

Conjunct Consulting
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MEDIA RELEASE

Post-Event Media Release for Conjunct Consulting Partner Series Event

BOARD DIVERSITY OF SINGAPORE CHARITIES IS CONSIDERED IMPORTANT TO THE PUBLIC, BASED ON A SURVEY WITH 1,000 PEOPLE.

Conjunct Consulting recently conducted its 7th Partner Series event on 14th July 2020, regarding Board Diversity of Singapore Charities. Attended by over 30 board chairs and directors, executive directors and senior staff from the social sector organisations in Singapore, the event launched the report of our exploratory study on Board Diversity. Specifically, the study's main research questions were:

- How does board diversity affect **public perception** of Singapore charities?
- Does board diversity affect the **financial performance** of these charities?
- What is the **current state of board diversity** within Singapore charities?











The study was a collaborative effort by Conjunct Consulting's University Chapters from NUS, NTU and SMU, a first for the chapters. We surveyed 1,000 people about the importance of board diversity, and if it affects their giving. We also reviewed the board compositions of 204 charities with IPC status, to analyse financial performance and their existing board diversity levels.

The key findings from the study are:

- **Charity board diversity is considered important to the public.**
- **Although giving is largely driven by a charity's cause. Good charity board diversity can lead to increased giving.**
- **There are positive correlations between greater charity board diversity and increased fund generation and financial sustainability.**
- **Singapore IPCs have a significantly lower on board ethnic diversity compared to other aspects of board diversity.**
- **Charity boards lack specific types of expertise diversity, such as technology and social work.**
- **Charities can achieve good board diversity regardless of the size of the board.**

The findings are summarised on the infographic [here](#), and the full study can be found [here](#).

We had the pleasure of having the following speakers for our panel discussion and would like to share some key highlights from the discussion.

 <p>Su-Yen Wong BOARD CHAIR, STRATEGIC ADVISOR, GLOBAL SPEAKER, BESTSELLING AUTHOR</p> 	 <p>Shai Ganu MANAGING DIRECTOR GLOBAL PRACTICE LEADER - EXECUTIVE COMPENSATION; AND TALENT AND REWARDS BUSINESS LEADER - ASEAN AND SOUTH ASIA</p> 	 <p>Theresa Goh GURU-ORG & LEADERSHIP DYNAMICS FOR CORPORATE, EQUITY- FUNDED & NONPROFITS. BOARD ADVISOR, DIRECTOR & BIZ OWNER</p> 	 <p>Walter Theseira NOMINATED MEMBER OF PARLIAMENT, PROFESSOR OF ECONOMICS AT SINGAPORE UNIVERSITY OF SOCIAL SCIENCES</p> 
 <p>Suhaimi Zainul-Abidin Moderator COUNCIL MEMBER OF THE CHARITY COUNCIL, CEO OF QUANTEDGE CAPITAL AND DIRECTOR OF QUANTEDGE FOUNDATION (SINGAPORE)</p> 			

1. Opening Remarks on the report findings

Shai: The gap between perception of board diversity and giving based on board diversity is one worth noting – **diversity is therefore perceived as an important social cause but is superseded by the belief in the charity's cause when it comes to tangible giving.**

Su-Yen: Information about a charity's board (let alone board diversity) is generally not available to people when they are making the decision to donate. Hence, they are not prompted to take it into consideration. The first step should thus be to elevate the discussion about the importance of boards, and consequently their diversity, when it comes to governance of the charity. This might lead to reputational effects and then ultimately translate to giving.

Walter: Why is diversity important to people, and why do they want it – do they think it is instrumental or is it a more values-based reason? If we continue down the instrumentality line of reasoning, it seems that **people believe diversity leads to better performance.** However, there are two issues with this – first, **most of the research done is correlational**, which means that more diverse boards have better performance, but the **causality could be an underlying better corporate governance** and second, if people care about outcomes such as efficiency and effectiveness, then the **board diversity would not matter as much as long as the outcomes are achieved.**

Theresa: CNPL conducted a similar study in 2013, and at the time there were only about 5% of the organisations looking out to increase board diversity. Since then, gender diversity, in particular, has progressed from less than 25% to 34%, but the levels of ethnic and expertise diversity have not

changed. This arose from CNPL's focus on gender diversity, and the initiatives and structures designed to improve that score, resulting in positive results. This forces the question, **are we so dependent on initiatives and structures to change behaviours?** The second thought was that **diversity scratches the surface of a deeper belief in equality**, which makes us think of the national culture of Singapore and whether we want to question the inequality and power distance, or just accept the status quo.

Suhaimi: We need to constantly question diversity at all levels of the organisation because it reflects on how inclusive we are as a society. **If we do not strive for greater diversity and inclusivity, it means that we are not giving our people equal access to opportunities, and we are not making full use of our greatest resource – our people.**

2. Quota System

Shai: Quotas can be good to have as they do not necessarily dismiss meritocracy; it simply creates more opportunities for meritorious individuals from a particular group. Quotas simply force conversations and like every structure; it can be used for a particular time; they **can be implemented for the next few years, till mindsets are changed, and diverse boards are institutionalised, after which they may be disbanded.**

Walter: Quotas solve a very particular problem, i.e. boards are just not looking at candidates that belong to a minority, be it gender or ethnicity. However, it does not solve the issue of a shortage of candidates from that under-represented group. In fact, it **leads to two other issues – one is that there are excess demands placed on a limited group of people from the minority and the second being tokenism**, where individuals may be placed on the board but are not able to contribute in a meaningful way.

