THE DIFFERENCE BETWEEN MALE AND FEMALE BOARD OF DIRECTORS IN THAI LISTED FIRMS

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ABSTRACT

This paper attempts to answer the question of whether there is a difference between male and female directorship, especially when there is a trend to bring in females to serve on the board of directors for the purpose of diversification. The purpose is to examine and explore the impacts of gender differences on the Thai listed firms' board of directors. The data includes 583 samples of male and female directors serving on the SET 50 Index boards. Each director is different in terms of occupation, education, and pattern of board affiliation. The analysis is conducted based on the chi-square test. The results reveal that female directors have educational levels similar to that of male directors, which implies that high education does not generally lead to directorship. Female directors serve on multiple boards more than male directors, which could indicate a shortage of female directors for firms to choose from. In addition, female directors are more likely to originate from non-business backgrounds and are not influentials, such as civil servants, university representatives, and heads of non-profit foundations. Yet, they bring other special and valuable resources to the boards they serve on. In particular, many female directors are accountants and legal experts.

KEY WORDS: MALE DIRECTORS/ FEMALE DIRECTORS/ BOARD OF DIRECTORS/ BOARD DIVERSITY/ THAI LISTED FIRMS

60 pages

ความแตกต่างระหว่างกรรมการชายและหญิงของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

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บทคัดย่อ

งานวิจัยชิ้นนี้จัดทำขึ้นเพื่อศึกษาความแตกต่างระหว่างกรรมการชายและกรรมการหญิง เนื่องจากแนวโน้มของการเพิ่มจำนวนกรรมการหญิงในคณะกรรมการบริษัทเพื่อความหลากหลาย งานวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาปัจจัยดังกล่าวของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย แนวโน้มของการมีกรรมการหญิงดำรงตำแหน่งคณะกรรมการบริษัทเพื่อความหลากหลายของคณะกรรมการ ผู้วิจัยได้รวบรวมข้อมูลกรรมการผู้ชายและผู้หญิงของบริษัทที่อยู่ในดัชนีSET 50 เป็นจำนวนทั้งสิ้น 583 ตัวอย่างและศึกษาความแตกต่างทั้งในเรื่องที่เกี่ยวกับ อาชีพ การศึกษา และรูปแบบในการดำรงตำแหน่งกรรมการ โดยใช้การทดสอบค่า Chi-Square ผลการวิจัยแสดงให้เห็นว่ากรรมการหญิงมีระดับการศึกษาไม่แตกต่างจากผู้ชาย ซึ่งสามารถสรุปได้ว่าหญิงที่มีการศึกษาสูงไม่ได้นำไปสู่การดำรงตำแหน่งคณะกรรมการบริษัทเสมอไป กรรมการหญิงดำรงตำแหน่งกรรมการในบริษัทหลายแห่งมากกว่ากรรมการชาย ซึ่งอาจกล่าวได้ว่ากรรมการหญิงซึ่งมีความเหมาะสมในตำแหน่งคณะกรรมการบริษัทนั้นมีจำนวนน้อยกว่ากรรมการชาย ทั้งนี้ กรรมการหญิงมักไม่ได้เป็นผู้เชี่ยวชาญในเรื่องธุรกิจและไม่ได้เป็นบุคคลผู้มีอิทธิพลเช่น ข้าราชการ อาจารย์หรือตัวแทนของมหาวิทยาลัย รวมทั้งหัวหน้าองค์กรการกุศล แต่มีความเชี่ยวชาญทางด้านอื่นๆ เช่น ทางด้านบัญชี และกฎหมาย

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INTRODUCTION

1.1 Board of Directors

In the 19th century, the board of directors was established among firms to manage the company (Beatty, 2009). Merely acting as an agent of the company subject to the control of the shareholders during general meetings, the board of directors is a group of people that had been selected either by appointment or by vote as representatives of the stockholders to institute important policies, such as corporate management related policies, and administer the organization’s internal and external activities (Board of Directors Definition, n.d.). The responsibilities of the board also include decision-making that would impact the firm on large-scales, as well as voting on important organizational issues.

“All corporate organizations are required to have a Board of Directors” (Line, n.d.). The board also selects one of its members to be the chairman of the board, usually by democratic means. The chairman may be a non-executive director (NED) and should not be involved with the organization’s day to day management (The Chartered Institute of Personnel and Development (CIPD), n.d.), which includes auditing and legal consulting. The chairman should not be an employee, staff, or an advisor receiving monthly salary. Additionally, the selected chairman should have no prior controlling power of the company, affiliated company, associated company, auditing company, or shares a conflict of interest with the organization.

In theory, the control of a corporate organization is separated into two entities, the shareholders and the board of directors. Both parties meet in general meetings periodically throughout the year. They are usually held quarterly depending on the firm’s performance.

In practicalities, the amount of power exercised by the board of directors, their roles, duties, and legal responsibilities vary within the nature of the firm's businesses with regards to the different laws enforced by the entity. For instance, there are variations of the nature of businesses and with that, different set of rules apply to each. A business organization may be a public company, which means that the entity is traded on a public market. A private limited or partnership organization means that the business entity is not traded on a public market. An organization owned by family members and close relatives, on the other hand, is a family business. A business may also be non-profit (not-for-profit or tax-exempt).

The directors and the shareholders of its firm are typically the same individuals in small private companies, depending on the nature of the business as aforementioned. The members of the board of directors within large public companies are more segregated (Oxford University Press, n.d.).

Directors in large public companies are inclined to a more supervisory and administrative role, meaning they merely oversee the activities of the organization. This is mainly due to the fact that boards of large public companies have more specific roles and holds more complex features, such as a voting bloc. Thus, the responsibilities and management are delegated to executive professionals who fit each of the firm's clusters, such as finance director and marketing director. These selected individuals deal with certain areas of the organization's affairs and may even be specialists in their respective fields.

Owners and managers of a business entity have separate roles and authority, not to be confused with the responsibilities of the board of directors. Directors are individuals that make up the board and may be previous owners, managers, or any other individual elected and appointed by the owners of the organization, its shareholders, and a nomination committee. The selection process takes place in a general meeting.

The role of a director is usually not seen as a profession. Generally, inside directors of a board do not have wages and their duty is deemed as a voluntary part of their larger job description. Volkov (2010) and McNamara (n.d.) suggested the importance roles and duties of Board of Directors as follows:

- To advise strategic planning and provide its input on the use of the firm's capital. Information provided by the board will then be given to the management. The decisions made within the board of directors directly influence the value of an organization, as well as have a substantial effect on the firm's performance in the future. These decisions also affect the trust of investors, who will have a big say on the financing of the company.
- To supervise the actions of the company in such a way that it is acting in the best interest of its shareholders. Therefore, in order for the company to have a strong performance and an increase in stock value, it is essential that the company appoints a good independent board.
- To determine the organization's mission, purpose and provide the continuity for the organization existence by arranging corporate and legal charters. The board is largely held accountable for the organization's general image. Their representation and support of the company's products and services foster an overall public perspective of the organization.
- To oversee and govern the organization by developing broad policies, short term and long term objectives for goal-achieving. The board will have to continually review recurring matter and set priorities to ensure that the firm has adequate capacity and financial resources for its operations.
- To select, elect, and appoint a Chief Executive Officer. The CEO will be accountable for the supervision and governance of the organization. This includes two major tasks. The first (1) is to assess the chief executive's performance on a regular basis to ensure that the person complies with his or her job description. This includes maintaining executive relations within the board, exhibiting effective leadership responsibilities, planning and implementation, as well as managing the organization and its personnel.

The second is (2) to offer administrative guidance and managerial support. The board also has the authoritative power to retain or dismiss the current chief executive.

- To be creditable to the public for the organization's product and services, including its expenditures. The board must provide fiscal accountability, approve budgets, and create policies that adhere to contracts from public or private resources. Furthermore, the board has to take on responsibility for all policies that are attached to any new or experimental programs.

Directorship is not open to all civilians. Directors must possess certain qualifications to serve on a board of directors. Members of the board of directors and executive officers must hold no characteristics or credentials that go against the organization's requirement or charters conducted by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and Department of Business Development Ministry of Commerce (Public Limited Companies Act 2535).

Director's Manual of Listed companies and Public Limited Companies Act 2535 stated that the duties and discretion of the board of directors shall be performed independently from the management and shareholders. Each director has the responsibility and freedom to inquire as they please, opinionate without restraint or apprehension, make objections when in doubt, and cast votes in such a way that the desired outcomes reflect the interests of the shareholders and stakeholders.

Moreover, directors must have business' knowledge and skills, area-specific experience and perceived wisdom as well as ethics. This is to ensure they bring value to the organization and are able to look into specific details while seeing the big picture. In addition, Wondra (2010) suggested that they must be dedicated to the cause and must have enough time for his or her duties and are able to perform self-assessment should any unexpected occurrences arise that will hinder his ability to perform effectively in their directorship.

