



The changing face of governance – board dynamics

Podcast transcript

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Key

- + **Victoria Holbrook:** VH (host)
- + **Ri Chakraborty:** RC
- + **Randall Peterson:** RP

Transcript

VH: Hello everyone, and welcome to this edition of the Advance HE Governance Podcast, where we're celebrating 20 years of governance effectiveness in higher education with a series of recordings covering a range of topics with some great special guests. My name is Victoria Holbrook. I'm assistant director at Advance HE for consulting, governance and Insight, and I'm joined by two great guests today, Ri Chakraborty and Randall Peterson. I'll invite Ri to say a bit about herself.

RC: Thanks, Victoria. It's great to see you. Great to hear you. Um, I'm Ri Chakraborty. I'm an executive producer and commissioning editor in film and television and the creative arts sector. I'm also on the governing council of the Norwich University of Arts, and I'm chair of a performing arts dance company in Leicester.

VH: Great. Thanks Ri and Randall.

RP: Hi. I'm, uh, Randall Peterson. I'm a professor in organisational behaviour at London Business School. I'm also the director of our school's leadership institute. And one of the main emphasis in that institute is on boards and boards effectiveness. But in addition to that, I do have experience on higher education and other kind of educational boards, uh, both in the UK and the United States.

VH: Great. Thank you both. And I think what's really going to be interesting to hear from you two about today is particularly the topic around board dynamics. And that's something that we inevitably touch on in all of the work we do at Advance HE, working with boards and the higher education sector, and particularly warrants, I think, some special attention as part of this series. And for those of our listeners who are at our governance conference back in November 2023, you will have heard us talk about some of these aspects there as well, and we wanted to make sure that we had another opportunity to have that great conversation. So we're going to focus in on board dynamics. We're going to think a bit about what the evidence tells us around what makes for effective board dynamics or more challenging board dynamics. And we're going to lean in on to some of our different perspectives from different sectors and from the creative arts, from the corporate sector and from the ag sector as well. I think I just wanted to note that at the beginning of our conference panel session,

we asked our attendees whether they would indicate by raising their hand, how confident they were in their own board dynamics and how effective they thought their own board dynamics were. And one of the things that struck me about that was that the majority of people in the room thought that their board was not on what they would describe a high performing board when it came to board dynamics. Um, now, I'm sure that's not a scientifically valid analysis, but it certainly was thought provoking in the room at the time. Um, so with our first question, we talk about what do the best boards do to achieve both a diverse and inclusive board room. And Randall, I'd really like to hear a bit from you, first of all, about what does the evidence tell us about what makes a really effective board dynamics and inclusive governance practice?

RP: Thank you. Um, I would say a couple of things. Um, having published a study on exactly this in the listed boards and have experience in higher education, it boils down to a handful of things that really matter. Um, maybe some might be surprising, some maybe not. But, um, so first of all, for having, you know, diversity and encouraging diversity, it's really paying attention to it, wanting to do the right thing for the right reason, making sure that in any search we are prioritizing that. And, you know, diversity of all types, not just, um, you know, people's demographics, but also different perspectives and backgrounds and being able to try to balance all of that kind of very consciously. Of course, once you do that, you also need to focus on inclusion. Um, because diversity without inclusion gets you very little actually. Other other than a nice photograph. It is a nice photo. Um, but it doesn't really improve the quality of what goes on in that boardroom. And that's really about creating a learning culture, one in which we're all trying to get better together.

RP: We're committed to learning from each other. And interestingly, what research really strong in the last decade shows us is that learning culture outperforms performance culture. No performance culture. Get your head down, get the job done, etc. ironically, especially in today's world where it's a bit more, there's a lot of other stuff going on. The stakeholders abroad, um, saying, okay, I need to learn. I always need to learn. I always need to be out there looking around and reinforcing those norms. And in fact, you know, those other ideas don't even have to be right to have a great impact. Right? Just searching out those other, uh, other perspectives. And of course, it does it very difficult for it to come together if you don't have a great chair. You know, a chair whose main job is listening, bringing people together, bringing ideas together in order to make and helping to prioritize which things are really important and which are not. You know, it's that combination of, you know, getting the right people in the room, having a great culture and then an effective leader.

