

Malaysia standing firm on DEI amid global shift

BY GRACE YAP ERN HUI

The beginning of the year saw US President Donald Trump signing a slew of executive orders purging the federal government of all diversity, equity and inclusion (DEI) programmes. Following suit were many large US corporations announcing the overhauling or even dropping of DEI policies and schemes.

As the orders threaten decades of progress in promoting a more diverse workplace in the US, most Malaysian businesses are still monitoring the effects, and stakeholders have advised businesses not to be swayed by external narratives on DEI, say interviewees who spoke to *ESG*.

"When you look at DEI, there are two approaches that need to be considered. One is DEI in its most basic form, in terms of anti-discrimination and regulatory frameworks. And then there is the set of DEI programmes that people typically associate most with affinity programmes or special recruitment programmes," says Jason Wee, founder of the non-profit organisation Architects of Diversity.

DEI in its basic form is to prevent discrimination and being judged on external characteristics unfairly. Meanwhile, DEI programmes are created in acknowledgement that there is a moral mandate for equality of opportunity.

"So, it feels like the latter is going to be significantly affected. I think the fear is that we will not know what the legality of all this is," says Wee.

Trump's order to withdraw from DEI is believed to stem from the issue of unfair advantages afforded by DEI programmes for people on the basis of gender or ethnicity. Trump has directed all federal agencies to identify discriminatory DEI practices and eliminate programmes that constitute illegal discrimination.

"Interestingly enough, I think what Trump's messaging was sort of like a return to meritocracy. Not that meritocracy and DEI are incompatible, but I think it's going to be a tricky area," says Wee.

INSTILLING COGNITIVE DIVERSITY

DEI practices have faced the criticism of perpetuating reverse discrimination on majority groups in society. However, this overlooks the intent to build more dynamic and well-rounded teams that better reflect the complexity of the issues companies are tackling.

"When you're in the boardroom, you're a steward of the organisation. You are a fiduciary to ensure that the best decisions are made. The best decisions have to be informed decisions," says Datin Seri Sunita Rajakumar, founder, non-independent director and council member of Climate Governance Malaysia.

Companies are now facing a wide range of challenges that require them to be more circumspect before taking action.

Cognitive diversity — the variation in how people think, process information and approach problem solving — allows for more comprehensive discussions in complex and uncertain environments, says Sunita. "So, previously, I think people were very used to



ARCHITECTS OF DIVERSITY

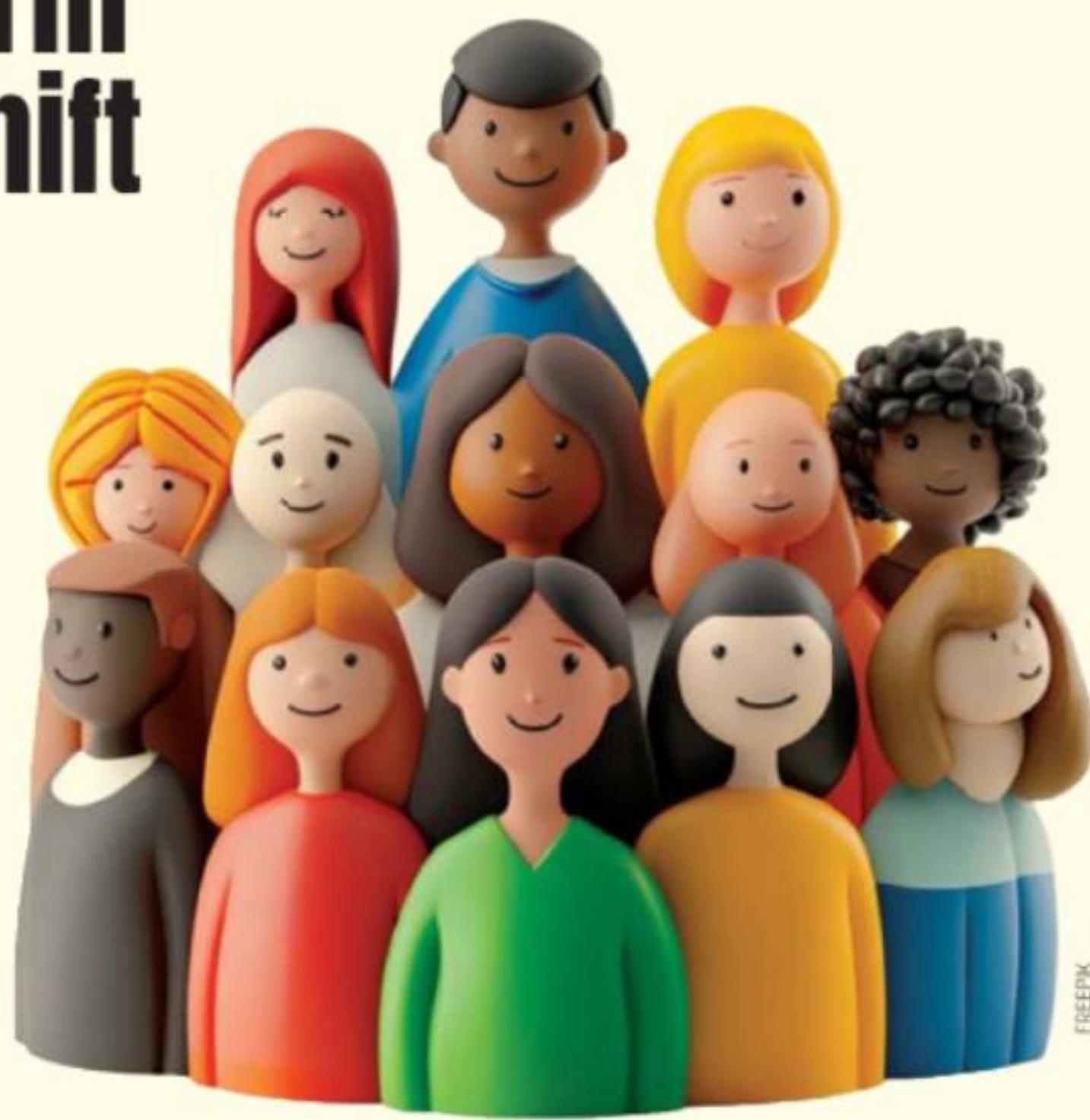
"For companies that want to make deeper commitments to DEI, I think they should have a conversation about what values they have and how different groups might still be a part of that."

