

# Speech by Minister Grace Fu at the Women in Leadership Summit

Mrs Noor Quek,  
Chairperson for the Women in Leadership Summit

Distinguished Guests  
Ladies and Gentlemen,

It is my pleasure to join you at the Women in Leadership Summit this morning. This is a valuable opportunity for us to exchange ideas on strengthening women leadership.

We celebrate SG50 this year, marking 50 years of independence. We have come a long way as a nation, and this is a good time to take stock of the progress women have made in leadership, and consider how we can build on it in the years to come.

Leadership begins with an educated mind. We have long recognised that women form half of our human capital, so when we invested in giving quality education, we did so regardless of gender. Over the years women have made huge strides in education.

In 1965, only 43% of women were literate. This figure has more than doubled to 95% in 2014. Under our meritocratic school system, our girls fared just as well and sometimes even better than the boys, and the gender gap in universities has closed. Five decades ago, only a quarter of the students going into university were women. Today, we make up slightly more than half of the enrolment cohort, 51% to be exact.

Women are contributing more in the labour force. The female labour force participation rate (for women aged 15 and above) has jumped from about a quarter in 1965, to 59% in 2014. Not only are there more women in our labour force, there are also more women holding professional jobs. Over the past decade, the proportion of female lawyers in Singapore rose from 38% to 43%, the proportion of female state court judges grew from 44% to 52%, and the proportion of female doctors has increased from 32% to 37%. Women hold 21% of senior management roles (e.g. C-suite roles) which is comparable to the international average.

Despite the progress that women have made in the labour force, there remain significant areas where we are under-represented, particularly at the apex of companies. Women comprise about 5% of CEOs in SGX-listed companies. On these company boards, we comprised just 8.3% of board directors in 2013. This lags behind regional countries such as Malaysia (8.6%), China (8.5%), Hong Kong (9.6%), and Indonesia (11.6%), and at about half of the proportions in Western developed countries. This suggests that there is clearly much headroom for women at the top.

## **The value of women in leadership**

Prioritising diversity in leadership is not about achieving an 'optical balance'. It is about tapping on the full breadth and depth of talent available and equipping companies with diverse talents and viewpoints so that they can better navigate and address challenges in a more complex and competitive global environment.

Women leaders bring with them a unique set of leadership strengths, enhancing the ability of the leadership team to navigate challenges. A Harvard Business Review study published in 2013 found that 57% of male directors thought that women brought fresh perspectives and diversity of thought. Another study found that female directors were more likely to take the interests of multiple stakeholders into account, and to understand the

reasoning of others, before arriving at a decision. According to research by McKinsey, female leaders are also more likely to exhibit behaviours such as building respect within their teams, inspiring optimism toward the company's vision, and investing in people development.

The benefits of a more gender-diverse board are borne out by multiple research studies and data. A study by Professor Roy Adler found that Fortune 500 companies most active in promoting women into their top management teams outperformed their industry median by 34% in terms of profit margin over two decades from 1980 to 2001. These same findings were replicated in subsequent studies. Last September, Credit Suisse published a study which found that over the period of 2005 to 2013, the return-on-equity for companies with just one female board member was 14.1%, compared to 11.2% for companies with no females on their boards. In Singapore, NUS Business School found that SGX listed companies with at least one woman on the board, had a 3.3% Return on Assets, compared to just 0.3% for companies without gender diversity. These studies, as we know, do not prove causality - perhaps women do add value to decision making, or perhaps companies that do not have gender diversity in boards are lagging behind the rest of the pack. Whichever the case may be, there is a clear business case for companies to place more concerted effort in developing female leaders and achieving a more gender diverse leadership. Unlocking potential by placing emphasis on cultivating female leaders

A progressive and future-oriented society is one which provides access to opportunities for all, and maximises the potential of all talent, men and women. Achieving greater diversity requires concerted effort by companies and organisations to redesign processes to be gender friendly, and to prioritise diversity. There are three key areas that I would like to offer:

First, gender-friendly leadership selection and development processes need to be put in place.

This requires conscious effort to reexamine the current processes - from talent identification and development, to providing opportunities for networking, training and taking on stretch assignments - to ensure they are gender-neutral. For board diversity, companies should broaden their search outside the old boys' networks and adopt more transparent nomination procedures to source for potential candidates. Companies would also do well to identify and groom board-ready candidates from within.

Second, build more family-friendly workplaces. Many women, like men, aspire to have meaningful careers and a fulfilling family life at the same time. Balancing these two goals is a challenge for many. Many wish for greater flexibility in the workplace so that they can manage both better. Flexibility in the workplace is not just a woman's issue. Men face similar trade-offs as societal norms shift. Younger fathers today increasingly see themselves playing a larger role at home, just as women are stepping up to take on more responsibilities in the workplace. There is now more support for men to do so, with the Government's introduction of paternity leave and shared parental leave. Workplaces need to adapt to help employees, both men and women, achieve the balance they desire. Reducing the need for "face-time" and shifting toward an anytime/anywhere performance model will support employees in maximising their potential in both their professional and personal lives. It is also a smart business move which improves staff retention and productivity.

Third, place emphasis on achieving gender diversity in company leadership. Many countries view promoting gender diversity in corporate leadership as key to improving the competitiveness of their economies, this allows them to harness the full potential of their talent pool and helping their companies to be more adaptive and responsive to markets. These countries have put in place a range of measures, ranging from broad guidelines on diversity, to setting targets that companies must comply with or explain why if they have not, to the legislation of quotas. Countries such as Norway and France which have legislated quotas have generally achieved higher female representation on boards. Even without such quotas, it is possible to achieve good progress – the

UK for

instance has increased its female representation on boards from about 12.5% in 2011 to 20.7% in 2014. The British had done so by requiring companies to set voluntary targets, and to report their progress on achieving these targets regularly.

As a society, we must expect companies to do more to improve their gender diversity. I strongly encourage companies to make board diversity a key priority. Companies can take the first step by publishing a diversity policy in their annual reports, which should include measurable KPIs in the implementation of their diversity policy. Companies should also signal their commitment to gender diversity through the publication of regular reports on the progress they have made in this important area.

## **Conclusion**

In closing, I encourage all of us to continue to champion and prioritise leadership diversity. Greater diversity enables our companies and organisations to be more adaptive, and our society to be more progressive. We have made good progress in our 50-year history, and the best years lie ahead. I am certain that our efforts to promote female leadership will build a strong foundation for the generations of women leaders to come. Thank you.