VH: That's really interesting, and I think I would reflect on the role of the chair and also the role of the governance professional, um, in that space as well. And our university secretaries clearly have quite an important role to play in trying to create a safe and inclusive dynamic by the important liaison role that they have between the chair and the executive. For example. Um, I wonder if you would reflect a little bit, particularly from the creative sector

that you've been spending so much time with, how do you think this is playing out in that sector?

RC: Well, the evidence is fascinating. So it sort of puts everything into perspective really. The dynamics in the cultural and creative sector is more fluid. I'd say there's less regulation or there's more of an emphasis on compliance, maybe from funding bodies. Then there are from governmental, um, regulatory rules and what we have to adhere to. The sense of having Nolan principles, I think, is something which is really fascinating to bring from an HE governance point of view into that creative sector. Many don't know about that. Many don't know how boards work. So they go into boards thinking, right, we're going to sit here and we're going to make amazing decisions, and we're going to hire and fire. And they maybe have an understanding of that, or lack of understanding of the demarcation of the operational versus the actual risk and compliance. So that has been a very big learning curve for me, coming in as chair of an arts organization. But having the hat and the umbrella of HE governance. I think HE governance is really good to understand those rules and regulations. And again, it just means that maybe we think a bit more about regulation in HE than we do in the arts, and maybe we think a bit more about, um, the operational than the regulation in the arts as well.

VH: Yeah. And that must have some really quite important implications for board dynamics, as you say, that balance between the executive and the non-executive and might become at times a bit blurred. And sometimes we still get plenty of questions about the boundary between the executive and the non-executive. I wonder if that comes through in some of the work that you do as well, Randall?

RP: Oh, always. And there are, you know, these broad, broad guidelines for the non-executive to have, you know, your nose is in and your fingers out, but in certain circumstances you do have to put your fingers in, you know, particularly in small boards and in particular in a crisis and certain circumstances where there is more to do. And then, of course, that makes it that blur, that blurs things very quickly. But, you know, the broad guidelines, you know, coaching direction, guidance is the right one. You know, I the other thing I the problem I oftentimes see in this situation is people who come and see themselves as representative. Right in in the boardroom. And actually you all are collectively responsible. You cannot just represent your constituency and, you know, fulfill your full obligation to a board. Right. Um, you know, it's your you can represent the extent you can share that perspective with others so they understand it. Right. That's that's useful. That's good. But to truly just represent is to not be not really to not really be doing your duty as a governor or as a, you know, as a director or whatever, you know, in the specific situation they're called.

VH: I would totally agree, and I think there is still some reticence to fully explore what it means to have, for example, student and staff members on the board in higher education and how to get that balance right when some are elected and feel that they have very much a representation role. But ultimately, the board is there to take collective action and collective decision making and collective influence with the executive. And I wonder if there's

anything we can learn from other sectors about how they manage that tension with representatives of certain constituencies or even different models of governance, where they might hear from, where they might get stakeholder voice in a quite different way. That doesn't over rely on a representative party on the board itself. Um, I just wondered whether you've got any thoughts on that. Ri, how about from the creative sector where one could imagine there's going to be many interested parties in the work of, for example, an arts organisation?

RC: This is this is really fascinating in terms of synchronicity. It's just what I was talking about yesterday with, with one of my board members is how do we engage stakeholder outcomes. So we're engaging those who we're representing on behalf of the arts. And creative health is something which is very big at the moment, and it's very much bringing the NHS into the arts institutions and adhering and helping that voice become heard as well. So we're talking about bringing in the stakeholders or the audience, the demographics that we cater to, bringing those into the board. And and it's a starting to take fruition. I think it's still very nascent, but very much like the ag environment where we're starting to bring in the student voice. So it's not just the student union, the president of the student union, it's students who are actually going to be sitting in on board meetings. And we've got some much younger members on our arts organization board who were there initially as observers. But their input is fascinating, and they'll be teaching us something. Randall, you mentioned about the learning experience, and that's exactly what a healthy dynamic of board does is. We're learning from each other, and that's our take out. What can we give, but also what can we bring to ourselves.

VH: Randall, what would you add?

