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Assessing Gender Equality in Community Leadership and Governance Roles in Malaysia

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ABSTRACT
Women holding positions in corporate governance has become a strategic and moral issue in fostering firm performance, building stakeholder confidence, sustainable governance, and fostering governance circles globally. In Malaysia, changes in regulation, self-imposed governance codes, and pressure from investors to promote gender diversity in the boards of public listed companies (PLCs) have yielded little, and women remain grossly underrepresented in board and senior management positions. This paper presents the Malaysian Corporate Gender Governance Model (MCGGM), which seeks to combine three dimensions of the female corporate governance pipeline: institutional pressures, organisational practices, and self-leadership. The author draws from institutional theory, gender role congruity theory, and stakeholder theory, to describe the model which captures the effects of the combined presence of board-level coercive and normative institutional frameworks, organisational inclusive frameworks, and individual empowerment frameworks, and how these frameworks interact to determine individual placement on the governance continuum. The paper provides hypotheses to be empirically tested in the future and offers pragmatic, policy, and social proposals to increase women's presence on boards. By integrating broad determinants and focusing on differences between the absence of meaningful compliance and the presence of substantive compliance, this study makes a contribution to the corporate governance field and sets the stage for future empirical studies in Malaysia and other similar developing economies.
Keywords: Gender equality; corporate governance; board diversity; Malaysia; institutional theory; gender role congruity; stakeholder theory.

1. INTRODUCTION:

1.1 Context and Significance

Both practitioners and researchers alike have acknowledged the importance of gender diversity in corporate governance regarding ethical control, strategic choice, and sustainability (Adams & Ferreira, 2009; Terjesen, Sealy & Singh, 2016; Ramachandran et al., 2025). It has been suggested that boards that include female directors show enhanced governance, greater monitoring, and improved accountability and risk control across all stakeholders. Additionally, while in some instances it may simply be a question of ethics, in developing markets with limited corporate transparency, low levels of investor confidence, and insufficient sustainable performance, gender-diverse boards are being recognized as strategic resources.

In the past decade, gender diversity has become more prominent in Malaysia, primarily due to regulatory changes, shifts in corporate governance, and social awareness. In Malaysia, the Securities Commission and the Bursa Malaysia have set the first regulatory requirement for PLC boards to have at least one female director. Coupled with the advises the boards under the Malaysian Code on Corporate Governance (MCCG 2021) to pursue a more even distribution of members by gender, this has improved the situation somewhat. However, women remain inordinately underrepresented in senior roles, especially at the level of Chief Executive Officer (CEO) or Chairperson. According to the latest figures, women in 2024 are expected to hold roughly 31% of the board seats in the top 100 PLCs, whereas women in executive roles still account for less than 10%. This evidences the disconnect between policy and real change.

1.2 Problem Statement

The insufficiency of women represented on Malaysian corporate boards angers some scholars. Some scholars have suggested that certain structural and organisational barriers might be limiting women from attaining leadership positions. An example of this might be structural injustices of a given society, such as a country's strong patriarchal policies, umbilical ties of an 'old boys' network' that informally circulate, and other infective justifications for board memberships that do not advocate gender equity. Other scholars argue that policies that advocate women's participation in boards often lead to tokenistic appointees, who, in fact, do not have power to meaningfully participate in decisions. Some scholars advocate for self-leadership and self-efficacy to combat women's under-representation on boards. In addressing the pipeline that leads to the perception that women have barriers to board memberships, such as executive positions, a lack of mentorship, and a work–life balance problem, women themselves might limit their own aspirations.

The obstacles that exist in various contexts call for a comprehensive multi-level approach that captures system-wide institutional constraints, organisational decision-making, and individual self-determination. While some previous studies have attempted to investigate these variables independently, there is a paucity of research in the Malaysian context that seeks to explain the intersection of these variables and their impact on board gender diversity and the other aspects of leadership.

1.3 Objectives and Contribution

The gaps referred to in this paper are addressed by creating the Malaysian Corporate Gender Governance Model (MCGGM), which associates institutional influence, organizational practices, and individual leadership self-efficacy in relation to the composition of boards by gender. The purpose of this model is to:

Assess the extent to which coercive (regulatory) and normative (governance code, societal expectations) pressures affect the organizational gender diversity practices.

Examine the impact of organizational practices such as mentorship, succession planning, and transparent recruitment policies in the enhancement of women's leadership self-efficacy.

Assess the extent to which self-efficacy may account for the lack of women in corporate boards at the level of both executives and independence.

Assess the impact of firm-level moderators (size, sector, ownership structure) on the effectiveness of these mechanisms.

Utilizing institutional theory, gender role congruity theory, and stakeholder theory, this study provides a comprehensive framework which seeks to explain the paradox of the persistence of gender diversity on the boards of public listed companies in Malaysia, having as the primary focus the need for pragmatic policy reforms, and the constructive potential located in the gap for Malaysian PLCs and their regulators to advance beyond compliance to substantive gender-responsive governance.

