

# Women on Boards: Hang Seng Index 2009



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## ACKNOWLEDGEMENTS

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“Community Business is delighted to partner with Cranfield School of Management to publish this first **Women on Boards: Hang Seng Index 2009** report. This research looks at the representation of women on the corporate boards of Hong Kong's top companies, as listed on the Hang Seng Index with a view to highlighting the importance of gender diversity.

As a leader in corporate social responsibility, Community Business believes that gender diversity is critical – not just in terms of ensuring equal opportunities, but because a greater diversity of perspectives and thinking is essential to business success. This link between business success and greater gender diversity has been proved in much international research and is further discussed in this report.

Women make up nearly half the workforce in Hong Kong (47.1%<sup>1</sup>) and are important consumers of goods and services. With women on their boards, businesses are better able to reflect and better positioned to serve not just their customers but their employees and shareholders too. Gender diversity is therefore good for business.

This report is based on the UK's reputable **Female FTSE Report** which has been published every year since 1999 by Cranfield School of Management. We are grateful to our colleagues at Cranfield School of Management for sharing their methodology and analysing the data as well as for the insights that they have provided on corporate governance internationally.

Our research has highlighted that 8.9% of board positions on the Hang Seng Index are held by women. Community Business congratulates the 47 women who hold these positions. They have demonstrated an enormous achievement to reach these levels and are making a large contribution - both to their own companies and the wider economy of Hong Kong.

However, there is clearly considerable scope for improvement. One-third of companies listed on the Hang Seng Index have no women represented on their boards. Barriers of various kinds - whether they be institutional or personal, visible or invisible - clearly exist.

In interviewing a selection of these female directors – all remarkable women, we have sought to uncover some of these issues. We have also sought to understand their views on the representation of women at board level in Hong Kong and what more they think can be done to encourage and support the many women who we hope will follow in their footsteps.

We hope this research will act as a catalyst in encouraging companies in Hong Kong – not just those listed on the Hang Seng Index, to think about the importance of gender diversity in their organisations, particularly at the most senior levels. If companies in Hong Kong are to address the challenges of the global economic recession and we are to maintain Hong Kong's position as 'Asia's World City', we need to address this issue. We need to ensure the most talented individuals, representing a diverse range of perspectives take up the seats in our boardrooms – ultimately that means opening the doors to more women.”



**Shalini Mahtani, MBE**  
Founder & Advisor to the Board  
Community Business



**Kate Vernon**  
Acting CEO & Head of International  
Community Business



"Standard Chartered has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. As one of the world's most international banks, employing over 70,000 people representing 125 different nationalities, diversity and inclusion is at the heart of our values and a distinctive element of our brand.

At Standard Chartered, we strive to be recognised as a leader in gender diversity and we are delighted to sponsor the new report, 'Women on Boards: Hang Seng Index 2009'. This report has been compiled by Community Business in partnership with Cranfield School of Management.

For the first time, the research from this report identifies the number of women holding positions on the boards of leading companies listed on the Hong Kong Stock Exchange, namely the Hang Seng Index. This study shows that almost two-thirds of the companies have female representation on their boards, but in all, women account for less than 9% of the total number of directorships.

Standard Chartered is proud to support this work which both demonstrates the progress that has already been made and provides a better understanding of what more can be done. Given the impact of corporate governance on business performance, we encourage all companies to consider the representation of their boards and work towards achieving greater diversity and in turn, success."

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## EXECUTIVE SUMMARY

This inaugural **Women on Boards: Hang Seng Index 2009** report looks at the representation of women on the corporate boards of Hong Kong's top companies, as listed on the Hang Seng Index (HSI). It ranks the companies in terms of the gender diversity of their boards, with those with the highest percentage of women on their boards appearing at the top. The report also examines the general topic of gender diversity on the boards of the HSI by presenting the findings of interviews with nine female directors of HSI companies.

### Top Ranking Companies

A full table showing the ranking of the companies listed on the HSI in terms of the gender diversity of their boards is shown in the **Women on Boards League Table: HSI 2009** on pages 8 and 9. At the top of the list is China Construction Bank Corporation which has five women (29.4%) on its board of 17. Bank of China Ltd is second with three women (20.0%) on its board of 15 and Cheung Kong (Holdings) Ltd is third with four women (19.1%) on its board of 21. China Life Insurance Company Ltd, China Resources Power Holdings Company Ltd and MTR Corporation Ltd are all in fourth place, each with two female directors (18.2%) on their boards of 11.

### Key Findings

Looking at the overall findings, the first year of this research reveals that out of a total of 585 directorships on the HSI, 52 directorships are held by women. This represents 8.9%. These directorships are held by 47 different women. This percentage is comparable to Australia (8.3%) but lower than the UK (11.7%), US (14.5%) and Canada (15%). Out of the total of 42 companies listed on the HSI, 28 companies (66.7%) have women on their boards - which means conversely 14 companies (33.3%) have no female representation at all.

Comparing Hong Kong's results with those of the UK (where this study has been conducted looking at the FTSE 100 companies for over a decade), there are some encouraging findings. Out of the total of 42 companies listed on the HSI, 15 companies (35.7%) have more than one female director, 13 companies (31.0%) have female executive directors and 7.0% of all executive director roles are held by women. Of all new appointments made in 2009 (as of 24 August 2009), 12.7% were women. All these percentages are in line with, or compare favourably with the UK FTSE 100. In addition, one company (Sun Hung Kai Properties Ltd) has a female Chair and one company (Hang Seng Bank Ltd) has a female CEO.

Table 1: Positive Findings Compared to UK FTSE 100

	HSI	FTSE 100*
Companies with more than one female director	35.7%	39%
Companies with female executive directors	31.0%	16.0%
Executive director roles held by women	7.0%	4.4%
New female appointments in 2009	12.7%	10.7%
Companies with a female Chair	1	2
Companies with a female CEO	1	5

\*Data taken from The Female FTSE Report 2008

However, looking at these percentages more objectively, and comparing with other markets such as the US and Canada, the numbers are more disappointing. For 8.9% of all board positions to be held by women is a low percentage by any standard. It is clear that women are under-represented in the boardrooms of Hong Kong's leading companies and that Hong Kong, like other geographies, has some way to go to address the imbalance.

### Key Trends

In examining the representation of women on the boards of the HSI, a number of key trends can be observed:

- companies with female executive directors are more likely to have multiple female directors and a higher percentage of women on board;
- companies in the financial sector perform best in terms of gender diversity;
- companies with larger board sizes tend to have more women on their boards;
- women were on average two years younger than the men holding board positions (56.3 years compared to 58.4 years).

### Women Directors Speak

Community Business has compiled this section based on the experiences of nine out of the 47 women (19.0%) who sit on the boards of the HSI companies. These interviews revealed important findings with respect to their general views regarding women on boards as well as their own personal experiences.

### General Views Regarding Women on Boards

Whilst the women were divided about whether companies on the HSI think about the gender diversity of their boards, the majority of women were surprised by the high level finding of this research (which shows that the overall percentage of directorships being held by women is 8.9%) saying that this was lower than they expected. The women came up with various reasons for this low percentage. The most commonly cited reasons were the limited talent pool (perceived or actual), Hong Kong's male dominant society and the so-called 'invisible filter' - a process whereby women themselves opt out of senior roles because of family obligations. They also highlighted that women tend not to be as well networked as men and therefore often do not get considered for appointments to board positions.

The majority of women agreed with the statement that more needs to be done – mainly by companies rather than government, to encourage greater participation of women on boards. However, all but one were opposed to the introduction of legislation or quotas – an approach adopted by some countries in Europe. They highlighted that what was needed was more education and awareness about the importance of diversity on boards and its link with business success. What was clear from most of these women was that they do not want, or expect, preferential treatment. One woman however, suggested that Hong Kong listed companies follow best practice laid out by the Hong Kong government which has set out that 25% of the composition of public service committees should be women.

The women identified a number of skills that they believed were required to be a board director, with a focus on integrity and commitment, in-depth industry knowledge, senior management experience and the ability to bring a broader perspective to the business. They were unanimous in their belief that a pool of qualified female talent existed in Hong Kong and that women in Hong Kong were interested in board roles, highlighting that they had worked alongside other very qualified women particularly on not-for-profit and public committees.

The women were relatively optimistic in their views about how the participation rate of women on boards of HSI companies might change over the next five years. The women's predictions ranged from 9% to 20%. Greater awareness and discussion of this topic through reports such as this were seen to be a good catalyst in driving this change.

### Personal Experiences of Being a Female Director

Interestingly most of the women we interviewed had not always had aspirations to be a board director and all those who held non-executive director roles had been invited to take up the role rather than actively seeking it. When asked about what factors they believed had helped them be appointed, half of the women cited the importance of community involvement, stating how this had played a role in widening their network, enhancing their skills and raising their public profile. Many mentioned the fact that they had broad sector experience and a good track record of performance. Some of the women mentioned the role that having a good mentor had played and the importance of personal connections.



## EXECUTIVE SUMMARY

In terms of both the challenges they faced and the unique contribution that they make as a woman, it is interesting to observe that many of the women were keen to make the point that the issues were not specific to their gender. However it is also interesting to note that their comments at different stages of the interview revealed that gender differences do indeed come into play, working mainly against them rather than for them.

With regard to challenges for example, a few women alluded to the fact that family responsibilities could hinder one's career (although less so by the time you reached board level as children tended to be older) whilst a couple of women talked about how being a minority woman could be a lonely experience and you had to work harder to get your views heard, including working through male colleagues.

In terms of unique contributions that women made to the board, almost all of the women referenced attributes commonly associated with women such as seeing things differently, being more sensitive to situations – particularly with regard to people matters, as well as having more attention for detail and the ability to resolve issues and build relationships.

The women shared a number of approaches that can be adopted by companies to improve the participation rate of women on boards as well as sharing what they had done personally to encourage other women to follow in their footsteps. They encouraged companies to understand that there is a business case for gender diversity, to focus on recruiting female talent by working with search firms to identify top female talent and appointing more women to middle and senior management.

A few of the women felt that the government should be a role model and take steps to promote greater participation of women both within government and outside. One suggested that government should look at providing more and better care for the aged so more women could accept senior positions, including board positions.

As women in senior positions themselves they shared examples of coaching and mentoring other women. However only one or two of them had used their role on boards' committees to raise questions related to gender diversity, and this was of the company, rather than at the board level. They gave some words of advice to women who aspire to be board directors and there was an overriding theme: to be successful nothing can replace hard work and simply being good at what you do.



