Mindful Exclusion (Part II: Dynamics)

New findings on effective governance for a post-pandemic world

Contents

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Foreword

The Chartered Governance Institute UK & Ireland believes that diverse viewpoints make for better boards. However, persuading boards to accept candidates from non-traditional backgrounds can be a struggle. We often hear that there are concerns about whether they are 'board ready' or 'promotion ready' or 'senior enough'. Likewise, we see advertisements that require non-executive director candidates to have been CEO or CFO of a FTSE company, or state that a role has a 'competitive salary' but then ask what candidates are currently paid. Both scenarios merely perpetuate whatever biases candidates may have previously faced.

It was in the context of our work on diversity that our journey with Justine Lutterodt and the Centre for Synchronous Leadership (CSL) began in summer 2019. We saw companies grappling with the desire to improve diversity without compromising performance and were drawn to the concept of Mindful Exclusion. The notion of 'excluding better' struck a chord.

We soon realised, however, that Mindful Exclusion addressed a wider range of issues relating to good governance, beyond boardroom and workforce diversity. It provided a deeper systemic lens for examining our criteria for decision making and aligning them with our ultimate objectives. Grounded in insights from social psychology, Mindful Exclusion was less about understanding the nuances of specific issues, and more about understanding ourselves as human beings and the influences that drive us.

We embarked on a journey of exploring how the principles of Mindful Exclusion, with which CSL was so familiar, applied to governance. This involved qualitative interviews conducted by CSL, three roundtables with a mixture of Institute members and senior leaders from CSL's network, and a number of fruitful bilateral discussions. Both Justine and I were taken aback by the level of overlap between the issues that Mindful Exclusion naturally surfaced and key trends that we believed were (and still are) shaping the future of governance. For instance:

- A developing focus on Section 172 of the Companies Act 2006 was pushing companies to consider how they had regard to the interests of a broader set of stakeholders and giving new momentum to the conversation about environmental, social and governance (ESG) issues. Organisations needed to be more proactive about their role in addressing these issues to avoid being required to do so by regulation, which was likely to be more onerous, or suffering the reputational consequences of being out of step with public sentiment.

Mindful Exclusion – Part II: Dynamics

- Investors were now more willing to vote against directors responsible for homogenous boards, not least because this was seen as a proxy for having an insular culture within the organisation. Similarly, investors were also more willing to vote against directors who were perceived as not taking sustainability or climate change issues seriously enough. These ESG factors were increasingly being seen as part of an organisation's licence to operate.
- Strategic succession planning – and the need to link current board composition with future composition – was an important issue for our members. Board evaluation was a key component of this discussion, as was the cultivation of talent further down the pipeline and the removal of obstacles that prevented the progression of diverse candidates within the organisation.
- The range of issues with which boards were now grappling – from climate change to pay disparity, from boardroom and workforce diversity through to the growing use of AI – and the increased scrutiny from regulators and the wider public meant that boards were facing new levels of pressure as part of their strategy setting and, in some cases, feeling overloaded.

In 2020, CSL conducted a quantitative survey using the Mindful Exclusion framework to explore these issues, and to understand what distinguished those who were coping well from those who were struggling with the volume and pace of change.

During this same period, we found ourselves in the grip of the COVID-19 pandemic which has, of course, affected many of these trends. A dramatic shift was required in a short space of time – in some cases accelerating change, in other cases causing delays. The survey was designed to capture the impact of this shift, given the implications for mindful decision making.

The results of this survey – which was completed by 310 company secretaries, board directors, and C-suite executives – have shaped this report. The coincidental timing of COVID-19 has given the findings an extra level of significance, as the future of governance is being actively shaped in response to our new circumstances.

This report provokes us all to get out of our bubbles (and avoid being 'Bubble Bound'), notice our instinctive responses and reconsider whether the criteria that we use to make decisions are fit for purpose. In doing so, it makes an important contribution to the field of governance, supported by data and psychological insight, with practical implications.

I do hope that you find the report useful. I have certainly enjoyed the stimulating discussions that have brought it thus far, but now it is over to you, our readers, to think about what it means for your own approach to decision making.

Having considered the criteria on which we base our decisions, we should not be afraid to make them, provided we are doing so mindfully. As Justine Lulerodt says, 'being mindful of exclusion forces us to acknowledge that there is a universe of options that we are not selecting, and in some cases do not even see.'

Peter Swabey FCG
Policy & Research Director
The Chartered Governance Institute UK & Ireland

Note from the author

At the Centre for Synchronous Leadership, we have been on a journey with Mindful Exclusion since 2015 – when 100 senior executives, HR leaders and employee network chairs gathered at a bank in central London to discuss 'under what conditions they would be happy to be excluded'. A year later, the first article on Mindful Exclusion was published in the World Economic Forum's leadership magazine, Developing Leaders.[1] Since then, the concept has taken us from the London School of Economics to Guildhall and sparked an exciting conversation amongst seemingly disparate stakeholders.

Our partnership with The Chartered Governance Institute UK & Ireland (CGIUKI) has been a great example of the principles of Mindful Exclusion in action. Having conducted an in-depth study on what Mindful Exclusion means for belonging amongst grassroots changemakers, we were keen to explore what it meant for decision making at the top of organisations. We were also ready to expand our horizons and take our expertise from working with senior leaders and their teams to the next level. And so, we set out to find an organisation to partner with that had the credibility and network to facilitate a synergistic journey.

It has been rewarding to collaborate with CGIUKI in bringing the vision of this report to life. I would like to particularly thank Peter Swabey, Saqib Lal Saleem, Kristen Harding, Maria Brookes, and Charis Evans for their openness in 'engaging with the unfamiliar' and their sponsorship in ensuring that these results reach a wider audience. In addition to the Institute, a few other organisations have supported us in establishing the necessary momentum for this study. I would like to thank the Financial Times, the Confederation of British Industry, the Worshipful Company of Chartered Secretaries and Administrators, the Middle East Institute of Directors, and Tyzack Partners. Finally, I would like to acknowledge and thank my colleague Elias Westerdahl as well as our newest team member Kristina Skybova, who have contributed to the research, analysis and production that led to this report; my mother and editor-in-chief Sarah Lutterodt, who has always inspired me to look beyond my own bubble; my writing coach; our inspiring brand ambassadors – Anthony Corriette, David Dunckley, Justina Naik, Michelle Nettles, Neil Carberry, and Penny Scott-Bayfield; along with Henrietta Jowitt, John Kundert, Caroline Mair, Chris Bird, Dawid Konotey-Ahulu, Marcus Ryder, Perry Burton, Rachel Rees, Susan Bright, the CSL Changemakers, and everyone else who has offered up their time and energy to bring this report to fruition.

We hope that you find this report useful and that it encourages you to pause, self-reflect, and start a new dialogue within your own organisation. Please bear in mind that it is not designed to offer simplistic answers. Nor is it meant to present ideas or suggestions that you have never considered. Rather, our intention is to equip you with the insight required to more accurately recognise patterns of behaviour that inhibit or encourage effective governance, take ownership for your role in perpetuating them, and experiment with practices and strategies that will help to position your organisation on the front foot for many years to come.

This involves destigmatising what it means to be human – hence a mindful approach is required.

Justine Lutterodt
Managing Director
Centre for Synchronous Leadership

Why this report matters

John Kundert
Chief Product Officer, Financial Times

In 2019 the Financial Times declared that it was time for capitalism to be reset. The argument was that more inclusive ways of doing business had to be found, for the good of business and society. Then the pandemic struck and challenged businesses and business practices in more ways, and faster, than could have ever been imagined. This report underlines the danger of blind spots (like an unexpected pandemic) and the benefits of synergistic leadership – where psychological safety and diversity of lived experience result in better decision making for everyone. Moreover, it reminds us of the opportunity that disruption presents and how quickly change is possible.

We all need to be more mindful of how we exclude. This involves a journey of being willing to look beyond our own bubble, and it is one that as a leader I embrace.

Justina Naik
Liveryman, Worshipful Company of Chartered Secretaries and Administrators

When seeking to position an ambitious organisation for scale, reputation is as critical for success as financial standing. Being on the back foot when it comes to 'moral' issues can harm business credibility, particularly in due diligence considerations. Within financial services, I see this as an important and evolving dynamic, and recognise the challenge of giving precedence to moral matters when faced with competing short-term priorities. However, if companies wait too long before giving them adequate attention, it can be difficult to catch up.

This report makes a convincing case for getting on the 'front foot' with emerging trends and issues. The mindful practices that it outlines will see businesses create greater resilience through a proactive approach and a broader frame of reference.

Anthony Corriette
Company Secretary, BBC Studios

The need for a range of diverse voices in the pursuit of robust decision making is self-evident. The best leaders enthusiastically challenge the status quo and groupthink and are open to other points of view. However, this has to be an active endeavour.

This compelling study provides a deep understanding of the systemic issues and blind spots that impede directors and executives in their role. If boards and executive committees could be a 'safe space' for diverse and apparently dissenting views, this would have a beneficial impact on their organisation's leadership. But if this openness to difference – and more mindful approach to leadership – was allowed to permeate the wider organisation, I believe that it could positively impact the culture of UK businesses.