The board of directors consists of certain key positions, such as a chairman, a vice chairman and directors. The number of directors depends entirely on the size of the business, to the extent that its operations are running most efficiently. However, there are certain limitations. For example, in Thailand, no business firms can have less than five directors on the board. The amount of Thai citizenship and non-executive directors must be greater than half of the total amount of directors. The number of independent directors must be at least three and at least one third of the total board members. These directors must be free from any management duties and attain no business relationships or any other relationships with the company that may affect their exercise of discretion.

Directors of the Board also have a specific term of office. A director, however, is eligible for re-election by shareholders once they complete their full term.

There are many categorization of board of directors. Directors who are owners and managers are called *inside directors* (*executive directors*). On the other hand, directors who are not owners or managers are called *outside directors* (*non-executive or independent directors*) and play an independent role. In some countries, such as Japan and Germany, business firms have *multiple boards* (2-Tier System Board). The concept is to have an amalgamation of both the supervisory board, which is responsible for assessing the executives' performances on a regular basis, and the operating board, which provides administrative guidance, managerial support and business decision assistance to their respective executives. The 2-Tier System Board exercises one of the key principles of controls management, segregation of duties (managers and owners). However, in Thailand, boards of directors among business firms are mostly *unitary board*s (1-Tier System Board), which is prone to cause conflict of interest due to its lack of independency and impartiality, for example, relatively less number of outside directors (The Institute of Internal Auditors of Thailand, 2009.)

Generally, the directors of the board are bestowed with the power to make decisions on behalf of the organization's shareholders. This depends on the type of business and the legalities that bind them. However, possessing too many inside directors or ownership concentration serving as directors may contribute to a bias representation towards the management, though, all the while, this may gradually bring certain beneficial aspects to the firm such as close family ties and relationships. Inside directors may be more familiar with the business and hence, have a larger "long-term success" perspective for the company. On the contrary, too many outside directors, which is evidential in approximately 76% of Thailand's business firms (Thai Institute of Directors Association Board Room (IOD) & McKinsey & Company Thailand, 2002), may imply that the management has little to say in the decision-making processes and may ultimately force able individuals to leave due to accumulated aggravation and disappointment. Hence, there should be a fair share of representatives from both the interests of management and shareholders.

In general theory, a board of directors should be comprised of outside directors holding a majority of its members. The following are characteristics of these independent directors (outside directors):

- Independent directors hold less than 1 % of the total shares and also attain voting rights.
- Independent directors are not involved with the management. Independent directors must not be existing or former employee, staff, or advisor receiving monthly salary within the last 2 years. Moreover, they must not be nor were individuals with controlling power over the firm, its affiliated company, associated company and auditing company. Like any other directors on the board, these directors must also hold no conflict of interest.
- Independent directors must hold no kinship or family ties with any of the firm's executive members, major shareholders (holding more than 10% of total shares), or individuals with authoritative control of the company or its subsidiary. Family ties include a registered parent, grandparent, spouse, sibling, children, or spouse of children. Furthermore, independent directors must hold no business association with the respective organization.
- Independent directors must hold no relationship to a professional service provider of the organization, including auditory firms. They cannot be legal consultants, financial advisor, or an asset appraiser.

- Independent directors must hold no business and trade relationship including normal transactions, transactions involving assets, renting or leasing property, and transactions that gives and receives financial aid.

- Independent directors must attain one of the following education certificates acceptable to the firm, “Directors Certification Program (DCP), Directors Accreditation Program (DAP), or Audit Committee Program (ACP).” These credentials are given by the Thai Institute of Directors (IOD). Essentially, independent directors must not have any characteristics that prevent them from expressing their opinions independently.

Board of Directors comprises large and important roles and duties. Sub-committees of the boards of directors are appointed and responsible for specific and limited tasks (Corrs Chambers Westgarth, n.d. and National Corporate Governance Commitee, n.d.) as follows:

1.1.1 Audit Committee

Majority of the members in an audit committee, also known as the audit board, consists of outside directors. One of the outside directors is an accounting expert. The audit committee reviews the operations of the organization’s internal accounting and audit processes. The committee also examines the work of the organization’s independent auditors that includes reviewing annual financial statements and earnings release, which will be filed with the Securities and Exchange Commission (SEC). Moreover, the committee has the authoritative power to select, appoint, or replace the firm’s independent auditors at will.

Members of the audit committee must be independent directors elected or appointed by the board of directors or shareholders. They must not be directors that are delegated by the board to make important business decisions of the organization, its parent company, affiliated company, subsidiary, or any other business entities that may contribute to a conflict of interest. The list of responsibilities of a member of the audit committee is conducted by the Stock Exchange of Thailand (SET).

A director may not serve on the audit committee for more than three other public companies. However, if the board finds that such simultaneous roles will not pose a threat to weaken his or her ability to perform on the companies' board, then it is rightfully their choice to consider. However, the company has to disclose this information in its annual statement. The director holding concurrent audit committee position must, moreover, notify his or her acceptance to serve in other public companies to the chairman of the board of directors, the nomination committee and the corporate governance committee.

1.1.2 Corporate Governance Committee

The purpose of establishing the corporate governance committee is to develop and propose to the board a set of rules regarding corporate governance that will be applicable to the firm. Moreover, the committee will ensure that the company is in compliance with the guidelines, as well as perform assessments and recommend formal changes. The corporate governance committee, with recommendation and approval from the organization's chairman and Chief Executive Officer (CEO), will also be taking on the oversight responsibility of recruiting and retaining candidates for election to become members of the board of directors. Furthermore, reviews of each director's contribution before his/her term expires will be made to the board by the committee in the annual corporate meetings.

1.1.3 Nomination Committee

Not to be confused with the corporate governance committee is the nomination committee. This committee is responsible for recommending candidates to be members of the board, whereas the corporate governance committee, with regards to appointing directors, are merely supervisors overseeing the process. The process includes an in-depth evaluation of all possible candidates and also, in some cases, conducts evaluations for existing directors of the board. The nomination committee will also have the roles of developing these evaluations, making appropriate changes, and recommending them to the board of directors for application.

The selection process must be in accordance with the firm's principles and the policies of the committee's agreement. When the actual invitation is sent to these nominees, it will be on behalf of the board, its chairman, and the chairman of the nomination committee.

1.1.4 Compensation (Remuneration) Committee

The compensation committee should chaired by independent directors and usually consists of three members.

Also referred to as remuneration committee, the compensation committee establishes the pay of the directors and management. The figure is determined based on the company's performance. This is significant because the organization wants to ensure that management acts responsibly on behalf of the firm and not for personal gain. The committee holds annual meetings to review and determine the director's compensation.

1.1.5 Executive Committee

The executive committee is the most fundamental part of an organization's management. It is the figurehead of the organization and therefore, is literally presented the obligation to "portray the company in the eyes of the public". It usually consists of a board president, vice president, secretary, treasurer, and assessor members. The committee is usually comprised of no less than three directors.

The committee is responsible for holding and facilitating full board meetings, as well as maintaining communication with other committees. The executive committee also organizes annual planning and budgeting. The committee is given the authoritative power over the board in business affairs and moreover, provides recommendations and assistance to chief officers.

A director who already undertakes the role of Chief Executive Officer (CEO) are usually not recommended to become directors of more than three listed organizations.

1.1.6 Risk Management Committee

The risk management committee is responsible for assessing the integrity of the risk management department of the company, as well as its adequacy. Taking risk assessment into consideration, the committee also reviews processes and organizational structures.

1.2 Women's workforce participation in Thailand

Surprisingly, actual figures representing employment status by gender are hard to come by in developing economies. In places where researchers have provided data, it can be noted that less developed nations, such as Thailand, have a much higher female to male ratio of family workers. Of the country's workforce, 56% are family workers. In that capacity, 29% are men, while the rest are women, a massive 71%. Researchers have also concluded that woman in these countries are less likely to be salaried or self-employed workers. (United Nations, 2005).

The UNDP, the United Nations Development Program, developed the GEM, Gender Empowerment Measure, which observes gender status in economic participation (particularly women), and evaluates women and men's empowerment in the economic world. The evaluation will provide significant source to address and support various gender issues such as increasing visibility for women. (Sanae Kora, 2000).

In accordance to the GEM Report in 2009, Thailand was ranked 76th in the "human development" sector from a total of 182 countries. Women had a lofty 53% share of total professional and technical occupations. Nonetheless, another number clouded this figure – the percentage of women in legislative, senior, and managerial jobs occupied by women was a mere 30% and only 13% of the parliament was female. (Human Development Report, 2009)

In addition, female participation in the labor force showed marginal increases from 2008: 87 to 88 women per 100 men, as did the enrolment rate of women in tertiary education relative to men, from 124 to 125 women per 100 men. (MasterCard Women's Advancement survey shows Thailand's score ranked second in Asia Pacific, 2009).

Digging deeper, the Department of Business Development reported in 2009 indicated that the number of female in managerial positions was "significantly less than male", which means there are more male than female managers.

Despite its disturbingly low numbers, Grant Thornton International study on 300 companies gave an account that Thailand has proportion of senior positions held by women 38% in 2009, which is the third rank while the global average is at 24% (increased from 19% in 2004). The highest is Philippines with 47% and the lowest is also a country in Asia, Japan – with a shocking 7%. The report also went on to assert that 34% of private business firms have no women in senior management. (Changsorn, 2009).

