
Singapore Board Diversity Report 2013

Time for Women to Rise

By Dr Marleen Dieleman, Dr Meijun Qian and Mr Muhammad Ibrahim



鳳凰

CONTENTS

About This Report	4
Acknowledgements	4
Foreword by BoardAgender	5
Foreword by CGIO	6
Foreword by UBS	7
Singapore's Gender Diversity Story	8
Executive Summary	10
Chapter 1 Introduction	12
Chapter 2 Gender Diversity in SGX-listed Company Boardrooms	15
Chapter 3 Women in Leadership Positions	21
Chapter 4 Profile of Female Directors	25
Chapter 5 CGIO – BoardAgender Diversity Ranking	27
Chapter 6 The Effect of The Female Touch	31
Chapter 7 Conclusion	36

LIST OF FIGURES

Figure 1	Female Representation on SGX-listed Company Boards	15
Figure 2	Female Representation in Boardrooms Globally	16
Figure 3	Board Composition	17
Figure 4	Industry Representation of Women	19
Figure 5	Gender Diversity and Principal Place of Business	20
Figure 6	Female Board Leadership	21
Figure 7	Number of Board Directorships Held by Men and Women	22
Figure 8	Types of Directorships Held by Women	23
Figure 9	Educational Qualifications	25
Figure 10	Average Age of Directors	26
Figure 11	Governance and Transparency Index Structure	31
Figure 12	Female Board Representation and Firm Performance	32
Figure 13	Firms with Highly Concentrated Ownership – Proportion of Female Directors and Firm Performance	33
Figure 14	Firms with Diverse Ownership – Proportion of Female Directors and Firm Performance	33

LIST OF TABLES

Table 1	Companies with Three or More Female Directors	18
Table 2	Women with Three or More Directorships	21
Table 3	Score Sheet of Gender Diversity Ranking	27
Table 4	Top 25 Most Gender Diverse SGX-listed Company Boardrooms	29
Table 5	Appointment of New Female Director and Firm Performance	32
Table 6	Gender Diversity and Corporate Governance Quality	35

About This Report

This report is a joint initiative between the Centre for Governance, Institutions and Organisations (CGIO) at NUS Business School and BoardAgender with the aim of tracking boardroom gender diversity in Singapore on an annual basis.

The report focused on Singapore-listed companies (SGX Mainboard and Catalist), and covered 4,660 directorships in 677 SGX-listed companies based on companies' annual reports with financial year end between October 2011 and September 2012. The securities were actively trading as of 31 December 2012. The report also contained analysis of trends derived from the CGIO directors' database covering 2008- 2012.

CGIO was established by NUS Business School in 2010 and aims at promoting relevant and impactful research on governance issues that are relevant to Asia. The Centre's research includes corporate governance, governance in family firms, state-linked companies and business groups.

BoardAgender is a Singapore Council of Women's Organisations (SCWO) initiative, whose aims are endorsed by the Ministry of Social and Family Development in Singapore. BoardAgender aims to provide a forum in Singapore to facilitate a greater awareness and understanding of the benefits of gender balanced business, and the advancement of more women into senior leadership roles and the boardroom.

Acknowledgements

We are grateful to UBS and SGX for their generous contribution and support, which made this report possible. We wish to thank Ms Susan Beard who helped with editing and design; as well as Mr Vincent Yang Shaozhen (Research Assistant at CGIO) and student assistants from the NUS Business School who helped to compile the statistics.

Disclaimer

Every care has been taken in the preparation of this report, any errors remain the responsibility of the authors. The organisations shall accept no liability whatsoever for any direct or consequential loss arising from any use of this report or any communication given in relation to this report. The use and interpretation of the data and analysis in the report is solely at the risk of the party making use of this data. The data and analysis from the report may be quoted with proper acknowledgement.

Foreword by BoardAgender

One of BoardAgender's main objectives since its inception in 2011 has been to provide annual world-class research to measure the progress of Women's participation on boards and in senior leadership positions within SGX-listed companies.

We are pleased to be launching the third annual Singapore Board Diversity Report: Time for Women to Rise, as a joint initiative with the NUS Business School's Centre for Governance, Institutions and Organisations (CGIO).

Over the past three years, BoardAgender has been working with the government, academia, search organisations and business institutions to increase the awareness of the benefits of gender balance as a competitive factor for business. Global research continues to support the merits of gender diversity in boardrooms, with results showing increases in financial performance, better decision making and greater corporate governance.

Singapore has always espoused meritocracy and gender diversity and has recently updated the Corporate Governance Code to reinforce the need for boards to have an appropriate balance and diversity of skills, experience, gender and knowledge of the company. However, in Singapore, the numbers of women participating at board level on SGX-listed companies remains low and the change in pace over the past three years has been glacial. Since 2011, other countries have been making faster progress with many now in double figures and we have been left behind in achieving better gender balance.

Through this research and other initiatives, BoardAgender continues to ensure that gender diversity remains a priority for the business community and a key component of future competitiveness for Singapore firms in the global marketplace.



Junie Foo



Laura Hwang

JUNIE FOO and LAURA HWANG

Co-Chairs

BoardAgender

Foreword by CGIO

CGIO prides itself as the leading thought leader in Asia that provides impactful research on governance issues such as gender diversity in the boardroom. We have been tracking and monitoring the gender diversity landscape of Singapore-listed companies using statistics spanning over five years. This third edition of the Singapore Board Diversity Report demonstrates our continued commitment towards the advancement of women in leadership positions and corporate boards in Singapore.

This collaborative effort with BoardAgender is made possible by the sponsorship contribution and support from UBS and the SGX. At this juncture, we would like to express our warmest appreciation to our partners and sponsors for collaborating with us over the past years.

While there are no single, simple solutions to address the significant obstacles towards reaching gender parity in senior leadership positions and corporate boards, we are heartened that our research has been providing relevant and appropriate data to initiate critical discussions and provoke change in this realm. Already, we are seeing some progress, albeit slow, being made. More women are being represented in board positions, and the number of all-male boards is heading south.

Change is needed at the systemic level involving the public, societies, regulators and policy-makers. Businesses have a key role to play as well. The revised Singapore's Code of Corporate Governance calls for gender diversity to be a consideration in the composition of the board. Indeed, to accelerate the renewal process at corporate boardrooms, companies (especially those with all-male boards) should review their boards' appointments to ensure that there is an appropriate mix of skill sets and diversity of thought. Data and findings from this latest report, together with the views of industry experts, have built a strong business case to encourage more companies to drive further improvements in Singapore.

We believe you will continue to find this report a valuable resource that contributes to public awareness, governance practice and policy-making in Singapore.

PROFESSOR CHANG SEA-JIN

Executive Director

Centre for Governance, Institutions & Organisations (CGIO)

NUS Business School



Foreword by UBS

UBS is delighted to be the sponsor of the Singapore Board Diversity Report 2013.

As a firm, we believe diversity and inclusion is a major factor to business success and is at the heart of our business. We recognise that differences in age, race, gender and nationality bring richness to our world view and experiences. Attracting, developing and retaining a base of employees that reflects the diversity of our clients is essential to our success.

Diversity and inclusion of culture and experience drives innovative thinking, and we strive to create a work environment that provides all our employees with equal access to information, development and opportunities.

At UBS, we have a wide range of gender initiatives that promote the recruitment, retention and advancement of women through networking, mentoring, sponsorship and leadership opportunities. These efforts have been acknowledged by the HRM Awards 2013, where UBS was acknowledged for its Fair Employment Practices.

We hope that the Singapore Board Diversity Report 2013 will add to the intellectual capital related to the topic and heighten the awareness of building an inclusive corporate environment. Beyond concept, policies and practices, diversity and inclusion play an integral part in the future success of any organisation.



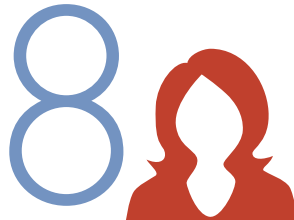
EDMUND KOH

Country Head, UBS Singapore

Singapore's Gender Diversity Story



Glacial Progress: Women in Singapore still hold less board positions compared to their counterparts in Indonesia, Malaysia, China, Hong Kong and Australia.