1.4 Relevance to Corporate Governance

This study is relevant to several groups of people. For the boards and the C-suite, the framework reveals possible actions to improve the quality of governance by incorporating other perspectives in the leadership mix. For the policymakers, the framework provides insights on rules and the enforcement of policies that not only seek to comply, but to also constructively involve women in the decision-making process. For other scholars, it addresses the literature gaps on the emerging market phenomenon, where socio-cultural factors, organisational design, and the agency of the individual, in the collective, affect the composition of the board.

To implement sustainable, and more importantly, ethical and effective business practices in Malaysia, it is crucial to understand the factors that explain the gaps in the representation of women in corporate governance. I discuss Malaysia's regulatory and corporate landscape, the global and regional literature, and the theoretical and conceptual basis of the MCGGM framework in the following sections.

2. BACKGROUND: GENDER DIVERSITY IN CORPORATE MALAYSIA

2.1 Regulatory and Governance Initiatives

Regulatory and governance frameworks in Malaysia have been built and enhanced over time to improve the overall gender diversity in corporate boards. The SC and Bursa Malaysia implemented new listing rules that require certain levels of female representation. Large-cap public listed companies (PLCs) were to have one woman on the board by 2022. The SC expects all PLCs to comply by June 2023. Malaysia represents one of the first examples of 'soft law' being used to create 'institutional coercion' (Scott, 2014) for the practice of female board representation in Malaysia. In Malaysia, the MCCG 2021, in addition to the regulations, urges that boards of directors pursue a broad-based gender balance and creates a 'norm' around gender diversity, which goes beyond mere compliance. The MCCG suggests that gender imbalance increases the risks that corporate boards manage poorly and that stakeholders are inadequately engaged. These suggestions correlate with the investor and wider community expectations. The ICDM, along with other professional bodies and industry associations, has advocated for policy changes, developed training, and provided diversity indices. These tools have been used to highlight and benchmark the best corporate practices and have advocated for companies to implement and adopt proactive practices in succession planning, mentorship, and transparent board recruitment. Together, all of these factors create a compliance environment that encourages boards to give serious thought to gender diversity rather than merely for window dressing.

2.2 Trends in Female Board Representation

There have been refreshing changes to the gender diversity on boards of Malaysian Public Listed Companies (PLCs). As of 2024, women occupy 31.4 percent of board positions, up from 16.6 percent in 2016, among top hundred PLCs (BusinessToday, 2024). The gains in women representation look great on the surface but the reality of the situation, structural and organizational hindrances, limt the progress. The largest and most publicly traded companies tend to surpass the targets, but the majority of mid and small cap companies have boards that are entirely male. Women may occupy board positions, but the titles of CEO and Chairperson are, almost entirely, in the hands of men. The number of women in those positions remains in the singlest digits, typically below 10 percent. While getting women in board positions, the real problem of power and decision making influence in those positions remains. It is no secret that the appointments of women to positions, especially independent and non-executive ones, is simply an exercise in compliance that does not improve the governance of focus Malaysia (2024). There are many differences in the amount of female directors in certain sectors. More women are represented in the financial, utilities, and professional services sectors. These sectors show more female representation because of the more rigid rules of governance, more pressure from investors, and the size of the companies. On the other side, the family-owned, manufacturing, and traditional sectors are further behind. These areas are more behind because of the the more deep-rooted patriarchal systems and the reliance on informal appointment systems. Thus, the ownership structure, firm size, and the sectoral standards all moderate the institutional pressure and the female representation on the boards, further enforcing the multi-level systems from the MCGGM framework.

2.3 Empirical Evidence on Board Diversity and Firm Performance

Although empirical studies in Malaysia have positive correlations between female board members and company performance, results tend to vary based on circumstance. For example:

• Sabri et al. (2020) found that, from 2014 to 2018, the top 50 listed companies in Malaysia that achieved higher female board representation had better returns on assets (ROA) and returns on equity (ROE).

• The Star (2024) found that, of the 312 Public Listed Companies (PLCs) in Malaysia, the boards that had 1/3 of their members as women had a 38 percent higher median return on equity (ROE) in comparison to the boards that did not have a single female director.

• In a study that analyzed boards with greater than 30% female representation, Raja Ahmad, Azmi, and Zakaria (2025) found that gender-diverse boards had better oversight and governance.

Though some studies indicate that when there is historically low female representation, the results are the least positive. For example, Unimas Publisher (2018) notes that, in the period 2014-2016, boards with a low representation of female members did not show any positive change in the return on equity (ROE). This may reflect a phenomenon referred to as tokenism or a lack of influence on the executive level. The range of results shows the representation–influence gap, as the presence of female directors does not ensure the same level of strategic contribution or improved governance results. Positive outcomes occur when women are empowered to make decisions, are active members of critical committees, and are fully engaged in deliberations at the board level. Hence, the organizational culture of mentoring, succession planning, and a more inclusive culture is critical in converting the expectations of the institution into board diversity that works.

3. LITERATURE REVIEW

3.1 Global Research on Gender Diversity in Boards

Extensive research in developed markets emphasizes the multifarious advantages of gender-diverse boards. Female directors are associated with better financial outcomes, risk management, governance, and overall board functioning in both Europe and North America (Adams & Ferreira, 2009; Terjesen, Sealy & Singh, 2016). For example, in their research Adams and Ferreira (2009) noted that female directors are associated with better agency problem resolving due to aligning managerial incentives with shareholders and monitoring management more closely.

