

Board's Role in Building Talent and Culture

Kalpana Morparia speaks about best practices for board culture, and reflects on her experience as a leader who is constantly improving

As part of the Directors Development Program, Darpan Kalra, Egon Zehnder hosted a fireside chat on the subject of “The Board’s Role in Developing Leadership Talent and Culture,” with Kalpana Morparia, former CEO of JPMorgan’s South and Southeast Asia division from 2008-2021 and former member of JPMorgan’s Asia Pacific Management Committee, who also previously held several senior leadership roles at ICICI Bank. The comprehensive discussion highlighted best practices for board culture and some techniques Morparia has adopted during her career to improve it.

Best Practices for Board Culture and Leadership

The conversation began by diving into Morparia’s take on the most important aspect of a board when it came to leadership and culture. As Morparia reflected, the nomination and governance committees are key because of their focus on human resources, compensation, and talent development. “In terms of people, the talent that we want, the culture that we are imbibing in the organization, the nomination and governance committee actually carries a huge, huge burden,” she said.

But what are some of the best practices for the nomination and governance committee? Of the five or more meetings that it might have in a year and all the standard business that the committee has to do, one of the most important things Morparia emphasized was to review the company's talent below the board level. "There is the board, there are executive directors on the board, and then some organizations have an executive committee or a management committee or a senior leadership committee, multiple names, but basically it means a group of senior executives and at least two levels below them."

On one of the boards she serves, where she is director, the compensation committee – under the nomination and governance committee – goes through a full slate of the next line of leaders, applying the lens of 'ready now' successors, 'ready later' talent, developmental areas, while looking at how mobility works in all of this. The committee also engages with senior managers during board and committee meetings.

"The key task here is not just merely knowing what these names are, what they've done so far, and what their future plans are, but what are the interventions that we're going to be doing as an organization to strengthen or build skills" she said.

Building Strong Cross-Functional Leaders

Expanding on the theme of development and future leadership, Morparia spoke to the audience about three different best practices:

- Feedback on leadership development. One of the most important aspect of Morparia's own personal development was getting feedback on her work from not just senior executives, but also peers and employees. At that level, she said, "Certainly we should care about how we are perceived by our team members and our peer group. So that (feedback) I would actually rate very, very highly."
- Morparia painted a picture of its effectiveness with a first-hand experience that she had years ago when her subordinates sat in a circle and gave her feedback, which she notes is one of the most memorable and constructive experiences she's had as an executive. "It happened many years ago, and even today I can recall to you all that was said – affirming and developmental. It was literally [like] holding a mirror...seeing this is how you're perceived. You may think you're the greatest

leader, the most empathetic leader, and people just love you. Well, the reality is different. There are some aspects of yours that people may not like and want you to work on...so I'm a huge fan of feedback."

- "Skip" level meetings. It is common for leaders to address employees in town halls or other large gatherings where they can ask questions in large, but often intimidating settings. While Morparia was at JP Morgan, "skip" level meetings would take place when management met with talent at the level below over breakfast or lunch – allowing for an informal and open discussion.
- Resource groups. Morparia highlighted resources and networking groups as platforms for people to open up more than they would in other professional environments. "[People] network and learn from each other's experiences so well that they actually act as a great support system going forward."

Key Elements of Board Culture

According to Morparia, a bank's board is an integral part of the entire organization's culture and it affects the organization internally and externally. "We [public sector] are the core, we are the lifeblood of the economies that we are operating in; hence the purpose and identity for state-owned enterprises is phenomenally high." While shareholder returns are important, public sector banks work with individuals and small businesses, and the purpose of their work is more than money. "The board can really feel blessed that they are a part of this ecosystem where people are working day-in and day-out for a much higher purpose than just giving a return to shareholders. Whether it is rural banking, whether it's agri-banking, whether it is setting up a huge network of branches across the length and breadth of India ... you're truly blessed as an independent board."

I "Culture pervades the entire organization,"

Embracing a culture of higher purpose in public banking organizations is something that the board needs to participate in holistically. "Culture pervades the entire organization and we actually identify so much with this higher purpose of the responsibility that lies on us because people's life savings are banked with us. You remember the word banked, right? It means it's with my bank. I trust it completely"

she added. It is the board's role to underscore and emphasize this culture through the lens it applies.

But she cautioned that a culture built on trust needs to be nurtured; building trust with people is something that takes decades, and often centuries, but can come crashing down with just one misstep – for example, the Lehman Brothers' bankruptcy when excessive risk-taking without appropriate controls led to an ultimate failure and the erosion of the work of thousands of people and trust across the globe.

The Importance of Benchmarking and Feedback

“One way...is to bring on an external agency to periodically engage with the board and to share best practices and offer feedback”

Benchmarking and feedback provide a mechanism to reflect on and improve board processes and behaviours. Feedback needs to be honest and is not just about 'checking a box'; many board members shy from giving direct peer feedback but that is what is needed to bring about meaningful change and progress while giving board members an opportunity to learn and grow.

One way of getting around it, she said, is to bring on an external agency to periodically review the board – to share learnings from other corporates and provide constructive individual feedback to board members. “It was an eye opener for me... something that can keep a board moving in the right direction.”

Anonymous 360-degree feedback can be considered for providing individual feedback too, though it is often not as effective as externally facilitated, nuanced mechanisms.

The board plays a significant role in developing the next generation of leadership and the culture that it exemplifies is at the core of stewardship – in all matters relating to shareholders, customers, employees and the communities that they are a part of.

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