ABOUT THE AUTHOR:

Paul has 25 years of corporate secretarial, corporate governance and regulatory experience both in house and as a professional services consultant in the United Kingdom, Canada, Caribbean and the Middle East. He has worked for KPMG LLP and PwC in leadership roles and served in senior in-house roles for several listed financial services companies. He has also provided governance services to Mid-Cap and Large-Cap companies in Europe, North and South America and the Caribbean region. Paul has worked extensively with a diverse range of boards and senior management teams on governance matters.

Paul recently completed a two-year assignment as Head of Corporate Governance at First Abu Dhabi Bank, the largest bank in the Gulf region, where he developed the Bank's corporate governance framework, advising the Board and executive management on the practical implications of the new UAE Corporate Governance Regulations. He also refined the Bank's management committee structure and its international governance structure across twenty jurisdictions globally.

A certified life coach, group coach and emotional intelligence (EQ) practitioner, Paul has recently founded Perfect Balance Consulting (www.perfectbalanceconsulting.ca), providing governance and EQ solutions through keynote speeches and group training to small/mid-Cap organizations, and one to one executive coaching to mid-senior level professionals with a focus on leadership and EQ. Paul is a Fellow of the Chartered Governance Institute of Canada (CGIC) and holds an LLB from Middlesex University (UK) and a Postgraduate Diploma in Legal Practice from Leicester De Montfort University (UK).

This is Paul's first non-fiction book, but he has written plenty of fiction. As a keen thriller writer, he has published four gripping novels, including Crimes against Humanity and the Dictator of Britain series. Paul's books can be found here: https://www.amazon.ca/s?k=paul+michael+dubal&ref=nb_sb_noss

INTRODUCTION:

The role of the corporate secretary in the 2020s is radically different to its original inception in the early days of company law in the nineteenth century, to the extent that the description of "secretary" hardly seems appropriate. In this text, we will use the terms corporate secretary and governance professional interchangeably, recognising that the nomenclature may be more appropriate for certain roles than others. For example, a governance professional denotes a wider class of professionals that may or may not be as closely involved with the board as a corporate secretary who is given that specific title. In almost all cases the governance professional will have responsibilities in setting or contributing to the governance framework of the organization and have some direct or indirect interaction with the board in a facilitation or advisory capacity. In any event, the principles discussed in this book apply equally.

When the role was first created, it was envisaged that the corporate secretary would be a clerical position, a servant of the company that looked after the company records and its seal, a faithful but silent scribe to the people that made the important decisions about the company.

With the advent of the Cadbury Report on Corporate Governance in 1992, the role of the corporate secretary began its evolution into the governance officer we see today, accelerated by the number and range of governance scandals that only seem to have increased since the introduction of governance as a discipline in its own right.

A strong governance regime and a Board with an ethical sense of purpose would arguably have prevented the abuses of power that seemed to characterize these governance scandals. From Enron through to Nissan through to Wirecard, the resulting forensic examinations of what went wrong inevitably highlight preventable failures in governance.

The influential Cadbury report has arguably propelled the status of the governance professional to new heights. It is widely recognised that that the corporate secretary is the most senior administrative officer of the company. As such, they hold a prominent position, carry significant influence as a trusted advisor to the board. The corporate secretary is there to guide the board on a range of matters so that the board can grow and evolve in a sustainable manner. This means that the corporate secretary plays a key role in the governance of the organization, which usually starts with the board. They require a thorough knowledge of the organization's business environment and the framework of law and regulations in which the organization operates, and the technical ability to knowledgeably advise the board on matters of law, risk and compliance, and increasingly on issues around sustainability.

Governance professionals can add real value to their role and increase their impact by bringing commercial acumen, strategic understanding and softer people skills in addition to their already much sought after legal and governance knowledge. Those "soft" skills and their application form the foundation of this book.

A governance professional needs to have excellent communication skills, a resilient character and above all a degree of independence and integrity that enable him or her to adopt the highest standards of professionalism. Allied to this, the governance professional needs to possess sophisticated emotional intelligence attributes to handle the diverse personalities of board members, senior management and other stakeholders that he or she will inevitably encounter. Invariably some of these personalities will present challenges.

Yet, extraordinarily, at the time of writing, the route to becoming a corporate secretary or governance professional is still devoid of the study of emotional intelligence (or emotional quotient, EQ as we will refer to it going forward).

That is a significant omission, and the purpose of this book is to provide some practical insight and guidance in an area which is generally learned "on the job." This means trial and errors. The guidance and stories in this book are designed to help you navigate the complex maze of personalities and challenges that encapsulate the role and hopefully help you to achieve more 'trial' and less 'error' in your daily work life.

I hope you find the reading stimulating and of interest and used not just to read and file away, but as a practical manual for guidance when challenges and situations requiring EQ attributes inevitably occur.