Furthermore, gender diverse boards build trust with stakeholders. According to stakeholders theory, in order for organizations to build and sustain legitimacy and long-term value, they must address the needs of all constituents (i.e., shareholders, employees, regulators, and the community) (Freeman, 1984). Accordingly, female board members speak for the population and are the symbol of the organization's values for social responsibility and the ethical representation of all governance.

Binding gender quotas and strong institutional pressures are likely to result in rapid growth in female board representation (Cao & Lu, 2019). However, there is an "executive gender paradox" in which, for instance, not all board appointments are likely to result in social change if all board members are non-executive directors or serve in an independent capacity. Genuine governance advantages accrue when women are in active positions on the high-level executive teams and cross functional strategic decision-making committees (The Guardian, 2021).

Diversity in a workplace is much more than simply looking at head counts. Research shows that including female employees into network-building and decision-making processes at a core level does not improve workplace outcomes unless there is a culture of inclusion (arXiv, 2020). Therefore, more attention is being paid to what it means to have both an inclusive workplace and evidence of influence, rather than just counting employees to determine effectiveness.

3.2 Gender Diversity in Emerging Economies and Southeast Asia

Malaysia and other emerging economies encounter distinct barriers to the achievement of greater diversity in the gender composition of boards of directors. Family ownership of businesses, lack of effective legal enforcement, patriarchal cultural values, and the underdevelopment of the market for qualified women are all great obstacles to the achievement of substantive participation (Torchia, Calabrò & Huse, 2011). Such boards tend to have only token women members, and women tend to occupy non-executive or symbolic roles as opposed to substantive roles that influence the direction of the business or the strategy of the enterprise.

Studies that compare different Southeast Asian countries indicate that while Malaysia has a low incidence of all-male boards in comparison to other countries in the region, there are still imbalanced boards in terms of the number of women directors in relation to the total number of directors in small and medium-sized enterprises (Iqbal et al., 2021). Even in firms that achieve the level of female representation that meets the legal requirements, it is not common to find women in senior executive positions. This indicates that there are still structural and cultural impediments that exist despite the existence of legal frameworks.

The body of empirical evidence available for studies that examine emerging economies is both sparse and heterogeneous. Some studies have recorded the existence of a positive correlation between the presence of women on boards of directors and the performance of the firm, while others have noted the absence of such a correlation, and in some cases a negative correlation, particularly when the presence of women on the board is inadequate. The heterogeneity and inconsistency of the empirical evidence can be attributed to differences in the level of corporate governance, the characteristics of the industry, and the organizational characteristics, all of which suggest that the application of the MCGGM is appropriate in such heterogeneous environments.

3.3 Psychological and Organizational Dynamics

3.3.1 Gender Role Congruity

Eagly and Karau (2002) proposed Gender Role Congruity Theory, which states that for leaders to be accepted within their role, a country's culture must be aligned with the gender role of the leader. It asserts that the culture must view leadership as a role that encompasses dominance, decisiveness, and aggressiveness, all of which are masculine characteristics. Women are viewed negatively and, therefore, less likely to be promoted or have their contributions valued as a result of leadership roles being viewed as inconsistent with their expected social roles.

In Malaysia, these cultural perceptions are compounded with the rules of the organization and the informal structures within it. Most boards use patronage, old boys' networks, and family network connections to selct board members, which contributes to the scarcity of women in the highest management levels. Implicit stereotyping around women's roles in the family and their caregiving chores reinforces bias and leads companies to take women out of the executive career pathways.

3.3.2 Leadership Self-Efficacy

An individual's belief in their ability to lead is termed leadership self-efficacy (Bandura, 1997), and it is the factor that mediates the opportunity structures with the attainment of leadership. Women with elevated self-efficacy are more likely to attain board positions and overcome a perceived handicap (Olaosebikan & Abiodun, 2021). Self-efficacy is bolstered through firm-specific practices such as mentorship, sponsorship, and training, as well as from an exposure to responsibilities that include managing profit and loss.

3.3.3 Organizational Practices

Advancement of women within organizations is facilitated by inclusive human resources frameworks, clear recruitment processes, and inclusion of women in succession planning. In mentoring programs, the pairing of younger, aspiring female leaders with older, more established female directors, increases members' visibility, access to networks, and reduces dependence on informal, male-dominated networks. The absence of these practices in family-owned, or network-driven, firms is indicative of their institutional inertia and cultural resistance.

The absence of institutional and individual factors in organizational practices is noted by research. For example, organizations with a supportive culture and established, formal processes for board member selection will obtain not only a greater number of women at the board level, but will also increase the level of women's participation in critical decision-making positions within the top executive team (Terjesen et al., 2016).

3.4. Gaps in Existing Literature

Within a general increase of interest in the field of gender diversity in boards, within the Malaysian context, a number of gaps still exist:

In the field of women's representation, there is a lack of integrated, multi-level frameworks. This is particularly true in research that considers institutional, organizational, and individual factors simultaneously.

