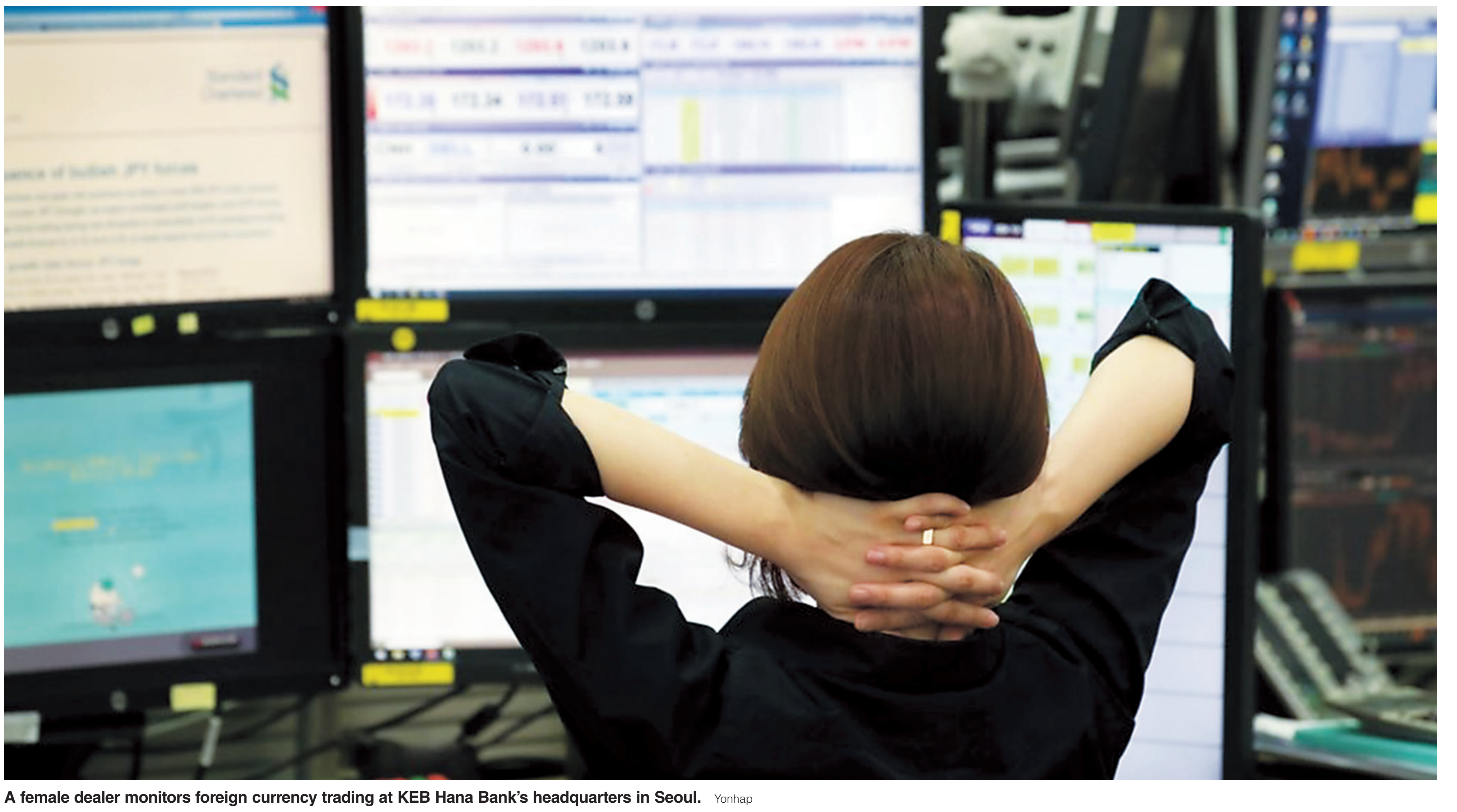
Breaking the gender mold for diverse thinking, healthy finance