# WOMEN ON BOARDS LEAGUE TABLE:

HSI 2009

## WOMEN ON BOARDS LEAGUE TABLE: HSI 2009

Rank	% of Women	Board Size	No. of Women	Company	Female Directors (Executive Directors highlighted in bold)	Chair
1	29.4%	17	5	CHINA CONSTRUCTION BANK CORPORATION 中國建設銀行股份有限公司 (H)	Elaine LA ROCHE, LI Xiaoling (李曉玲), Jenny SHIPLEY, WANG Shumin (王淑敏), <b>XIN Shusen (辛樹森)</b>	GUO Shuqing (郭樹清)
2	20.0%	15	3	BANK OF CHINA LTD 中國銀行股份有限公司 (H)	HONG Zhihua (洪黃志華), HUANG Danhan (黃丹涵), HUANG Haibo (黃海波)	XIAO Gang (肖鋼)
3	19.1%	21	4	CHEUNG KONG (HOLDINGS) LTD 長江實業(集團)有限公司	HUNG Siu Lin Katherine (洪小蓮), <b>PAU Yee Wan Ezra (鮑綺雲)</b> , WONG Yick Ming Rosanna (王葛鳴), <b>WOO Chia Ching Grace (吳佳慶)</b>	LI Ka Shing (李嘉誠)
4	18.2%	11	2	CHINA LIFE INSURANCE COMPANY LTD 中國人壽保險股份有限公司 (H)	<b>LIU Yingqi (劉英齊)</b> , ZHUANG Zuojin (莊作瑾)	YANG Chao (楊超)
4	18.2%	11	2	CHINA RESOURCES POWER HOLDINGS COMPANY LTD 華潤電力控股有限公司 (R)	CHEN Xiaoying (陳曉穎), <b>WANG Xiaobin (王小彬)</b>	SONG Lin (宋林)
4	18.2%	11	2	MTR CORPORATION LTD 香港鐵路有限公司	CHENG Yu Wah Eva (鄭汝樺), FANG Meng Sang Christine (方敏生)	CH'EN Kuo Fung Raymond (錢果豐)
7	17.7%	17	3	SWIRE PACIFIC LTD 太古股份有限公司	Lydia Selina DUNN, LEUNG KO May Yee Margaret (梁高美懿), YANG Mun Tak Marjorie (楊敏德)	Christopher PRATT
8	15.8%	19	3	THE PING AN INSURANCE (GROUP) COMPANY OF CHINA LTD 中國平安保險(集團)股份有限公司 (H)	LI Zhe (黎哲), LIN Lijun (林麗君), <b>WANG Liping (王利平)</b>	MA Mingzhe (馬明哲)
9	15.4%	13	2	BOC HONG KONG (HOLDINGS) LTD 中銀香港(控股)有限公司 (R)	YANG TSAO Linda (楊曹文梅), ZHANG Yanling (張燕玲)	XIAO Gang (肖鋼)
9	15.4%	13	2	HUTCHISON WHAMPOA LTD 和記黃埔有限公司	<b>CHOW WOO Mo Fong Susan (周胡慕芳)</b> , LEUNG KO May Yee Margaret (梁高美懿)	LI Ka Shing (李嘉誠)
11	14.3%	14	2	CHINA MOBILE LTD 中國移動有限公司 (R)	<b>HUANG Wenlin (黃文林)</b> , <b>XIN Fanfei (辛凡非)</b>	WANG Jianzhou (王建宙)
11	14.3%	14	2	COSCO PACIFIC LTD 中遠太平洋有限公司 (R)	FAN HSU Lai Tai Rita (范徐麗泰), <b>SUN Yueying (孫月英)</b>	CHEN Hongsheng (陳洪生)
11	14.3%	21	3	HSBC HOLDINGS PLC 匯豐控股有限公司	Safra CATZ, Rona FAIRHEAD, Rachel LOMAX	Stephen GREEN
14	13.3%	15	2	HANG SENG BANK LTD 恆生銀行有限公司	<b>LEUNG KO May Yee Margaret (梁高美懿)</b> , SIT KWAN Yin Ping Dorothy (薛關燕萍)	CH'EN Kuo Fung Raymond (錢果豐)
15	11.1%	9	1	FOXCONN INTERNATIONAL HOLDINGS LTD 富士康國際控股有限公司	GOU Hsiao Ling (郭曉玲)	CHIN Wai Leung Samuel (陳偉良)
16	10.5%	19	2	HENDERSEN LAND DEVELOPMENT COMPANY LTD 恆基兆業地產有限公司	<b>FUNG LEE Woon King (馮李煥琮)</b> , LEE Pui Ling Angelina (李王佩玲)	LEE Shau Kee (李兆基)
17	10.0%	10	1	HANG LUNG PROPERTIES LTD 恆隆地產有限公司	CHEN Lok Yee Laura (陳樂怡)	CHAN Chichung Ronnie (陳啟宗)
17	10.0%	10	1	LI & FUNG LTD 利豐有限公司	<b>LEUNG Wai Ping Annabella (梁慧萍)</b>	FUNG Kwok King Victor (馮國經)
19	8.3%	12	1	THE WHARF (HOLDINGS) LTD 九龍倉集團有限公司	<b>LEE Yuk Fong Doreen (李玉芳)</b>	WOO Kwong Ching Peter (吳光正)
20	7.7%	13	1	CHINA OVERSEAS LAND & INVESTMENT LTD 中國海外發展有限公司 (R)	FAN HSU Lai Tai Rita (范徐麗泰)	KONG Qingping (孔慶平)

(H) H-Share (R) Red Chip <sup>2</sup>

## WOMEN ON BOARDS LEAGUE TABLE: HSI 2009

Rank	% of Women	Board Size	No. of Women	Company	Female Directors (Executive Directors highlighted in bold)	Chair
20	7.7%	13	1	HONG KONG EXCHANGES AND CLEARING LTD 香港交易及結算所有限公司	CHA Laura M (史美倫)	Ronald Joseph ARCULLI
22	7.1%	14	1	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD 中國工商銀行股份有限公司 (H)	LI Chunxiang (李純湘)	JIANG Jianqing (姜建清)
22	7.1%	14	1	NEW WORLD DEVELOPMENT COMPANY LTD 新世界發展有限公司	KI Man Fung Leonie (紀文鳳)	CHENG Yu Tung (鄭裕彤)
24	6.3%	16	1	HONGKONG ELECTRIC HOLDINGS LTD 香港電燈集團有限公司	<b>CHOW WOO Mo Fong Susan</b> (周胡慕芳)	FOK Kin Ning Canning (霍建寧)
25	5.9%	17	1	CATHAY PACIFIC AIRWAYS LTD 國泰航空有限公司	ZHANG Lan (張蘭)	Christopher PRATT
26	5.6%	18	1	BANK OF COMMUNICATIONS COMPANY LTD 交通銀行股份有限公司 (H)	CHA Laura M (史美倫)	HU Huaibang (胡懷邦)
26	5.6%	18	1	SUN HUNG KAI PROPERTIES LTD 新鴻基地產發展有限公司	KWONG Siu Hing (鄺肖卿)	<b>KWONG Siu Hing</b> (鄺肖卿)
28	5.0%	20	1	CLP HOLDINGS LTD 中電控股有限公司	TSUI LAM Sin Lai Judy (徐林倩麗)	Michael KADOORIE
29	0.0%	8	0	CHINA SHENHUA ENERGY COMPANY LTD 中國神華能源股份有限公司 (H)		ZHANG Xiwu (張喜武)
29	0.0%	8	0	TENCENT HOLDINGS LTD 騰訊控股有限公司		MA Huateng (馬化騰)
31	0.0%	9	0	ALUMINIUM CORPORATION OF CHINA LTD 中國鋁業股份有限公司 (H)		XIONG Weiping (熊維平)
31	0.0%	9	0	ESPRIT HOLDINGS LTD 思捷環球控股有限公司		Heinz Jürgen KROGNER-KORNALIK
31	0.0%	9	0	THE HONG KONG AND CHINA GAS COMPANY LTD 香港中華煤氣有限公司		LEE Shau Kee (李兆基)
34	0.0%	11	0	CHINA UNICOM (HONG KONG) LTD 中國聯合網絡通信(香港)股份有限公司 (H)		CHANG Xiaobing (常小兵)
34	0.0%	11	0	CNOOC LTD 中國海洋石油有限公司 (R)		FU Chengyu (傅成玉)
34	0.0%	11	0	SINO LAND COMPANY LTD 信和置業有限公司		NG Chee Siong Robert (黃志祥)
37	0.0%	14	0	CHINA MERCHANTS HOLDINGS (INTERNATIONAL) COMPANY LTD 招商局國際有限公司 (R)		FU Yuning (傅育寧)
37	0.0%	14	0	PETROCHINA COMPANY LTD 中國石油天然氣股份有限公司 (H)		JIANG Jiemin (蔣潔敏)
39	0.0%	15	0	CHINA PETROLEUM & CHEMICAL CORPORATION 中國石油化工股份有限公司 (H)		SU Shulin (蘇樹林)
40	0.0%	16	0	CHINA RESOURCES ENTERPRISE LTD 華潤創業有限公司 (R)		QIAO Shibo (喬世波)
41	0.0%	17	0	CITIC PACIFIC LTD 中信泰富有限公司 (R)		CHANG Zhenming (常振明)
42	0.0%	18	0	THE BANK OF EAST ASIA LTD 東亞銀行有限公司		LI Kwok Po David (李國寶)

(H) H-Share (R) Red Chip <sup>2</sup>

# INTRODUCTION

### Background

Community Business has long championed the role of women in the corporate arena in Asia. From the publication of one of its earliest reports *Women Leaders in Hong Kong*<sup>3</sup> to the more recent launch of the first Gender Diversity Benchmark for Asia<sup>4</sup>, Community Business has presented the case that women have an essential contribution to make to business but remain under-represented at senior levels of their organisations. In the UK and other countries the dearth of women at the top has been highlighted by studies benchmarking the proportion and type of female directors on the boards of the country's top organisations<sup>5</sup>. With a lack of female representation at senior levels, companies are not only denying their organisations of valuable talent, but also limiting their ability to reflect the needs and interests of their customers and shareholders and therefore restricting their financial performance.

To date, the focus of Community Business' diversity work has been primarily on multinational companies operating in the region - with a call to business leaders to implement global diversity policies in all the regions in which they operate in line with local sensitivities. This is the first time that Community Business has taken a look at Hong Kong's own leading companies, as listed on the Hang Seng Index and focused on the representation of women on corporate boards in particular.

To undertake this pioneering piece of research, Community Business has partnered with the leading expert on female representation on boards, Cranfield School of Management. As the authors of the renowned *Female FTSE Report* in the UK for over a decade, this academic institution has led the discussion on women in boards in the UK and influenced both the business community and UK government to address it as an issue of concern. Cranfield School of Management has also looked at women on boards in Jordan, Tunisia and Norway. Its International Centre for Women Leaders is unique in focussing its research, management development and writing on gender diversity at leadership level.

### Diversity of Corporate Boards

The focus on corporate boards is timely. Following the corporate scandals and financial failing of several major institutions across the world and the consequent collapse of share values and a global recession, questions are being asked internationally about the validity of traditionally homogenous boards of directors. There is a growing body of academic evidence linking diverse boards to better corporate governance and various other aspects of performance. In Iceland after the collapse of several financial institutions, the government overhauled the corporate boards with a majority of female directors. In Norway, since January 2008 every organisation quoted on the Oslo stock exchange must now have at least 40% of each gender on its board. In Spain the government has given companies listed on the IBEX until 2014 to ensure 40% female representation on their boards, and at the time of writing this report, the French government was proposing a similar gender equality bill for French companies listed on the CAC stock exchange. The argument is that a balanced board made up of individuals who are able to represent and reflect the diverse views of a company's stakeholders, be it on the grounds of gender or otherwise, is critical to sound decision making and the ability to exercise objective judgement – fundamental roles of the board.

This report presents the current picture of women on the boards of the top organisations in Hong Kong as listed on the HSI. The aim is to raise awareness of gender diversity at board level as a business issue and encourage business leaders to think about the compositions of their boards so that they may more accurately reflect the marketplaces and stakeholders that they serve. It is hoped that this study will be repeated in future years, becoming a regular benchmarking tool to monitor the progress of women's careers in corporate Hong Kong. It is also hoped that similar indices will be carried out in other countries within the region.

# CORPORATE GOVERNANCE AND COMPOSITION OF BOARDS

In looking at the representation of women on boards and promoting the value of diversity, it is useful to have some understanding of local corporate governance and in particular the rules relating to board composition.

## International Trends

In the USA and UK after the corporate scandals of the late 1990s involving companies such as Enron and WorldCom, attention was drawn to the importance of governance of corporate boards. Scrutiny turned to the composition of these boards and outputs such as the Sarbanes-Oxley Act (2002) in the US and the Cadbury Report (1992) and Higgs Review (2003) in the UK made some strong recommendations. Some of the main recommendations concerning individuals on the board that have effected changes on the UK FTSE 100 companies were that:

1. the Chair and CEO roles should not be held by the same individual;
2. the proportion of executive versus independent non-executive roles should be readdressed, with a balance or majority of the latter; and
3. there should be more diversity within the board directors.

