

# Hidden complexity

Leslie Brissett and Dr Mannie Sher examine the psychological dynamics of the company secretary's role.

Chairmen and chief executives are regularly hung out to dry, or symbolically slaughtered, for their organisation's failures. As corporate failures have risen up the political and media agenda, however, there has yet to be a witch hunt for a company secretary. What is it about the role of the company secretary that makes them invisible to the media spotlight? Perhaps because the company secretary sits at the nexus of the shareholder, the board and the executive. Their role is diffuse and multifarious, operating across and between disciplines, functions and audiences. It seems that we struggle to understand 'soft power', so the third member of the trinity of organisational leadership, the company secretary, is obliterated (see figure 1).

This apparent invisibility to the media could be about to change. As corporate governance appears more and more on the media's radar, the reports will become more sophisticated as they seek to make sense of the complex world of the corporate company secretary, and more importantly their vital role in leadership in the boardroom.

## Roles and minds

Modern thinking about the workings of the human mind has left us with the idea that some of our thoughts we are aware of, while others are beyond our awareness and are only revealed through other non-verbal clues. Psychoanalysis, beginning with Freud and later expanded by Melanie Klein offers us ways of thinking about human relationships. Arguably, we are all repeating the qualities we experienced in our first relationships, that between ourselves and our parents. This oedipal configuration – mother, father and child – could shed an interesting light on the working of the corporate trinity of chairman, chief executive and company secretary.

The Tavistock Institute of Human Relations has been working with the issues that shape organisational life for over 65 years. Terms used in everyday office speech 'at the coal face', 'group think', 'primary task' were all developed in the Tavistock tradition and can provide a useful set of tools for understanding the impact and effects of 'soft power'.

Let's look at three significant theoretical contributions:

## Socio-technical systems

Here change takes place within a 'bounded system' – in this case a board or a company – that operates within a context. The system has a boundary that allows things in and out. Once things get inside (inputs) something is done to them (transformations) and they are then released (outputs). This holds true for all bounded systems, and understanding them allows the workers to be clear about what they are doing and why (the transformation process) and recognise when it has been completed (the output).

## Group relations

Feelings are experienced by individuals. However, when a gathering of individuals are working on a shared Primary Task, then the emotional issues that come into play are no longer personal, but belong to the 'group as a whole'. These 'group emotions' are referred to as 'dynamics'. This is a vital

Figure 1



tool in understanding what happens in a boardroom. Crucially, the role of the company secretary in this dynamic is often overlooked.

### Power

A construct based on the notions of privilege and scarcity of 'goods', and the means used to keep 'the good' in the hands of a restricted few. The saying 'knowledge is power' explains how access to and exclusion from knowledge makes or denies a corporate player their rightful amount of power. The company secretary has an enviable role with access both to the knowledge and holders of knowledge. So how do we apply these theories to help us think about the role of the company secretary in dynamics at board level?

### Board dynamics

Dynamic 1 – Kingmaker: Machiavellian

In his address to the ICSA Company Secretaries Conference in the UK in 2012, John Kay (Visiting Professor from the London School of Economics) is reported to have said, 'Trust and confidence are products of behaviour, and the reason trust has been eroded

in the financial sector is the way that people have behaved....'

A board will benefit from a skilled company secretary in exploring the board's relationships between its members, shareholders, its staff and wider stakeholders. The potential meanings and significance attributed to lateness, seating patterns at meetings, conversations and silences equip them to support the chairman and the CEO to lead and manage the organisation. However, the Machiavellian company secretary could use rumour and suspicion to create mistrust between members, leading to a belief in the fantasy that they are the real power behind the throne, delighting in using the CEO and chairman as pawns in their game. On the other hand, they may shirk the power that comes with the role, and avoid engaging members at all. This can lead to gaps in information, affect the timeliness of decisions and result in actions not taking place.

Dynamic 2 – Dealmaker:

The Go-Between

Both the UK Walker Review and UK Corporate Governance Code have concluded that whilst many good governance practices were in place, 'boards need to think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Absolutely key in this endeavour are the leadership of the chairman of a board, the support given to and by the CEO, and the frankness and openness of mind with which these issues are discussed and tackled by all directors.'

As the stakeholder landscape increases in complexity and the drive toward integrated reporting (as set

out in the South African government-commissioned report on corporate governance, 'King III') the company secretary is increasingly being called upon to understand and meet the board's need for 'intelligence' about the mood and desires of stakeholders. The King Report states that a company needs to articulate the impact that it has had '... during the year under review...[on]...environmental, social and governance issues'. The company secretary in the go-between dynamic begins to live through the actions of the CEO and the chairman, while behaving invisibly. They may, in fact, be longing for acknowledgement and may retain a sense of grievance because of servicing a relationship, but not getting anything in return. There is a risk of becoming depleted, guilty and shrivelled by the experience of being the go-between.

### Developing dynamically

The company secretary needs to be able to maintain control over their ego, having the skills and strength to give credit to others and tolerate the sense of invisibility that is sometimes part of the role, and the chairman and CEO need to be aware of the company secretary's need for credit and 'strokes' and work out appropriate ways to provide them.

The company secretary shapes how the discussions at the board are recorded, where they are stored and who has access to them. These are not merely routine tasks; they are also symbolic acts. A deeper understanding of dynamics at board level can only strengthen the effectiveness of boards and prepare company secretaries for a future in the spotlight as part of the 'trinity' of board leadership.

### ABOUT THE AUTHORS



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