Paul Dubal, November 2021

CONTENTS

CHAPTER 1

The New Governance Landscape and the Role of the Governance Professional

The corporate governance landscape is unrecognizable from the time I qualified as a corporate secretary. The last 30 years have seen an expansion in the level of governance oversight globally through legislation (such as Sarbanes-Oxley) and a range of governance codes (starting with the 1992 UK Cadbury Report and the 1994 King Report in South Africa). These codes particularly marked the beginning of the evolution of modern governance. Ironically, in the face of the expansion of legislation codes and regulation, there has continued to flow an unending stream of governance failures and scandals that have placed under scrutiny the oversight role of the board and its shortcomings.

While Enron, the infamous Texan energy company that collapsed in 2001, is widely considered as the poster child for poor governance, it is fair to say that, despite the passing of extensive legislation to provide a greater focus on accountability for individual managers, auditors etc., the number and range of scandals in the 21st Century has continued unabated. This underlines the fact that no amount of legislation or regulation can guarantee protection against the nefarious behaviours of managers, directors and other corporate players placed in positions of authority, power and responsibility.

No better example of this can be seen in the impact of the global financial crisis of 2007 to 2009. The emphasis on greed, willingness to take risks without conducting a proper risk assessment, taking corporate actions without consideration of the implications, and engaging in behaviour that was at best negligent, and which in many cases was overtly criminal. This crisis also highlighted the deep interconnectedness of the global economic, business and governance landscape. The acceleration of globalization means that economic shockwaves are no longer regionalized. Their seismic impact travels around the world at the speed of light. The actions of influential individuals, groups, companies or governments impact all of us – which makes good governance more critical than at any time in history.

The governance challenges we face today are very different from the challenges faced in the early 1990s when modern governance was emerging as a discipline. The early reports and codes dealt with relatively basic governance issues, such as analysis of the role of the board, its composition, director independence and separation of roles, such as the CEO / Chair function. These issues still hold value today, and remain the foundation of our governance systems.

The 20th Century was a period in which the concept of shareholder primacy was first and foremost. This meant that boards were concerned with one stakeholder only: the shareholder. In other words it was all about the profit that a company could make for shareholders. There was little regard paid to the impact of a company's activities on the wider environment and society generally. These were considered to be matters for the government. The only checks and balances on companies occurred through regulation and market forces. Only in the 1970s did corporate social responsibility begin to filter into corporate thinking, and even then, it was slow to gain attention within the boardroom.

Accordingly, the 20th century was a time of unsustainable development, because profit was achieved by using resources at a rate faster than they could be regenerated. The result of this approach is being felt today as nature starts to rebel against man's activities. The impact of climate change is a real and ever present threat. Companies and organizations can no longer sit back and abrogate their responsibility to the communities and societies in which they operate, relying on corporate philanthropy to enhance their image. The corporation making record profits by cutting corners on filters designed to prevent noxious chemicals being released into the air, or contaminated water being released into our rivers and ecosystems, has no place in the modern business environment.

" the 20th century was a time of unsustainable development"

Boards and officers are accountable for creating an organization that is regarded as a good corporate citizen. This is not about doing the odd corporate day, allowing staff to be volunteers or making a random charitable contribution. The dial has shifted; shareholders are no longer front and centre. In the 21st century companies and boards, when making decisions, need to consider and be accountable to a wider range of stakeholders, for example employees, consumers, suppliers, government, and the environment. This makes perfect sense; most organizations depend on those stakeholders to operate at the most basic level. Corporations cannot develop strategic plans without understanding the impact on those plans on stakeholders. In Canada the shift to stakeholder governance occurred as a result of two Supreme Court of Canada decisions: the Peoples Department Stores and the BCE 1976 Debenture Holders cases. The Court affirmed that boards of directors have a duty to act with a view to the best long-term interests of the corporation, underlining a legal shift from shareholder primacy to stakeholder primacy.

This case law has been legally codified through amendments to the Canada Business Corporations Act. This requires that directors and officers must act in the best interests of the corporation, and in doing so must consider, and not be limited to the interests of creditors, consumers, governments, employees and pensioners, the environment and the long-term interests of the corporation. Balancing these competing interests may be challenging, and neither case law nor legislation provide much in the way of guidance. There is a huge degree of interpretation required and this brings unique challenges to the directors and officers of a corporation. Accordingly, the skill sets required of board members and officers are very different to those sought by organizations thirty years ago.

The mantra for the 21st Century is enterprise value creation. Is the company, through its activities, making a net contribution to society that outweighs the cost of the resources it consumes?

This approach will require a greater focus on integrated reporting, covering financial and non-financial metrics. The current challenge with environmental, social and governance (ESG) reporting is that non-financial metrics are difficult to quantify, and currently, there is no universally accepted standard for measuring and providing such metrics. The future is likely to see universally accepted standards for sustainability reporting.

