

Big firms better at corporate governance, study shows

Size matters as larger companies found to have superior processes and more resources for disclosure compliance

Jeremy Koh

Smaller listed companies have weaker corporate governance and disclosure practices than larger ones, according to a new study.

It found that bigger firms have superior board processes and more resources to meet tough disclosure requirements.

NUS Business School associate professor Lawrence Loh, who is behind the study, also noted yesterday that governance in general has improved over the past four years.

Prof Loh heads a team that compiles the Governance and Transparency Index, which measures compliance with the practices of good governance, such as board composition and procedures, remuneration and audit practices and communication with shareholders.

The study to compile this year's index found that corporate govern-

ance practices improved in many areas including more firms getting the chief executive or chief financial officer to certify financial statements and using anonymous voting as opposed to a show of hands at general meetings.

But firms could do better in disclosing what training their directors have undertaken, providing investors with contact details in case they want further information and disclosing key details of whistle-blowing policies.

Singtel was most well-governed and transparent, according to the index, followed by Singapore Exchange and Keppel Corporation. SMRT, Singapore Press Holdings and SIA Engineering were among the other companies in the top 20.

Next year, companies will be evaluated for the index under a new framework that will be developed by the NUS Business School's Centre for Governance, Institutions and



Left to right: Mr Philip Yuen, Singapore divisional president, CPA Australia; Mr Chng Lay Chew, CFO, Singapore Exchange; Ms Jeann Low, group chief corporate officer, Singtel; Mr Paul Tan, group controller, Keppel Corporation; Mr Tan Swee Chuan, group financial controller, CapitaLand; and Mr Michael Sia, head of investor relations, DBS Bank. Singtel clinched top spot in the 2015 Governance and Transparency Index, Singapore Exchange finished second, followed by Keppel Corporation. CapitaLand and DBS Group shared fourth position. PHOTO: CPA AUSTRALIA

Organisations, CPA Australia and the Singapore Institute of Directors.

Prof Loh, who was speaking at the Global and Transparency Forum 2015 yesterday, told *The Straits Times* later that the index will try to emphasise to smaller companies what corporate governance practices were more important.

"They will still get a lower score

(than the larger companies) but at least they will know what are the critical buttons to press," he added.

Mr John Lim, former chairman of the Singapore Institute of Directors, said after the event that having successful small companies that benefited from good governance practices share their experiences might encourage others to follow suit.

"If you and I run small companies, and I tell you this is good, you are more likely to accept because you and I are peers," he said.

The forum was organised by CPA Australia and the NUS Business School's Centre for Governance, Institutions and Organisations.

jkoh@sph.com.sg