Research that focuses on causality and that is longitudinal in nature is lacking. The prevalence of cross-sectional research limits the understanding of the temporal aspects of a phenomenon or the long-term consequences that may result.

The complexities associated with governance, ownership, and the sector within which an organization operates, as well as the size of the firm, have received inadequate attention.

The distinction between representation and influence is seldom made. Appointments that are tokenistic in nature, are frequently equated to true empowerment of the organization, thereby detracting from the influence diversity may have on the governance outcomes.

The present study seeks to fill these gaps by proposing the MCGGM that integrates institutional pressures, organizational practices, and individual agency to account for female board representation in Malaysia with reference to symbolic and substantive distinctions.

4. THEORETICAL FOUNDATIONS

4.1 Institutional Theory

Scott (2014) describes institutional pressures of three types:

Coercive pressures: These stem from required compliance with laws and legal mandates or listing requirements

Normative pressures: These stem from professional standards, codes of governance and societal expectations

Cultural–cognitive pressures: These stem from common beliefs, standards, and values that guide the behaviour of the organization.

In the Malaysian context, the MCCG 2021 and the listing requirement of at least one female director exemplify coercive and normative pressures respectively. These kinds of pressure may, over time, become accepted as corporate practices of board gender diversity. However, mere compliance may not mean that a company has meaningfully engaged in the process. Companies may undertake shallow practices just to satisfy a legal requirement, which illustrates the importance of the practices of the organization itself in the context of institutional pressures and board diversity.

Institutional theory also focuses on isomorphism, where organizations replicate the behaviors of industry leaders or peers to acquire legitimacy. In Malaysia, successful companies with prominent female representation on boards set benchmarks that smaller or family-owned companies may imitate, thus influencing the entire corporate landscape. This explains how institutional pressures act more indirectly by influencing board practices that surpass formal regulations.

4.2 Gender Role Congruity Theory

The Gender Role Congruity Theory (Eagly & Karau, 2002) described the underrepresentation of women in leadership positions, despite some form of rules or social norms to the contrary. Leadership in most contexts is described in masculine terms, and this includes emphasis on being assertive, competitive, and decisive. Hence, women aspiring to leadership positions are likely to be seen as violating social norms, and as a consequence, they are likely to be victims of discrimination, underpromoted, or have their contributions undervalued. In Malaysia, the greater part of the representation–influence gap in corporate governance can be explained using this theory. Even when boards are said to meet the legal requirements of having women directors, the organizational gatekeepers and societal norms may effectively deny these women the remaining decision-making positions in the top management. There is a further interaction of the gender role congruity theory with the individual-level construct of leadership self-efficacy. Women who internalize the social stereotypes are likely to self-select out of the upper echelons, and in so doing, they further exacerbate the gender imbalance by narrowing the pool of potential candidates. The theory underscores the need for such organizational practices as mentorship, sponsorship, clear criteria for promotion, and a culture of inclusion that can help break the barriers that come with stereotypes and allow women the opportunity to have real power and influence in the corporate governance of organizations.

4.3 Stakeholder Theory

Taking into account the customers, employees, community, regulators, and society at large, Stakeholder Theory (Freeman, 1984) argues that maintaining legitimacy, sustainability, and long-term value creation requires organizations to consider the needs of multiple stakeholders. Increasing, there are positive corporate social responsibility (CSR) and corporate governance (CG) implications of having gender-diverse boards, since they are more reflective of the societal demographics and are viewed positively, portraying the organization as more socially responsible.

In Malaysia, stakeholders who are mindful of the culture and the society are more concerned with the implementation of inclusive governance. There are also social/ normative pressures coming from the investors, media, and civil society that lead to the boards of directors increasing their gender diversity. Negative social recognition, decreased confidence from investors, and criticism from society are some of the repercussions that organizations are subjected to when they do not comply with the stakeholders' expectations. There are also positive implications as the overall quality of decisions made by the boards of directors, and the governance, are gender-diverse.

Unlike the perspectives of institutional and gender role congruity, stakeholder theory focuses on the legitimacy-driven reason for the diversity of boards. Stakeholder theory focuses more on the anticipation of societal pressures and informal expectations, while institutional theory focuses more on adherence to formal and informal control mechanisms. These are the overriding factors for stakeholder theory and institutional theory that provide a better understanding of the levels that are determining, the ways that are determining, and the results that come out of having women in positions of power in the corporate governance of organizations.

4.4 Integration of Theories

The combination of the three theories gives a rich understanding of gender diversity in Malaysian corporate boards from the following perspectives:

Institutional theories see firms adopting gender-inclusive policies due to structural changes.

Organizational practices coupled with culture change initiatives mitigate gender role constraints and improve self-efficacy in leadership.

Stakeholder beliefs solidify the legitimacy and the business case for diversity in boards.

The MCGGM utilizes this combined theoretical basis to describe the interaction of coercive and normative pressures, organizational practices, and individual agency with firm-level attributes to affect the composition of boards in terms of gender. This approach gives the model the means to analyze the external realities and the internal mechanisms, thus offering a suitable design for empirical analysis in Malaysian public listed companies.