Other significant statistics may also add further weight to our research. The country with the highest "improvement rate of women in managerial positions" is Turkey (up from 17% in 2007 to 29% in 2009). In contrast, Brazil had the highest declining rate (from 42% in 2007 to 29% in 2009). As for Thailand, there is no significant change from 39% in 2007 to 38% in 2009. (Thailand Press Release, 2009)

Nevertheless, the upward trend is notable. The annual MasterCard Worldwide Index of Women's Advancement positioned Thailand second in Asia Pacific, in the category of "women development" (presented that the index score's figure rose from 78.4 in 2008 to 91.5 in 2009). The increase is largely due to the higher proportion of women who feels they are working in a "managerial position and earning above median income" as opposed to men who are feeling more under-utilized and underpaid. The number exemplifies even further. The ratio of women who feel they are in a managerial position rose from 59 women per 100 men in 2008 to 70 per 100 in 2009. In addition, the proportion of women who consider themselves to be earning over the typical income rate rose from 43 women per 100 men in 2008 to a astonishing 83 women per 100 men in 2009, even when the estimated female to male earned income ratio is at 63 to 100 (Roongwitoo, 2010).

There is an apparent increase of women in managerial positions in Asia Pacific. The pan-regional average index score went up from 71.6 in 2008 to 72.4 in 2009 from a total of 14 Asia Pacific markets. The highest is Australia with 96.1 (Thailand ranked highly for women bosses, 2009).

As suggested by Grant Thornton International, there lie many factors as to why Thailand has a higher rate of senior women in managerial positions. One of the key reasons, as noted by several accounts, is that the Thai culture focuses heavily on strengthening family structure. Children are able to manage their daily lives with the help of their grandparents rather than their parents. In addition, the cost of nurseries and babysitters are relatively low compared to other countries, meaning that senior women are encouraged to focus on their work without having to worry about abandoning their children, since they are seemingly in good hands.

1.3 Women in the Board of directors

In fact, Enron, one of the world's leading energy companies before hit by bankruptcy in late 2001 (Munzig, 2003), drew enormous public attention from its infamous corporate scandal that brought attention, questions and numerous issues regarding accounting fraud and firm governance, which ultimately incorporates the boards of directors' structure and arrangement. Recent governance guidelines from the United Kingdom, Higgs Review (Higgs, 2003), has risen global awareness and reemphasized the significance of diversity within the board of directors. The guidelines focus on the gender of top executives in particular.

Following a range of corporate scandals, new guidelines emerged such as the Sarbanes-Oxley Act in the United States and the Combined Code in the United Kingdom. These governance codes drills deep into the board structures, specific processes, personal roles, and individual responsibilities of directors (Aguilera, 2005). Prior to the establishment of these guiding principles, certain regions of the world shared a strong concern over directors formed by orthodox traditions and elected through special privileges, for instance the “Old Boys Club”. The “Old Boys Club” is basically an assembly of males from similar backgrounds (Singh et al., 2008) and was abundant among the FTSE 100 firms in the United Kingdom. These directors were appointed without formality, which means that there were no recognized proceedings, applications or interviews. As a result, the Higgs Review (2003) and the Tyson Report (Tyson, 2003) added significant weight to what was becoming a major affair among corporate entities. Both reports championed transparency in the appointment of directors and advocated increased diversity and variations “in the pools of talent” from which they are recruited. The board, moreover, should represent the constituents the firm serves. This includes gender, racial, age, and ethnic diversity. Representing diversity is important to the board because it provides a different point of view and variations of insights.

Thus, the main question lies here, “In which ways do directors differ?” The inquiry began from observing two phenomenal events pertinent to the governance of corporate bodies, specifically in terms of gender. Firstly, (1) female are increasingly being added to corporate boards in recent days and secondly, (2) historically, the traditional career path for corporate directors has not been welcoming to women. Hence, it is essential that we analyze the qualities, distinction, and resources female directors bring to corporate boards.

There have been several studies (Hillman et al., 2002) regarding the matter in the past. However, this paper will be looking into an original overview of recent profiles of directors in Thailand. The country of Siam is an emerging and unique business environment and hence, provides a fitting scenario for corporate explorations. This assessment will fuel questions with answers that will increase the understanding of board diversity. This research, therefore, will supply subsequent studies with an initiating benchmark of great depth and substance .

1.4 Objective and Scope

The objective of this paper is to examine the impacts of gender differences on the board of directors within business firms and corporate entities. The paper will further analyze grounds behind directors' diversity by exploring differences in demographics, education level, occupation, corporate, and international experience. Working cultures exhibiting heterogeneity of resources such as variations in expertise, skills, information, and prospective relations to outside sources are also put in context.

The scope of data used within this paper is collected from "Form 56-1" of the SET 50 Index Companies for Year 2009. This piece of document was obtained in October 2010 and lists the fifty largest business firms in Thailand's Stock Exchange.

1.5 Limitations and Future Researches

Despite the endeavor, there is still a number of limitations to this study. Firstly, information was extracted from public view of only selected firms. Hence the results may not completely represent an entirety standpoint for all leading firms in Thailand. This may lead to the lack of support for the hypothesis that female directors serve on more multiple boards than males. *SET 50 Index* firms are high-profile firms in the Thai economy, so the likelihood of males serving on more than one may be higher than in the overall population of firms. This may be evidence to the suggestion that women have more chances to be directors in smaller than larger firms (Harrigan, 1981). Thus, the results may not be applied to smaller firms.

Secondly, as mentioned above, this study does not delve into the reasons directors are chosen. However, the results examine a number of key resources theoretically found relevant to board appointments: occupational breadth, educational level and ties to other organizations. These results can not answer whether these resources are practical and does not determine the degree of their priority. This is an important area for future research.

The fact that this study does not explain the decisions in which a director is appointed provides a promising area for future researches that may provoke further questions such as, “What types of organization are most likely to include women on their board of directors?” Future publications that seek to research and scrutinize such a question will surely contribute fundamental analysis and information for the business world to pore over.

CHAPTER II
LITERATURE REVIEW

The roles of board of directors comprises of three primary governance theories, Stewardship Theory, Agency Theory, and the Resource Dependence Theory. The Stewardship Theory suggests the inherent trustworthiness among managers is evidential and that corporate leaders are not prone to willful acts of misappropriate corporate resources (Donaldson & Davis, 1994). This theory even goes to imply that there is seldom need for the oversight and governance of the roles of board of directors because managers will act as responsible stewards of the assets under their management and within their range of possessions. The Agency theory, in contrary, assumes that leaders of corporations and managers will act based on their own self-interests with disregards to shareholders. This theory is built on the idea of dividing ownership from control. The theory, however, characterizes many modern corporations in recent days because it touches a concern that managers could potentially take actions that are rooted in their own welfare (Jensen & Meckling, 1976). The last theory is the Resource Dependence Theory, which asserts and proposes a unique organizational strategy that power and resource dependence are directly aligned. The theory claims that organizations are dependent on resources. According to Pfeffer and Salancik (1978), the board of directors is a channel to supervise external dependencies and reduce environmental uncertainties. The board also acts to minimize transaction costs associated with these environmental inter-dependencies (Williamson, 1984).

2.1 Female career path and advancement in business world

Since the earliest civilization were established, the female gender was deemed inferior and even in today’s business world, women are still generally perceived to lack certain characteristics that are required to become leaders (Ragins et al., 1998). Many renowned women and female historical figures have written anecdotes expressing their thoughts on this sensitive matter. Fannie Hurst, an American novelist, was famously quoted saying, “A woman has to be twice as good as a man to go half as far” (ThinkExist, 2010). Ibarra and Obodaru were also quoted in 2009, “Women are judged to be less visionary than men in 360 degree feedback. It may be a matter of perception, but it stops women from getting to the top.”

Research conducted by Van Velsor and Hughes in 1990 suggested that there is an apparent discrimination towards women in career paths. The nature of the disadvantage in a female’s progression within a corporate scale would ultimately mean that they will have fewer chances to gain new job skills and work experience, not to mention the lack of any form of leadership or managerial positions.

Previous studies have found that women managers tend to be more philanthropically-driven than male executives, who are more economically-driven. However, according to a study by Tharenou and Burgess in 2000, both genders demonstrated similar viewpoints of legal and ethical dimensions of corporate governances. This implies that both genders are ethically and legally on the same page, but at the same time, women directors have a higher affinity towards the “good of humanity” and “compassion”, while men are, though not lacking, less cautious of these matters. A major research concluded that female top executives are more likely to come from non-business backgrounds, achieve advanced degrees, and enroll in multiple boards at an earlier phase than their male colleagues (Burke, 1994), which implies that women directors are well capable of attaining the same status in corporate organizations at the same rate as male directors, if not faster.

In 2002, Vinnicombe and Singh pointed out that the Agency Theory supports that woman may be seen as less of a risk compared to their male counterparts. The theory suggests that directors will have a tendency to take corporate matters into their own hands and make crucial decisions based on their own self-interest. As mentioned earlier, because women tend to be more philanthropic and benign in nature, there is a lower risk of them neglecting the firm’s best interest, hence deserting the theory. There is also lower risk of women putting their corporate roles behind their personal welfare and supporting unlawful standards that may trigger legal issues.