Henrietta Jowitt
Deputy Director General, CBI

How do boards and senior teams move beyond uneven or dysfunctional power dynamics to become powerful, diverse teams with purpose? Selecting for specific skills and different work-related experiences is obvious when putting the top team together. However, I believe the real power that drives performance comes from two things. First, diverse lived experiences, and therefore more challenging perspectives around that table. Second, the space and safety to be heard, so that those perspectives can shape the business.

This report offers data-driven insight into why power balance and psychological safety are so important, how our natural tendencies as human beings can undermine our best intentions and how we fix it. It comes at an opportune moment as business leaders reconsider their models and behaviours in light of the pandemic and the pressing ESG agenda.

Introduction

Mindful Exclusion[2]

Exclusion matters. It is an inevitable consequence of decision making, regardless of whether we notice it. In the context of running an organisation, it can be easy to overlook what issues are not getting prioritised, what messages are not being conveyed, and which people are not being invited to contribute. Being mindful of exclusion forces us to acknowledge that there is a universe of options that we are not selecting, and in some cases do not even see.

In the business sector, we have not always wanted to see. 'Externalities' – or rather, the unintended consequences of our decisions that do not affect the immediate bottom line – have traditionally been considered a distraction. A wilful blindness has been cultivated to produce financial results without worrying about our impact on wider society or the next generation. And, with the ethical boundaries of business defined by regulation, there has not been a need to understand the broader context in order to be successful. Instead, we have been encouraged to operate within our own insular bubbles, with a strategic disregard for our ripple effects.

The inclination to operate within a bubble is not unique to the business sector. It is a fundamental part of how we are wired as human beings. We have a limited amount of time and attention to process an unlimited amount of data. Cognitive shortcuts are essential tools for navigating our environment at pace. We are also social creatures, conditioned to associate group membership with survival. The people and norms within our bubble anchor our identity – providing a sense of familiarity, comfort, and status. And the more powerful our bubble is, the more insular it would seem that we can afford to be.

However, this inclination can lead even the most purposeful amongst us astray. A classic illustration of this comes from a famous experiment in social psychology known as the 'Good Samaritan' study. The date was 1970 and the subjects were students at Princeton Theological Seminary, studying to be priests. On their way to deliver a sermon, they encountered a man slumped in a doorway – coughing, groaning, and looking ill. He was in a narrow alley, so they literally had to step over him in order to pass by. Their bubble was defined by the task at hand (delivering the sermon) which they were intently focussed on. But their larger objective, and thus the equivalent of their 'bottom line', was defined by serving those in need. Ironically, many of these students had been asked to prepare a sermon on the Good Samaritan that mirrored this exact scenario.

So, what percentage of students stopped to help? 45% – if they were not in a hurry. In other words, less than half were able to break out of their bubble, process this new information, and pivot to stay aligned with their larger objective. If the subjects were running late, only 10% stopped to help. The remaining 90% noticed the man but excluded this data from their decision making – quite literally tripping over their values in pursuit of the task at hand.[3]

For organisational leaders, the cost of being 'bubble bound' is growing, as the world becomes more interdependent. Thanks to social media, our externalities now have a voice. Every stakeholder who has been a casualty or beneficiary of our ripple effects can now influence all of our stakeholders and our organisation's reputation at large. In the business sector, how we treat employees, those in our supply chain, or even the environment increasingly has an impact on our brand with consumers. With the general public growing more concerned about the actual cost of business, regulators are under more pressure to hold companies to account, and investors have stepped up in assessing companies' ESG impact.

In the business sector, these trends were evident before COVID-19. At the start of 2020, 92% of the general public felt that CEOs should speak out on issues relevant to society, with 74% expecting CEOs to take the lead in driving positive change rather than wait for government.[4] In the UK, new reporting requirements for Section 172 of the 2006 Companies Act had recently forced large companies to demonstrate how they were taking a broader set of stakeholders into account.[5] In the US, the Business Roundtable had just issued a statement – signed by 181 top CEOs – declaring that companies were accountable to a broader set of stakeholders.[6] And in his annual letter to the business community, Larry Fink, CEO of the world's largest asset manager, had threatened to vote against management that failed to make sufficient progress in managing climate risk.[7]

COVID-19 has increased the public's awareness of interdependence and appetite for a better society. 61% of the general public are now more concerned about climate change than they were in 2019, 58% are more interested in closing the economic and social divide, and 53% are more concerned about racism. Alongside this concern has come a greater sense of empowerment. 68% of the general public now believe that consumers can force corporations to change, and 62% believe that employees can do the same. Moreover 50% of employees are now more likely to voice their objections to management or engage in workplace protest.[8]

In addition to these trends, the global landscape of business is rapidly evolving. To sustain financial performance, businesses must look beyond their immediate competitors to shifts in the wider marketplace. They must anticipate trends and make bold moves before their business model is under threat – or otherwise risk following in the footsteps of Blockbuster, Kodak, and Borders. As businesses explore new frontiers, beyond the realm of regulation, they must be proactive in holding themselves to account in order to preserve public trust. Those that ignore stakeholder feedback and wait for regulators to intervene may face crippling consequences or even lose their licence to operate.

Nonprofits and the public sector have always been held accountable to broader societal interests. Nonetheless, these organisations are also capable of operating in a bubble. They too are likely to have made calculations about which stakeholders they can afford to ignore based on their biases and social norms. These calculations may need to be updated to ensure that the values they proclaim to stand for align with their actions. As we saw with the Good Samaritan study, having a sense of purpose does not protect us from human nature. Like the business sector, these organisations also face the challenge of responding to the needs of a rapidly evolving world. Whether their mandate is education, poverty, or global health, they must get on the front foot when it comes to forces shaping the future of society (such as digital or AI) or risk becoming obsolete.

To avoid tripping over our own values, we must learn to exclude more effectively. We must be receptive to the limitations of our bubble and willing to explore whether what we are excluding actually aligns with our larger objectives. This requires the muscle of mindfulness – i.e., the ability to observe our thoughts and behaviours without judgment. Our bubbles are by default invisible to us. We will be unable to identify the biases and norms that distort our decision making unless we are prepared to accept that we have them. We can then cultivate practices and strategies to help us counter their effects.

In this age of dynamic interdependency, how we exclude matters more than ever before. It influences our brand, shapes how we engage with risks and opportunities and, ultimately, determines our performance. Organisations which adopt a more mindful approach have a clear strategic advantage.

About this study

In this study, we sought to understand how exclusion was occurring in the context of organisational governance. We focused on three processes of decision making at the board and executive committee level – **what** was decided on, **how** these decisions were made and **who** was making them.

In practical terms this translated into looking at:

I.   What issues were or were not making it onto the **agenda**?
II. What conversations were or were not occurring as part of group **dynamics**?
III. Which people were or were not being selected to join? (**composition**)

Like three layers of an onion, we expected these processes to be interrelated. We decided to start with agenda since it was the most superficial layer and thus the easiest to change. From there, we worked our way in to dynamics and then composition. These three areas are reflected in the three parts of this report.

For each area, we examined the following questions:

A. **Is there evidence of mindless exclusion** – i.e., are some things getting excluded that appear to be important for decision making?
B. **If so, what distorting factors are at play** – i.e., is there an underlying pattern that we can link to cognitive biases or social norms – the natural limitations of one's bubble?
C. **What 'mindful' practices can potentially be used to counter this effect?**
D. **Do these practices lead to more effective governance?**

In addressing these questions, we conducted **two rounds of research**. Round 1 took place between Autumn 2019 and February 2020, prior to COVID-19 being declared a global pandemic. Round 2 took place between Autumn 2020 and February 2021.

In Round 1, we conducted **20 semi-structured interviews** with company secretaries and a handful of senior executives. This included two senior leaders from The Chartered Governance Institute UK & Ireland with years of experience looking across the governance sector. We supplemented these efforts with **secondary research – scanning a range of large-scale industry studies** that contained further insight into the experience of board directors and C-suite executives. As a result of these efforts, we were able to form an initial picture of what mindless exclusion looked like in relation to each of the three areas. We were also able to form hypotheses about the distorting factors at play as well as the mindful practices that could counter them. We played back these findings to company secretaries and senior executives in a series of **three roundtable discussions**, which helped us to further interpret the findings.

In Round 2, we designed a **quantitative survey** to test our hypotheses. By this point, COVID-19 had taken the world by storm, demanding sharp organisational pivots and accelerating the feedback loop associated with decision making. This provided fertile soil for exploring whether the mindful practices that we had identified were associated with more effective governance. Following the survey, we conducted **three additional roundtable discussions** to validate the results.

In analysing survey data, **we grouped participant responses into four segments** based on their board or executive committee's adherence to mindful practices. We called the first segment the **Bubble Bound**. This segment failed to employ basic practices that would challenge the biases and norms of their bubble and were thus the most insular. The second segment was composed of **Bubble Breakers**, who were less insular but only willing to engage in mindful practices that were congruent with traditional norms. Thirdly, there were the **Mindful Managers**, who were intentional about going beyond the boundaries of their bubble in response to signals from their environment. Last but not least, there were the **Mindful Movers**, who were similar to Mindful Managers but more proactive in anticipating and responding to external signals and reshaping their bubble to align with their larger objectives.

The properties of each segment are summarised in the figure below.

Bubble Bound	Bubble Breaker	Mindful Manager	Mindful Mover
• most insular • exclusion most distorted by biases/norms of bubble	• willing to go beyond the bubble • constrained by traditional social norms	• intentionally goes beyond the bubble • unconstrained by traditional social norms	• most proactive • re-shapes bubble to align with values/ larger objectives

Our definition of these segments changes in each part of this report, based on the mindful practices that we have identified to be most relevant. However, the theoretical construct underlying the segments remains the same.

