



20^{BY}2020:

**GENDER
DIVERSITY ON
SINGAPORE
BOARDS**

A Path to Action

FOREWORD



JACQUELINE WONG

CEO, Temasek Management Services

Human Capital Leadership Institute

Despite considerable efforts to create more gender diverse organisations, women continue to be underrepresented in leadership positions, especially in senior management and boards. In Singapore, the percentage of women directors at all companies listed on the Singapore Exchange has remained relatively unchanged over the past few years, hovering between 8% - 10%. As a point of reference, this figure is significantly lower than in other major international capital markets: 27.2% (Germany), 27% (UK), 20% (US) and 15% (Hong Kong), with Singapore ranking second to last ahead of Japan (1.5%).

Academics and professional bodies alike have conducted numerous studies to understand why women continue to be underrepresented in boards in a major financial and business hub like Singapore. Although many of these studies have convincingly highlighted the benefits of diverse boards and the reasons why more women are not being nominated as directors, few of these studies have focused on providing practical and workable solutions which boards, corporates, and individuals can implement to advance the gender diversity agenda.

To address this gap in research, the Human Capital Leadership Institute (HCLI) partnered with BoardAgender to conduct a qualitative study that is aimed at revealing evidence-based solutions which can be implemented to increase women's representation on boards in Singapore. HCLI and BoardAgender initiated a series of frank conversations with key stakeholders who are intimately involved with board and director appointment processes. The candid responses and inputs derived from these conversations helped the researchers to form a better understanding of key issues pertaining to board diversity, which in turn informed potential solutions.

We believe that this study will provide aspiring female directors as well as boards who are embarking on gender diversity journeys a quick reference to workable interventions. We hope that the proposed solutions shared in this study will provide food for thought and help build a clearer path towards increased diversity within Singapore boards.



JUNIE FOO AND TRINA LIANG

Co-Chairs

BoardAgender

Measuring the progress of female directors on boards of listed companies and in the senior leadership pipeline has been one of BoardAgender's main objectives since it was formed. We have launched four Singapore Board Diversity reports with CGIO, and in our inaugural report released in 2011, only 6.9% of board directorships were held by women. As of June 2017, the percentage had increased to just over 10%.

While Singapore has better representation of women in senior management positions, this has not been translated to gender diversity on boards. Despite some progress and greater awareness on the economic benefits of gender-balanced businesses, the pace of change is too slow and Singapore still lags behind other countries in the region.

Together with the Human Capital Leadership Institute (HCLI), we are pleased to launch this ground-breaking report—the first of its kind in Singapore—which seeks to specifically understand the board diversity landscape in Singapore and why it may be different to the rest of the world.

BoardAgender is committed to being at the core of an ecosystem enabling the acceleration of more women on boards. Earlier in March 2017, in addition to setting an aspirational target of having 20% female directors on boards by 2020, BoardAgender and the PAP Women's Wing called for a revision to the Code of Corporate Governance to include a mandatory disclosure policy for companies on their board diversity.

Our journey to achieving 20% by 2020 starts with you.

We trust that insights on the number of new female directors' appointments required to achieve the target and solutions on how to get there will spur organisations and key stakeholders to take action, as well as to better position themselves to be role models in the industry.

CONTENTS

01	Foreword
02	Content Page
03	Executive Summary
04	Introduction
04	▪ How far are we from 20% in 2020?
05	▪ Making the Case for Board Diversity
06	▪ Bridging the Gap in Gender Diversity: 3 Levels of Challenges
13	▪ Establishing the Conversation: Why is it difficult to have more women on boards in Singapore?
16	Next Steps: Advancing the Success Milestones
22	▪ Transformation 1: Adopt a deliberate and targeted board renewal process
26	▪ Transformation 2: Understand nominating committee's disproportionate role in board renewal
32	▪ Strategy 1: Plan strategically for directorship by building visibility and network
38	▪ Strategy 2: Exercise paradoxical leadership and the ability to harmonise disparate interests
41	Conclusion
42	From Lessons to Action
44	References
46	Appendix A: Methodology for Projection 2017-2030
47	Appendix B: Understanding Your Board's Diversity
50	About Us

EXECUTIVE SUMMARY



This research report is a joint collaboration between BoardAgender and the Human Capital Leadership Institute (HCLI) to investigate how gender diversity can be enhanced on boards listed in the Singapore Exchange (SGX).

For the first time in history, the overall representation of female directors on boards listed on the Singapore Exchange (SGX) crossed into the double digits to stand at 10.3% as at June 2017. The 100 largest companies are leading the way, with 12.2% of directors being female, up from 10.9% six months ago. Although these figures represent marked improvements from the past, we are still far from the ambitious target set by BoardAgender and the People's Action Party Women's Wing to achieve 20% female representation on boards by the year 2020.

Achieving the target of 20% representation (which assumes 858 female directors out of a projected total of 4,291 directors) requires the reappointment of all current female directors and the appointment of 130 new female directors annually from now till 2020. Although seemingly daunting, the goal can be reached if at least half of all SGX-listed companies, especially those that currently do not have female directors, appoint one more female director to each of their boards. Once we cross the initial hurdle of 20%, it takes a mere 22 new appointments of female directors every year from 2021 to 2030 to attain 30% female representation on boards by 2030.

Immediate action on gender diversity on boards is imperative for Singapore to maintain its positioning as a leading global financial centre in Asia. Reaching 20% by 2020 is the collective responsibility of all stakeholders (i.e. chairmen of boards, members of nominating committees, female directors, professional and advocacy groups, and corporate HR leaders). Concerted efforts must be directed to transform the way boards nominate, assess, and select directors, as well as how boards perceive the importance of diversity.

Based on 41 interviews conducted with stakeholders from representative groups of companies of different cap-size and industries, this report explores the much needed transformation in board processes that is required to advance the diversity agenda. In addition, the report also suggests strategies that aspiring female directors can undertake to enhance the odds of them being nominated and selected.

We believe that this report will make an important contribution to the ongoing efforts by different stakeholders to promote a gender diverse board.

LARGE
CAP

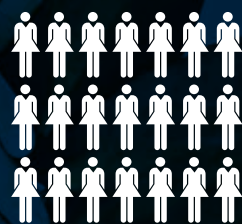
LARGE CAP COMPANIES ARE TAKING THE LEAD TO ADVANCE THE DIVERSITY AGENDA. MID AND SMALL CAP COMPANIES NEED TO UP THEIR GAME

10.3%

OVERALL FEMALE REPRESENTATION ON COMPANIES LISTED ON SGX AS OF JUNE 2017

12.2%

FEMALE REPRESENTATION AMONG TOP 100 SGX COMPANIES AS OF JUNE 2017



RATE OF FEMALE DIRECTORS APPOINTMENT IN 2016 NEEDS TO BE ACCELERATED BY

4.19 TIMES

20% BY 2020 AND 30% BY 2030 IS AN ATTAINABLE GOAL AS LONG AS COMPANIES PUT IN A CONCERTED EFFORT

20% BY
2020

130

NEW APPOINTMENTS OF FEMALE DIRECTORS ANNUALLY FROM NOW TILL 2020 TO HIT 20% BY 2020

22

NEW APPOINTMENTS OF FEMALE DIRECTORS FROM 2020 TO HIT 30% BY 2030 ONCE 20% BY 2020 BEEN BREACHED

LONG
DIRECTORSHIP

LONG DIRECTORSHIP TENURE REDUCES RENEWAL AND DECREASES THE CHANCES THAT NEW FEMALE DIRECTORS WILL BE APPOINTED TO BOARDS

AVERAGE DIRECTOR'S TENURE IN SINGAPORE

9.4 YEARS FOR MALE

7.4 YEARS FOR FEMALE

AVERAGE DIRECTOR'S TENURE IN ASEAN

3.1-8.7 YEARS FOR MALE

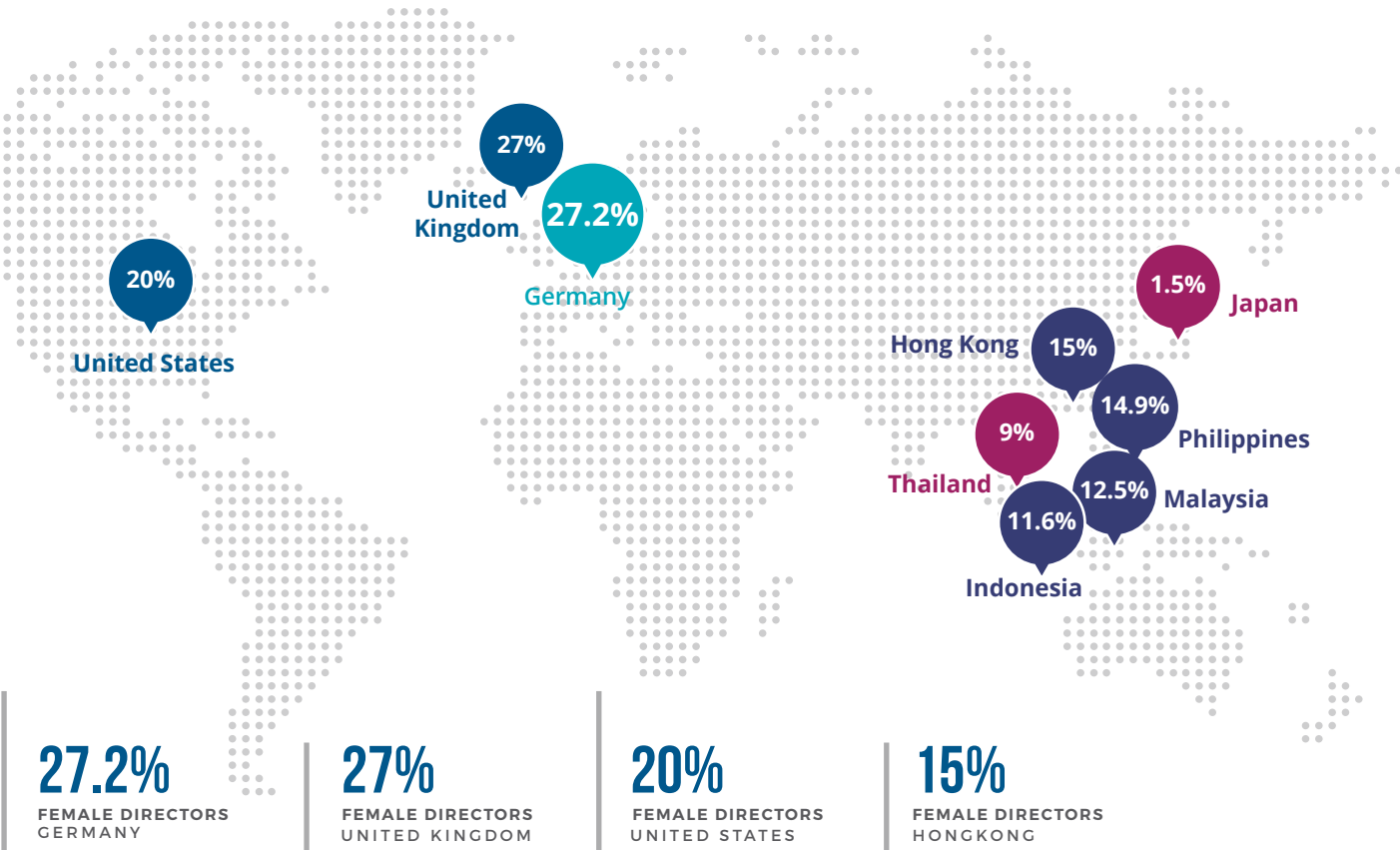
2.4-5.8 YEARS FOR FEMALE

INTRODUCTION

 The glass ceiling for female board directors has cracked but is not yet broken. While the awareness about the need for gender diversity on boards has increased in recent years, actual progress made to address the issue has been slow.