The amount of terms or the length of tenure for women as a corporate member of the board of directors is short-lived compared to men. This is largely due to the unproven and unsupported cliché that male directors tend to be better "leading figures" because they represent strength and stability, as well as work better under pressure and at stressful times. Hence, men are able to maintain their leadership positions for longer periods of time. This claim leads to a distressing statistic that shows woman directors are under-represented on the compensation committee and in contrast, over-represented on the social responsibility committee, which deals with protecting the "image" of the company. The compensation committee of a firm is seen as more important and is mostly dominated by male executives, whereas the social responsibility committee relatively boasts more female members than their men colleagues, due to women's humanitarian nature. Additionally, most committees consisting of women members are generally larger by size than committees having few to no women members.

Several research and studies has shown that the percentage of board seats held by women is extraordinarily low (Catalyst, 1998). This brings about certain assumptions from researchers that due to men occupying the majority of board seats within corporations, the few women appointed to the board of directors are actually acts of goodwill and the appointment is in fact, mere "tokens" (Scherer, 1997). The country with the highest percentage of corporations with at least one woman on their board of directors is the United States at 86% (Burgess & Tharenou, 2002). Researches in organizations from other parts of the world have suggested, from the Chief Executive Officer's point of view, that there is an insufficient number of women with "appropriate business expertise" (Burke, 1997). In 1994, Bilimoria and Pederit claims that this sort of bias is based simply on experience and is one of the main factors that contributes to today's under-representation of women in leadership roles.

A further in-depth analysis went on to suggest that the size of organizations played a major role in indicating the lower proportion of women on a firm's boards of directors. There is greater board gender diversity in large scale organizations. On the other hand, there are incredibly few numbers of women on boards in smaller firms. This is because larger firms have better resourcing, higher profiles and with regards to profile, more media attention. This forces large firms to conform to social norms that upholds non-discriminating customs , which means the views of external entities on the firm's diversity in its board of directors is vital and will ultimately be used to judge the moral conducts and collective standards of the firm.

According to a research directed by Nations Business in 1990, large corporations were more likely to have women directors than smaller organizations. This includes the financial and service sectors, as well as certain retail institutions (Elgart, 1983). The fact that women have a low tendency to occupy managerial positions, in turn, provided an increase in job opportunities within smaller companies where they are not expected to exhibit outstanding leadership skills or undertake managerial positions as per Dual labor market theory (Hyland & Marcellino, 2002).

2.2 Board diversify and women composition

Directors contribute greatly to a firm by ways of resources and expertise, such as practical knowledge, information, unique skills set, access to "exclusive" resources (underlining the Resource Dependence Theory) and linkages to external constituencies (Gales & Kesner, 1994). The board of directors is presumed to significantly influence the value (Kim, 1992) and boost the reputation and credibility of their firms (Bernardi et al., 2002).

In 1978, Pfeffer and Salancik stated that there are four key benefits that arise from environmental and external connections from having a diverse boardroom. The first is (1) specific resources such as skills, expertise, and knowledge from individuals with experience in a variety of areas. The second is (2) a new media for information flow. The third is (3) the attainment of external elements that are of great importance to the firm through commitments or support. The fourth to complete the set of key benefits is (4) legitimacy. To the public eyes, a firm's legitimacy, both legal and ethical, is a key ingredient in acquiring mass acceptance and approval.

Several publications in the past have been noted to present important grounds in favor of board diversity, such as literature from Murray, 1989. In 2003, however, Carter et al. listed five positive arguments from a practical standpoint. Carter discussed matter of board diversity in a "business case perspective" and went on to analyze the notion in managerial cases within a principal agent framework. The basic argument in favor of diversity is that a board of directors with diverse executives and non-discriminating impartiality is able to come to a decision based on the evaluation and assessment of more alternatives, which basically means the board of directors will have more opinions, more information assessed, and ultimately, more options to choose from. A homogenous board having more or less the same variety of board executives with similar backgrounds will only offer a few solutions. This implies that the organization's decision-making will be based on the "majority" rather than the optimal alternative. In addition, solutions to problems will be sprouted from the same kind of conception, based on similar background, experiences, and perspectives. There will be limited ideas for innovation and fewer opportunities to reach out-of-the-box.

A board of director that incorporates diversity may also improve the image of the firm. This means that the board will be viewed as a fair, democratic and able entity, resulting in a hugely positive effect for the entire organization. The outcomes are constructive. The shareholder value will increase. The firm's performance in the market will improve. Since the image of a business entity is portrayed by the common mass and the media, when the board of director of a firm sits well with them (building good esteem for insiders and onlookers) the firm is rewarded with optimistic behavior in customers as well as the media network.

On the contrary, there may be arguments against management diversity as well. If board diversity causes the discussion to widen its thinking cap, supply more alternatives, and raises more critical question, it also raises more debate and opposing opinions. The negative consequences may be in the form of time consumption. In a scenario in which the market demands quick responses, a diverse board of directors may not be able to fulfill such requests because of its slow decision-making process (Hambrick et al., 1996). Hence, this view would oppose the benefits of a diverse board of directors.

Past experiments and studies have drawn conclusions to be ambiguous. This is largely due to variations in assessment procedures as well as a number of other significant, complex, and unobserved factors.

An environment of diverse components brings numerous benefits to a board of directors, embracing new ideas and delivering communication at higher productive levels (Milliken & Martins, 1996), as well as fruitful debates (Fondas & Sassalos, 2000; Pearce & Zahra, 1991) and corporate governance processes. Woman in the role of directors would display transformational leadership styles (Rosener, 1990) and even play a major part of throwing in knowledge and perspective of the market from a female perspective (Daily et al., 1999).

A non-discriminating corporate board of directors that demonstrate gender equality is essential to the financial performance of the firm and represents a form of social egalitarianism the world seeks. Women are probable to initiate and maintain businesses with an ethical cause and uphold social responsibilities and moral objectives (Martin et al., 2008). According to the Australian Report of Industry Task Force on Leadership and Management (Burton et al., 1995), firms gain an economic advantage by appointing woman directors through means of elastic problem solving skills and their tendency to evade failure.

In terms of accomplishment and efficiency, there are a number of underlying notions to support gender parity. Having female members on corporate boards of directors increases the variety of opinions in the boardroom (Catalyst, 1995), which makes the brainstorming session open to other areas of experience, expertise and perspective based on different backgrounds. Female directors on corporate boards bring new leadership styles to the organization and are a major influence in decision-making (Rosener, 1990). They also bring innovative strategies and inputs to the boardroom (Bilimoria, 2000) and communally depict themselves as female "role models" and idyllic mentors (Smith et al., 1995).

The impact of having a woman on board also encourages the progression of other women into corporate management, improve the firm's image with its stakeholder groups, and ensure a "better" boardroom atmosphere and behavior (Burgess & Tharenou, 2002). Ultimately, having woman on board will strengthen the company and help pave its path to long-term success and seal competitive advantages over other competing firms in the related business (Cassel, 1997).

The firm will also gain massive positive qualities in terms of values as well as proficiency, through women's distinctive skills set (Green & Cassel, 1996), a harmonized and inclusive culture through a diverse workforce (Shultz, 1995; Thomas, 1990), and with the inclination that women directors on board tend to be younger in terms of age than their male colleagues, the firm will profit greatly from innovative ideas and strategies (Burke, 1994; Ibrahim & Angelidis, 1994) as well as working ethics and management styles.

Though dependent on a number of external factors, it is also possible that the presence of a female director on the board of directors within an organization might have a considerable impact on the level and tone of both face to face and virtual board discussions. George Bush, former President of the United States, referred to this as "kinder and gentler".

Women directors may contribute many skills set as aforementioned, but notable differences, with the exception of archetypal board attributes such as business expertise, are gender-specific perspective that many firms may find exceptionally constructive (Mattis, 1993). According to Mitchell's study in 1984, women under their roles as directors make major contributions to the boardroom in terms of skill set, including consumer perspective, general management skills, human resource skills, interpersonal skills, public affairs, and financial and legal expertise.

The life and experience of women directors both within the office and off the job is by and large different to that of men. Hence, female members of the board may contribute substantial information oblivious to men and furthermore, have a better understanding in certain areas of the market than men. Consequently, the decision making of firms will be based on a variety of opinions originating from many experiences of both genders (Singh & Vinnicombe, 2004).

There are numerous outlooks from various sources to the benefits of having a woman on the board of directors that have not been formally recorded. For example, in recent years, there have been claims that the greater percentage of women members on the board of directors would lead to a high level of contentment among employees within the organization and gradually orchestrate a sense of greater satisfaction in the eyes of the company's Chief Executive Officer (CEO). Moreover, the "power-sharing" aspect of the boardroom means that the organization can be projected with more money from government grants.