The concept of 'diversity' is generally used to refer to the inclusion of different demographic groups in the workplace. Dimensions of diversity include age, gender, ethnicity, disability, religion or sexual orientation. They constitute groups that have been systematically disadvantaged and under-represented particularly in the most senior levels of the workplace. In Canada and the USA, some of these are 'protected groups' and are covered by affirmative action or equality of employment laws. In public appointments in the UK, there are now targets for all new appointments to be filled by 50% women, 14% people with disabilities and 11% ethnic minorities, reflecting the population percentages in the country. Research has shown that diverse backgrounds and work experiences lead to better decision-making<sup>6</sup>, greater innovation, and increased corporate governance<sup>7</sup>.

Companies on the UK FTSE 100 have heeded the first of Higgs' recommendations and today only one organisation has a board with a joint Chair/CEO role. This is disapproved of by the business community generally and motivated negative shareholder activism at the company's most recent annual general meeting. In Austria, Finland, Germany, Netherlands and Sweden the roles are always split, but in France and Spain the roles are still often combined. In these economies it is believed to be contrary to best practice to have the former CEO move to the Chair role, as this could tie the hands of the new CEO and inhibit change.

The balance of executive versus non-executive roles has also been seriously affected on UK FTSE 100 boards. The number of executive directorships today is 323, and has declined year on year this decade, down from 645 in 1999. In tandem the number of UK FTSE 100 non-executive director positions has risen from 610 to 750. Also in line with Higgs recommendations, the proportion of independent non-executive directors (with no previous employment or other vested interest in the company) has increased. Today 86% of FTSE 100 non-executive directors are deemed to be independent.

## Developments in Hong Kong

In terms of corporate governance, Hong Kong has been strongly influenced by these international developments and particularly those in the UK. However in general Hong Kong has taken a more conservative approach. As the Asian Corporate Governance Association states on its website<sup>8</sup>:

"Hong Kong enjoyed the distinction of being the first place in Asia to produce an official code of best practice - and the only market with one before the Asian crisis. It released its code in 1993, inspired in large part by the publication of the Cadbury Report in the UK the previous year. The code formed Appendix 14 of the Stock Exchange Listing Rules. The code had another distinguishing feature: it was Asia's shortest (just

over a page), most narrowly focussed (relating mainly to board meetings and director behaviour) and least ambitious corporate governance code.”

Following the Asian financial crisis in 1997/8 steps were taken to modify listing rules in Hong Kong. However, it was not until November 2004 (later than both Malaysia and Singapore) that the Stock Exchange of Hong Kong introduced a detailed Code on Corporate Governance Practices. This included both code provisions that companies are expected to comply with and recommended best practices. This Code is seen to be a big improvement on the earlier Code of Best Practice, but is still viewed as falling short in many respects of international standards<sup>9</sup>. Two of the code provisions are of particular interest in the discussion of board composition<sup>10</sup>:

### 1. Separation of Chair and CEO

“There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of the issuer’s business. There should be a clear division of these responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.”

The code provision says: the roles of chair and chief executive officer should be separate and should not be performed by the same individual.

### 2. Independence of Boards

“The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.”

The code provision says: every board should have at least three independent non-executive directors on their board of directors, one of which at least must have appropriate professional qualifications or accounting or related financial management expertise.

However, in reality these provisions continue to be a challenge in Hong Kong. On the HSI, 13 of the 42 companies (31%) have joint Chair/CEO roles, all of which are held by men. All companies on the HSI comply with the second provision highlighted - indeed according to this research 59.6% of all non-executive director roles are described as independent on their corporate websites. However the subject of true independence continues to be contested by many commentators in Hong Kong for various reasons. These include factors such as the high concentration of family or state controlled businesses, the dominance of major shareholders and generally weak definitions of what it means to be independent.

By way of setting the context for our further examination of the composition of the boards and the representation of women, Table 2 shows the overall composition of the boards of the HSI in terms of executive and non-executive roles as well as highlighting the proportion of independent non-executive directorships. The equivalent numbers for the UK FTSE 100 are also shown to provide an international comparison.

Table 2: Composition of Boards

	HSI Companies 2009	FTSE 100 Companies 2009*
Executive Directors	214 (36.6%)	323 (30.1%)
Non-Executive Directors (NEDs)	371 (63.4%)	750 (69.9%)
Total Directorships	585	1073
<b>Number of NEDs that are Independent<sup>11</sup></b>		
Independent NEDs	221 (59.6%)	645 (86%)

\*Financial Times Stock Exchange (UK) (data taken 24 August 2009)

## METHODOLOGY

This research looks at the representation of women on the boards of Hong Kong's leading companies as listed on the Hang Seng Index (HSI). The HSI is a freefloat-adjusted market capitalisation-weighted stock market index in Hong Kong. It includes the largest and most liquid stocks listed on the Main Board of the Stock Exchange of Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong. As of August 2009 there were 42 HSI constituent stocks in total and these 42 companies represented approximately 65%<sup>12</sup> of capitalisation of the Hong Kong Stock Exchange<sup>13</sup>. These companies formed the focus of this study.

The methodology for this research was modelled on that of the UK's Female FTSE Report. Data for Part 1 of this report, **Women on Boards** was collated primarily from publically available sources. These included corporate websites, annual reports and internet searches. The data was also cross-checked against David Webb's (of webbsite.com) proprietary database, particularly with regards to: age of directors, new appointments and the number of directorships the individuals hold on other Hong Kong primary listings. The data was collected by Community Business and entered into spreadsheets with a cut off date of 24 August 2009. It should be noted that the data does not reflect changes – either preannounced or otherwise, after that date.

Cranfield School of Management analysed the data supplied by Community Business, using SPSS software for detailed statistical analysis. This involved correlation analyses to examine relationship variables and the use of t-tests where appropriate to check if means were statistically significantly different.

For Part 2 of this report, **Women Directors Speak**, Community Business conducted interviews with a number of female directors. Letters were sent to all of the 47 female directors identified, inviting them to take part in a research interview or to submit a written survey using the same interview questions. One survey was completed and eight women agreed to provide telephone interviews. Between them these nine women hold 12 of the total 52 director roles (23%) on the HSI held by women. Three of the women interviewed hold executive director roles (highlighted in bold) whilst seven of the women hold non-executive director roles (NED), of which seven of these roles are described on their corporate websites as independent (INED). The names of the female directors, listed in alphabetical order by family name are detailed in Table 3.

Table 3: Female Directors Whose Experiences Informed This Research

Female Director	Company	Role
CHA Laura M ( 史美倫 )	Bank of Communications Company Ltd Hong Kong Exchanges and Clearing Ltd	NED INED
CHEN Lok Yee Laura ( 陳樂怡 )	Hang Lung Properties Ltd	INED
FANG Meng Sang Christine ( 方敏生 )	MTR Corporation Ltd	INED
KI Man Fung Leonie ( 紀文鳳 )	New World Development Company Ltd	NED
Elaine LA ROCHE	China Construction Bank Corporation	INED
<b>LEUNG Wai Ping Annabella ( 梁慧萍 )</b>	Li & Fung Ltd	ED
<b>LEUNG KO May Yee Margaret ( 梁高美懿 )</b>	Hang Seng Bank Ltd Hutchison Whampoa Ltd Swire Pacific Ltd	ED INED INED
WONG Yick Ming Rosanna ( 王葛鳴 )	Cheung Kong (Holdings) Ltd	INED
<b>XIN Fanfei ( 辛凡非 )</b>	China Mobile Ltd	ED

All the women were asked the same set of questions which can be found in Appendix 2 of this report. Seven of the eight telephone interviews were conducted in English and one telephone interview was conducted in Mandarin. The written survey was completed in English. All interviews were transcribed – and for the one conducted in Chinese, translated into English. Interviews took place between 24 August and 12 October 2009 and the written survey was received by Community Business on 19 October 2009.



# PART 1: WOMEN ON BOARDS

## 1.1 PROFILE OF HSI COMPANIES

As of 24 August 2009, there were 42 companies listed on the HSI. The index is broken into four sub-indices: Hang Seng Finance Sub-Index, the Hang Seng Utilities Sub-Index, the Hang Seng Properties Sub-Index and the Hang Seng Commerce and Industry Sub-Index. The distribution of companies across these sub-indices is shown in Chart 1. In addition there are 11 Hang Seng industry classifications. These include: conglomerates, consumer goods, energy, financials, industrial goods, information technology, materials, properties and construction, services, telecommunications and utilities and the distribution of the companies across these industries is shown in Chart 2<sup>14</sup>.

Chart 1: Distribution of HSI Companies by Sub-Index

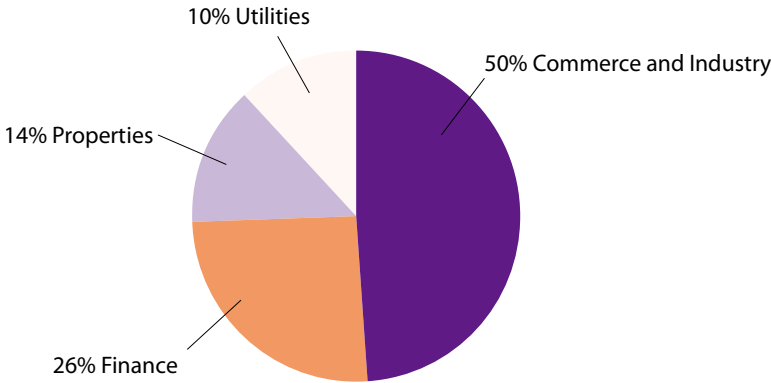
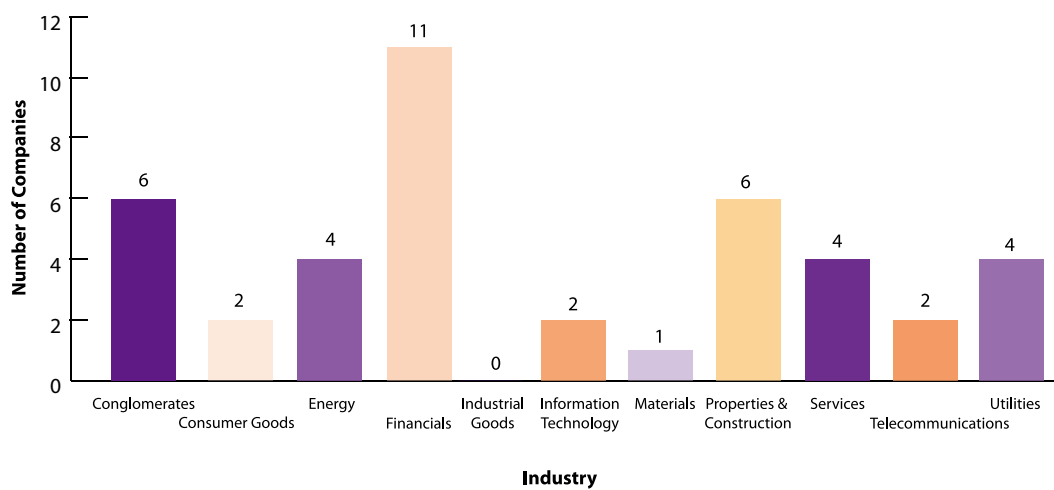


Chart 2: Distribution of HSI Companies by Industry Classification



In understanding the profile of the companies that are the focus of this research, it is worth noting that there are different types of companies listed on the HSI: Hong Kong Issuers, Mainland (China) Issuers and Overseas Issuers. Mainland Issuers are further broken down into Red Chips and H-Shares, the main distinction being where the companies are incorporated: Hong Kong or the People's Republic of China (PRC). These different types of issuers and the distribution of the HSI Companies according to these classifications are detailed in Table 4.