According to Diversity Action Committee’s (DAC) report, as of June 2017, the representation of females in the boards of top 100 listed companies in Singapore has increased to 12.2% and the total representation of women on all companies listed in Singapore is 10.3%. Although these figures have improved from those of past years, they continue to suggest that much work needs to be done to improve diversity on Singapore’s boards.

At a global level, Singapore’s board gender diversity numbers still lag those of major international capital markets. According to Sustainable Stock Exchanges’ Initiatives 2017 report (“How Stock Exchanges Can Advance Gender Equality”) and the European Commission 2016 Fact Sheet (“Gender balance on Corporate Boards: Europe is Cracking the Glass Ceiling”), female directors’ representation stood at 27.2% in Germany, 27% in the United Kingdom, 20% in the United States, and 15% in Hong Kong. Among the major capital markets, Singapore is second to last, with the dubious distinction going to Japan at 1.5% for female representation on boards.



Promoting diversity on boards certainly requires concerted effort and interventions from stakeholders. To bring the message closer to home, BoardAgender and the People’s Action Party (PAP) Women’s Wing have recommended that diversity target setting be mandatory components of the Singapore Code of Corporate Governance. For a start, both organisations urge boards to adopt a target of achieving 20% female representation by the year 2020 and to raise that number progressively to 30% by the year 2030. Considering that the current female directorship representation stands at a mere 10.3%, the gap that needs to be bridged is colossal, but not impossible.

How far are we from 20% in 2020?

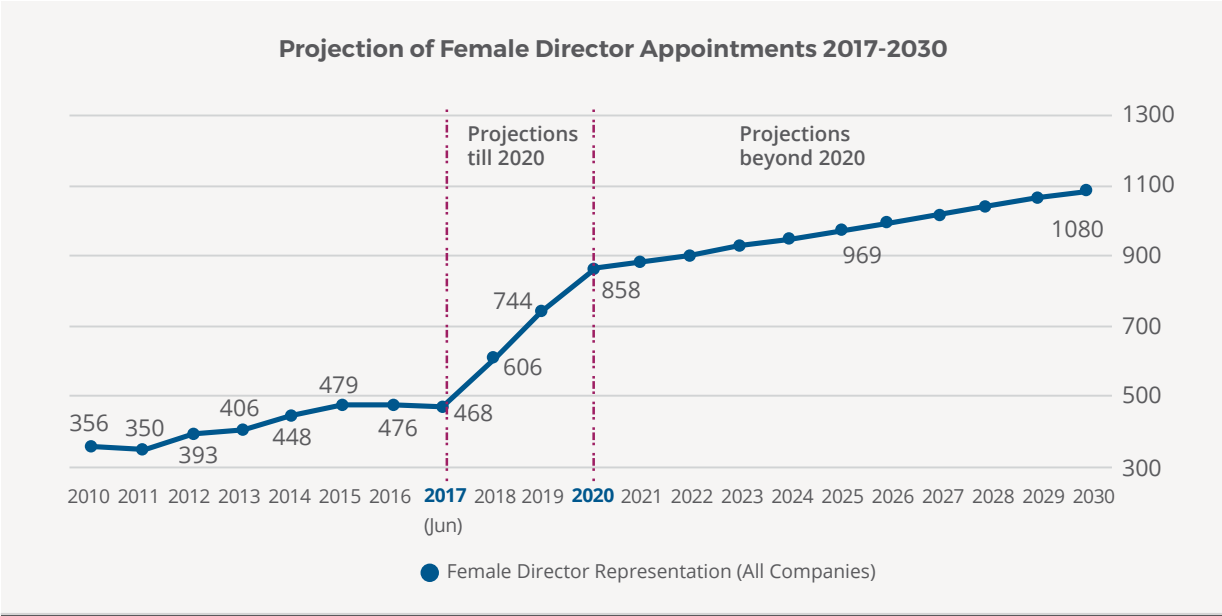


Figure 1. Percentage of Female Directors and Projections into 2020. Refer to Appendix A for derivation of the projection.

To reach the ambitious target of 20% by 2020, all current female directors must be reappointed annually and approximately 130 new appointments of female directors must be added every year from now till the year 2020 (Refer to figure 1). This is an achievable goal if at least half of SGX companies appoint one more female director onto their boards to reach a total of 858 female directors (out of a projected total of 4291 directors) by 2020.

Although it would be ideal that the increase in female representation on boards be entirely from the appointment of new first time directors, it need not necessarily be the case. The same target can be reached if existing female directors are appointed to boards that they are not currently sitting on, especially onto companies that currently do not have any female directors on their boards.

Once 20% by 2020 has been breached, only a mere 22 new appointments of female directors must be made each year from 2021 onwards in order to reach 30% by 2030.

Making the Case for Board Diversity

The case for having a gender diverse board is clear.

Enhanced financial performance

CGIO and BoardAgender's report (titled *"Singapore Board Diversity Report 2014: The Diversity Dividend"*) revealed that companies with gender diverse boards performed five times better financially than companies that do not have a gender diverse board.

Higher returns on equity

MSCI's 2015 research report (titled *"Women on Boards"*) found that companies listed in the United States with female directors have higher returns on equity than those without. Similarly, CGIO and BoardAgender (titled *"Singapore Board Diversity Report 2014: The Diversity Dividend"*) found that boards that embrace diversity have an average return on assets of 5.1% compared to non-diverse boards that managed a return of only 1.1%.

Increased trust from institutional investors

A recent article on Harvard Law School Forum on Corporate Governance and Financial Regulation (titled *"Institutional investors lead push for gender-diverse boards"*) highlighted that having a gender diverse board is important in gaining trust from institutional investors such as BlackRock and State Street Global Advisors (SSGA). The post further emphasised that large institutional investors who are disgruntled by the lack of diversity are prepared to vote against chairs of nominating committees.

Heightened investor confidence

DAC's research in 2016 (titled *"Women on Boards: Tackling the Issue"*) reported that investors recognise that diversity on boards is a determinant of whether the company has a competitive edge.

Stronger corporate governance

MSCI research (titled *"Women on Boards"*) reported that companies that do not have gender diverse boards are more likely to be embroiled in governance-related controversies.

Greater social impact

Deloitte reported in 2016 (titled *"Research report toward gender parity: Women on boards initiative"*) that companies with gender diverse boards are more innovative and delivered better social performance (i.e. corporate social responsibility and corporate reputation).



The benefits of a gender diverse board can be attributed to at least three unique value propositions that female directors bring:



The range of views associated with a diverse board enables companies to harness an **array of perspectives**, expertise, and opinions that allow them to read and act on signals of change more accurately and adaptively in a volatile and uncertain environment.



Female directors **bring different approaches** to the boardroom which are often complementary to those of male directors. Due to differences in the way male and female directors perceive similar problems, female directors offer a check-and-balance mechanism against blind spots and groupthink in decision making by a board that is dominated and by entrenched male directors.



Gender diversity **can enrich conversations and debates that lead to more robust organisational strategies**, as well as more innovative and comprehensive decisions.

BOARD DIVERSITY IN FOCUS: A SINGAPOREAN SNAPSHOT

Putting Renewal at the Heart of Board Succession Planning

At a world-leading sustainable diversified real estate developer which is also the world's largest oil rig builder, board renewal is serious business. Founded and headquartered in Singapore, this conglomerate employs a highly managed process that taps on the skills and expertise of both the nominating committee and the company's human resource team during succession planning. The board and senior management collectively decide on the strategic direction of the business and identify the necessary skills and expertise that will help to take the business forward.

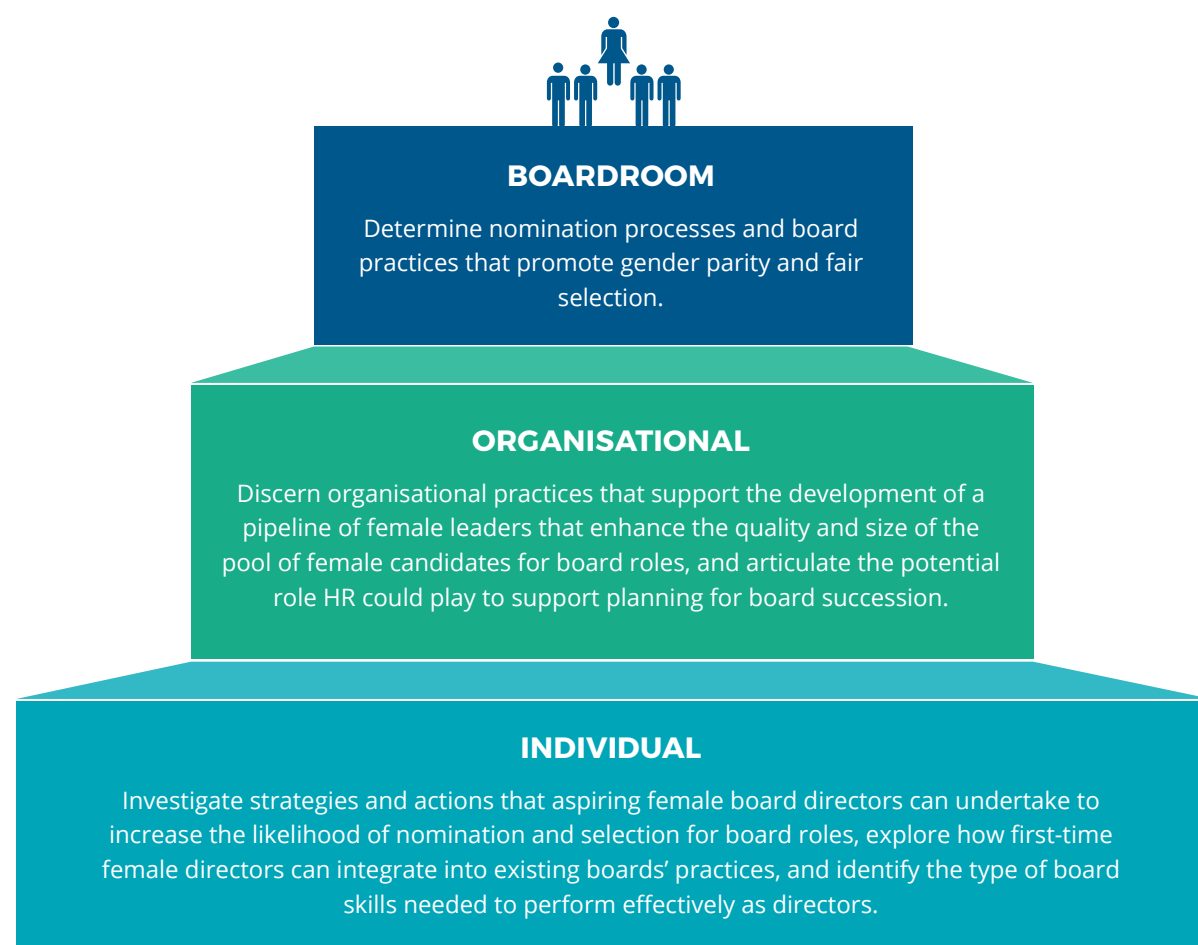
Using the same assessment methods as for senior management, the human resource team is involved in assessing the suitability of potential board members. When faced with a choice between two equally qualified board candidates, the company makes a conscious decision to tilt the balance in favour of the female candidate. After a suitable board member is identified, the human resource team is again involved in training the new board member for his or her new role, similar to how it would train and develop its senior management.