2.3 Characteristics of Female Board Members

Research have shown that notable female figures who have succeeded in becoming member of a firm's board of directors credit their success to determination, hard work, demonstration of a strong willingness to work hard, and not making any false promises (assured commitments) to their male colleagues (Bradshaw & Wicks, 2000). Female individuals who have acquired an elite social status and are publicly distinguished have attained a greater amount of directorship opportunities and appointments than those with a lesser profile (McGregor, 1997). In 1990, the Nations Business enforced this theory and asserted that women directors primarily came from positions in academic institutions or were former Chief Executive Officers (CEO) in their previous assignments, which implies that in order for a woman to attain corporate board member positions, the woman must have noteworthy years of experience in the related field or at least a leadership position from a renowned institute.

In 1984, Ghiloni presented a demographic view on the composition of the members of a selected number of corporate boards. This proved to be fundamental statistic that would provide substantial grounds on subsequent researches. According to this study, 441 women hold 508 board directorship positions in 400 corporations, enlisted on the Fortune 500 of top industrial and service organization. The 441 women were highly educated from famous academic institutions. Nearly one-third had attained a Bachelors degree from the seven most prestigious American colleges. One-fourth of that lot had already earned their PhDs. Aside from their educational background, these women also brought with them to their directorship positions vast and extensive work experiences. The number greater than that of their male counterparts; 15% came from government-run organizations, 20% served in social service foundations, 25% had extensive experience in academic institutions, and 40% of the 441 had direct business exposure, either from their own companies or in other large business firms.

As far as marital status goes, women directors were less likely to be married and have children compared to fellow male colleagues (Burke, 1993). This may imply that either women have too little time on their hands to approach off-work life due to hard work or that the appointment of women on the board of directors is cautiously selected given a set of criteria that requires the female individual to be without any maternal ties or family responsibilities.

Swanson and Harrigan interviewed a sample of women directors in 1980 to find the reasons of their appointment to the board of directors (Burke, 1993). The reasons identified includes: 1) possesses leadership skills with prominent experience, national recognition, and international acclaim; 2) had family ties or social relations with existing board members; 3) and had long lasting managerial positions with good knowledge of business practices and a proven skills set. Another survey conducted by Heidrick Partners emphasized those three points and showed that women were selected and appointed members of the boards because of their superior business experience, management knowledge, and social influence. In terms of educational level, women were found to have had higher education than male directors (Burgess & Fallon, 2003), although this appears to be a strategy to attain visibility and creditability (Hall et al., 2004) by means of human capital. After all, Judge’s theory (introduced in 1995) stated that education is a reflection of personal resources. To elaborate, the notion suggests that schooling is an investment in attaining expertise to increase rewards, such as pay, job position, promotion, and career satisfaction.

In 2000, Hillman et al. suggested a taxonomy of director roles that includes insiders, business experts, support specialists, and public influentials. From the network theory, firms can increase their resource acquisition by becoming more central within a network of other firms (Dyer & Singh, 1998; Granovetter, 1973; Thorelli, 1986). The Resource Dependence Theory states that firms benefits from ties to other firms, which will then reduce transaction costs and lower negative contingencies when dealing with uncertain external elements. Controlling uncertainty leads to power (Pfeffer and Salancik, 1978) and hence, selecting a director who is already on another board empowers the organization, lowers the risk, as well as reduces the search costs for appointing new directors. It is stated that a person's first directorship position is an event that amplifies their "salience" (Taylor & Fiske, 1978), or to put in laymen terms, makes the person feel special and gives them a sense of extreme prominence and recognition. With regards to this hypothesis and the Resource Dependence Theory, research has also shown that women already serving as members of a corporate board may feel as readily potential suitors of other boards. Hence, the theory that women has higher tendency to switch between multiple boards than men is well-supported. All else equal, most organizations want women with past directorship experience and may find a quicker solution by seeking to appoint existing female directors who are already on boards of other firms (Mattis, 2000).

CHAPTER III
DATA AND METHODOLOGY

3.1 Data Gathering

The first step was to attain a complete list of all possible candidates to be examined. In this study, a database listing of the SET 50 Index Companies (obtained in October 2010) was used. The SET 50 Index is an index of the fifty largest business firms listed in Thailand's Stock Exchange. In terms of rankings, market capitalization is used as a pointer for the index, sorted by figures descending.

Identification of directors' gender and diversity was determined in the preceding step. Specific salutatory titles, such as Mr./Mrs./Ms. and he/she/him/her, was detected in the company's documentation (Form 56-1 for the year 2009) for gender and other biographical indications for diversity, for example demographics, education, work experiences, expertise profiles, and board experiences. After a company had been selected, this research further investigated the domains of the World Wide Web to attain corporate news and information via the company's website. Results were extracted from the latest board of directors' changes and press releases.

Information was input into a Microsoft Excel's spreadsheet and any redundancy of the directors' name from the companies was removed by merging their profiles and then analyzed. There was a number of missing data cells, such as board experiences, number of shareholding in the company but the extractable information remains sufficient for analysis.

A notable problem faced while gathering the data was that it was difficult to obtain a complete set of information from all 583 individuals. Hence, this study opted for unrestricted biographies, which supplemented the data from other public sources. Secondly, there are extreme variations between firms which caused slight biases, but these contingencies were expected prior to the test. Director roles are typically classified based on the considerable differences in experience. For instance, some directors in the field of business experts have experiences varying from being Chief Executive Officers (CEO), General Managers (GM), Managing Directors (MD) of large public organizations to divisional heads of other private or for-profit firms.

The 50 companies in this paper are from various industry groups and sectors as shown in the table below: (For more details, refer to Appendix A)

Table 3.1 SET 50 Index Companies by Industry Group and Sector

Industry Group	Sector	Number of companies
• Agro and Food Industry	Agribusiness Food and Beverage	1 3
• Financials	Banking Finance and Securities Insurance	7 1 1
• Industrials	Petrochemicals	2
• Property and Construction	Construction Materials Property Development	3 4
• Resources	Energy and Utilities	12
• Services	Commerce Health Care Services Media and Publishing Transportation and Logistics	3 3 1 4
• Technology	Electronic components Information and Communication Technology	2 3

Source: Stock Exchange of Thailand, 2010

3.2 Variables

3.2.1 Demographics

Gender, age and nationality (Thai or Foreigner) data for all directors of the SET 50 Index Companies were collected.

3.2.2 Director Type

Data were collected on the types of directors; independent director, audit committee or chairman of the board and also their relationship with the company. For example, percent of shareholding or the association with the company's owner was recorded.

3.2.3 Education

Biographies were examined for evidence of educational background. Achievement in Doctoral, Master and Bachelor degree were recorded.

3.2.4 Board Experience

Experience of directors on other company's boards (both public and private companies), board participation and years of experience on boards were captured and recorded from both concurrent and past board experiences.

3.2.5 Career Experience

Career experience in term of international and oversee assignments as well as civil servant participation. For example, membership on a government advisory board was recorded.

3.2.6 Director Expertise Profiles

The reclassification of directors' human capital roles presented in previous research by Hillman et al. (2002) is used as the basis for expertise profile variables. *Business experts* are either managers (current and former) or senior officers of for-profit firms (Chief Executive Officer (CEO), Chief Financing Officer (CFO), Chief Operating Officer (COO), General Manager (GM), Managing Director (MD), partner experience and divisional head). *Support specialists* include members of the financial communities, law firms, human resources, public relations and marketing professions. Specialists are individuals who have graduated and work specifically in their respective field. Futhermore, they may have acquired more than one degree in that field. *Community influential*s includes civil servants, academics, university representatives, heads of non-profit foundations and other communities or social celebrities.

3.3 Methodology

The differences between male and female directors are examined. Findings are reported in cross-tabulation tables with both statistical models and Pearson's chi-square test for 3 hypothesises as follows:

Hypothesis 1: Female directors are more likely to hold advanced degrees at a greater percentage than that of male directors

Hypothesis 2: Female directors are more likely to serve on more than one board relative to male directors.

Hypothesis 3: female directors are more likely to be business experts, specialists, and community influentials

These will be described in greater detail in the subsequent section.

To provide a first step in the analysis, the numbers of directors listed per company and their gender will be examined. A descriptive classification is used for differentiating between the types of statistics. The analysis was made with regards to the composition, diversity of directors in a broader perspective, the alignment of directors' composition with corporate governance guidelines and other quantitative data regarding the composition.

Table 3.2 shows numerical summary, such as mean and range (max and min) statistics for each variables included in the sample set. The number of observations varies for each variable of the total 520 Male Directors and 63 Female Directors. Missing observations were due to inadequate data disclosure. For example, some data do not reveal the directors' board participation period. Hence, it is impossible to include the number of years of experience on the board for those particular observations. In the table, initial research tracked individual directors in the sample for only public company directorship they served in the past five year up until the current year (2009). However, this study went on to track the years of experience on board for both public and private company for the past 5 year of their board career until the current year (2009).

From the table, further examination on the expertise profile of the males and females in term of average age, percent of shareholding, years of experience on board, and current public board participation are made. Results reveal no significant differences.

A majority of women directors were in an age group with an average of 58 years, with the minimum and maximum ranging from 30 to 88 years. The women directors average age is little younger than that of men directors, average of 60 years with the minimum and maximum being 33 and 90 years. In summary, it appears that the "new generation" of women being appointed to corporate boards are younger, more likely to have business experience and past corporate careers, and are expected to bring a notable level of expertise, innovation, and skill to the boardroom.