Table 4: Types of Companies Listed on HSI

Type of Issuer	Control	Incorporated	Headquartered	No. of Companies on HSI
Hong Kong Issuers				
	Hong Kong	Hong Kong*	Hong Kong	19 (45.2%)
Mainland Issuers				
Red Chips	PRC	Hong Kong	Hong Kong	11 (26.2%)
H-Shares	PRC	PRC	PRC	10 (23.8)
Overseas Issuers				
	Overseas	Overseas	Overseas	2 (4.8%)
Total				42

\* Also includes some companies incorporated in Bermuda or the Cayman Islands.

As Table 4 indicates, at the time of this report there were 19 Hong Kong Issuers, 21 Mainland Issuers (including 11 Red Chips and 10 H-Shares) and two Overseas Issuers (Esprit Holdings Ltd and HSBC Holdings Plc) listed on the HSI. With exactly half (50.0%) of companies being Mainland Issuers and therefore China-controlled it was interesting to look for trends in the findings relating to this variable. However, no statistically significant differences were found, in terms of numbers of women on the boards of Hong Kong Issuers versus Mainland Issuers.

It should be noted that whilst companies incorporated in Hong Kong (Hong Kong Issuers and Red Chips) have a single unitary board, those incorporated in China (H-Shares) have a 'supervisory board' as well as a board of directors (China's company law borrows from Germany). However the main boards of the companies in China are structured much the same way as the unitary boards in Hong Kong and include both executive and non-executive directors (whereas German boards are made up only of executive management). For the purpose of this research, we have looked at the composition of the main boards as these are what were featured on the companies' corporate websites.

## 1.2 HSI COMPANIES WITH FEMALE DIRECTORS

Of the 42 companies listed on the HSI, 28 (66.7%) companies have women on their corporate boards either in executive director or non-executive director positions, whether deemed independent or not. Companies with more than one female director number 15 (35.7%), but in contrast almost as many, 14 companies (33.3%) still have all male boards. As this is the first such study of HSI companies we can only report on the contemporary situation and are unable to comment on how static or dynamic these figures may be. We hope in future to be able to monitor an increase in the number of women on boards.

In top place for 2009, the first ranking, is China Construction Bank Corporation, with five of its 17 board members (29.4%) being female (see **Women on Boards Ranking Table: HSI 2009** on pages 8 and 9). Four women hold non-executive directorships and one woman holds an executive directorship. Bank of China Ltd comes second with three women out of 15 (20.0%) board members, again all of whom are non-executive. In third place is Cheung Kong (Holdings) Ltd, with 19.1% female board directors. Two of its female directors hold non-executive positions, but two hold executive directorships. Cheung Kong (Holdings) Ltd is one of only two companies with two female executive directors (the other is China Mobile Ltd). In joint fourth place, with 18.2% female representation are China Life Insurance Company Ltd, China Resources Power Holdings Company Ltd, and MTR Corporation Ltd. China Life Insurance Company Ltd, China Resources Power Holdings Company Ltd and MTR Corporation Ltd all have two out of 11 female board members, one each of whom holds an executive role in China Life Insurance Company Ltd and China Resources Power Holdings Company Ltd. Swire Pacific Ltd, in seventh place with 17.7%, has three non-executive directors on its board of 17. The Ping An Insurance (Group) Company of China Ltd is in eighth place with 15.8%, three women on its board of 19, one of whom has an executive role. And a further two companies, BOC Hong Kong (Holdings) Ltd and Hutchison Whampoa Ltd, are in joint ninth with 15.4%, two women each on a board of 13. One of the women at Hutchison Whampoa holds an executive directorship.

## PART 1: WOMEN ON BOARDS

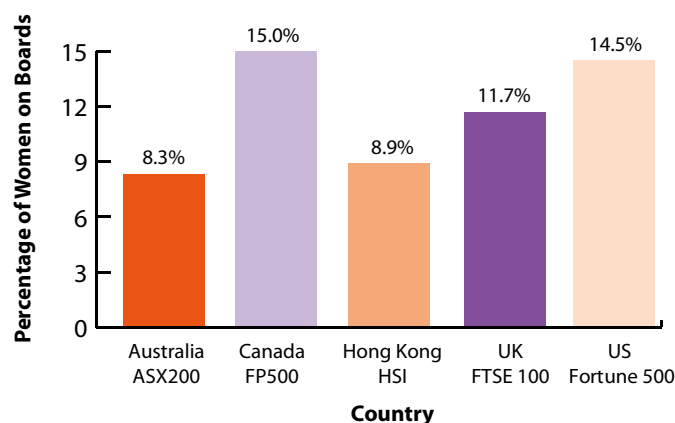
Two other companies are worthy of particular mention. Sun Hung Kai Properties Ltd is the only company on the HSI with a female Chair, KWONG Siu Hing ( 鄺肖卿 ) and Hang Seng Bank Ltd is the only company with a female CEO, LEUNG KO May Yee Margaret ( 梁高美懿 ).

Table 5: Gender Diversity of Boards of HSI Companies

Key gender diversity numbers in 2009	No.	%
Total number of directorships	585	
Total female held directorships	52	8.9%
Total number of executive directorships	214	
Female executive directorships	15	7.0%
Total number of non-executive directorships	371	
Female non-executive directorships	37	9.9%
Number of women holding HSI directorships	47	
Companies with female executive directors	13	31.0%
Companies with at least one female director	28	66.7%
Companies with multiple female directors	15	35.7%
Companies with no female directors	14	33.3%

As can be seen from Table 5, a total of 52 out of 585 directorships on the HSI corporate boards are held by women. This gives a percentage of 8.9%. This represents an improvement on a similar study conducted by the Equal Opportunities Commission a decade ago in 1999 which found that women made up less than 5% of Boards of the 33 companies that made up the Hang Seng Index<sup>15</sup>. This figure is also similar to the figure for private sector organisations on the Australian ASX 200 (8.3% in 2009). However, this figure is considerably lower than those for the UK FTSE 100, US Fortune 500, and Canada FP500 (respectively 11.7%, 14.5%, and 15.0%). It should also be noted that the figures from other countries are for a larger number of listed companies, and it is known that the larger the listing considered, the lower the figures get (i.e. the figures for the UK's FTSE 250 are worse than those of the FTSE 100<sup>16</sup>, and likewise for the US's Fortune 1000 compared to the Fortune 500).

Chart 3: Percentage of Women On Boards – An International Comparison



### 1.2.1 HSI Companies with Female Executive Directors

An interesting finding in this report is the number of executive directorships held by women. In many respects this can be viewed as a true measure of diversity within an organisation, as it indicates that the corporate environment is such that women have successfully risen up through the organisation to reach board level. By contrast, appointing women to non-executive roles is sometimes easier to do and can be regarded as a quick fix to improving the gender diversity of boards. However, external appointments are also often more susceptible to the vagaries of a subjective appointment process, with all the pitfalls of stereotyping and unconscious bias.

Out of a total of 214 executive director positions, 15 are held by women, representing 7.0%. This compares favourably with the UK FTSE 100 where only 4.8% of all executive directorships are held by women. This may be affected by the differing composition of FTSE 100 and HSI boards (see earlier section on Corporate Governance and Composition of Boards).

Thirteen out of the 42 companies (31.0%) listed on the HSI have female executive directors. Again this compares favourably with the UK FTSE 100 where only 16% of companies had female executive directors. Also of interest is that 12 out of the 13 companies who have female executive directors are ranked in the top 20. In other words, companies with female executive directors are also more likely to have multiple female directors and a higher percentage of women on their board. It is not possible to comment on the direction of causality – i.e. which came first – but there does appear to be link.

Table 6: Profile of 13 Companies on HSI with Female Executive Directors

Rank	Company	% Female Board	Total Female Directors	Female Executive Directors	Sector	Total Board Size
1	China Construction Bank Corporation	29.4%	5	1	Finance	17
3	Cheung Kong (Holdings) Ltd	19.1%	4	2	Properties	21
4	China Life Insurance Company Ltd	18.2%	2	1	Finance	11
4	China Resources Power Holdings Company Ltd	18.2%	2	1	Utilities	11
8	The Ping An Insurance (Group) Company of China Ltd	15.8%	3	1	Finance	19
9	Hutchison Whampoa Ltd	15.4%	2	1	Commerce and Industry	13
11	China Mobile Ltd	14.3%	2	2	Commerce and Industry	14
11	COSCO Pacific Ltd	14.3%	2	1	Commerce and Industry	14
14	Hang Seng Bank Ltd	13.3%	2	1	Finance	15
16	Hendersen Land Development Company Ltd	10.5%	2	1	Properties	19
17	Li & Fung Ltd	10.0%	1	1	Commerce and Industry	10
19	The Wharf (Holdings) Ltd	8.3%	1	1	Commerce and Industry	12
24	Hongkong Electric Holdings Ltd	6.3%	1	1	Utilities	16

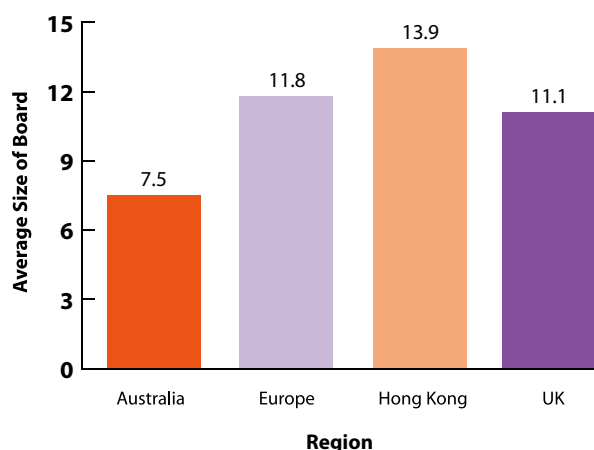
The number of HSI companies with multiple female directors is 15 (35.7%). This is a not dissimilar figure to the UK (39%) and higher than Canada (29%). This is an important figure as evidence from Canada, Norway and Iceland suggests that it is only once a critical mass of women in the boardroom is reached - with three or more believed to be the tipping point – that real culture change, away from a male dominated ‘macho’ environment, can occur<sup>17</sup>.

### 1.2.2 Characteristics of HSI Companies with Female Directors

It is of interest to consider various characteristics of the HSI companies and note any differences at an organisational level between those that have women on their boards and those companies that do not.

The size of the board is one striking characteristic of the HSI companies. Compared to other countries that have the same unitary board system, boards are bigger in the HSI companies than many other countries - see Chart 4. Companies on the HSI have an average of 13.9 directors. Although opinions vary on the positives and negatives of large or small boards, this compares to 11.1 directors on FTSE 100 boards, or the considerably smaller ASX 200 boards in Australia, which have an average of just 7.5 directors. Across Europe corporate board size has reduced from an average of 13.5 to 11.8 members in the past decade<sup>18</sup>. In the HSI companies the board size ranged from 8 (China Shenhua Energy Company Ltd and Tencent Holdings Ltd) to 21 (HSBC Holdings Plc and Cheung Kong (Holdings) Ltd). Five of the six smallest boards (8 or 9 directors) have no women on their boards and there is a statistically significant difference ( $p < .05$ ) between the board sizes of companies with (14.8 directors) or without (12.1 directors) women on their boards. This is consistent with findings in other countries that link bigger board size to having women on the board. This also suggests that women are added to an already established board, rather than replacing a male board member.

Chart 4: Size of Board – An International Comparison



Another focus of comparison is market capitalisation, with those companies with female board directors having substantially larger market capitalisation<sup>19</sup>. Within the HSI, although the average market capitalisation of those with women was HK\$26.4 billion, and those without was HK\$11.5 billion<sup>20</sup>, the difference is not statistically significant. However, this may be because of the small sample size. Interesting to note is that there was a lot of variance in the market capitalisation size between the companies with women, but much less variation between those without – they were consistently smaller. There is a correlation between the number of women on the board and the market capitalisation, but the data do not infer causality. See Table 7.