Out of every 100 board directors in SGX-listed companies, **only 8 are women.**



Women continued to be even more under represented in leadership positions on the board.

CEOs

4.6%



Chairmen

3.4%



Less than 5% of CEOs or Chairmen are women.

According to industry, gender diversity can be found most in properties and hotel/restaurants, and least in manufacturing.

The finance industry made the most improvement this year.

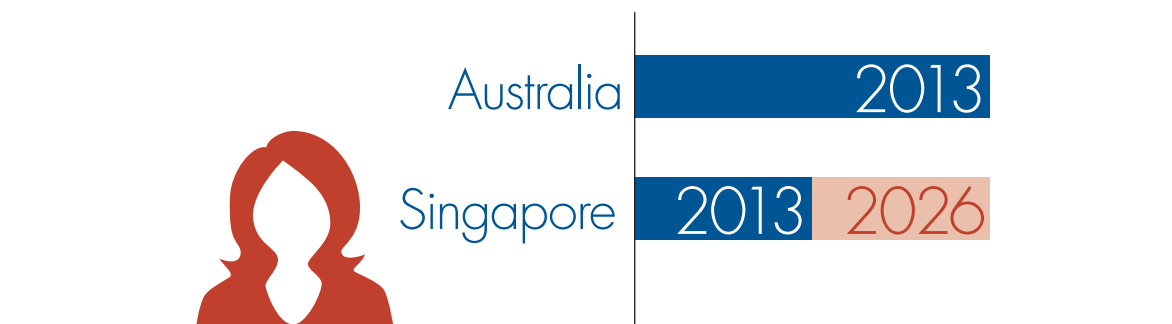


Why Increase Gender Diversity?

Gender diversity has a positive effect on firm performance as well as on the quality of corporate governance.

More Facts:

- **On average**, female directors are younger (51 years old) than their male counterparts (57 years old).
- **Family firms and companies under Temasek Holdings** tend to have more women on their boards.
- **Friven & Co (now CCFH) and Malacca Trust Limited** topped our very first gender diversity ranking.
- **Women and men** have about the same average directorship tenure of 8.5 years.
- **6 in every 10** boards are all-male.
- **Lonely on the board**, only 13 companies have three or more women on the board.
- **94% of women directors** hold a single directorship versus 83% of the male directors.
- **Powerful women** include: Fang Ai Lian, Elizabeth Sam, Euleen Goh and Lai Chin Yee.
- **About half of female directorships** fall in the category of an executive directorship.



Conclusion: At the current rate of improvement, it will take until 2026 to catch up to regional benchmark Australia – that is, if Australia remains at current gender diversity levels.

Executive Summary



Of the 677 SGX-listed companies studied, 7.9% (367) of the total number of board directors were women. There were 335 women in our director's database, some of whom held more than one directorship in a listed company. This is slightly higher than last year (7.3%) and the year before (6.9%), representing a slow upward trend since the launch of the research in 2011.

Compared to regional peers such as China (9.0%), Hong Kong (9.4%), Indonesia (11.6%) and Malaysia (8.7%), Singapore remained behind on gender diversity in the boardroom.

All-male boards – companies that had no female directors – remained high at 58.2%; a marginal improvement on last year. We recorded just 13 companies with three or more women on the board, with one of them, Mewah International, having four women.

The proportion of women on boards varied by industry: properties, hotels/restaurants, commerce, construction and transport, storage and communication (TSC) all scored above 8%. Manufacturing and multi-industry scored lowest. The finance industry improved from 6.8% to 7.8%, although it remained slightly below average.

Companies that were listed and had substantial shareholdings by Temasek Holdings, had greater numbers of women, with 8.4% female directors. Family-owned firms had 8.8% female directors. When companies were ranked by principal location of business, we found that Singapore-domiciled companies scored higher with 9.5% female directors, although Taiwanese-based companies scored highest with 12.3%.

All-male boards – companies that had no female directors – remained high at 58.2%; a marginal improvement on last year.

Women continued to be even more under-represented in leadership positions on the board. 4.6% of the CEOs and just 3.4% of the Chairmen were women. This was similar to last year's figures. In terms of board committee leadership, we found that 5.5% of the nominating committee chairs, 3.6% of the remuneration committee chairs and 2.8% of the audit committee chairs were women.

Women continued to occupy fewer directorships per person than men did, with 17.2% of the men holding more than one board position, and just 6.3% of the women. Only very few women held multiple board seats, with only one, Mrs Fang Ai Lian, holding five positions concurrently, and just six women with three or more directorships simultaneously.

Most of the women held an executive directorship, with 49% of female directorships falling in this category, compared to just 34.9% of the directorships held by men. Other directorships women held were non-executive (19.9%) and independent (27.5%). Men more often held non-executive directorships. As in prior years, and globally, female directors tended to be younger than their male counterparts.

This year, we are introducing a gender diversity ranking, which measures not only the number of women but also their leadership roles. Friven & Co (now CCFH) and Malacca Trust Limited topped our ranking, both with 34 points. Other companies that scored well included Banyan Tree Holdings and Straits Trading Co.

We also conducted an empirical analysis on the relationship between the proportion of female directors and firm performance. We found that more gender diversity had a positive effect on firm performance measured by Return on Assets (ROA) and Return on Equity (ROE), though not on market value. We also found a positive relation between gender diversity and corporate governance quality. Altogether, these findings provide support for the business case for boardroom diversity in Singapore.

1. Introduction



Slowly but surely?

We are proud to present the third edition of the Singapore Board Diversity Report, which has become the global benchmark for statistics on boardroom gender diversity in Singapore. Much has happened since our inaugural report in 2011. At that time, the topic of gender diversity in boardrooms was not discussed as prominently as it is today, but the publication of our inaugural and subsequent report spurred considerable discussion in boardrooms, in the media, in government offices, and generally in corporate governance circles in Singapore.

Our report in 2011 showed that Singapore did not score well on boardroom gender diversity. In fact only 6.9% were women. With gender diversity being one of the globally used indicators of good corporate governance, it was a surprise to many that Singapore had so few women on its SGX-listed boards.

Since our inaugural study, Singapore has adopted a new corporate governance code which mentioned gender diversity for the first time but did not specify specific quotas like in some European countries. It also did not recommend reporting on gender diversity goals and achievements, as is the case in other countries like Australia.

In this edition, we continue to report on female participation in SGX-listed company boardrooms, including women's leadership roles in various types of companies. As in previous editions, we cover SGX-listed companies. While the figures have improved slightly, we perceive a gap

With gender diversity being one of the globally used indicators of good corporate governance, it was a surprise to many that Singapore had so few women on its SGX-listed boards.

between Singapore and other countries including Indonesia, Malaysia, China and Hong Kong which have achieved greater increases in woman directors. This gap brings up the necessity of renewal. At the current rates of improvement it will take a very long time for Singapore to catch up to the standards of developed countries such as Australia, barring some regulatory change.

In the previous year's reports, we have helped raise awareness about the gender gap in Singapore's corporate boards. We now feel it is imperative for companies to translate this awareness into action and consider increasing the diversity of boards in general and in terms of gender diversity in particular. We call on the nearly 60% of company boards without any women that are listed on the SGX, to consider a more proactive renewal process when they prepare to comply with the new code of governance.

With this aim in mind, we present two new items in this year's report:

- For the first time, we launch a ranking of the most gender diverse SGX-listed companies. Our aim with this ranking is to celebrate those companies that have the most gender diverse boards, thus encouraging all companies to achieve a higher ranking. The methodology and a list of top-scoring companies can be found in Chapter 5 of the report.
- This year, we have also investigated the relationship between the proportion of women directors and corporate performance, as well as between boardroom gender diversity and the quality of corporate governance. We discuss the results in Chapter 6 of the report.

With these important additions, we trust this year's study will continue to stimulate the discussion on gender diversity in Singapore's boardrooms, and that it will help stimulate nominating committees to explicitly consider diversity when deciding on board renewal.

We call on the nearly 60% of company boards without any women that are listed on the SGX, to consider a more proactive renewal process when they prepare to comply with the new code of governance.