RP: Oh. Thank you. Yes. Uh, a couple of things I would add from the one from the corporate sector, which is the the rules around corporate boards are very clear. It is a duty of loyalty to the organization. Right. You are not loyal to a chief executive, to another, another director or anyone else. Your ultimate loyalty is organisation, and the real absolute clarity of that, I think, is really helpful in dealing with even when you have representative within the room. But, you know, and across sectors I've seen real, uh, you know, making the effort to engage stakeholders either through additional committee, uh, or committee of the board, for example. And actually, I mean, good old fashioned surveys are not, you know, can play a role, um, in every organization, almost every organization does some form of employee engagement survey these days. They are unfortunately hugely underutilized. You know, they're not just a headline number. You dig in, understand? Are some groups more engaged than another? Uh, wait a minute. That's a problem. Okay. There's a there's a richness of data and opportunity in that, that we don't take, you know, as much as, as much as we should.

VH: I wonder if we could, bearing that in mind, talk a little bit about power. And one of the conversations I remember us having at the conference, Randall was certainly observations around some of the power imbalances that can occur on boards, and particularly if we think about either the chair of the board or perhaps in an HE context, the vice chancellor as the

lead executive. And I wonder if there's anything that you can tell us about power imbalances and how to manage those power imbalances that we see.

RP: Yeah, power imbalances often times occur, right? Officially, everyone is equal in practice. It's one of the most, you know, competitive, status oriented kind of, you know, things to engage in. Uh, everybody needs to be influential. And we only make collective decisions. And the only way that happens is if I get engaged, impress, persuade, you know, at least half of people sitting there, ideally more. And so that creates, uh, an incentive to, to seek power. And it can happen where a vice chancellor or chief executive essentially can capture the board by essentially making people believe that they kind of owe it to that person. Right. And the board does have the, you know, the need and duty to support the vice chancellor, chief executive right up until the moment in which, you know, we will we until we don't. Um, you know, but it's the until we don't part that oftentimes gets lost. I mean, in the corporate sector, you know, a very, you know, famous example, you know, is Fred Goodwin, you know, who is running Royal Bank of Scotland, who, who, according to legend, would threaten the non-executives if they didn't do what he wanted. Right. You won't you won't be a director anywhere else again if you if you cross me and use, you know, super well known, super powerful, well connected. Right. And you know that was these kind of things can happen. Now how do you, you know, how do you deal with all that? Okay. That's a tough call. But, you know, there are a couple of things you can kind of think about. Of course, things like a great chair should help, you know, to, uh, to do that. If for some reason the chair isn't great, you know, a some form of senior independent, you know, director of some kind can also oftentimes be a good conduit to try to confront it. Um, the most important thing is not to ignore it, right? Because otherwise you will never get to this learning culture where you're truly learning from each other and getting better together.

VH: So yeah, I think that's enormously helpful, particularly because at the current time, the appointment of a senior independent governor or director, as it might be called in other sectors, is not a mandated requirement in higher education, nor is it particularly one that's common. I think people are interested in exploring it, but aren't yet clear of the value of what that role can bring. And I think what we see and hear from other sectors is precisely the point you just made, which is it provides the route and the consciousness on the board that enables us to be alive to those power dynamics, enables us to raise issues or raise flags, or perhaps ask some questions in a way that might not feel that you're deliberately taking aim at a chair or a vice chancellor. If the senior independent director or governor can fulfill that role of having the conscience of the board. I think that is a really important role to play and one that shouldn't be undervalued. And we we know, don't we, from all sectors ultimately, where we have governance failures, it's more often to do with personality and power issues than it is to do with a failure of process or compliance. So I think there's lots to think about there.

RP: Completely agree. And absolutely, you know, I did my own book on disaster in the boardroom. It's a corporate, but pretty much every case, somebody in the room knew exactly what was going on and just couldn't be heard.

VH: Ri what what would you add to that?

RC: I would say, I mean that we've seen there's an we've seen an influx of scandals over the last few years. I mean the most recent being the post office. And it's about voices feeling safe enough to say that there's something that does not feel right. And it comes back to that feeling of psychological safety in the room. In the conference, I think I mentioned the sound bite of the boardroom is an ecosystem and not an ecosystem. Because there are egos. And even walking into the walking into a boardroom, you'll see different personalities coming through. So it's just having a balance of dynamics, but also understanding that voices, underrepresented voices do need to come through and feel confident that they'll be able to say that there's something right, as well as something wrong.