Table 7: Average Market Capitalisation of HSI Companies

HSI Companies	Average Market Capitalisation
With at least one woman on the board	HK\$26.4 billion
With no women on the board	HK\$11.5 billion

### 1.2.3 HSI Companies - Sector Comparisons

As already highlighted in section 1.1 of this report, companies listed on the HSI are classified under four broad sector categories: Commerce and Industry, Finance, Properties and Utilities. Of the 42 companies, exactly half of the companies (21) are in the category of Commerce and Industry and they are spread relatively evenly throughout the ranking. Eleven of the 42 companies are in the Finance sector, seven of whom are in the top 20 of companies ranked, thus suggesting that Finance as a sector is performing better in terms of diversity. However, this may be affected

less by the nature of the work and more by the diversity standards operating in other global finance firms, following previous litigation in the US and UK. Learning from their international peers, the HSI financial companies may adopt policies and practices observed elsewhere. The six companies in the Properties sector were also spread evenly across the ranking, but only one of the four Utilities firms was in the top 20.

## 1.3 HSI FEMALE DIRECTORS

### 1.3.1 Women in the Top Roles

It is encouraging to see a number of women holding top executive positions - see Table 8. With 15 out of a total of 214 executive directorships (7.0%) being held by women, this is a better figure than on the UK FTSE 100 (4.8%), but not as high as Canada (9.5% in 2007). Given that executive positions hold more corporate power and are generally regarded as a prerequisite to obtaining a Chief Executive Officer (CEO) role, we would still hope to see an increase in this figure in the future. Hang Seng Bank Ltd has the distinction of being the only company on the HSI with a female CEO, LEUNG KO May Yee Margaret (梁高美懿).

We checked to see if there was a difference in the ages of the Chairs and CEOs in the companies with female executive directors compared to those without, to see if the presence of female executive directors was about a younger more progressive approach, but it was not significant. There were some younger Chairs (e.g. 46, 53 years), but there were also some octogenarians. Neither did the presence of female executive directors appear to be related to the sector, with a spread of Commerce and Industry, Finance, and Properties sectors similar to that of the companies with women on their boards. All the female executive directors were ethnically Chinese. We also looked to see if there were any obvious family connections. Another country which has a higher proportion of female executive directors is Tunisia (10%). In this and other countries where large businesses are often family owned, the importance of education and family connections is key. Business families educate and develop the women in the family to look after the future of the business, and do so by giving them directorships<sup>21</sup>. However from data available in the English language on websites this appeared to be the case only for one female executive director, FUNG LEE Woon King (馮李煥琮), sister of the Chairman of Hendersen Land Development Company, where there are seven family members on the board. We understand that other female directors on the boards of the HSI may have family connections but did not find obvious references to this on their websites.

What will also be of interest to follow in subsequent years is what type of executive roles the women have – unfortunately, we did not have the data for seven of the women. From this year's available data we note that there were two women holding Chief Financial Officer roles: SUN Yueying (孫月英) (COSCO Pacific Ltd) and WANG Xiao Bin (王小彬) (China Resources Power Holdings Company Ltd).

Table 8: HSI Companies with Women in Top Roles

Company	Top Roles Held by Women
Hang Seng Bank Ltd	Chief Executive Officer & Vice Chairman
Hendersen Land Development Company Ltd	Treasurer of Parent Company
China Mobile Ltd	Two women: Both Executive Directors
Cheung Kong (Holdings) Ltd	Two women: Executive Director & Divisional Director
COSCO Pacific Ltd	Chief Financial Officer
China Resources Power Holdings Company Ltd	Chief Financial Officer
Hutchison Whampoa Ltd	Deputy Group Managing Director
The Wharf (Holdings) Ltd	Executive Director & Divisional Managing Director
Li & Fung Ltd	Executive Director & Regional Managing Director
China Life Insurance Company Ltd	Board Secretary & Vice President
Hongkong Electric Holdings Ltd	Executive Director
The Ping An Insurance (Group) Company of China Ltd	Executive Director
China Construction Bank Corporation	Executive Director

## PART 1: WOMEN ON BOARDS

### 1.3.2 Women Holding Multiple Directorships in HSI Companies

Forty-seven women hold 52 directorships on the HSI. This means some women hold more than one directorship. There has been some debate over the past few years about the pros and cons of corporate board members holding multiple directorships in various companies, but the academic research on this matter appears inconclusive. Distinctions need to be made between the 'career non-executive director', and those who have a full-time executive position plus one non-executive director position. There is a belief that 'busy directors', those with many board seats are more likely to be absent from board meetings. However, in the UK executive directors are actively encouraged by a number of Chairs to obtain a non-executive directorship in another leading organisation, as a developmental opportunity.

Within the HSI, by far the majority (91.5%) of women hold just one directorship. However, three women hold two directorships - FAN HSU Lai Tai Rita ( 范徐麗泰 ), CHA Laura M ( 史美倫 ) and CHOW WOO Mo Fong Susan ( 周胡慕芳 ). Mrs Chow's situation is unusual in that she holds two executive directorships. Hongkong Electric Holdings Ltd (HEH) and Hutchison Whampoa Ltd are both members of the Cheung Kong Group. HEH is a subsidiary of Cheung Kong Infrastructure Holdings, which was 84.6% owned by Hutchison Whampoa Ltd, in which Mrs Chow works as a Deputy Managing Director. Only one woman has three directorships within the HSI, LEUNG KO May Yee Margaret ( 梁高美懿 ).

However, given the small number of companies on this exclusive HSI listing, we also considered primary listed companies on the Hong Kong Stock Exchange. As Table 9 shows, over a quarter of the women (25.5%) also hold seats in other primary listed companies. Again, Mrs Chow is highlighted for holding seven such directorships. This is substantial, and in addition to her executive responsibilities.

Table 9: Multiple Directorships Held by Women

Listing	1 Seat	2 Seats	3 Seats	4 Seats	7 Seats
HSI	43 (91.5%)	3 (6.4%)	1 (2.1%)	0	0
Primary Listed Companies on Hong Kong Stock Exchange <sup>22</sup>	35 (74.5%)	6 (12.8%)	4 (8.5%)	1 (2.1%)	1 (2.1%)

### 1.3.3 HSI Female Directors – Age and Tenure

The women are on average two years younger than the men holding board positions (56.3 years compared to 58.4 years) - see Table 10. As in other countries, the executive directors have younger average ages than the non-executive directors. For the women these were 54.8 and 56.9 years respectively. What is interesting is the size of the age difference in the male sample. The average age of a male executive director was 52.1 years and a male non-executive director was on average 61.0 years. This may be influenced by a cluster of much older male directors – 18 of whom are octogenarians and one is aged 92. This may be a product of family ownership and also a culture which is reverent of its older citizens.

In looking at the tenure of the individuals on boards, we looked at the year they were first appointed to a board position in the company whatever capacity rather than the year they were appointed to their most current role. Women's average tenure on the board was 5.4 years, with a range of 0-27 years. Men's average was 8.1 years, with a wider range of 0-42 years on boards.

Table 10: Age and Tenure

2009	Age			Tenure on Board
	All	EDs	NEDs	All
Men	58.4 years	52.1 years	61.0 years	8.1 years
Women	56.3 years	54.8 years	56.9 years	5.4 years

### 1.3.4 HSI Directors - Ethnicity and Nationality

Diversity on boards has been shown in some Western economies to be a good thing in terms of producing innovation and creativity, reducing 'group think' and ensuring better corporate governance. The benefits of diversity do not just apply to gender but also to ethnicity and nationality<sup>16</sup>. However, making comparisons from similar benchmarking exercises in the US and UK (Catalyst and Female FTSE reports) is complex due to varying definitions of 'ethnicity'. Complexity in global markets provides a compelling argument for a diverse board in terms of the richness of experience, and international diversity is one way of achieving this. This argument becomes even stronger when companies have significant non-national revenues or operations abroad.



It was not possible to gather data on nationality – and indeed this can be misleading in Hong Kong as someone may be born and bred in Hong Kong but also hold an international passport, for example, a British or Canadian passport. Instead we have looked at ethnicity in very broad terms, that is whether the individual board members were ethnically Chinese or not ethnically Chinese.

Looking first at the overall profile of the companies, 36 (85.7%) of the HSI companies have Chairs who are ethnically Chinese, whilst six companies (14.3%) have Chairs who are not ethnically Chinese. This aligns to 37 ethnically Chinese CEOs (88.1%) and five not ethnically Chinese CEOs (11.9%). See Table 11.

These percentages are reflected throughout the HSI. For the women, 41 women (87.2%) are ethnically Chinese and six women (12.8%) are not ethnically Chinese. Of the not ethnically Chinese, three women are from Britain (6.4%), two from the USA (4.3%) and one from New Zealand (2.1%). Interestingly, none of the not ethnically Chinese women are from any of the other Asian countries.

Whilst it is quite different for the men, where 75.7% are ethnically Chinese and 24.3% are not ethnically Chinese, these numbers are largely skewed by the fact that 18 of HSBC Holding Plc's board of 21 people are not ethnically Chinese.

The majority of companies on the HSI have boards made up of predominantly ethnically Chinese individuals. Twelve companies (28.6%) have all ethnically Chinese directors. These companies may be at the early stages of internationalising their business and the composition of their boards reflects this.

The following companies buck the trend with high percentages of ethnically not Chinese board members: HSBC Holdings Plc (86%), CLP Holdings Ltd (65%) and Swire Pacific Ltd (58%), closely followed by Tencent Holdings Ltd (50%), Cathay Pacific Airways Ltd (47%) and Hongkong Electric Holdings Company Ltd (44%).

On closer examination, CLP Holdings Ltd is distinguished as the company with the most diverse board in terms of ethnicity and nationality. Of the 20 people on its board, 13 are not Chinese in ethnicity and represent a range of nationalities including: Belgian, British, Spanish and Swiss.

Table 11: HSI Directors – Ethnically Chinese v. Not Ethnically Chinese

	Chinese	Non-Chinese
Chairs	36 (85.7%)	6 (14.3%)
CEOs	37 (88.1%)	5 (11.9%)
Female Directors	41 (87.2%)	6 (12.8%)
Male Directors	355 (75.7%)	114 (24.3%)

### 1.3.5 New HSI Director Appointments in 2009

Eight women have been newly appointed to director positions in the HSI so far in 2009 (as at 24 August 2009). This is already an increase on 2008 when there were just seven new female directors appointed.

However, there have also been 55 new male directors appointed this calendar year, meaning that out of a total of 63 new appointments, just 12.7% have gone to women. At this slow rate of change it will take many decades to reach any sort of gender parity on the HSI boards. Directors are appointed to board positions for a number of years, and as seen above tenure can be enduring. This is why in other countries, such as the UK, emphasis has been placed on the altering figures of the “flow” of new directors, as opposed to just focusing on the figures relating to the “stock” of current directors. For example, the UK government has introduced measures aimed at appointing 50% of all new public appointments to women.

Table 12: New Appointments in 2009\*

	2009
New female appointments	8
New male appointments	55
Total new appointments	63
Female % of new appointments	12.7%

\* As of 24 August 2009

## PART 2: WOMEN DIRECTORS SPEAK

The findings in this section are based solely on the experiences of nine of the 47 women on the boards of the HSI companies who agreed to take part in this research. Community Business conducted telephone interviews with eight of the female directors and received a written interview from one female director. The names of these women and the details of their directorships are listed in Table 3 on page 13.

The sample size of 19% is clearly too small to make any definitive statements about the views of all women directors on the boards of HSI companies. However, the findings are useful in supplementing the data in Part 1 of this research and providing an indication of, and insight into, how the issue of women on boards is currently viewed in Hong Kong listed companies.

The interview was structured into three parts. The first part focused on the profile and background of the individual women; the second part explored their general views on women on boards; and the third part asked them about their own personal experiences of being a female director.

