

Singapore Board Diversity Report 2012

The Female Factor

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Centre for Governance, Institutions & Organisations
NUS Business School



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- Part of NUS Business School, Singapore
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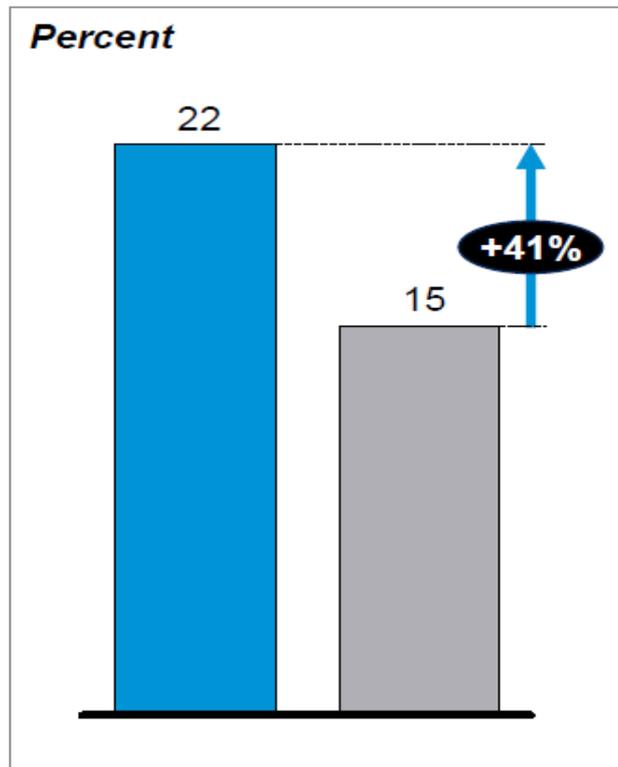
Boardroom diversity

- Boardroom diversity is an increasingly important corporate governance metric globally
- Diversity is broader, but we will focus on gender
- Increasing awareness among executives and governments of benefits of gender diversity
- In Singapore: increased attention for the topic

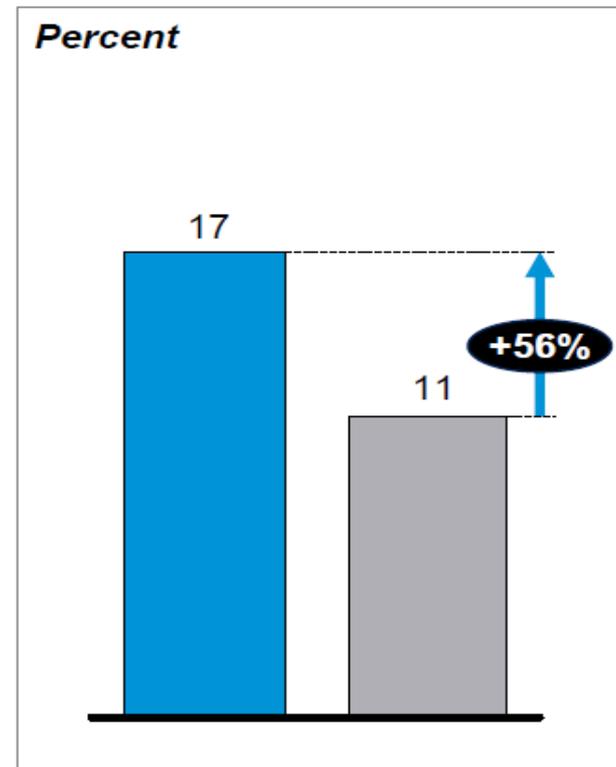
Business case for diversity

- Companies in the top quartile for the women representation in executive committee vs. sector¹
- Companies with 0 women in executive committee in that specific sector

**Average return on equity
2007-2009²**



**Average EBIT margin
2007-2009³**



Source: McKinsey, Women Matters, 2010



“CEOs must try and improve the gender balance of their executive committees, because this isn’t just about equality, it’s about performance. And the simple fact is that the more diverse your team, the better it performs.”

Lord Davies

(Financial Times, 13-03-12)

Gender diversity across the globe

- Limited female representation on boards globally
- Increase is slow, so countries are taking action:
 - Quota (e.g. Norway)
 - Business roadmaps (e.g. United Kingdom)
 - Specific targets (e.g. Malaysia)
 - Reporting requirements (e.g. Australia)
 - Most recent news: EU, Hong Kong

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WEEK IN REVIEW

September 7, 2012 3:34 pm

Brussels drafts board gender quota

By James Fontanella-Khan in Brussels

Brussels plans to force companies listed in the EU to reserve at least 40 per cent of their non-executive director [board seats for women](#) by 2020 or face tough sanctions, according to a proposal being drafted by the European Commission.

The proposed legislation, expected to be formally introduced by Viviane Reding, the EU's justice commissioner, next month, aims to address gender imbalance across the bloc's 27 states. EU figures show that in January, women represented only 13.7 per cent of board positions in large listed companies.