// Gender diversity remains a challenge in Singapore's boardrooms. While this report shows some improvements, there is still much room for progress. The business case for having more gender diversity has been established time and time again. Singapore and its companies are not any different. With this in mind, I call upon SGX-listed companies to take the lead. Companies listed on SGX continue to make much headway in the areas of governance and sustainability.



In the area of gender diversity, we should also make similar improvements. I urge companies to aim for not just the small incremental changes we have seen from the findings of this report, but for bigger and bolder steps forward to heighten business effectiveness and strengthen governance practice. //

MAGNUS BÖCKER

Chief Executive Officer

Singapore Exchange Ltd (SGX)

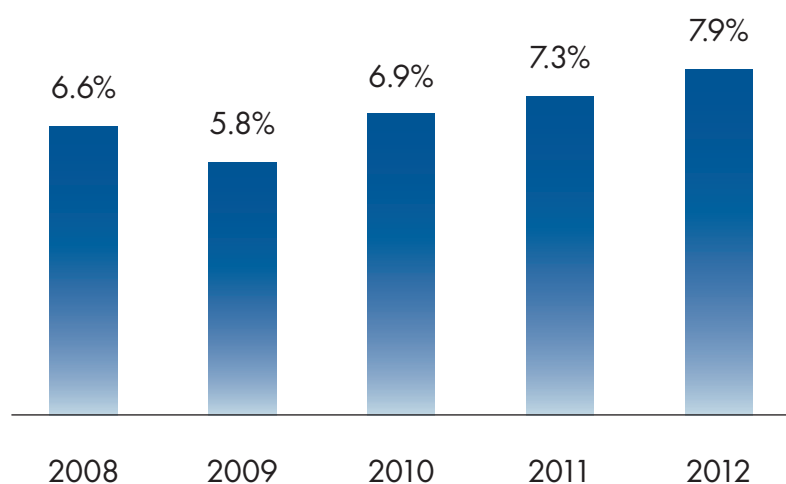
2. Gender Diversity in SGX-listed Company Boardrooms

In our first issue, we reported that 6.9% of the directors of SGX-listed companies were women in 2010. The year after, we found that the number had risen slightly to 7.3%. This year, we are pleased to report another modest increase to 7.9% (Figure 1).

Our latest study covered 677 SGX-listed companies¹, which collectively had 367 female directors. In total, 335 different women held directorships, as some women held more than one directorship.

Figure 1: Female Representation on SGX-listed Company Boards

Source: CGIO Database



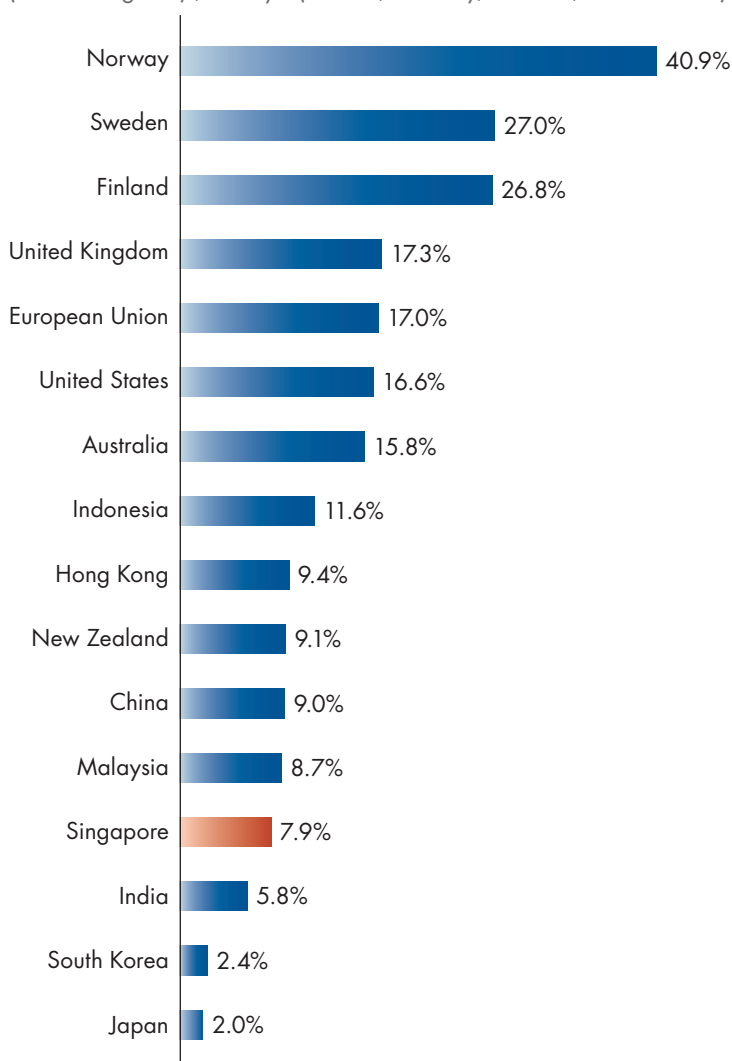
The slow rate of change may come as a disappointment. We recorded 18 new female director appointments in existing companies, against 17 resignations. In addition, nine women entered our database because they sat on boards of newly-listed companies. In total, women made up 10.5% of all newly appointed directors, although they also made up 8.9% of all resignations, which together accounted for the slight increase in the proportion of women on boards.

¹ Our sample consists of 677 companies listed on the SGX Mainboard and Catalyst, and is based on annual reports with the financial year end between October 2011 and September 2012. The securities were actively trading as of 31 December 2012. The report findings are based on 4,660 directorships among the 677 sample companies.

Unfortunately, this increase is more modest than the gains reported in other countries, in particular those which have seen government action such as Malaysia and Australia. Singapore remains a poor performer when compared to Indonesia, China and Hong Kong, and even more so if compared to countries such as Australia, United States and the Nordic countries in Europe which top the league table (Figure 2).

Figure 2: Female Representation in Boardrooms Globally

Sources: CGIO (Singapore, Indonesia)²; MSWG (Malaysia)³; HKEx (Hong Kong)⁴; Korn/Ferry Study (China, New Zealand, India, South Korea and Japan)⁵; Women on Boards (Australia)⁶; Cranfield School of Management (United Kingdom)⁷; Catalyst (Finland, Norway, Sweden, United States)⁸; McKinsey (European Union)⁹.



² Dieleman, M. and Maythil, A. (2012). Indonesian Boardroom Diversity Report 2012 – Female Footprints in IDX-listed Companies. Centre for Governance, Institutions & Organisations (CGIO).

³ "Key CG Statistics." *Minority Shareholder Watchdog Group (MSWG)*. N.p., n.d. Web. 05 Nov. 2013. <<http://www.mswg.org.my/page.php?pid=97>>.

⁴ Vernon, K. (2013). Standard Chartered Bank Women on Boards: Hang Seng Index 2013. Community Business.

⁵ Mak, Y.T. (2013). Study on Board Composition and Diversity in Asia-pacific. Korn/Ferry International.

⁶ "Boardroom Diversity Index 2013." *Women on Boards*. N.p., n.d. Web. 05 Nov. 2013. <<http://www.womenonboards.org.au/pubs/bdi/2013/index.htm>>.

⁷ Sealy, R. and Vinnicombe, S. (2013). The Female FTSE Board Report 2013. Cranfield School of Management.

⁸ "Board Seats Held by Women, by Country." *Catalyst*. N.p., 31 May 2013. Web. 05 Nov. 2013. <<http://www.catalyst.org/knowledge/board-seats-held-women-country>>.

