would be able to voice out their opinions related to woman’s welfare better.

A large number of Malaysian companies are family-owned, and many of the directors serve on the boards of their family firms (Abdullah and Ku Ismail, 2013; Anderson and Reeb, 2003). This is to ensure that the firm owners have control over the firms (Claessens et al., 2000; Mok et al., 1992). According to Amran et al. (2014), 40% of the women directors in 2010 were serving on the boards of their family firms. A majority of them are either the spouse, sister or daughter of the other directors. It is argued that having family members on the board would strengthen a business and promote its growth because similar values are shared among the directors (Graves, 2007). It is also believed that companies are better monitored when there are controlled and managed by family members whose interests are similar. This in turn will lead to increased shareholders’ wealth and reduced agency costs (Al-Dubai et al., 2015; Pindado and Torre, 2006; Seifert et al.,2005). Thus, it is interesting to find out if family-affiliated directors have different views from other directors on gender quota.

Family firms that operate and listed on Bursa Malaysia are commonly owned by the Malaysian Chinese ethnic group. The Malay and Indian ethnic groups are less involved in family businesses. It is also argued that ethnicity influences people’s view of the world (Abdullah et al., 2016) as each ethnic group prefers to maintain their own identity (Al-Dhamari et al., 2016). Thus, we believe the views towards gender diversity can also be affected by ethnicity.

Another characteristic of board of directors that is often the subject of investigation is board independence. It is argued that independent directors would monitor management closely because they are not under the influence of management, and they tend to abide by the laws and regulations issued by authoritative bodies because any violation of the regulations would just create a negative perception among the outsiders towards them (Ishak & Yusof, 2013). Thus, we expect that director independence would influence the directors’ view on gender diversity.

The level of maturity and knowledge of an individual increase with age (Lausten, 2002). The vast knowledge and experience that one gathers as he or she grows older would influence his or her decision makings. The different social, economic and political environment that they were exposed to would also shape their attitude. Thus, we anticipate that the perception of respondents towards gender diversity and quota would vary with age.

3. METHODOLOGY

This study employs a questionnaire survey to seek the views of both female and male directors of Bursa Malaysia listed firms on the introduction of quota for women corporate directors in Malaysia. We believe that they are the best individuals to study because being the actors themselves, they know what is happening in the boardroom and aware of the boardroom politics. To have a balanced an unbiased opinion, it is necessary that both female and male directors are surveyed. We identified female directors by searching their names in all 815 listed companies' 2014 annual reports. We found that women occupied 613 of the board seats of 424 companies. Since some of them sat on more than one board, we ended up with 505 female directors. As for the men directors, we started by randomly selecting 400 companies. For each company, we randomly selected one director. A set of questionnaires was sent by post to each of the male and female directors in December 2015 and January 2016. We finally received 84 responses (46 women and 38 men), representing 9.2% (9.1% for women and 9.5% for men) of the sampling frame. Some were received after a follow-up. The low response rate is expected from the directors as they are busy people.

Besides asking their views on the quota, respondents were also requested to state their agreement with several beliefs about women directors. In addition, we also make use of an open-ended question to ask their views about the 30% policy. Finally, at the end of the questionnaire, we gathered the respondents' demographic information, namely gender, ethnicity, family affiliation, director's independence and age. These variables are chosen because they are commonly used in corporate governance studies (see for e.g. Abdullah et al., 2016; Ishak & Yusof, 2013) and respondents would not be reluctant to reveal the information. In examining the factors that may influence the respondents' views on the 30% quota, we conducted several chi-square tests.

4. RESULTS AND DISCUSSION

Table 1 exhibits the overall demographic information of the 84 respondents, and according to gender. Women make up 46 (54.8%) of our respondents. A majority of the respondents (45 or 53.6%) are from the Chinese ethnic background, followed by 33 (39.3%) Malays and 6 (7.1%) others. In terms of age, on the overall a majority of them are 50 years old and above; however, women respondents are younger compared to men. A majority of the respondents hold at least a Bachelor degree. In addition, 54.8% of the respondents possess a professional qualification.
We find 19% of the respondents have family affiliation with at least one of the directors. This is especially true for women, in which about one-third of them are related to the directors. Owners would appoint directors from among their family members to ensure that they have control over the firm (Claessens et al., 2000; Mok et al., 1992). Thus, it is common for family-owned firms to have women directors who are related to the controlling shareholders. Many Malaysian firms are family businesses, and appointing family members including women to the boards and

management is common among them (Abdullah and Ku Ismail, 2013; Anderson and Reeb, 2003). Abdullah et al. (2016) report that 44% of women directors of Malaysian firms have a family relationship with at least one other director. One advantage of having family members on the board is that the sharing of similar values can strengthen the business and facilitate future business development (Graves, 2007). Second, maintaining ownership and management in the hands of family members may lead to the convergence of interests and better monitoring of company operations, leading to increased shareholders' wealth and reduced agency costs (Al-Dubai et al., 2015; Pindado and Torre, 2006; Seifert et al.,2005).

