Female Footprints in IDX-listed Companies

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Jakarta, December 7, 2012
Agenda

• Introduction

• Gender diversity and corporate governance

• Results of the Boardroom Gender Diversity study
  • Female participation in Indonesian boards (how many, where, what positions)
  • Global comparison
  • Female and male profiles (age, tenure, education, background)

• Interpretation & conclusion
Centre for Governance, Institutions & Organisations (CGIO)

- Part of NUS Business School, Singapore
- Impactful governance research, specific to Asia
- Focus: Closely-held firms (family firms, SOEs)
- Rankings, academic and applied research, roundtables, seminars and conferences
Boardrooms of SGX-listed firms remain male-dominated: Study

By ANGELA TAN

Boardrooms of companies listed on the Singapore Exchange (SGX) remain male-dominated, according to the inaugural edition of the Board Diversity Report, a collaboration between the NUS Business School’s Centre for Governance, Institutions and Organisations (CGIO) and BoardAgender.

The annual report, which looks at gender diversity in the boardrooms of SGX-listed firms, found that female representation in 2010 was only 6.9 per cent.

The study covers the 2008 to 2010 period, including more than 700 companies and over 5,000 directorships in each year.

‘Overall, the percentage of board seats held by females in Singapore remains low compared to both developed and countries in the region, although there has been a marginal increase over the previous two years. Prior to 2010, females took 5.8% of all boardroom positions in SGX-listed companies in 2009, and 6.6% in 2008,’ the report said.

By sector, the property as well as transport, storage and communications (TSC) industries had the most females in their boardrooms. Yet, despite coming top in the report, only 9.4% of board members in these industries were women. The lowest score of 5.2% went to the finance sector.
Boardroom diversity

- Boardroom diversity is an increasingly important corporate governance metric
- Diversity encompasses education, expertise, gender, minorities, etc.
- Focus in this presentation: gender diversity
Business case for diversity

“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)

Source: McKinsey, Women Matters, 2010
“the greater the variety within a system, the greater its ability to reduce variety in its environment through regulation.”

The law of requisite variety

W. Ross Ashby
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)
Example Australia: BHP Billiton, AR2011

Committee to formalise diversity considerations. The Board has set an aspirational goal of increasing the number of female Directors to at least three over the next two years (which, if achieved, would see the proportion of women on the Board increase from 17 per cent currently to 25 per cent, based on a Board size of 12).
Boardroom Gender Diversity in Indonesia
Indonesian gender diversity study

• Partnership with GlobeAsia, co-authored with Maythil Aishwarya

• First large study on boardroom gender diversity in 424 of the 443 IDX-listed firms

• Annual reports with fiscal year end 2011*

• Covers 3,729 board positions

*If annual reports with fiscal year-end 2011 were unavailable we used FY2010 (45 companies).
Female boardroom representation

- Norway leads with 40.1% women on boards
- Indonesia leads in Asia but behind developed countries

Sources: CGIO (Singapore, Indonesia); HKEx(Hong Kong); GMI (China, Japan, Malaysia, India); Women on Boards (Australia); Cranfield School of Management (UK); Catalyst (Finland, Norway, Sweden, USA); McKinsey (EU)
All-male boards in Indonesia and in the region

- 40% of the IDX-listed companies had no single woman on their boards
- This is higher than Australia and China, but better than other Asian countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>29.0%</td>
</tr>
<tr>
<td>China</td>
<td>39.0%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>40.0%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>43.0%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>56.0%</td>
</tr>
<tr>
<td>India</td>
<td>57.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>61.7%</td>
</tr>
</tbody>
</table>

Source: CGIO (Singapore, Indonesia), Korn Ferry Institute (Australia, China, Hong Kong, India, Malaysia)
Number of women on corporate boards

- 34.0% of the companies had just one woman on their boards
- 2.8% companies had four or more women on their boards
- 7 was the maximum number of women on any board in 2011