From the table, it can also be assumed that women and men served on average 2 and 3 boards, with at least 1 public company boards. A maximum of directorship held by any females was less than male, a ratio of 5 to 10. For the number of years of experience on board, males have more average years of experience on board than female (14 years to 11 years). One of the most intriguing findings is that female directors have a minimum board experience of 3 years, compared to only 1 year for male (and only 2% of the male directors have 1 year board participation). This may roughly suggest that female have to get business experience more than their male counterparts before starting their board directorship.

Table 3.2 Quantitative Data Categorized by Gender

Gender	**Age**	**Percent of shareholding**	**Years of experience on Board**	**Public Board participation**
<u>Male</u>				
Statistic				
-Average	60	0.65	14.00	2
-Max	90	72.93	51.00	10
-Min	33	0.00	1.00	1

Gender	**Age**	**Percent of shareholding**	**Years of experience on board**	**Public Board participation**
<u>Female</u>				
Statistic				
-Average	58	0.78	11.00	3
-Max	88	9.00	25.00	5
-Min	30	0.00	3.00	1

The study also analyzed both quantitative and qualitative data categorized by the company, which is shown in Table 3.3 to 3.7 below. The data was the database listing of the SET 50 Index Companies in year 2009 and was compared to the data in year 2007, which was obtained from a publication of Thai Institute of Directors Association Board Room (IOD).

Table 3.3 Size of Board of Directors by Company

Size of board of directors	2009	2007
1-5 persons	0%	0%
6-10 persons	16%	52%
11-15 persons	66%	44%
16-20 persons	14%	4%
21-25 persons	4%	0%
Total	**100%**	**100%**

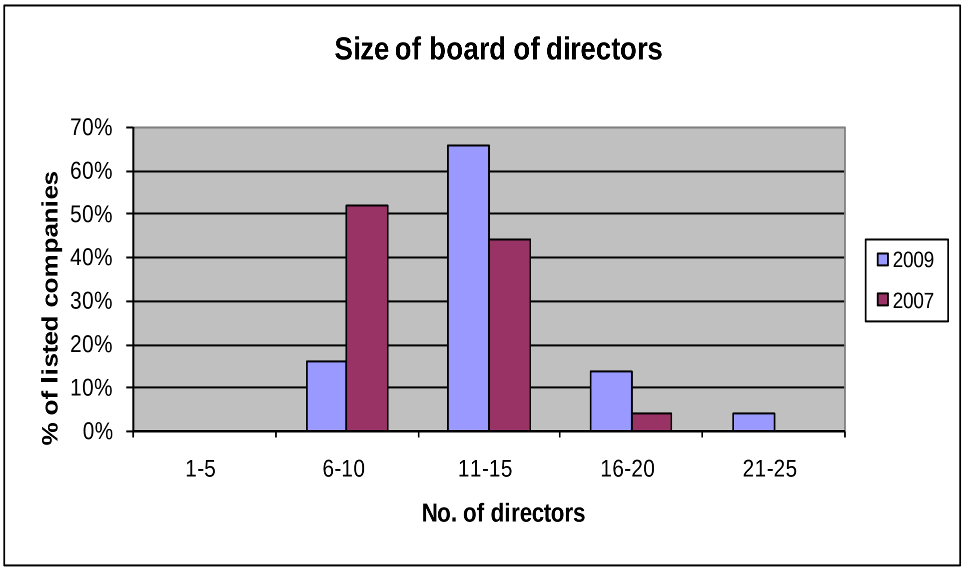

Figure 3.1 Size of board of directors

The table 3.3 shows that the size of Board of Directors in the range of 11-15 persons per board, averaging to 13 directors per board in 2009 - increased from a range of 6-10 directors , averaging to 11 directors in 2007. The minimum and maximum ranging from 9 directors (in Technology Group/ Electronic Components Sector) to 25 directors (in Resources Group/ Energy and Utilities Sector).

Table 3.4 Proportion of Independent Directors per Total Directors

Proportion of independent directors	2009	2007
<33%	30%	35%
33-35%	54%	57%
>50%	16%	8%
Total	**100%**	**100%**

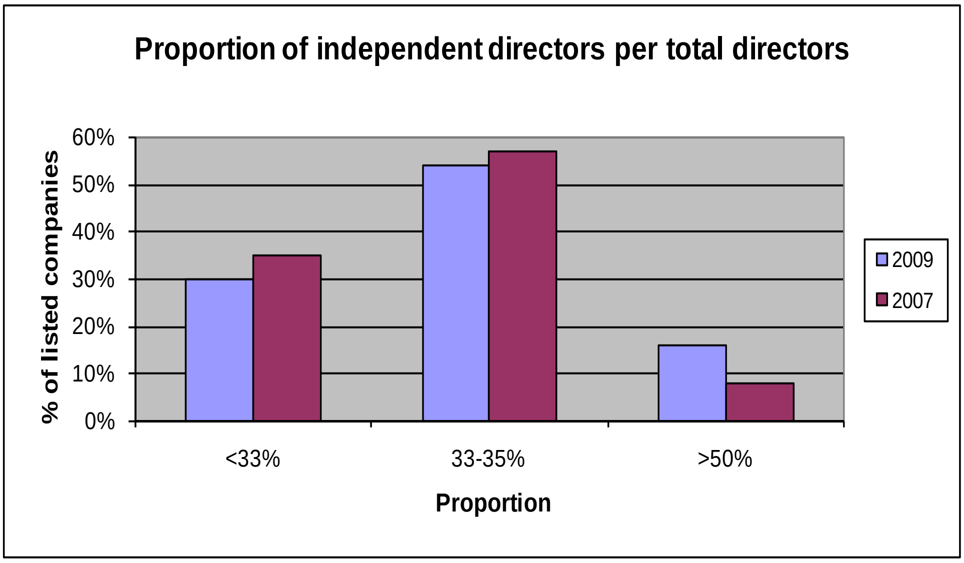

Figure 3.2 Proportion of independent directors per total directors

Table 3.4 shows that most companies have independent directors equal to more than one-third (33%) of its total directors in year 2009 per SEC regulation. However, some companies have independent directors less than 33% - proportionally decreasing in relative to the statistics taken in year 2007.

Table 3.5 Number of Independent Directors per Company

Number of independent directors		
	2009	**2007**
<3 persons	0%	0%
3-4 persons	48%	11%
At least 5 persons	52%	89%
Total	**100%**	**100%**

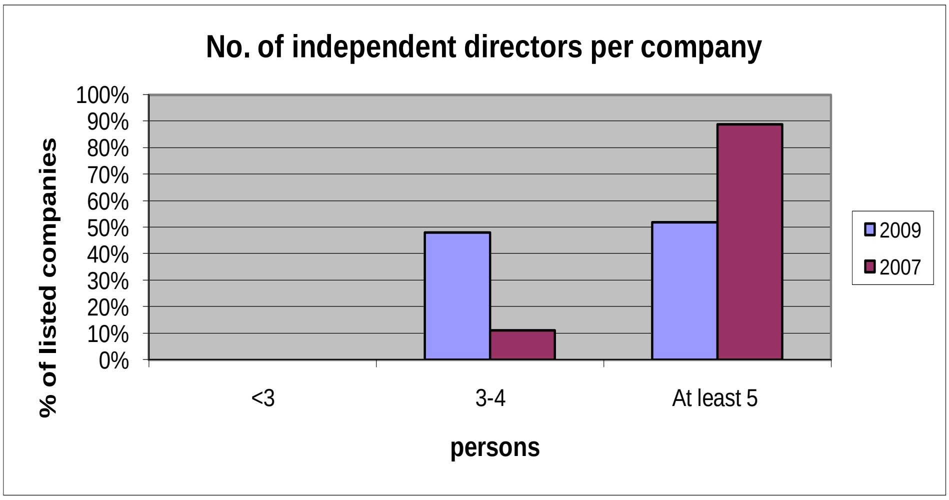

Figure 3.3 No. of independent directors per company

Table 3.5 shows that most companies have independent directors of no less than 3 directors per SEC regulation. An analysis of the number of independent directors by gender discovers that there were 38% (24 of 63) female independent directors and 41% (211 of 520) male independent directors.