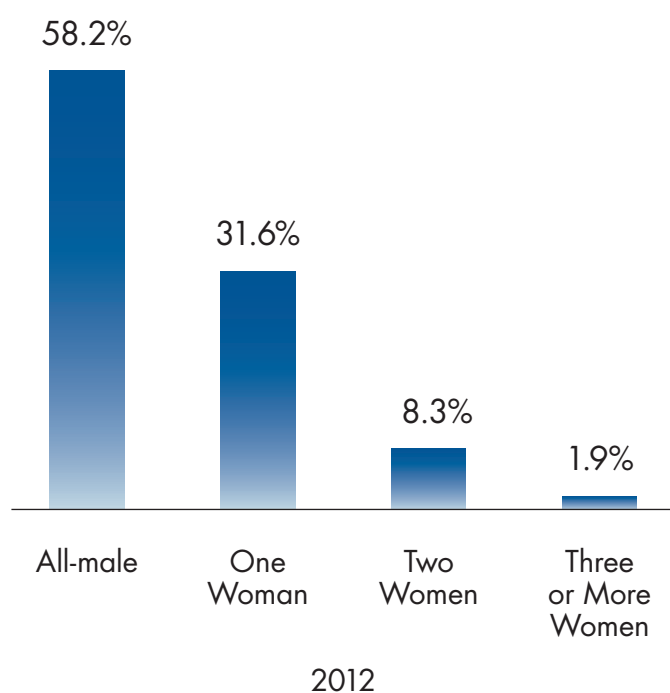
⁹ Devillard, S., Graven, W., Lawson, E., Paradise, R. and Sancier-Sultan, S. (2012). *Women Matter 2012: Making the Breakthrough*. McKinsey & Company.

All-male Boards Remain the Norm

The number of SGX-listed companies that had no women on its board remained high at 58.2% (Figure 3). It is only a marginal improvement as compared to last year, when we recorded that 60% of boards were all-male. 10.2% of listed companies now had two or more women on their board, up from 8.6% the previous year. Overall, these figures show a very modest positive trend.

Figure 3: Board Composition

Source: CGIO Database



The largest firms with all-male boards include companies such as Wilmar, Asia Pacific Breweries, City Developments Limited, Sembcorp Marine, SIA Engineering, Starhub and Olam, to name a few.

Companies with Multiple Women on Board

Thirteen SGX-listed companies had three or more women on their board, with one, Mewah International, having four women. The average board size was seven people. A list of the firms with most women is available in Table 1.

Table 1: Companies with Three or More Female Directors

Source: CGIO Database

Company Name	Number of Female Directors
Mewah International Inc.	4
Anchun International Hldgs Ltd	3
A-Sonic Aerospace Limited	3
Design Studio Furniture Manufacturer Ltd	3
FDS Networks Group Ltd	3
Friven & Co. Ltd. (renamed CCFH)	3
HL Global Enterprises Limited	3
Keppel Land Limited	3
Nippecraft Limited	3
Orchard Parade Holdings Ltd	3
Straits Trading Co. Ltd	3
Super Group Ltd	3
Top Global Limited	3

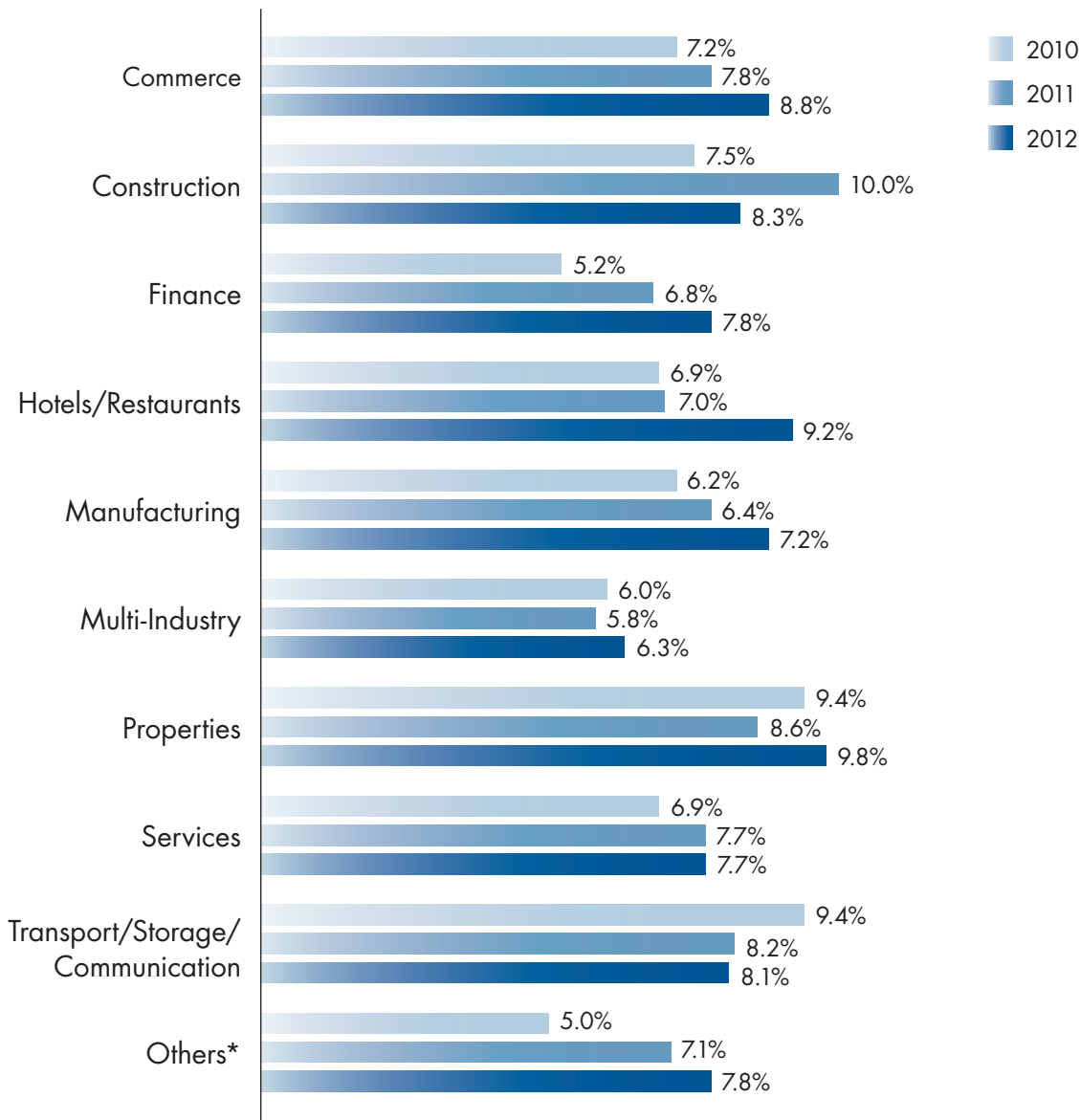
Industry Representation of Women

There is some distinct variation in gender diversity by industry. The best-scoring industries were properties; hotels/restaurants; commerce; construction; and transport, storage and communication, all scoring above 8%. Manufacturing and multi-industry scored the lowest.

Compared to last year, the finance industry increased its percentage of female directors from 5.2% two years ago to 7.8% in 2012. Despite this increase, the sector was still slightly below average (Figure 4).

Figure 4: Industry Representation of Women

Source: CGIO Database



*Others include the following sectors: Agriculture, Electricity/Gas/Water and Mining/Quarrying. Companies were classified according to the SGX industry classification.

