Managing difficult board dynamics

The Chair’s Challenge Series

A literature review

1 Introduction

There are some topics that pose particular challenges for the Chair of the board, but on which there is little guidance written from the Chair’s perspective. The Chair’s Challenge Series is the Association of Chairs new programme of briefings and events to explore these issues. We are producing a briefing for each topic to identify key issues for Chairs, and how Chairs can manage the challenge. Each briefing can be downloaded from our website, once published. The briefings are based on a literature review of what already exists that may be relevant and useful, and on discussions with experienced Chairs.

This literature review seeks to identify relevant research and resources concerning the Chair’s role in relation to board dynamics. The purpose is to highlight findings and resources that may be useful to Chairs, and to identify gaps that it would be helpful to address.

2 Summary

This literature review draws on best practice and research from a wide range of sources and attempts to distil useful parallels from other sectors and from other countries, in addition to the excellent information on this issue related to the voluntary sector in this country.

Across the sectors there is a range of work on what constitutes effective board dynamics. Looking specifically at charities, Cornforth\(^1\), has looked at what makes charity boards effective, and he identified four key variables: board members have the time, skills and experience to do the job; clear board roles and responsibilities; the board and management share a common vision of how to achieve their goals; and the board and management periodically review how they work together.

What a dysfunctional board looks like has also been examined in the literature. Attributes of such boards have been described as being either over-engaged or too distant; a failure to make decisions; erratic board attendance; and stagnant or boring board meetings.\(^2\) Lencioni\(^3\), in his book, *The five dysfunctions of a team*, describes a model based on these five dysfunctions:

1. Absence of trust: The fear of being vulnerable with team members prevents the building of trust within the team.
2. Fear of conflict: The desire to preserve artificial harmony stifles the occurrence of productive ideological conflict.
3. Lack of commitment: The lack of clarity or buy-in prevents team members from making decisions they will stick to.
Avoidance of accountability: The need to avoid interpersonal discomfort prevents team members from holding one another accountable.

The pursuit of individual goals and personal status erodes the focus on collective success.

In all sectors, there is an established view that good governance is about more than structures and policies. The behaviours in the boardroom and the dynamics between board members are an essential part in organisations being successful or failing. Recent scandals in the public, private and charitable sector have led to much effort to identify why things have gone wrong. Board dynamics and behaviours are a key part.

The Good Governance Standard for Public Services identifies that “Individual behaviour is a major factor in the effectiveness of the governing body” and references the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, which were put in place as a result of scandals in public life, particularly in politics. Many organisations use these as a fundamental basis for codes of conduct.

The corporate sector has had its fair share of major failures. In 2002 Jeffrey A Sonnenfeld, senior associate dean for executive programs at the Yale School of Management wrote that the corporate boards of companies like Enron had followed all the good governance rules, putting in place all the right structures and systems. Yet they failed. He said that “great boards do far more than just follow good-governance rules. They’re robust social systems: Their members know how to ferret out the truth, challenge one another, and even have a good fight now and then.”

Evidence presented to the Higgs Review into the role of non-executive directors in the UK identified an effective non-executive director as ‘independent but involved’, ‘challenging but supportive’ and ‘engaged but non-executive’.

In the charitable sector, the recent House of Lords Select Committee on Charities Report noted that “Charities need strong governance, with robust structures, processes and good behaviours, in order to deliver effectively for their beneficiaries” and recommended that “charity boards should undertake greater self-reflection, examining their behaviours, processes and skills”. The Association of Chairs has produced two insight papers Why do Good Boards Make Bad Decisions? and Boards and Human Emotions that go into this idea further, noting that “bad decisions can be made by otherwise diligent and well-functioning boards”. It is noted that Chairs have a vital role in identifying different behaviours in order to promote good governance: “Chairing a board involves much more than tending to the rational and dispassionate dispatch of business, it is also about recognising the board is a social group with group dynamics that affect its ability to function well”.