Source: Financial Times

Boardroom Gender Diversity in Singapore

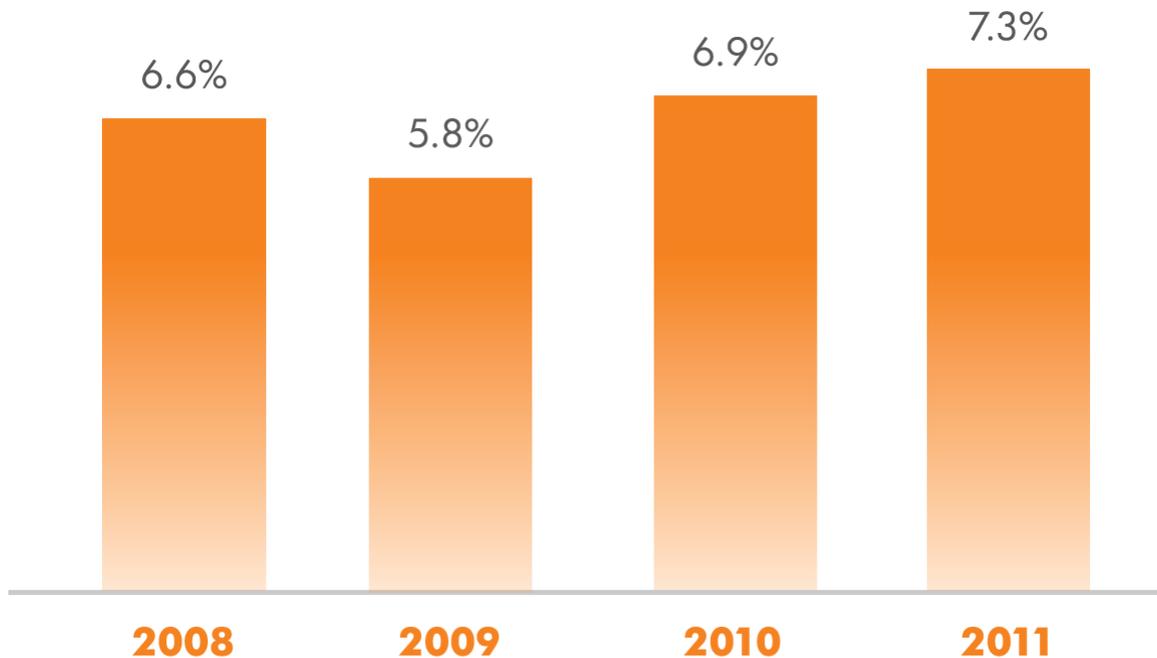


The Female Factor

Methodology

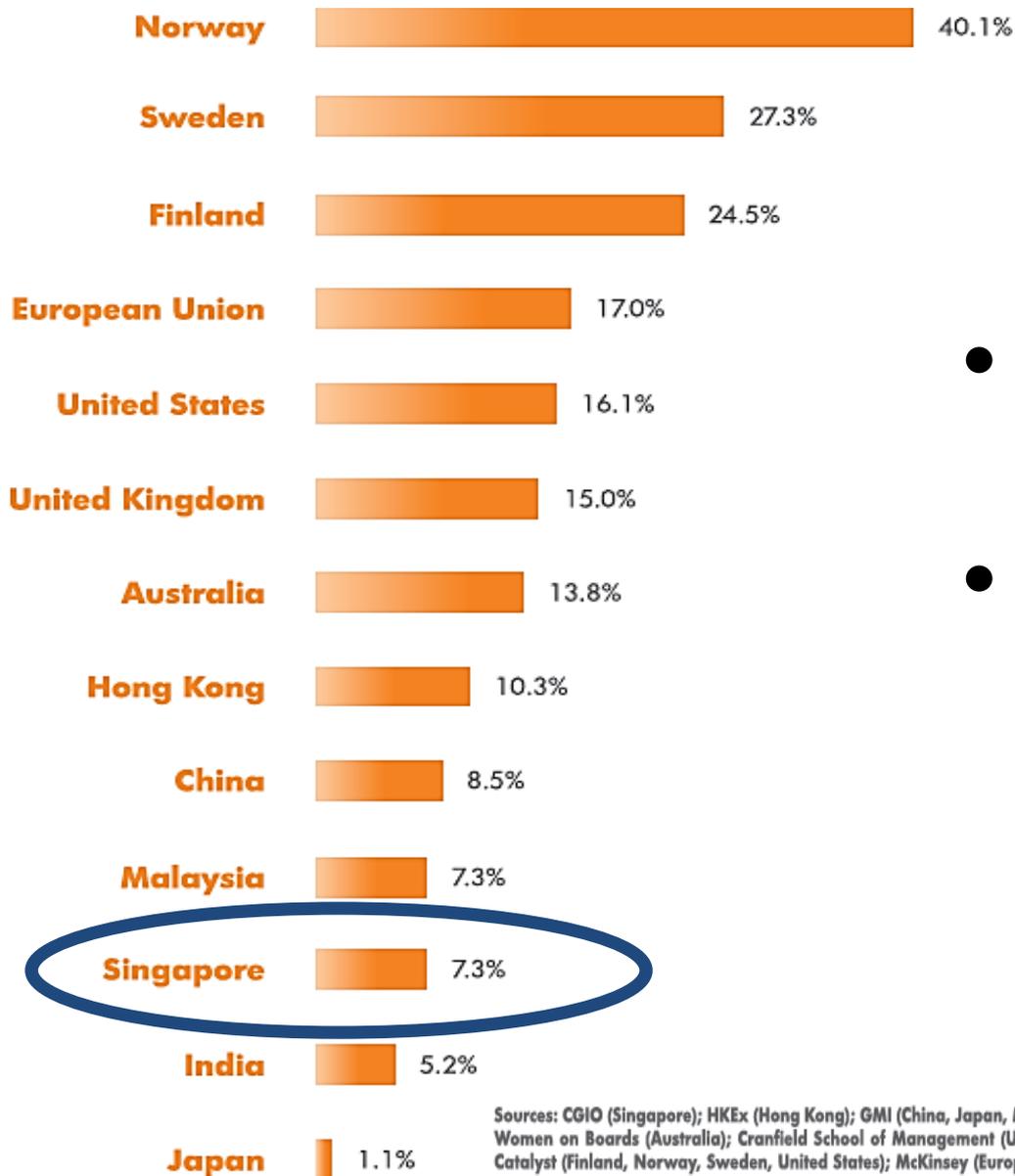
- Based on a comprehensive study of SGX-listed firms, database goes back to 2008
- This issue: based on annual reports for FY 2011 of 693 listed firms; 28 REITs and trusts; and 65 statutory boards (just under 6,000 directors)
- Focus this year:
 - Gender diversity by type of company ownership
 - Board composition and leadership roles

Female representation in SGX-companies



Source: CGIO Database

- Slight increase in female directors
- At this rate, we reach the average for developed countries in **2021**