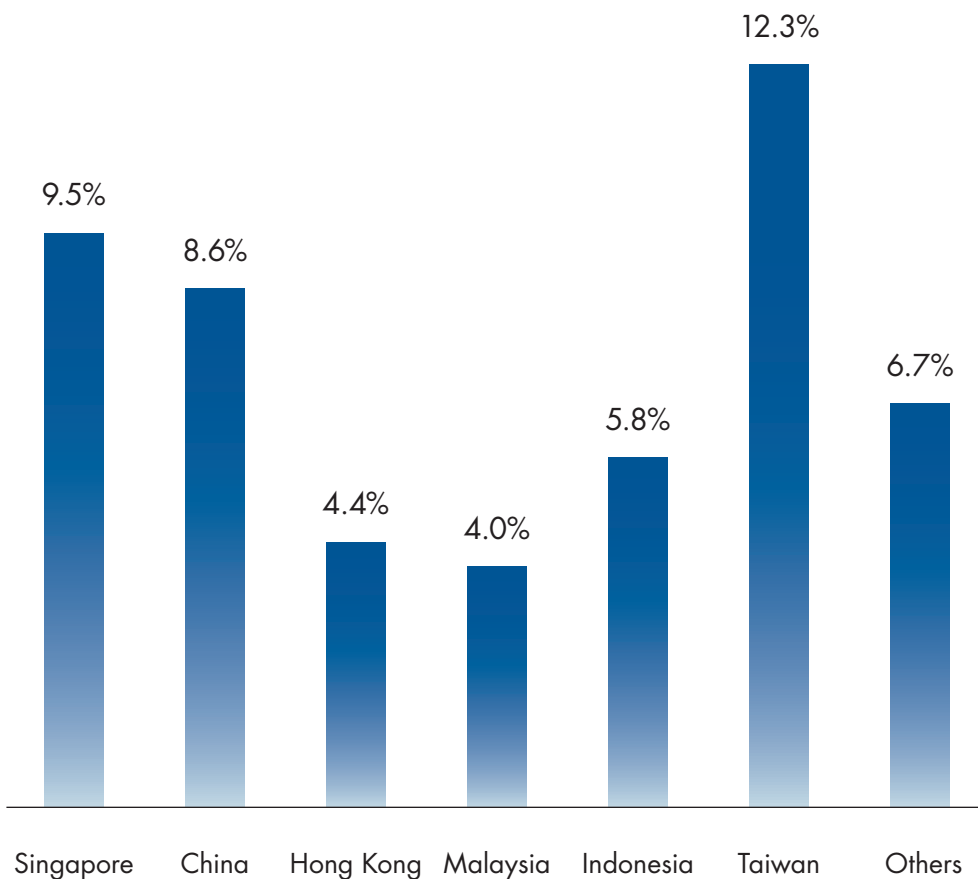
Some Categories of Firms Score Better

12 listed companies that are under Temasek Holdings and mentioned in its Temasek Annual Review scored slightly better than the average, with 8.4% female directors. Family firms also scored better, with 8.8% women on family firm boards.

Ranked by principal location of business (as reported by the companies), Singapore based companies scored better than the average at 9.5% female directors, with the Taiwanese companies scoring highest. Somewhat surprisingly, the 42 Hong Kong and 23 Malaysian companies in our SGX database scored lowest. However, given that the large majority of firms were from Singapore and China, with relatively fewer from the other countries, we need to interpret the results of this analysis with some caution (Figure 5).

Figure 5: Gender Diversity and Principal Place of Business

Source: CGIO Database



3. Women in Leadership Positions

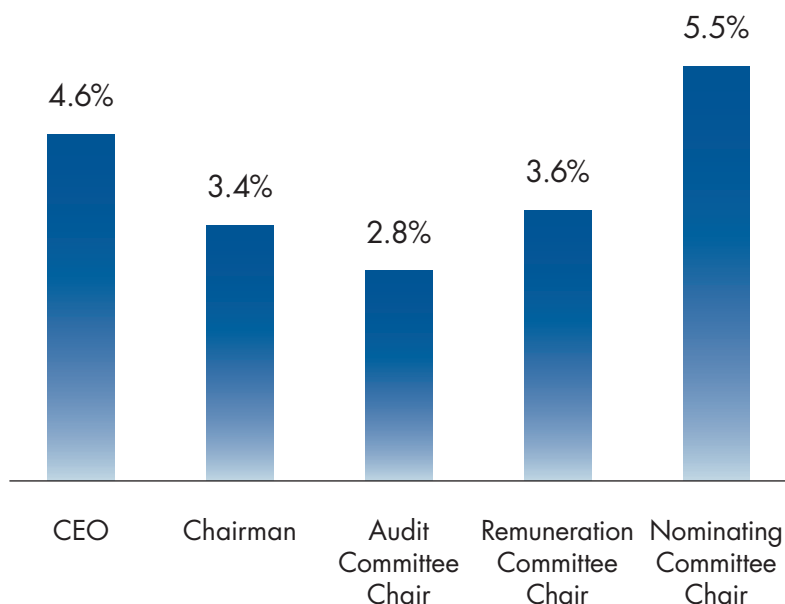
Women in Board Leadership Remain Elusive

Women continued to be even more under-represented in board leadership and as chairs of board committees. 4.6% of the CEOs and just 3.4% of the Chairmen were women (Figure 6). This was similar to last year's figures.

In terms of board committee leadership, we found that 2.8% of the audit committee chairs, 3.6% of the remuneration committee chairs and 5.5% of the nominating committee chairs were women (Figure 6). This, however, was an increase from last year, where only 2.1% of the audit chairs, 3.4% of the remuneration chairs and 4.7% of the nominating committee chairs were held by female directors.

Figure 6: Female Board Leadership

Source: CGIO Database



In 2012, women accounted for 5.7% of audit committee, 5.5% of remuneration and 5.4% of nominating committee members.

Women Less Likely to Hold Multiple Board Positions

Women continued to occupy fewer directorships per person than men did, with 17.2% of the men holding more than one board position, compared to 6.3% for women (Figure 7).

Figure 7: Number of Board Directorships Held by Men and Women

Source: CGIO Database

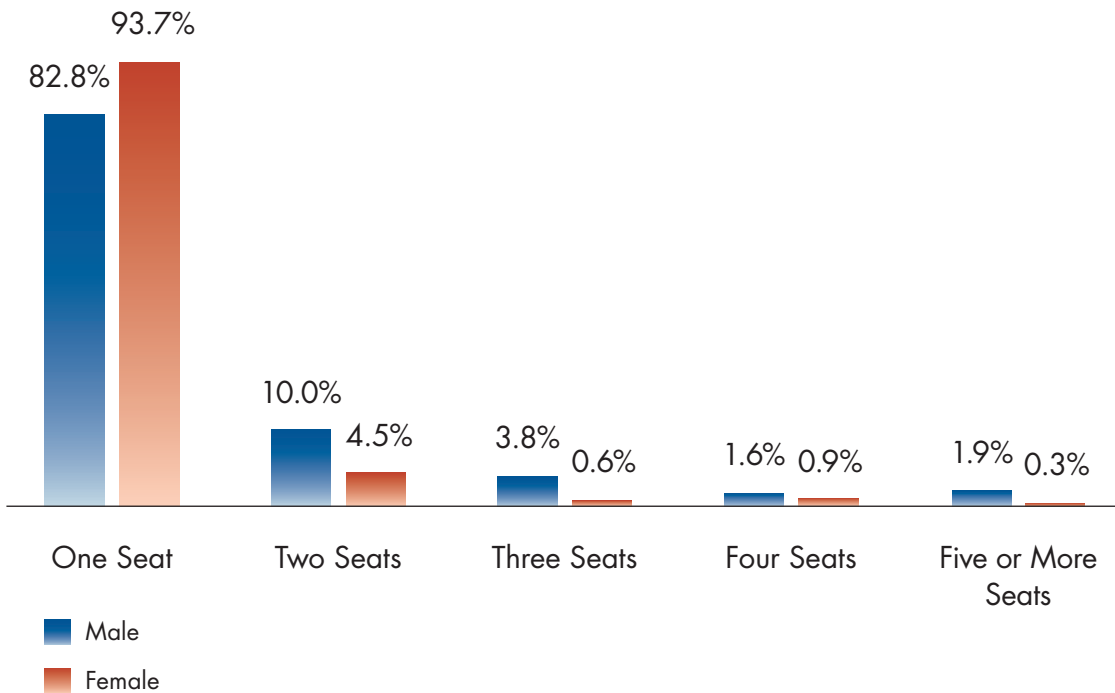


Figure 7 demonstrates only a small number of women held multiple board seats, with only one, Mrs Fang Ai Lian, holding five positions concurrently. We counted just six women with three or more directorships simultaneously (Table 2).