Bridging the Gap in Gender Diversity: 3 Levels of Challenges

Although the benefits of having a gender diverse board are well-documented and widely acknowledged, most boards in Singapore remain dominated by men. Companies and boards often face inertia when it comes to calls-for-action to address diversity issues because the concern for diversity is not well ingrained among companies in Singapore.

A starting point to enhance gender diversity on boards is to recognise that it is a multi-faceted and complex issue that requires collective efforts from multiple stakeholders to act on multiple fronts.

To better illustrate the complexity of the issue, we distilled our research into three distinct levels and consolidated perspectives from five different stakeholder groups: Board Chairmen, Members of Nominating Committees, Female Directors, Chief HR Officers, and Diversity Advocates:



CLAIRE CHIANG
Co-founder of Banyan Tree
Hotels and Resorts
Senior Vice President of Bayan
Tree Holdings Ltd, Chairperson
for China Business Development

“WOMEN HAVE TO EMPOWER THEMSELVES AND GET OVER THE NOTION OF GENDER INEQUALITY. ACCEPT THAT INEQUALITY WILL ALWAYS EXIST AND CREATE OUR OWN JOURNEYS BECAUSE RUMINATIONS WILL CREATE PSYCHODYNAMIC BARRIERS THAT PREVENT WOMEN FROM TAKING ON BOARD ROLES.”

In Conversation With

How can we move the agenda on board diversity?

CLAIRE CHIANG:

I think it requires institutions, enterprises, women organisations, universities, and boards to take collective action to move the needle on this issue. We need to ask how and what can we do more to align criteria to find a purposeful fit between female candidates and board roles. We must not be carried away by merely looking at gender and we should consider diversity holistically. All forms of diversity add value to our understanding of the VUCA macro-economy.

As an aspirational goal, I hope we can have more institutional support that raises awareness about the need for gender diversity, provide training for budding female directors, enhance the confidence factor for both boards and female directors, and minimise the problem of ignorance and stereotypes that boards sometimes have.

Having women insufficiently represented on boards is not a woman's problem. It is a talent maximisation problem. Women make up 50% of the workforce and are just as qualified and ambitious as men at work. But remember women are also ambitious about other aspects of their lives too. Women tend to be asked the question: “Do you have time?” during board interviews and when a woman answer:

“Yes, but I do have growing children”, they are immediately discounted. This is insensitive because women are ambitious about work but also about their families.

Organisations need to learn how to flex. Create a culture that empower women and do not discount women because their children and family are important to them. A woman who is ambitious will manage her multiple responsibilities because she wants it. Companies and boards must therefore have allowances, let a woman show you that she can manage and don't be so fixated on the stereotypical bias. Companies and boards need to discard that mindset and give women the resources to perform. It takes a very enlightened boss to recognise talent, appreciate the value women bring to the table, help to pace women in their career, and make a long term investment in them.

METHODOLOGY

 We conducted forty-one structured interviews with Chairpersons of Boards, Members of Nominating Committees, Female Directors, Chief HR Officers, and Diversity Advocates to understand why women continued to be underrepresented on boards in Singapore, the underlying issues that led to this phenomenon, and how companies, boards, and associations can implement practices to enhance women representation.

In our sample, almost all interviewees held multiple directorships and are serving in different capacities on different committees in different boards. To give our interviews a more structured focus, our interviewees answered primarily a set of interview questions pertaining to a specific role they play in one board. Supplementary questions were posed to interviewees who hold more than one role and sit in more than one board committees. For example, a Chairperson of Board A who is also on the Nominating Committee of Board B will be interviewed primarily in his/ her capacity as a Chairperson with supplementary questions on nomination and selection to complement the primary interview. The interviewees were curated from companies across a wide range of industries, including but not limited to Banking, Capital Goods, Food & Beverage and Tobacco, Pharmaceuticals, Biotechnology and Life sciences, Software and Services, Telecommunication Services, and Transportation. Approximately 30% of the sample comprised directors who serve on the boards of STI 30 companies.

The principal consideration behind who would be interviewed in which capacity is balance. We strove to keep a good representation of interviewees in each of the five interview groups (refer to Figure 2 and 3). Based on this rule of thumb, our interview sample comprised the following primary interviewee profile:

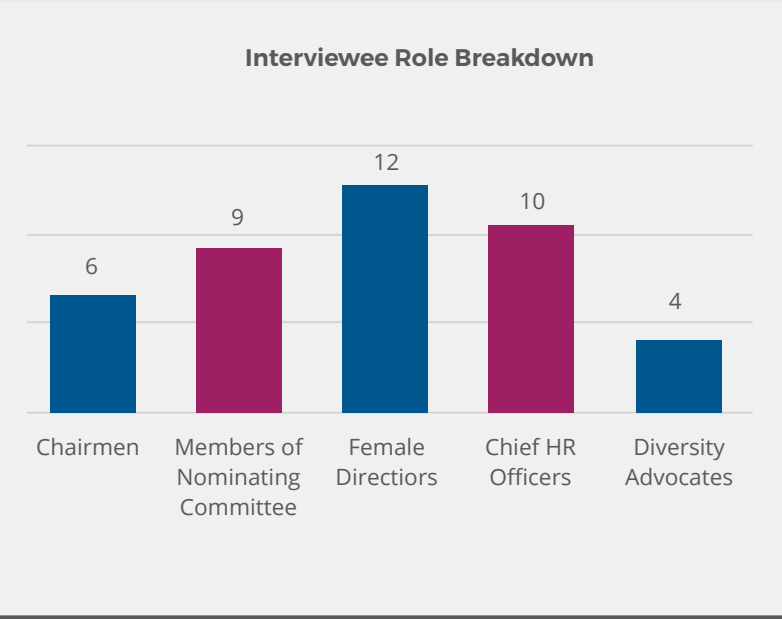


Figure 2. Breakdown of Roles

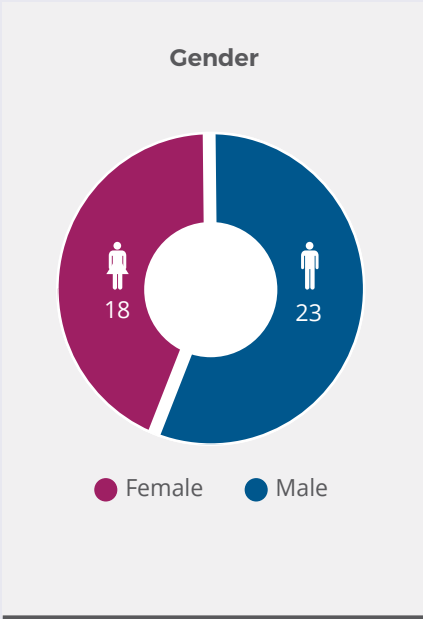


Figure 3. Breakdown of Gender

With the exception of one interview that was conducted via email, other interviews were conducted face-to-face. All face-to-face interviews were audio-recorded, transcribed in verbatim, and analysed thematically to surface the findings.

Based on this ground-up and thematic content analyses methodology, we present evidence-based solutions that help companies implement best practices to enhance gender diversity on their boards.

“IN A TALENT-STRAPPED ECONOMY, INADEQUATE REPRESENTATION OF WOMEN AT SENIOR MANAGEMENT AND BOARD LEVELS MEANS THAT COMPANIES ARE LOSING HALF OF THE TALENT IN THE OVERALL TALENT POOL. AS WELL AS INSIGHTS AND PERSPECTIVES FROM A SIZABLE SEGMENT OF THEIR CONSUMER POOL. AFTER ALL, IT IS REPORTED IN CATALYST’S 2015 RESEARCH (TITLED “BUYING POWER: GLOBAL WOMEN”) THAT WOMEN ARE PRIMARY INFLUENCERS OF ALL HOUSEHOLD SPENDING.”

BOARD DIVERSITY IN FOCUS: A SINGAPOREAN SNAPSHOT

The Importance of a Progressive Chairperson

One of the oldest Chambers of Commerce in Singapore had an all-male council for as long as 89 years. Strong expectations about who should sit on the council and patriarchal views about the role of women in business had prevented the appointment of women. This changed when the council found itself helmed by a progressive chairperson. The chairperson, together with the support of several sponsors broke tradition by appointing two female business leaders onto the council as members.

The appointment of females into the council caused some disquiet and the overtone of a male dominated council led one of the female council members to feel less confident, and perhaps even intimidated, thus affecting her ability to contribute during council meetings. Understanding how the female council members could feel inhibited from participating in council discussions, the chairperson put the new female members at ease by facilitating opportunities for them to contribute. In particular, the chairperson made conscious efforts to proactively seek inputs from the female members during discussions. Over time, the male-dominated council recognised the contributions that the female council members had made and the chamber now routinely appoints females onto its council.

Establishing the Conversation: Why is it difficult to have more women on boards?

The challenge of achieving a gender diverse board can be traced to four key factors that reflect both common issues that boards around the world may face in their pursuit of diversity, as well as distinct issues that resulted from Singapore’s unique operating climate and development pathways.

Maturity of Financial and Capital Markets

Compared to established financial hubs such as London, New York, Hong Kong, and Frankfurt, Singapore’s status as a finance and capital centre is relatively young. Companies listed on mature exchanges tend to have a greater degree of institutional ownership and fewer corporations that remain firmly under family-control.

Country	Stock Exchange	Year Founded (Age)
United Kingdom	London Stock Exchange (LSE)	1698 (319)
United States	New York Stock Exchange (LSE)	1817 (200)
Germany	Frankfurt Stock Exchange (LSE)	1585 (432)
Singapore	Singapore Stock Exchange (SGX)	1999 (18)

Table 1. Other Major Stock Exchanges in the World

In comparison to the more mature stock markets, a larger proportion of companies listed on the Singapore Exchange are family-controlled, small to mid-cap firms. The ownership structure of these family-controlled firms tends to favour the appointment of directors from among a small pool of known associates, which reduces the likelihood of appointing female directors.

History Dependent Candidate Pool

Social structure and culture in the early founding days of Singapore reflected deep paternal values and Confucianist ideals that emphasised roles and responsibilities of different gender groups. The emphasis on gendered roles widened and sustained the role gaps between male and female, resulting in lower enrolment of females in educational institutions and representation at work since the early days of Singapore’s independence. While progress has been made, since the 1970s, male participation in the Singapore labour force has been consistently higher than female participation (Refer to Figure 4). Eventually, this gap resulted in a larger pool of male candidates for board directorship given that there are, in absolute numbers, more men who had risen through the corporate ranks over the years into senior management than women. In the same vein, the pool of potential female directors in senior management positions with the requisite skills for

board membership today is much smaller than the pool comprising their male counterparts due to the historical low labour participation rate. This trend is likely to change in the future given that the labour participation gap has shrunk significantly over the years and there is an increasing number of women in senior manangement roles who possess the requisite skills that qualify them as suitable board candidates in the future.