Current Governance Landscape

There are a number of factors and events that have shaped the current governance landscape. These include the following :

- The impact of market forces. Society has placed a greater social expectation on corporations through the free market and changes in culture. For example, the younger generation now in the workforce, such as Millennials, and Gen Z, are tomorrow's leaders and captains of industry. The majority of this generation are only prepared to work for companies that share their ethical values. This means that they are likely to work only for companies that do not harm the environment or society generally. In fact, the trend is toward the opposite. They want to see companies making an active and valid contribution to society by being environmentally responsible, providing tangible support to the community, and being transparent in their dealings and reporting. Mere legal and regulatory compliance is not enough.

- Equally, consumers are becoming more discerning around environmentally friendly products, or products that do not cause harm to the planet, its ecosystem and inhabitants.

Consumers are willing to pay higher prices for goods that are produced in a responsible manner, for example that the raw materials are obtained from sustainable sources, organizations do not exploit their supply chain or the labour that makes or assembles the product. There is greater brand awareness and scrutiny regarding “fair trade.”

- Social Media – This has an enormous influence on the way companies are perceived by communities. An organization’s reputation that has taken decades to build, can be torn down in minutes by unfortunate or inappropriate comments from the business leaders, or other scandalous behaviour which can quickly go viral. The power to mobilize public opinion against an organization has never been greater, and all organizations need to be seen to be doing the right thing under the intense glare of the social media spotlight.

- Shareholder activism is a trend that has steadily grown, particularly since the 2007–2009 recession. These activist investors have put pressure on companies to engage in meaningful ESG conduct and report on its ESG activities. Failure to do so could lead to directors being put under pressure through negative publicity or even ousted for failing in their stewardship role.

- Similarly, the increase in wealth inequality in the 21st century, only accelerated by the global pandemic, has led to criticisms around corporate greed, with moral outrage directed against a number of financial companies that were bailed out by governments using taxpayers money as too systemically important to fail, despite reckless lending and poor risk management. Anti-corporation movements such as Occupy Wall Street, a protest movement against wealth inequality and political corruption, and Anonymous, the loosely organized international movement of online activists, have drawn attention to corporate and social injustices. Targeted organizations are vulnerable to this type of "hacktivism."

- Major institutional shareholders are experiencing growing pressures to be perceived as good stewards, to manage their portfolios by investing in funds and companies that are perceived to be more socially responsible. Funds such as Blackrock have made clear that in their stewardship role, they will analyse a company's activities and behaviour to ensure that they pursue a purpose that promotes long term sustainability, acts ethically and conducts responsible environmental and social governance. ESG actions and reporting will increasingly become integral to a company's fortunes, and a barometer for investment decisions. ESG impacts a company's financial bottom line more than ever.

- A move toward greater integrated reporting standards in the last decade, including the Financial Stability Board's (FSB) guidelines, the Task Force on Climate Related Financial Disclosures (TCFD), and the increasing use of the United Nations 17 Sustainable Development Goals (SDGs) as guidance for reporting.

The complexity of the issues facing society—inequality, climate change, global pandemics—means that government intervention and regulation is inadequate as the only tool for addressing society's needs. Particularly as trust in governments and politicians globally continues to decline, there is a greater need for corporations to act responsibly to regulate the impact of its activities on stakeholders for the purpose of supporting and supplementing government regulation.

Future Governance Landscape

Looking to the near future, cybersecurity and climate risk are two of the greatest challenges over the next five years.

Cybersecurity - Companies in North America see cyber-attacks/data breach as a number one threat. According to Symantec, an American software company, the United States was the country most affected by targeted cyber-attacks between 2015 and 2017, with 303 known large-scale attacks. At the same time, a 2018 survey conducted at the World Economic Forum also showed that cyber-attack was considered the number one concern by businesses in the United States and Canada. It was only in 2015 that cyber risk even became one of the top ten risks, although even at that time damage to brand and reputation was cited as the top overall concern facing global organizations. Cyber risk has been regularly linked to brand and reputation issues in the wake of data breaches; however, the concern around cyber risk is not just around reputation, it is also around business interruption, property damage and failure to innovate.

Cyber attacks are increasing, including the range and level of attacks, and the financial cost will continue to escalate as organizations that do not innovate become more vulnerable.

Indeed, a report issued in 2020 by the Canadian Internet Regulatory Authority (CIRA) found that about three in ten organizations have seen a spike in the volume of attacks during the global pandemic, even at a time when many companies cut their cybersecurity budgets. Governments and large corporations are also vulnerable, as seen by attacks on US Department of Homeland Security by Russia and on Microsoft by China.

"cybersecurity and climate risk are two of the greatest challenges over the next five years "

Climate Change – The impacts of long term climate change can be seen all around us. The global pandemic, extreme weather events, loss of biodiversity, sustained loss of rainforest cover, less arable farmland, increased scarcity of fresh water, rising sea levels through polar ice and glacier melting, causing loss of coastal areas. These impacts will continue to escalate, with increasing uncertainty about their short and long term effects.

All organizations need to build in climate change as an integral part of their strategic planning process. Boards need to be proactive to try and offset climate related operational disruption. Climate change and its effects should be a regular item on any board meeting agenda, as these are evolving threats that will need consistent and constant monitoring.