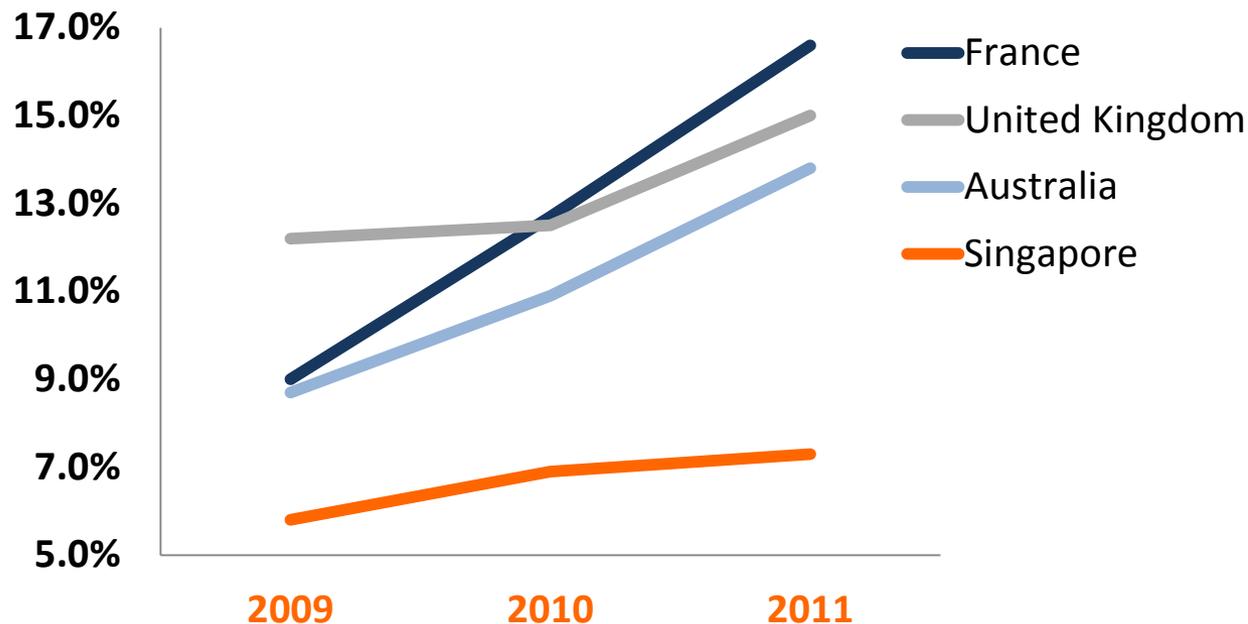


Global comparison

- Norway tops with 40% women on boards
- Singapore lags behind other developed countries and is below the global average

Sources: CGIO (Singapore); HKEx (Hong Kong); GMI (China, Japan, Malaysia, India); Women on Boards (Australia); Cranfield School of Management (United Kingdom); Catalyst (Finland, Norway, Sweden, United States); McKinsey (European Union)

Benchmarking Singapore: widening gap



Sources: CGIO (Singapore), Women on Boards (Australia), Cranfield School of Management (United Kingdom), GMI (France)

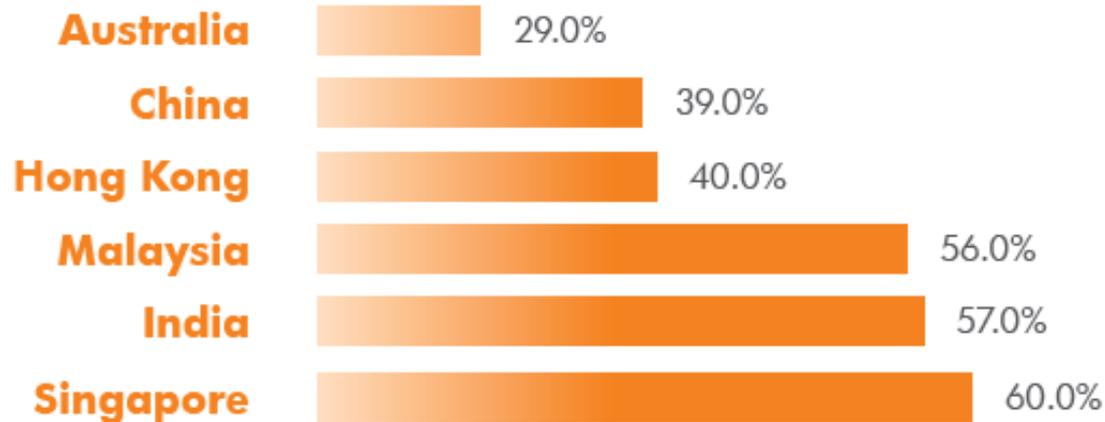
- Developed countries improve faster than Singapore
- Gap between Singapore and developed nations is widening

A typical board



- 60% of the boards look somewhat like this
- All-male boards only slightly down from last year (61.3%)

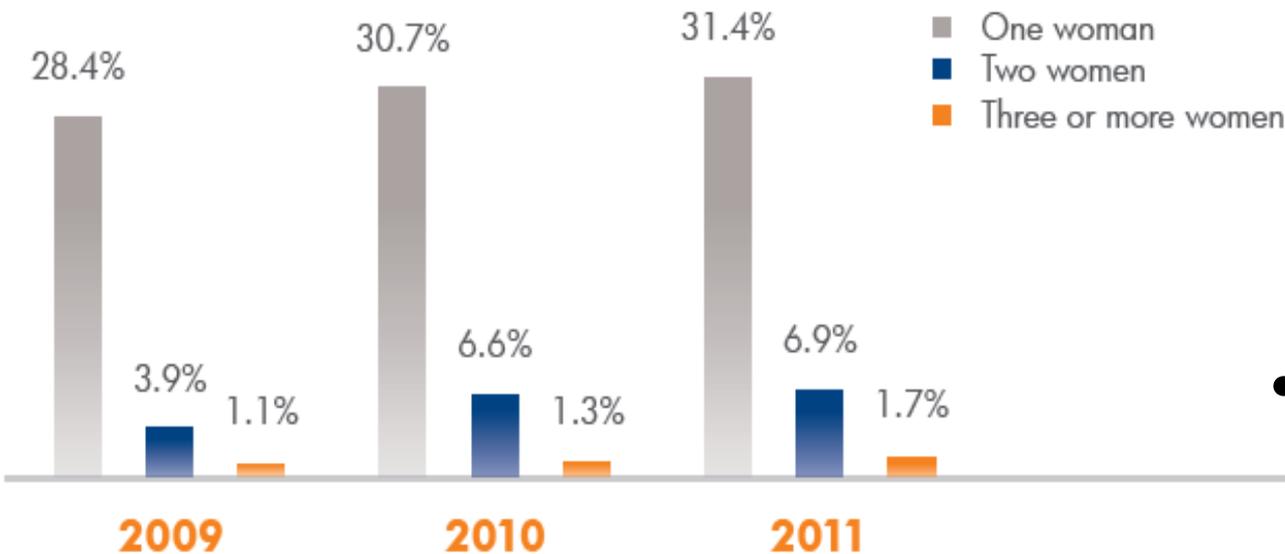
All-male boards regionally



- Singapore has the highest percentage of all-male boards in the region

Sources: CGIO (Singapore), HKEx (Hong Kong), Korn/Ferry Institute (Australia, China, India, Malaysia)

Number of women on corporate boards



Source: CGIO Database

- If boards have women, it's is typically only one (31.4% of the boards)
- Less than 10% of all boards have more than one female director (but: upward trend)