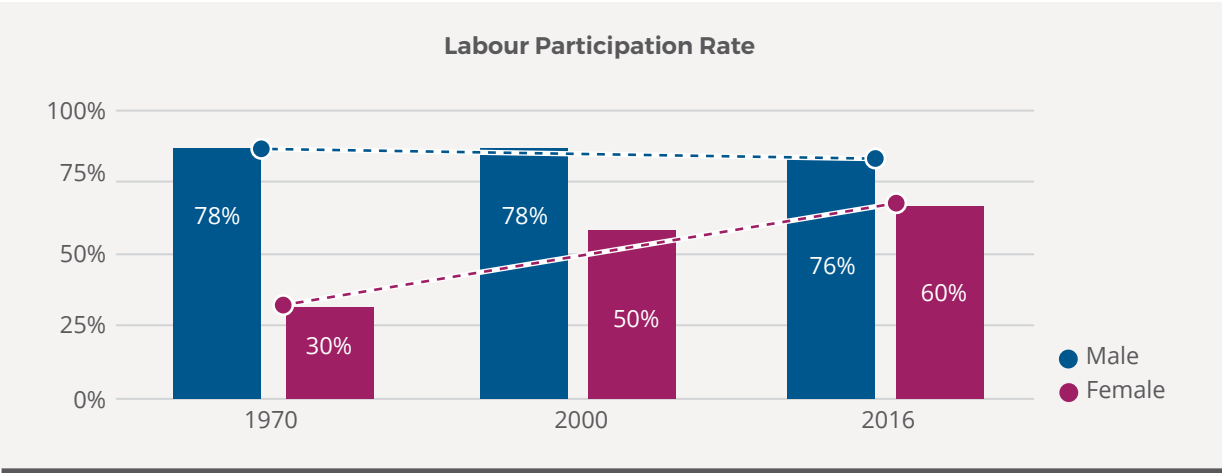


Figure 4. Labour Participation Rate 1970 vs 2016

Extended Tenure of Directors

According to Korn Ferry’s research in 2016 (titled “Korn Ferry Diversity Scorecard 2016: Building Diversity in Asia Pacific Boardrooms”), Singapore’s directorship tenure is much higher than other countries in the region, standing at an average of 9.4 years for male directors and 7.4 years for female directors. In comparison, the range of average tenure for a male director in the region is between 3.1 years to 8.7 years, and is 2.4 to 5.8 years for female directors. In a similar study, DAC’s 2016 report (titled “Women on Boards: Tackling the Issue”) highlighted that the longest tenure for a male director in Singapore is 45 years, and 23% of male directors have been on the same boards for more than 10 years. In contrast, only 8% of female directors have been on boards for more than 10 years and the longest tenure is 21 years. These figures suggest that boards in Singapore are relatively entrenched compared to those from other countries. Entrenchment works against aspiring female directors because it is less likely for entrenched boards to be renewed with new independent directors, and hence, a lower likelihood that aspiring female directors will be considered for board roles over those already appointed.

Assumptions About “Suitable Directors”

Our findings suggested that boards hold rigid expectations about what a “suitable director” looks like. These perceptions are largely formed and reinforced through the tendency of boards to select new directors that are similar to themselves in skill set and experience. This limits the board to nominate and select directors from an artificially small talent pool, often excluding females who do not fit the typical profile of an existing director.

Next Steps: Advancing the Success Milestones

The Diversity Philosophy of Boards

From our interviews, we concluded that boards, in general, welcome diversity and are motivated to foster an encompassing culture that embraces differences in opinions and views from directors of different backgrounds. Yet, there are boards that take on a more apathetic attitude towards diversity. This impacts how such boards nominate and select their directors, as well as affects the dynamics of interactions between directors. Based on our analyses, we identified four philosophical positions that boards tend to adopt towards the issue of diversity.

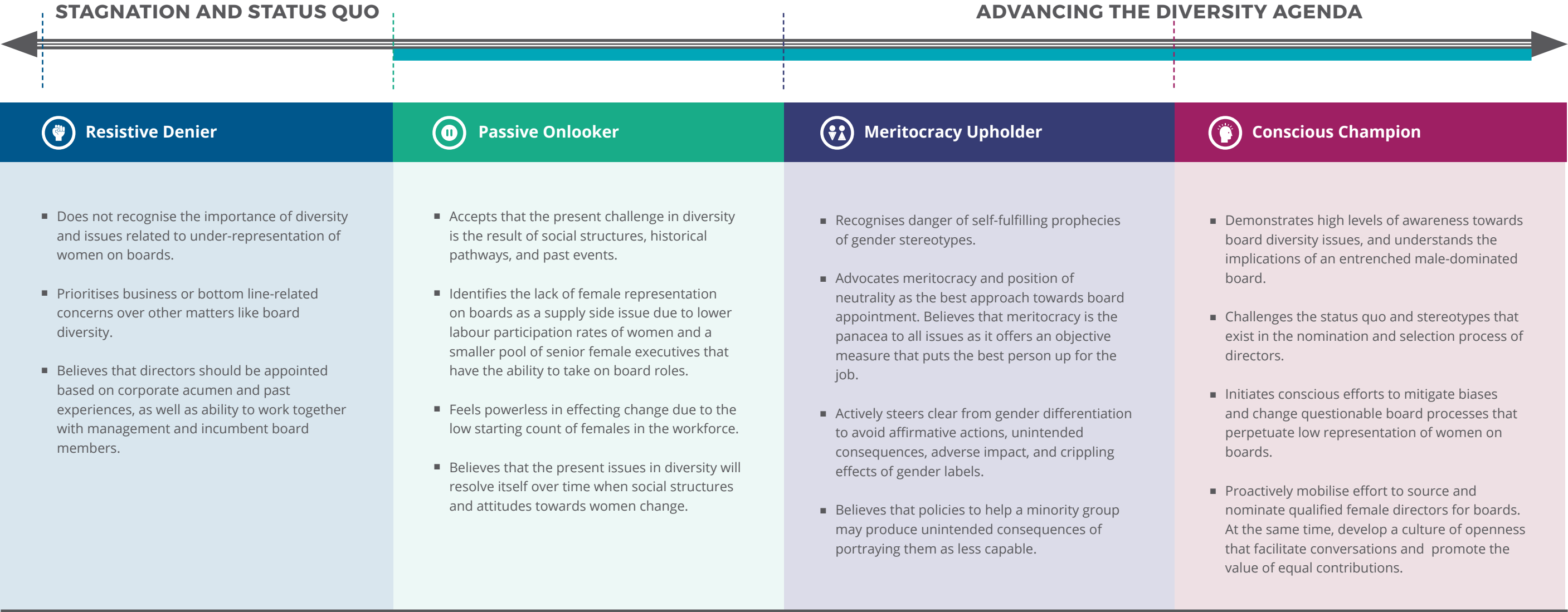


Figure 5. Diversity Philosophy Profiles

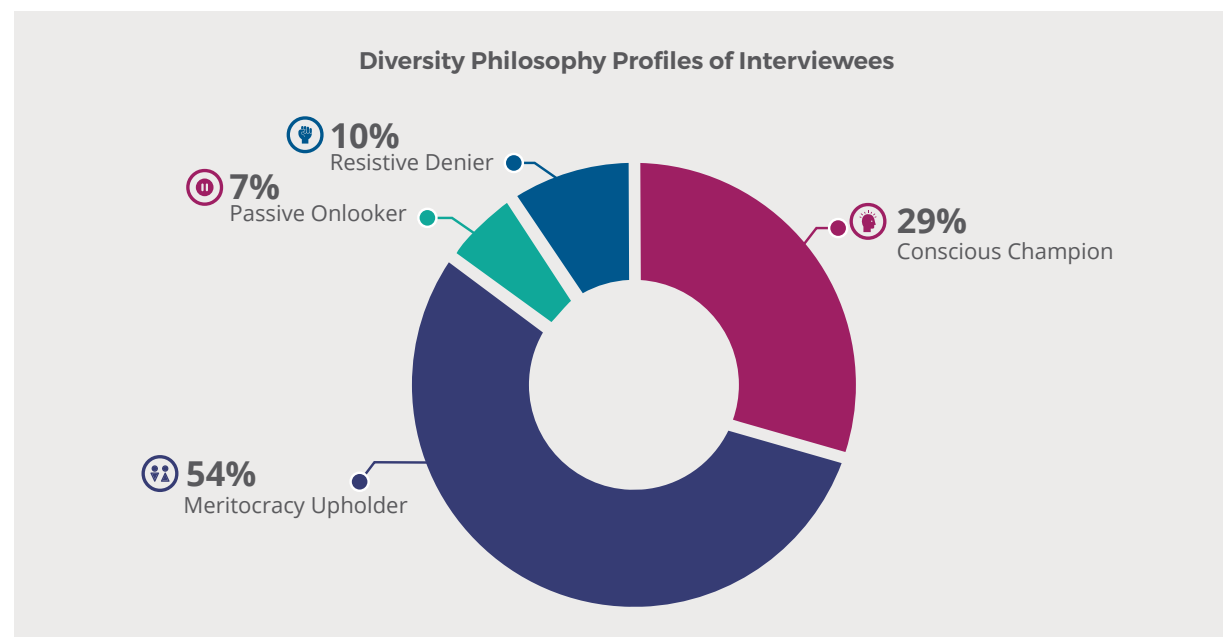


Figure 6: Diversity Philosophy Profiles of Interviewees

“ALTHOUGH THE ETHOS OF MERITOCRACY NEED TO BE UP-HOLD, MERITOCRACY TAKEN TO THE EXTREME WILL PROMOTE ELITISM AND EXCLUSIVITY. ONE OF THE KEY PERSPECTIVES THAT AROSE FROM OUR SINGAPORE CONVERSATION THAT WAS LED BY MINISTER HENG SWEE KIAT WAS THAT MERITOCRACY NEEDS TO BE TAMPERED WITH COMPASSION TO PROMOTE MOBILITY.”

Want to understand your board's diversity profile? Spend a few minutes to complete the questionnaire in Appendix B.

The Diversity Philosophy Profiles are starting points that help establish conversations surrounding gender composition on boards and also reveal the gaps between the current status and the aspirational state. In our sample, 54% of our interviewees are “Meritocracy Upholders”. They believe that meritocracy should form the basis of nomination and selection, and consistently warn about the danger of tokenism and the unintended consequences of deviating from a meritocratic nomination process. The ethos of meritocracy is strongly ingrained in the minds of these stakeholders. This is not surprising given that meritocracy is one of the important cornerstones of Singapore’s social fabric.

Although 29% of our interviewees can be classified as “Conscious Champions”, their advocacy for gender diversity on boards does not seem to translate into actual appointments of females onto boards. This suggests that we have yet to curate a critical mass of advocates who can collectively come together to effect change.

We need to continue to build our momentum for change by expounding the benefits of a diverse board, and to create a shift in mindset among the Meritocracy Upholders that being a champion for a gender diverse board does not encroach on meritocracy. Boards can have their cake and eat it too by ensuring that the female directors they proactively source for and nominate are evaluated by the same standards as any other director.



SIMON CLAUDE ISRAEL
Chairman
Singtel

“BOARD MEMBERS NEED TO UNDERSTAND THAT IT IS IMPORTANT TO ACHIEVE ALIGNMENT BETWEEN BOARD AND MANAGEMENT. DEBATES CAN HAPPEN BETWEEN DIRECTORS AND MANAGEMENT BUT ONCE A DECISION HAS BEEN MADE, THE BOARD AND MANAGEMENT MUST RALLY AROUND THE DECISION AND HAVE INTERNAL ALIGNMENT AND SOLIDARITY.”

In Conversation With

What is your personal philosophy towards gender diversity on boards and what do you think is the right attitude that boards should take towards the issue?

SIMON:

Gender diversity is only one aspect of board diversity but it is an important one. This may sound cliché but it is quite true that female directors do approach issues differently from men. Their thought processes are quite different. They tend to be, on average, stronger on EQ than most male directors, and they also tend to have a different set of values. My observation is that one woman on the board does not make any difference. With two women, the voice increases. When you get to three, the dynamics on the board change for the better. You tend to have a greater number of different perspectives and approaches to issues, and you end up with more robust conversations and better outcomes when you have more female directors on boards.

Advocacy groups have done a lot to raise awareness and push the agenda on having greater female representation on boards. These movements, however, are unlikely to gain traction unless companies recognise the importance and value of female directors. It takes a change in mindset to move the needle. All board members, regardless of gender, should be valued for their individual contribution to the board. When boards adopt the perspective that female directors are there to make up the numbers, these female directors will naturally not be valued.