We will look in more depth at what ‘good’ board behaviour looks like, where things can go wrong, identifying what good practice there is out there and finally we will look at where there are gaps. But in summary, the key areas of best practice identified to manage difficult board dynamics can be summarised as:

- Constructive challenge
- Board diversity
• The Chair as leader
• Respectful conduct

3 What does ‘good’ board behaviour look like?
Many have attempted to identify what a ‘good’ board looks like and the behaviours that it demonstrates. At an AoC event on Why do good boards make bad decisions? Marcus Page identified a range of characteristics of boards that function well, including:
• A clear overall purpose and agreed ways of working
• A Chair that can hold authority and values open debate
• Trustees feeling safe to express differences of view
• Trustees being confident that even if their view is in the minority of one, others will not be judgmental about these differences
• Evidence of cohesion: a desire to belong and a felt sense of accountability to other trustees and the board as a whole
• Evidence of coherence: a sense of connectedness that enables trustee differences to be integrated, without a blurring into ‘group think’
• Mutual respect: argument is about ideas and not about the individuals

In its guide A Question of Balance the Association of Chairs looked specifically at the relationship between Chair and CEO and identified a number of behaviours that make for an effective relationship, including trust, candour, independence of thought, integrity and a willingness to share information openly.

Constructive Challenge
As noted in the ICSA report Conflict and Tension in the Boardroom: How managing disagreement improves board dynamics: “Both the management oversight and decision-making roles of the board benefit from an atmosphere of constructive challenge and the freely-expressed views of board members. If Non Executive Directors are properly to hold management to account, they must not be shy about expressing their views, testing assumptions or challenging group think.” There was a general view that ‘discomfort’ is not a bad thing and that discussing difficult ideas and questioning approaches, if done in the right way, was beneficial to reaching sound, well thought through decisions.

Board Diversity
Leading on from the need for constructive challenge, having a board drawn from a range of backgrounds and experience can help by bringing in different perspectives and challenging the status quo. One company secretary noted “I’ve been round a board table where it has been all white middle-class, middle-aged public schoolboys, and they’ve all been terribly polite. Then you’ve gone outside and realised this was all stitched up down the pub at lunchtime before we actually got in here, because before this meeting you were all coming at this from a different point of view” [‘Conflict and Tension in the Boardroom” ICSA]. It is recognised that decision-making is improved when a board is able to draw on and harness a diverse range of opinions. Bringing in people who can challenge fundamental assumptions can improve board effectiveness.

New Philanthropy Capital, in its report of a trustee seminar looking at how to improve
trusteeship and governance in charities\textsuperscript{12}, said that “diversity can help to prevent ‘group think’ by ensuring there is a healthy range of perspectives, and can ensure that decisions are not simply passed through without being challenged”.

Interestingly, research carried out by the Compass Partnership into the 500 largest charities identified that the more diverse and better skilled the boards were, “the higher the ratings on board members’ openness and trust, listening and team working, focus on strategic issues, and praising and challenging of management. The evidence suggests that boards with a higher proportion of women performed somewhat better on various behaviour dimensions especially listening and providing robust challenge to management. Similarly, boards with more women performed some governance roles more effectively, including maintaining a strategic focus, risk management and upholding the values of the organisation.”\textsuperscript{13}

The Chair as leader

In much of the guidance identified, the role of the Chair in ensuring good behaviours was highlighted as key. Within the board, the Chair sets the tone for the board, manages the dynamics and creates the expectations for behaviours within the board. The Association of Chairs has identified the role of Chair as encompassing ‘4 Cs’: clarity of purpose, cohesive board, considered decision-making and constructive relationships.\textsuperscript{14}

The relationship between the Chair and Chief Executive can impact greatly on good governance and the Chair should scrutinise and hold the Chief Executive to account, but also offer support and create space for open and regular dialogue.

The Chair also has a responsibility to ensure that there is engagement from all trustees and that a clique within the board does not take over the governance. As a participant at the NPC trustee effectiveness discussion put it, the Chair must “try to ensure that the board is made up of equal players, as far as possible. There should be no ‘A-team’ and ‘B-team’ syndrome, where one group of trustees makes a big contribution and another simply ‘cruises’”.