Unique board

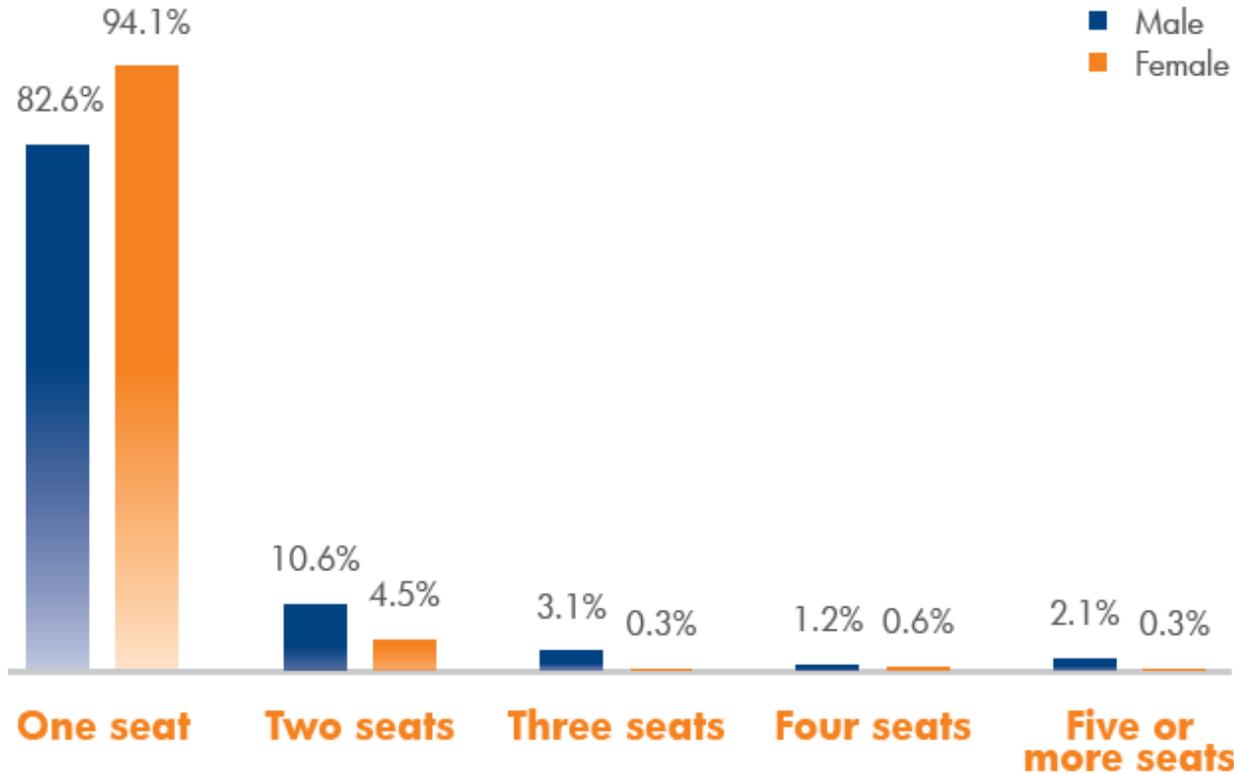


Companies with three or more women

Company	Number of female directors
Mewah International Inc	4
Anchun International Holdings Ltd	3
A-Sonic Aerospace Ltd	3
Aspial Corporation Ltd	3
Design Studio Furniture Manufacturer Ltd	3
Friven & Co Ltd	3
Keppel Land Ltd	3
Nippecraft Ltd	3
Nordic Group Ltd	3
Super Group Ltd	3
The Straits Trading Company Ltd	3
Top Global Ltd	3

Source: CGIO Database

How many seats do women hold



- 94.1% of female directors held only one directorship
- Women were less likely to hold multiple directorships as compared to men