<u>What does this mean for the governance professional?</u>

The modern governance professional will be at the forefront of this evolution, by helping directors and officers to recognise their role as the 'conscience' of the company, and to cultivate the right mindset. They need to encourage the leadership team to understand their obligation to ensure that the company creates value for the community and is perceived to do so, and that they take decisions that underline this requirement to be a good corporate citizen, recognizing that in today's high speed social media world, reputation is everything. Our corporate leaders need to act with integrity and intellectual honesty, by considering the long term interests of their stakeholders in their deliberations. Behaviours are everything, because controls and regulations can be circumvented by the manipulative director.

"The modern governance professional will be at the forefront of this evolution"

The governance professional needs to cultivate a greater focus on outcomes based governance, moving away from the traditional compliance 'tick box' approach to a governance framework that contributes to the concept of enterprise value creation, and engenders the trust and confidence of the community in which it operates. This means the development of skills and behaviours that were traditionally outside the remit of the corporate secretary, which was considered more of a technical expert. There is a greater emphasis on the soft skills, and this new paradigm forms the basis of this book. The Chartered Governance Institute's 2014 research paper, titled *'The Company Secretary: Building Trust Through Governance'* reported that 'the softer social interactions were currently absent from professional qualifications. These soft skills and relationship competencies are vital for company secretaries, just as they are considered as being key requirements of board and committee chairs.'

This is the modern context in which the governance professional operates. I have written this from the perspective of a governance professional who qualified at a time when the role was perceived very differently. I have needed to adapt and refine my skills throughout my career to keep afloat of this evolution, an evolution that shows no sign of slowing down. I have used stories and examples from personal experience as well as from respected associates who have generously offered their own insights and stories. I hope I have captured everyone in my acknowledgements at the end of this book.

One qualification I would make in relation to the terminology used in this book. The references to various officers such as the Chief Executive Officer (CEO) can be applied to the equivalent position in your organisation, whether that be President, Executive Director, Managing Director, directrice générale or similar. The guidance and principles in this book are universal, they can in theory be applied to any organization, although as you read this, you should do so from the lens of how you can apply it within your particular circumstances. Indeed, your own job title may be radically different to company secretary or governance professional; however, if you work in any area related to governance, or indeed work directly or indirectly with the governance function, this book is for you. Therefore, any reference to governance professional or related titles should be read in that context.

Scattered through the book is a reference to best practice. I use this term sparingly, because, although there are undoubtedly certain practices that have enormous value, what constitutes best practice is in my view any practice that works most effectively for your organization. The aim of this book is to help you as a governance professional understand and develop the bewildering array of skills needed to survive and prosper in the challenging business environment of the 2020s.

CHAPTER 3

An Introduction to Emotional Intelligence

Introduction

The previous chapters set the scene for the evolving governance landscape and the need for the governance professional to move outside of the protective cloak of technical expertise and to embrace a bewildering set of 'soft' skills packaged into the overarching concept of emotional intelligence or Emotional Quotient (EQ). Business is conducted by people with people. Building trust and credibility through developing strong relationships is an important attribute for a range of professional roles, not least the board Chair and the CEO. In view of the range of stakeholders, often with conflicting objectives, that governance professionals are accountable to, they need EQ in abundance.

This chapter explains what is meant by EQ, and breaks it down into the four components, self-awareness, self-management, social awareness and relationship management, as viewed through the lens of a governance professional. We describe each competency and identify what that looks like in action for the governance professional. These components are further sub-categorized into a range of competencies and their application, and these are explored in more detail in later chapters.

What is EQ?

Emotional Intelligence/Emotional Quotient (EQ) was popularized by psychologist and behavioural science journalist Dr. Daniel Goleman in his seminal bestselling book *Emotional Intelligence*, first published in 1996. He defines EQ as the person's ability to manage feelings, so these feelings are expressed appropriately and effectively.

According to Goleman, and backed up by extensive research, EQ is the largest single predictor of success in the workplace. It is a key factor that sets high-performing individuals and high achievers aside from the rest of the crowd. The ingredients for star performers and leaders has been quoted as 15% Intelligence Quotient (IQ) and 85% EQ. A recent Davos forum of world leaders stated that EQ was one of the 10 essential abilities required for the future of the human race.

Therefore, understanding and developing your EQ is a key element if you wish to successfully progress in your career as a governance professional. Not only will you reap the rewards personally by enhancing your performance; you will also foster strong relationships with others, helping you to collectively achieve more. In fact, improving EQ by learning it through a good coach and putting it into practice will lead to lasting gains that can have a profoundly positive impact on all areas of your life. It has the potential to positively impact your success, quality of life, and relationships both inside and out of work. People who understand themselves well, and who understand how to relate to and connect with others, tend to be happier, more self-confident, more productive, and enjoy healthy and rich relationships throughout their lives.