In comparing these segments, **we used subjective measures to assess effective governance** for each of the three areas. This was intentional given that our primary concern was mindful decision making. We wanted to know what differentiated organisations that were tripping over their own values from those that, with the benefit of reflection, felt they were operating at their best. Nonetheless, **many of the practices we landed on have clear links to organisational performance that have already been established through prior research.** We made a point of documenting some of these links in Round 1.

This report has been divided into **three separate documents** – agenda, dynamics, and composition – each with a parallel structure. As we explore these three areas, we will be addressing the research questions outlined above. In addition, we will examine the implications of COVID-19 and discuss initial ideas for translating these insights into action. **Towards the end of each section, you will also find a summary of key points**, that should serve as a useful reference as you consider the implications of this report for your own organisation.

Transition from Part I to Part II

This is the second part of a report examining three processes of decision making at the board and executive committee level through the lens of exclusion.

In **Part I: Agenda**, we focussed on exclusion in relation to **what** gets decided on and explored **which issues were or were not making it onto the agenda**. We found evidence to suggest that this process is often distorted by familiarity, causing important holistic issues and forward-looking issues to fall off the agenda. Prior to COVID-19, some boards and executive committees were mindful about proactively engaging with the unfamiliar. These 'Mindful Movers' looked ahead, looked beyond and were prepared to pivot. As a result, they prioritised differently from their counterparts, and are now more likely to be on the front foot. In contrast, those who stuck to their bubble of familiarity (the 'Bubble Bound') are now more likely to be overwhelmed and on the back foot. However, the experience of being caught off guard appears to have made many of them consider a more mindful approach.

One of the takeaways from Part I was that Mindful Movers proactively bridge social distance – by seeking input from relevant stakeholders outside of their bubble and creating formal channels for connectivity. Research in social psychology would suggest that this may be an effective strategy for helping them to bridge other forms of psychological distance (e.g., temporal and experiential). Thus, this connectivity is likely to play a crucial role in helping them to prioritise more mindfully.

In **Part II: Dynamics**, we shift the focus to how decisions in the boardroom are made and **the types of conversations that are or are not occurring as part of group dynamics**.

It is worth noting that the four segments described in this section use the same logic as in Part I: Agenda (described in the Introduction) and thus the same headings (e.g., Mindful Movers) apply. However, these segments are defined by different criteria to reflect that we are exploring a different type of exclusion, and thus different mindful practices are relevant.

Mindful dynamics – from suppression to synergy

Our research findings reveal that prior to COVID-19, many boards and executive committees mindlessly excluded uncomfortable conversations from their discussion, blocking the exchange of important information, perspectives, and ideas. Conversations requiring greater psychological safety were unlikely to be the norm in most organisations and unlikely to occur at all in some, despite their importance for team performance. This dynamic was exacerbated by poor chairing and the dominating behaviour of certain individuals. The resulting cycle left some groups with a culture of suppression, characterised by low trust and performative meetings. In contrast, groups which were more mindful invested in team alignment and got comfortable having uncomfortable conversations. They found themselves in a virtuous cycle defined by learning and collaboration. COVID-19 has forced boards and executive committees outside of their comfort zone – dismantling core assumptions and exposing vulnerabilities. Those organisations which are more mindful going forward will be best positioned to lead the way with synergistic solutions.

SUPPRESSION TO SYNERGY

A. Evidence of mindless exclusion

During qualitative interviews (pre-COVID-19), several interview participants remarked that **there was a tendency for colleagues to steer the discussion towards topics that painted them in a positive light**, even when this did not move the conversation forward. On these boards and executive committees, individuals were drawn to discussing agenda items that aligned with their expertise, contributing to the mindless cycle described in Part I of this report. They were also more likely to share stories that reflected their successes and strengths. In doing so, they **avoided exposing areas of vulnerability to colleagues**.

'Members tend to lead on areas where they have expertise. It's great that they can contribute, but not the most helpful for the discussion.'

'There is always a negotiation of which areas get to have deep dives and which don't. Everybody wants deep dives if they have done something successful!'

'If you are presenting your paper you want to be the good news person – but the board wants to understand the issues that may be coming up.'

This behaviour created additional blind spots for boards and executive committees – using up precious meeting time and diverting attention away from important challenges that they might otherwise be able to anticipate or address.

Additionally, some participants mentioned that **ideas that challenged the status quo could be perceived as threatening**.

'They think 'we are doing quite well – why are we being challenged to do things differently.' It is viewed as someone trying to find fault with them.'

These dynamics were **exacerbated by group members who dominated meetings**, treating them more as an opportunity to get their point across than to collaborate. Although it was not necessarily their intention to shut down discussion, this was often the result. Several participants specifically referred to the impact of an overbearing CEO on group dynamics.

'We have some dominant voices... which influence the issues discussed, the depth of the debate that is had, and how rigorous it is in arriving at a decision.'

'The CEO is very clear about how he wants things resolved. He walks into meetings already knowing the answer around 80% of the time.'

'We are driven by a very strong CEO. He is definitely challenged but there is a narrow pool of people that he lets himself be challenged by.'

"IT SOUNDS LIKE WE'RE ALL IN AGREEMENT"

Managing these dynamics was often **presumed to be a matter of skilled chairing**.

'Everyone will have an opinion. If you let them have uncontrolled time on any issue, you could end up going down rabbit holes... you need faith that the chairman is controlling the situation.'

Our scan of industry studies provided further validation that **uncomfortable conversations were being avoided at top tables**. Many directors felt that there was a lack of constructive challenge and feedback amongst colleagues[9] and struggled to offer a dissenting view.[10]

We also found evidence that **these conversations were important**. The willingness to openly explore alternative points of view was correlated with board performance.[11] And chairs on high-performing boards were more likely to surface different views and encourage robust debate than their counterparts on lower-performing boards.[12]

Interestingly, **what differentiated high-performing boards went beyond in-the-moment facilitation**. Chairs on these boards also spent time drawing out the relevant experience of directors and providing constructive feedback.[13] Other board members played a role too, intentionally setting out to build relationships with colleagues and senior executives.[14] Hence, the investment in cultivating team alignment outside of formal meeting time appeared to impact the quality of decision making that occurred in the boardroom.

The merit of **investing in team alignment to improve performance** is well-established when it comes to sports. However, our secondary research suggested that this was a blind spot for many boards. Two thirds of directors reported that not enough time was spent on team building, and over three quarters felt that there was insufficient induction training[15] – a practice which has also been correlated with board performance.[16]

B. The bubble of comfort

Based on what we learnt in Round 1, we suspected that the discussion taking place in board and executive committee meetings was being distorted based on **what felt comfortable** to members. More specifically, our hypothesis was that **important categories of conversations were being mindlessly excluded due to a lack of psychological safety**. The result was an **insular bubble** characterised by suppression.

Psychological safety[17] is a well-researched phenomenon, defined as the **shared belief amongst members of a team that interpersonal risk-taking is safe**. An environment that is 'psychologically safe' is characterised by interpersonal norms that involve vulnerability (such as admitting to mistakes) and challenge (such as providing critical feedback). Team members need to feel confident in the moment that if they speak up, they will be listened to and not humiliated or rejected. Moreover, they must feel that their sources of difference are valued. Creating this type of environment requires high levels of trust and perceived organisational support. Team leaders play an important role in setting the tone – by modelling supportive, coaching-oriented, and non-defensive behaviours.[18]

"I SEE THINGS DIFFERENTLY"
"NOT NOW, WE'LL EXPLAIN LATER"

Numerous studies demonstrate the **strong link between psychological safety and high-performance**. The most widely known study, referred to as 'Project Aristotle', was conducted at Google over several years. Researchers analysed data from 180 teams, seeking to understand why some were high performing and others were not. They struggled to find any mix of personality types, backgrounds or skills that could explain the difference. Eventually, they landed on five factors that predicted high performance – of which psychological safety was by far the strongest.[19]

Psychological safety has also been identified as **a mediating factor between conflict and team performance**. Academic literature in social psychology distinguishes between two types of conflict: relational conflict and task conflict. Relational conflict refers to disagreements relating to interpersonal incompatibility; task conflict refers to disagreements about ideas, perspectives, or the content of decisions. Whereas the former is generally damaging for team performance, the latter has been shown to improve performance if psychological safety is present.[20] This distinction is especially pertinent for boards and executive committees given the importance that is often placed on both collegiality and rigorous debate. When psychological safety is present, these two features naturally complement each other.

Furthermore, **teams with greater diversity of expertise demonstrate higher levels of adaptability,**[21] **resilience,**[22] **and performance when psychological safety is present and perform worse otherwise**.[23] The differences between members stimulate greater task conflict, but only when there is sufficient psychological safety for these differences to be expressed in a constructive manner.