Table 3.6 Number of Foreign Directors

Number of foreign directors	2009	2007
0 persons	50%	60%
1-2 persons	8%	16%
3-4 persons	22%	12%
At least 5 persons	20%	12%
Total	**100%**	**100%**

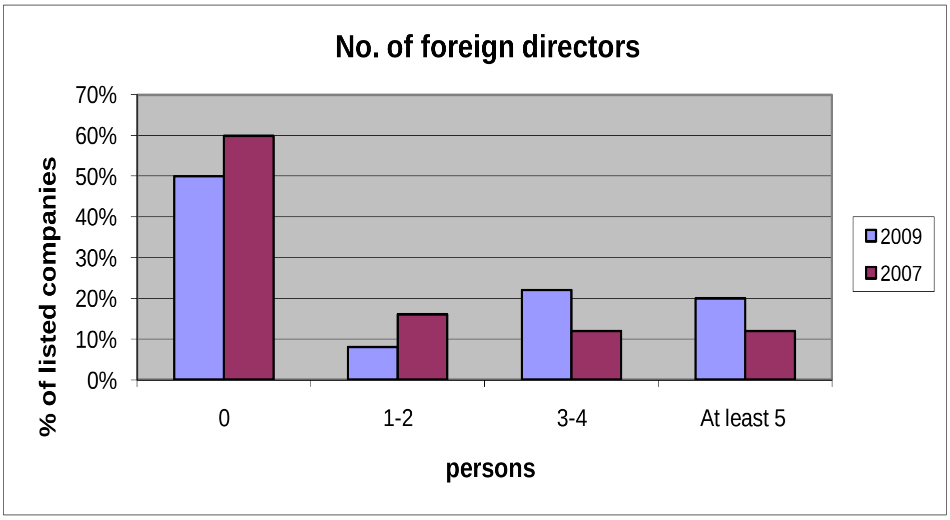

Figure 3.4 No. of foreign directors

Table 3.6 shows that 50% of total companies has no foreign directors, decreasing when compared to 60% in year 2007. To elaborate, 25 companies in year 2009 have foreign directors, ranging from 1 to 9 persons. An analysis of the data of foreign directors per gender found that there were only 10% (6 of 63) of female foreign directors., where as there were 19% (97 of 520) of male foreign directors.

Table 3.7 Proportion of Shareholding of All Directors per Company

Proportion of shareholding	2009	2007
<25%	90%	74%
25-50%	6%	16%
>50%	4%	10%
Total	**100%**	**100%**

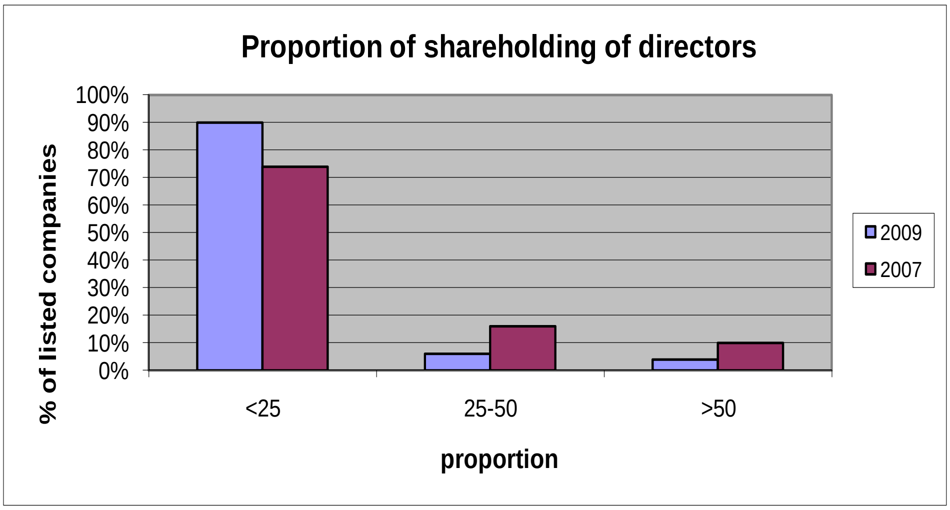

Figure 3.5 Proportion of shareholding of directors

Table 3.7 shows the percentage of directors who held more than 50% of the company's total shares is 4%, 25-50% of the total shares is 6% and less than 25% of the total share is 90% of the directors.

With regards to Table 3.3 to 3.7, it can be implied that Thai listed companies (SET 50 Index) have an obedient corporate governance guideline. The proportion of share holding of all directors per company is decreasing. The proportion of independent director still opposes the charter conducted by the SEC, the SET and Department of Business Development Ministry of Commerce (Public Limited Companies Act 2535) but it is decreasing, which supports the notion that a number of directors should be performed independently from the management and shareholders. Overall, the boards have more diversity in terms of more foreign directors. The mounting size may also be a reason to the escalation in the diversity of the board.

CHAPTER IV
RESULTS AND ANALYSIS

In order to test Hypotheses 1 to 3, this research has performed a chi-square analysis of the differences. Results of these analyses are presented below. Although the analysis in this chapter compares the difference between male and female directors, it is noted that the number of male directors is more than female directors.

Hypothesis 1 suggests that a greater percentage of female directors will hold advanced degrees than male directors. In Table 4.1, the descriptive statistics and the results of a chi-square was set to test Hypothesis 1. As a result, there is not enough evidence to support this hypothesis as there lies no distinctive percentage of female directors holding more advanced degrees than males. In fact, female directors had levels of education similar to that of male directors. 40% of males and 41% of females have Bachelor degrees, 47% of males and 48% of females have Master degrees, while 13% of males and 11% of females have a Doctoral degree. A chi-square test of the differences in education across groups reveals no significant differences at 95% confidence level, thus this does not support Hypothesis 1. MasterCard International Singapore researched the topic of Women Advancement for 13 countries in the Asia Pacific region. The results indicate that Thai women have more advanced education levels than Thai men (the score was over 100). However, the score of those women who were able to go to "the top" was only 73.2 which mean that there is an apparent inequity between the genders (Asia Women and Power of New Markets, 2007). However, another notable research went on to study the influence of individual factors to the advancement of women in top management and these factors were sorted by their order of importance, as follow: skill and expertise, board experience, educational level, age, managing of family ties, and relationship with owners. Based on this, a conclusion can be made that female specialists with leadership skills and expertise in a particular field may be selected to the board with higher probability than superiorly educated women. Hence, the level of education is not significant in comparison. There are the other barriers of highly-educated women reaching "the top" - such as promotion to top positions and social acceptance with in-groups by penetrating male executive networks (Kongchan, 2009).

Table 4.1 Education by Category

Percent (*N*)		**Male**	**Female**
Bachelor degree and below		40.0 % (208)	41.3 % (26)
Master degree		46.9% (244)	47.6% (30)
Doctoral degree		13.1% (68)	11.1% (7)
Total		100.0% (520)	100.0% (63)
Statistic	df	value	P
Chi-square	2	0.197	0.906

Hypothesis 2 predicts that female directors will more likely serve on multiple boards than male directors. Table 4.2 provides data for the number of each category serving on 1, 2, 3 to 4 or more boards. This is specifically set to test Hypothesis 2. Amusingly, nearly half of male directors serve on only one board. The percentage of multiple board participation served on 2 or more boards between male and female was 56% (291) males and 73% (46) females. From this percentage, it can conclude that there is a relatively higher percentage of women directors serving on multiple boards than male directors. The difference in number of boards across the director categories is significant at 95% confidence level, thus this supports Hypothesis 2. The result also encourages the Resource Dependence Theory in that selecting women already serving on other boards will empower and provide vital connection and relations to the organization.

Table 4.2 Maximum Board Counts (per director)

Percent (*N*)		Male	Female
One board		44.0 % (229)	27.0 % (17)
Two boards		23.9% (124)	17.5% (11)
Three boards		13.1% (68)	12.7% (8)
Four or more boards		19.0% (99)	42.8% (27)
Total		100.0% (520)	100.0% (63)
Statistic	df	value	p
Chi-square	3	19.620	0.000

Hypothesis 3 states that female directors are more likely to be business experts, specialists and community influentials. Table 4.3 reveals that female directors in the sample are mostly specialists (59% females to 30% males). The difference in this variable across the director categories is at a significant 95% confidence level, thus it supports Hypothesis 3 for the supporting notion of female directors being specialists.

From the analysis, 46% of female and 25% of male directors has exceptional dexterity in financial/accounting, while 14% of female and 11% of male directors hold legal expertise.

In addition, female directors were also found to support the hypothesis that they are community influentials, as compared to male directors (44% to 43%). However, due to the small difference, there can not be any conclusive assertions in this category.

As for business experts, male directors are more likely to support this field than females and hence, it does not support Hypothesis 3 for suggesting that female directors are more likely to be business experts. This aligns with many researches suggesting that female top executives are more likely to come from non-business backgrounds.

The proposal that the women directors were more likely to be on the audit committee was also put to the test and the result supports this view. But again, there is no weight in the statistics. Having more women directors on the audit committee also aligns with SEC requirement that one of the audit committee must be an accounting expert because most women directors have financial and/or accounting proficiencies.

Other competence fields from the analytical framework are also represented in Table 4.3. For example, findings suggest that that the international experience profile of male and female directors was significantly different. However, females were significantly less than males in international competence.

Russell Reynolds Associates (2002) studies discovered that international diversity is very important in adding value to the board. The percentage of foreign directors was in the increasing trend from the past year (Singh & Vinnicombe, 2003).

As the “Old Boys Club” trend starts to shift, it can be assumed that women may be given an easier route to international directorship roles. Nevertheless, many firms remain reluctant to offer these cross-national roles to women, especially those with maternal duties and other family responsibilities. This is the reason the percentage of women directors in term of international competence is still statistically less than men directors.

