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conference 2024

SYDNEY 14-15 June



**Transformative
Governance**



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Fear in the Boardroom: Understanding its impact on functioning

Boards, like any group or organisational system, are made up of complex, multi-faceted and, yes, imperfect human beings who are all in their own right highly successful, ambitious, competitive and proud individuals.

Board dynamics are the way individual directors interact during board meetings (verbally and nonverbally), together with group and interpersonal relationships between directors and executive team members. They manifest in how directors behave towards each other/others, through the language used in meetings, how directors speak to each other/others, how ideas are expressed, challenged, debated, and the board's actions. What leaders do and say sets the tone for the rest of their organisation.

What makes this more complex is that each director brings their habits, preferences, past experiences, and individual biases into the board domain. Understanding this and the cultural dynamics of boards is critical to understanding why crises emerge and how to make boards more effective at preventing them. This can be a problematic area for boards to deal with even when dysfunctional relationships hinder good governance and impede sound decision-making.

The 'Board as a whole'

Board culture, like any culture, is based on the beliefs and values that board members hold in common.

It is therefore vital to view the 'board as a whole' and not as a group of individual professionals (with specialist knowledge, capability and/or lived experience advocacy skills) that come together to make individual

contributions, but rather as the capacity to bring a collective perspective to work.

Thus, there is a coming together of senior leaders/experts/representatives that form a group/system - each person coming to the table with the intention to cooperate, collaborate, and work cohesively with other directors to provide a critical governance function for the organisation.

When discussing healthy board dynamics and board culture, the challenge is that we must also understand what creates an unhealthy one. No boardroom has a perfect culture!

A board, like the executive team, can easily be seduced into a false sense of infallibility, entitlement, and an inability to recognise its own collective failings. Cognitive bias and emotions amongst the board are suppressed and disregarded in favour of fact and reason. This comes at a cost to group functioning.

Boards can't achieve a healthy dynamic and strong culture without considering various coping strategies that get acted out, especially when disruptive events or significant change is imposed on the organisation.

This confluence of factors under certain conditions may lead to the manifestation of dysfunctional dynamics within a board. Where there is proneness for paralysis as directors can get mired in politics, bureaucracy, and the danger of groupthink or for conflict to occur, not only within the boardroom but may cross boundaries into the operational domains of an organisation. When this perfect storm occurs, is when the rot sets in.

In our experience working with boards, it is not uncommon to observe directors and executives behaving in unhealthy ways, often out of their awareness. Consequently, they're perplexed by the breakdown in relations, and there's much questioning of how the board and/or an organisation's culture got in disarray.

Group (social) anxiety

Group anxiety is the fear of being judged or evaluated by others. It is typically characterised by an intense fear of what others are thinking about you/us (specifically fear of embarrassment or humiliation, criticism, or rejection), which results in the individual/group feeling insecure and not good enough, and/or the assumption that they will be rejected by peers/authority figures.

When a group has trouble coping with a variety of painful effects, anxieties that emerge can range from chronic and diffuse anxieties to acute immobilising panics, from the vague sense of having lost confidence in their abilities to make decisions to the fear that the teams/organisations under their leadership were suffering from a collapse of morale; and from a sense that their work was characterised by incompetence and even negligence, to the fear that some of their actions had been unethical and traumatising to other people.

In board situations, this anxiety exists out of our awareness in many ways and continually impacts behaviour. According to Brissett et al. (2019), directors often fear:

- Appearing incompetent or disagreeable.
- Offending others which can lead to diluted or withheld contributions.
- Rejection or lack of acceptance, particularly in new or highly cohesive groups.
- Isolation for holding a dissenting opinion.

These fears can lead to over-controlled interactions within the board, where directors might limit their input or seek safety in consensus, avoiding necessary but difficult conversations.

Yet, all too often, this is only spoken about during a board effectiveness/performance review in the safety of an individual interview or a coaching session. Still, it is not considered safe enough to openly discuss within a board meeting for fear of reprisal in some form.

FEAR - The 'F' word

The underlying factor in all signs of dysfunction in board dynamics is FEAR. Fear of being exposed as deficient or failing, fear of uncertainty, fear of the unknown, fear of reputations being tarnished, and fear of failure can have devastating impacts.

It is a hidden cultural characteristic at the crux of all cultural disorders and tensions. It is hard to tease out since Directors and executives mask their fear of each

other and others in many ways. Fear subverts good governance and is a topic that is fiercely avoided or defended against. Yet, it's at the heart of much unhealthy conduct and culture.

The source of fear can be from a range of reasons - changing consumer wants, day-to-day competition, economic downturns, critical media, pushy fund managers/investors who wish to re-order the company's priorities, demanding regulators, intrusive shareholders, rogue direct reports whose actions will reflect poorly on the CEO and so on.

In our experience conducting a deeper qualitative inquiry into understanding a board's culture, functioning, and influence on organisational life, we found that these causes are not uncommon to surface. These typically occur in the aftermath of some form of misconduct or disruptive event, internal or external, that may expose the board and the organisation's deficiencies and lack of adherence to due process.

When you think about fear from an organisational context, there's generally quite a bit of catastrophizing around the board and executive fears. They fear being discovered as an imposter and, most notably, feel disgraced in the fear of failure.

In summary:

Fear is an underlying factor that can:

- Stagnate board functioning and cause unrest with the downpour impacting decision-making and oversight with the executive.
- Fault lines and fractures surface in the board and executive relations.
- Issues amongst directors are held back, becoming a barrier to transparency.
- Purpose, ambitions and critical areas of oversight get lost or become ambiguous.
- Roles and boundaries get blurred between what's strategic and operational.
- Meetings become imbalanced, there's a lack of strategic discussion, and too operational focused because it's safe and comfortable.
- The organisation can become an arena that is experienced as a battlefield of power struggles and fighting for survival.
- This contagion is harmful and psychologically injurious at an individual and organisational level.

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Susan is presenting a session on board dynamics.