In summary, the interview was designed to understand:

1. how the issue of woman on boards is viewed in Hong Kong
2. the personal experience of female directors in Hong Kong in terms of:
  - a. what had enabled them to be successful
  - b. some of the challenges they faced
3. what more can be done to increase the number of women on boards in Hong Kong

The full interview questions can be found in Appendix 2.

### 2.1 PROFILE OF FEMALE DIRECTORS INTERVIEWED

To set the context, we asked the women about their background in terms of their age, marital status, number of children, educational background, whether they had lived or worked overseas and what industries they had worked in. These details are summarised in Table 13 below.

Of the nine women we interviewed, five were married, two were single and two were divorced. Eight of the nine women had children, and between them, these eight women, had an average of 1.9 children each, ranging in age from mid teens to thirties. All had at least university education, with two women having MBAs and three women with higher level qualifications including doctorate degrees. The women had worked in a broad range of different industries, including: business consultancy, banking and finance, government, import and export, legal, marketing and communications, philanthropy, private equity, real estate, social services and telecommunications. Interestingly all the women had spent some time either studying or working overseas (most had spent some time in the US), suggesting that international exposure can be beneficial to obtaining a board position.

Table 13: Summary Profile of Female Directors Interviewed

Average age	57.1 years old
Marital status	5 married; 2 single; 2 divorced
Average number of children	1.9
Age range of children	Mid-teens to thirties
Ethnicity	8 ethnically Chinese 1 not ethnically Chinese
Studied or worked outside Hong Kong	9 women

## 2.2 GENERAL VIEWS REGARDING WOMEN ON BOARDS

As a starting point to try and assess to what extent gender diversity on boards is regarded as a strategic issue by listed companies, we asked our female directors if they thought companies in Hong Kong think about the gender diversity of their boards. Although the responses were mixed, the majority of women said that they did not think it was an issue companies thought about.

Table 14: Do you think companies in Hong Kong think about the gender diversity of their boards?

Response	No. of Women
Yes	3
No	5
Don't know	1

All the women who responded highlighted that companies are not looking for women directors for the sake of diversity. Generally companies are looking for the right person with the right experience and the right profile and therefore the focus is on ability or talent, rather than gender. As one woman said:

"They [listed companies] don't look out for women directors for the sake of having women and diversity. Generally the companies are looking for talent. If the talent happens to be a woman, that's great."

We shared with the women the key finding of our research that showed that approximately 9% of directorships on the HSI are held by women and asked them what their reaction was to this percentage. The responses are summarised in Table 15.

Table 15: According to our findings, women represent 9% of board membership on the HSI companies, what is your reaction to this?

Response	No. of Women
Higher than what I expected	0
About what I expected	4
Lower than what I expected	5

Many of our women expressed concern at the low level of this percentage and in line with this, most of the women agreed that companies need to do more to promote gender diversity at the board level, as highlighted in Table 16.

Table 16: What do you think the corporate response should be to this percentage?

Response	No. of Women
This number is too low – companies in Hong Kong need to do more to promote gender diversity at board level	7
This number is reasonable – there is no need for companies in Hong Kong to focus on gender diversity at board level	2

Most of these women were keen for companies to do more because of their fundamental belief that greater diversity is good for business. During the course of the interviews many cited how gender diversity brings different perspectives to the board, provides a more balanced view and improves decision making thereby enabling companies to better fulfil their responsibility to their shareholders. As one woman said:

"[Companies] should work for a higher percentage [of women on boards] because gender diversity brings better judgement, harmony and less prejudice. Women are more sensitive. [The result] would be a better balance."

## PART 2: WOMEN DIRECTORS SPEAK

The female directors who thought this number was too low were not asking for any special treatment of women in order to increase their numbers on boards. In fact they believed that women, like men, need to be able to fulfil the high standards required of all board directors and all, except one, were adamantly against female targets or quotas in companies.

One woman who cited this percentage as reasonable made the point that if companies are to address the representation of women at board level, they need to start by looking at gender diversity at senior management and indeed gender equality at every level. Simply put, women at senior management are the feeder pool for the board:

"If there is insufficient representation of women in management positions, then it's logical that the ratio of women at board level will be low."

Many of the women highlighted the need for individuals to have adequate skills and experiences to hold board positions:

"Appointment to the board should be based on personal competence rather than gender considerations."

"[Companies] are looking for the right person with the right experience and the right profile, not gender-specific."

A few cautioned against looking to appoint women without the appropriate profile and experience to fill director roles. One of them said:

"There's nothing worse to advance women's cause than to put a woman who is not the right kind of profile in a position that she may not perform to her best advantage."

### 2.2.1 Obstacles to Women on Boards

We asked the women why they thought there were not more women on the boards of the HSI companies. There were a range of responses.

#### Limited Talent Pool

The majority of the women spoke about a limited talent pool, whether it was actual or perceived. Whilst some said that there were less senior women in the pipeline to choose from as compared to men, others highlighted that the issue is simply that companies do not know where to find qualified women.

"This answer is applicable to anywhere, the pool of female senior executives is limited."

"It's the fundamental problem. Since the ratio of female representatives in the senior management is not high, the number of women on the board will not be high."

"Since female representation in senior management is comparatively low, there is less choice for appointment to the board."

"Companies don't know how to find these women."

"Until recently, there were more male university students than female."

It seems also that companies tend to further limit their pool of candidates for board director positions by looking for board directors exclusively from the business sector. While this may appear logical to some companies, many of the women talked about their community involvement being critical in their roles as board directors. One woman raised the issue that if companies widened their search of board candidates to the public and not-for-profit sectors,

they may find more women who are qualified to sit on board and made the point that:

“Men still dominate in the business sector.”

Discussion of a limited talent pool suggests that women in Hong Kong are finding it difficult to advance upwards to senior positions in their respective organisations and that the ‘glass ceiling’ exists in companies in Hong Kong.

### It's a man's world and the 'invisible filter'

Many of the women suggested that the reason there are not more women on boards in Hong Kong is that Hong Kong still tends to be a male dominated society where the role of the female is primarily to look after her family:

“Traditionally, Hong Kong is a more of a man's world. The emphasis [for women to climb] right to the top may be less. That's why on the board, there are less women.”

The cultural context of Hong Kong's means that a man's career is often considered more important and therefore there is less support for the woman to be successful. It can be difficult for example, to expect a husband to take on a ‘trailing spouse’ role. As one woman said:

“It is hard to ask the husband to quit his job and move somewhere else [which may be necessary for a senior woman's career advancement].”

One woman highlighted that whilst Hong Kong women are fortunate because they have access to low cost domestic help that allows them to pursue their careers, traditional family roles and obligations still hinder the advancement of women professionally. This acts as an ‘invisible filter’, holding women back from their professional aspirations and leading many women to choose to opt out of senior positions. As one woman said:

“Contrary to male graduates, female graduates are more prepared to give up their career for their children and elderly parents.”

Unlike the frequently cited ‘glass ceiling’ which is understood to be barriers imposed by an organisation, the ‘invisible filter’ is self-imposed or society-imposed. For instance, the need and expectation for women to continue to look after their family, even if they work, may affect their willingness to travel or relocate and can subsequently hinder their progress at a corporate level.

### Disadvantaged in the networking environment

Many of the women also said that a key reason there were not more women on boards in Hong Kong was that women are not as well networked as men and therefore women are often not even considered for these roles. As one woman said:

“It's still the old boy's club, networking is very important. There are a lot of qualified women, but they are probably considered as executives rather than part of the in-crowd or as members of the board.”

Another woman reinforced this point:

“Men have a wider social and business network. When someone is looking to fill a board position, they may think of their own network first. Women, most of the time, are not a part of their network, and that makes them somewhat disadvantaged.”

As part of the discussion on the importance of networks to the appointment of board roles, a couple of women expressed the view that companies, namely the Chair and fellow board directors, tend to choose people they know. As these people are men and most of their social and professional circles are also men, it becomes a self-fulfilling

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prophecy. This raises issue with regard to corporate governance.

"It's a man's world, they usually think of men before they think of women."

"Men choose men."

"Culture is one big factor... They try to put people in [board positions] that they know. It's something to do with corporate culture and how the management views governance issues."

### Importance of women on boards not recognised

A couple of the women highlighted the issue of management not understanding the strategic value of having more women on boards. Fundamentally, they said that the business case for women is not well understood. As one woman said:

"I don't know if management are enlightened enough to understand why it's important."

"Companies don't think about it ... Those [issues] are not top of the agenda when they appoint directors."

### 2.2.2 Corporate and Government Action to Promote Women on Boards

We asked the women whether they thought any steps should be taken by companies and/or government to ensure there are more qualified women on boards in Hong Kong. Whilst there were mixed responses to this question (three said no and six said yes), the majority were in favour of some kind of positive action to encourage greater gender diversity on boards.

For three of the eight women it was seen as inappropriate for companies and/or the government to take positive action to promote women on boards. They expressed the following views:

"It is not a matter of equal opportunity. It has to do with the available choice of senior women executives."

"Appointment to the board should be based on professional achievements rather than gender."

"Women should demonstrate their own performance first before being recognised. It should be the women's ability, not her gender."

On the other hand, five of the women believed that companies and/or government did have a role to play in encouraging diversity and the greater participation of women at senior levels.

The women who focused on the role of government talked about the importance of the government acting as a role model. One woman highlighted that the government in Hong Kong already recommends that 25% of consultative and statutory bodies are made up of women. Despite these women's support of government taking an active role in encouraging the participation of women on boards, all but one woman were keen to point out that they were not in favour of legislation or female quotas:

"The government can promote, encourage companies to have more women on boards, but not force companies to do so."

"Government should set an example themselves to appoint more women, but they can never intervene in the business sector."

With regard to the role of business, five women believed that companies should do more to ensure they have

more women on boards. They highlighted the need for greater education and awareness of the benefits of gender diversity among the private sector. They also talked about companies needing to understand the benefits of gender diversity at the decision-making level and as one woman highlighted:

“I think [companies] need to be convinced first. If they have the will to have more diversity on the board, they will look for that kind of representation.”

One woman said that whilst it might be difficult for the government to interfere on this issue, companies certainly have a role to play in ensuring a greater balance of genders and should make a conscious decision to do this – either by actively looking for qualified woman or seeking opportunities to promote from within. Another woman suggested that companies should be bold and set their own internal targets to ensure a better gender balance. One woman highlighted the need for more and better provision of care for the aged as this would help women take on board positions. This suggests that qualified women are perhaps opting out of senior positions to take care of elderly parents and relatives.

In addition, two women pointed out that taking steps to encourage more women on boards was not merely the responsibility of the government and companies, but all stakeholders, including shareholders - not to mention the women themselves.

### 2.2.3 Availability of Qualified Female Talent in Hong Kong

One of the frequently cited problems with regard to the lack of women in senior management, and lack of women on boards in particular, is the shortage of available talent. Indeed this came up in the course of our interviews. In anticipation of this, we wanted to ask what skills our female directors thought were critical to being a board director, whether a pool of women with these skills existed in Hong Kong and whether women actually wanted board positions.

With regard to necessary skills of board directors, there were some common themes. For the executive director roles, the women talked about the importance of in-depth industry and management experience and knowledge about the company and its markets. They mentioned the need for individuals at board level to have a deep understanding of the day-to-day operations and management of the company, with experience of senior management within the company. They also talked about the need to have experience in risk management and internal controls.

For the non-executive director roles they talked about the importance of a broader experience, the ability to provide perspectives from different industries and parts of the supply chain and the ability to view the company from the outside. One woman also mentioned that it was important to be aware of one's specific area of expertise and why one had been invited to be on the board.

