NUS National University of Singapore
Source: *The Straits Times*, pC14
Date: 7 March 2015

S'pore lagging behind in female directors: Study

More than half of boards surveyed had no women, and 31% had just one

By ARIEL LIM

YET another study has confirmed that Singapore lags behind the region on gender balance on boards, with a woefully small number of women in the boardroom.

In the latest study, the Republic was ranked seventh, out of 10 economies, on this issue.

The study, conducted jointly by Korn Ferry and the NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), found that just 7.4 per cent of directors in Singapore are female, below the regional average of 9.4 per cent.

More than half – 52 per cent – of boards had no women at all and a further 31 per cent had just one.

Only four of the 100 surveyed boards in Singapore had at least three women.

The study looked at the top 100 firms in each market using data from financial year 2012/2013.

The unflattering results put Singapore in the company of Japan, South Korea and Malaysia as countries where the majority of boards included no women.

The latest study confirms a situation highlighted by a number of recent studies.

In January, Ms Grace Fu, Minister in the Prime Minister's Office, said companies here should aim to appoint women to at least 20 per cent of their board seats.

Presenting the latest report yesterday, Associate Professor Marleen Dieleman, associate director of CGIO at the NUS Business School, attributed the dearth of female directors here to what she termed the "golf-course effect".

This is when directors are recruited within circles of associates, disadvantaging women, who are often excluded from these so-called old boys' networks.

The study also found that strong gender diversity on boards often coincided with strong corporate performance.

On average, firms with at least 10 per cent female directors enjoyed a 3.6 per cent higher return on equity and a 1.3 per cent higher return on assets than firms with fewer female directors.

The authors suggested that diversity might improve the decision-making of boards. But they were careful to note that the link was not necessarily causal, as it is also possible that better firms are more likely to hire diverse leaders.

Still, Prof Dieleman said "there is significant potential for companies to benefit from greater gender diversity in their boardrooms".

Asked for comment, Ms Kala Anandarajah, partner at Rajah and Tann Singapore, did not think that "it is the inclusion of the woman in itself that will aid or hinder a board". She added that what is critical is to "ensure that diversity is brought onto the board to meet the needs of that specific board".

Still, she felt "boards should open themselves to taking on more women", as this widened tremendously the pool of directors and allowed each board to find "the right talent and hence mix" it required.

Ms Alicia Yi, managing director of Asia Pacific consumer markets at Korn Ferry, stressed the need for "a collective effort from all parties".

The authors' recommendations included transparency in board selection to avert the "golf-course effect", as well as requirements for firms to disclose their progress towards gender diversity targets.

Raising examples of countries such as Malaysia and India that have set legal gender quotas, the authors nonetheless acknowledged that quotas were not necessarily suitable for all countries. Quotas here were rejected by the Diversity Task Force last year.

Warning against "tokenism" through the appointment of unqualified women, the authors advocated an improved "talent pipeline" to allow qualified women to rise through the ranks.

They pointed out that the rate of female participation in the workforce here is high, but representation decreases at each rank of the corporate hierarchy.

ariellim@sph.com.sg

HOW THEY FARE

Proportion of women on corporate boards:

Regional average: 9.4 per cent
Australia: 18.6 per cent
New Zealand: 13.6 per cent
China: 13.2 per cent
Indonesia: 11 per cent
Hong Kong: 10.6 per cent
Malaysia: 8.3 per cent
Singapore: 7.4 per cent
India: 7.3 per cent
Japan: 3.1 per cent
South Korea: 2.1 per cent