

ARTICLE

Who are the chairs of Australia's top public companies?

A closer look at the chairs of ASX 50 public companies



Over the past few years, Australian businesses have had to manage both the impacts of relentless global crises including COVID-19 and the war in Ukraine as well as challenges closer to home including changes in political governance and a rising cost of living. The effects of these disruptions on business have been swift: for example, due to the pandemic, remote work has gained significant ground and companies' ability to attract talent is tied more than ever to how they approach sustainability, flexibility, inclusion, and employee wellbeing. As in many countries around the world, a new license to operate is taking hold for Australian businesses, in part due to the increased societal expectation that business leaders should step in and help solve problems that governments cannot tackle alone.

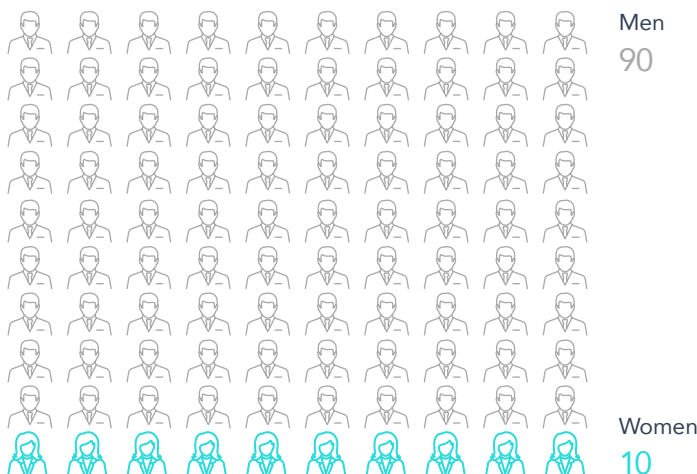
Boards and chairs must be ready to guide their companies in meeting these new expectations through what is likely to be a volatile future. In many conversations with chairs around the world, these leaders have emphasized that they want to be connected to external events as much as internal processes, keep up with macro trends, be able to listen to what their stakeholders are telling them, and thoroughly understand and be able to evaluate new threats and opportunities.

In that context, this article examines the backgrounds of the chairs of ASX 50 companies. We found a rather traditional profile: most are men with CEO backgrounds and previous chair experience. (This is similar to Fortune 50 companies, at which 92% of chairs are men and 80% have CEO experience.¹) Chairs with this type of experience bring deep expertise to the table. But, as new considerations take hold, we believe that boards will benefit from broadening their horizons as part of rethinking their succession planning approach; this will help boards prepare for multiple scenarios and time horizons.

Gender, age, and education

Ninety percent of ASX 50 chairs are men. When it comes to education, the majority have a bachelor's degree. There is, however, also a high share of chairs with post-graduate qualifications.

Gender balance (%)

