

## Malaysian boardrooms need more diverse skills

THE evolution of advanced technologies, disruptive business models, and stakeholder expectation shifts have drastically altered business operations. They show that the expertise and skill sets of Malaysian boards of directors require urgent revision, according to the Institute of Corporate Directors Malaysia (ICDM) chairman Tan Sri Zarinah Anwar.

In fact, most chairmen expect changes in board composition related to skills in innovation and technology. This priority is driven by the accelerated digitalisation of business since the Covid-19 pandemic began in 2020.

A collaborative study by ICDM and insurance services multinational Willis Tower Watsons reported that 90% of Malaysian boards of directors have domain expertise in business and management (44%), finance and accounting (37%) and legal (9%). However, technology

recorded only 5%.

It is alarming that the appointment of directors with technological backgrounds fell short amid technological disruptions.

IT (information technology) activities without board oversight can put firms at risk. Directors must become digitally literate as more companies are increasingly rooted in digital transformation. Acquiring digital competencies can foster more secure ways of dealing with persistent cyber threats or utilising artificial intelligence solutions in business operations.

As the board cannot dive into every facet of daily operations, adding a seasoned chief technology officer (CTO) can bridge the gap for board members, allowing them to absorb technical jargon and improve digital literacy.

Existing CTOs can upskill their talent to become potential board members with support from, for

instance, Digital Directors Network [which is a "boardroom network focused on advancing digital and cybersecurity risk oversight in the corporate boardroom"].

The need to refresh board skills to address innovation and sustainability issues is urgent. Increasing diversity through appointing STEM (Science, Technology, Engineering and Mathematics) leaders in the boardroom is another solution to improving board decisions.

STEM leaders can be valuable in industries heavily reliant on complex technical processes such as healthcare and manufacturing. These leaders can provide insights on climate change issues and technologies that help companies navigate challenges and identify opportunities that align with IR4.0 (the fourth industrial revolution).

Academic directors may also serve as effective monitors in the boardroom. Generally known as

critical and objective thinkers, academic directors could be tapped for valuable knowledge resources, connections and research experience. Also, academicians are bound to serve their university and contribute to the community, and this could infuse ethics within the firm and promote more corporate social responsibility engagements.

Corporate board diversity should not be paid mere lip service. Diverse representation on a board enables fresh ideas to be brought forth from various viewpoints as well the chance to tap experiences that can produce profound insights. A diversified corporate board is more equipped to make wise judgements, foster transparency and inclusive decision-making, and take prudent risks.

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