

Board Monitor Singapore 2023

The past three years have thrown challenge after challenge at companies and leadership teams around the world, requiring them to navigate a pandemic and its economically challenging aftermath as well as an increasingly more charged geopolitical landscape. At the same time, organizations and their boards have stayed the course on longer-term issues including growth, sustainability, and diversity.



We saw three key trends in the STI 30 appointments in 2022:

- Singaporean boards showed a preference for directors who are active in their executive roles.
- The highest share of seats went to women since we started tracking these boards in 2016.
- While there was a three-year decrease in the average age of directors compared to 2021, the 2022 cohort of STI 30 directors continues to be the oldest across the 30 markets in which we analyze board appointments.

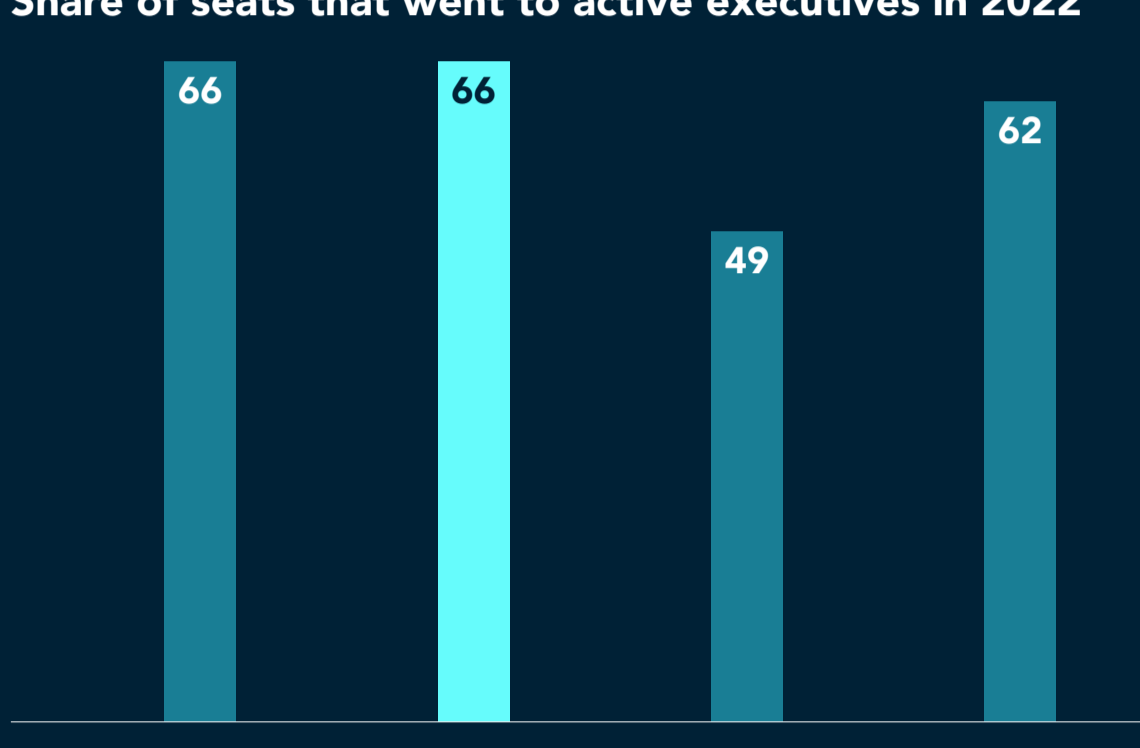
The increase in demand for active directors is a trend that we saw in most markets, as boards are keen to tap into the experience of executives who are dealing with similar challenges in real time. The progress in gender balance is encouraging for STI 30 boards, but companies must ensure they keep diversity at the top of their agendas, because more must be done. Considering the full board composition for these companies, our analysis shows that currently only 23% of board seats are occupied by women—this as compared to the 31% of US Fortune 500 board seats held by women and 41% of UK FTSE 350 board seats held by women.

A strong preference for directors who are active in their executive roles

STI 30 boards appointed more directors who are active in their executive roles compared to boards in the United Kingdom and United States, and on par with boards in Hong Kong.

This not only shows boards' interest in tapping into the experience of active executives; it's also an indication that more companies are open to their leaders taking on nonexecutive roles in other organizations.