CONCEPTUAL FRAMEWORK: THE MALAYSIAN CORPORATE GENDER GOVERNANCE MODEL (MCGG

5.1 Overview of the MCGGM

The MCGGM provides a holistic approach to understanding the varied dimensions of the challenges, explaining the cross-cutting factors that serve to limit the number of women on the boards in Malaysian Public Listed Companies (PLCs). It integrates institutional theory, gender role congruity theory, and stakeholder theory to understand the financial, social, and structural impact of external and internal organizational factors, as well as the role of individuals within varying firm environments.The MCGGM theorizes that there are three key influences that explain the composition of genders in boards of directors for a particular firm:

Institutional Pressures – Coercive (e.g., rules and regulations that must be followed) and normative (e.g., the governance code, the self-imposed expectations of stakeholders)

Organizational Practices – Practices include recruitment that is free of bias, mentorship, succession planning, and systems of human resources (HR) that are gender inclusive.

Individual Leadership Self-Efficacy – This refers to the belief of a woman about her own ability to lead, and is determined by her past experiences, the presence of support, and the culture of the organization being inclusive.

These components are shaped by firm-level moderators such as the firm's size, industry, ownership, and complexity, which in turn, impact the efficacy of the diversity initiatives being applied. The dependent variable being examined is the diversity of gender representation on boards of directors, which is operationalized as the percentage of women on the board, the presence of women within the executive ranks, and the distribution of roles (executive versus non-executive).

5.2. Components of the Model

5.2.1. Institutional Pressures

External stakeholders that engage with a firm shape the way the firm is organized and operate within the firm's own processes and structures. Institutional pressures can be classified depending on the sources that establish them. Coercive pressures will come from institutionalized structures such as the legal system and other rules and regulations. When a firm has to be governed by a particular code, is monitored by the investors, or is criticized by the public, normative pressures are for such a firm. From such pressures, a firm will be incentivized to have women appointed as directors, especially in the beginning, in roles that are executive. Over a longer period of time, the organization adapts these rules and will include women as participants in higher levels of decision-making and in the processes of strategic leadership.

5.2.2 Organizational Practices

These are the specific practices that organizations can use to manage the institutional pressures that impact the boards:

Board recruitment and selection practices that are focused on the competencies, experiences, and gender equity and diversity of candidates.

Mentoring and sponsorship initiatives that are directed toward increasing women's access to leadership positions.

Succession planning that establishes a pipeline for women to move into executive roles.

Inclusive HR practices that promote flexible arrangements and challenge the conventional entrenchment of gender roles.

These practices lead to the improvement of both the depth and breadth of women's representation on boards and, therefore, indicate a move beyond simply fulfilling the requirements of policies to avoiding tokenism.

5.2.3 Leadership Self-Efficacy

The term leadership self-efficacy, as defined by Bandura (1997), suggests a woman's perceived capability of undertaking leadership roles. The construction of self-efficacy views prior leadership experience, access to leadership training, perceived organizational support, and the societal attitude toward women in leadership. The higher the self-efficacy, the more women will aspire to sit on boards, advocate for the executive roles to which they are entitled, and affecting organizational strategies.

5.3 Firm Level Moderators

The attributes of a firm moderate the extent and impact of the pathways described in the MCGGM. The key moderating factors are:

Firm Size — It is possible that larger firms will have sufficient resources to support the implementation of diversity initiatives and are able to manage the provision of such initiatives more effectively. Thus, they will be able to face the pressure from stakeholders to address the issues more easily.

Industry Sector – Substantive practices of gender diversity are more likely to be adopted in sectors with a more complex governance structure (e.g., finance, utilities).

Ownership Structure – Compared to professionally managed firms, family-owned firms operate with more informal networks which can be a barrier to women's advancement.

Corporate Complexity – Diversified firms may appreciate the potential benefits of diverse thinking that come with a more diverse leadership team.

These moderators help explain whether institutional and organizational changes result in actual increases in gender diversity among boards.

5.4 Hypotheses

From the MCGGM, the following hypotheses are provided for consideration for empirical examination in the future.

H1: Institutional pressures have a positive effect on implementation of organizational gender diversity in Malaysian PLCs.

H2: Organizational gender diversity practices have a positive effect on women's leadership self-efficacy.

H3: Women's leadership self-efficacy has a positive effect on the representation of women on corporate boards.

H4: Organizational gender diversity practices strengthen the effect of institutional pressures on board gender diversity, especially the effect of institutional mandates.

H5: Firm size, sector, and ownership structure are factors that influence the relationship between self-efficacy of leaders and board gender diversity.

These hypotheses are designed to capture the interplay of multiple levels, focusing on the interplay of external factors, organizational factors, individual factors, and the visibility of those factors on boards.

5.5 Mechanisms and Pathways

The MCGGM articulates four main pathways by which gender diversity can be affected.

First, the Coercive Pathway occurs wherein Regulatory (i.e., individual listing requirements) dictates a floor level of compliance, whereby firms may end up with merely a tokenistic appointment.