3. What other aspects of diversity can be looked at?

Theresa: Skills like theology have recently gained importance in banks and other private sectors as these individuals have insights into ethics, philosophy and law; so charities need to look beyond the conventional industry and functional skills when considering diversity of skill sets. **Charity boards often look at sustainability and financial and corporate excellence, instead of filling the gaps of society and therefore the competencies, belief systems and diversity they would want to incorporate would depend on whether they look at charities as a means or beneficiaries as an end.**

Shai: It is important to look at what diversity is needed for the board to conduct its responsibilities and what diversity is needed to represent the interest of constituents and beneficiaries. Therefore, **more than physical diversity, the diversity of thoughts and experiences that different members bring to the board.** Things such as gender, age, independence, tenure, domain expertise, functional expertise, industry experience and geographic exposure are all aspects and skills that should be considered.

4. In a very competitive market for the charity dollar, what can charities do to leverage on their board diversity and stand out from their competitors?

Su-Yen: Donors by and large want to have confidence that a charity is well governed, and that it is fulfilling its mission. Thus, charities should communicate the link between board diversity and governance, have a rigorous process for constructing a board, and ensure the board reflects the community it is serving in its diversity.

5. What is holding charities back from adopting diversity the way listed companies have?

Walter: At the micro charity level, the issue is the lack of properly established corporate governance policies, especially when we move out of the IPC space. We need to recognise that **servicing on the board for these charities is not a reward but a responsibility that comes with risks. As such, it cannot be compared to being on the board of listed companies with compensation or stock options.** Therefore, we need to ensure that we do not put excessive demands on certain people just because they fit the criteria, and we want diversity on the board. The bigger structural issue is: **“do we have a big enough pool of candidates from these minority groups** to avoid the problem of excess demand on a certain group to the extent that they serve on several boards, placing huge demands on their time at the expense of advancing their own careers?”.

6. Do we have enough capable and willing women to step-up?

Su-Yen: I believe there are enough candidates willing and able to step-up along every possible dimension of diversity. However, that alone is insufficient - there are two key enablers to translating this pool into board diversity, which are board tenure and the nominations process. Firstly, if charities do not have a structure which requires frequent board renewal, they will not get the opportunity to look at the wider pool of candidates available to serve. Secondly, boards need to cast their nets widely and look at a broader, more diverse pool of candidates rather than only turning to their personal networks.

Theresa: There just **isn't enough prioritisation placed on renewal succession planning.** Another thing to look at is implicit bias – how many of us actually know **our biases towards certain diversities?** These biases can then lead to gaps when it comes to social mobility for these groups.

7. How can small/ medium charities get started on the diversity journey?

Su-Yen: Constructing a board is part art, part science. It is important to have structures in place, but ultimately leadership matters. An organisation can have wonderful processes in place, but if the Chair and the Board do not see value in **diversity, it's going to be an uphill battle.**

8. Diversity versus passion – how can we prioritise?

Shai: **Passion cannot be a substitute for competence.** Both are equally important.

9. Should diversity be a standard adopted as a best practice for good governance?

Walter: There should be a standard for governance but not in terms of numbers or quotas but to **report the diversity in a way that is easy to process for all stakeholders and donors such as ratings or scorecards.**

10. Closing Remarks: What can be the next steps?

Theresa: **Renewal and succession are not being given enough attention** and charities will look towards the Commissioner of Charities to set the standard or provide guidance.

Su-Yen: We need to continue raising awareness of the link between diversity and good governance on charity boards, while **expanding the definition of diversity**.

Walter: Having good corporate governance is really important so that boards look to have candidates that are not from the so-called traditional groups because if we just go on a principal-based approach, we do not need to link diversity to positive outcomes; **as a society, we already do believe in diversity and it just ought to be there**. Therefore, there needs to be **processes and nominations to reflect the necessary diversity needed for the organisation's beneficiaries**.

Shai: Perhaps more meaningful than Instead of hard standardised quotas, the charity sector could adopt a regime **where charities voluntarily disclose their own diversity targets** both at the board and management level, and then report progress to beneficiaries and stakeholders. Additionally, a more structured nomination committee guide and/or process would also be immensely helpful, and this something that can be taken from the private sector.

Suhaimi: The diversity scoring tool created by Conjunct Consulting is a great diagnostic tool for charities to use, to measure their level of diversity across the four aspects of diversity identified. It is clear from the studies performed that many charities are falling behind in one aspect or another, such as ethnic diversity. I would urge all charities to take the test and challenge themselves to improve.

The diversity scoring tool can be found [here](#).

About Conjunct Consulting

Conjunct Consulting is a registered charity in Singapore. We started in August 2011 with the mission to engage talent to strengthen and build capacity within social good organisations. Over the last nine years, we have worked with over 140 non-profits/social enterprises on over 250 projects and engagements.

Through Conjunct UNI, we have mobilised over 1,600 pro-bono talent – both students and working professionals – to engage in our projects. We deliver consulting projects across the areas of 1) Strategic Planning; 2) Financial Sustainability; 3) Operations Management; 4) Human Capital Development; 5) Impact Assessment 6) Branding and Marketing. Through Conjunct PRO, we mobilise low-bono talent to offer professional consulting projects and workshops to social good organisations.

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