

The Emotional Side of Policy Governance

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Over the years, we have worked with several boards and CEOs in the Netherlands, mostly in education, to introduce them into the Policy Governance model. The boards we have worked with appreciate most elements of Policy Governance. For instance, they are usually enthusiastic about the way Policy Governance strictly distinguishes between ends and everything else. It is a distinction they are used to making themselves - or at least they think they are, until we ask them to formulate proper Ends. Furthermore, they like the idea of giving room for interpretation within distinct boundaries. Last but not least, most board members and CEOs concur with the need for (more) dialogue between board and CEO, especially on the development of Ends and Executive Limitations as well as their interpretation and monitoring.

In working with these boards, we have also encountered a strange paradox. Although the boards are usually really motivated to learn about Policy Governance – and often paying us good money to do so – they sometimes show strong, even emotional reactions on certain aspects of working with Policy Governance. The main point of this article, is to suggest that the success of a Policy Governance implementation is dependent on paying attention to that emotional side of human interaction.

These reactions have been puzzling to us. Of course, it's normal to have discussions about elements of the model. But there are some aspects of the 'resistance' that we have encountered that seem to go deeper than that. Reviewing our experiences, we think that exactly these kind of emotional processes are sometimes problematic for a successful implementation of Policy Governance. Failing to recognize and address them in a proper way could hinder further spreading of Policy Governance in business and not-for-profit organizations. In this article, we will delve deeper into this 'emotional paradox' of working with the Policy Governance model, and try to formulate ways to lower the barriers to successful implementation. There are two aspects of the emotional paradox in Policy Governance: the aspect of *form*, and the *interpersonal* aspects. We will discuss both of them below, and then conclude with some remarks on how to deal with the emotional paradox while implementing Policy Governance.

The form aspect

We have found that some elements of working with Policy Governance are difficult for some boards to accept. First, many boards have the mistaken idea that Policy Governance prescribes a certain board structure in terms of size and composition. Similarly, it is often thought that Policy Governance is only applicable to some types of board formations and not to others. In particular, some school boards in the Netherlands are of the opinion that Policy Governance doesn't fit in with the Dutch "two tier model" of governance.

It is necessary to explain a little bit more about the Dutch governance legislation here. In the Dutch model there is an executive board (run by the CEO) and a non-executive board that acts as a supervisory board. Important strategic decisions have to be approved by the supervisory board. In Policy Governance it is clear that all authorities lies with the board. However, in the Dutch educational system, regulated by law, there two separate boards each with distinct legal authority. So, who is the boss and which board is authorized to make Ends? Ultimately the executive board is appointed by the non-executive board. So you could say that the real board, speaking in Policy Governance terms, is the Dutch non-executive board.

But it feels wrong for many Dutch CEO's to accept that the supervisory board is their boss and is able to formulate Ends and Executive Limitations. From their point of view, Policy Governance makes the role of the supervisory board too big and decreases their own latitude as an executive board. The paradox is that we know that Policy Governance actually sets out to provide the widest

possible executive latitude; the boundaries are flexible and the limitations can be as wide or as narrow as the board feels necessary on owners' behalf.

We have found that most board members and CEOs are ambitious people, sensitive to issues of status. They are used to defending their position and power against others, and quite successful at it too, otherwise they would not have reached their positions. So, when board members and CEOs jointly attend a Policy Governance seminar, and the CEO is not expecting to learn that, actually, 'the board is the boss', it can be impossible for the CEO to accept that, let alone admit it in the presence of the board members.

The interpersonal aspect

Board members' and CEO's emotions can also be triggered by the interpersonal aspect of Policy Governance by which we mean the aspect of people's capacity for engaging in personal dialogue and reflection. One of the strongest features of Policy Governance, we think, is the centrality of dialogue. But this also makes it not that easy to adopt in daily practice. It requires a high capacity to communicate and also to think in dialogue.

Communicating in dialogue involves postponing your own judgement, a willingness to understand someone else's point of view, and embarking on a mutual search for better collective understanding instead of 'winning the clash of arguments'. This requires building up mutual trust in relationships and communication.