High-quality relationships have been found to foster psychological safety and result in organisational learning when they are rooted in **shared goals, shared knowledge, and mutual respect**.[24] This may explain why high-performing boards are more likely to have invested time establishing a baseline of team alignment.
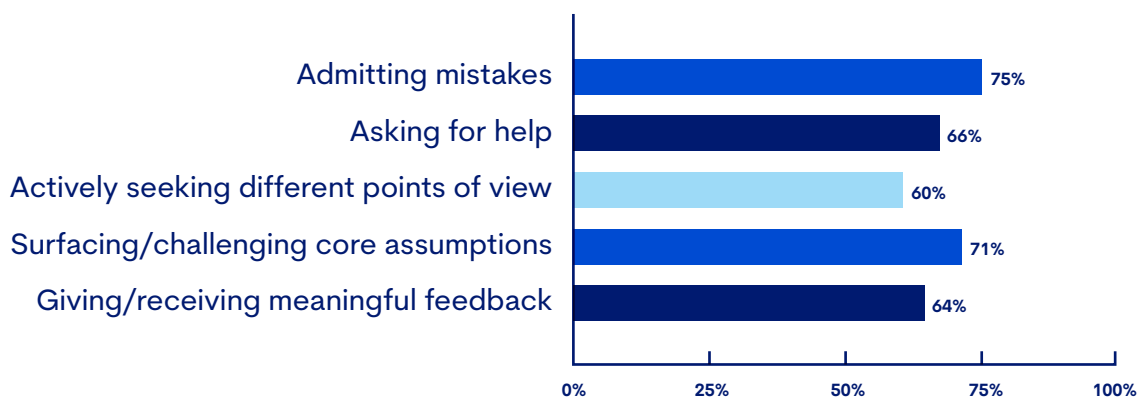
In Round 2 of this study, we tested our hypothesis about the lack of psychological safety using results from the survey. We first identified **five types of uncomfortable conversations from Round 1 (see chart below) that were also key indicators of psychological safety, and thus linked to team performance**.[25] We then assessed whether these conversations had been excluded from 'normal' group dynamics prior to COVID–19.

Most respondents indicated that these conversations were not the norm in their boardroom. This implied that **for the majority of boards and executive committees, psychological safety was not the default**.

Which conversations were excluded from 'normal' group dynamics prior to COVID–19?[26]

% Indicating that this type of conversation did not occur often or always

| Conversation type	%
Admitting mistakes	75%
Asking for help	66%
Actively seeking different points of view	60%
Surfacing/challenging core assumptions	71%
Giving/receiving meaningful feedback	64%

We then lowered the bar to understand just how bad it was. How many top tables were never or rarely able to engage in these uncomfortable conversations prior to COVID–19? The figures were disappointingly high. Around a third of respondents reported that their board or executive committee had not been asking for help, actively seeking different points of view, surfacing/challenging core assumptions, or giving/receiving meaningful feedback.

Which conversations were excluded from group dynamics prior to COVID-19?

% Indicating that this type of conversation never or rarely occurred

Admitting mistakes	43%
Asking for help	34%
Actively seeking different points of view	30%
Surfacing/challenging core assumptions	31%
Giving/receiving meaningful feedback	32%
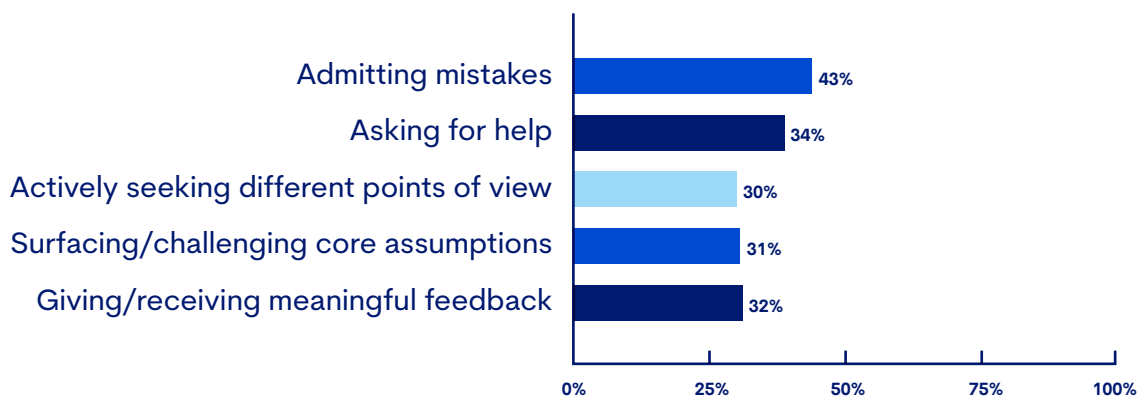
The struggle to admit mistakes stood out from other indicators, with 43% of respondents reporting that this was unlikely to occur with their colleagues. This was particularly worrying from a risk–management perspective, as it signalled that errors were unlikely to be shared until they posed a meaningful threat.
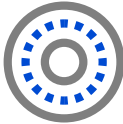
C. Getting comfortable being uncomfortable

To explore our hypothesis further, we used the **practice of investing in team alignment** to segment respondents, given the importance of this practice for creating psychological safety. As a proxy, we looked at whether boards and executive committees had 'invested time building the trust, knowledge, and capability required to work together effectively' prior to COVID-19.

We classified organisations that never or rarely invested in cultivating team alignment as **'Bubble Bound'**, as we expected them to be the most suppressive. Those that sometimes invested in team alignment were labelled **'Bubble Breakers'**. We reasoned that they were more likely to have some level of comfort engaging in uncomfortable conversations but were still within the scope of traditional norms. Those that often invested in team alignment were categorised as **'Mindful Managers'**. Making this sort of investment a regular feature was likely to involve a level of intentionality that was not constrained by sector norms. Finally, we labelled the segment that always invested in team alignment **'Mindful Movers'**. We believed that the proactive nature of their investment reflected a deeper commitment to optimising team dynamics.

	Bubble Bound	Bubble Breaker	Mindful Manager	Mindful Mover
	N=71	N=93	N=75	N=37
Segment definition (based on practice pre-COVID-19)				
Practice 4: Invest in team alignment	✗	✓	✓✓	✓✓✓
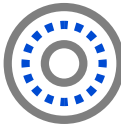
Mindful Exclusion – Part II: Dynamics

We had expected to see differences in psychological safety when it came to these segments; nonetheless they were huge. The **Bubble Bound were unlikely to exhibit any norms around psychological safety**. Meanwhile, actively seeking different points of view and engaging in feedback was the norm for almost all Mindful Movers. **The extra investment in team alignment made by Mindful Movers (versus Mindful Managers) appears to have yielded large dividends in normalising psychological safety**. Still, about half of Mindful Movers struggled to assimilate admitting mistakes and surfacing/challenging core assumptions – i.e., letting go of being 'right' – into their group norms.

	Bubble Bound	Bubble Breaker	Mindful Manager	Mindful Mover
	N=71	N=93	N=75	N=37
Behaviour (pre-COVID-19)				
Admitting mistakes did not occur often	92%	76%	73%	47%
Asking for help did not occur often	90%	66%	62%	32%
Actively seeking different points of view did not occur often	84%	67%	53%	11%
Surfacing/challenging core assumptions did not occur often	91%	68%	66%	49%
Giving/receiving meaningful feedback did not occur often	91%	76%	49%	11%

Mindful Exclusion – Part II: Dynamics

We then lowered the bar, exploring the extent that these behaviours were excluded from group dynamics. Once again, the segmentation was highly predictive of differences. What was most notable, however, was the steep drop–off between the Bubble Bound and the Bubble Breakers. **The incremental investment in team alignment made by the Bubble Breakers seems to have dramatically increased the likelihood that these uncomfortable conversations would occur.**

	Bubble Bound	Bubble Breaker	Mindful Manager	Mindful Mover
	N=71	N=93	N=75	N=37
Behaviour (pre–COVID-19)				
Admitting mistakes never or rarely occurred	73%	48%	26%	14%
Asking for help never or rarely occurred	57%	34%	26%	11%
Actively seeking different points of view never or rarely occurred	61%	27%	19%	3%
Surfacing/challenging core assumptions never or rarely occurred	63%	28%	16%	8%
Giving/receiving meaningful feedback never or rarely occurred	67%	29%	16%	0%

D. Bubble Bound versus Mindful Movers

In contrast to the Bubble Bound, Mindful Movers appear to be the most **comfortable getting uncomfortable**. But does this matter for governance?

Results from our survey suggest that it does. For 70% of the **Bubble Bound, skilful chairing is not the norm**. Moreover, their meetings are much more likely to be characterised by suppression than other segments. Almost two fifths report that colleagues sometimes dominate in an unproductive manner; only one fourth say that this never happens. Two fifths also report that meetings are a formality with most decisions made beforehand.

	Bubble Bound	Bubble Breaker	Mindful Manager	Mindful Mover
	N=71	N=93	N=75	N=37
Behaviour – Chairing				
Meetings are usually chaired with high levels of skill	30%	66%	78%	95%
Outcome				
Ideal dynamics for effective governance (moderately agree)	25%	49%	72%	86%
Individuals never dominate in an unproductive manner	25%	27%	53%	63%
Meetings are a formality; most decisions are made beforehand	41%	26%	29%	27%
High levels of trust (strongly agree)	24%	45%	55%	76%

Figure 1: The mindless cycle

Behaviour

Avoid the comfortable

- Poor chairing
- Lack of emphasis on learning and valuing difference
- Lack of psychological safety – i.e., colleagues do not:
  - ✗ Admit mistakes
  - ✗ Ask for help
  - ✗ Actively seek different points of view
  - ✗ Surface/challenge core assumptions
  - ✗ Give/receive meaningful feedback

Practice

BUBBLE BOUND

✗ Do not invest in team alignment

Outcome

Suppression

- Not confident that board/ executive committee has ideal dynamics
- Occasional dominating behaviour
- Performative meetings with most decisions made beforehand
- Lower levels of trust...