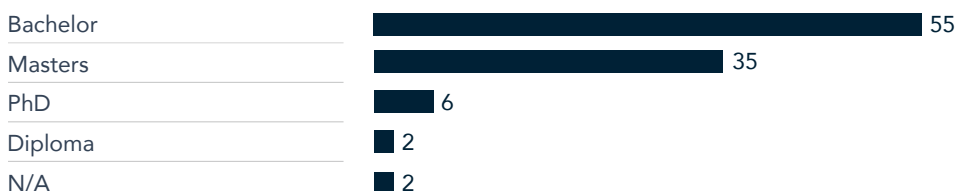


Average age



66

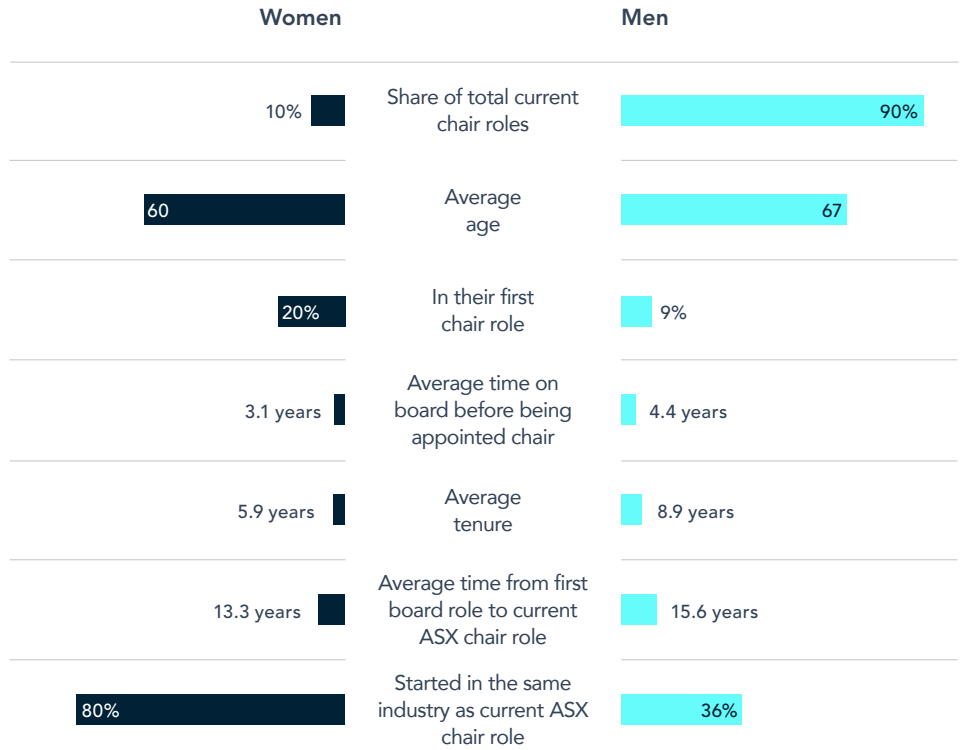
Education (%)



¹ Alice Breeden and Bonnie Gwin, "A look at leading board chairs today," Heidrick & Struggles, heidrick.com.

The share of female chairs mirrors the wider Australian business landscape: only 10.5% of ASX 200 chair roles are held by women.² The female chairs are on average younger than their male peers, and they also have shorter tenures—largely because all five women chairs were appointed after 2016 and are more often first-time chairs. Three out of the five female chairs are leading boards of financial services companies.

Previous experience and tenure: Women vs. men



In-demand experience

Most ASX 50 chairs had previous experience as chair on a public-company board and significant tenure on their current boards. The current chairs spent an average of 4.2 years on their current boards before being appointed as chairs, while their overall average tenure on their current boards is less than 9 years.

Previous chair experience (%)

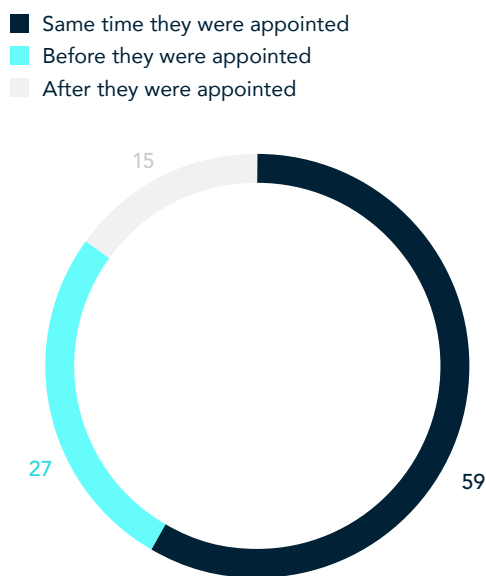


² Simone Fox Koob, "Long way adrift: Female chairs still thin on the ground despite diversity push," *The Sydney Morning Herald*, December 21, 2022, smh.com.au.

Eighty-four percent of current ASX 50 chairs have had at least one committee chair role on their current boards; 41% had two. Chairing the nomination committee is by far the most common role. The majority of committee appointments, 59%, were made at the same time as the chair appointment. They are most commonly appointed to the nomination committee.

