Female CFOs in Singapore
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Although female graduates outnumber male graduates in business-related disciplines in many countries, women remain under-represented in senior management positions, including in the finance function.

In Singapore, however, women seem to be holding increasingly important senior finance roles.

This is in contrast to other developed countries such as Australia, Canada and the United Kingdom.

A 2010 report published by the Equal Opportunity for Women in the Workplace Agency (EOWA) in Australia revealed that the percentage of executive managers who are women was eight percent in Australia, 12.2 percent in the United Kingdom (UK), 13.5 percent in the United States (US), 16.9 percent in Canada, and 19.3 percent in South Africa. For listed companies in these countries, the percentage of women was even lower, except in South Africa.

A February 2011 study published by the Department for Business, Innovation and Skills in the UK found that there were only six female CFOs amongst the FTSE100 companies. CFO.com also reported that only nine percent of the CFOs in Fortune 500 companies in the US were women as at 1 June 2011.

Data obtained by KPMG for February 2012 showed that the same trend was occurring in Hong Kong and Australia. Women make up 17 percent of CFOs in Hong Kong-listed companies, and just 11 percent of CFOs in Australian-listed companies.

Growing importance of women in senior finance roles in Singapore

In Singapore, the story is somewhat different. The latest KPMG data shows that 28 percent of CFOs of companies listed on the Singapore Exchange are women. For Singapore-listed companies without CFOs, women make up an even higher percentage - 44 per cent - of those holding the most senior finance positions (such as financial controller). Therefore, compared to some of the more developed markets, women are better represented in senior finance positions in Singapore-listed companies.

Based on information from the Department of Statistics, female graduates in accountancy and business have outnumbered male graduates over each of the last 30 years. In 1986, more than three in four graduates in accountancy and business were female and although the ratio of female to male graduates has since reduced in recent years, female graduates continue to outnumber male graduates.

The recent KPMG report “Who are our CFOs” found that 96 percent of current CFOs have a first degree in accountancy or business-related disciplines. As females continue to represent the higher proportion of graduates from these disciplines, women can be expected to play an important role in steering the finance functions of companies and other organisations.

Age and educational background

Female CFOs have similar qualifications to their male counterparts. 84 percent of female CFOs have an accounting background, defined as having an accounting-related degree, accounting-related professional qualifications and/or audit experience, compared to 83 percent of male CFOs.

The average age of female CFOs of Singapore-listed companies is also comparable to their male counterparts, at 44 and 45 years respectively. However, further analysis shows that while 53 percent of female CFOs are in the 40 to 49 age group, only 42 percent for male CFOs are in this age group.

In contrast, while 25 percent of female CFOs are aged 50 and above, 32 percent for male CFOs are in this age group. This suggests that the trend of female graduates outnumbering male graduates in accounting and business-related disciplines is translating into more women being appointed into CFO positions in recent years.

Attraction, retention and talent management of female CFOs

Although the percentage of female CFOs here is relatively high compared to other countries, there are nevertheless challenges to women becoming CFOs. For example, women are more likely than men to leave the workforce to look after the family.

In addition, due to greater family responsibilities often borne by women, they are more likely than men to have to consider issues such as flexibility of hours and the existence of other family-friendly practices when considering employment options.

Termed ‘the leaking pipeline’ by the 2011 Gender Diversity Benchmark study published by Community Business, Singapore does well in employing women in the total workforce and junior level positions. However, it experiences the biggest decline at 46% in women participation at the middle to senior levels. When asked about these challenges in this study, high potential women cited work-life balance.

As one female CFO of a large Singapore company we interviewed put it: “The challenge is always there [for women] because as women move up the C-suite, as they juggle their work responsibilities with family responsibilities, the possibility of burnout is very high.”

In her case, the company recognised the need to put in place family-friendly policies and flexible work arrangements in order to retain senior female executives.
Women are likely to be attracted to work and stay with companies which allow them to juggle work and family responsibilities and which have established family-friendly and flexible-hour employment practices.

Larger companies have more resources and may be better able to adopt these arrangements. On the other hand, larger companies are more complex and are more likely to be more regional- or global-focused. This may in turn make it more difficult for a female CFO to juggle work and family commitments.

Our analysis shows that female CFOs are likely to work for somewhat larger companies compared to male CFOs. The mean and median market capitalisation of companies with a female CFO are $1.2 billion and $78 million respectively, compared to $901 million and $72 million respectively for companies with a male CFO. Some examples of large Singapore-listed companies with a female CFO include SingTel, DBS Group, ST Engineering and City Developments.

We also found that female CFOs are more likely to work for local-listed companies rather than foreign companies listed here, with 70 percent of female CFOs working for local companies, compared to 55 percent of male CFOs. For the local companies, one in three CFOs is female, compared to one in five for the foreign companies.

This difference may be the result of two factors. First, women have been able to make fewer inroads into the CFO function in foreign companies due to educational and cultural norms in the countries where those companies operate in.

Second, as a foreign company listed in Singapore has its business operations and key management oversea, but yet has to comply with local listing and standards, there are additional challenges for the CFO. A CFO working for a foreign company listed in Singapore is likely to have more travel commitments, with the need to spend significant time in both the country of listing and the country of operations. This may make it more challenging for women to accept CFO appointments. Female CFOs are also more likely to be internally appointed compared to male CFOs. Almost half of the female CFOs in our study were appointed internally compared with about one-third for male CFOs. This relates back to women having to balance family and work considerations, which make them less willing to switch to another company even if the other company offers a more senior position and higher pay.

This is supported by other data we have collected - female CFOs have held their current position for an average of 4.7 years, compared to just under 4 years for their male counterparts.

Meeting the challenge

A recent survey of CFOs conducted by KPMG highlighted knowledge of the business as a critical competency of CFOs. As women have a tendency to stay longer with a company and be groomed from within, they are also likely to have strong knowledge about the company’s business.

With female graduates in business-related disciplines continuing to outnumber male graduates, women are likely to be an increasingly important part of the talent pool of CFOs and other senior business leaders. Companies hoping to attract and retain talented female executives need to adopt policies which allow them to better balance family and work responsibilities. These policies include having flexible work arrangements and providing more career development opportunities for women.

However, the reality is that some companies, such as those which have operations and listing in different countries, will continue to find it more challenging to attract and retain female CFOs and senior business executives.

This article is contributed by Ang Fung Fung, partner, KPMG in Singapore and Singapore co-chair of WomenCorporateDirectors, and Mak Yuen Teen, Head of Research at KPMG in Singapore. Their views are their own.
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