Respectful conduct

Problems can arise within boards where there are clashes of personality. Boards can mitigate personal issues by putting in place agreed codes of conduct that all board members will sign up to. These codes of conduct will often build on the seven principles of public life (the ‘Nolan Principles’) and usually require trustees to use a respectful tone in meetings, maintain a constructive, professional relationship at all times, and at meetings demonstrate a high standard of integrity, commitment and courtesy. Trustees can also be expected to attend meetings regularly, be well-informed about the issues to be discussed and actively involved in decision making. As noted above, a healthy board will not always agree, but the manner in which it disagrees will either lead to healthy tension and debate, or difficult atmospheres and conflict.
Where things can go wrong

An ineffective Chair

As the literature suggests, the Chair plays a pivotal role in setting the tone for the rest of the board and ensuring the effectiveness of governance. Harrison, Murray and Cornforth\textsuperscript{15} in *Perceptions of board chair leadership effectiveness in non-profit and voluntary sector organizations* say that many of the personal leadership characteristics of effective board Chairs could be described in terms of two personality constructs that have been linked to leader and organisational effectiveness: emotional and (spiritual or altruistic) intelligence.

Managing without Profit\textsuperscript{16} describes common behaviours of trusted leaders as:

- Telling the truth and articulating reality
- Clarifying roles and expectations of others
- Being civil and respectful
- Demonstrating openness and transparency
- Modelling behaviours that they seek from others
- Listening and reflecting before acting
- Delivering results and their own commitments
- Seeking feedback

Ineffective Chairs display the opposite of these behaviours, and they oversee a board that exhibits contra-behaviours. See for example Mike Hudson's case study of a charity board.\textsuperscript{17}

They can allow a dominant trustee or clique, or the Chief Executive, to "bully" the rest of the board into decisions (see below). If a Chair does not seek out the views of all of the trustees or does not allow any dissent, then decisions can be made without considering all the key factors and risks.

Allowing disrespectful or aggressive questioning in board meetings can lead to conflict and defensiveness. Having a strong Chair who ensures that every voice is heard and who creates an atmosphere where people feel able and supported to challenge or ask questions in a positive way can counteract this. Also, meetings that are without structure and don’t run to time, can lead to trustees becoming disengaged (see below). An effective Chair ensures that business discussed is relevant and timely and this can help trustees to feel motivated and engaged.

Group think

Constructive challenge has been identified as a key behaviour to ensure good governance. In *Conflict and Tension in the Boardroom* the overly conforming board is seen as a negative, identifying that "'comfortable' or 'cosy' boards are ineffective, because questions that need asking are not being asked and board members are likely to be disengaged and lacking in energy." Ensuring effective diversity on the board can go a long way to challenge group think.
Dominant or dogmatic trustees

Several people have attempted to define trustee personalities and most identify the dominant trustee and the negative impact that this type of trustee can have on board dynamics. The Charity Commission has over the years warned of the destructive impact that a dominant individual can have on a charity and in its report into themes arising from its investigations and compliance casework for 2014–2015 it stated that “Our casework shows that a breakdown of collective decision making by charity boards is often at the root of poor governance and serious mistakes or indeed mismanagement. Sometimes, this breakdown occurs because individuals or groups of individuals – often including staff members – become too dominant and make decisions that are for the board as a collective body to make.” This issue is one where the Chair should take the lead, ensuring that all voices are heard at meetings and that one voice does not dominate. Boards can also try to meet outside of board meetings, to help build up levels of trust and understanding of differing views in a less formal atmosphere.

Lack of engagement

This can be demonstrated in a number of ways, including not reading board papers in advance of meetings, not speaking up at meetings, checking devices for emails and messages during a meeting and not turning up at all. As Mike Hudson noted “Participants who think they are clever enough to engage fully with board debate and do other things at the same time should be acutely aware of the message they send to other participants – ‘this meeting is not that important to me’.” Linda Laurance also believes that “Bad behaviour can take the form of aggression, bullying, rudeness or arrogance, but probably more difficult to deal with are apathy, passive aggression and laziness.” Providing clear papers well in advance of meetings can help to ensure that trustees are well prepared. Also, encouraging trustees to ask questions in advance of meetings where they might be unclear about an issue can help them feel more confident that they are able to take part in the discussion at the meeting with a good understanding of the issue.

