Slow progress in gender diversity on boards of SGX-listed firms

SINGAPORE - While gender diversity in Singapore’s boardrooms improved slightly last year, the Republic still lags behind many of its regional peers, a study by the National University of Singapore (NUS) and Singapore Council of Women’s Organisations has found.

The annual report, which examined 677 companies listed on the Singapore Exchange (SGX), found that, last year, 7.9 per cent of board directors were women, slightly more than the previous year’s 7.3 per cent.

Despite the improvement, the authors of the report noted that progress is at a “snail’s pace”.

“At the current rate, it will take Singapore until 2028 to catch up with Australia, and that is assuming they do not improve,” said Ms Marleen Diekman, Associate Professor at the NUS Business School and Associate Director of its Centre for Governance, Institutions and Organisations.

In Australia, women hold 18.8 per cent of board positions, while in China, the number is 9 per cent. Indonesia and Malaysia are also ahead of Singapore at 11.6 and 16.3 per cent, respectively.

The study also found that women hold fewer directorships per person compared to men and are underrepresented in board leadership positions, with only 4.6 per cent of chief executives and 3.4 per cent of chairpersons being female.

It suggested that this is an issue firms should take seriously as greater board diversity appears to have a positive impact on their performance.

The appointment of a new female director is usually followed by an improved Return on Assets and Return on Equity. Firms with a higher proportion of female directors also fare better in transparency, investor relations and remuneration, the report said.

“These findings suggest that board diversity is beneficial to corporations … yet, almost 60 per cent of SGX-listed firms do not have any women on their boards,” said NUS Business School Assistant Professor Mejlan Qian, who is co-author of the study.

Industries with the highest female representation in boardrooms are property and commerce, as well as hotels and restaurants, while those with the lowest proportion are the manufacturing and multi-industry sectors.

SGX Chief Executive Magnus Bocker said organisations can benefit from the breadth of perspectives a more diversified board brings and urged companies to place greater importance on improving that.

“Companies with wider perspectives on their boards and management tend to see better performance. We are encouraged to note the slight improvement in gender representation and diversity in boardrooms. However, we still have a long way to go.”