Second, the Normative Pathway which comprises of governance frameworks, stakeholder and societal expectations, and social constructs, voluntarily endorses the integration of diversity policies and makes the practice on purposeful inclusion stronger.

Third, Internalization and Inclusion fosters the organizational practice of mentorship, recruitment and succession planning, and increases women's leadership self-efficacy, which translates to an increase in substantive representation.

Fourth, Moderation by Firm Characteristics: The size of the firm, the sector in which it operates and the type of ownership has an impact on the extent to which the aforementioned pathways work and whether the resultant policy on diversity is actual participation and not merely token compliance.

Overall, these mechanisms illustrate the complexities of the influence of institutional pressures, organizational practices, individual agency, and firm level context on the diversity of women on corporate boards.

6. DISCUSSION: CHALLENGES, OPPORTUNITIES, AND IMPLICATIONS

6.1 Evident Progress — But Is It Substantive?

In recent years, Malaysia has focused on improving gender diversity on boards. The most recent Business Today (2024) report shows that the milestones of just over 31.4% female representation on boards of the top 100 public listed companies (PLCs) has a positive connotation on the trend of female representation on boards. The MCCG 2021, listing requirements with mandates, and advocacy by the ICDM, along with the recent MCCG 2021, have put boards of directors under the spotlight.

It is important to realize that representation by itself is not empowerment. Many women board directors are in the role of being independent, and non-executive, and are mostly perceived to be in positions that have no real ability to influence the outcomes of the board. The positions of executive directors, and in more senior positions of chief executive officer (CEO), and chairperson, are still far more than 10% female (Focus Malaysia, 2024). This is illustrative of the fact that female participation in boards of directors is not representative of the female gender being able to influence the corporate strategy or governance.

This has been documented in empirical studies. More females on the board have been found to improve Return on Assets (ROA) and Return of Equity (ROE), and reduce management of earnings, and all of these are good in changing board outcomes, However, the positive change outcomes were only attributed to females in the decision-making positions. In the event that female participation is in the non-executive and oversight roles, or is only present in the capacity of being a token female, it is most likely that the improved governance would not be the outcome. There is a need for more than just operational compliance, it is imperative that material and substantive inclusions are provided in order to realize the board performance.

6.2 Structural and Cultural Barriers

Although there is regulation and feedback, there are several cultural and structural barriers that limit women's advancement to corporate leadership positions.

Weaknesses in the Leadership Pipeline: Many women are excluded from career paths that include profit and loss responsibility, major project oversight, or key strategic exposure; these are prerequisites for board sponsorship.

Informal Networks and Patronage: In family-owned and networked-based firms there are informal networks or "boys' clubs" used to politically appoint board members and ignore competent women.

Gender Role Stereotyping: The social expectation that caregiving and family responsibilities fall to women, fosters the belief that women are unsuitable for leadership, and causes women to exclude themselves from opportunities to become executives.

The "Qualified Candidate" Stereotype: Boards citing a lack of qualified women candidates is a structural and interpretative organizational bias that explains the lack of women deemed qualified.

All of these barriers are examples of Role Congruity Theory in a structural context, showing the cultural and organizational anti-female bias that exists despite the prevailing institutional rules.

6.3 Risks of Tokenism and Superficial Compliance

The most concerning aspect of this practice is what we can call 'token' compliance. This is where a business appoints just enough female members to the board to legally or socially 'tick a box' without any real engagement to be substantive. This is potential to actually harm the objectives of the business from a gender imbalance in the board room:

Lack of impact: Women in these token positions are often marginalized to the extent that they do not sit on any of the key strategic sub-committees or decision-making groups.

Overvisibility and performance pressure: Male members of the board tend to see token female members in isolation, and therefore board members are at risk of increased observation, and a greater share of the responsibilities which leads to the avoidance of a more active role.

Pretend Diversity: The bureaucrat or the members of the public may be satisfied from a compliance or superficial perspective, but the real answer to the question is that the governance of the organisation and the trust of the stakeholders has not improved in any appreciable way.

The literature is clear that where there is real presence on boards at the executive level and real participation in committees and sub-committees there is the potential for diversity to positively impact governance. Thus, in a strategic and moral sense, tokenism on boards is a lost opportunity to harness the potential of gender diversity.

6.4 Pathways for Genuine Gender-Inclusive Governance

In pursuit of achieving substantive gender diversity, companies need to go beyond the rules and put in place the necessary structural, cultural and organizational changes:

Recruitment Transparency and Competence: Boards need to focus on skills and experience and diversity of thought, as opposed to merely checking the boxes. Clear criteria limit informal network dependency and challenge the bias of who is defined as a “qualified candidate.”

Leadership Development Pipelines: Mentorship and sponsorship programs and leadership training can prepare women for board and executive positions, bolstering their leadership self-efficacy and career readiness. Strategic experience can be gained through rotational assignments with P&L responsibilities.

Organizational Culture of Inclusion: The firm must foster gender-neutral perceptions of leadership, which requires the firm to be more accommodating of work–life balance and more robust in the active combat of stereotypes that are barriers to women’s advancement.