Quotas and hard targets only serve to perpetuate stereotypes and biases of female directors because companies will search for the best that they can find, but not the best they need just to fill the numbers. When you get the best you can find and not the best you need, there will be gaps in expectations. These gaps unfairly perpetuate stereotypes that boards have towards female directors.

I think the next step is to make companies have that discussion that they seem uncomfortable having. List down explicitly what their views towards diversity are, both in the company’s talent pipeline and on board. I think that will bring greater awareness to the issue.

From a board diversity perspective, the pursuit of absolute meritocracy will perpetrate all males board because there are fewer females candidates who are deemed to “possess the right skills”. Boards need to consider balancing the meritocracy ethos of finding the “best men and women for the job” with putting together a gender diverse board that possess varied skill set and the ability to put forth myriad perspectives.

Ideally, boards, regardless of their starting point, move towards being Conscious Champions in the long run. The transition towards Conscious Champions requires a concerted effort from all stakeholders and often demands obligatory changes to the boards’ attitudes towards gender diversity, thus ensuring that these changes trickle down to the nomination and selection process of directors.

“AS SUGGESTED BY FINDINGS IN OUR STUDY, COMPANIES AND BOARDS OFTEN PRIORITISE HAVING THE RIGHT BOARD DYNAMICS, QUALITY BOARD CONVERSATIONS, AND COLLECTIVE EXPERIENCE OF BOARD MEMBERS OVER GENDER DIVERSITY, WHICH IS IRONIC BECAUSE GENDER DIVERSITY ON BOARDS IS A KEY CONTRIBUTOR TOWARDS THESE PRIORITIES.”

**BOARD DIVERSITY IN FOCUS:
INTERNATIONAL BEST PRACTICES**

Combining Strengths of Mentorship and Championship for Women Leaders

Women on Boards, a consortium of diversity experts, established a FTSE 100 cross-company mentoring scheme. Each participating corporation nominates a woman from within its senior ranks to join the mentoring programme to be mentored by the chairperson of another company.

These aspiring women directors may participate in the scheme upon approval of their nominating chairperson. The mentors of this scheme include influential chairpersons who provide strong support for the programme. The mentors have also reported that they learnt more about the potential challenges faced by women in large organisations through participating in this programme. The programme has provided guidance, insights and advice beyond the critical skillsets required of potential directors. Potential female directors have had the opportunity to network and increase their profile through this mentorship scheme.

The majority of the participants in this programme subsequently attained directorship appointments in FTSE companies, overseas companies, charities, not-for-profit or public sector organisations.

 To address the diversity challenge, we have identified two fundamental transformations that boards must make in order to transit to Conscious Champions, as well as two strategies that aspiring female directors can adopt to enhance the success of their directorship. The remainder of the report will explore these much needed transformations and key strategies:



TRANSFORMATIONS

KEY CHANGES that will help Singapore reach the 20% by 2020 target



1

Transformation One
Adopt a deliberate and targeted board renewal process

2

Transformation Two
Protect the independence of nominating committees to enhance selection process



STRATEGIES

KEY SKILLS that budding female directors need to cultivate



1

Strategy One
Plan strategically for directorship by building visibility and networks

2

Strategy Two
Exercise Paradoxical Leadership to Harmonise Differing Interest of Different Stakeholders



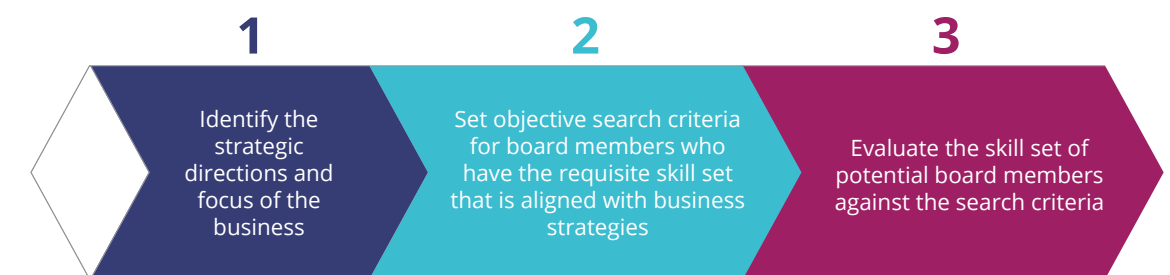
COMPANIES ARE ENCOURAGED AND RECOMMENDED TO REFRESH THEIR BOARDS BEFORE THE END OF THE NINE-YEAR PERIOD. IN PRACTICE, HOWEVER, A NUMBER OF DIRECTORS CONTINUE WELL INTO THEIR TENTH YEAR OR MORE AS A NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR.

TRANSFORMATION 1: ADOPT A DELIBERATE AND TARGETED BOARD RENEWAL PROCESS



Start thinking about board renewal early in order to stay relevant in today's rapidly changing business environment. Boards that initiate the renewal process early tend to be more diverse after renewal because they have longer time to deliberate over the composition of directors. Some boards might defer renewal planning until it is absolutely necessary, citing the often repeated statement that uncertainty and change will render long-term plans obsolete and ineffectual as soon as they are articulated. The truth is that plans and strategies remain important for companies and boards in a rapidly changing environment. Board renewal is a deliberate and long, drawn-out process that needs to be guided by the company's strategic focus.

Aspirationally, boards that are undergoing renewal should undertake the following steps:



More often than not, however, board succession is not a well thought-through process. Based on our interviews and research, we have uncovered two major issues that plague the board succession process. These issues are most commonly found in boards that are “Inactive Onlookers”. They leave things as they are and do not challenge the existing state of affairs. Left unaddressed, these issues will work against having a gender diverse board by limiting the candidate pool that boards select their members from.

Boards are entrenched

In the Singapore Directorship Report 2014, 54.1% of the 717 surveyed firms have at least one independent director who has served for more than nine years on their boards. This situation is aggravated by the fact that independent directors could continue with their tenure after the 9-year rule as set by SGX in Code of Cooperate Governance 2012, as long as the boards reassess their independence through a “particularly rigorous review” or convert them from being independent directors to non-independent non-executive directors. The presence of mechanisms that allow directorship beyond the recommended number of years encourages entrenchment and lack of renewal.

Two possible key contributors to this practice include:

- Lack of urgency to refresh and renew the board, and
- Lack of deliberation towards aligning boards with changing business landscape and directions.

Boards seek replacements, rather than renewal

Boards have the tendency to source for new board members who share the same profile as outgoing directors instead of recruiting new directors who can augment the skill gaps of the board.

This artificially narrows the candidate pool from which directors are selected and tends to favour the nomination and selection of directors from a known pool of existing directors, their personal friends, or the appointment of highly profiled and visible females. This reduces the “gene pool” of directors as existing group of directors get reappointed without the injection of new directors into the pool.



SIMON CLAUDE ISRAEL
Chairman
Singtel

In Conversation With

What do you think is the role of the board chairman in moving the diversity agenda?

SIMON:

Company chairmen are powerful people and they can be a positive catalyst for change. A chairman plays a disproportionate role in diversity agenda and board members typically lean towards the views of the chairman.

Given the amount of influence a chairman has, he or she, and by extension, the board need to adopt a progressive mindset towards nomination and selection, as well as board composition. Companies typically have a stereotypical view of how a director should look like – lots of governance experience, sit on multiple boards, et cetera. This limits the pool of candidates that companies select from and as a result, companies typically select the same few highly visible and high profile females to sit on their board if they need women on board.

The criteria currently used to define and select directors are too narrow. Companies must be willing to bring in directors, regardless of gender, with zero board experience because the key criteria is whether potential board members have skills that contribute to boards, not whether he or she has board experience.

RECOMMENDATIONS

Quick Wins

- **Succession planning and board renewal needs to be undertaken as an explicit activity.** Companies and boards need to have a clear and systematic plan - characterised by adequate lead times - to identify and engage an extensive pool of candidates. Boards should also actively refresh themselves with due consideration of the nine-year rule.
- **Multiple sourcing methods should be used in renewal.** It is of utmost importance that boards curate potential directors from multiple sources early in the renewal process. These sources should include board match services and executive search firms. Furthermore, boards should go through a structured process whereby the skill sets of potential directors are evaluated against the fit with the company's strategic and business objectives.

Collective Actions from Stakeholders



Chairmen and Members of Nominating Committee

- **Strike a balance between having an entrenched board and one that gets renewed too frequently.** Frequent renewal will lead to loss of institutional knowledge and undermine the board's pulse of the business.
- **Review and refresh the board with timeliness, based on changes in macro-operating climate.** This will change the premise of board renewals and ensure that the company keeps a look out for new candidates who possess the requisite skills from a variety of possible talent pools.

“ASPIRING DIRECTORS NEED TO HAVE A POINT OF VIEW, NOT JUST ON SUBJECTS THEY ARE THE DOMAIN EXPERT ON, BUT ALSO FOR OTHER TOPICS THAT THE BOARD WILL DISCUSS. IT IS IMPORTANT TO HAVE DIFFERENT PERSPECTIVES FROM DIFFERENT DIRECTORS BECAUSE THAT IS PRECISELY WHY WE NEED A DIVERSE BOARD.”

TRANSFORMATION 2: PROTECT THE INDEPENDENCE OF NOMINATING COMMITTEES TO ENHANCE SELECTION PROCESS

“THE PRESENCE OF MAJORITY SHAREHOLDERS OR INFLUENTIAL DIRECTORS MAY SKEW THE NOMINATING PROCESS EVEN WHEN THEY ARE NOT IN THE NOMINATING COMMITTEE OR DIRECTLY INVOLVED IN THE NOMINATING PROCESS.”



Nominating committees have the power to refocus the board by putting in place directors who have the right skills and talent mix to deal with future business challenges. Yet, the importance of nominating committees is often overlooked, and they are sometimes even undermined.

Based on our interviews, nominating committees are, sometimes, proxies for a powerful chairperson or a majority stakeholder to nominate and select board members who are aligned to them. On other occasions, members of the nominating committee feel obligated to nominate potential board members who they feel are acceptable to the shareholders, main board and management team. These instances are especially prevalent when boards take the position of “Resistive Deniers”. In such circumstances, they tend to justify their choice of candidates by rationalising “exclusive” competencies that cannot be found in other candidates.

Nominating committees on boards that are “Resistive Deniers” tend to disadvantage the selection of female directors because due diligence and search might not have been conducted thoroughly and comprehensively. We highlight below how nominating committees that are “Resistive Deniers” limit the nomination of female directors.

Nomination process lacks sufficient transparency

Although the nominating committee is commonly expected to have authority and autonomy in the nomination process, in order that the process remains objective, the nomination process is often less than transparent.

Selections are based on narrowly defined criteria

Selection criteria are narrowly defined, to the extent that they might preclude the nomination of women. Typically, nominating committees from “Resistive Denier” boards tend to emphasise these selection criteria over all others:

Unique business acumen and experience	Commitment, capacity, and bandwidth to board work	Right personality to work with existing board members. Neither disruptive nor dysfunctional to current board processes.
---------------------------------------	---	---

Based on these criteria, “Resistive Denier” boards are inclined to nominate and select retired senior executives who are typically males from the same social circle as themselves. The current search criteria work against the nomination of females because the pool of retired senior female executives is much smaller, and typically not in the same social circles as retired male executives.

Senior female executives who are currently in full-time employment are usually not considered because they are deemed to lack board experience. They are also perceived to lack bandwidth and commitment to board roles due to their existing work and family responsibilities.

Aversion towards first time directors.