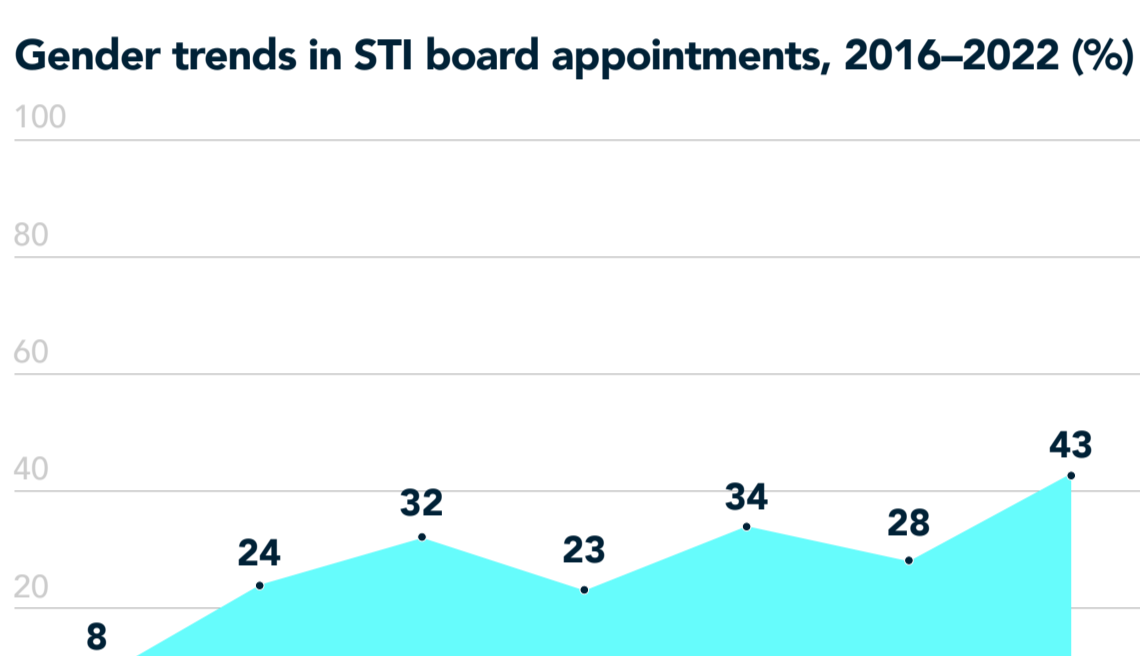
Share of seats that went to active executives in 2022



A record share of appointments of women directors in 2022

It is encouraging to see significant year-over-year progress for gender balance on STI 30 boards, which underscores the commitment and efforts of many companies toward diversity. However, the work is not yet finished; companies must continue to prioritize gender diversity.

Gender trends in STI board appointments, 2016–2022 (%)

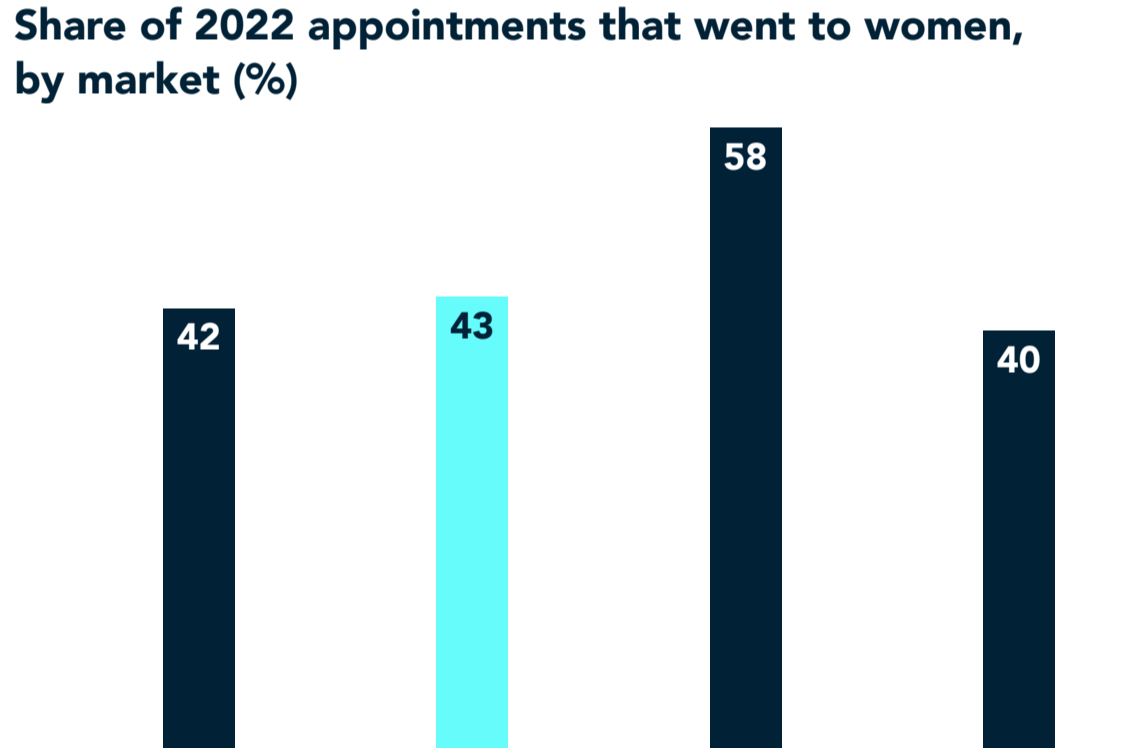


Looking at the share of seats that went to women in 2022, the Singaporean figure compares well with Hong Kong and the United States, but all fall behind the United Kingdom, which stands out at 58%.