Regulatory Enforcement and Monitoring: Regulatory bodies should go beyond the minimum to which they are legally mandated, and monitor and publish the breakdown of board memberships by role (executive vs independent) and by gender, which would create a market pressure for companies to adopt practices that would improve their diversity.

Firm-Level Policies: Policies on flexible work, parental leave and sponsorship support the retention and advancement of women to leadership roles. Also, for succession planning, integrating a gender lens is critical to ensuring there are always women in the pipeline.

All of the above actions impact the self-efficacy of women in positions of leadership and in the practices of the organizations that surround them and are the result of the prevailing institutional and normative pressures for real change in diversity on boards.

6.5 Policy, Corporate, and Societal Implications

6.5.1 Policy Implications:

Regulators and stakeholders play a critical role in promoting substantive gender equality:

Move beyond one-director mandates toward proportional representation targets.

Mandate public disclosure of board composition by role, fostering transparency and accountability.

Encourage integration of gender metrics into ESG and investor evaluations, incentivizing firms to implement effective diversity practices.

6.5.2 Corporate Implications:

Firms should treat gender diversity as a strategic asset rather than mere compliance:

Recognize women’s potential beyond traditional executive career paths.

Institutionalize mentorship, sponsorship, and succession planning to support advancement.

Embed inclusion into organizational culture, ensuring women participate meaningfully in strategic decision-making.

6.5.3 Societal Implications:

Broader societal attitudes influence corporate practices:

Public discourse and advocacy can shift cultural norms, reducing gender-role biases.

Civil society, media, and industry associations can highlight success stories, reinforcing the business case for diversity.

Inclusive governance enhances corporate reputation, builds stakeholder trust, and signals alignment with societal values.

7. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

7.1 Limitations of the Study

Although the Malaysian Corporate Gender Governance Model (MCGGM) provides a robust advancemnt of the concepts, a few constraints are applicable:

Absence of Longitudinal Data: There are studies of Gender diversity on the Malaysian boards that depend on cross-sectional data. Because of the data's focus on a single point in time, there is no possibility of establishing a causal nexus among the institutional pressures, organizational behavior, self-efficacy of leaders, and board composition. Without cross temporal data, it is impossible to determine how any activity, policy, or even a shift in the culture, results in a lasting change in the diversity of boards in terms of gender.

Challenges in Measurement. Some of the model’s components are difficult to measure and are subjective such as self-efficacy of leaders, the culture of the organization, and informal networks. Self-reporting, social desirability, and the lack of reliability among the interviewees and the survey respondents, contribute to the lack of consistency of the empirical results in terms of validity and reliability. Surveys and interviews do give some information, but they also have some bias.

Variation by Sector: Although the model incorporates some level of generality, there are considerable differences by sector, in terms of governance structures, culture and operational complexity. For example, in the financial sector, there are formalized structures for diversity policies, while in the family owned manufacturing sector, there are informal networks for appointments. These variations can restrict the generality of the empirical results and the potential for intersecting the institutional and operational frameworks.

Intersectionality and Other Dimensions of Diversity: Although the model tackles the gender issue, other diversity dimensions such as ethnicity, age, socio-economic status and level of education also affect the composition of boards. Future studies should focus on the intersection of these various identities and their relationship to gender in order to better understand the complexities of board relationships and the resulting influence and governance of boards.

Transformative Diversity and Tokenism: While the model captures the essence of female representation and leadership self-efficacy, it sadly fails to address whether, or to what extent, female directors actually possess decision-making authority, sit on important committees, and affect the outcome of strategic decisions. This builds the premise for describing the divide between symbolic and real empowerment, and is perhaps the reason for the absence of descriptive qualitative or other forms of research.

7.2 Directions for Future Research

Future research can turn these limitations into new opportunities for advancement of both theory and practice:

Studies Focused on Temporal Dimensions: Studies for the future must put together multi-year panel data in order to assess the consequences of institutional pressures on firm practices, self-efficacy, and board outcomes. The results from such studies will help capture the temporal dimensions of the phenomena in question including the sustainability of diversity initiatives and their potential effect on firm performance.

Use of Combined Research Techniques: The potential use of quantitative surveys along with qualitative interviews and/or case studies is a much more effective research design. This design can help capture informal social networks, the culture of the organization, and the various roles that female directors occupy. With such a design, the researcher will appreciate the various dimensions of influence, inclusion and empowerment, which go beyond mere numbers.

Analyses Focused on a Particular Sector of the Economy or a Type of Company: Studies that deal with a specific sector of the economy or focus on small, medium and large companies with different ownership structures will be able to assess the specific barriers and enablers of gender diversity in a more effective manner. Comparative research in family-owned firms and professionally managed firms will help understand the role of informal social networks in board appointments more effectively.

Research in the Field of Intersectionality: More studies need to be conducted that go beyond the intersection of gender. Future research should also include ethnicity, age, and socioeconomic and educational background in order to examine the multifaceted nature of social identities and their impacts on the presence or absence of effective governance. This is in line with contemporary global calls for more equitable and inclusive leadership and representation.

Inclusion Metrics of Substance: Research should create metrics for assessing meaningful power beyond the simple enumeration of committee roles, strategic function decision roles, and board leadership. These metrics would assist in distinguishing between the absence of real power from the presence of real power, thus providing positive guidance to policymakers and managers.