To avoid the risk of selecting “untested” directors, nominating committees from “Resistive Denier” boards often source for candidates from their personal networks rather than from other sources. This restricts the pool of candidates to a small gene pool of established directors and works against aspiring female directors who lack the network and visibility that established male and female directors have.

Boards seldom engage search firms or rely on a public register of potential candidates to look for new board members.

This is because members of nominating committees from “Resistive Denier” boards tend to believe that candidates from their personal network are more trustworthy and possess higher integrity. Their network is a vouch for the candidate’s character.

RECOMMENDATIONS

Quick Wins

- **Give nominating committees a high degree of autonomy to source and nominate suitable candidates without undue influence from the board.** The board has collective responsibility to select directors who are best fit for the business based on selection criteria that are aligned to business strategies. Once the selection criteria are jointly set by the board and members of the nominating committee, the committee should be given the right level of authority and autonomy to conduct due diligence to renew the board without having the need to grapple with influence from dominant shareholders or powerful chairperson.
- **Adjust the composition of the nominating committee.** The nominating committee should comprise of individuals who are a good judge of people, are visionary and progressive in thinking. They should be able to sleuth out the winds of change and identify the type of skills needed by the board to ensure future success. While it is good practice that there should be at least one female director in the committee, this is not always necessary because the diversity philosophy of the committee is more important than the gender profile of the committee.

Collective Actions from Stakeholders



Chairmen and Members of Nominating Committee

- **Engage search firms to complement personal networks when sourcing for potential candidates.** Personal networks encourage the appointment of known directors that work against the need to increase diversity on boards.
- **Clear and explicit nominating guidelines must be set to guide the search process.** These guidelines must be communicated to search firms so that they will not only source for candidates with the ability to address emerging business needs, but also expand the search to include female candidates who otherwise would not be considered.
- **Challenge existing requirements of a suitable director.** Adopt a future-oriented approach to assess the qualities of potential directors. Boards need to objectively assess candidates based on their ability to create value and address future business needs.



Companies and Corporations

- **Be supportive of senior female leaders when it comes to taking on board roles.** Encourage senior leaders to sit on external boards as this is a win-win situation that allows them to build their board experience, and at the same time hones their business acumen and contributes to the company within which they have executive roles.
- **Develop and maintain an active pipeline of female leaders.** Promote high performing women into senior leadership roles by tracking their career progress and measuring progression against diversity targets. This will strengthen the ecosystem of female talent by broadening and deepening the overall pool of female candidates for board roles.



Associations and Professional Bodies

- **Reposition the public register of aspiring directors to mitigate existing stigma.** The common perception is that the public register of aspiring directors is useful only for small and mid-cap companies that are struggling to find directors. This perception needs to be revised through awareness and education.
- **Use the public register of aspiring directors to feature young and rising stars in their respective fields.** The register can be a form of outreach to educate members of nominating committees about the need for diversity and to suggest up and coming potential directors as nominees for their boards' consideration.



Aspiring Female Directors

- **Equip yourself with both broad and technical skills.** Management skills and functional expertise are insufficient for board appointment. Aspiring female directors need to develop both an understanding of corporate governance, as well as possess specialised knowledge in domain areas such as risk management, internationalisation, or emerging fields such as digitalisation and talent management.
- **Demonstrate how you can value-add to the board.** One-off chance meetings at networking events seldom result in board roles. Candidates are nominated and selected based on how they can value-add to the board. Aside from competencies and skills, qualities such as personal values and interests, and whether their corporate experience is aligned to the operating climate and strategic direction of the company are also important.



TEO LAY LIM
Senior Managing Director
ASEAN



STEPHANIE GAULT
Managing Director
Health & Public Service

“HAVING ANY FORM OF STATEMENTS IS NOT ALWAYS THE BEST WAY. WE NEED TO FIND SUCCESSFUL EXAMPLES OF HOW FEMALE DIRECTORS HAVE DONE WELL ON BOARDS WHEN THEY ARE IN THE RIGHT ROLE AND HAVE BEEN GIVEN THE RIGHT ENVIRONMENT TO EXCEL. THAT IS IMPORTANT AND MUCH MORE EFFECTIVE.”

- Teo Lay Lim

In Conversation With

Are there any critical skills that women need to build in order for them to be successful at both corporate and at board level?

TEO LAY LIM:

Firstly, the ability to continue to learn and grow. This ensures that women will continue to be highly relevant and valuable to boards.

Secondly, is the ability and appetite to network. This will broaden exposure and become known – a prerequisite to be invited. You have to be proactive, confident, and have the desire to engage even if these opportunities are in fields different from what is natural to you. For example, an engineer interacting with legal professionals and so on.

Finally, communication skills. At senior and board levels, technical competencies are a given but communication skills will help express points of view and make contributions to boards tangible.

STEPHANIE GAULT:

Have a good grasp of industrial knowledge and business strategy. I think the ability to define strategy is important, also a good purview of governance and risk management is critical for boards because they need to identify critical areas of concern. Having the operational experience is probably less critical since boards are never involved in executive functions. One of the skills that I think is underrated but is becoming increasingly important is the understanding of digital strategy, knowing how digitalisation will impact organisational strategy, transforming operating landscape, and altering consumption patterns. Companies and boards need to retool themselves to understand this critical area better and learn how to transform and migrate their business onto digital platforms.

“THE PATH TO DIRECTORSHIP IS NO DIFFERENT FROM MANAGING A CAREER. ASPIRING FEMALE DIRECTORS NEED TO UNDERTAKE SPECIFIC ACTIONS AND CHART OUT A ROADMAP TO PUT THEMSELVES ONTO THE RADAR OF NOMINATION COMMITTEES.”

STRATEGY 1: PLAN STRATEGICALLY FOR DIRECTORSHIP BY BUILDING VISIBILITY AND NETWORK



The road to directorship is filled with uncertainty because there is no single fixed route that leads to successful appointment. While the push to appoint more females on boards will contribute to the diversity agenda, budding female directors need to proactively plan their directorship journey.

Our research suggests that part of the reason why women continue to be underrepresented on boards is because women themselves, sometimes, do not possess the right attitude and are also not taking the proactive steps to ensure that they get on the radar of nominating committees.

Aspiring female directors, first, need to understand that board seats are limited and board membership is a competitive process that is no different from fighting for promotion within a company. Aspiring female directors must clearly demonstrate their desire to get on boards by creating the right opportunities for themselves. Below are some issues that we have identified that may potentially hamper their chances of being nominated.

Low network visibility reduces chances of nomination.

Corporate profiles and business acumen are baseline criteria for board appointments. Chairmen and members of nominating committees routinely consider factors like social visibility, personal reputation, stature, and trustworthiness when assessing potential directors.

The network structure and network utilisation methods adopted by aspiring female directors are working against them.

Unlike men, women are less likely to have a boundary spanning network and are more likely to have cohesive networks. This is because they may not network beyond their immediate social circle due to time pressures and the need to juggle multiple roles and responsibilities at both work and home. Women are also less self-promotional than men and are less likely to use their network to gain corporate and career visibility.



TEO LAY LIM
Senior Managing Director
ASEAN



STEPHANIE GAULT
Managing Director
Health & Public Service

In Conversation With

What do you think are some of the issues that resulted in lower representation of women on boards?

TEO LAY LIM:

Networks are always key. We need to find ways to expand networks so that we can find new talent for Boards and not rely only on people we have in existing networks. Boards need to recognize that the composition will need to stay relevant to the issues of the day. For example, if the agenda for the organization is to expand geographically, then board membership should include members with such experience. If the company is being digitally disrupted, the same applies. This will force constant renewal which creates churn in board membership which then creates opportunities for board renewal and inclusion of new members. Finally, we need boards to truly embrace diversity and believe diversity makes for a stronger team – not a group of identical, like minded individuals – but people with different views and perspectives.

STEPHANIE GAULT

One of the key reasons for lower female representation is the lack of visibility of potential women leaders to boards. Despite Singapore having many qualified women leaders, their lack of presence on boards is not because they lack the requisite skills but it can be attributed to them being less well-known in corporate circles and more importantly, to nominating committee members.. On the flip side, there are some women leaders who sit on many boards. The good thing is that it is much easier to raise the profiles of qualified women than it would be to upskill them. Many women don't network enough and actively promote their achievements and accomplishments. I would recommend that women develop some skills in communicating their accomplishments to others. I think this ties in with something very important for everyone, regardless of gender, that is branding. What do you want to be known for? Being able to manage that brand through impression management is natural.

“MY PERSONAL BELIEF IS THAT IF THERE ARE NO TARGETS AND YOU DO NOT MEASURE BOARD COMPOSITION AGAINST THOSE TARGETS, NO ONE WILL PAY ATTENTION TO IT NOR DO ANYTHING ABOUT IT. HAVING A TARGET WILL HELP GALVANISE MOVEMENT AND MOMENTUM AND GIVE BOARDS A GOAL TO AIM FOR.”

– Stephanie Gault

RECOMMENDATIONS

Quick Wins

- **Seek out opportunities to improve visibility.** Be strategic in building networks and utilising them to build trust and credibility. Board appointments are not an automatic by-product of a successful career. Reach out to potential sponsors (chairmen and members of nominating committees) to signal your intent.

Collective Actions from Stakeholders



Chairmen and Members of Nominating Committee

- **Profile successful female directors as role models for aspiring female candidates.** This will encourage more women to take on board roles, and increase the level of awareness among underrepresented boards that having female directors enriches board conversations.



Companies and Corporations

- **Acknowledge that companies and individuals have joint responsibilities.** Women should be made aware of board role opportunities and companies should support aspiring female directors in career development that gears them up for board roles before their retirement from senior management.
- **Increase opportunities of exposure for aspiring female directors.** Some development opportunities that companies can provide for senior female leaders include being observers during board meetings, working with board committees on key issues, or sitting on boards of subsidiaries companies.



Associations and Professional Bodies

- **Profile up and coming female executives on a regular basis to increase the visibility of these aspiring directors.** Help to create platforms where these candidates can be seen and heard, and and provide them the opportunity to share their perspectives on board issues.
- **The government can help to catalyse the process of board diversity by appointing more females from the private sector to sit on boards of statutory boards.** Being on the boards of statutory boards increases the profile and visibility of these females. This would send a signal to companies and their boards about the capabilities of these directors.

Aspiring Female Directors

- **Increase visibility by demonstrating a high level of competence and building a credible reputation in the field.** Capitalise on industry reputation by getting referrals from existing directors of boards.
- **Be willing to start small and sit on boards of smaller companies or not-for-profit companies.** The risk exposure of these boards is lower but the board seat will help women gain the skills, visibility, and network that prepares them for a role in the board of a larger company.

BOARD DIVERSITY IN FOCUS: INTERNATIONAL BEST PRACTICES

Making Conscious Efforts to Transform Board Philosophy

Navient, a US-based financial services company that specialises in student loans, had several directorship positions to fill. This process became a golden opportunity for the board to transform the board's culture to one that best supports the company's growth in an increasingly difficult market.

The nomination and selection requirements were redesigned to consider gender, ethnicity and age, along with the functional expertise needed for the directors to perform their duties. Two search firms were hired to support the search process, and these two firms were selected based on their reputation and track record of producing a shortlist of diverse candidates.

The shortlisted candidates were then interviewed by the rest of the board as part of an inclusive process. Board succession planning was also taken into consideration as these new board members will have to take on responsibilities that will be handed over by retiring directors.



