

Market risks top concern for Malaysian board leaders

by ASILA JALIL

MARKET and operating risks are the top concerns among board members in Malaysia, a study co-launched by the Institute of Corporate Directors Malaysia (ICDM) revealed yesterday.

The survey, which polled 120 board leaders in the country, showed that 21% of the respondents stated market risks as a key concern, followed by operating risks (20%) and economic uncertainty in Asia (18%).

"Boards are most worried about hits that organisations may take due to sudden changes in equity, currency, inflation, interest rates and more-than-ever-before probability of loss due to changes in demand, costs, obsolescence, prices and other such factors," noted the study titled "BOLD 3.0: Future-fluent Board

Leadership in Asia" which was presented during the official launch of ICDM new headquarters in Kuala Lumpur yesterday.

The study was produced in partnership with the Centre for Creative Leadership (CCL) and other institutes of directors from Singapore, the Philippines, India, Vietnam and Sri Lanka.

Market risks also top the list as the main concern for all the countries involved in the study.

Meanwhile, local respondents stated that boards should spend more time on long-term policies and reduce time spent on short-term policies, risk management and internal controls, as well as business performance activities.

The survey highlighted that board members ideally want 15% of their time to be focused on long-

term policies, plans and strategy where only 12% is being spent on that sector, while another 3% should be spent on short-term plans versus the current 6%.

As for risk management, internal controls and business performance activities, respondents noted that only 10% of their time should be spent on these sectors instead of 15%.

ICDM president and CEO Michele Kythe Lim said the results indicate that most companies only focus on the short-term aspects involving financials and risks which would have to be reported in their quarterly results.

Greater focus is also needed on other aspects as most companies may not be aware of other disruptions which are slowly affecting the company in the long run, said Lim.

"It could be technology disruption

or corruption within the companies. All of which are eating in. That's what the board really needs to be aware of," she told a press conference after the event.

Lim also said Malaysian board members are beginning to change the skill sets they look for in candidates to fill in the positions.

Some banks have requested for candidates with no board experience and are looking for those who have knowledge in technology.

"This is because the disruption in the banking industry, for example, is coming from outside the industry. They are, maybe, companies that are non-traditional like tech companies.

"As long as boards are agile enough to move, see the change and start looking at other skill sets in their (future) board members, we

will move somewhere together," she added.

CCL Asia-Pacific MD and VP Elisa Mallis said among other skills that are being looked at in a board leader is background in research and development and technology, and/or those with climate expertise backgrounds.

She added that by getting younger people to be involved as board leaders and gaining different point of views from the varied skill sets on the board will help moving the board forward as well.

"For some of the younger experts in the field, in terms of competing opportunities that they have, being on boards may not be very attractive. So, it is also a case of how they can make it attractive for those younger people, those with the extra skills," said Mallis.