Source: CGIO Database

Most influential female directors



Fang Ai Lian
5 Directorships



Elizabeth Sam
4 Directorships

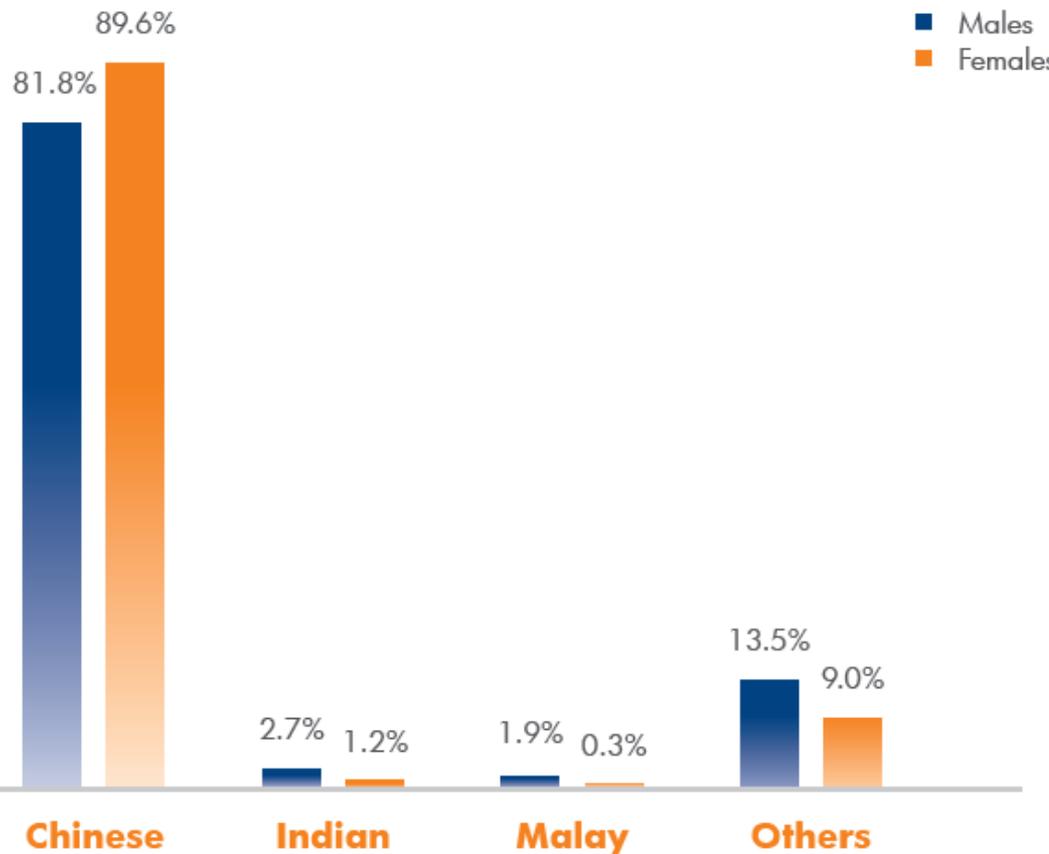


Lai Chin Yee
4 Directorships



Euleen Goh
3 Directorships

Ethnicity of directors

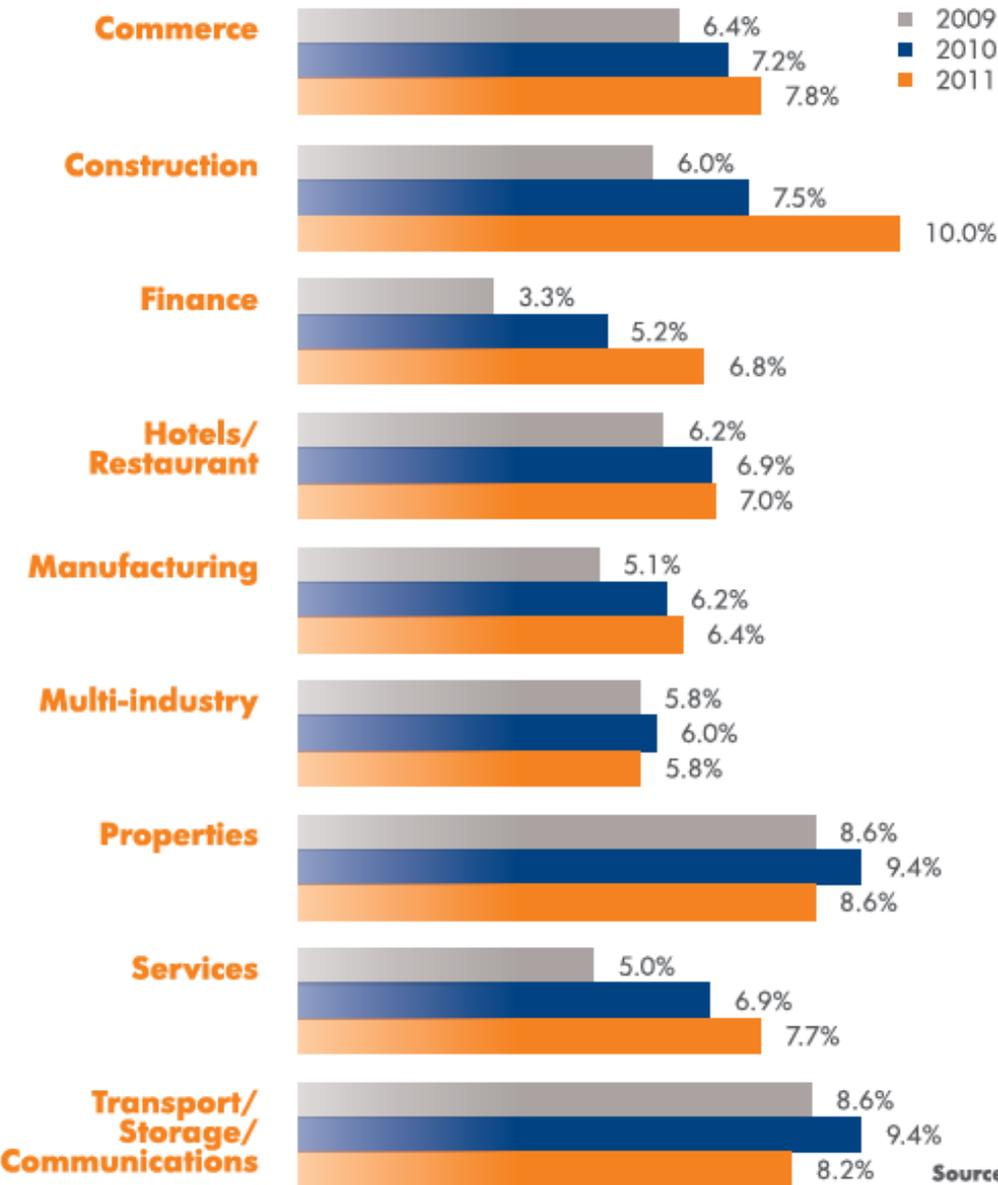


- Female directors in Singapore were predominantly ethnic Chinese (89.6%)
- Malay female directors had the lowest representation at 0.3%

Source: CGIO Database



Where are the women?

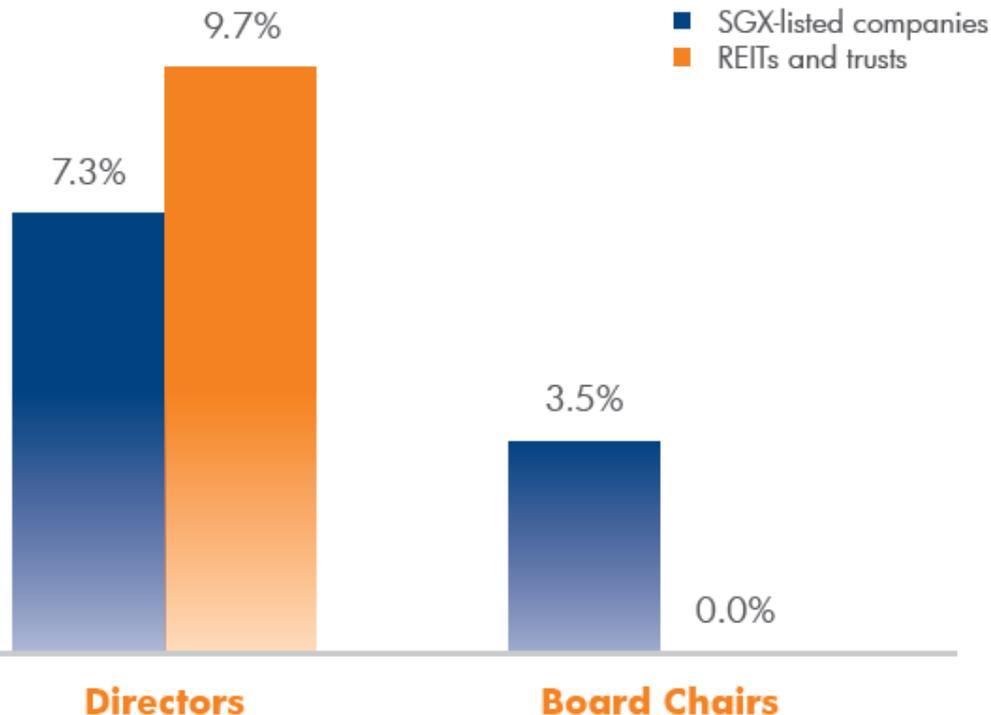


Source: CGIO Database

Industries

- Construction (10%), properties (8.6%), top the list
- Significant improvement in finance sector