For both categories the women interviewed highlighted the need for integrity and commitment, the importance of being able to look beyond the day-to-day management, to be strategic thinking and plan for the long-term viability of the company, taking into consideration the threats and the opportunities and to bring a balanced view to the table. Other skills and experience mentioned by individual women included: knowledge of the responsibility of a director, understanding of capital markets, knowledge of ethical behaviour and corporate governance, leadership skills, social sensitivity, assertiveness and communication skills (to be able to communicate clearly at board meetings).

One woman pointed out that with the evolution of boards in Hong Kong and the move away from these bodies merely adopting a 'rubber stamp' role, a high degree of professionalism is required of board members which may not have been the case before. She further highlighted that boards need to be more proactive in looking for qualified board members today which opens up the opportunity for more women.

What was interesting was that eight of the nine women said that they felt the pool of qualified individuals did



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exist in Hong Kong - particularly for independent non-executive director roles but also for executive director roles, and that women do indeed have aspirations for board positions. It was highlighted that Hong Kong has a ready made talent pool of bright, professional women who are willing and able to serve. A few of our women also said that they had worked alongside other very qualified women many of whom can be found on not-for-profit and public committees. If we compare these comments with the relatively low percentage of women occupying board positions, it would seem that Hong Kong's leading companies are failing to tap into the available pool of qualified female talent.

### 2.2.4 Percentage of Women on Boards in 5 Years Time

In order to ascertain the mood and level of optimism regarding the position of women at board level, we asked the women how they felt the percentage of women on the boards of Hong Kong's leading companies might change in 5 years time. All women hoped that it would have some level of improvement.

Two women were particularly optimistic and thought that the percentage would increase from 8.9% to 20% in 5 years time. Given that in a decade of conducting this study in the UK, the Female FTSE has seen an increase of only 5 percentage points (from 7% in 1999 to 12% in 2008) this is ambitious. Others were more moderate in their predictions quoting between 1%-6% improvements. Two women did not see the percentage going above 15%. The reason given by one was that 5 years is a relatively short time to change mindsets, whilst the other said that many of the companies on the HSI are family-oriented and tightly-controlled and therefore there is no pressure for them to implement gender diversity.

Two women were hesitant to give a prediction of female board composition the HSI in 5 years time and did not do so.

## 2.3 PERSONAL EXPERIENCES OF BEING A FEMALE DIRECTOR

Having discussed the subject of women on boards in more general terms, we wanted to explore the experiences of the individual women themselves. In particular we wanted to understand how they had become board directors and what had helped them be successful. We also wanted to identify some of the challenges and see what could be done to help more women reach board level.

### 2.3.1 Appointment to Board Positions

Appointment to a board position is a high accolade, yet only four of the nine women said that they had always had aspirations to be board members. However, this did not necessarily mean they had a career plan. As one woman put it:

"I just muddled my way through."

The other five women said that they had not always had aspirations to be a board member, with one saying she had not thought about being a director at all. Her focus had always been on working hard at each stage.

"Hard work is not for achieving any position tomorrow or the day after tomorrow. It is because you need to enjoy your work and get it done well."

One woman said that although she had not had aspirations to be a board director she had found the experience extremely useful and learnt a lot from it.

All of the non-executive directors were invited to take up their non-executive positions, rather than actively seeking the opportunity. One mentioned specifically that she was invited to take up the role by her boss whilst another mentioned that there was a family connection which resulted in her being appointed.

### 2.3.2 Enabling Factors

We asked the women what they thought had helped them be appointed as a board director. We prompted them with suggestions such as social networking, having a good mentor, personal or family connections, broader sector experience and involvement in the community.

#### Track record, performance and hard work

All of the women talked about the importance of their skills and experience either within the company or in their own line of work. They either mentioned or referred to the fact that they were very good in their jobs and recognised in their field of work. Almost all of them also said that nothing replaced good performance, a sound track record and hard work.

#### Involvement in the community

Four of the eight women believed their involvement in the community and public service had been key to their appointment as a board director. They said that their involvement in the community was beneficial because it had given them a public profile which companies look for when recruiting a board member. This involvement in the community was equally good for the women in terms of developing their own skills and building knowledge of wider Hong Kong issues and social sensitivity. Community involvement was also seen to have been helpful in providing them with access to a wider business and social network.

Two women expressed the view that often companies do not pay enough attention to looking for individuals with non business sector experience. It was highlighted that such people can bring alternative perspectives to a company and if companies were to do this more women may qualify for board positions. Given the importance that the women themselves gave to their community involvement, this is perhaps something that companies should consider.

#### Broad sector experience

Four of the women also mentioned that having broad sector experience had helped them be appointed to the board. Broader perspectives and knowing how the government and the Hong Kong community worked were seen as critical skill that boards were looking for.

#### Mentors

Several of the women spoke specifically about the importance of good mentors, whether they be formal or informal. In particular one woman talked about how her mentor had helped her learn to deal with high-pressure or stressful situations and to come up with creative solutions to problems. Another said that she had had several mentors and she highlighted in particular the role of bosses as mentors.

“Bosses are very good examples, they are good at corporate culture, management, you can learn from them. If you respect them, you can learn a lot from them.”

#### Personal connections

Several of the women talked about the value of personal connections. This was particularly within the political arena with key government connections either in Hong Kong or in Mainland China. One woman said her social friendships with the Chairs of large Hong Kong companies had been beneficial whilst another cited family connections.

#### Early exposure to the board: coaching by Chairs and CEOs

We asked the women whether looking back to the time before they were appointed as a board member of a HSI company whether it would have been helpful to have been part of a formal mentoring programme where they were mentored by a CEO or Chairman of a listed company.

Four of the nine women expressed that this kind of formal mentoring programme would have been useful in their careers. Others were not as keen, perhaps because many of them already had CEOs and Chairmen as part of their networks.

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Other suggestions for initiatives that may assist women to get board positions included: exposure to a variety of Chairs and CEOs and their daily operations; experience on a number of different boards; and being known by search consultants or the Chairs and CEOs.

### 2.3.3 Challenges

In order to uncover any issues relating to gender discrimination at board level, we asked the women what challenges they faced, if any, as women on boards.

What was most striking about the responses was that for the most part the women did not highlight any challenges they faced on account of their gender. Indeed they seemed to be keen to point out that their challenges were no different to those of their male colleagues on the board:

“Women and men on the board are treated the same way.”

“Women are not different to men. Nowadays, things are very convenient for women, there aren’t things that men can do but not women.”

“There are no specific challenges that are different from other male board members. All board members have [an] adjustment period when they first join. The challenges we face are not [because of] gender differences.”

Only three women talked directly about the challenges of having and looking after children and how this can hinder a woman’s career, particularly when the children are younger. However, it was generally acknowledged that by the time they reached board level, their children were more grown up and less of a responsibility than before. As one woman said:

“Women at different stages face different challenges. Having grown-up children now, my family is no longer a burden for me. If my children were young, I would have more family responsibilities.”

Indeed if we look at the ages of the children of our women directors, it would appear that most of these women became directors when their children were already of at least secondary school age and did not require full time care.

Three women stood out in terms of their honesty in acknowledging some of the challenges they faced on account of their gender. One admitted that as a sole woman on the board, she was scared and lonely and missed the opportunity to confide in other female colleagues at her level. However she was also keen to stress, that the challenges she faced were because she was a minority rather than a woman and would be common to any minority group.

The other talked about the challenge of getting her voice heard and being taken seriously.

“There are times when what the woman said in the board meeting was not recorded in the minutes.”

She said she had to work harder as a woman to get the same amount of respect as men and sometimes had to work behind the scenes to get her views across:

“For example, sometimes I find it easier to work with another male director and have him raise and push the issue.”

The third woman made reference to her challenge on the board coming from different working styles.

In general, however, the women felt that once you had made it to the board there was recognition for your status and ability and this was not questioned. As one woman said:

“The biggest challenge is getting to the board, not working in the board.”

We also asked the women whether they would benefit from being part of a network of women directors to share and learn experiences. Again there was a range of responses. Four of the women were enthusiastic about the idea, one mentioned that she already had access to this type of network with other women on her board, whilst the remaining four were somewhat indifferent to the idea or thought it would be of limited use – again anxious to make the point that they did not want to be treated differently to their male colleagues. Almost all of them liked the idea of having more exposure to more male and female board members including CEOs and Chairs, not just female board directors.

### 2.3.4 Contribution to the Board as a Woman

In the desire to highlight the business case for increasing the participation of women at board level, we asked all the women what contribution they felt they made to the board specifically as a woman.

Half of the women were initially reluctant to highlight anything that pointed specifically to their gender. These women saw their contributions as being based purely on their profession, area of expertise or general business sense.

“I never remind myself that I am a woman. I hope I earn respect because of my business acumen and vision and not because I am a woman.”

“Not very aware in any professional situation that I happened to be a woman.”

“I spent all my life to be recognised as an expert [in my field], rather than having a gender tag.”

Having said that, almost all of these women who were initially reluctant to point out their contributions as women, plus others, made reference to attributes that they thought were specific to their gender. They talked about seeing things differently, being more sensitive to situations – particularly with regard to people matters, as well as having more attention for detail.

“As a woman, you will look at things differently. It would be in a context of more esoteric.”

“Women tend to be more sensitive to issues of gender and discrimination and how we are treated as women, e.g. make sure that there is equal pay at work.”

“Women sometimes bring a softer touch than men. Sometimes men don’t have a soft angle when... resolving issues or building up linkages. Women do a better job in this than men.”

“I think gender does offer different perspectives... For example, I look at certain things that men will not see. Women think of the details more, how things should be implemented and how it goes into people, perhaps men don’t see these. Men look at things in a broader way.”

One woman highlighted that she thought her perspectives and experiences as a woman made her more sensitive to corporate social responsibility and corporate governance issues and enabled her to challenge the board on these issues.

One woman summed up her contribution to the boards she sits on by saying:

“[I] provide diversity.”

### 2.3.5 Bringing Other Women on Board

Finally we asked the women a number of questions regarding what can and is being done to help more women in senior positions, both by companies and by them as individuals. A number of strategies and approaches were highlighted.

#### Role of search firms

A couple of women mentioned the role of search firms, particularly with the appointment of non-executive director roles. One woman highlighted that a company should make it known that they welcome women, whilst another cited the practice in the US where search firms make sure they include at least one woman as a candidate. However, it was also noted that there are very few situations in Hong Kong where a total stranger is invited on to a board as the business community is small and most companies in Hong Kong pick candidates personally rather than using search firms.

#### Appoint women to management level

A few of the women highlighted that if the ratio of women at board level is to improve it is important to invite more females to take up management roles. A couple of the women mentioned that they were actively on the look out for top female talent and looked for opportunities to appoint them to middle management roles. One woman also mentioned that her company had a programme to identify rising stars in their organisation and took steps to fast track them through the organisation.

#### Coaching and mentoring women

A few women talked about the role they played in coaching and mentoring other women. Recognising that many women lack confidence or do not readily put their names forward, one woman said how she encouraged women to participate in activities and looked for opportunities to give them exposure.

“Unless you have tasted it, you will never know how much you can contribute.”

#### Use role on the board to raise questions relating to women

One woman talked about using her role on one of the board committees to raise issues relating to equal employment of men and women. Another talked about using her role as a non-executive director to ask the company to pay more attention to gender diversity within its organisation.

#### Raise awareness of the benefits of women on boards

One woman suggested that the Institute of Directors should do something to publicise the advantage of having women on board.

#### Import from overseas

One woman from Hong Kong made the point that companies should address gender diversity issues and source female talent from both local and overseas markets. In her view, companies would benefit by having a more extensive network plus an international perspective as well.

### 2.3.6 Advice for Aspiring Women

In concluding the interviews we asked the female directors what advice they would have for other women aspiring to be board directors. This is what they had to say:

“Nothing replaces being good at what you do. You have to be good in your profession. If you are not very good, you don’t reach the top in the first place. If you are not very good but reached the top, you won’t stay there very long. Be involved in the community. Not only will you learn outside of your professional field but you will also build your profile in the community so that people will notice you.”