8. IMPLICATIONS AND CONCLUSION

8.1 Theoretical Implications

The Malaysian Corporate Gender Governance Model (MCGGM) is an important addition to the literature on corporate governance and the literature on gender diversity in the context of developing economies in the following ways:

Integrative Multi-Level Framework: The MCGGM differs from other models of board gender diversity by integrating the three branches of institutional theory, gender role congruity theory, and stakeholder theory. This seems to be the first such model which not only goes beyond previous models which have only focused on compliance with laws or social expectations, but it also captures the construct of external institutional pressures, internal organizational dynamics and individual agency.

Contextual Adaptation: The MCGGM shifts the focus of gender diversity research from the developed Western countries to developing nations. It also attempts to balance the theoretical constructs with the Malaysian socio-cultural and corporate context. This model also attempts to provide a better understanding of the effects of family-owned businesses, overtly patriarchal cultures, and the governance structures of various industries on the contours of women’s leadership.

Representation–Influence Distinction: The MCGGM attempts to explain the substantive difference between the mere presence of women in leadership and the organizational culture and the leadership of the organization, which influence the potential that women have to participate in the decision-making processes of the organization. This is an important contribution in the context of the global literature on the so-called ‘executive gender paradox’ in which it is noted that where there are token women in leadership positions, there seems to be no substantive impact on organizational governance.

Hypothesis-Driven Framework: The model establishes a basis for empirical research, as it suggests testable hypotheses that involve institutional pressures, organizational practices, leadership self-efficacy, firm-level moderators, and the diversity of boards by gender. Subsequent research may explore causal dimensions, construct empirical validation, and refine the theory.

8.2 Practical and Corporate Implications

The MCGGM offers actionable suggestions to corporate leaders and boards on how to improve gender diversity.

Long-Term Strategic Benefit of Gender Diversity: Gender diversity should be seen as a strategic advantage. Regulatory compliance is seen as box-ticking. Companies that practice inclusive leadership have better decision-making, increased trust from stakeholders, and improved long-term results.

Open Recruitment and Succession PlanningBoards should implement skills-based recruitment and succession planning. This should focus on the experience and the diversity of the candidates without a tokenism approach. Mentorship, sponsorship, and rotational positions with P&L responsibility should prepare women for the executive and board levels.

An Inclusive Organizational Culture: The culture of an organization is vital to the enforcement of a policy. The firm stereotypes and accommodates work-life balances. The policy is designed to help women and give them the reins to participate fully in deciding key initiatives.

Accountability: Companies should monitor their board-level gender diversity, disclose the gender breakdown of their leadership roles, and set goals for their executive ranks. Gender diversity should be factored into a company's overall performance and its ESG goals to improve compliance.

8.3 Policy Implications for Regulators and Stakeholders

The role of policymakers and stakeholders in fostering sustainable gender equality in corporate governance is as follows:

More Than One-Director Rules: Policies should support less than full representation in order to give women real power (not just token presence) in particular as subordinate executives.

Disclosure and Transparency: Regulators of public listings may require more comprehensive disclosures on the composition of boards by gender and position in order to incentivize the visibility of, and the value placed on, activities to achieve representation at all levels.

Encouraging the Adoption of Inclusive Governance: The pressure of investors in conjunction with civil society can steer corporate behaviour to meet socially inclusive governance, thereby satisfying the expectations of the investors and the civil society.

8.4 Societal Implications

Achieving gender equality in corporate governance has broader societal benefits:

Positive Impact through Role Modeling: Female leaders in prominent roles inspire young women to become leaders themselves.

Social Equity: When boards become diverse and inclusive, they bring credibility to the organization and offer representation to the different facets of society, which promotes social equity and good governance.

Economic Development: Research shows that women's representation in leadership roles translates to better organizational performance, risk-taking and trust from stakeholders - all of which contribute to sustained economic development.

8.5 Conclusion

For Malaysian firms, corporate governance and gender equality are both a moral necessity and a business priority. The increase in women's representation in boards to around 31.4% at the largest PLCs is attributable to regulatory changes, governance codes, and advocacy. Despite this progress, women's representation in senior executive positions remains a problem, highlighting the need for real inclusiveness and not just for token representation. Most, if not all, of the challenges arising from the lack of inclusive female representation in boards and senior executive positions can be analyzed using the MCGGM. The MCGGM incorporates the self-efficacy of individual leaders, the organizational and institutional levels, and firm-level moderators. It provides actionable answers for corporate boards, stakeholders, and policymakers. The MCGGM underscores equity, and the need for change and progress to occur simultaneously in all the dimensions of structural reforms, organizational culture, and individual determination. All parties—the stakeholders, boards, firms, and societies—have a role to play in fostering gender equity in corporate governance in Malaysia. It is important for all actors to eliminate cultures of exclusion, opaque governance, and lack of agency. Closing these gaps will lead to improvements in governance and overall corporate performance, and will increase the trust of stakeholders and of the society. It will also further progress the social and economic goals of Malaysia

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