

Director's Message



Dear Readers,

Happy Lunar New Year! This year is an exciting one for CGIO: Just as Singapore marks 50 years of independence, NUS Business School also celebrates its 50th anniversary. CGIO will be organising a series of events and activities to celebrate this important milestone and we invite you to join us. We are progressively recognised for the work we do; and none of our achievements would have been possible without your support.

In this edition, we would like to highlight two recently-released research reports by CGIO: [Singapore Board Diversity Report 2014: The Diversity Dividend](#), and [Corporate Governance Highlights 2014: Realising Higher Corporate Governance Standards](#). We feature two videos on family businesses: one, on the [challenges of diversification](#) and the other on [growth lessons from Eu Yan Sang](#). You can also look forward to reading academic papers on [a study of 2,000 listed Japanese family businesses](#), [business groups in Taiwan](#), [market responses to corporate governance in the US](#) and a case study on [Sheng Siong Supermarket](#).

We are also delighted to introduce [Professor Ruth Aguilera](#), an NUS Business School faculty-affiliated researcher, who will be spearheading some of our research projects and Huang, our new research assistant. Upcoming events such as [Asian Family Business Programme](#) and summaries of past events are also highlighted in this eNewsletter.



We encourage you to share our research and news with colleagues and friends. For more information on CGIO, please visit us at <http://bschool.nus.edu/CGIO.aspx>

Last but not the least, we wish you health, happiness and prosperity in the new year, and a happy and a stimulating read!

Prof Chang Sea-Jin
Executive Director
Centre for Governance, Institutions & Organisations (CGIO)
NUS Business School

CGIO Intellectual Nourishment

Singapore Board Diversity Report 2014 The Diversity Dividend

By Dr Marleen Dalemans, Dr Gian Maljun and Mr Muhammad Sufian



Singapore Board Diversity Report 2014: The Diversity Dividend

The Singapore Board Diversity Report raises awareness and calls for action regarding the issues of boardroom diversity. Besides a focus on gender diversity, the fourth edition of this report has incorporated other diversity indicators. Findings from this study also supported a strong business case for diverse boards and company performance.

This report is a joint initiative between CGIO and BoardAgender, and sponsored by UBS, SGX and ACCA.

Read the full report [here](#)
Watch the video [here](#)



Corporate Governance Highlights 2014: Realising Higher Corporate Governance Standards

Corporate Governance Highlights is a report that summarises the trends and findings of Governance and Transparency Index, the results of which were released on July 2014. The report examines a critical juncture in Singapore's evolving corporate governance landscape following the revised Code of Corporate Governance on listed companies in November 2012.

This report is released in partnership with CPA Australia and The Business Times.

Read the full report [here](#)

Video: Family business - The diversification dilemma



Watch video [here](#)

Video: Driving growth in a family business: Lessons from Eu Yan Sang



Watch part 1 [here](#) | Watch part 2 [here](#)

When Does Transitioning From Family To Professional Management Improve Firm Performance?

A journal article by Professor Sea-jin Chang, et al

Using long-term data on Japanese family firms, this study explores when the transition from family to professional management leads to better performance. In order to avoid endogeneity bias, we employ propensity score matching and difference-in-differences techniques. We find evidence that firms that transition from family to professional CEOs outperform those that maintain family leadership. This performance improvement is more pronounced when families maintain high ownership control but leave no family legacy behind, when the transition moves from non-founder family managers to professionals, and when professional managers graduated from elite universities.

The full version is available for download [here](#)

Portfolios of Political Ties and Business Group Strategy in Emerging Economies: Evidence from Taiwan

A journal article by Assoc. Professor Chung Chi-Nien, et al

This study examines how political ties with rival political parties can affect a firm's strategic decisions. Focusing on a firm's portfolio of ties in addition to dyadic ties, we offer a novel contingency model that specifies how the influence of political ties on strategy varies across different forms of government in democratic emerging economies. We propose that when political parties differ substantially in competitive status (i.e., under united government), a diverse portfolio could induce the dominant political party to use punitive tactics toward the focal firm and make it difficult to achieve strategic goals. However, when political parties have a similar competitive status (i.e., under divided government), a diverse portfolio could benefit the firm by producing tertius gaudens advantages and political flexibility. Such a portfolio effect of political ties tends to be mitigated by the firm's internal resources and capabilities. An investigation of how the political ties maintained by Taiwanese business groups affected unrelated diversification from 1998 through 2006 offers an initial attempt to reveal the role of ties to competing political parties in shaping firm strategy and highlights the trade-offs that politically connected firms confront when they exploit opportunities and mitigate risks arising from underdeveloped political and market institutions.

