Getting more women into the boardroom

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A SURVEY on the paltry representation of women in corporate boardrooms has sparked discussion on what to do to raise their numbers. Should Singapore follow Norway and impose a quota for women representation? Set a target for it as Malaysia has done? Or work to change mindsets in the workplace to accept women on top?

But what if women don’t even aspire to those positions in the first place? Is the drive for gender diversity even worthwhile?

These are thorny questions to raise on an issue as sensitive as gender differences. But they need to be asked.

A recent survey by Dr Marleen Dieleman of the National University of Singapore (NUS) of 6,000 directors in the public and private sectors here found that only 12 listed companies had three or more women directors. These are mainly founding members of family businesses.

Overall, women made up only 7.3 per cent of all boards of listed companies here last year. That’s better than the “rather shocking” figure of 6.9 per cent in 2011, said Dr Dieleman, but it’s low compared to Australia (17 per cent), the United States (16 per cent) and the European Union (13.6 per cent). Women make up 19.8 per cent of statutory boards.

In Singapore, 60 per cent of all listed company boards here are all-male, compared to 57 per cent in India and 39 per cent in China.

Dr Dieleman, who is associate director of NUS’ Centre for Governance, Institutions and Organisations, also found that the “male” sectors of construction and properties had the highest proportion of women on boards: 10 and 8.6 per cent respectively.

What accounts for Singapore’s poor showing internationally?

Ms Seah Gek Choo, talent partner of professional services firm Deloitte Singapore, does not think women face any systemic obstacles in rising to boards here, given how supportive the Government and bodies such as the Singapore Exchange and the Singapore Institute of Directors have been towards promoting them.

The Government set up a Diversity Task Force last year, which announced on July 11 that, from next month, it will survey chief executives on the issue.

Law and Foreign Affairs Minister K. Shanmugam has called for a “sea change” in mindset especially among men, on helping women balance career and family. “The larger perspective is really the pipeline to board level... women continue to struggle with the structural difficulties of home, children, husband and career.”

In a bid to get more women on to boards, Norway passed a law in 2003 which requires four out of 10 board members to be women. Malaysia has set a target of 25 per cent of all listed board members being women by 2016.

But there is a limit to what laws can do. Mandatory quotas like Norway’s breed tokenism.

Norwegian director Mar-Lill Ibsen, dubbed a “golden skirt” for the many directorships she holds, told the International Herald Tribune recently that such a quota “hasn’t had the ripple effect” of creating more female chief execs.

Mrs Mildred Tan, who heads the diversity task force, is against imposing any quota: “As a woman, I would like to be nominated to a board based on my experience, knowledge and competency rather than just to meet a quota.”

Mrs Tan, who is the managing director of management consultancy Ernst & Young Advisory here, adds that she would instead recommend that companies here be asked to “disclose and explain” why women are, or are not, on their boards.

The Monetary Authority of Singapore’s code of corporate governance requires such disclosures, but it is buried in a laundry list of other to-dos. “We need to be explicit for a challenge like diversity,” says Mrs Tan.

But before companies or government agencies rush out to recruit more women to boards, they have to consider if women want to be there.

Management consultancy McKinsey found in a 2012 survey of 4,000 executives of Fortune 500 companies that only 10 per cent of the women among them aspired to the C-suite, or top senior management, compared to 36 per cent of their male counterparts.

It also found that 175 of the 200 women surveyed preferred backroom duties to being in the front line, where the ideal board member should have international experience and meet clients regularly.

But while such findings should not be excuses for not promoting more women at the top, Facebook’s chief operating officer, Ms Sheryl Sandberg, argues in her controversial book Lean In that women handicap themselves by not “leaning in” or stepping forward to take on more responsibilities.

Mrs Tan, however, cautions against assuming that women lack ambition.

“The question is rather whether or not they have perseverance to run the course; it seems that women are having to prove themselves all the time, having to work twice as hard and show twice as many numbers as male peers.”

But does having more women on boards as directors help create value? Credit Suisse’s research arm specifically posed this query to 2,400 companies between 2005 and 2011 and concluded that the jury is still out on it.

It found that while large companies tend to have more women on their boards, and that large companies with women directors tend to perform better than those without them, it is not clear at all that women were the main reason that companies performed better.

Credit Suisse also found that companies with women directors do better in volatile times, when these companies take fewer risks. But in stable times, women directors, being more risk-averse, might block high-risk, high-yield ventures, the report suggested.

So, before companies go all out to put more women on boards, they might want to ponder the larger question: How do you make a board more independent-minded and rigorous in checking management?

This after all has been a perennial quest of big companies after the collapse of Enron in 2001, partly due to the board’s failure to heed warning signs and ask hard questions.

Having more women may help, but the larger challenge is surely to raise diversity across the board, not just gender.