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POSITIONING YOUR BOARDROOM FOR EFFECTIVE VIRTUAL MEETINGS- THE ROLE OF THE BOARD CHAIRMAN



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INTRODUCTION

The primary function of the board of Directors is to ensure the company's prosperity by collectively directing the company's affairs. Therefore, any board which falls short of this purpose may be termed inefficient or ineffective.

Board Meetings present a prime avenue, in which, directors utilize the board's powers, to consider policy issues, create and evaluate future business strategy towards the company's prosperity. It is a principal vehicle for conducting the business of the board.

However, given the travel restrictions and physical lockdown measures to flatten the curve of the spread of COVID 19, it has become impractical for the Board to meet physically. Therefore, the need for boards to adopt a more practical style of holding meeting arises hence the reality of Virtual Board meetings.

This however begs the question of how a transition from traditional physical Board meetings to Virtual may impact the directors' contributions, discussions, efficiency of Board meetings and subsequently the overall effectiveness of the Board.

This paper seeks to enlighten Boards on how to put in place measures to effectively communicate and or conduct meetings using various virtual platforms, which serves as a tool in bridging the gap between the traditional way of conducting Board meetings and the realities of embracing the virtual technology.

¹ Institute of Directors "Standards for the Board" <https://www.iod.com/services/information-and-advice/resources-and-factsheets/details/What-is-the-role-of-the-board> (accessed on May 6th 2020)

² <https://gaiiku.io/blog/board-meeting-minutes> (accessed on May 6th 2020)

³ Principle 10 of the Nigerian Code of Corporate Governance 2018



BOARD MEETINGS

Boards can only exercise their authority as a group and so meetings provide the opportunity for directors to gather, deliberate and exercise their authority. Therefore, it is safe to say that the business of the board is conducted through meetings. In addition, Board meetings suffice as the medium for Non-Executive directors to be informed and keep abreast with the development of the organization, provide inputs and objective criticism, receive clarification, to be able to make informed decisions and choices on how the organization should be run. Consequently, the efficient conduct of board meetings is a major prerequisite to a functional and effective board.

“Meetings are the principal vehicle for conducting the business of the board and successfully fulfilling the strategic objectives of the company”.

VIRTUAL MEETINGS

Simply put, a virtual meeting is a meeting held on any platform other than face to face. It entails the convergence of individuals in a meeting place not confined to a defined physical location, where participants can deliberate and communicate effectively with the use of video, text and audio features.

⁴ <https://aicd.companydirectors.com.au/resources/not-for-profit-resources/not-for-profit-governance-principles/principle-4-board-effectiveness> (accessed May 6th 2020)

⁵ *ibid*

⁶ Edem, O.A, “Corporate Board Meetings and Company Performance: Empirical Evidence from Nigerian Quoted Companies” available online at: <https://www.longdom.org/articles/corporate-board-meetings-and-company-performance-empirical-evidence-from-nigerian-quoted-companies.pdf> (accessed on May 6th 2020)

⁷ The Nigerian Stock Exchange “Guidance on Companies’ Virtual Board, Committee and Management Meetings” available online at: www.nse.com.ng/dealing-members-site/Notices/NSE%20GUIDANCE%20ON%20COMPANIES%20VIRTUAL%20MEETINGS.pdf (accessed on May 6th 2020)

⁸ *Ibid*. note 3

⁹ <https://www.definitions.net/definition/Virtual%20Meeting> (accessed on May 6th 2020)

¹⁰ <https://study.com/academy/lesson/what-is-a-virtual-meeting-technology-strategies-quiz.html> (accessed on May 6th 2020)

We're quickly becoming a “Zoom Meeting Nation” when it comes to corporate board meetings. At a time when it is practically impossible to gather directors for in-person meetings, video and other forms of telecommunications offer efficient alternatives when timing is critical.

This is especially the case when both legal principles, and the necessities of crisis management, call for increased director engagement. Virtual meetings by Zoom, Teams or other similar means provide a rapid and easily accessible platform for board and committee convocation.

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Nevertheless, virtual meetings are not without their challenges and concerns. Some of which include, the loss of the opportunity for physical and direct engagements, and its attendant benefits, including non-verbal cues. In addition, the decreased opportunity to socialize and discuss ideas prior to board meetings. Using technology will make it harder to read body language and gauge the dynamics, and spectrum of cyber risks associated with virtual meetings such as corporate espionage and cyber threats.