The full version is available for download [here](#)

Corporate Governance and Investors' Perceptions of Foreign IPO Value: An Institutional Perspective

A journal article by Professor Ruth Aguilera, et al

This article investigates stock market responses to different constellations of firm-level corporate governance mechanisms by focusing on foreign initial public offerings (IPOs) in the United States. We build on sociology-grounded research on financial market behavior and use a "nested" legitimacy framework to explore US investor perceptions of foreign IPO value. Using a fuzzy set theoretic methodology, we demonstrate how different combinations of monitoring and incentive-based corporate governance mechanisms lead to the same level of investor valuation of firms. Moreover, institutional factors related to the strength of minority shareholder protection in a foreign IPO's home country represent a boundary condition that affects the number of governance mechanisms required to achieve high value perceptions among US investors. Our findings contribute to the sociological perspective on comparative corporate governance and the dependencies between organizations and institutions.

The full version is available for download [here](#)

Sheng Siong Supermarket: Building and Sustaining Competitive Advantage

A case study by Assoc. Professor Marleen Dieleman, et al

Sheng Siong was the third-largest supermarket chain in Singapore. Its chief executive officer co-founded it with his two brothers in 1985. Sheng Siong's business model was well suited to cater to the price-sensitive and more traditional customer segment in Singapore, with a dominant presence in suburban areas called "heartlands." It also had a unique corporate philosophy, which was influenced by the personal values of its founding family. However, the market became increasingly saturated, competitors were aggressive and costs were rising. The

key question was whether Sheng Siong's original competitive advantage was sustainable and how it could grow.

The full version is available for download [here](#)

Upcoming Events

FBN-CGIO Family Business Dialogue
27 February 2015

Launch of Study on Board Composition & Diversity in Asia Pacific
March 2015

CEIBS – NUS Next Generation Programme: Relay Leadership
7 – 15 March 2015
For more information, please click [here](#)

**Family Business Roundtable: Designing the Ownership Structure -
Trusts and Challenges**
20 March 2015

Launch of Vietnamese State-Owned Enterprise Report
8 April 2015

Asian Family Business Programme
20 – 22 May 2015
For more information, please click [here](#)

CGIO Academic Conference
August 2015

For enquiries, please email cgio@nus.edu.sg

Further information of all CGIO events will be available at
<http://bschool.nus.edu/CGIO/OurEvents/2015Events.aspx>

CGIO New Affiliated Researchers



Professor Ruth Aguilera comes from a family business background and is currently conducting research in the topic. Her research interests are also in the areas of comparative corporate governance and international business. She has published over 80 research articles in different scholarly journals and books.

Professor Aguilera is also the co-editor with Federowicz of the book *Corporate Governance in a Changing Economic and Political Environment: Trajectories of Institutional Change* (Palgrave MacMillan, 2004) and Senior Editor at *Organization Science and Corporate Governance: An International Review*.

Please click [here](#) for her detailed profile.

CGIO New Research Assistant



Nguyen Mai Huong graduated from Murdoch University and Republic Polytechnic with a Bachelor degree in Psychology (majoring in Organisational Psychology) and a diploma in Business Applications respectively. Before joining CGIO, she accumulated extensive work experience in the banking and finance sector.

At CGIO, Huong collaborates with faculty members on applied corporate governance research projects. Her research interests include social enterprises, organisational psychology and corporate governance. She enjoys painting, badminton and dragon boating in her free time.

CGIO in the News

[Structured approach to appointing directors aids performance: NUS study](#) – Channel NewsAsia
[Diversity Action Committee to launch best practices for board appointments](#) – Channel NewsAsia

[Singapore's listed companies may miss corporate governance guidelines: Study](#) – Channel NewsAsia

[Hurry the laggard: Singapore's listed companies 3 years late in complying with corporate governance deadlines](#) – Singapore Business Review

[大部分本地上市公司无法在限期内符合企业监管守则的标准](#) – Channel 8 News

[Samsung's failed merger plan can be revived](#) – New Straits Times

[Korea History Points to Samsung Reviving Failed Merger](#) – Bloomberg

[Companies with more diverse boards fare better: Study](#) – Today

[Diverse boardrooms create more successful business in Singapore](#) – Human Resources Online

View more news articles featuring CGIO [here](#).

Past Events



Launch of Singapore Gender Diversity Report

CGIO launched the fourth Singapore Board Diversity Report on 29 October 2014. The launch was graced by Guest-of-Honour, Ms Grace Fu, Prime Minister's Office, Second Minister for the Environment and Water Resources and Second Minister for Foreign Affairs. The event was attended by prominent guests from government bodies, corporate entities and the media.



Read more [here](#)



Asian Family Business Programme

Professors Marleen Dieleman, Lah Luh Luh, Chung Chi Nien and Ruth Aguilera led an intensive, 3-day programme in December 2014, with participants from Indonesia, Malaysia, Myanmar and Singapore. The structured training and discussions addressed the specific needs of the participants' family firms and helped them develop practical action plans for sustainable business growth. Participants also reflected on pertinent issues through thought-provoking Asian case studies and interactive discussions with prominent Asian family leaders.

This programme is highly recommended for family business leaders who are serious about better positioning their families and businesses for future success. It provides a great platform for them to network and exchange ideas and best practices with one another.

The next session will run on 20-22 May 2015. Sign up early to enjoy 10% savings. For more information, please click [here](#)



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