Lack of attention to culture and values

The publication Cultural markers Assessing, measuring and improving culture in the charitable sector by ICSA: The Governance Institute notes that “Charity governance is most effective when it provides assurances not just that legal requirements are met, but that the behaviour of people working for the charity, and those who come into contact with it, is proper and ethical. Culture, alongside good governance, can be pivotal to whether a charity achieves its stated objects”. It goes on to say “Having a strong culture protects people and teams from making bad choices when the going gets tough. Culture is therefore a core task for boards, not just a public relations add-on. Boards need to understand and shape the forces that drive the behaviour of people throughout their charities”. It encourages boards to assess their culture and suggests a range of potential indicators. It also identifies five features of a positive culture: reliability, honesty, openness, integrity and respect. It suggests some questions that indicate a positive culture. These include:
• Has the board set out a clear set of values for the charity and are these reflected in its business model?
• Do trustees consistently place the interests of the charity, in fulfilling its charitable objects, above their own?
• Has the charity proactively considered its approach to corporate partnerships in general, and identified any ethical ‘non-negotiables’ that support the culture and values of the organisation?
• Do trustees have personal knowledge of how the charity operates and the impact it has on its intended beneficiaries (and wider society)?

5 What does the Charity Governance Code tell us?
The recently revised Charity Governance Code23 (the ‘Charity Code’) places some emphasis on board behaviours and the role of the Chair in board effectiveness. The key outcomes identified in Principle 5: Board effectiveness, include creating a culture, behaviours and processes that “include accepting and resolving challenges or different views” and having a Chair that “enables the board to work as an effective team by developing strong working relationships between members of the board and creates a culture where differences are aired and resolved”. This code is endorsed by many key players in the charitable sector and the Charity Commission will be using the code in place of its “Hallmarks of an Effective Charity” guidance for trustees.

6 Dealing with difficult board members
The literature indicates that the Chair has a particular responsibility for addressing behaviour that is perceived to be unhelpful and, if necessary, having formal conversations about it, for example in individual performance feedback sessions. Using a Code of Conduct as a reference point is also quoted as helpful when problems arise.24

7 Conclusion
There is general agreement in the public, private and charitable sector that effective governance needs the foundation of good practices, policies and procedures, but that to ensure boards are as effective as they can be, identifying and managing dynamics within the board and the behaviours of individual trustees are vital.

Chairs in particular have a crucial role in setting the tone and leading by example. Chairs require high levels of emotional intelligence to deal with disparate characters and the varying motivations on the board.

There are several practical ways to promote positive dynamics, including clarity of expectations of behaviours through a collectively agreed code of conduct, regular and open communication between board members and between the Chair and Chief Executive, and a strong and organised Chair. Building levels of trust and confidence within the board is not always easy and it can take time, but the benefits are clear.
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Endnotes

5 https://www.gov.uk/government/publications/the-7-principles-of-public-life
7 Review of the role and effectiveness of non-executive directors Chaired by Derek Higgs, 2003
9 Why do good boards make bad decisions? Some insights from neuroscience and psychology by Marcus Page published by the Association of Chairs.
11 Conflict and Tension in the Boardroom: How managing disagreement improves board dynamics by Professor Andrew Kakabadse, Professor Nada K. Kakabadse, Dr Penny Moore, Filipe Morais and Rita Goyal, ICSA and Henley Business School, University of Reading
Delivering Effective Governance Insights from the boards of larger charities

by Mike Hudson and Jacinta Ashworth, Compass Partnership in association with the Centre for Charity Effectiveness and Cass Business School, 2012

A Chair’s Compass: A guide for Chairs of charities and non-profit organisations by Ruth Lesirge and Rosalind Oakley, AoC, 2014


Hudson 2017 ibid page 300

For example, http://betterboards.net/relationships/director-personality/ What is your Director Personality? Better Boards Australasia


Checklist – Behaviour in Board meetings by Mike Hudson, 7 August 2012, Third Sector

Board Talk: Bad behaviour by trustees can undermine the cause, 14 May 2013, Third Sector

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