Additionally, trust levels amongst the Bubble Bound are much lower relative to other segments. Only a quarter strongly agree that 'there are high levels of trust', and over a quarter disagree with this statement. Without trust, spending time with colleagues becomes hard work, and it is difficult to achieve more than a transactional level of alignment... and so the **mindless cycle** continues (see Figure 1). Perhaps this is why only 25% of the Bubble Bound are confident that their board or executive committee has ideal dynamics for effective governance.

Mindful Exclusion – Part II: Dynamics

The data reveals a starkly different story about **Mindful Movers**. Virtually all (95%) of this segment reports that **skilful chairing is the norm**. Likewise, suppression does not feature. 63% report that no colleagues ever dominate in meetings, and 73% say that meetings are not merely a formality.

Furthermore, 100% of Mindful Movers are confident that 'there are high levels of trust', with 76% strongly agreeing with this statement. Under these conditions, investing in team alignment comes naturally.... and so, the **mindful cycle** continues (see Figure 2).

The differences between these segments extend to their **norms around learning**. Almost all Mindful Movers believe that their induction practices are up to scratch. Less than half of the Bubble Bound report the same. Likewise, almost all Mindful Movers have a regular habit of seeking out external data, knowledge, and expertise. Around a quarter of the Bubble Bound say the same. Also, Mindful Movers are much more likely than those in the Bubble Bound segment to regularly feature talent management on the agenda. This suggests that Mindful Movers have a more sophisticated understanding of the value of cultivating talent to drive performance, which may extend to the way that they approach their colleagues.

Another point of differentiation between these segments is their **organisational commitment to valuing difference**. For the majority of Mindful Movers, collaboration between different departments is a clear organisational priority. Prior to COVID-19, 84% behaved as though diversity of skills and expertise was a priority versus 30% of the Bubble Bound, and 59% behaved as though diversity of lived experience was a priority versus 11% of the Bubble Bound. 32% of boards and executive committees in the Mindful Mover segment have taken the tangible step of signing up for reverse mentorship versus 13% of the Bubble Bound. And over half have invested in a dedicated D&I role or function versus just a quarter of the Bubble Bound.

Mindful Exclusion – Part II: Dynamics

	Bubble Bound	Bubble Breaker	Mindful Manager	Mindful Mover
	N=71	N=93	N=75	N=37
Behaviour – learning orientation				
New joiners receive sufficient induction training (moderately agree)	45%	52%	80%	89%
Colleagues regularly seek out external data/knowledge/ expertise	26%	57%	73%	89%
Talent management is often prioritised	21%	36%	38%	71%
Behaviour – valuing difference				
Organisation mandates collaboration between different departments (strongly agree)	52%	67%	74%	76%
Pre-COVID-19 — **Board/executive committee behaved as though diversity of skills/expertise was often a priority**	30%	54%	71%	84%
Pre-COVID-19 — **Board/executive committee behaved as though diversity of lived experience was often a priority**	11%	19%	42%	59%
100+ employees — **Board/executive committee participates in reverse mentoring**	13%	14%	22%	32%
100+ employees — **Organisation has dedicated diversity & inclusion role/function**	26%	46%	45%	55%

Figure 2: The mindful cycle

Practice

MINDFUL MOVERS

✓ Invest heavily in team alignment

Behaviour

Get comfortable being uncomfortable

- Skillful chairing
- Culture of learning and valuing difference
- High levels of psychological safety – i.e., colleagues do:
  - ✓ Admit mistakes
  - ✓ Ask for help
  - ✓ Actively seek different points of view
  - ✓ Surface/challenge core assumptions
  - ✓ Give/receive meaningful feedback

Outcome

Synergy

- Confident that board/executive committee has ideal dynamics
- No dominating behaviour in meetings
- High-value meetings (never performative)
- Very high levels of trust...

These behaviours and attributes create a ripe environment for **synergistic decision making**. Hence, it is no surprise that 86% of respondents from the Mindful Mover segment feel confident that they have ideal dynamics for effective governance.

Bubble Bound

"LET'S DEBATE THE MERIT OF THESE TWO OPTIONS"

Mindful Movers

"LET'S INVEST SOME TIME TO GET ALIGNED"

E. Implications of COVID-19

The disruption brought about by COVID-19 has made most organisations uncomfortable. In addition to the strategic pivot that this has demanded, there has also been a dramatic impact on cultural norms.

Most notably, **the cascade of global lockdowns and the ongoing concern about health risk has triggered a shift to virtual meetings**. Even as some organisations return to the office, this trend is unlikely to be reversed. At board and executive committee level the virtual format has led to **more frequent meetings for a shorter duration**. In our survey, 42% of board members and 45% of executive committee members reported that they are now meeting more often. 37% of board members and 45% of executive committee members reported that they are meeting for less time.
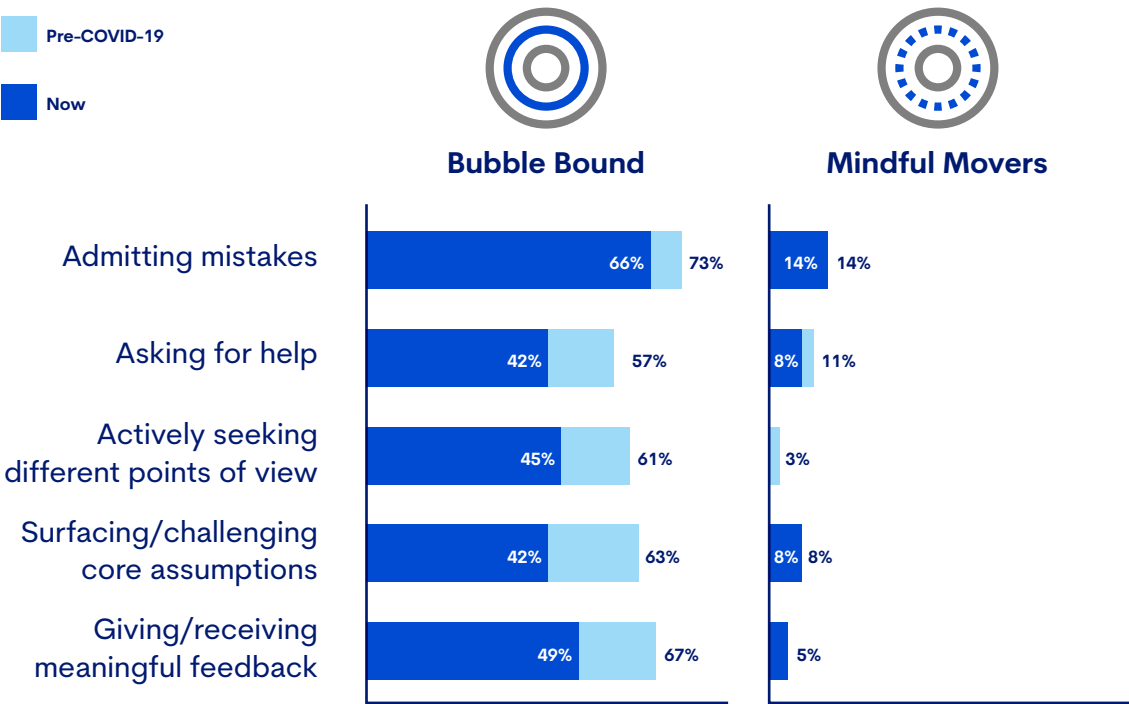
In roundtables following the survey, a few participants reported that the virtual format of meetings has reduced dominating behaviour. With everyone's head taking up the same amount of space on the screen, we heard that it is more obvious when people do dominate and now possible for the host to mute them. 17% of survey respondents seemed to agree, reporting a reduction in dominating behaviour. Nonetheless, 6% reported the opposite.

In the midst of global uncertainty, shared experiences of vulnerability and challenge have been inevitable. Boards and executive committees with strong cultures of psychological safety have had a distinct advantage, as evidenced by the Mindful Movers. Interestingly, **some of the Bubble Bound are now rising to the occasion – surfacing and challenging their core assumptions, giving and receiving feedback, actively seeking different points of view, and asking for help**.
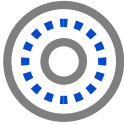
Mindful Exclusion – Part II: Dynamics

Which conversations were excluded from your dynamics prior to COVID-19? And now?

% Indicating that this type of conversation never or rarely occurs/occurred

- ■ Pre–COVID-19
- ■ Now

Bubble Bound **Mindful Movers**

	Bubble Bound		Mindful Movers	
Admitting mistakes	66%	73%	14%	14%
Asking for help	42%	57%	8%	11%
Actively seeking different points of view	45%	61%		3%
Surfacing/challenging core assumptions	42%	63%	8%	8%
Giving/receiving meaningful feedback	49%	67%	5%	

This shift in behaviour is encouraging. Given that 23% of the Bubble Bound are now investing in team alignment (versus 0% pre–COVID-19), it may just stick.