Table 2: Women with Three or More Directorships

Source: CGIO Database

Name of Director	Number of Positions
Fang Ai Lian	5
Elizabeth Sam	4
Euleen Goh Yiu Kiang	4
Lai Chin Yee	4
Ng Shin Ein	3
Tang Cheuk Chee	3

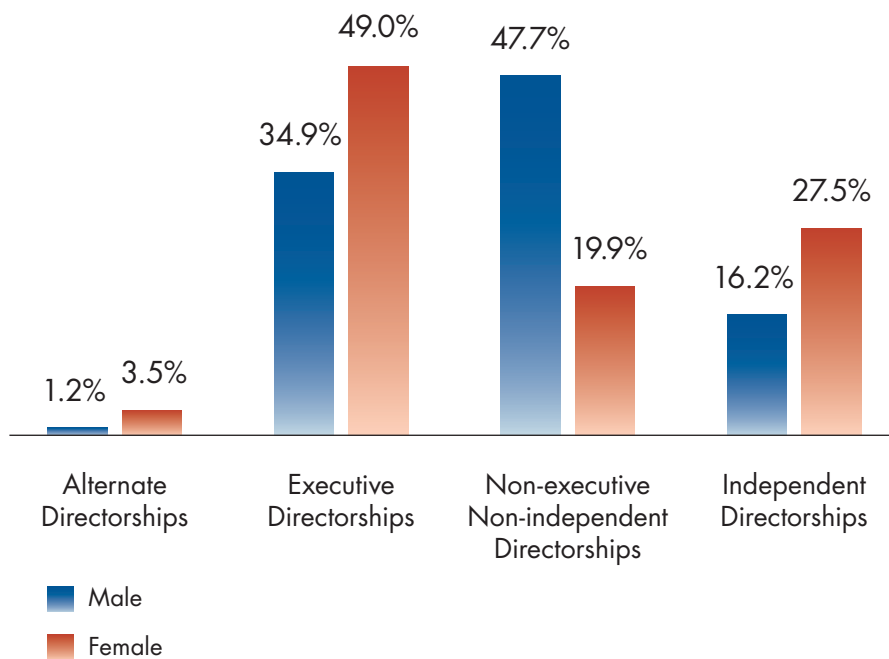
Most Women Directors are Executive Directors

Most of the women held executive directorships, with 49% of female directorships falling in this category, compared to just 34.9% of the directorships held by men. Other directorships women held were non-executive (19.9%) and independent (27.5%). Men more often held non-executive directorships (Figure 8).

The difference between male and female directors was particularly striking here. It seemed to suggest that women made their careers inside firms, taking on executive roles and moving up the ladder vertically. Men, on the other hand, often ended up in non-executive roles and were more likely to have multiple directorships, suggesting a more lateral career development. However, we noted that 27.5% of the directorships women held were independent directorships (more than men), a category we think has ample room for further renewal.

Figure 8: Types of Directorships Held by Women

Source: CGIO Database



“ I strongly believe we need more women on boards not because of their gender. We need more women on boards because when honestly and faithfully implemented based on merit, their perspective, expertise and experience add great value to the companies and organisations they serve.”



LINDA TSAO YANG

Chairman

Asian Corporate Governance Association

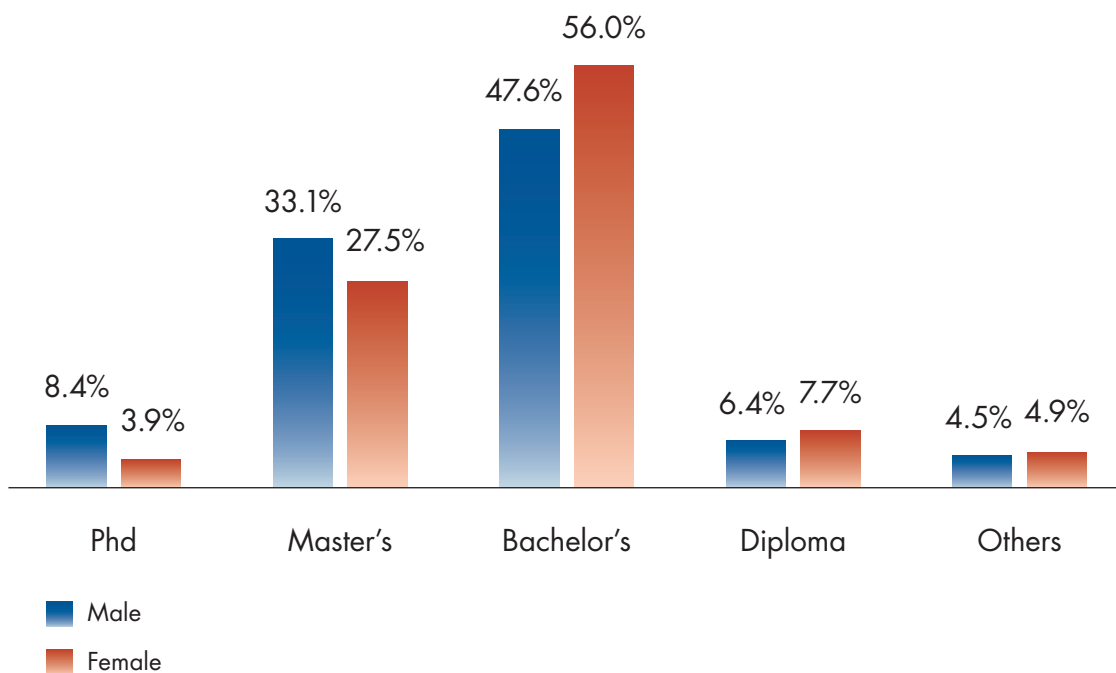
4. Profile of Female Directors

Education

Most directors of SGX-listed companies possessed university degrees, with male directors having slightly higher levels of formal education than female directors (Figure 9). Business administration, accounting, law, economics and engineering were the most commonly held degrees for both male and female directors.

Figure 9: Educational Qualifications

Source: CGIO Database

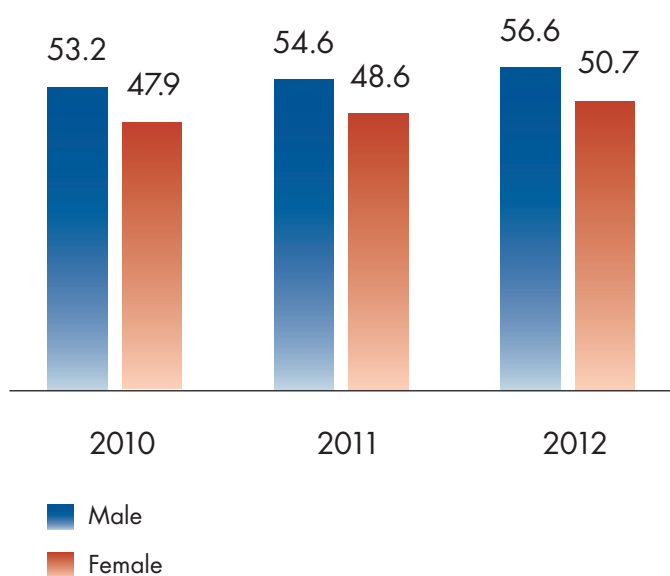


Age and Tenure of Directors

Female directors were younger on average than male directors, a trend that was also observed in other countries. The average age of an SGX-listed firm director was 50.7 years for women and 56.6 years for men (Figure 10). Women and men had about the same average tenure of 8.4 years and 8.6 years respectively.

Figure 10: Average Age of Directors

Source: CGIO Database



5. CGIO-Board Gender Diversity Ranking

Ranking Design

We created Singapore's first comprehensive gender diversity ranking of SGX-listed companies in an effort to celebrate diversity and stimulate board renewal. Our boardroom diversity ranking measures not only the percentage of women on a company board, but also takes into account how many of the leadership roles are held by women, including the roles of CEO, Chairman or Chair of one of the board committees.

Table 3 shows the score sheet we used to calculate the ranking, based on 2012 annual reports with financial year ending September or earlier. We allocated most points for those companies that showed a gender balanced board and where women held leadership roles. Within our database, the percentage of female directors varied between 0% and 60%.