CHA Laura M ( 史美倫 )

Non-Executive Director of Bank of Communications Company Ltd and  
Independent Non-Executive Director of Hong Kong Exchanges and Clearing Ltd

“Be proactive to seek for opportunities, be assertive, and always do your homework.”

CHEN Lok Yee Laura ( 陳樂怡 )

Independent Non-Executive Director of Hang Lung Properties Ltd

“Be good in what you are doing and look beyond what you’re doing to see how you can use your expertise and what you are good at to help other companies.”

FANG Meng Sang Christine ( 方敏生 )

Independent Non-Executive Director of MTR Corporation Ltd

“Leadership should not have any genders.”

KI Man Fung Leonie ( 紀文鳳 )

Non-Executive Director of New World Development Company Ltd

“It is of paramount importance to accept a position where your unique experience and background can make a contribution to the board and where your opinions will make a difference.”

Elaine LA ROCHE

Independent Non-Executive Director of China Construction Bank Corporation

“Enrich yourself, keep learning and improving.”

LEUNG KO May Yee Margaret ( 梁高美懿 )

Executive Director of Hang Seng Bank Ltd and  
Independent Non-Executive Director of Hutchison Whampoa Ltd and  
Independent Non-Executive Director of Swire Pacific Ltd

“Performance is the key, so is the ability to generate profits for the company. Industry knowledge and ability to deal with people are also key elements.”

LEUNG Wai Ping Annabella ( 梁慧萍 )

Executive Director, Li & Fung Ltd

“Be prepared to serve and do a good job as a board member. Many people think that being a board member is just a question of putting your name down. That is not the case today - you have to put a lot of effort into it. And if you do a good job, you set a good example. I personally don’t agree to serve on a board unless I have the time and can contribute to that company. It’s about the quality of service that you are giving [to the company].”

WONG Yick Ming Rosanna ( 王葛鳴 )

Independent Non-Executive Director of Cheung Kong (Holdings) Ltd

“1. Life-long learning – including learning from books, lectures, other people.  
2. Work hard, learn from male colleagues.  
3. Enjoy life.”

XIN Fanfei ( 辛凡非 )

Executive Director of China Mobile Ltd

# CONCLUSION

This research has shown that the representation of women on the boards of Hong Kong's leading companies, as listed on the HSI (8.9%), is comparable to other countries, particularly Australia (8.3%) and the UK (11.7%). Indeed in certain areas, such as the number of companies with female executive directors, Hong Kong performs better.

However, in absolute terms the figure of 8.9% of total board positions being held by women is disappointingly low and does not represent the best that Hong Kong can do. Purely judging Hong Kong's performance by international standards is clearly not enough. Given that 53.3% of university graduates<sup>23</sup> in Hong Kong are female, that women make up 47.1%<sup>24</sup> of the labour force and face fewer challenges than those in many other countries with regard to childcare, Hong Kong should aspire to see more of its talented women rising up through its organisations and reaching the highest positions.

One of the greatest challenges for Hong Kong is that the benefits of gender diversity are not well understood by the business sector and for the most part ensuring a fair representation of women on boards is not even discussed – by companies or senior women themselves.

In considering the business case, Community Business would encourage the companies listed on the HSI – and particularly the 14 companies that have no female representation on their boards at all, to ask themselves the following questions:

- How are you ensuring the composition of your board represents a range of perspectives and enables you to make balanced and informed business decisions in the best interests of your shareholders?
- Given that women make up at least half the population, how are you positioning your company to develop products and services that meet and reflect the needs and interests of all your customers?
- Given that women represent almost nearly half the labour force and the majority of female graduates, how are you positioning yourself as an employer of choice and an equal opportunity employer for women at all levels?
- How do you identify, recruit and appoint directors to your board and what measures can you take to ensure that this process is not just gender neutral but also women friendly?
- What barriers, visible or invisible, may be preventing qualified women from rising up through your organisation to the most senior levels?

In addition, Community Business would urge the female directors on the boards of Hong Kong's leading companies to become greater advocates for gender diversity. Whilst nearly all the women we spoke with acknowledged that from a business perspective the representation of women on boards was important, our interviews showed that the women wanted the discussion of them being female to be played down. This behaviour of our women directors in Hong Kong is to be expected. Research elsewhere (Sealy 2009<sup>25</sup>, Mavin, 2006<sup>26</sup> and Kanter, 1977<sup>27</sup>) shows that when women are a minority group, as they are in the Hong Kong case, they seek to be 'invisible'. Interestingly Kanter says that when the percentage of women rises to 15%, women are no longer 'fearful' of being seen as women and gain strength in numbers. It is probably when this happens that companies and their shareholders can begin to reap the full benefits of gender diversity. Until then, as research shows, there is danger that the lone woman will assimilate with her male peers to the extent that the benefits of diversity are not fully realised.

Yet experience in other countries, such as the UK, has shown that without specific action, the pace of change can be painstakingly slow. If there is to be noticeable improvement, companies, their stakeholders and senior women themselves need to have open dialogue on this issue and consider what steps can be taken to ensure that more women are considered for appointment to board positions.



Community Business congratulates the companies that appear at the top of the **Women on Boards League Table: HSI 2009** and particularly the top ten companies that have over 15% of their boards made up of women. It is our hope that other companies will be inspired by their example and that in future editions of this report we will see an increase in the number of women on boards of the HSI.

Once again Community Business congratulates all the women directors on the boards of the HSI and in particular expresses a special thanks to those who contributed their time and experiences to the findings of this report. We hope that their example will spur companies to take notice of the great talent that women can bring to the boardroom.

# APPENDIX 1: ABOUT THE AUTHORS

## COMMUNITY BUSINESS

Community Business is a unique membership based non-profit organisation whose mission is to lead, inspire and support businesses to improve their positive impact on people and communities. Community Business provides training, facilitation and advice to some of the world's leading companies in Corporate Social Responsibility (CSR) and our major areas of focus include: CSR strategy, corporate community investment, diversity and inclusion and work-life balance. Founded in 2003 and based in Hong Kong, Community Business currently works with a number of organisations, small, medium and large, committed to CSR. For more information, visit [www.communitybusiness.org](http://www.communitybusiness.org)

As an established thought leader in the field of diversity and inclusion in Asia, Community Business is dedicated to progressing discussion on diversity, understanding the challenges and issues facing companies operating in the region and making the link between diversity and enhanced business performance. With a reputation for raising awareness of issues – often ones that are rarely addressed, we look to facilitate discussion and bring about change. Our key diversity initiatives include:

- Diversity & Inclusion in Asia Conference – held for the first time in 2005 this has become the primary forum for discussion on diversity and inclusion in the workplace in Asia. This conference looks at all aspects of diversity, including: gender, Asian culture, generations, disability and sexual orientation in the workplace.
- Diversity & Inclusion in Asia Network – a unique network of diversity professionals looking to drive their companies forward on their diversity journey in Asia. Member companies meet regularly to understand the diversity issues pertinent to the region and to share and drive best practice in Asia.
- Diversity Publications and Research – we have published extensively on the subject of diversity and work-life balance in Asia. For a full list and to download our publications please see our website at [www.communitybusiness.org](http://www.communitybusiness.org)

## INTERNATIONAL CENTRE FOR WOMEN LEADERS, CRANFIELD SCHOOL OF MANAGEMENT

Cranfield School of Management is a leading postgraduate business school with an international reputation for its research on diversity, particularly gender and ethnicity in the highest echelons of the corporate world. The International Centre for Women Leaders is committed to helping organisations to develop the next generation of leaders from the widest possible pool of talent. We are unique in focussing our research, management development and writing on gender diversity at leadership level. The objectives of the Centre are to:

- Lead the national and international debate on gender diversity and corporate boards
- Provide a centre of excellence on women leaders, from which organisations can obtain the latest trends, up-to-date research and benchmark best practice
- Identify and examine emergent issues in gender diversity and leadership, through sponsored research in partnership with industry and government
- Share research findings globally through conferences, workshops, academic articles, practitioner reports and in the international press.

For more information on the Centre's research and executive development, please visit our Centre website at [www.som.cranfield.ac.uk/som/research/centres](http://www.som.cranfield.ac.uk/som/research/centres). There is also a list of our research articles in areas such as women on boards, ethnicity on boards, leadership, diversity management, gendered cultures, role models, impression management, mentoring, work/life balance, commitment and careers. Part of our work on directors has been situated in the corporate governance field. Our latest book "Women on Corporate Boards of Directors: International Research and Practice Boards" was published by Edward Elgar in December 2008.

## APPENDIX 2: INTERVIEW QUESTIONS

Part 1: Your Background	
1. What is your marital status?	
2. Do you have children? If yes, how many and how old?	
3. What is your educational background?	
4. Have you studied or worked overseas?	
5. What sectors and industries have you worked in throughout your career?	

Part 2: Your Views Regarding Women on Boards							
1. Do you think companies in Hong Kong think about the gender diversity of their boards – that is having both women and men on boards?	<input type="radio"/> Yes <input type="radio"/> No						
According to initial findings of our study, women represent approximately 9% of board membership on Hang Seng Index companies.							
2. What is your reaction to this percentage?	<input type="radio"/> Higher than I expected <input type="radio"/> About what I expected <input type="radio"/> Lower than I expected						
3. What do you think the corporate response should be to this percentage?	<input type="radio"/> This number is too low – companies in Hong Kong need to do more to promote gender diversity at board level <input type="radio"/> This number is reasonable – there is no need for companies in Hong Kong to focus on gender diversity at board level						
4. Why do you think there are not more women on the boards of the Hang Seng Index companies?							
5. Do you think any steps should be taken by companies and/or government to ensure there are more qualified women on boards in Hong Kong? If so, what?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not sure Action:						
6. What skills or experience do you think are needed to be a board director?							
7. Do you think there is a pool of female talent with appropriate skills in Hong Kong? If not, why not?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not sure Reasons why not:						
8. Do you think qualified senior women in Hong Kong are interested in board positions? If no, please give reasons why not.	<table border="1"> <tr> <td>ED</td> <td><input type="radio"/> Yes    <input type="radio"/> No    <input type="radio"/> Not sure</td> </tr> <tr> <td>NEDs</td> <td><input type="radio"/> Yes    <input type="radio"/> No    <input type="radio"/> Not sure</td> </tr> <tr> <td colspan="2">Reasons why not:</td> </tr> </table>	ED	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not sure	NEDs	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not sure	Reasons why not:	
ED	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not sure						
NEDs	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> Not sure						
Reasons why not:							
9. What do you think the percentage of women on the boards of Hang Seng Index companies will be in 5 years time, given that it is 9% today?	%						

Part 3. Your Personal Experience of Being a Board Director	
1. How long have you been a board director of a Hang Seng Index company?	
2. Did you always have aspirations to be a board member?	
For Executive Directors	
3. What has been your career path? How have you get to where you are today?	
For Non-Executive Directors	
4. How did you get this role?	
• e.g. invited, called up by search consultancy, sought the opportunity, etc	
5. What do you think helped you be appointed as a board director?	
• e.g. social networking, having a good mentor, personal/family connections, broader sector experience, involvement in the community, etc	
6. Looking back to before you were appointed as a board director, do you think it would have been helpful for you to have been part of a mentoring programme?	
• e.g. mentored by a CEO or Chair of a major company	
7. What challenges, if any, do you face as a woman on the board?	
• For example, culture, working style, etc	
8. Do you think you would benefit from being part of a network exclusively for women directors to share and learn experiences?	
9. What contribution do you think you, as a woman, make to the board?	
10. What more do you think companies can do to welcome women on boards?	
11. What advice would you give other senior women aspiring to be a board director?	
12. What do you personally do to help develop and nurture female talent in your companies?	
Do you have any other comments you would like to make?	

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