Table 1: Demographic Information of Respondents

Demographic Characteristics	**Women (N=46)**		**Men(N=38)**		**Total Respondents(N=84)**	
	Response	**(%)**	**Response**	**(%)**	**Response**	**(%)**
Race:						
Chinese	28	60.9	17	44.7	45	53.6
Malay	15	32.6	18	47.4	33	39.3
Others	3	6.5	3	7.9	6	7.1
Age:						
Below 40	3	6.5	3	7.9	6	7.1
40 to 49	13	28.3	6	15.8	19	22.6
50 to 59	20	43.5	12	31.6	32	38.1
60 and above	10	21.7	17	44.8	27	32.2
Highest level of education:						
High School	0	0	2	5.3	2	2.4
Diploma	1	2.2	3	7.9	4	4.8
Bachelor Degree	25	54.3	19	50	44	52.4
Post-graduate	18	39.2	10	36.8	32	38.1
Professional	2	2.2	0	0	2	2.4
Professional Qualification:						
No	22	47.8	16	42.1	38	45.2
Accounting	11	23.9	13	34.2	24	28.6
Law	9	19.6	3	7.9	12	14.3
Professional engineer	0	0	3	7.9	3	3.6
Finance	2	4.3	1	2.6	3	3.6
Others	2	4.3	2	45.2	4	4.8
Family affiliation:						
Yes	15	32.6	1	2.6	16	19.0
No	31	67.4	37	97.4	68	81.0
Board committee membership:						
Audit Committee	23	50	18	47.4	41	48.8
Nomination Committee	15	32.6	19	50	34	40.5
Remuneration Committee	14	30.4	15	39.5	29	34.5
Risk Management Committee	14	30.4	10	26.3	24	28.6
Others	1	2.2	2	5.2	3	3.6

Designation:						
Independent non-executive	17	37	14	36.8	31	36.9
Non independent non-executive	13	28.2	13	34.2		31.0
Executive director	15	32.6	11	28.9	26	31.0

With regard to board committee memberships, audit committees attract the largest number of directors (48.8%), compared to other committees. The distribution among the types of directors (executive directors, independent directors, and non-independent non-executive directors) is fairly balanced. On the overall we find that the distribution of women directors according to the demographic variables is fairly consistent with its population, as observed in studies that examined the annual reports (Abdullah et al., 2016; Abdullah & Ku Ismail, 2016; Amran et al., 2015). Thus, finding can be generalized as the respondents are representative of the population.

Because many studies show that women directors could enhance firm financial performance, firm corporate social responsibility, as well as curb unethical conducts, we also seek their perceptions on these issues. The results, presented in Table 2 shows that a majority of the respondents do not agree with all the three beliefs. This means that a majority of the directors believe that firm performance, CSR activities and unethical conducts have nothing to do with gender.

Table 2: Perceptions on Firm Performance, CSR and Ethics

Perceptions	**N**	**Agree Freq. (%)**	**Disagree Freq. (%)**
Women on boards will improve firm performance.	84	36 (42.9)	48 (57.1)
Women on boards will improve firm corporate social responsibility (CSR) activities.	84	25 (29.8)	59 (70.2)
Women on boards will reduce unethical conducts.	84	29 (34.5)	55 (65.5)

Table 3 indicates that the respondents' support for the current policy of having 30% women on boards is not encouraging. On the overall, only 31 (36.9%) percent of the respondents support the policy, while 45 (53.5%) suggest that there should not be any quota at all. Six of them agree that women should be on boards, but the quota should be relaxed, and the number should not exceed the number of men. The remaining two directors did not state their opinion. The low support for the 30% quota by the respondents, even from women themselves, shows that authorities may face difficulties in achieving the target in the short run. By being women, we expect that they would be more likely to welcome the idea of having a quota for women directors. However, to our despair, only half of the women directors agree with the policy.

In the open-ended question, many of the respondents stated that it is not gender that matters; what is more important is the capability and competency of the individuals who sit on the board. As one of the respondents put it, "I do not agree with any sort of quotas being imposed. Appointment should be strictly based on merit." Another director commented, "Women must still be promoted based on merit and appointed to the board because of their capability and leadership." As added by another, "Tan Sri Zeti (the then governor of Bank Negara, the Malaysian central bank) and Tan

Sri Zarinah (the previous Chairman of the Malaysian Securities Commission) got to where they were because they were capable, and gender was not an issue."