Table 3: Score Sheet of Gender Diversity Ranking

Item	Score
At least one Woman on the Board	1
% Female Directors 10%-19%	3
% Female Directors 20%-29%	4
% Female Directors 30%-39%	5
% Female Directors 40%-60%	10
% Female Directors > 60%	5
At least one of the Independent Directors is Female	3
At least one of the Executive Directors is Female	1
Female CEO	5
Female Chairman	5
One Woman in Board Committee – 1 each for nominating, remuneration, audit	3*
More than one Woman in Committee – 3 each	9*
Woman as Committee Chair – 3 each	9*

*Maximum score

// Without more women at senior levels in business, Singapore is not getting a sufficient contribution from some of our most able people, nor is it getting the full breadth of input to critical business discussions and decisions. //

HO KWON PING
Executive Chairman
Banyan Tree Holdings



The resulting ranking is shown in Table 4. Companies are ranked by score, and alphabetically. Friven & Co. Ltd. (now renamed CCFH) and Malacca Trust Limited topped the ranking, both with 34 points. Third place went to Banyan Tree Holdings Limited and Straits Trading Co. Ltd. with 29 points each.

Table 4: Top 25 Most Gender Diverse SGX-listed Company Boardrooms

Source: CGIO Database

Rank	Company Name	Total
1	Friven & Co. Ltd. (Renamed CCFH)	34
1	Malacca Trust Limited	34
3	Banyan Tree Holdings Limited	29
3	Straits Trading Co. Ltd	29
5	Cosmosteel Holdings Limited	26
5	GRP Limited	26
7	Popular Holdings Limited	24
8	A-Sonic Aerospace Limited	23
8	Medtecs International Corp Ltd	23
10	Mary Chia Holdings Limited	22
11	HI Global Enterprises Limited	21
11	Leader Environmental Tech Ltd	21
13	Singapura Finance Ltd	20
13	Star Pharmaceutical Limited	20
13	Top Global Limited	20
16	Anchun International Hldgs Ltd	19
16	Singapore Telecommunications Ltd	19
18	Best World International Ltd	18
18	Great Eastern Holdings Ltd	18
18	Micro-Mechanics (Holdings) Ltd	18
21	Great Group Holdings Limited	17
21	Mewah International Inc.	17
21	SC Global Developments Ltd	17
21	Teledata (Singapore) Ltd	17
21	Tiong Woon Corporation Holding Ltd	17

// Board selection should be solely based on merit, whilst also taking into consideration some of the merits of intuition and empathy. I have worked with many very capable female executives during my tenure on the boards of more than 10 public listed companies. Besides their talent, they are very committed to their jobs and responsibilities, even more than their male peers sometimes. However, I have sadly seen some reluctance by women to step onto a board because they are worried about the impact these onerous duties may have on their family time. //



LIEW MUN LEONG

Provost Chair, Professor (Practice) National University of Singapore

Chairman, Changi Airport Group

Director, Singapore Exchange Ltd (SGX)

Board Member, Singapore China Foundation and Human Capital Leadership Institute

6. The Effect of the Female Touch

Investigating the Business Case for Diversity in Singapore

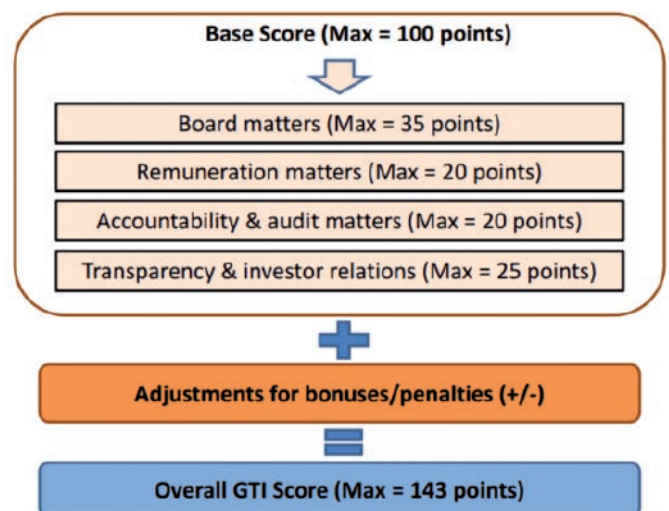
Despite substantial attention to gender diversity, the question of what impact female board directors actually have on firms remains unsolved. On one hand, several studies documented that the proportion of women in top management jobs has positive effects on a firm's performance. Further studies suggested that the benefit is larger when female top managers have better qualifications and when the operating environment is more complex. On the other hand, other studies showed that an increase in female board representation resulted from the demand for diversity, for instance, in the form of a code of conduct or a regulation. Accordingly, these studies argued that there is no positive market value reaction to the addition of female board members. These contradictory opinions result from country level differences in culture, education, and regulation. It may also be due to diverging methods used in these studies.

Focusing on SGX-listed companies from 2009-2012, we investigated the following:

- 1) How does female presence in the boardrooms affect firm performance and corporate governance?
- 2) Does the relationship vary across firm types such as industry, size and ownership types?

For female representation, we looked into the ratio of female directors to the total number of directors and the appointment of a new female director. We measured firm performance with ROA, ROE, and stock market returns in the next three years and averaged by year. For corporate governance quality, we used the Governance and Transparency Index (GTI) over the five-year period. This annual index ranks all the SGX-listed companies based on corporate governance and disclosure practices. The GTI is divided into different sections such as scores on board matters, remuneration matters, accounting and auditing, transparency and investor relations, and total scores. Please refer to Figure 11 for the GTI structure.

Figure 11: GTI Structure

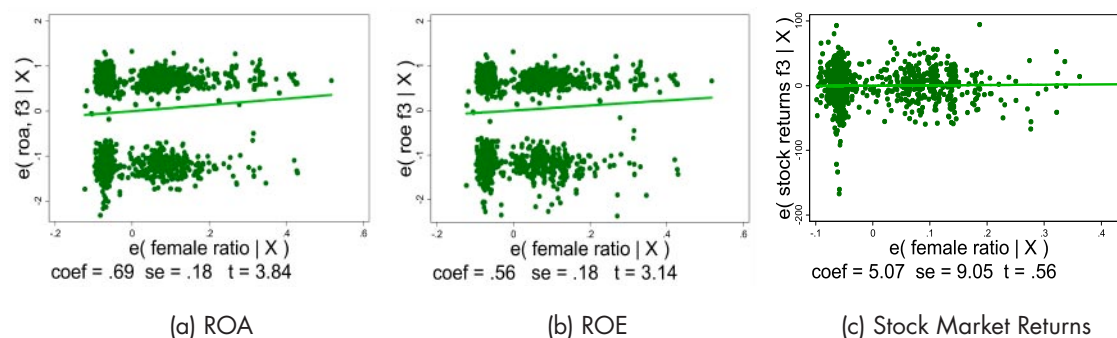


The Effect of Board Diversity on Firm Performance

We found positive relations between the ratio of women in the boardroom and the firms’ ROA and ROE in the subsequent three years, but not the stock market returns (Figure 12).

Figure 12: Female Board Representation and Firm Performance

Source: CGIO Database



The appointment of a new female director to the board is also followed by better ROA and ROE in the next three years, but again not for the market stock returns (Table 5).

Table 5: Appointment of New Female Director and Firm Performance

Source: CGIO Database

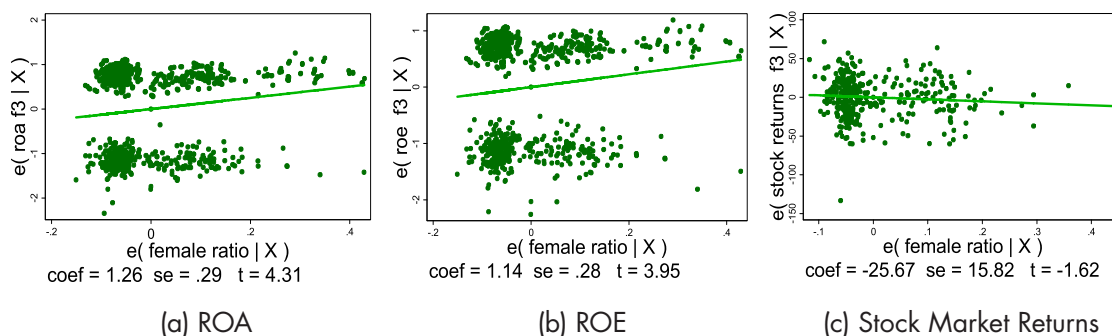
Firm Performance in the Next Three Years (Annual Average)	No New Appointment of Female Director	With New Appointment of Female Director	Difference in Returns	Statistical Significance of the Difference
ROA (%)	1.41	1.74	0.33	YES
ROE (%)	1.44	1.76	0.32	YES
Stock Market Returns (%)	-4.85	3.82	8.67	NO

The difference between the operating performance and stock market returns is interesting. To some extent, we can interpret operating performance as cash flow-based performance or asset growth, and market return-based performance as shareholder wealth growth. These two types of growth objectives may be favoured by different groups of shareholders. Controlling shareholders may want to focus on cash flow and asset growth, whereas minority shareholders could be more interested in shareholder value. Therefore, we investigated the performance impact of board diversity in a sub-sample of firms: those with highly concentrated ownership and those with diverse ownership.