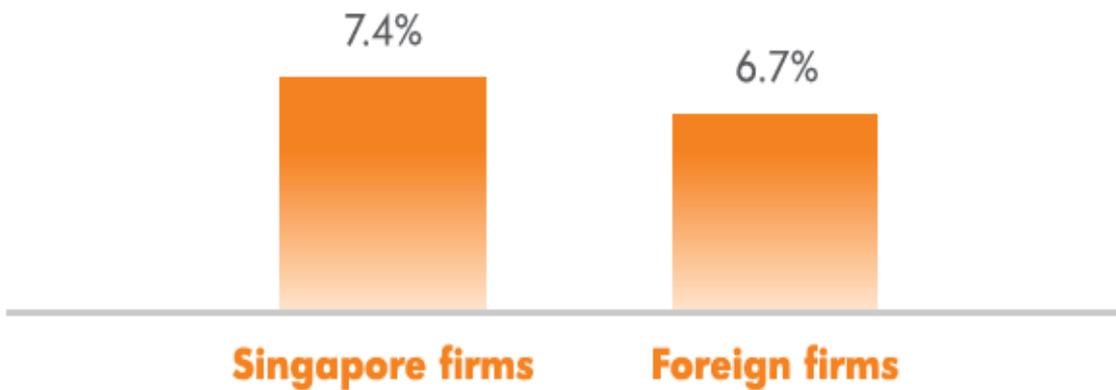
REITs & trusts



Source: CGIO Database

- 9.7% female representation in boards of REITs & trusts – higher than SGX-listed companies
- No female Chairs in REITs & trusts

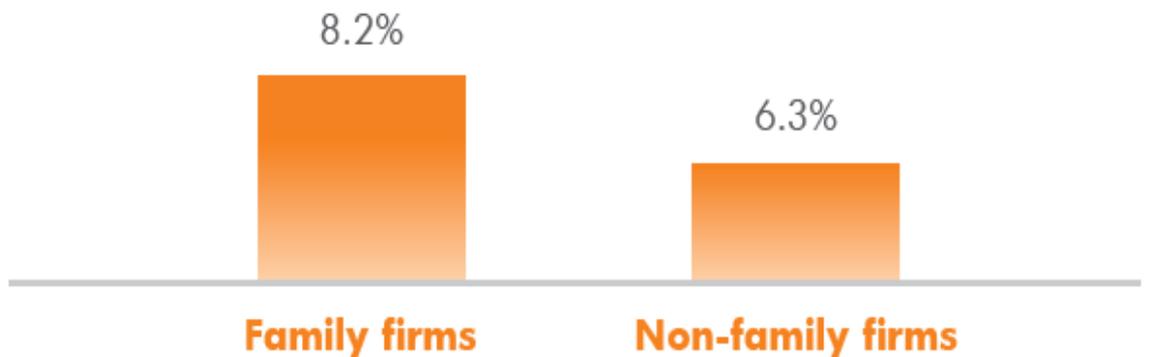
Singapore vs. foreign firms



Source: CGIO Database

- Singapore founded firms had slightly better female representation than those founded abroad at 7.4%

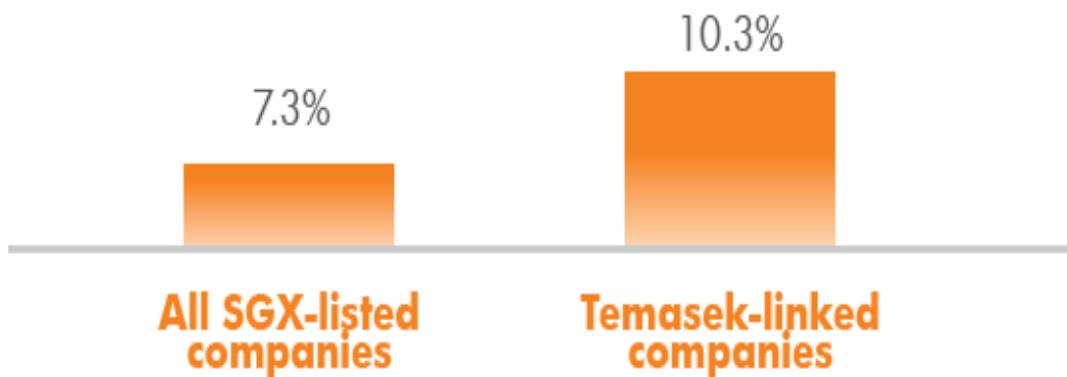
Family firms



Source: CGIO Database

- Family firms have more female directors
- From our earlier CGIO report on governance of family firms we know that these are often founding family members

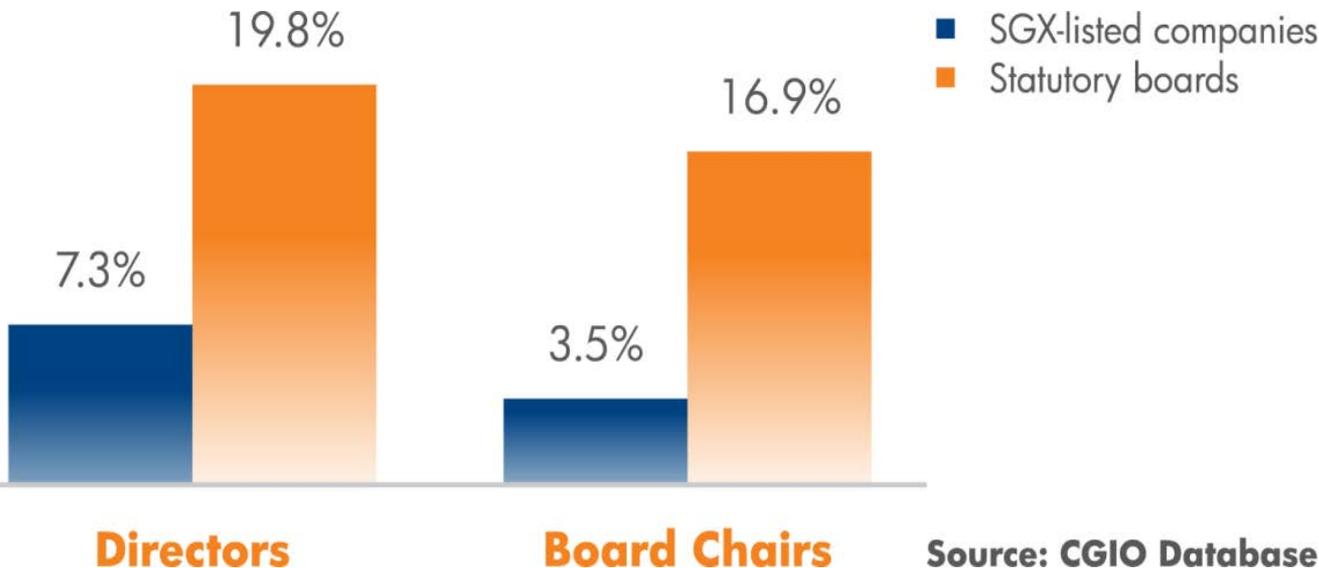
Temasek-linked SGX-listed companies



Source: CGIO Database

- Temasek-linked companies scored higher
- (but figures are based on a limited sample)