Experts say more female leaders not enough, urge corporate efforts to discover and mentor high-performing women, remove gender bias and accept who they are



A female dealer monitors foreign currency trading at KEB Hana Bank's headquarters in Seoul. Yonhap

By Finance Desk staff

The Korea Herald is publishing a series of special reports on the glass ceiling in the financial industry, focusing on South Korea's market compared to other major economies. Funded by The Korea Press Foundation, the series will evaluate where Asia's fourth-largest economy stands in terms of gender equality, reflect on changes being made, and explore ways to boost inclusion in the sector. This is the final installment. — Ed.

Gender discrimination in the finance sector has long been an agenda for change.

For South Korea, where Confucian thinking and a tradition of patriarchy still prevails, boosting gender inclusion in this particular sector, often dubbed a "gentlemen's club," has been a difficult subject to broach.

Figures show the challenging reality.

According to The Korea Herald's joint survey with CEO Score, just 4.1 percent of executives in the sector are women, below the average of all listed companies in Korea, which is 4.5 percent. The figure is far from Israel's 38 percent and is on par with Saudi Arabia, a country that only lifted a driving ban on women two years ago.

Nearly 60 percent of workers in finance, both women and men, said they thought men usually take higher ranks at financial institutions and companies here, a separate survey by The Korea Herald and Gallup Korea showed. Half of respondents attributed Korea's relatively low female representation to the pressure on women to take charge of parenting and housework.

"People in my generation were taught that women should not be discriminated against by gender, but things do not go by the book. The financial sector is more male-centered than it appears," said Kim Jin-kyung, CEO of Big Value, a local fintech company.

The 44-year-old, who started her own business after working at a brokerage for three years, said it was the male-centered corporate culture that pushed women to quit and excluded them from the promotion pipeline.

Some of women she worked with even chose not to pursue a leadership position, in order to stay in office longer.

"Given that women are more well-educated and competitive than ever, it's a huge loss in terms of social cost that these women are still underrepresented at management levels in the finance sector," Kim said.

Gender discrimination at work is a corporate failure in terms of effective human resource management, said Kim Woo-chan, finance professor at Korea University Business School.

Looking at the bigger picture, a male-centric culture undermines the nation's overall competitiveness, he said.

"Many still in the market believe a female leader is less competitive than a male one, as seen in cases of stock prices dropping for companies that adopt female executive quotas," he said.

"But we need to give them a chance, let's say, at least one 1 of 5 executive positions … so that they can prove their potential and capacity as a leader."

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WOMEN IN FINANCE (6)

Not only being deprived of an opportunity to climb up the corporate ladder, women in finance are not being paid as much as their male colleagues.

"Women still earn half what men earned," said Lee Hye-min, co-chief executive officer of Finda, citing a report by Rep. Min Hyung-bae, of the ruling Democratic Party of Korea. According to the report, the average annual income for male executives last year came to 219 million won ($198,000), almost double that for women, which was 120 million won.

Such gender disparity and the absence of female leaders in the industry would take a toll on decision making process and healthy corporate culture, she urged. An overall gender gap in earnings and other gender imbalance at work should be addressed through various policy efforts, she said.

"The government bringing in an institutional framework that encourages a company to boost female leadership would be a major driver for changes in gender inequality," said Lee.

Policy-led changes

Observing the lack of women in senior roles and corresponding gaps in pay and bonuses, some countries have sought to intervene.

The Norwegian government introduced a mandatory quota for gender-diverse boards in 2008 — requiring at least 40 percent female representation. The radical move came in 2006, after attempts to increase gender diversity on a voluntary basis failed. The country had 6 percent female representation and 70 percent of top Norwegian firms did not have a single woman on the executive boards.

The UK law bans discrimination on the basis of gender or other characteristics. Acknowledging the failure of the law to bring sufficient change, the country introduced government-backed voluntary frameworks to increase female board representation.