To assuage these and other concerns, especially during the COVID-19 pandemic, when companies opt for virtual meetings, various

¹¹ <https://www.natlawreview.com/article/virtual-board-meetings-times-crisis> (accessed on May 6th 2020)

¹² *ibid*

¹³ *ibid*

¹⁴ *ibid*

¹⁵ *ibid*, note 5

¹⁶ <https://www.vuca.com.au/does-the-board-and-executive-have-the-right-skills-optimism-and-courage-required-to-survive-through-these-uncharted-times-and-shape-the-next-normal/> (accessed on May 6th 2020)

¹⁷ *ibid*

¹⁸ The French Parliament passed Emergency Law 2020 -290 of 23 March 2020 to relax the rules around virtual board and shareholder meetings. The ordinance applies from 12 March 2020 until 30 July 2020. https://www.hugheshubbard.com/news/temporary-rules-to-facilitate-virtual-board-meetings?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-Integration (accessed on May 6th 2020)

¹⁹ The Nigerian Stock Exchange issued a Guidance on Companies' Virtual Board, Committee and Management Meetings on the 15th day of April 2020, to enumerate best practices and procedures for companies whilst conducting their virtual meetings. www.nse.com.ng/dealing-members-

governmental regulatory agencies such as France, Nigeria, Luxembourg have created guidelines to ensure such meetings are conducted in an accessible, transparent, and efficient manner, which adds to the effectiveness of the company's governance structure and corporate governance needs of all relevant stakeholders.

Guaranteeing Effective Virtual Board meetings

Chairman

The effective management of Board of meetings is largely dependent on the Chairman of the Board who, as the leader of the Board, sets the tone for Board meetings. His or her performance, leadership and interpersonal skills come to play in ensuring productive and enjoyable meetings while on the other hand, any inadequacy results in dysfunctional gatherings which can endanger a company's future.

This is especially the case when both legal principles, and the necessities of crisis management, call for increased director engagement.

Leading a virtual meeting may spring forth challenges, which were either non-existent at conventional board meetings or amplified through the complete reliance on virtual meetings. Therefore, the chairman would have to put a road map in place as well as amplify certain skills, which will ensure board effectiveness and impact while preventing self-interests from emerging. As such it behaves the Chairman to ensure:

site/Notices/NSE%20GUIDANCE%20ON%20COMPANIES%20VIRTUAL%20MEETINGS.pdf (accessed on May 6th 2020)

²¹ On 20 March 2020, a Grand Ducal regulation came into force offering several measures to facilitate the holding of board and shareholder meetings in Luxembourg. <https://www.intertrustgroup.com/news-and-insights/insight-news/2020/covid-19-introduction-and-regulation-in-luxembourg> (accessed on May 6th 2020)

²² Ibid. note 7

²³ <https://rsrpartners.com/boardrooms-actions-in-a-vuca-world/> (accessed on May 6th 2020)

²⁴ Ibid

Director Engagement: One of the biggest challenges with virtual meetings is that participants can find it hard to get involved and contribute given the limitation of non-verbal cues. Hence, the chairman would need to utilize ingenious tactics, to make sure every director contributes to the decision-making process. Also, as the probability that directors are either multi-tasking or entirely distracted may be high during virtual meetings, the chairman would need to constantly engage directors or require everyone to comment on the subject matter which encourages directors to stay focused, and helps monitor their emotions and attention levels.

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Management of Directors' Nuances: Virtual meetings can amplify the challenge of achieving equity in discussion among directors, with dominant directors speaking over peers. Therefore, directors may need to exercise self-control in their interventions to avoid monopolizing discussions and requiring the chairman to cut them off to give other directors an opportunity to contribute.

Also, it is key for board members to heighten their communication skills and emotional intelligence. If ever there is a time to over-communicate and ensure empathy is factored into decisions, it is now. The use of virtual meeting platforms keeps the lines of communication open with all board members.

²⁵ <https://www.mindtools.com/pages/article/running-effective-virtual-meetings.htm> (accessed on May 6th 2020)

²⁶ <https://www.vuca.com.au/does-the-board-and-executive-have-the-right-skills-optimism-and-courage-required-to-survive-through-these-uncharted-times-and-shape-the-next-normal/> (accessed on May 6th 2020)

²⁷ <https://www.applied-corporate-governance.com/editors-picks/effective-boards/> (accessed on May 6th 2020)



CONCLUSION

While there are other unexplored factors which may impact the effectiveness of meetings held virtually, it is evident the huge role the Chairperson of the Board plays in maintaining decorum and efficiency of Virtual Board meetings. Therefore, virtual meetings may bring to the fore the need for a chairperson to be proactive in honing ability for flexibility, managing interpersonal relationships and encourage optimal performance of directors in a virtual Boardroom.

²⁸ Ibid. note 23

²⁹ <https://rsrpartners.com/boardrooms-actions-in-a-vuca-world/>