Since Goleman's initial book, a huge array of concepts and definitions around EQ have arisen. However, what it really comes down to is the ability to recognize the emotions we are feeling and to be able to express those emotions through appropriate behaviour. Note the connection between emotions and behaviour. A foundation to achieving EQ is being self-aware of your emotions, which enables you to effectively distance or step outside of them as if you were a casual observer, and in doing so they lose their intensity. This gives you the time to manage those emotions in order to regulate your behaviour. You can then take control of how you experience and express your emotions In order to build responses that are more mature and productive.

"EQ is one of the 10 essential abilities required for the future of the human race."

It is not just about your response. Developing your EQ will also equip you with a greater awareness of the emotions of others, and having a heightened sensitivity to the feelings of people around you. Most people are not going to tell you how they are feeling, but communicating emotions takes place in a variety of ways. The most important is body language, such as facial expressions, posture and tone of voice. If you are able to pick up on those signals, it provides reliable indicators about how a person is feeling. This in turn can help you build rapport and a connection on a deeper level, which will enhance your ability to build productive relationships.

Emotional intelligence is part of our psychological makeup and personality. However, various research indicates that unlike our general personality and IQ, which generally speaking tend to be fairly fixed, EQ is something that can be developed by practice. In fact, John D. Mayer, the University of New Hampshire psychologist who was one of the pioneering theorists on emotional intelligence, stated that "emotional intelligence develops with age and experience from childhood to adulthood." As a result, IQ is not a predictor to becoming a top executive, whereas EQ is a skill that marks out future leaders.

The results of this is that you are able to use that ability to manage emotions (the internal part) to develop and maintain good social relationships (the external part) and which in turn will help you to think clearly and solve problems under pressure.

EQ speaks to a definition of your character and your ability to respond in a positive way to situations. They are your resilience, your communication, your adaptive skills. You cannot control things that happened to you or even things that get said to you, but you can control your response and your state of mind; emotional maturity is an important contributor to robust mental health. Those individuals with higher EQ perform better under stress, enjoy more productive relationships and exude a general sense of satisfaction with life, contentment, happiness and optimism.

The range of EQ based skills you can employ both in and out of the workplace is vast and still subject to further research.

"Emotional maturity is an important contributor to robust mental health"

<u>The Four Components of EQ and their application to the Role of a GP</u>

Self-Awareness

Self-awareness is your ability to accurately perceive your own emotions at the time they occur, and also to understand your propensity to act in a certain way in various situations. For example, how do you tend to react to specific events or challenges, or even people that may push your hot buttons? Having the sensitivity to understand how you may react in certain situations will help you to make better sense of your emotions. Sometimes this can be a highly uncomfortable process, because a thorough self-analysis will often uncover a range of negative emotions. Most people rarely consider the impact of their reactions and behaviour, and the effect it has on other people. It is important to remember that while emotions may not always act in our best interest, they always serve a purpose. They will always arise for a reason, and it takes prolonged self-reflection and thinking time to understand why these emotions arise in a certain way. However, having a better understanding of the source of emotions will help you to understand the feeling quickly, and it's more likely to act as a circuit breaker to help you to avoid reacting in an emotional way that you may later regret.

People who spend time in this process of self-reflection develop a transparent and honest understanding of what motivates and drives them, what they do well, where they derive satisfaction and highly important, what people or situations push those hot buttons. While that discomfort of forcing you to confront your own negative behaviour exists, in doing so it acts as a motivation to consider how that behaviour can be regulated in a similar situation next time.

Self-awareness is a skill that acts as a foundation for the other emotional intelligence skills. The empirical evidence suggest that individuals high in self-awareness tend to perform better in terms of reaching their goals in and out of work, and their general satisfaction with life increases. This is because an individual with a keen sense of self-awareness is more likely to understand their strengths and passions, and use this knowledge to pursue the right opportunities, and importantly they are less likely to allow their emotions to hold them back. We do not have to wait for a crisis to undertake this self-reflection, as long as we conduct an honest self-appraisal. The better we are able to understand our strengths, and emotional weaknesses, the better positioned we are to achieve our full potential.

As a governance professional, I found that the most valuable time for such self-reflection in a professional context was following a board meeting. I would consider how the board meeting went generally, what went well and more importantly, what could be improved. I also considered my personal interactions with each of the board directors and the other participants, such as senior management and presenters. How well did I help them, and could I have done more, and what did I learn from the exercise? I found that post board meeting was an opportune time for obtaining feedback through casual conversations with the meeting participants, by asking open questions primarily directed at their perception of the level of support and professionalism I provided to them. It wasn't always comfortable, but I found this process useful in uncovering blind spots around my own conduct.

"The better we are able to understand our strengths, and emotional weaknesses, the better positioned we are to achieve our full potential."