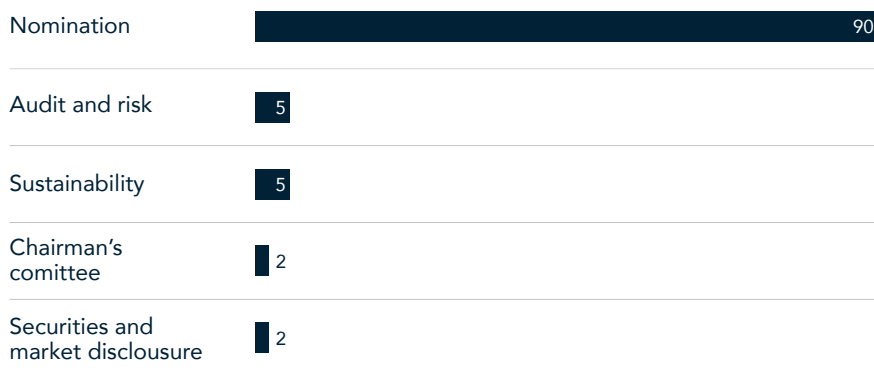
Fifty-nine percent of ASX 50 chairs were appointed committee chair at the same time as the board chair role

Chairs appointed to a committee chair position, by when they were appointed board chair (%)



Note: Numbers may not sum to 100% because of rounding.

Committee appointments (%)



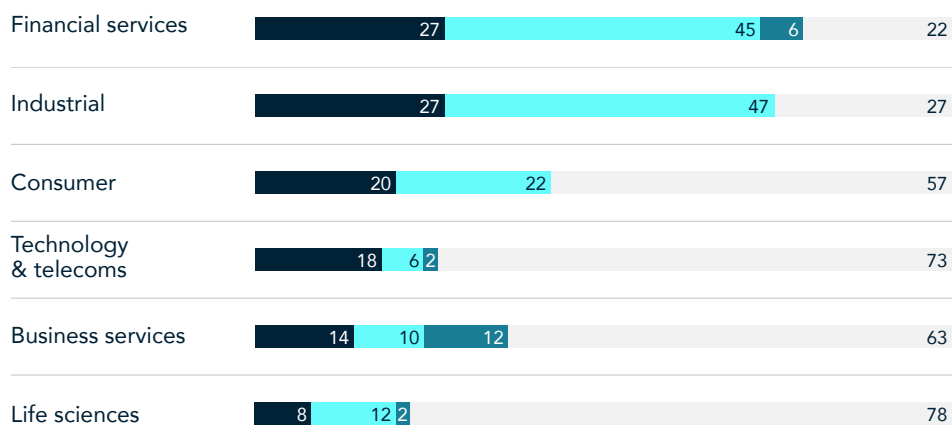
Fifty-nine percent of chairs held executive leadership roles in the same industry as the companies they are currently chairing. When looking at their overall experience, there are more chairs with financial services and industrial experience at the helm of ASX 50 boards. It's notable that 45% of chairs have government experience.

The most frequent sector experiences for ASX50 chairs are in financial services and industrial companies

Chairs' overall prior industry experience (%)

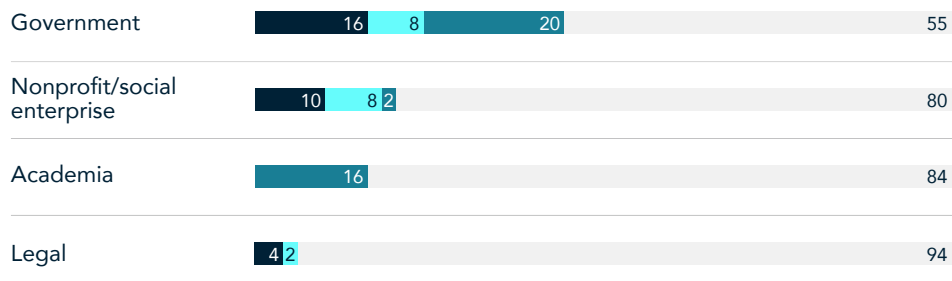
■ Board ■ Both ■ Executive ■ No experience

Main industry clusters



Note: Numbers may not sum to 100% because of rounding.