Table 4.3 Gender and Occupation & Competence

Percent (*N*)		Male	Female
Business experts		23.1 % (120)	15.9 % (10)
Statistic	df	value	p
Chi-square	1	1.683	0.195
Support specialists		30.0% (156)	58.7% (37)
Statistic	df	value	p
Chi-square	1	20.944	0.000
Community influentials		42.9% (223)	44.4% (28)
Statistic	df	value	p
Chi-square	1	0.017	0.897
Others-audit committee		25.2% (131)	31.7% (20)
Statistic	df	value	p
Chi-square	1	1.258	0.262
Others-international competence		72.7% (378)	55.6% (35)
Statistic	df	value	p
Chi-square	1	7.989	0.005

As stated in Chapter 3, the percentage of shareholding in the company of female is slightly more than that of male directors, which aligns with the analysis that female directors hold relationships with owners of firms - shown in Table 4.4. 26% of female directors are found to have relationship with owners, while there are only 13% for male directors. This significantly emphasizes that although female directors are more likely to come from non-business backgrounds, they may harvest some sort of relationship with the owners of the firms.

Table 4.4 Gender and Relationship with Owner

Percent (*N*)		**Male**	**Female**
Relationship with owner		11.9 % (62)	22.2 % (14)
No relationship with owner		79.4% (413)	65.1% (41)
No disclosure		8.7% (45)	12.7% (8)
Total		100% (520)	100% (63)
Statistic	df	value	p
Chi-square	1	6.172	0.013

CHAPTER V
DISCUSSION AND CONCLUSION

The career path for corporate directors has not been "open" to women. As illustrated in this study, there is 89% of male and only 11% of female directors within Thai listed firms (in SET 50 Index). Therefore, in an attempt to better understand the types of resources these female directors were bringing on to corporate boards, this study undertook several comparative studies between the genders.

Pfeffer and Salancik (1978) stated that there are benefits that arise from environmental and external connections and from having a diverse boardroom: skill, experience, knowledge, and expertise. Hence, this study have explored the differences in specialization, social influence and expertise in business, educational level, and experience of directorships across the sample groups of female and male directors.

The Status Characteristics Theory argues that women have to exhibit higher standards of ability than males to sustain the same corporate level. These advanced degrees act to serve as proof of the individual's ability and help meet the higher expectations set for low-status individuals. However, in terms of education, the research shows a smaller percentage of Thai female directors holding advanced degrees as compared to male directors. This result seems to oppose the findings of Hillman et al. (2000), which asserted that women were more likely to have advanced degrees before being appointed to a directorship (*Fortune 1000*), than that of males.

For patterns of multiple directorships, women join multiple boards more than males. More than 50% of female directors join three or more boards, while only 30% of male directors fall into that category. A person's first directorship position is an event that amplifies their "salience" (Taylor & Fiske, 1978). That is, once they have joined their first board, this initial appointment acts to increase their visibility and could explain why their second and succeeding board appointment comes more rapidly than other groups of directors. Again, these results also seem to indicate that a certain level of success (i.e., prior board appointments) may help to overcome a perceived lack of fit between females and corporate boards.

The Resource Dependence Theory has also shown that women already serving as members of a corporate board may feel as readily potential suitors of other boards (Mattis, 2000). The theory claims that organizations are dependent on resources and according to Pfeffer and Salancik (1978), the board of directors is a channel to supervise external dependencies and reduce environmental uncertainties. The board also acts to minimize transaction costs associated with these environmental interdependencies (Williamson, 1984), boost the reputation and credibility of firms (Bernardi, 2002) and increase resource acquisition by becoming more central within a network of other firms (Dyer & Singh, 1998; Granovetter, 1973; Thorelli, 1986). The research results indicate that there is a significant difference in the number of boards male and female directors serve on. Both join successive boards at differing rates. Results, however, show that the female directors in the sample population tend to join their board nearly two times more than male directors. This is supported by the research in which firms that select a director who is already on another board will empower the organization and reduce the search costs for appointing new directors.

As a result of the study, there is fundamental support for the differences in specialization, experience of directorships and relationship with the owner of the firms. Even though a large number of women directors on the board do not follow a long-established career path of business executives, they still bring many other important resources to the boards they serve on. From the analysis, most directors have financial and/or accounting proficiency (46% and 25% of female and male directors, respectively). A higher proportion of female directors hold legal expertise (14% and 11% of female and male directors, respectively). Female directors are also found to have some sort of relationships with the owner of the firms (26% and 13% of female and male directors, respectively). These numbers pinpoint a significant difference between male and female directors in these areas. In spite of this , other researches indicate that there is no noteworthy difference in the number of female being civil/government officer, university representative, social/community leader or business expert.

The research indicates that directors bring a wide range of resources to boards. As apparent in the sample, female directors bring more resources than the general perspective of their gender. They bring a variety of occupational expertise and knowledge, as well as accelerate ties with other organizations. This study contributes to a growing body of literature that acknowledges the presence of a range of resources provided by any given director to a board.

This paper contributed a distinctly different unit of analysis than previous studies in that this research examined resources at the individual level rather than at the board-portfolio level. This is an important step before studying what leads to the inclusion of women on boards. It is helpful to know whether they are systematically different from traditional male directors. Previous literatures have examined diversity among boards, whether or not women are “tokens”, and whether they are valued members and needed on corporate boards. Previous researches have found evidence that female directors who serve on boards are more than just token members (Vinnicombe & Singh, 2003). I am able to confirm that for a subset of the sample of female directors, a majority of them served on board committees of large public firm, especially the audit committee (32%). Although this number acts as no definite inference that female directors are valued on the boards they sit, this particular study has opened the door for more in-depth exploration in future researches.

This study makes great contributions to at least two audiences. First, for corporate boards - the acknowledgement that there is a variety of resources important to a board is an important message. This study points to a number of important resources that individuals may bring to a board beyond gender. Given that women are not as likely to be present in the upper echelons of corporations, firms may look to other important occupations, such as those represented by support specialists and community influentials to complement existing skills required on a board. In addition, because firms are likely to have little interaction with occupational groups such as support specialists and community influentials, the results may indicate that other boards are a good place to look for women who come from these important occupational backgrounds. At the individual director or aspiring director level, the results imply that for women, success in the form of specialists and initial board appointments may be the surest path for them to overcome long-held stereotypes about their ability to serve on corporate boards.

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APPENDIX

APPENDIX A
SET 50 INDEX COMPANIES

Sector	Securities name	
Industry Group: Agro and Food Industry		
Agribusiness	1.Charoen Pokphand Foods PCL	CPF
Food and Beverage	2.Khon Kaen Sugar Industry PCL	KSL
	3.Minor International PCL	MINT
	4.Thai Union Frozen Products PCL	TUF
Industry Group: Financials		
Banking	5.Bank of Ayudhya PCL	BAY
	6.Bangkok Bank PCL	BBL
	7.Kasikornbank PCL	KBANK
	8.Krung Thai Bank PCL	KTB
	9.Siam Commercial Bank PCL	SCB
	10.Tisco Bank PCL	TISCO
	11.TMB Bank PCL	TMB
Finance and Securities	12.Thanachart Capital PCL	TCAP
Insurance	13.Bangkok Life Assurance PCL	BLA
Industry Group: Industrials		
Petrochemicals	14.PPT Chemical PCL	PTTCH
	15.Indorama Ventures PCL	IVL
Industry Group: Property and Construction		
Construction Materials	16.The Siam Cement PCL	SCC
	17.Siam City Cement PCL	SCCC
	18.TPI Polene PCL	TPIPL
Property Development	19.Central Pattana PCL	CPN
	20.Land and Houses	LH
	21.Preuksa Real Estate PCL	PS
	22.Quality Houses PCL	QH

Sector	Securities name	
Industry Group: Resources		
Energy and Utilities	23.Banpu PCL	BANPU
	24.The Bangchak Petroleum PCL	BCP
	25.Electricity Cenerating PCL	EGCO
	26.Esso (Thailand) PCL	ESSO
	27.Glow energy PCL	GLOW
	28.IRPC PCL	IRPC
	29.PTT PCL	PTT
	30.PTT Aromatics and Refining PCL	PTTAR
	31.PTT Exploration and Production PCL	PTTEP
	32.Ratchaburi Electricity Generating Holding PCL	RATCH
	33.Thai Oil PCL	TOP
	34.Thai Tap Water Supply PCL	TTW
Industry Group: Services		
Commerce	35.Big C Supercenter	BIGC
	36.CP All PCL	CPALL
	37.Home Product Center PCL	HMPRO
Health Care Services	38.Siam Makro PCL	MAKRO
	39.Bangkok Dusit Medical Services PCL	BGH
	40.Bumrungrad Hospital PCL	BH
Media and Publishing	41.BEC World PCL	BEC
Transportation/Logistics	42.Airport of Thailand PCL	AOT
	43.Procious Shipping PCL	PSL
	44.Thai Airways International PCL	THAI
	45.Thoresen Thai Agencies PCL	TTA

Sector	Securities name	
Industry Group: Technology		
Electronic components	46.Delta Electronics (Thailand) PCL	DELTA
	47.Hana Microelectronics PCL	HANA
Information and Communication Technology	48.Advanced Info Service PCL	ADVANC
	49.Toral Access Communication PCL	DTAC
	50.True Corporation PCL	TRUE

Source: Stock Exchange of Thailand, 2010

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