The Hampton-Alexander Review urges all UK listed companies to have women make up at least a third of their boards by this year. Meanwhile, the Women in Finance Charter calls for financial services firms to commit to a number of actions, including setting targets for gender diversity in senior management, reporting publicly on progress and linking pay for senior executives to performance.

France and Germany also introduced mandatory disclosures of gender pay gaps.

Some Asian countries are also stepping efforts in terms of policy frameworks.

India has mandated its public companies to have at least one female board member since 2014. Also, its bourse operator, the Securities and Exchange Board of India, required the top 500 companies by market cap to appoint at least one woman as an independent director, starting in 2019.

Malaysia also approved a policy that set a target of 30 percent female representation in decision-making positions across all listed companies by 2016.

As of last year, 26.4 percent of executives in Malaysia's top 100 public companies were women, the highest among Asian countries, according to an estimate by global gender diversity campaign group 30 Percent Club.

Industrial shift

The current Moon Jae-in government, for its part, has set a goal of having women take up 20 percent of executive positions at public sector financial institutions by 2022. The agenda excludes private sector companies.

But in Korea, people still question the need for such law, said Lee In-sook, director at the Association for Public Autonomy Studies, stressing that many still think that finance is not a woman's job.

"As financiers deal with big numbers and the complicated process of accounting, people still seem to think that women can't do such hard work and that men should be given leadership roles instead," she said.

"But you need to assess workers not by their gender, but by their performance."

Achieving gender diversity as the industry shifts to digital economy is especially important.

Kim of Big Value said women tend to make realistic decisions based on data that may help minimize the risk, a crucial task for financial companies facing growing uncertainty and market volatility.

"Society is going through a massive structural change toward the new era of the fourth industrial revolution and the digital economy where we will face the need to make decisions based on data. The new era calls on us to have diverse thinking and expand our horizons," said Kim.

"Women playing leadership roles will have a greater significance from now on."

To empower women, Korea University professor Kim said companies should seriously consider developing female leadership programs or related corporate policies to help them continue their careers.

"Not only with the government's initiative to expand female leadership, but also companies need to carefully observe whether they have gender discrimination at their offices, and are depriving women of opportunities," he said.

"If no efforts are made, women will continue to face the same glass ceiling in the future as they are today."

Beyond numbers

International equity investors are increasingly taking gender diversity into account when considering whether to invest in a company, looking beyond numbers to learn if gender inclusion in the workplace is truly in place.

"We do look at the diversity metrics of the boardroom and the management team, but also at turnover," said David Smith, senior investment director, Asian equities at Aberdeen Standard Investments.

"You want to find these pain points where large numbers of male or female (staff) are leaving the business and trying to understand why that may be."

Smith leads ESG engagements with Asian companies. Aberdeen's Asian operations manage $2.6 billion in equities, with some 11 percent exposure to Korean firms, including Samsung Electronics.

He added that much should be done to ensure that the company has the right policies and programs to support those who are taking time off work for childrearing and other family duties. That includes the corporate support of employees who are taking extended leave to start a family.

"The last thing you want is to start an extended leave, start a family and find that your job's been taken," he said.

"When we spoke to the companies about the agenda, it's been around how can you get more female representation on the board, but also how can you be sure that high-performing women are mentored throughout the organization and are seen and heard by nominating committees, and beyond that getting opportunities to serve on an external board as well."

Without a diversity of ideas, metrics about gender diversity like quotas is unlikely to fully present the picture, an investment professional said.

"Not all women necessarily will bring in diversity of thought simply by virtue of being females. I have come across women who have had to fight so much to get to the top that they start to behave in a pattern they believe is how a man might act, or at least feel the pressure to do so," Triada Capital CIO Monica Hsiao said.

"If you sit in a boardroom that has a bunch of women that try to act in a way that they feel men before them have done, in part to fit into the status quo corporate culture, that doesn't help bring about the necessary ground-breaking changes. You want people to be who they are and feel welcome to break the mold."

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