Gender diversity in statutory boards



- 19.8% of board positions were held by women and 16.9% of the chairs

Statutory boards with highest female representation

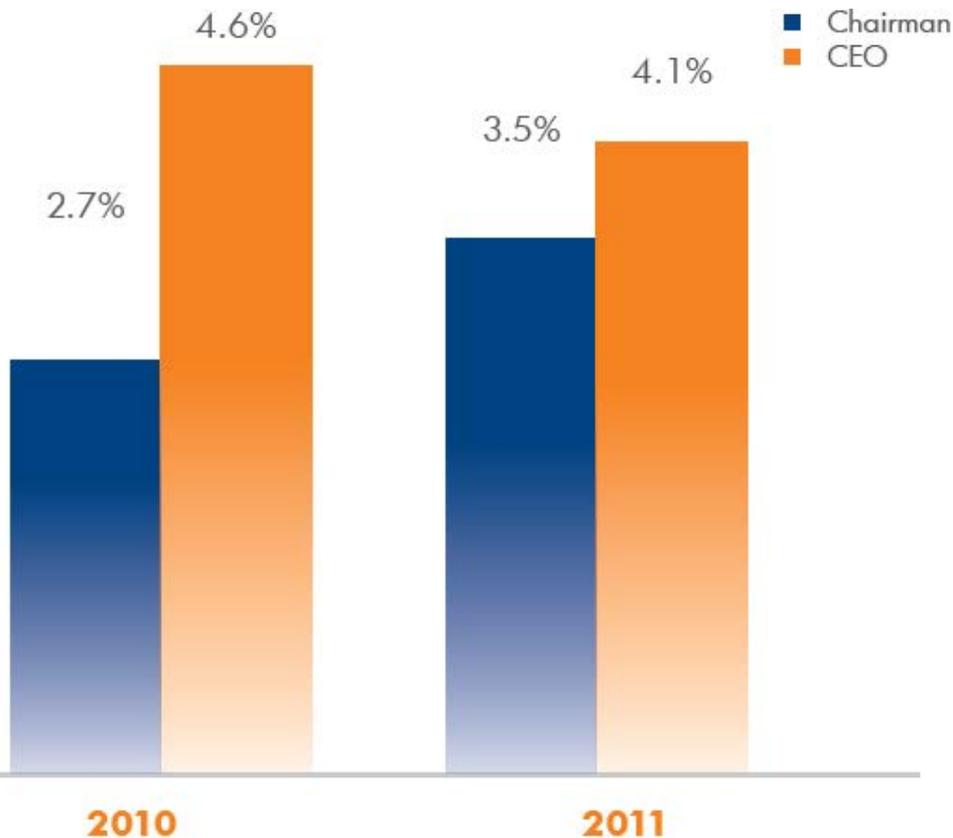
Name of statutory board	Female representation
Singapore Nursing Board	70.6%
Singapore Pharmacy Council	63.6%
National Parks Board	50.0%
National Arts Council	43.8%
National Library Board	47.1%
National Environment Agency	41.7%
Singapore Dental Council	41.7%

Source: CGIO Database

What positions do female directors hold?



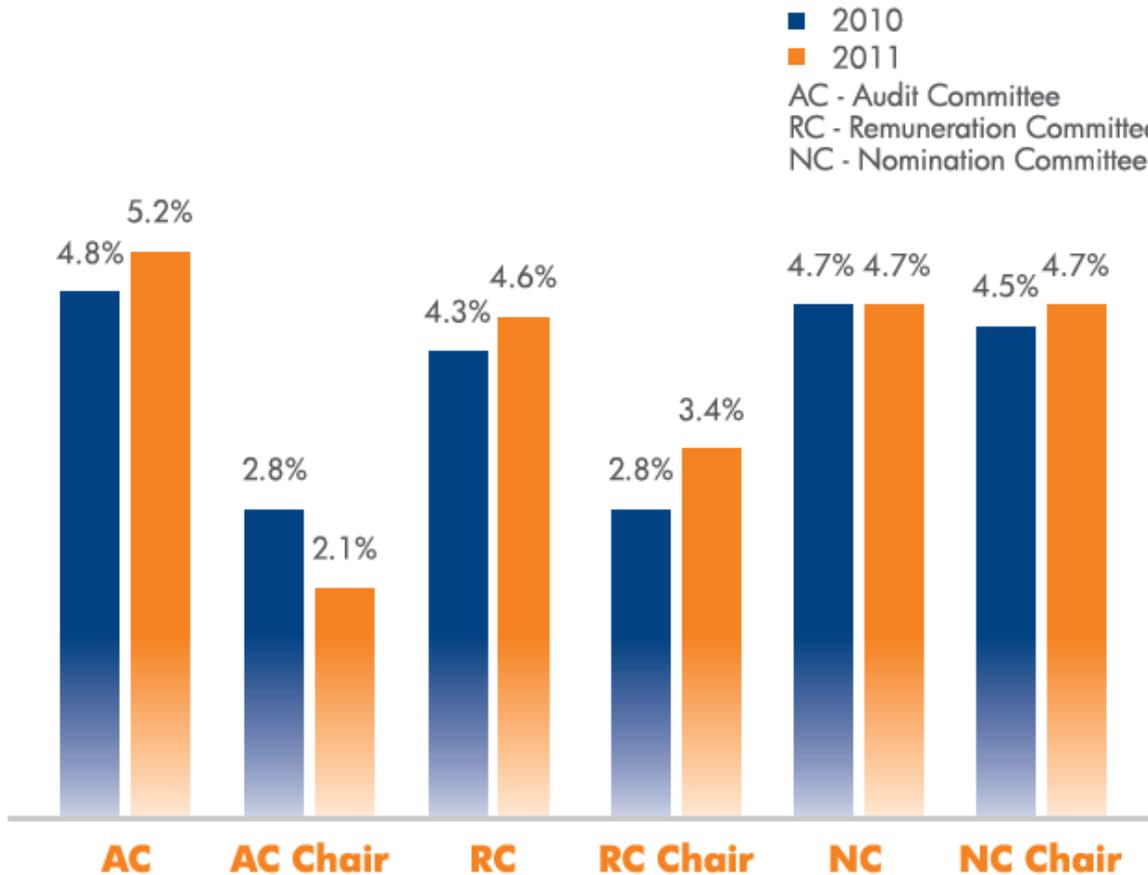
Women in CEO and Chair positions



- Women underrepresented in leadership roles
- 3.5% of the Chairs were female and 4.1% of the CEOs
- More female chairs and less female CEOs compared to last year