	% Bubble Bound engaging in practice		% Mindful Movers engaging in practice	
	Pre-COVID-19	Now	Pre-COVID-19	Now
Practice 4: Invest in team alignment	0%	23%	100%	95%

That said, we need to keep an eye on the admission of mistakes. This remains the most challenging area for all segments, and it is also where there has been the least amount of progress. In the initial response to COVID-19, there was a lot of room for forgiveness. Most organisations were caught off guard to some extent and scrambling to keep up with a rapidly unfolding set of events. However, over the next year, in the midst of growing inequalities – both within and outside of organisations – boards and executive committees will be making decisions that shape the new normal. These decisions will reflect their judgment, rather than circumstances outside of their control. It is inevitable that they will get things wrong or, in appealing to one group, find that they alienate another. The only way to avoid large mistakes as they enter unknown territory will be to proactively look for, call out, and learn from small mistakes.

F. Summary points for Part II: Dynamics

A. Is there evidence of mindless exclusion?

- Yes, conversations expressing vulnerability and challenge were not the norm on most boards and executive committees prior to COVID-19 and were avoided altogether in some.

B. What is the distorting factor at play?

- The bubble of comfort reinforced by lack of psychological safety.

C. What mindful practice can help to counter this?

- Get comfortable being uncomfortable by establishing psychological safety.
- I.e., invest in team alignment.

D. How does this practice impact governance?

- 86% of boards and executive committees that always invest in team alignment (Mindful Movers) are confident that their boardroom dynamics are ideal for governance versus 25% of those that never or rarely invest in team alignment (Bubble Bound).
- The Bubble Bound appear to be caught up in a mindless cycle of suppression that distorts the quality of discussion and damages trust.
- The Mindful Movers' investment in team alignment reinforces their culture of learning and valuing difference, and translates into a synergistic approach to decision making.

E. What has been the impact of COVID-19?

- Most boards and executive committees are meeting more frequently for a shorter duration, likely due to use of a virtual platform. Additionally, dominating behaviour has decreased for 17% and increased for 6%.
- Most Mindful Movers were prepared for the shared experiences of vulnerability and challenge that COVID-19 has triggered; most of the Bubble Bound were not. Some of the latter have shifted their behaviours in response. Promisingly, a quarter are now investing in team alignment.

G. Discussion

The responsibility that board and executive committee members bear for the success of their organisations is tremendous. Even more so during times of instability when the strategic direction of the organisation is being reassessed, roles and responsibilities renegotiated, and cultural norms redefined.

Top teams that cling to their bubble and are slow to acknowledge changing circumstances – within their organisation, the market, or wider society – pay the price, as we saw in Part I. Today's 'optional' agenda items can easily turn into tomorrow's emergencies or sources of immutable competitive advantage.

In contrast, boards and executive committees with authentic channels of connectivity to relevant stakeholders are better able to anticipate their ripple effects and prioritise accordingly. Strategically reducing the social distance of these stakeholders also reduces other forms of psychological distance, making it easier to look ahead, look beyond, and prepare to pivot.

What Part I demonstrated on a macro level regarding the boardroom agenda, Part II has highlighted on a micro level about boardroom dynamics. If top teams are to be greater than the sum of their parts, they must also have authentic channels of connectivity with each other. This requires psychological safety, with colleagues feeling comfortable to display both vulnerability and challenge.

Part II of this study has demonstrated the importance of investing in team alignment in order to cultivate this safety. This finding has implications for how boards and executive committees integrate new joiners. Helping these individuals get up to speed – via induction training, mentoring, etc. – is necessary but not sufficient. To create genuine alignment and optimise team dynamics, the norms of the group must be reset to ensure that everyone feels psychologically safe, including the new member. This process of team re-alignment ensures that new members feel valued for their differences and able to contribute towards genuinely synergistic decision making.

Team re-alignment is also relevant for existing members, as their circumstances and perspectives inevitably change. The impact of COVID-19, and the intense pivot it has required many organisations to make, has affected the well-being of employees at every level, including the very top.[27] Creating psychological safety for individual members to ask for support has never been more important for the collective resilience of top teams.

Additionally, the new landscape of risk and opportunity that organisations face has called for a shift in the attributes and skills that are valued. For instance, leaders with expertise in human resources and technology were essential for navigating the transition to working from home at the start of the pandemic and continue to be so as many organisations transition to a mixed model. Similarly, board and executive committee members who had strong relationships with their racial diversity networks were better equipped to guide the organisational response to the murder of George Floyd. In both cases, a re-alignment of team norms may have been beneficial for ensuring that these individuals felt safe bringing new aspects of their experience or expertise to the table.

Going forward one of the biggest challenges that organisations will face is leading in the midst of difference. Negotiating the transition to new norms of working life is just one example. Some employees would now prefer to work from home most of the time, and others are desperate to return to an office environment. When companies cater to both preferences, they end up with meetings where some employees are interacting in person and others are on video. Political polarisation also feeds into this challenge as customers increasingly look for business to take a stand on moral issues. It is easy for such issues to be cast in terms of left versus right, or majority versus minority, such that appealing to one group alienates the other.

The prospect of leading in the midst of difference becomes more tricky when you factor in inequality. During lockdown, new inequalities were surfaced. Those with children at home struggled to cope when schools were closed, and those without children did not. Those with home offices and gardens saw certain improvements to quality of life; those working from ironing boards and kitchen counters did not. Those at the front lines of delivering food and health services, who faced the greatest risk of catching COVID-19, were amongst the lowest paid in society. And now, countries with a stronger infrastructure for addressing COVID-19 face a different trajectory of economic recovery – further amplifying global disparities.

In an interdependent world, where ESG is increasingly on the mind of investors and both employee and customer brand loyalty can affect the bottom line,[28] there is no escaping the ripple effects of these divisions. Organisations that are skilled at collaborating across difference should not be fazed. The muscles of psychological safety that are honed in the boardroom can help them to find synergistic solutions to these challenges – securing their organisation's licence to both operate and lead, positioning them to gain the trust of a broader set of stakeholders, and enabling them to reap the benefits of the next normal.

H. A preview of Part III: Composition

If a commitment to learning from difference is important for synergistic decision making, one would think that having a healthy approach to composition would also be relevant. Indeed, 81% of Mindful Movers are confident that their board/ executive committee composition is ideal for governance versus 31% of the Bubble Bound.

Having peeled away two layers of the onion, this datapoint stirs up similar questions about the final form of exclusion that we will be discussing:

    A. Is there evidence of mindless exclusion when it comes to board and executive committee composition?
    B. If so, what distorting factors are at play?
    C. What 'mindful' practices can potentially be used to counter this effect?
    D. Do these practices lead to more effective governance?
    E. And, how has boardroom composition changed in response to COVID–19?

These questions will all be addressed in the next section, 'Mindful Exclusion – Part III: Composition'. This report will be released July 2021 on The Chartered Governance Institute UK & Ireland's website.
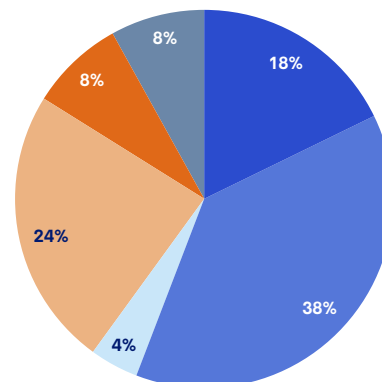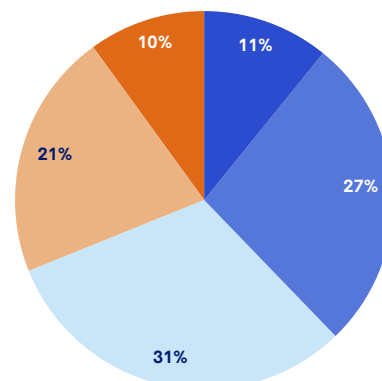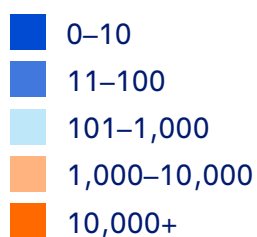
Appendix

General survey statistics

The Mindful Exclusion Governance survey was fielded from December 2020 to February 2021. 310 company secretaries, board directors and C–suite executives completed the survey during this time. After data cleaning, this left us with a sample of 297 responses.

Survey respondents included representatives from organisations of different sizes in the business, nonprofit, and public sectors.
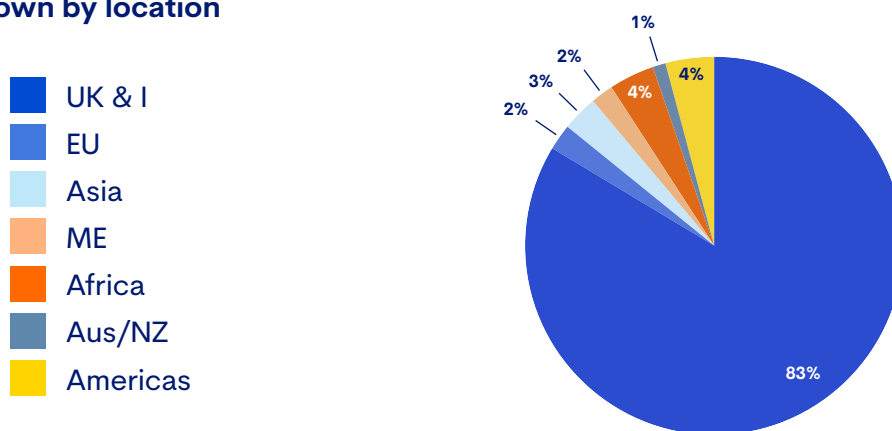
Breakdown by sector

- Business – PLC
- Business – LTD
- Business – LLP
- Nonprofit
- Public sector
- Other

18%
38%
4%
24%
8%
8%

Breakdown by size

- 0–10
- 11–100
- 101–1,000
- 1,000–10,000
- 10,000+

11%
27%
31%
21%
10%

Mindful Exclusion – Part II: Dynamics

Although this survey was fielded internationally, most respondents were based in the UK & Ireland.