VH: And that's very, very sage advice indeed. So I wonder then. Given all of this conversation that we've had and what we know about, uh, about effective board practice, what do we think particularly that he boards should be thinking about doing differently? If there was 1 or 2 things that we'd want people to really have on their radar as things to go and reflect on or do differently, what would those be? And Randall, I'll come to you first.

RP: Okay. So again, a couple of things that we've alluded to already. One is the diversity of people around that table. I remember in my, uh, my own university having a conversation with our then dean vice chancellor equivalent, saying, uh, I was deputy, uh, dean at the time and saying, you know, it'd be really nice if there was somebody from our own industry on our board because they're all business people, and that's great. But, you know, when we had our ref results and we were top of the tree and I was so excited, and, you know, the governors were kind of like, oh, that's nice. Just like, you know, kind of like it's just any other survey, you know, or any other ranking. And it's like, no, you're not getting it. This is a big deal. And, you know, it's just like when you don't have those voices in the room, it, you know, it's very, very hard. So I think really paying attention to the voices in the room, encouraging more diversity, uh, of voices within the room and trying to be as creative as possible about hearing those broader stakeholders. Because I think across all sectors right now, there's a lot of, again, because of social media where everything is visible now. So you might have been able to get away with it ten years ago. You cannot get away with it now. So that means you can't just ignore a stakeholder. And so I think it's really incumbent on higher education and all boards pretty much in all sectors to really be thoughtful about stakeholders and stakeholder management right now.

VH: Great, Ri?

RC: I'd say that you're not looking for a collection of stars, but you're looking for a constellation. And I think if you're thinking about high governance in terms of what could be different, it's almost looking at the ether and looking at the the idea of diversity and inclusion. And and it's not just as Randall mentioned earlier, it's not just about one form of diversity. It's actually age, race, ethnicity, gender, you know, all of or sexual orientation and education as well. We're looking at lived experience now and we're looking at meaningful connections.

And how many of those voices can be heard in the room and be given that voice or given that platform, rather, to help with strategic decision making, because we're there as oversight, you know, we're there to to give guidance, to say this, this might not be the right thing or this might be the right thing, but ultimately it's about getting the best executive decision making that you can get and making the most of everyone who's in that room and understanding that there isn't a one size fits all.

VH: I would totally endorse that. And it's prompting me to reflect on some of the things that come out fairly regularly as we do our board effectiveness work at Advance HE. Um, I think we are seeing greater diversity on governing body. Um. Of governing body membership, and I think that will be supported again when we publish our Diversity of Governance report later this year, which we do every other year. So it will be our third edition that will come out this autumn. I think we will continue to see, um, good progress when it comes to governor diversity, certainly in gender and in some respects with other protected characteristics. There's no room for complacency. Um, I think there has been much more interest in the use of younger governors and moving away from a perhaps unfair expectation that the student representative on the board can speak for all students and be the young voice in the room where they are a young person. So we are seeing much more uptake and think about, um, thinking about governor apprenticeship schemes or observer roles and that sort of development. And I think that's all for the good. However, I do think there's still quite a bit to be done for boards to think about induction and development properly, both as individuals who join a board really understanding their role and what they're there to do.

VH: Um, but also that team, team development, thinking about the board as a team with different strengths, with different voices, and how you actually bring those people together to, to, to build those relationships. And then finally, I think we would say it feels like this is becoming of greater recognition that it's a leadership act. The chair has a really important role to play here. The governance professional has a really important role to play and the executive, the vice chancellor, has a really important role to play and that that is a leadership role. So the more time that those people in those roles can spend thinking about what it means to lead in the governance context to what it means to support and lead effective governance, I think the better. I think that's been a really wide ranging conversation and we're probably out of time. But Randall, I think you would like to say something else.

RP: Yeah, I wanted to reinforce one thing in particular and make one other point about that diversity that, you know, the one area that higher education seems to still be struggling with is socioeconomic status.

VH: Definitely.

RP: And I really want to just highlight that one as one that particularly our sector needs to pay attention to. And you know, that importance of how we work together. Take the time not just to develop strategy and decide issues, but take a just a short bit of time to talk about how we work together. It's not difficult and the rewards are massive.

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VH: Absolutely. Well, I think that's the perfect note to end on. I couldn't agree more with that. So thanks very much for your time, Ri and Randall. It's been a pleasure talking to you again. I've really enjoyed it and I hope our listeners have too. So thank you everybody.

RC: Thanks, everyone. Thank you.



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