Wee, Architects of Diversity



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Nurul A'in, 30% Club Malaysia



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binary [solutions]. Do we do this, yes or no? Now, people are recognising that there are different end results, different ways to get there and [different cadences for each solution]."

Inclusive thinking within boardrooms and organisations will involve exposing their leadership and teams to new ways of thinking, either through training sessions or exploring case studies.

Additionally, addressing micro-aggressions, stereotypes and biases is key in creating a safe environment for diverse employees. She also warns that if a company hires diverse talent but doesn't address these unconscious biases or create a welcoming environment, employees may feel uncomfortable and eventually leave the organisation.

"Now, when you're looking at a diversity of views, we're in such a pluralistic, multicultural society where we're starting to celebrate differences. Is this going to be a new normal? If that's the case, then does a business want to anticipate this trend and create a workplace that is conducive for all sorts of diversity?" asks Sunita.

Companies that embrace diversity will stand out as employers of choice and attract top talent because employees will feel proud to be associated with organisations that value diversity and create an environment where everyone can thrive, she believes.

However, achieving cognitive diversity within boardrooms will need balance between advocacy and mandates. Mandating diversity too early can lead to tokenism, where meeting quotas overshadows the underlying pipeline issues of hiring more diverse individuals.

"For example, you want to have 30% women on boards. Building the pipeline is very important. That means that every step of the way, the government, community, society, businesses and industries will have to support women staying on [and] coming back to the workplace," says Sunita.

To ensure that there are enough qualified women on boards, stakeholders will have to support women in the pipeline at earlier stages of their careers. This could involve things like offering more support for working parents, flexible working hours and accessible workspaces.

"I feel we've reached that maturity stage, that we should have mandated this yesterday because we've been talking about this for more than 10 years," says Sunita.

GOING BEYOND 30%

Malaysia's corporate sector has seen success in increasing, in particular, women's representation at the board

level. According to the Securities Commission Malaysia, Malaysia has achieved 33% of women representation on the boards of the top 100 public-listed companies (PLCs). In 2021, the SC set a target of 30% women representation on the boards of PLCs by 2025.

"This success demonstrates that when businesses recognise the value of diverse leadership, meaningful change happens organically. Our focus now is on advancing beyond 30% at both the board and senior leadership levels, as we recognise that 30% represents a tipping point rather than a ceiling," says Nurul A'in Abdul Latif, chair of the 30% Club Malaysia, which was created to achieve this target.

While the gaps may vary across sectors, she says the principles of DEI are critical in initiatives that address representation. Rather than focusing on specific sectors, addressing systemic challenges should be done across all industries.

"Our priority is developing comprehensive talent pipelines to move beyond 30% representation at both the board and senior leadership levels. This includes our board awareness and mentoring programmes, which help prepare talented women for leadership roles across all sectors," says Nurul A'in.

PwC Malaysia's Corporate Directors Survey 2024 reveals that more than half (53%) of directors surveyed agree that efforts to increase board diversity have resulted in unique perspectives.

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OPPORTUNITY IN ADVERSITY

Wee sees the shift under the Trump administration as an opportunity for companies to step in and take action on DEI. Companies will have the chance to not just talk about change but show that they can walk the talk in investments and policymaking. "Malaysia's multiracial and diverse society creates a unique standpoint for DEI with its diverse perspectives. However, DEI programmes would need to have very clear metrics and targets and [an] understanding of the diverse backgrounds of society," says Wee.

"In Malaysia, a lot of specific programmes are in perpetuity because it's a legacy product or the need was identified previously and hasn't been reassessed for political reasons."

There is also a need to consider how far the industry should go to provide equality of opportunity and assess whether one is disadvantaged or not. "In Malaysia's case, it doesn't have a good articulation of its racial and religious history. So, that makes it very more difficult to ascribe whether you are actually disadvantaged or not," says Wee.

He also thinks that employers should evaluate disadvantaged groups based on their progress instead of their performance against other groups.

Malaysia still has more to learn, Wee believes. While there are a handful of local companies who are actively advocating for the equalisation of opportunities, they still represent only a small fraction of Malaysia.

"We need both federal and agency-based regulatory frameworks to appropriately get more companies and more workplaces moving. And we just haven't seen any movement from that. We've heard a lot of good intentions but in the past year, I haven't seen any particularly concrete steps taken to have more holistic discriminatory frameworks," he says.

Wee suggests that the nation develop its own vocabulary and articulation of local values rather than relying on narratives conceived by others. "For companies that want to make deeper commitments to DEI, I think they should have a conversation about what values they have and how different groups might still be a part of that."