Table 3: Opinion towards Policy on Women Representation on Boards

Opinion	Women		Men		Total	
	Freq.	%	Freq.	%	Freq.	%
I am in favour of the government policy of having at least 30% women on boards, without a cap or limit on the maximum.	23	50.0	8	21.0	31	36.9
There should not be any quota for both genders.	20	43.5	25	69.8	45	53.5
Companies should have at least one woman director.	1	2.2	3	7.9	4	4.8
Companies should have at least one, but not more than 30% women.	1	2.2	0	0	1	1.2
Companies should have at least 30%, but not more than 50% women.	1	2.2	0	0	1	1.2
No opinion	0	0	2	5.3	2	2.4
Total	46	100	38	100	84	100

One of the directors argued tha promoting women to the boards should not be by coercion. He added that the more effective method is to change the mindset of men towards accepting women's ability in leadership roles. The appointment should not be gender bias. While the 30% target is commendable to some, they felt that we should not be overly focused on targets. Another director expressed, "The important thing is to promote a culture of strong corporate governance and active participation by directors, i.e. board members who challenge management for the good of the company, rather than merely being rubber stamps." Another director states, "Let the market force takes care of itself. Some of my companies have much more women than men selected by their talents and not by design."

Although women directors are valuable, (by their nature of being vocal and meticulous, for example) and can complement men directors, some argue that it is not the right time yet to impose the 30 percent policy. One of the reasons stated is that companies find it hard to find suitable candidates. This is especially true for male-dominated industries, such as manufacturing and technology. There is a lack of women professionals that can fit into these sectors of the economy. Another reason is that most women are not willing to take up the appointment as company directors. "May be more women are not aiming high and do not upgrade their own capability, talent and knowledge," says a director. "Most women after 50 years of age are contented with their lives and not willing to take another risk or assignment, especially being a director under those who are ambitious," commented another. The perception that women's ability to focus on the job due to family commitment and occasional long maternity leave is another important reason that would slow down the progress of reaching the 30% target.

In analysing the factors that may affect their views, we run chi-square tests, the results of which are shown in Table 4. We examine if the characteristics of the respondents, such as gender, age, family affiliation, and director independence influence their opinion. As expected, men are more likely than women to disagree with the 30% policy. While women are indifferent, a majority of the men do not agree with the policy. This signals that the "think leader, think male" stereotype, and the "old-boys network" way of perceiving women still exist. Our findings is in line with that of Hoobler et al. (2011) who investigated the issue of "think leader, think male" stereotype and found that they are alive and well.

Table 4: Gender Policy and Respondents' Background

Panel A: Gender							
	Male		**Female**				**Chi-Sq**
	Freq.	%	Freq.	%			Sig.
Support	8	21.1	23	50			
Do not support	30	78.9	23	50			0.006***
Total	38	100	46	100			
Panel B: Ethnicity							
	Malays		**Non-Malays**				**Chi-Sq**
	Freq.	%	Freq.	%			Sig.
Support	13	39.4	18	35.3			
Do not support	20	60.6	33	64.7			0.704
Total	33	100	51	100			
Panel C: Family affiliation							
	Family affiliated		**Non-family affiliated**				**Chi-Sq**
	Freq.	%	Freq.	%			Sig.
Support	3	18.8	28	41.2			
Do not support	13	81.2	40	58.8			0.094*
Total	16	100	68	100			
Panel D: Independence							
	Independent		**Non-independent**				**Chi-Sq**
	Freq.	%	Freq.	%			Sig.
Support	14	45.2	17	32.1			
Do not support	17	54.8	36	67.9			0.230
Total	31	100	53	100			
Panel E: Age							
	Below 50		**50 - 59**		**60 and above**		**Chi-Sq**
	Freq.	%	Freq.	%	Freq.	%	Sig.
Support	10	40.0	13	40.6	8	29.6	
Do not support	15	60.0	19	59.4	19	70.4	0.635
Total	25	100	32	100	27	100	

