More women on boards but equality still elusive

Proportion of female directors in Singapore lower than HK, China

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FIRST, the good news. More women sat on the boards of Singapore’s listed companies last year than a year earlier.

The bad news: The snail’s pace of female appointments to boards suggests that boardroom gender equality here is an elusive goal.

A recent report found that the proportion of women in the boardrooms of companies listed on the Singapore Exchange (SGX) rose to 7.3 per cent last year, from 6.9 per cent in 2010. Family companies, listed trusts and Temasek Holdings-linked companies were at the forefront of this push for gender diversity, with 8.2 per cent, 9.7 per cent and 10.3 per cent of female representation on their boards respectively.

Still, even those figures are hardly ground-breaking.

The Singapore Board Diversity Report: The Female Factor is a joint initiative of the National University of Singapore Business School’s Centre for Governance, Institutions and Organisations (CGIO) and Board-Agender, supported by UBS and the SGX.

The study was based on financial year 2011 annual reports of 603 listed companies, 28 real estate investment trusts and business trusts and 65 statutory boards.

Minister of State for Community Development, Youth and Sports Halimah Yacob described the headcount of women on corporate boards as “strikingly low” and clearly in need of more progress.

But legislative quotas to boost women on boards by nation such as Norway, Spain and France may not be the best option for everyone, Madam Halimah said at the launch of the report here yesterday.

Instead, she urged companies to set targets – at least 15 per cent of their boards to comprise women within five years. As for statutory bodies, where women are much better represented, making up 19.8 per cent of the boards, she suggested a 25 per cent target within five years.

Singapore scored lower than Asian peers such as Hong Kong and mainland China, which are ahead at 10.3 per cent and 8.5 per cent respectively.

The gap between Singapore and developed nations is widening as they are improving faster, said Dr Marleen Dieleman, CGIO’s associate director and the report’s lead researcher.

Australia saw a leap in the proportion of female board directors from 10.3 per cent in 2010 to 15.8 per cent last year. France improved from 12.7 per cent to 16.0 per cent and Britain went from 12.5 per cent to 15 per cent over that period. Norway remains on top with 40.1 per cent.

“At this rate, we will reach the average for developed countries in 2021,” said Dr Dieleman. The global average for industrialised countries for female representation on boards is 11.1 per cent.

Women are less likely to hold multiple directorships compared with men. Over 90 per cent of female directors held only one directorship.

At 60 per cent, Singapore also has the region’s highest percentage of all-male boards.

Companies in the construction sector had the highest proportion of female board directors at 10 per cent, an increase from 7.5 per cent a year earlier.

There are some promising signs. New female appointments last year almost doubled. Of the 576 newly appointed directors, 15.4 per cent were women.

Newly listed companies on the SGX are blazing the trail for women in boardrooms. According to the report, the proportion of female directors in these companies were higher than average, at 12.3 per cent.

There is a chance to push the figures up more. The new Code of Corporate Governance recommends a review of independent directors who have served a board for over nine years. About 25 per cent of independent directors belong in this category.

“A review may thus create demand for more than 500 new independent directors. Therein lies the opportunity for a quick win,” said Dr Dieleman.