Self-Management

When you have developed strong self-awareness, you can use that information to build responses and direct your behaviour in positive and flexible ways. This means that you are able to adapt and manage your emotional reactions according to the situation and to the people involved. Self-management can be immediate or more long-term in nature. The immediate gain from self-management is to exercise a degree of impulse control, to avoid flying into a blind rage or exhibiting other problematic behaviour. However, it is also the longer term ability to manage one's self over time, often putting momentary needs aside in the pursuit of larger, more important goals. These are the people that are able to exercise a considerable degree of self-control and are highly disciplined in the pursuit of their goals, often prepared to delay gratification for a higher return.

The ancillary qualities that result from this self-discipline are:

- the organizational skills that allow them to use their time, energy and mental capabilities to improve functionality to plan, prioritise and execute important activities, helping them self-manage essential workplace responsibilities;

- high levels of motivation, to take initiative and finish tasks within deadlines through anticipation and planning solutions for potential issues; they are driven by a desire to succeed and not by outside factors, such as a threatening boss;

- are adept at managing stress levels through appropriate strategies such as diet, exercise, meditation, and also proactively managing workplace stressors to remain calm on the job, helping them to manage their emotions and maintain a professional demeanour in the workplace;

- accountability, taking personal ownership of their thoughts, conduct and quality of work.

Colleagues I have worked with in the governance field that exhibit strong self-management are able to see the bigger picture, and as accomplished communicators, they can articulate their arguments for a particular course of action in a highly persuasive way. They also have the ability to see things through without succumbing to pressure or taking the easy route.

As a governance professional, you might become embroiled in heated, emotionally charged meetings, and it is here that you need to exhibit a degree of patience and understanding, actively listening and responding in a thoughtful and measured way. I recall witnessing a senior management colleague coming under fire from hostile board members and remaining cool and unflappable, responding to each salvo with patience, courtesy and precision. I could only sit back and admire, even more so when I asked her how it felt to be on the end of such a verbal attack, and she calmly explained that all the questions were valid, and they were just doing their job. It showed a real sense of humility.

Social Awareness

As the first component of social competence, social awareness is considered a foundational skill. People with strong social awareness able to accurately pick up on emotions that other people are feeling. They are able to perceive what others may be thinking through an analysis of the way that they are behaving. They are able to step outside of their own emotions and rationally consider the perspective of the other party, even if they do not feel the same way.

This critical information is obtained by active listening and observing what is going on around us. On the face of it, this is a relatively straightforward task; however, in the friction of working life and the barrier created by our own attitudes and prejudices, we can be blinded to other perspectives. In order to tune into others, we need to curb our natural tendency to stop talking, stop anticipating the other person, and failing to listen because we are focusing on what we are going to say next. It takes a degree of discipline to put all of this aside and actively listen to individuals with the intent to understand. It requires a degree of astuteness that takes a lot of practice.

One of the tasks I always set myself when working with a new board of directors was to get to know them on a personal level. This had a number of advantages, quite apart from the obvious benefits of deepening the relationship. Knowing the person at a deeper level helped me to understand their temperament and value systems, particularly matters they felt strongly about. I was able to build these relationships by adapting my communication style when discussing matters on a personal level in order to work well with each individual director. For example, this could be understanding their expectations about my role as a servant of the board, such as how they like to receive information, whether in writing or through verbal briefings.

Relationship Management

Relationship management skills, the second component of social competence, taps into the other three emotional intelligence skills. Using your emotional self-awareness to regulate your conduct and to perceive the emotions of others will equip you with the ability to manage interactions successfully. You will be a better communicator and more effective at handling conflict. This will inevitably support your ability to forge productive relationships.

However, these relationships do not happen overnight. They are a bond that is built on a foundation of trust over time. They need to be built and cultivated over a medium to long term period, and this means getting to know people on a deeper, more personal level. This is achieved through employing a number of EQ based attributes, such as active listening to properly understand the person and their perspective, even if you do not agree with their viewpoint. This means that you can still build a relationship with someone you are not particularly fond of. Relationships come in many different forms, and where a working relationship is necessary, you do not have to like the person to develop a productive relationship.

Building quality relationships is usually achieved through a series of regular and consistent interactions built over time. The quality and depth of that relationship is strengthened by consistent interactions, treating people with courtesy and respect. I always found that if I wanted people to listen to me, I had to make the effort of listening to them first.

Relationships can be sorely tested at work, particularly in stressful situations. Research suggests that more than 70% of people have difficulty handling stress, and some of the most challenging and stressful situations faced by people originate in the workplace. Conflicts at work can often fester because people do not feel that their relationship is strong enough to initiate a direct and constructive conversation. As a result, people remain passive until the situation escalates, and those people who are unable to manage their anger or frustration may choose to take it out on other people, causing irreparable damage. A person who is adept at managing relationships will avoid that scenario.

One of the most proficient individuals in managing relationships I have seen was a senior legal figure in an overseas bank I worked for. He had the ability to read people, and always had an open door approach. This meant, for example, that I could visit his office to explain a situation or difficulties that I was facing. He would spend time to ask questions and think through the problem, providing measured, thoughtful suggestions, whilst leaving me accountable for the way forward. He perceived this as time well spent, even when he had a demanding workload, as he considered it a valuable investment in his team. His strong organizational awareness and influence in the organization meant that senior leaders implicitly trusted his viewpoint.