Note: *Significant at 10, **Significant at 5%, ***Significant at 1%

In addition, we find that directors who have a family relationship with any of the directors tend not to favour the policy, while those who do not have any family relationship tend to be indifferent. This is expected because boards managed by family members are more likely to pursue firm-specific agendas, and thus would want to see that their boards are mainly comprised of family members. In a family business, the sharing of similar values can strengthen the business and facilitate future business development (Graves, 2007). Management by family members will result in the convergence of interests and better monitoring of firms, leading to reduced agency costs and increased shareholders' wealth (Al-Dubai et al., 2015; Pindado & Torre, 2006; Seifert et al., 2005). Thus, family businesses would be less likely to welcome outsiders. Since the pool of potential female family directors would potentially be small as compared to the men's pool, the chance is that the company would appoint a family woman director who is less qualified (Abdullah and Ku

Ismail, 2013). Otherwise, women from outside the family have to be appointed. Thus, it is more likely that family directors would oppose to the idea of having a gender quota. Other characteristics, namely ethnicity, board member independence, and age, appear not to be associated with the directors' opinion.

Next, we also test if the directors' perceptions about the influence of women on firm performance, CSR activities and ethical conducts would influence their opinion on gender quota. We find that there is a difference in opinion between directors who agree that women will improve firm performance and those who do not agree (see Table 5). Those who agree that women will improve form performance are indifferent in supporting the policy. However, those who disagree that women will improve firm performance are very much likely to oppose the quota. The chi-square is significant at the 5 percent level. This can be interpreted that since they believe that women will not outperform men in enhancing firm performance, women should be treated the same as men. Thus, there should not be a quota for women. The other two perceptions (on CSR activities and ethical conducts) however are not associated with directors' support for the quota.

Table 5: Gender Policy and Respondents' Beliefs

Panel A: Women will improve firm performance					
	Agree		**Do not agree**		**Chi-Sq**
	Freq.	%	Freq.	%	Sig.
Support quota	18	50.0	13	27.1	
Do not support quota	18	50.0	35	72.9	0.031**
Total	36	100	48	100	
Panel B: Women will improve firm CSR					
	Agree		**Do not agree**		**Chi-Sq**
	Freq.	%	Freq.	%	Sig.
Support quota	10	40.0	21	35.6	
Do not support quota	15	60.0	38	64.4	0.702
Total	25	100	59	100	
Panel C: Women will reduce unethical conducts					
	Agree		**Do not agree**		**Chi-Sq**
	Freq.	%	Freq.	%	Sig.
Support quota	12	41.4	19	34.5	
Do not support quota	17	58.6	36	65.5	0.537
Total	29	100	55	100	

Note: *Significant at 10, **Significant at 5%, ***Significant at 1%

This study is important to the policy makers in that it provides better insights on the issue of whether the 30 percent quota is necessary. As many of the directors feel that companies are not ready with the 30 percent quota, the government should not make the policy mandatory. Malaysia is not ready for legislative rules with respect to gender quotas and as such, no sanctions of any kind should be imposed, at least in a few years to come. Meanwhile, the requirements as outlined by the MCCG and Bursa Malaysia Listing Requirements should be observed by companies in order to promote capable and talented women to the boards. By doing so, companies would feel that it is their responsibility to ensure that women are given equal rights in reaching the upper echelon. Gender diversity can be a tool to change the mind-set of men towards accepting women as leaders.

Authoritative bodies should come up with strategies that would educate, convince and assist companies in achieving the target.

5. CONCLUSION

This study uses a questionnaire survey to seek the opinion of Malaysian listed company directors on whether they support the 30% gender quota introduced in 2011. We provide evidence that the quota is not well received, especially from the male directors. In addition, the directors who have a family relation with any of the directors are more likely to disagree with the policy. A majority of the directors believe that gender does not matter in becoming a director; what is more important is the capability and merit of the directors. The findings lead us to suggest that Malaysian companies are not ready for the quota; thus, any intention to make it mandatory will not work well for most parties. The pool of highly capable and aspiring women is small for companies to choose from. In order to avoid a backfire in which companies may have to choose women who are not as capable as expected when the former are forced to, it is better not to impose any penalties. A voluntary quota may help drive companies to plan and increase their efforts at achieving the 30% target. Companies will have to start grooming their talented women executives, and authorities will have to educate the business community so that they are ready for the transition. At the same time, more relevant and effective trainings should be conducted. Aspiring women should equip themselves with the necessary knowledge and skills so that they are seen by companies who are seeking for women candidates. This study is limited in a sense that it is not able to unveil richer views of respondents on how they feel about the gender quota. We suggest that future studies will employ a face-to-face interview in order to obtain a richer data. However, this study contributes significantly in that it gives significant inputs to various parties, especially the policymakers, companies, potential women directors and researchers.

ACKNOWLEDGEMENT

We wish to thank Universiti Utara and the Ministry of Education of Malaysia (via the Fundamental Research Grant Scheme) for funding this research.

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