That can be difficult, especially in an environment in which people are ambitious, eager to win, and used to engaging in debates, not dialogue. Even if CEOs and boards are aware of the need to talk about values, it doesn't mean they are ready to let go of the behaviours that have brought them this far.

For many of the boards that we have worked with, the constant pressure to achieve high targets in a small amount of time has been a severe hindrance to the change of attitude that is needed. The way that CEOs typically deal with this pressure is engaging in competition, not dialogue. To win this competition, they have learned not to trust others, and not to all their cards at once. For instance, CEOs are very well used to their boards asking them to account for organizational results. But, in our experience, their first reaction is: "I'm not telling my board everything, because that will only lead to difficult questions." Similarly, the board's first instinct is usually to come from worrying: "Is our CEO telling us everything, or is he or she holding something back?"

These behaviours are what boards and CEO's have learned throughout their careers. These are often the very behaviours that have helped them reach the top spots. People in the top of firms are used to keeping their cards close to their chests. If you lay it all out on the table, that makes you vulnerable. They are not used to doing that and, what's more, for most of their professional lives, they have learned that being just a little secretive can help you get ahead. That this behaviour does not necessarily serve the ends of the organization, is quite another question.

It can prove very difficult to reverse these deep-rooted habits while working to implement Policy Governance. However, that is precisely what seems to be necessary in order to engage in a proper dialogue on for the development and monitoring of Ends and Executive Limitations. If Policy Governance is working really well in an organization, this dialogue will always be about the central values of the organizations. What's more, it could be argued that Policy Governance in its very essence is about leading based on values. But if board members or CEOs have never really talked about values, or only as a factor in a business case that might polish up the public image of the organization, it can be very difficult to gauge the level of personal commitment that is required to carry out such a conversation.

What does this mean for Policy Governance Adoption?

We are convinced that applying the principles of Policy Governance enhances the chances of better governance. Although its foothold in the world is steadily increasing, we think Policy Governance could get a boost if we, as Policy Governance community, were able to tackle the emotional problems that can arise in adopting Policy Governance.

The emotional problems that arise from misunderstandings about the implications of Policy Governance for board formation are probably the easiest to solve because they are mostly to do with a lack of knowledge about governance in general, and Policy Governance in particular.

The emotional problems that arise from the interpersonal aspects of Policy Governance are more difficult to tackle, because they require a shift from discussion to dialogue in communication. Engaging in dialogue entails postponing your own point of view which, as we have pointed out before, is much easier said than done. First, you have to acknowledge, that what you think *is* just that. What you think is a point of view, based on values and principles, that may be deeply held, but is not an unrefutable fact. For a lot of leaders, CEOs and board members alike, who do not get that much criticism anymore, that is first hurdle to leap.

Those of us who are engaged in helping boards get the full benefit of using Policy Governance, need to help our clients take that hurdle. This could involve helping them to find new language for talking and listening to each other. While transitioning from 'discussion' as the basis of conversation into 'dialogue', it can be very helpful to develop an appropriate jargon which allows you to actually talk differently with each other. The words that are used in dialogue are different from the vocabulary used in discussion. The way of formulating your opinion, asking others theirs, and breaking new ground to look for new answers that neither of you will have at the start of the dialogue, is quite different from the way of winning, staying on top, and pushing your own solution.

This new kind of dialogue can start right from the very first introductory workshop. What are our values, our principles? Where do they converge with those of our owners in reaching a common goal? How can we better understand their values and how can we translate them into expectations of the Policy Governance implementation process?

All this requires that those helping boards adopt Policy Governance are not only Policy Governance-experts, but also experts in human behaviour who can see what lies behind the, sometimes, seemingly irrational reasoning of the people we are working with. We need not only to be able to help boards write 'good' policies, but also to be able to help them discuss them in a way that is consistent with the Policy Governance approach. Only then, as a living example, will we be able to demonstrate what true dialogue takes, and its manifold benefits.

The good news is, dialogue is everywhere. Learning to use aspects of it, can be done in nearly every encounter, every meeting. For those of us who want to help boards adopt Policy Governance, it entails postponing our own 'frame of reference' too. If we as Policy Governance-consultants fail to take this into account, we may end up being seen as 'Policy Governance evangelists' and fail to make the necessary connection with the very people who stand hesitating on our doorstep.

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