Source: CGIO Database
## Top-scoring companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of female board members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tempo Scan Pacific Tbk</td>
<td>7</td>
</tr>
<tr>
<td>Bank CIMB Niaga Tbk</td>
<td>6</td>
</tr>
<tr>
<td>Bank Internasional Indonesia Tbk</td>
<td>6</td>
</tr>
<tr>
<td>Ciputra Surya Tbk</td>
<td>5</td>
</tr>
<tr>
<td>Mitra Adiperkasa Tbk</td>
<td>5</td>
</tr>
<tr>
<td>Bank OCBC NISP Tbk</td>
<td>4</td>
</tr>
<tr>
<td>Ciputra Development Tbk</td>
<td>4</td>
</tr>
<tr>
<td>Ciputra Property Tbk</td>
<td>4</td>
</tr>
<tr>
<td>Pan Brothers Tbk</td>
<td>4</td>
</tr>
<tr>
<td>Tigaraksa SatriaTbk</td>
<td>4</td>
</tr>
<tr>
<td>Total Bangun PersadaTbk</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: CGIO Database
Board memberships held by women

- Women held 9.9% of the commissioner positions and 13.1% of the director positions.
- Women are more likely to hold executive roles rather than supervisory roles.

Source: CGIO Database
Independent positions on boards

- Women less likely to be independent commissioners (28.7%) compared to men
- Women more than men were represented as independent directors (34.9%)
- About a third of all board positions are classified as independent board positions

Source: CGIO Database
Leadership positions held by women

- 8.5% of the 411 President Commissioners and 6.5% of the 413 President Directors were women
- Women’s share of leadership positions limited

Source: CGIO Database
### Industry representation

<table>
<thead>
<tr>
<th>Sector</th>
<th>Female Directors</th>
<th>Female Commissioners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade/Services/...</td>
<td>11.2%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Property/Real...</td>
<td>14.1%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>9.2%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Mining</td>
<td>6.5%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Infrastructure/Uti...</td>
<td>6.1%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td>15.5%</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td></td>
<td>15.1%</td>
</tr>
<tr>
<td>Basic Industry...</td>
<td>8.4%</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.9%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

- Female directors were mostly represented in trade, services and investment sector (17.0%).
- Female commissioners were mostly represented in Finance (12.7%).

Source: CGIO Database
Comparison of director profiles
Age distribution of board members

- Female board members younger than male board members (49 yrs vs. 52 yrs)

Source: CGIO Database
Average age

- Both male and female commissioners were older than male and female directors
- The age gap between male and female board members was larger in commissioner roles

Source: CGIO Database
Average tenure

- Both male and female board members stayed in their positions for 11 years on average.
- Female commissioners stayed almost 2 years longer than male commissioners.

Source: CGIO Database
Educational qualifications

- Indonesia’s board members are highly educated
- Most common degree - Bachelor (54% of the female board members and 46% of the male board members)
- Female board members less often have higher degrees such as Master’s and PhD

Source: CGIO Database
Area of education

- Business Administration most common degree
- Considerable number of women had an Arts and Economics background
Public service experience

- 20% of male commissioners held public office (currently or in the past) compared to just 8% for female commissioners.

- Commissioners more frequently had civil or public service experience than directors; and men more often had such experience than women.
Why does Indonesia lead in Asia?

• Our methodology does not enable answering “why-questions”. Some ideas:
  • Rich tradition in diversity
  • Prevalence of family firms – gives female family members opportunity to lead
  • ...But this is only part of the story, as we also find many female independent directors
How to improve further?

- Awareness of benefits and status quo
- Structured search and appraisal processes (especially for commissioners)
- Other tools (mentoring, matching etc)
- Regulation options (up to the government)
Conclusions

• Boards predominantly male with 11.6% female board members (13.1% directors and 9.9% commissioners)
• This places Indonesia behind developed countries, but ahead of Asian peers
• 40% of Indonesian boards are “all-male”
• Services firms (e.g. finance) score best
• Females on board often directors, typically younger. Less likely to have public service background
Thank you!