Case Study - The Emotionally Intelligent Organization

Abhishek works as a relationship manager for an organization that could lay justifiable claim to calling itself an emotionally intelligent organization. As a large insurance company specialising in group health plans for mid-size companies seeking comprehensive health benefits for their employee group, reputation is everything to them. Their focus is on promoting wellness amongst the employees of their client organisations. It is important that the plans they sell to clients effectively meet the needs of their employees. Building and maintaining relationships is critical in this space and the company's salesmen are trained not to offer a package most profitable to the company, but one which truly meets the needs of the client, even if that means less revenue from the sale. The mission and values of the company reflect this ethos, that the client's needs outweigh any self-interest of the company or its internal team. Getting the best deal for the customer by training sales staff to ask the right questions, which allow them to fully identify the needs of the client, and building in integrity and ethics as a core element of the sales process, ensures that the company maintains strong relationships and an enviable reputation in the industry. Clients hardly ever complain about the products and never about the sales process. Supporting this training is an incentive structure that has been carefully crafted to incentivise behaviours the company considers desirable, and so commission on sales revenues is reduced; bonuses for maintaining strong relationships on key accounts and good client feedback is greater.

This ethos is supported by the way the company supports its own employees. The company is in the business of selling Wellness plans and perceives that the most convincing way for its salespeople to sell it Wellness products is if they themselves are properly looked after by the company. This support is in the form of a remuneration scheme that promotes ethical conduct, flexible working arrangements including extensive time off for family commitments, and comprehensive health plans that mirror those offered to client organizations. In addition, the management style throughout the organization reflects the culture of the organization. The *mission of the company and its supporting values are not just posters placed in corridors, they are espoused in the behaviour and conduct of the staff. The staff understand the purpose of the company and what it is trying to achieve, and how stakeholders and customers alike benefit. This clarity of purpose brings alignment between the people and the tasks they carry out – they understand how their role fits in and contributes to the mission and success of the organization. Managers are trained to create teams that work in an environment of psychological safety, where team members can take calculated risks that improve learning and increase collaboration. This safe space, augmented by conscious investment in the personal development of team members, creates a working environment that facilitates high performing teams. This in turn fosters innovation. Underpinning all of this is the examples shown by the board and senior management. They set the standards of behaviour and a culture that permeates throughout each level of the organization. There is minimal grievance or disciplinary cases and even less internal fraud, because the system of conduct created cross-functionally and geographically across its offices spanning North and Latin America is self-regulating. This makes formal processes less necessary.*

The result is a thriving organization that is able to grow organically and sustainably as a good corporate citizen that focuses on balancing the sometimes conflicting needs of its various stakeholders, and has established a reputation as a good corporate donor and an organization that exudes integrity. A regular entrant in the Fortune 500 Best Places to Work, its staff turnover rate is the lowest in the industry.

Abhishek is proud to work for the company. "It ticks all the boxes. I feel safe and secure that my family is well protected, I enjoy a wonderful work life balance that enables me to recharge and give my best during office hours, and I really feel that the work we do is making a difference to thousands of lives across the Americas. I have been here ten years and I cannot think of a place that I would rather work."

Case Study – Personal Development

Walter is a money laundering reporting officer in a credit union. As an Individual contributor, his challenge was how to demonstrate leadership when he had no direct reports working for him. He focused on his personal development and how he could influence matters within his area of expertise. He said, "I have many years of experience and knowledge and I would be doing myself and my organization a disservice by failing to express my views on certain matters. Whilst I have had a rollercoaster career and been impacted by many corporate reorganizations, many people have helped me along the way, and I have promised myself to keep supporting others."

In support of this goal, Walter has consistently sought to develop his self-awareness, which he appreciates takes time, patience and practice to master, and which can involve some uncomfortable self-reflection. For example, he recalled a time some years back when he had a colleague that obtained a real estate license on the side, and now and then he observed his colleague working on his BlackBerry, engaged in real estate deals in company time. He addressed the situation with his colleague in a way which, on reflection, was probably too heavy-handed. He was quite accusatory, primarily because he perceived his colleague as breaching one of the principles that he held very closely, which was to give your best effort with integrity during paid hours. "Looking back," he said, "did I really handle it the right way? Was his conduct incidental or a pattern of behaviour? To be honest, I don't know because I did not bother to find out. I came at it like a compliance cop, and felt almost a personal affront because he breached a principle that was so important to me."

Walter explained that he never saw his colleague engage in these side deals again, but his relationship with him never quite recovered. "Looking back, this was one of the occasions that I realized I was not a people person, I did not have the subtlety and sensitivity to handle these delicate situations, and so I began to look at ways of addressing this weakness. Investing in emotional intelligence has paid huge dividends on so many levels. I feel much better equipped to handle such potential engaged and lived by its employees?

