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**VIRTUAL BOARD MEETINGS:  
REVERBERATIONS RESULTING FROM COVID-19**

**WHITE PAPER REPORT**

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## **VIRTUAL BOARD MEETINGS: REVERBERATIONS RESULTING FROM COVID-19**

The COVID-19 pandemic has driven boards to meeting virtually. Consequently, to better understand the challenges of virtual board meetings, we conducted semi-structured interviews with eight board members. These directors had an average of 14 years of board experience while serving on 27 boards of large, publicly traded, multinational organizations. The directors offered highly consistent responses. Interviews were supplemented with a survey administered to 22 directors that provided support for the core themes identified in the interviews.

### **Benefits**

Directors reported three primary benefits of virtual meetings: *Scheduling simplicity*, *reduced travel*, and *committee meeting focus*. Scheduling has been easier when a few hours are needed rather than multiple days, and the challenges associated with travel can be minimized. The increased ease with getting people together, particularly for short periods and with short notice, made meeting to discuss urgent matters simpler and more efficient. Furthermore, the familiarity with meeting on-line facilitated the ability and willingness of directors to meet virtually. For instance, one director described a particularly frenetic time when the board needed to meet weekly and meeting virtually made this possible. Board members also noted that meeting virtually was more efficient for committee meetings because it allowed greater focus on the specific topics rather than being diluted with the rest of the board meeting. Board members also did not feel rushed while in committee, leading to greater engagement and focus on key issues. This created greater energy and focus for committee meetings, and a few indicated that they would likely increase the number of committee meetings that meet virtually, even after the pandemic challenges have eased.

## Challenges

Board members reported four primary challenges with meeting virtually: *reading social cues, reduced social bonding, on-boarding, and voicing dissent.*

*Lack of Context Cues & Shared Meaning.* Our interviews revealed an unambiguous belief among directors that spontaneous social interaction is a vital part of developing relationships, sharing sensitive information, and clarifying positions, and was often described as *reading the room*. In person meetings create greater opportunities to learn from latent physical cues:

*What has changed is the time for clarification during a board meeting...body language matters to me in a board meeting and if the CEO is up there espousing if we're going to do this or that, if everyone is looking down at their shoes that's a message to me to go a little deeper. I can't see the eyeballs of my other directors, which would normally help us all stay on the same page. – Director F*

Our survey results also supported the belief that informal relationships, among board members, is considered closely related to information quality ( $r = .49, p < .05$ ).

*Constrained Communication & Reduced Social Bonding.* A common refrain involved the “cocktail hour”:

*It's the informal chats around the cocktail bar, the ability to have conversations, missing the stimulation from in person conversations. It's not easy to build on things. – Director C*

Based on our responses, the cocktail hour clearly represents a close, physical context where informal information is freely exchanged. Through such social interactions, individuals develop a multiplex understanding in relation to one another and the work they share. Survey results suggest that directors were less willing to present input that could disrupt a board meeting when there were weaker informal relationships ( $r = -.53, p < .05$ ).

*On-boarding.* A major hurdle faced by boards involved the onboarding of new members, or the process that new members transition from being outsiders to insiders. The lack of in-

person cues exacerbates an already complicated ordeal—as expressed by one director:

*Both of my boards have a new director who most of us have not ever met so I worry, that is 10% of our board, that is somebody who, you know, I don't have any sense of what that director brings in terms of how they think and when to draw them out...when you know your directors, you've had a glass of wine together, you've talked on the plane together, it brings out a richness to your relationship so I worry with these new directors that I'm not capable of bringing out their best; Like I said, one director is a significant number, we're only 10 people; I do worry that if this extends another year, and another new director rotates on, that definitely impacts the overall board effectiveness. – Director A*

Our survey results support the idea that the quality of social cue processing has a strong, positive relationship with the effectiveness of onboarding ( $r = .73, p < .05$ ).

Along with expressing unease about socializing new directors, respondents made it clear that this situation could only be overcome through an added degree of concerted effort:

*We've added a director and none of us has had time to be with her and to make matters worse, she doesn't use a technology that lets her be seen. She tends to not engage that much and we haven't formed that kind of connection and we're a close board...it should not be just the committee or chairs and CEO who reach out to new directors. All directors must reach out. – Director D*

Director D captures the idea that a virtual barrier requires additional action to induct new board members. Despite their best efforts to employ proactive interventions for newcomers, directors reported that the virtual boardroom was unable to impart the culture of their board. As Director D explained, even though their board was close, the onboarded member still had trouble getting acquainted with the “new neighborhood”. This idea of recently onboarded directors lacking a general sense of the board’s norms and customs is aptly encapsulated by Director B:

*I worry about the new generation of workers with virtuality rather than seniors because we want people to learn about the culture. – Director B*

In general, directors felt that onboarding directors during 2020 represented a particular challenge; however, it is one that can be overcome as meetings return in person. If meetings continue online and multiple directors are onboarded virtually, directors suggested such

situations would present greater challenges to board dynamics.

*Voice, Dissent, and Asking Questions.* As noted, the presence of trust enables directors to share information more freely, and view disclosures as credible and useful. This state of trusting manifests itself in the process of voice, dissent, and asking questions. When directors were asked how their board meetings changed due to being held within a virtual platform, many detailed a shift in the type of meeting participation – board members became more reticent to speak up:

*You can't see everybody, you can't read body language, so you're a little more deferential, mostly to management because the Chairman and CEO are running the meeting...it's harder because you can't see the room or read everybody...you need to be more deliberate about what you're trying to do. – Director B*

As Director B shares, a lack of social cues in virtual board meetings hinder Directors' willingness to participate. Further highlighting challenges that arise with virtual meetings when director voice is dampened, Director D noted:

*Unless there is an explicit setting to get people to talk or get called on, they are less likely to speak. We have a meeting and they had issues in a room with multiple people together and you had to interrupt multiple times to be heard and they eventually were like "ok let it go". So, you have to be more proactive and ask people, because the technology issues are a challenge. – Director D*

Described in Director D's description is a situation where directors are silenced by the setting. With the blurring of social cues and a constricted medium for expressing ideas, a virtual meeting, without proper interventions, can shut down potential opportunities for directors to add constructive insights to the discussion. A decrease in director voice also leads to a decrease in the questions asked during meetings. Furthermore, the hesitancy to ask questions could be exacerbated by the lack of out-of-meeting interaction that accompanies virtual meetings. Without an informal context to seek information at lower risks of impunity, directors reduce the amount of questions they ask, as well as how often they challenge ideas in the boardroom.

## **Conclusion**

Overall, all board members noted that they are still able to adequately perform monitoring and advising responsibilities and that there are advantages, particularly around convenience, to having some virtual board meetings. However, there was also strong interest in returning to in-person meetings. This is likely because of the extra challenges that virtual board meetings create in terms of reading social cues, reduced social bonding, difficulty with on-boarding, and more muted participation.