CLAIRE CHIANG
Co-founder of Banyan Tree
Hotels and Resorts
Senior Vice President of Bayan
Tree Holdings Ltd, Chairperson
for China Business Development

“BOARDS NEED TO GET OVER THIS LACK OF CONFIDENCE AND ONCE THEY DO THAT, THEY WILL REALISE THAT THEY SHOULD HAVE MORE FEMALES ONBOARD. WOMEN ON THE OTHER HAND, SOMETIMES UNDERESTIMATE THEIR OWN ABILITY TO CONTRIBUTE AND GET INTIMIDATED WHEN THEY ARE IN A BOARD DOMINATED BY MALES.”

In Conversation With

Could you share with us your personal experiences on boards and the type of lessons that you think aspiring female directors can draw?

CLAIRE CHIANG:

I was nominated to sit on a number of different boards, both for profit and non-profit. I was nominated because of the work that I have done, because I was visible in articulating my point of view and also because they feel that I can value-add to the board.

The process of nomination and selection is very rigorous and robust. The boards that headhunted you will find out about you from a 360-degree feedback system. Checks will be carried out on the work that you have done, your background, reputation and possible areas of contribution to the board. They will also interview you to find out what your interests are and whether you are at the right stage of your life to contribute that pocket of time to board work. That is very important because you are expected to travel, I truly believe that you need to give time when you sit on boards. If you don't have the time, don't do it.

A woman who aspires to be a director needs to know how she can contribute. She needs to articulate a perspective and opinion, or share an experience. She needs to learn to build a reputation – be known for being good at some aspects of the business, maybe an expert in a geographical zone. You have to be visible about your competence, not just being out in the public to do things but be visibly seen as having an area of expertise that can value-add to the composition of the board.

It is critical that the business of the board that you are sitting on is closely aligned with your personal interests. Achieving alignment of interest is important and alignment can take many forms, one of which is about timing and life stages. Even though a woman might be a good fit for a board role, the timing of the board appointment might not be right because she still have young growing children. Although she is at the peak of her career, she may not be ready to commit herself. By the time she is ready and her children are independent, she may want to have a career slowdown and again, the timing is not right.

PARADOXICAL LEADERSHIP IS BEST DEFINED AS THE ABILITY TO INITIATE ACTIONS THAT ARE SEEMINGLY COMPETING YET INTERRELATED, CRITICAL IN HELPING ORGANISATIONS MEET COMPETING DEMANDS BY BALANCING UNCERTAINTIES AND AMBIGUITIES SIMULTANEOUSLY.



STRATEGY 2: EXERCISE PARADOXICAL LEADERSHIP TO HARMONISE DIFFERING INTEREST OF DIFFERENT STAKEHOLDERS



Being on boards requires directors to master an array of skills. Amongst which, the exercise of paradoxical leadership and the ability to harmonise differences in stakeholders' interests and perspectives are most essential.

According to our interviewees, successful board members are those who are able to manage the complex dynamics between the board and company's management. This relationship between board and company's management is symbiotic where both work collectively towards helping the company realise its corporate objectives, yet at the same time, the relationship is also characterised by tensions because the board is supposed to act as an overseer over the management.

It is therefore critical that aspiring female board members acquire the skill to manage competing yet interrelated demands by exercising paradoxical leadership, and harmonise differences between different stakeholders.

 Pushing Boundaries	 Achieving Harmony
▪ Be willing to challenge, disagree and probe management. Dynamism and healthy debates come from having differing views and perspectives. ▪ Have a point of view about the business, not only in subjects that you are a domain expert in. Contribute to conversations at the table and share your perspectives confidently.	▪ Be collegial to maintain harmony yet speak up when there are differences. Be willing to challenge but not be adversarial. ▪ Learn to disagree with other directors and management without taking issues personally. Be open to constructive comments and point of views that are different from yours. Work with others to co-create solutions. ▪ Learn to achieve alignment between board and management. Alignment and solidarity must be created after constructive debates. Work with management offline to resolve outstanding issues.

 Striking Balance	 Mastering Perspectives
▪ Balance between providing guidance to management and interfering with the business' operations. Learn to differentiate between macro-strategic overviews and micro-operational management. ▪ Know when to question, what to question, and when to let go. Executives run the business and they know the business better than you do. Be there to provide guidance and perspectives, not dictate them.	▪ Take your time to learn about board dynamics, the business challenges, strategies, and directions. Do not be too eager to prove yourself during the first few meetings without understanding the landscape. ▪ Be open to management's point of view, at the same time, maintain your own perspective on issues. Be aware about the tendency to overcompensate by being overly tough and unforgiving. Be even-handed in approach. ▪ Adopt the mind-set that one is to be a steward of the company, to check and monitor the systems and processes.

CONCLUSION

 20% by 2020 marks a crucial milestone for Singaporean companies to adopt an inclusive and progressive stance towards diversity on boards. From our candid conversations with Chairpersons, Nominating Committee members, Female Directors, Advocates and Chief Human Resource Officers, it is clear that gender diversity cannot be left to chance. It requires concerted effort from multiple stakeholders in the business ecosystem. In essence, the solutions in this report can be summarised into three critical touch points:

-  **Addressing Stereotypes**
- Boards and nominating committees need to re-examine their perceptions of who would be a “suitable” director for a board role in Singapore. Existing qualifying criteria may include stereotypical identifiers that reduce diversity.
 - Adjust search criteria to meet future business needs, not just existing business concerns, and guard against replacing an outgoing director with someone with a very similar profile.

-  **Visualising Goals**
- Determine and set a realistic gender diversity goal for your company and/or board. Prior to that, identify the diversity profile of your company. Indicate the steps needed to reach the goal. Identify the actions that will propel you towards the goal, and be prepared to address challenges that could surface in the unique context of your company and/or board's diversity journey.
 - Harness stakeholders who can play the role of an advocate to move the needle in gender diversity. They must be proficient change agents who possess the ability and clout needed to revolutionise existing practices.

-  **Realising Change**
- Review board guidelines and question whether the status quo is still relevant. Revise the current nomination and selection approach to maximise the potential in the talent pool to achieve diversity.
 - Accept that achieving gender diversity requires effort from individuals and corporations. Take note of what works and what does not. Implement solutions that increase the likelihood of a successful selection from a diverse pool of talents.

These critical touch points will challenge some of the current stereotypes that exist in the boardroom. To help support the resolution of this complex challenge, a well-communicated and rigorous plan should be in place to address the concerns, with the solutions tailored to meet the current needs of the board and company.

FROM LESSONS TO ACTION

Play your part to move the needle. Are you doing the right thing to reach 20% by 2020?



Chairmen and Members of Nominating Committee

- ☐ **Adopt progressive thinking and an open attitude towards who would make a good director.** Current practices that led to narrow search process need to be demystified. Create an egalitarian culture that focuses on treating all directors as equals and where points of views from minority directors are valued.
- ☐ **Change your mindset about the “right” director’s profile.** The pool of board-ready females is larger than expected. The seemingly small pool of female candidates is the result of stereotypical views about who should sit on boards. These stereotypes translate into biases in the nomination and selection process. Change your expectations about how a suitable director looks to change your perspectives about the size of candidature pool.
- ☐ **Review current nomination and selection practices.** Do not stick to old practices just because they have worked in the past, but explore other search and selection methods to broaden your recruitment capabilities.



Companies and Corporations

- ☐ **Examine gender issues with the right mind-set.** Do not deliberately change corporate policies to match targets blindly. Pay attention to gender issues at work for pragmatic business and strategic concerns.
- ☐ **Develop a cadre of senior female leaders that feed into the pool for potential board candidates.** Encourage a gender-blind culture within the company to set the tone on how contributions of women are viewed.
- ☐ **Companies that have benefitted from a diverse board should articulate those benefits to other companies.** This should be done on an open platform to raise awareness for gender diversity and be role models for other companies that are in the process of forming a diverse board.



Associations and Professional Bodies

- ☐ **Expand the target audience of events and review engagement channels.** Networking events and seminars conducted by associations and professional bodies tend to engage aspiring or junior directors in their first board role. Aspiring and junior directors are likely to be aware of diversity issues but lack the clout to effect changes on boards. Senior directors who have power to effect change are not engaged as frequently. Re-jig the engagement model and focus more on influencing senior directors.
- ☐ **Set up official sub-committees to advocate and drive diversity.** These committees must continue to galvanise and build support around diversity by engaging key decision makers such as board chairmen and members of nominating committees.

- ☐ **Feature female directors as role models, profile them, and encourage them to serve on governing councils.** This helps to build the profile of female directors, increase visibility of females on boards, and to strengthen awareness regarding the issue.



Aspiring Female Directors

- ☐ **Do not have an entitlement or victim mentality.** While boards need to change their traditional mind-sets, women need to understand that diversity on boards is a two-way street. Women should steer clear of the assumption that they will be invited for board roles, as long as they possess the right qualifications. Women have a much higher hurdle to cross than men and they have to build visibility and reputation, and demonstrate competencies and skills.
- ☐ **Be the role model that effects change.** Successful female directors need to be role models for aspiring female directors and demonstrate to boards that female directors can bring unique values propositions and perspective to the boardrooms. Women are their own best advocates.
- ☐ **Seek out opportunities to improve visibility.** Be strategic in building your network, utilising it to build trust and credibility. Reach out to potential sponsors (chairpersons and members of nominating committees) to signal your intent.

REFERENCES

Catalyst. (2015). *Buying Power: Global Women*. New York: Catalyst. Retrieved from <http://www.catalyst.org/knowledge/buying-power-global-women>

Deloitte Access Economics. (2016). Research report toward gender parity: Women on boards initiative. Retrieved from <http://www2.deloitte.com/au/en/pages/finance/topics/deloitte-access-economics.html>

Dieleman, Marleen., Ibrahim, Muhammad., Khor, Jacqueline. (2016). Korn Ferry Diversity Scorecard 2016: *Building Diversity in Asia Pacific Boardrooms*. Singapore: Centre for Governance, Institutions & Organisations (CGIO), Korn Ferry. Retrieved from <https://bschool.nus.edu/images/CGIO/Korn-Ferry-Diversity-Scorecard-2016-Final.pdf>

Dieleman, Marleen., Qian, Meijun., Ibrahim, Muhammad. (2014). *Singapore Board Diversity Report 2014: The Diversity Dividend*. Singapore: Centre for Governance, Institutions & Organisations (CGIO), BoardAgender. Retrieved from <https://bschool.nus.edu/Portals/0/images/CGIO/Report/diversity-report-2014.pdf>

Fitzsimmons, T. W., Callan, V. J., Paulsen, N. (2014). Gender disparity in the C-suite: Do male and female CEOs differ in how they reached the top? *The Leadership Quarterly*, 25, 245-266. doi: 10.1016/j.leaqua.2013.08.005

Goodman, A. & O'Kelley, R. (2017). *Institutional Investors Lead Push for Gender-Diverse Boards*. Harvard Law School Forum on Corporate Governance and Financial Regulations. Retrieved from <https://corpgov.law.harvard.edu/2017/04/26/institutional-investors-lead-push-for-gender-diverse-boards/>

Jourová, Věra. (2016). *Gender balance on corporate boards: Europe is cracking the glass ceiling* [Fact Sheet]. Retrieved from http://ec.europa.eu/justice/gender-equality/files/gender_balance_decision_making/1607_factsheet_final_wob_data_en.pdf

Konrad, A. M., Kramer, V., Erkut, S. (2008). Critical mass: The impact of three or more women on corporate boards. *Organizational Dynamics*, 37(2), 145-164. doi:10.1016/j.orgdyn.2008.02.005

Lee, L., Marshall, R., Rallis, D., Moscardi, M. (2015). Women on Boards: Global trends in gender diversity on corporate boards. MSCI Inc. Retrieved from <https://www.msci.com/documents/10199/04b6f646-d638-4878-9c61-4eb91748a82b>

Low, D. C.M., Roberts, H., Whiting, R. H. (2015). Board gender diversity and firm performance: Empirical evidence from Hong Kong, South Korea, Malaysia and Singapore. *Pacific-Basin Finance Journal*, 35 (Part A), 381-401. doi: 10.1016/j.pacfin.2015.02.008

Ministry of Culture, Community and Youth. (2017, March). More gender diversity in Boards. Retrieved from https://www.mccy.gov.sg/en/news/speeches/2017/Mar/More_gender_diversity_in_Boards.aspx

PricewaterhouseCoopers. (2016). Board diversity disclosures in Singapore: A good practice guide.

