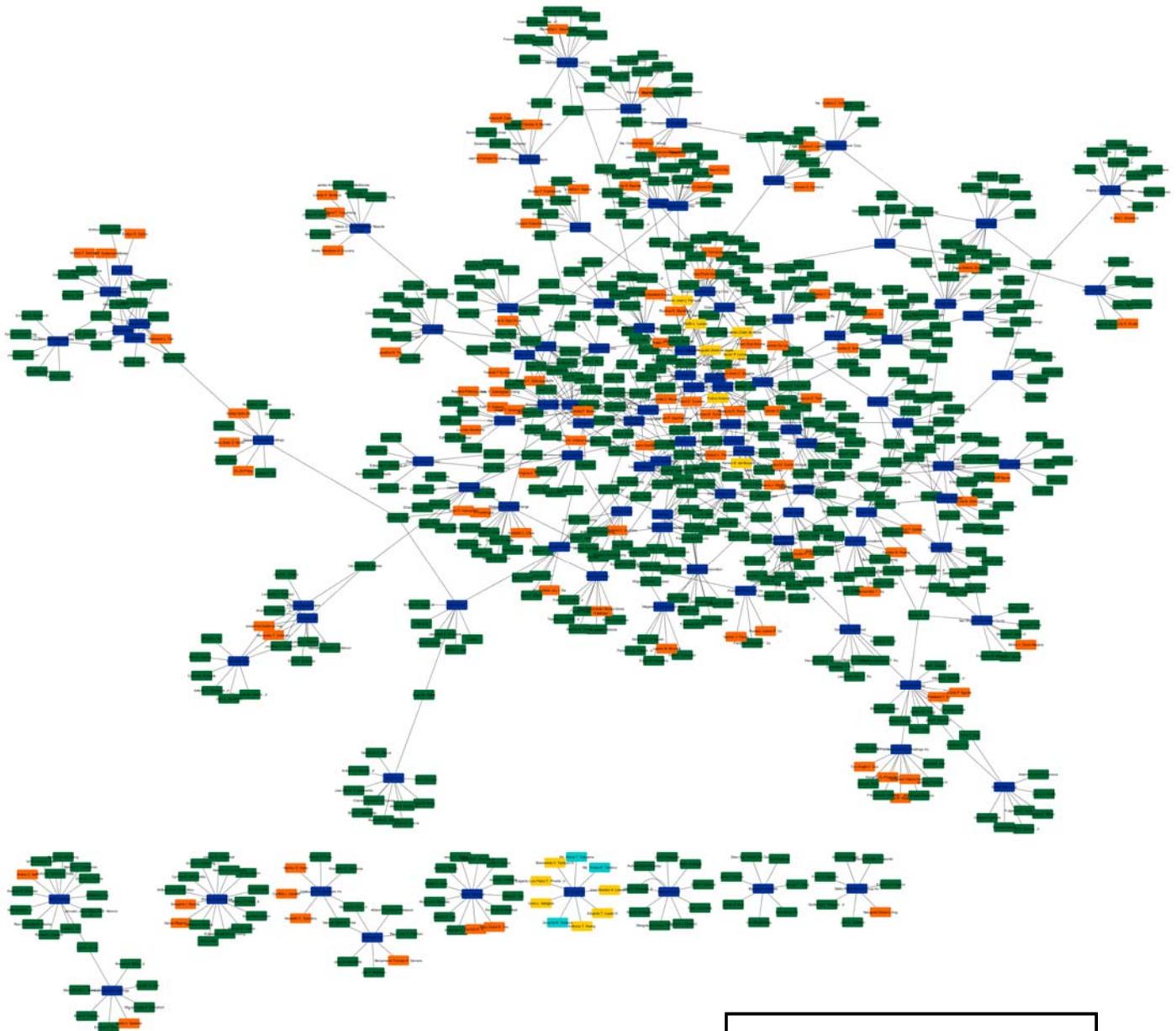




Business coalition analysis

Philippines

April 2017



Key:

Dark Blue	top 100 company (2015)
Orange	female director (non-coalition member)
Green	male director (non-coalition member)
Light Blue	female coalition member director
Yellow	male coalition member director

Characteristics

The Philippine Business Coalition for Women's Empowerment (PBCWE) is composed of seven organisations representing a range of industries:

- Accenture (professional services)
- Ayala Corporation (diversified financials)
- Convergys (software & services)
- Magsaysay Group of Companies (transportation)
- Natasha (direct selling)
- SGV & Co (professional services)
- SSI Group Inc (retailing)

On the whole, the members represent some of the largest industries driving the country's economy. However, only Ayala Corporation and the SSI Group are among the largest companies in the country (ranked according to 2015 market capitalisation).

Ayala Corporation is the largest diversified financials company in the Philippines, and ranked sixth in terms of market capitalisation. The SSI Group is the largest non-food and staples retailer in the country, and ranked 97th in terms of market capitalisation.

Challenges and Opportunities

The highly interconnected nature of the Philippines' corporate governance network presents significant opportunities for creating a ripple effect for change across the country's largest companies and industries.

While the **SSI Group** is among the largest companies in the country, its board has no links to any of the clusters in the country's corporate governance network. However, as the largest retailing company of its kind in the Philippines, there is scope to tap into the company's business relationships with the largest real estate companies in the country.

The membership of **Ayala Corporation** in the coalition presents important opportunities, given that the company has an influential position in the largest sub-cluster in the Philippines' corporate governance network (composed of 90% of the largest companies in the country). There is also significant scope to tap into the other members in the Ayala Group of Companies, which spans a range of industries from real estate and banking to utilities.

However, while board interlocks are the norm in the country, there may be a risk of overemphasising their significance, given that these interlocks are typically created along family or personal ties. This type of family-based clustering among several large companies may in fact limit change initiatives to companies owned only by particular families. This is the case, for example, when several companies share identical boards, and where all directors are from the same family or personal network.

Given this family-based clustering, it is critical therefore to identify independent directors within corporate boards, who function as 'connectors' between different family-based corporate clusters or non family-based companies. These connectors effectively serve to extend the reach and influence of the coalition beyond specific clusters.

It is further in light of this clustering that the role of **SGV & Co** as a coalition member needs to be underscored. An analysis of the individual board members of the largest corporations in the country shows that a significant number of independent directors in the country are drawn from accounting and auditing professionals from SGV & Co.

Therefore, the reach and reputation of the company can potentially extend the current and future sphere of influence of the coalition's change initiatives.

Finally, the role of industry groups and professional associations cannot be overemphasised. The challenge will be to identify alternative networks linking companies together, and to harness the scope and reach of those networks to facilitate change.

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