Breakdown by location

- UK & I
- EU
- Asia
- ME
- Africa
- Aus/NZ
- Americas

The sample included a large proportion of company secretaries and other governance professionals.

Breakdown by position

- Chair
- NED
- CEO/MP/MD
- Chief Finance Officer
- Chief Operating Officer
- Chief People Officer
- Chief Governance Officer
- Company Secretary
- Assistant CoSec
- Other Governance Role
- Other
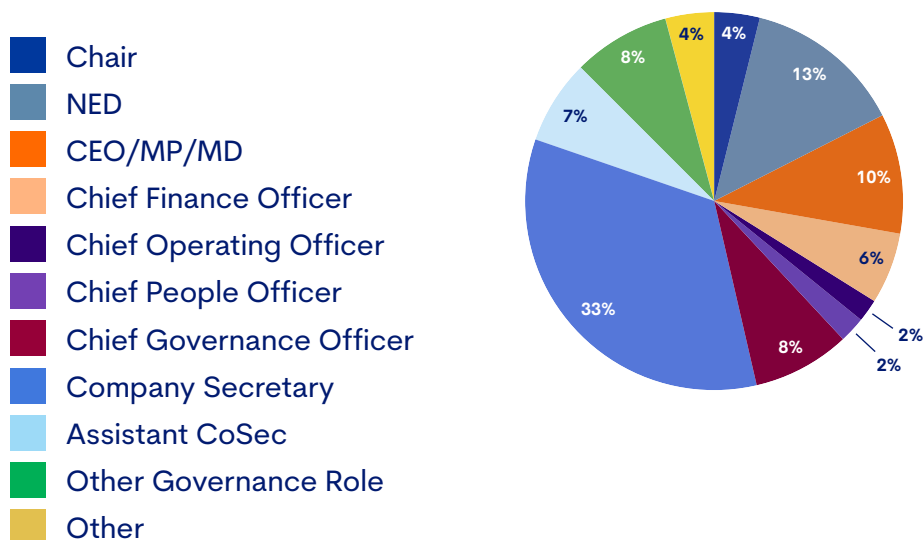
The majority of respondents filled out the survey in relation to their board; one fifth did so in relation to their executive committee.

Reporting on board vs executive committee

■ Board
■ Executive committee
■ Other

2%

21%

77%
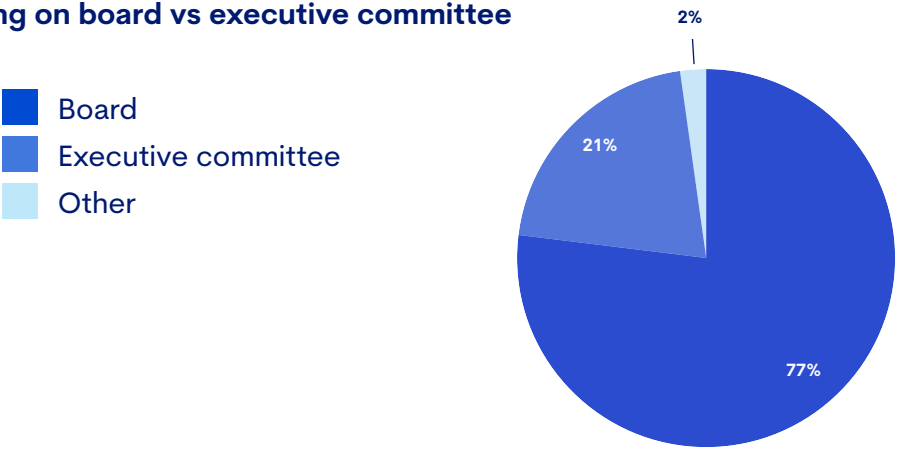
Mindful Exclusion – Part II: Dynamics

Dynamics-specific statistics

In conducting analysis for Part II: Dynamics, we removed responses of individuals with low meeting attendance, as we believed their insight into board and executive 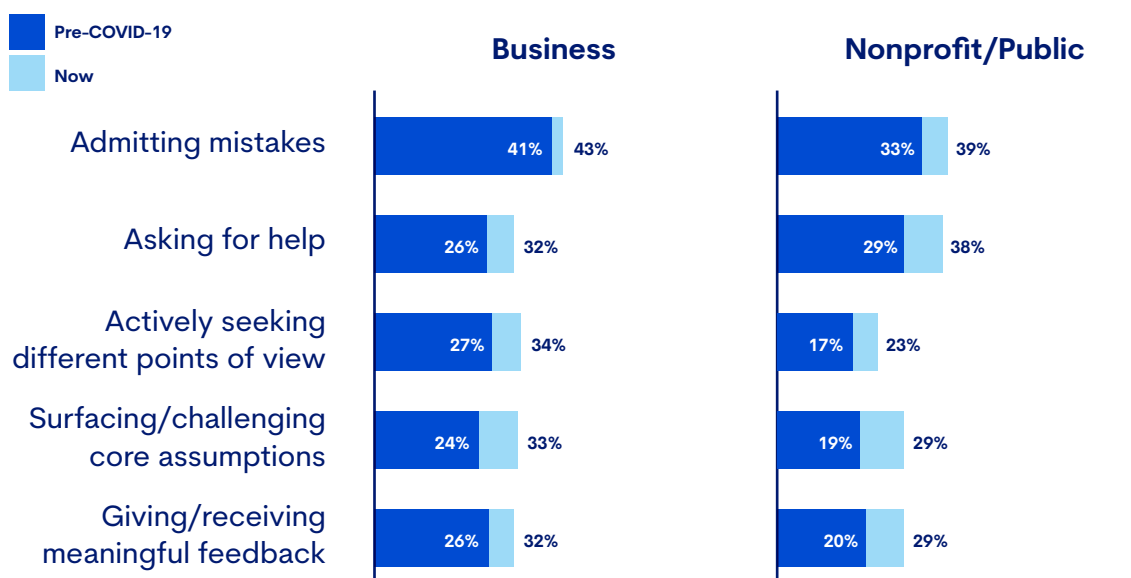dynamics was less likely to be accurate. We also removed those who indicated NA in relation to our segmentation variable or the question about the effectiveness of dynamics. This left us with a sample of 276.

Here is a chart similar to the one presented earlier in this report, that breaks out the difference between the business sector versus the nonprofit/public sectors when it comes to group dynamics. Boards and executive committees in the nonprofit/public sector appear more likely to embrace challenge. They are more likely to seek different points of view, and also to surface/challenge assumptions and give/receive feedback. This may relate to their natural orientation to a broader set of societal stakeholders. It is also consistent with the fact that they are more likely to put diversity & inclusion and wider impact on society on the agenda (see Appendix of Part I: Agenda). However, both groups struggle the most with admitting mistakes – before and after COVID-19 – and have demonstrated the greatest shift when it comes to surfacing/challenging assumptions.

Were these conversations excluded from your dynamics prior to COVID-19? And now?

% Indicating that this type of conversation was/is never or rarely part of group dynamics

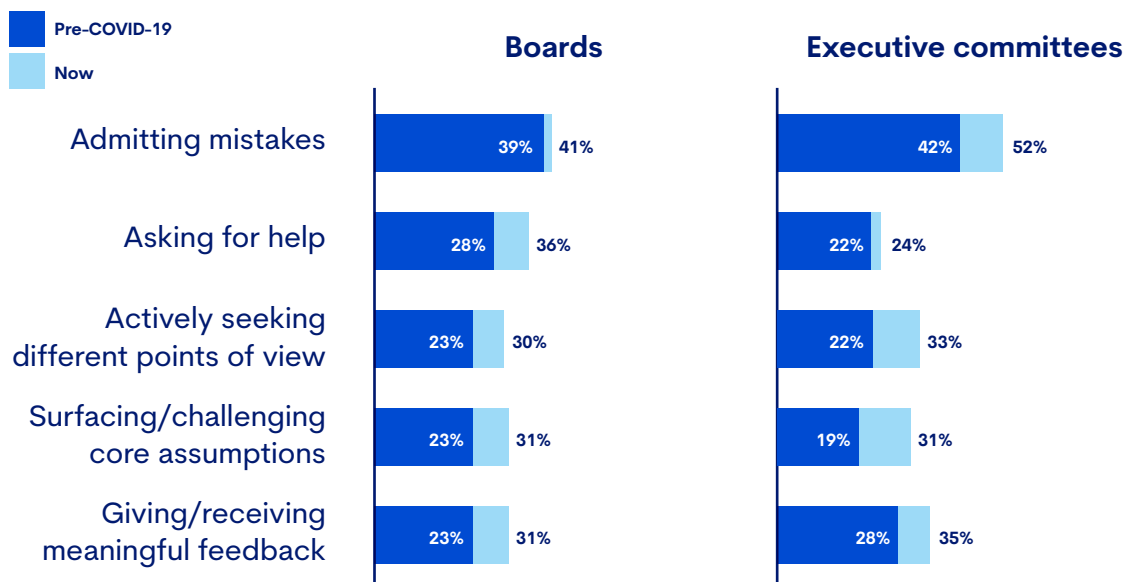|	Business		Nonprofit/Public	
	Pre-COVID-19	Now	Pre-COVID-19	Now
Admitting mistakes	41%	43%	33%	39%
Asking for help	26%	32%	29%	38%
Actively seeking different points of view	27%	34%	17%	23%
Surfacing/challenging core assumptions	24%	33%	19%	29%
Giving/receiving meaningful feedback	26%	32%	20%	29%

Mindful Exclusion – Part II: Dynamics

In the chart below, the breakdown is of boards versus executive committees. Executive committees appear less likely to admit mistakes, perhaps because it reflects more strongly on the individual performance of members. However, COVID-19 has prompted a shift in this behaviour for some executive committees. Boards appear less likely to ask for help, perhaps due to their positioning as the ultimate authority. Nonetheless, both groups struggle the most with admitting mistakes – before and after COVID-19 – and have demonstrated a meaningful shift when it comes to surfacing/challenging assumptions.