It is worth noting that the United Kingdom's impressive figure is the combined result of sustained stakeholder pressure—investors in particular—and progressive regulatory requirements asking that 40% of all non-executive directors or 33% of the whole board members be women.

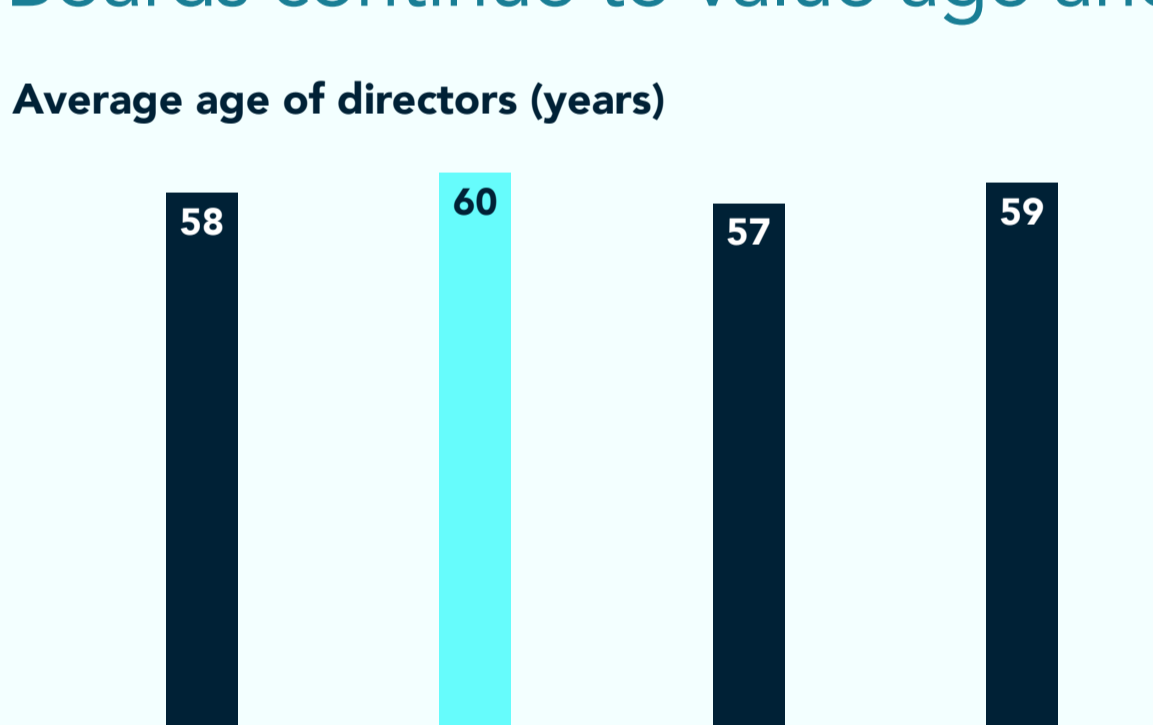
It is also notable that the first-time public board directors are predominantly women.

Share of 2022 appointments that went to women, by market (%)



Boards continue to value age and experience

Average age of directors (years)



While the average age of directors appointed to STI 30 boards in 2022 decreased to 60 from 63 in 2021, it remains the highest among the markets we analyze.

It can be easy to understand the appeal of appointing directors with direct experience in various economic cycles and socioeconomic events, but boards will also benefit in balancing that seasoned acumen with fresher perspectives from younger executives—those who are more exposed to digital trends and in-tune with the mindset of the next generations of consumers.

Looking forward

The golden rule of board composition remains the same: boards must maintain the overall strategic value of the board in its entirety, rather than focus on individual appointments. This will give boards strategic competitive advantage over the long term, particularly if their succession plans aim to address a wide range of scenarios for the future of their organization and leadership needs.

So how can STI 30 boards follow best-in-class practices?

Ensure a good balance of active and retired directors. A good mix of these two different types of experiences will improve decision making through an understanding of both how current executives manage the same trends and events and the depth of the acumen brought by retired directors who have experienced multiple economic cycles.

Stay committed to diversity. Boards should stay focused on maintaining a good gender balance but also consider what other elements of diversity beyond gender would benefit the organization—ethnicity, age, technical skill sets, career background, and industry perspectives. Singaporean boards could benefit from bringing in younger directors who would be more in tune with sentiments from the new generations of customers and employees.

Thinking of succession planning as an ongoing exercise rather than an exercise undertaken in reaction to an annual deadline. To maintain the overall strategic value of the board in its entirety, rather than focus on individual appointments. Board members can begin by ensuring they have a thorough understanding of the board and experience their organization will require in order to execute its future strategy. Boards should then work to map out their existing skills in a systematic and structured process so that they can identify the gaps, thus enabling them to be deliberate in bringing new directors to fill those gaps and further complement the current board's abilities rather than falling into the trap of hiring individuals who are outstanding and yet will add redundancies. This approach to board composition requires a more diversified and spectrum of skill sets to be considered, one that takes into account both current and future challenges and opportunities.

CEO & Board Practice

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