Source: CGIO Database

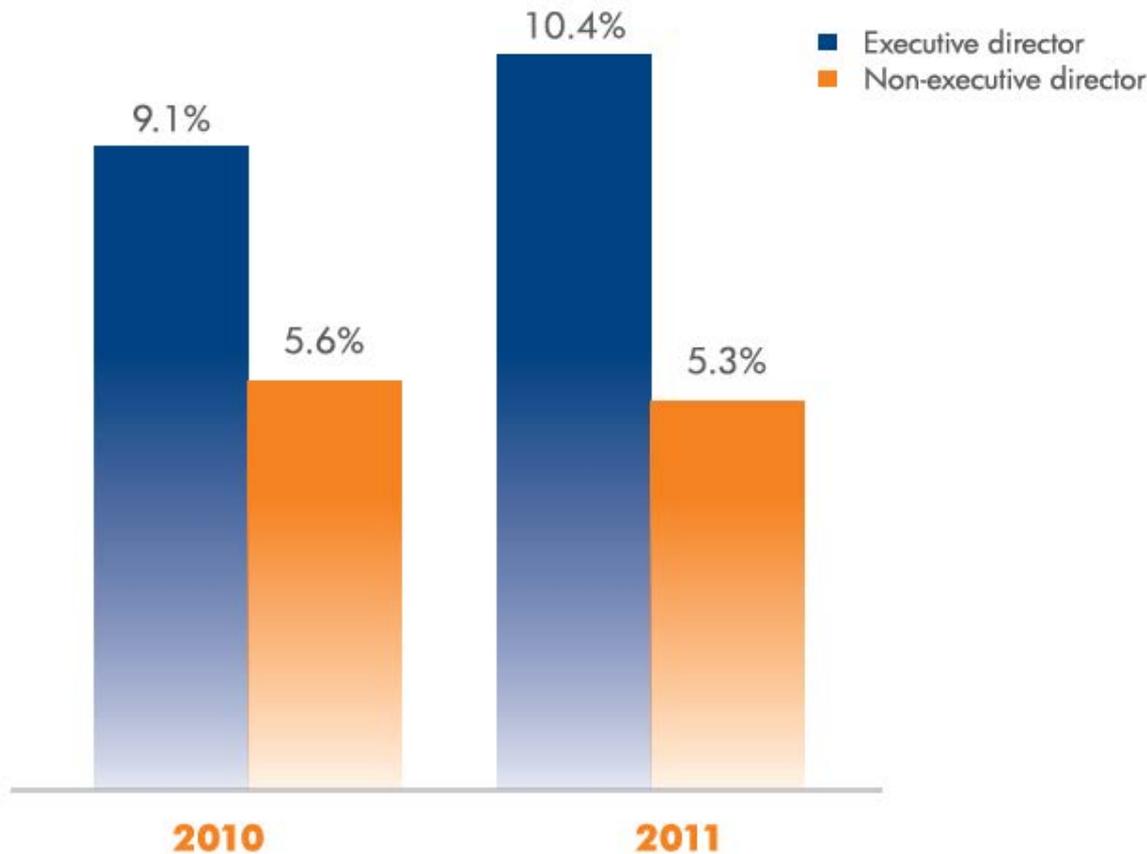
Female representation in board committees



- Audit committee had highest representation of female directors (5.2%), but few chair this committee

Source: CGIO Database

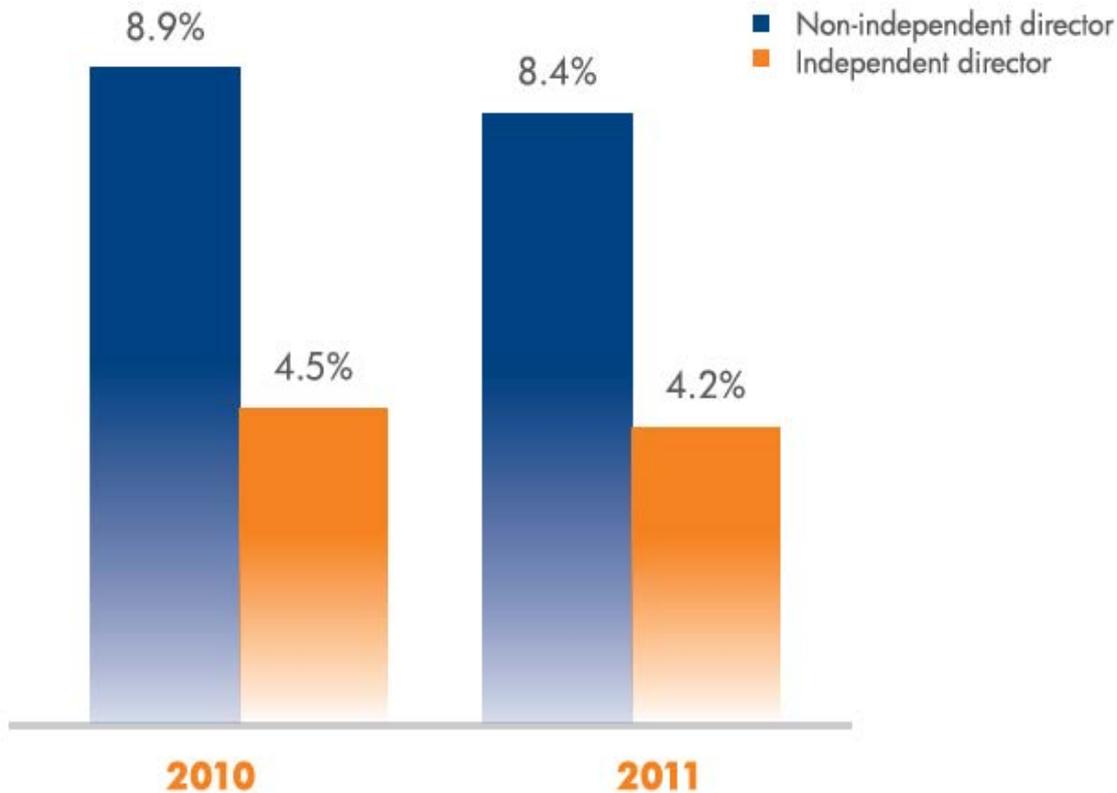
Female executive and non-executive directors



- Most women are found in executive director roles

Source: CGIO Database

Female independent directors



Source: CGIO Database

- Very few women are independent directors
- 25% of the independent directors have tenures of 9 years and above > no longer deemed “independent”
- Opportunity for quick win due to increased hiring

Conclusions

- Small increase in gender diversity in Singapore's boardrooms, but gap with developed countries increasing
- Family firms, government-linked boards, construction sector, listed trusts lead the way
- The opportunity to make a quick win lies in increasing the female share of independent directors: many new hires expected



Magnus Bocker
CEO, SGX

“We will continue to support our SGX-listed companies to pursue a well-balanced board of best talent from both genders. Together, we will push for high corporate governance standards.”