Consistent with our hypothesis of divergent shareholder objectives, we found that firms whose ownership is highly concentrated (top shareholder owns more than 50%), the proportion of female board members is positively associated with subsequent operating performance but has no relation with stock market returns in the next three years (Figure 13).

Figure 13: Firms With Highly Concentrated Ownership – Proportion of Female Directors and Firm Performance

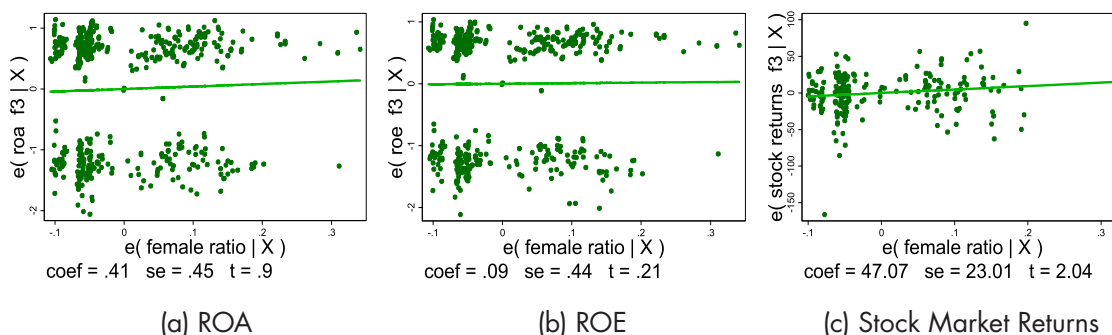
Source: CGIO Database



Firms whose ownership is diverse (top five shareholders own less than 50%), the female director ratio actually has no relation with operating performance but is positively associated with stock market returns in the next three years (Figure 14).

Figure 14: Firms With Diverse Ownership – Proportion of Female Directors and Firm Performance

Source: CGIO Database



// Singapore has one of highest education rates for women, and a high workforce participation rate for women. Yet our board representation remains one of the lowest in the developed world. Hence, though Singapore has many accolades to be proud of, the low number of women on our boards is sadly not one of them. It is high time we give this more than lip service and adopt some affirmative action. BoardAgender has a ready slate of capable women who are worthy board candidates. For those CEOs who claim there just aren't enough women candidates, let this slate be proof that they are plenty to choose from. It's high time Singapore boards move with the times, accept that women directors offer relevant and diverse values and insights that can take your company to the next level. //



TAN SU-SHAN

Managing Director, Group Head of Consumer Banking and Wealth Management, DBS Bank
Nominated Member of Parliament

The Effect of Board Diversity on Corporate Governance

Finally, we examined the effect of board diversity on corporate governance. We found that remuneration matters, transparency and investor relations, and total scores are significantly higher in firms with above average female board representation than those with below average female board representation (Table 6).

Table 6: Gender Diversity and Corporate Governance Quality

Source: CGIO Database

Governance and Transparency Index (GTI)	Female Ratio Above Average	Female Ratio Below Average	Difference in Scores	Significance of the Difference
Board Matters	14.79	14.67	0.13	No
Remuneration Matters	5.74	5.32	0.42	Yes and High
Transparency and Investor Relations	9.45	8.91	0.54	Yes and High
Accounting and Auditing	9.16	8.97	0.18	No
Total Scores	35.62	33.59	2.03	Yes and High

A Strong Business Case for Gender Diversity

Based on the empirical evidence, we provided strong support for gender diversity in the boardrooms of SGX-listed companies. We conclude that gender diversity is beneficial to both firm performance and the quality of corporate governance. Female board members seem to perform better in achieving goals for majority shareholders, compensation issues, transparency and investor relations – such as in the area of fairness and openness which helps in mitigating conflicts of interest.

7. Conclusion

In conclusion, we are seeing more women on SGX-listed company boardrooms, but the increase is slow. This is expected given the long tenure of directors in Singapore and hence, in any given year, only a few directors are replaced. Barring a regulatory change by the government or the stock exchange, we do not expect to see rapid progress in the near future.

There is a range of tools available to accelerate change. The easiest of these would be to require companies to report on board diversity targets and progress towards these targets annually, thus putting the topic on the board's agenda and forcing the board to measure diversity and take action.

Furthermore, lessons from countries that score higher on gender diversity rankings and from gender diverse companies suggest that other factors matter too – such as including mentoring programmes, tailored education, national or corporate policies addressing work-life issues and an inclusive and supportive corporate culture.

Until today, most boardrooms remain all-male, although a few companies score well on our new ranking. When nominating committees consider board renewal, we suggest that at least one suitable female candidate be considered, as is corporate practice for many large listed companies in Europe and the United States. Research around the world found that boards may display “unconscious bias” in director recruitment with an unintentional tendency to recruit people who are similar to those already on the board. A more structured search and selection process can help mitigate this problem.

Our research revealed a positive relationship between the number of female directors and firm performance (both ROA and ROE), though there was no effect on stock performance. We also found a positive relationship between gender diversity and good corporate governance as measured by the different components of the widely-used GTI. Together, these provide strong support for the business case for diversity.

We trust that this annual study will continue to generate awareness and provide input for corporate and national policy making around board diversity in Singapore.

Until today, most boardrooms remain all-male, although a few companies score well on our new ranking.

About The Authors

DR. MARLEEN DIELEMAN

Marleen Dieleman is associate professor and associate director of the Centre for Governance, Institutions and Organisations (CGIO) at NUS Business School in Singapore. She holds a Ph.D. from Leiden University and a master degree in business administration from Rotterdam School of Management, both in The Netherlands.

Marleen teaches corporate strategy and her research interests are in Asian family businesses – in particular in Indonesia – and in the governance of Asian firms. She has published widely on these topics, including articles in academic journals, books, book chapters, cases and reports. Her work is featured regularly in international media such as the Financial Times, and she is a frequent invited speaker on governance in Asia. Marleen also teaches in various executive education programmes and has extensive consulting experience.



DR. MEIJUN QIAN

Dr Meijun Qian is an Assistant Professor of Finance at NUS Business School and an affiliated researcher at the Risk Management Institute and the Institute of Real Estate Studies at NUS. She is a fellow of the Wharton Financial Institution Centre at the University of Pennsylvania.

Dr Qian's research covers comparative financial systems, financial institutions, corporate governance, political economy, and regulations. Her research is published in academic journals such as the Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Journal of Financial Intermediation, as well as practitioners' journals such as Chartered Financial Analysts (CFA) Research Monograph and Harvard China Review. She has also written several book chapters.



MR. MUHAMMAD IBRAHIM

Muhammad Ibrahim is a Senior Research Assistant at the Centre for Governance, Institutions & Organisations (CGIO), NUS Business School. At CGIO, he works with faculty members on various applied research projects related to corporate governance and family businesses. He holds a Bachelor in Business Administration (Accountancy) from National University of Singapore. His research-related interests include corporate governance, corporate finance, corporate sustainability and family businesses, particularly in the Southeast Asian context.





Published and All Rights Reserved by:
Centre for Governance, Institutions and Organisations (CGIO)
14 November 2013

Centre for Governance, Institutions & Organisations (CGIO)
NUS Business School
National University of Singapore
BIZ 2 Building #05-01
1 Business Link
Singapore 117592

Tel: (65) 6601 2027
Email: cgio@nus.edu.sg

Website: <http://bschool.nus.edu/CGIO.aspx>