- Culture – understand the culture in order to influence it. Culture is critical to an organization because the culture determines the way employees interact at their workplace. A healthy culture encourages the employees to stay motivated and loyal because of their trust in management. The culture of the workplace also goes a long way in promoting healthy competition in the workplace to earn recognition and appreciation. It is the culture of the workplace which motivates the employees to perform, because it can help to foster a sense of direction. Every individual is clear about his roles and responsibilities in the organization and knows how to accomplish the tasks ahead of the deadlines. Also, the work culture goes a long way in creating the brand image of the organization.

  The work culture creates an identity to the organization, a brand, something the public will associate the company with. An organization is most often known by its brand, which flows from its culture. The organizational culture brings all the employees together on a common platform. The employees must be treated equally, and no one should feel neglected or left out at the workplace. It is essential for the employees to be engaged and aligned with the organization culture for them to deliver their best performance.

  Boardroom culture as a subset of the organizational culture falls within the realm of the corporate secretary. The boardroom culture and relationships are rarely defined or explicit, unlike board related processes. Even the code of conduct has limited impact on boardroom culture. It is more amorphous in nature, and often evolves through behaviours and customs that have evolved over time into unspoken ways of doing things.

A significant part of the board culture is likely to revolve around the communication channels, both spoken and unspoken. Accordingly, it is important to understand the concept of body language in communication. Albert Mehrabian, Professor Emeritus of Psychology at the University of California, Los Angeles developed the 7-38-55 rule. This is a theory that seeks to quantify how much of meaning is communicated via verbal and nonverbal communication methods. His studies suggest that people communicate through 55% body language, 38% tone of voice, leaving a mere 7% impact for the actual words that are said. As a governance professional, you need to be attuned to the person you are communicating with and look for cues that might determine how they are really feeling, even if they don't say it. This is a skill that requires a great deal of practice, to understand what is behind the language. As a corporate secretary you may need to read the general atmosphere in the boardroom, for example during a tense board meeting. This is a skill that must also be demonstrated by a good board Chair. It includes being attuned to the significant impact of individual personalities, the style of board leadership, and how the CEO sees their accountability to the board.

- Understanding the Board - as a governance professional, it is important for you to have your finger on the pulse of the board. What is concerning the board and senior management and keeping them up at night? You can get a good indication by speaking to the directors and senior management around the issues affecting the organization. It is also useful to fully understand the environment in which the organization operates and its systemic pressures. This will also help in the skill of speaking the same language as your stakeholders.

- Control and Power Base – you need to understand how the organization runs and what the pressure points are, as well as who the real power brokers are (which may not necessarily reflect the organizational chart). Research by the University of Toronto's Rotman School of Management found that when it comes to being a changemaker in an organization, rank in a company's formal hierarchy matters less than how well someone is able to read and mobilize the informal networks needed to make change occur.

- Politics – understanding and successfully navigating the politics within your organization is also an important attribute In large organizations. It is inevitable that politics will be present in some form or another. It takes considerable skill and sensitivity to navigate the politics of a large organization. A strong relationship builder is positioned to achieve more in political circles. As a governance professional often dealing with influential power brokers, you may encounter inflated egos. You need to be able to handle these with tact and sensitivity. If you have a good understanding of the organizational and board culture, the formal and informal power base, and the current issues affecting the organization, this will go a long way towards being able to navigate the political minefield.

Case Study – Internal Networking and Building Influence

When Edward joined his organization, a large private company in the real estate sector, he knew that it was important to build relationships within the organization so that he could understand the needs of his stakeholders. He took the organizational chart and studied the reporting lines, and sought to identify those roles and individuals who were affiliated to his role, and who could influence his ability to carry out his tasks effectively. As he sat in a team of six colleagues all engaged in similar work, he quickly tapped into them in order to understand how tasks were completed and what the best practice was in the organization. This also gave him a chance to assess the culture of the organization. He was adept at asking the right questions and listening, and for those affiliates in his wider circle, he used that approach to help him understand their field and to speak their language, discussing common problems, building his organizational awareness as he did so. These affiliates liked the fact that Edward took a keen interest, which was quite unusual in the organization, which was generally considered as being a siloed organization. Over time, he was able to build influence and to gradually make incremental but productive changes by enlisting the support of stakeholders that he knew were either influential in their own right, or the gatekeepers to decision makers. He took a careful and measured approach to making changes. As he explained, "I am selective about the changes I suggest and always test the water first. I analyse the position meticulously so that I have the facts to answer any questions that may arise, and will only suggest something that I am convinced is a worthwhile benefit to us. Having that confidence helps me to easily sell it to the team."

His network of relationships came to fruition when he was able to convince the Chief Information Officer to recalibrate a detailed technical *report to the Board. Although the CIO was two grades senior, he knew Edward when they had chatted outside the building during a fire alarm, after which Edward had subsequently booked 15 minutes to explain the role of the Corporate Secretary's team. After the meeting, he shook Edward's hand and thanked him profusely, telling Edward that without his intervention, he would have been significantly embarrassed.*