Were these conversations excluded from your dynamics prior to COVID-19? And now?

% Indicating that this type of conversation was/is never or rarely part of group dynamics

Legend:
- Pre-COVID-19
- Now

Boards

	Pre-COVID-19	Now
Admitting mistakes	39%	41%
Asking for help	28%	36%
Actively seeking different points of view	23%	30%
Surfacing/challenging core assumptions	23%	31%
Giving/receiving meaningful feedback	23%	31%

Executive committees

	Pre-COVID-19	Now
Admitting mistakes	42%	52%
Asking for help	22%	24%
Actively seeking different points of view	22%	33%
Surfacing/challenging core assumptions	19%	31%
Giving/receiving meaningful feedback	28%	35%

Endnotes

1   Lutterodt, J. (2016). Mindful Exclusion. Developing Leaders (World Economic Forum Issue). https://www.developingleadersquarterly.com/fb/Developing-Leaders-issue-22-2016/34/

2   Lutterodt, J. (2019). Mindful Exclusion. Governance and Compliance Magazine. https://www.cgi.org.uk/knowledge/governance-and-compliance/features/mindful-exclusion

3   Darley, J.M. & Batson, C.D. (1973). "From Jerusalem to Jericho" – A Study of Situational and Dispositional Variables in Helping Behaviour. Journal of Personality and Social Psychology, 27(1): 100-108. http://web.missouri.edu/~segerti/capstone/GoodSmaritan.pdf

4   These datapoints come from Edelman Trust Barometer's 2020 Global Report and were based on a global online survey of 34,000+ respondents across 28 markets between October and November 2019.

5   From the start of 2019, all large companies in the UK were required to include a separate statement in their strategic report outlining how they adhered to Section 172(1) of the Companies Act 2006, which states the following:
    "A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
    a)   The likely consequences of any decision in the long term
    b)   The interests of the company's employees
    c)   The need to foster the company's business relationships with suppliers, customers and others
    d)   The impact of the company's operations on the community and the environment
    e)   The desirability of the company maintaining a reputation for high standards of business conduct, and
    f)   The need to act fairly as between members of the company."

6   This statement was issued in August 2019 in an open letter by the Business Roundtable entitled "Statement on the Purpose of a Corporation". The letter stated that in addition to shareholders, companies are also accountable to their customers, employees, suppliers and the communities in which they operate.

7   This letter can be found on Blackrock's website: https://www.blackrock.com/corporate/investor-relations/2020-larry-fink-ceo-letter

8   These datapoints come from Edelman Trust Barometer's 2021 Global Report and were based on a global online survey of 33,000+ respondents across 28 countries between October and November 2020.

9   McKinsey's 2018 A Time to Act study. Only 56% of directors indicated that board and management team members constructively challenge each other in meetings. Additionally, only 26% indicated that their chair invites colleagues to provide feedback on the effectiveness of each meeting.

10 PwC's 2019 Directors Survey. 43% of directors stated that it was difficult to voice a dissenting view on at least one topic in the boardroom.

11   Russell Reynolds' 2019 Going for Gold: Global board Culture and Director Behaviours Survey was conducted with 750 directors of large, public companies worldwide. It defined 'Gold Medal boards' as those which rate themselves as operating in a highly effective manner and oversee a high-performing company (one that has outperformed relevant total shareholder return (TSR) benchmarks for two or more years consecutively). When non-executive directors sought to understand other perspectives whilst communicating, their boards were 13.7% more likely to achieve Gold Medal status.

12   Russell Reynolds' 2019 Going for Gold Survey. 89% of Gold Medal boards (vs. 72% of all boards) have chairs who actively seek out different points of view; 93% of Gold Medal boards (vs. 76%) have chairs who foster and facilitate high-quality debate.

13   Russell Reynolds' 2019 Going for Gold Survey. 86% of Gold Medal boards (vs. 73% of all boards) have chairs who draw out the relevant experience of members; 66% of Gold Medal boards (vs. 52%) have chairs who give directors constructive feedback.

14   Russell Reynolds' 2019 Going for Gold Survey.

15   McKinsey's 2018 A Time to Act study. 33% of directors indicated that 'boards spend enough time on team building'; 23% agreed that 'new directors receive sufficient induction training to be effective in their roles.'

16   McKinsey's 2018 A Time to Act study. Boards where 'new directors receive sufficient induction training to be effective in their roles' were more likely to outperform their peers than their counterparts..

17   Edmondson, A. (1999). Psychological Safety and Learning Behaviour in Work Teams. Administrative Science Quarterly. 44 (2): 350–383. http://web.mit.edu/curhan/www/docs/Articles/15341_Readings/Group_Performance/Edmondson%20Psychological%20safety.pdf

18   Edmondson, A. (1999). Psychological Safety and Learning Behaviour in Work Teams. Administrative Science Quarterly. 44 (2): 350–383. http://web.mit.edu/curhan/www/docs/Articles/15341_Readings/Group_Performance/Edmondson%20Psychological%20safety.pdf

19   Edmondson, A. (2019). The Fearless Organisation. Hoboken, NJ: Wiley & Sons. The other four factors identified in the Google study were clear goals, dependable colleagues, personally meaningful work, and a belief that the work has impact.

20   Bradley, B. et al (2012). Reaping the Benefits of Task Conflict in Teams: The Critical Role of Team Psychological Safety Climate. Journal of Applied Psychology. 97(1): 151–158.

21   Reynolds, A., Lewis, D. (2018). The Two Traits of the Best Problem-Solving Teams. Harvard Business Review. https://hbr.org/2018/04/the-two-traits-of-the-best-problem-solving-teams

22   Hennell, P., Rosenkranz, (2017). Team Diversity and Performance – How Agile Practices and Psychological Safety Interact. Thirty Eighth International Conference on Information Systems, South Korea 2017. 1-12. https://www.researchgate.net/publication/321997357_Team_Diversity_and_Performance_-_How_Agile_Practices_and_Psychological_Safety_Interact

23   Martins, L.L., Schilpzand, M.C., Kirkman, B.L., Ivanaj, S., & Ivanaj, V. (2013). A Contingency View of the Effects of Cognitive Diversity on Team Performance: The Moderating Roles of Team Psychological Safety and Relationship Conflict. Small Group Research 44.2: 96–126.

24   Carmeli, A., Gittell, J.H. (2009). Journal of Organisational Behaviour. 30: 709-739. https://drive. google.com/file/d/1v3ruKmB5iv69CSBxqbXlTa7SrlLbJdey/view

25   Edmondson, A. (1999). Psychological Safety and Learning Behaviour in Work Teams. Administrative Science Quarterly. 44 (2): 350–383. http://web.mit.edu/curhan/www/docs/ Articles/15341_Readings/Group_Performance/Edmondson%20Psychological%20safety.pdf

26   The specific question asked was: To what extent did/does your Board or Executive Management Committee (ExCo) exhibit the following behaviours DURING MEETINGS? where 1 star = NEVER and 5 stars = ALWAYS. We have interpreted 1 or 2 stars to mean that the issue 'excluded' from dynamics. We have interpreted 1, 2, or 3 stars to mean that the issue was excluded from group norms since it did not often occur.

27   Qualtrics. (2020). The Other COVID-19 Crisis: Mental Health. https://www.qualtrics.com/blog/ confronting-mental-health/ At the start of the global lockdown (March –April 2020) Qualtrics conducted a study of 2,000 employees in Australia, France, Germany, New Zealand, Singapore, the UK and the US. It found that 44.0% of all contributors experienced a decrease in mental health, including 40.5% of C-level employees and 40.1% of managers.

28   Edelman Trust Barometer's Special Report: Brand Trust in 2020. This study was conducted with 22,000+ respondents across 11 markets: Brazil, Canada, China, France, Germany, India, Japan, S. Africa, S. Korea, UK and U.S. (2,000 per market) from May 27 to June 5, 2020. Results demonstrate a significant and increasing sensitivity to company brand by customers. 70% of respondents reported that trusting a brand is now more important than in the past. 81% stated that trusting a brand to do what is right is relevant for their buying decision. 71% asserted that brands that place profits before people during crisis will lose trust forever. And 40% said that they have stopped using a brand that they felt was not acting appropriate in response to the pandemic.