PricewaterhouseCoopers. Retrieved from <http://www.pwc.com/sg/en/publications/assets/board-diversity-disclosures.pdf>

Singapore Department of Statistics. (1996). Singapore, 1965 – 1995 *Statistical Highlights: A Review of 30 Years' Development*. Singapore: Department of Statistics.

Singapore's Diversity Action Committee. (2017). Women's share of directorship in Top 100 Largest Companies in Singapore increased to 12.2%.

Singapore's Diversity Action Committee. (2016). *Women on Boards: Tackling the Issue*. Retrieved from http://www.diversityaction.sg/wp-content/uploads/2015/03/a-DAC_Report_Women_On-Boards.pdf

Singapore Exchange. (2012). *Code of Corporate Governance*. Retrieved from http://rulebook.sgx.com/net_file_store/new_rulebooks/s/g/SGX_Revised_Code_of_Corporate_Governance_-_2_May_2012.pdf

Singapore Institute of Directors, Institute of Singapore Chartered Accountants. (2014). *The Singapore Directorship Report 2014*. Retrieved from <https://isca.org.sg/media/776653/sg-directorship-report.pdf>

Statistics Singapore. (2000). Census of Population 2000, Release 3: Economic Characteristics – Highlights. Statistics Singapore. Retrieved from https://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/cop2000/census_2000_release3/highlights.pdf

Sustainable Stock Exchanges Initiative. (2017). How stock exchanges can advance gender equality. Retrieved from https://www.unpri.org/download_report/28929

Tan, N. (2015). Finding credible female directors a challenge: Board of directors survey. Retrieved from <http://www.channelnewsasia.com/news/business/finding-credible-female/2207190.html>

The Mentoring Foundation. (N.A.). *The FTSE 100 Cross-Company Mentoring Executive Programme*. Retrieved from <http://www.mentoringfoundation.co.uk/ftse-100-cross-company-mentoring-executive-programme/>

Thirty Percent Coalition. (N.A.). *Case Study: Navient – Achieving a Gender Diverse Board*. Retrieved from <https://www.30percentcoalition.org/resources/case-studies/158-case-study-navient-achieving-a-gender-diverse-board>

Unite, A. A., Sullivan, M. J., Shi, A. A. (2015). *Women on Top: Diversity in Gender and Education Profiles of Top Management and Board of Directors of Philippine Publicly Traded Firms*. Retrieved from De La Salle University website: <http://www.dlsu.edu.ph/research/centers/aki/participant/trainings/workingPapers/2016-35.pdf>

Yee, L., Krivkovich, A., Kutcher, E., Epstein, B., Thomas, R., Finch, A., Cooper, M., Konar, E. (2016). Women in the workplace 2016. *Leanin.Org, McKinsey & Company*. Retrieved from <https://womenintheworkplace.com/>

APPENDIX A:

Methodology for Projection 2017-2030

The projection formula is adapted from the compound interest formula " $Pv*(1+r)^n = Fv$ ", (Pv = Present value/Present count of female directors, r = interest rate/required percentage increase to reach target, n = number of periods, Fv = future value/target count of female directors). The current number of female directors is obtained from statistics reported by Diversity Action Committee in Business Times as at 5 April 2017.



The target count of female directors for 2020 and 2030 was derived via a two-step method. Firstly, projection is done on the year-on-year total number of directorship positions from 2018 to 2020, using an average of the percentage change in directorship positions from 2010 to 2017. The percentage change is calculated from statistics on total directorship positions obtained from the Singapore Directorship Report 2011, Singapore Directorship Report 2012 and statistics reported on the Diversity Action Committee website. We found that the projected total number of directorship positions to be approximately 4291 in 2020 and 3601 in 2030 considering that there is an average of 1.74% decrease of total directorship position from 2010-2016. Secondly, the expected target count of female directors is obtained via portioning 20% of the projected 2020's total directorship positions and 30% for 2030 respectively.

For the 2020 target, the number of periods between 2017 and 2020 is determined as 3, assuming that measurements of increment are taken annually at 2018, 2019 and 2020. " r " is then calculated to determine the required percentage increase in order for the present count of female directors to reach the target count of female directors in 2020. For the period of 2017-2020, the projected required percentage increase is 24.38%, in order for us to achieve 20% in 2020.

For the 2030 target, the number of periods between 2020 and 2030 is 10. " r " is calculated to be 2.33%, which means there must be a 2.33% annual increase of total female directors from last year to achieve the 30% target in 2030.

APPENDIX B:

Understanding Your Board's Diversity Philosophy

Below are some beliefs and attitudes that boards have with regards to their composition and the working dynamics between directors. Read the statements carefully and evaluate how closely each statement reflects your board's position. Select the appropriate response to each statement by ticking the most suitable scoring option.

1

★☆☆☆☆

Strongly do not reflect my board's position

5

★★★★★

Strongly reflects my board's position

1	My board believes in a neutral merit-based system of selecting the most suitable director for the job.	☐
2	Diversity is not one of the top concerns of my board.	☐
3	My board believes that gender diversity is an issue that will find its own solution over time.	☐
4	My board believes that progress in gender issues on boards can be made only when we commit resources to address it.	☐
5	My board recognises the importance of having directors from different genders, but it is beyond our control to ensure that we have a gender diverse board.	☐
6	My board prioritises having directors with the right business experience and achieving the right working dynamics among directors over being gender diverse.	☐
7	My board seeks to be gender balanced , and this belief is deeply embedded in our value system.	☐
8	My board believes in setting a common set of nomination and selection criteria for directors regardless of their gender . This will help ensure that we have a levelled playing field.	☐
9	My board believes that we will continue to function well even if we do not have any female directors.	☐
10	All directors on my board are treated as equals and everyone has the same standing.	☐
11	My board is consciously aware that there are biases against the nomination and selection of female directors and we actively seek to find ways to overcome those biases.	☐

1 ★☆☆☆☆ Strongly do not reflect my board's position 5 ★★★★★ Strongly reflects my board's position

12	Gender diversity on boards will occur naturally without boards having to force the change.	☐
13	Gender imbalance on boards can be attributed to the lack of suitable female candidates who are suitable for board roles.	☐
14	Boards should not tilt the game in favour of selecting female directors so that boards can prevent themselves from being seen as implementing affirmative actions or supporting tokenism.	☐
15	There are limited mechanisms that my board can use to address gender diversity.	☐
16	It is crucial that boards take steps to address existing gender biases so that they can achieve gender parity in the long run.	☐

Scoring System

Please total up your score to the above statements according to the below scoring matrix. The higher your score is in a particular question group, the more likely the question group reflects your board's diversity philosophy profile.

Question Groups	Diversity Philosophy Profile	Total Score (sum of all the scores you gave to the statements in the question group)
4, 7, 11, 16	Conscious Champion	
1,8, 10, 14	Meritocracy Upholder	
3, 5, 12, 15	Inactive Onlooker	
2, 6, 9, 13	Resistive Denier	

APPENDIX C:
Contact List

BoardAgender

Junie Foo and Trina Liang
Co-chairs
(+65) 6857 0199
contact@boardagender.org

HCLI

Dr Don J.Q Chen (PhD)
Assistant Director (Research & Insights)
(+65) 6872 9820
donchen@hcli.org

Special thanks to research report contributors:

We would like to express our heartfelt gratitude to our research participants for their time and invaluable contributions. Their diverse opinions and experience with various aspects of board processes have given us immense insights into the inner workings of boards.

We would also like to thank the BoardAgender (Ms Elizabeth Chia, and BoardAgender committee) and HCLI (Ms Wong Su-yen, Ms Rebecca Siow, and Ms Sara Moulton) teams for their comments on earlier versions of the report. The report would not have been possible if not for the inputs from both teams. Any remaining editorial mistakes are the sole responsibility of the authors.

Last, we would like to credit Ms Lu Yizhen, who had interned with HCLI, for her contributions in drafting the report; and to our designer, Ms Rodalyn Cachuela-Flores, for working tirelessly to turnaround various versions of the report design.

ABOUT US

Research Designer



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. BoardAgender welcomes business women and men, as well as private and public sector organisations to participate in our events, engage in our discussions, and benefit from our resources to achieve best practices.

BoardAgender is an initiative of the Singapore Council of Women's Organisations (SCWO), and its aims are endorsed by the Ministry of Social and Family Development in Singapore.

For more information, please visit www.boardagender.org



The Human Capital Leadership Institute is a centre of excellence that facilitates the acceleration of leadership development and strategic human capital management capabilities in Asia. Through its efforts, HCLI aims to develop global leaders with a strong understanding of leading in Asia, as well as to build Asian leaders with the ability to lead on the global stage. The institute achieves this by driving Asia-specific research and insights, creating industry-relevant executive development programmes and fostering rich networks between thought leaders in business, government and academia.

HCLI is a subsidiary of Temasek Management Services, which is wholly owned by Temasek Holdings (Private) Limited, and is supported by the Singapore Ministry of Manpower and the Singapore Economic Development Board.

For further information, please visit www.hcli.org

Research Sponsors



Accenture solves our clients' toughest challenges by providing unmatched services in strategy, consulting, digital, technology and operations. We partner with more than three-quarters of the Fortune Global 500, driving innovation to improve the way the world works and lives. With expertise across more than 40 industries and all business functions, we deliver transformational outcomes for a demanding new digital world.

www.accenture.com



ADP is a comprehensive global provider of cloud-based Human Capital Management (HCM) solutions that unite HR, payroll, talent, time, tax and benefits administration, and a leader in business outsourcing services, analytics and compliance expertise. Our unmatched experience, deep insights, and cutting-edge technology have transformed human resources from a back-office administrative function to a strategic business advantage. Learn more about our philosophy, success factors, and why companies work with ADP. www.adp.com



The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world. www.goldmansachs.com



The Singtel Group is Asia's leading communications group. We provide a diverse range of services including fixed, mobile, data, internet, TV, infocomms technology (ICT) and digital solutions.

Headquartered in Singapore, Singtel has more than 135 years of operating experience and played a pivotal role in the country's development as a major communications hub.

Singtel is one of the largest listed Singapore companies on the Singapore Exchange by market capitalisation. The Group has presence in Asia, Australia, Africa and US. We reach 670 million mobile customers in 22 countries, and employ more than 25,000 staff worldwide. www.singtel.com | feedback@singtel.com



The Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) promotes the adoption of fair, responsible and progressive employment practices among employers, employees and the general public.

Leveraging its unique tripartite identity, TAFEP works in partnership with employer organisations, unions and the government to create awareness and facilitate the adoption of fair, responsible and progressive employment practices. TAFEP provides tools and resources, including training workshops, advisory services, and educational materials, to help organisations implement fair employment practices. www.tafep.sg

Supporting Organisations





COPYRIGHT

This document contains proprietary research, copyrighted materials, and literacy properties of BoardAgender and Human Capital Leadership Institute (HCLI). No changes may be made to this document without express written permission of BoardAgender and HCLI.

All rights reserved. All other trademarks and copyrights are the property of their respective owners.