

Emotional Intelligence in the Boardroom

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The range of interaction and topics discussed in the boards has changed radically over the past decade. Boards have evolved through necessity (governance scandals, social upheaval, climate change, technology), but there is still a long way to go. Given the pace of change, and the demands and pressures on modern directors, the need for applying in emotional intelligence (emotional quotient or EQ as it is often referred to) in the boardroom to make smart decisions has never been greater.

The concept of EQ has various technical definitions, all of which relate to recognizing our emotions and how to express those emotions through appropriate behaviour. This can be a critical skill in the boardroom along with the four key components of self-awareness, self-management, social awareness, and relationship management, and could be practically applied in a boardroom setting.

One of the primary drivers to a successful board exhibiting high EQ is the pivotal role of the Chair. The best chairs have some common attributes like, the ability to build consensus and synergy through robust, open, and respectful debate that considered a diversity of viewpoints to arrive at carefully considered and ethical decisions.

The dangers and warning signs of a poor (low EQ) board, including directors that were disengaged or failed to challenge management, often heavily influenced by a dominant chair or CEO, and therefore restrained from being truly independent or objective. One of the most common failures of many boards is the concept of groupthink, the overriding desire for consensus and unanimity, resulting in the suppression of internal dissent and consequent inadequate evaluation of alternative courses of action.

Contrasted with this, the attributes of a high EQ board, where members enjoy a sense of purpose and so are actively engaged in diverse and creative tension within a framework of close teamwork and respect for alternative viewpoints. In addition, high EQ boards demonstrate learning agility so that they can adapt to the rapid pace of technological and societal change without getting caught out. A high EQ board takes work, but these can be facilitated by strong processes that are designed to steer the board in the right direction. Such processes include careful recruitment for the right skills, insightful board evaluations and effective director induction.

The current workplace trends illustrate why it is so important for boards to be agile in their response to the environment. These included the impact of COVID, a greater emphasis on mental health and the need to invest in employees in the future, especially as millennials, with different expectations around workplace culture and their own careers, rapidly become the predominant working generation.

Drawing on his practical experience, the author was able to use EQ based techniques with board clients in a situation of conflict, and another situation where the board was able to promote diverse thinking and engagement from previously disengaged directors.

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