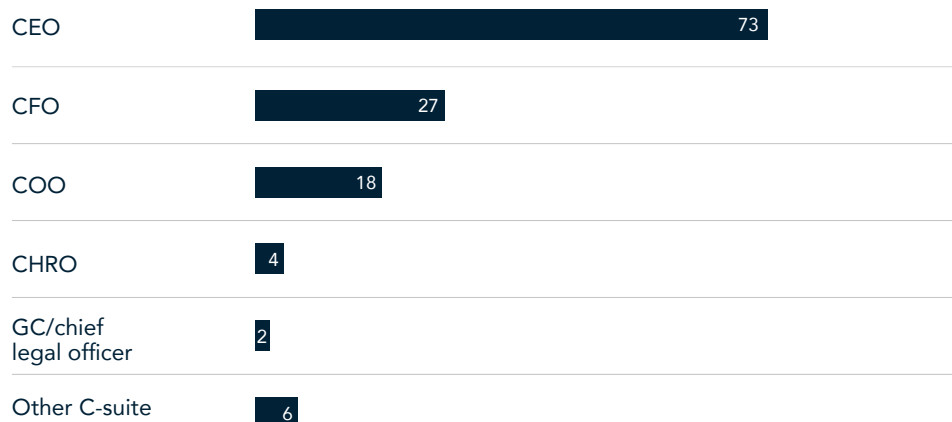
Other industries



Note: Numbers may not sum to 100% because of rounding.

The majority of chairs have held a CEO role

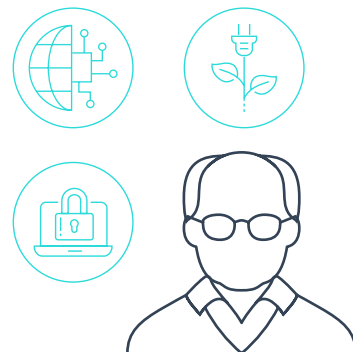
Prior experience (%)



How boards can enhance ASX 50 chair succession planning to meet the future

1. Frequently review and update the desired profile of the next chair.

Boards should determine the proper mix of more traditional executive experience and newer areas of experience needed for the next phase of their company and be clear about must-haves and options necessary for different future scenarios. In addition, we believe that as boards are expected to meet a more complex set of expectations, they will need to pay equal attention to both hard experience and the softer side of potential chairs' leadership capabilities, such as curiosity or agility, to ensure boards are inclusive and effective. In our experience, too many boards still, in the end, make their choice of chair based on yesterday's criteria.³



2. Broaden the criteria. Keeping in mind the skills and experiences of which their company is most in need, boards should otherwise open their criteria to a wider pool of candidate backgrounds and experiences. Women less often have previous chair, board, or CEO experience, for example, but many companies will likely already have a number of directors on their boards with these backgrounds; therefore it may be that bringing in a chair without that experience will still lead to the board members having complementary skill sets.

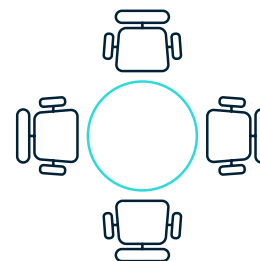


3. Expand the search to less traditional sources.

Many companies are still hiring chairs through networking and familiarity, but those willing to consider candidates including, for example, chairs from other industries, will enrich their options considerably.



4. Ensure an inclusive board culture. The role of the chair will be more appealing to a wider range of candidates if the candidates feel they will be able to sustain a safe space in which everyone can contribute and engage in robust debate and problem-solving. Board chairs can begin to ensure an inclusive board culture by understanding its current culture and setting up regular board effectiveness reviews to assess and help maintain a thriving board culture.



³ Alice Breeden and Bonnie Gwin, "The chair imperative: A new mandate for leading in a new world," Heidrick & Struggles, heidrick.com.

However, as the business license to operate keeps changing along with new demands and considerations for boards, we believe that in order to be fit for the future, boards will derive value from rethinking their succession planning approach to reflect multiple scenarios and time horizons. When it comes to chairs, that means a larger, more diverse pool of candidates who can step in when their leadership skills make them the right fit for the role.

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