

DEVELOPING LEADERSHIP, TALENT AND CULTURE



The Board's Role in Developing Leadership, Talent and Culture

As part of the Directors Development Program, a session centered on the role boards play in developing leadership, talent and culture, was led by **Kalpana Morparia**, former Chair and CEO of JP Morgan's South and Southeast Asia region, who explored the best practices for fostering a healthy board culture, diving into strategies and experiences she has embraced throughout her career.

The 'Key to the Vault': Identifying with the Purpose

Setting the tone for the conversation, Morparia kicked off the session by exploring the uniqueness of a financial institution's board, stating that the greatest lever for success is identification with the organization's purpose. "All of us need to get up every morning and remind ourselves *why* has society allowed our organization to be in business," she stated, highlighting that unless individuals reach that level of identification, it is unlikely that efforts on compensation, talent, skilling, structure, empowerment,

and accountability will work. "None of that is going to work unless you have identification with the purpose of the organization," she emphasized.

Morparia also encouraged participants to reflect on *how* that purpose gets elevated because of the societal aspect in banking. Referencing a previous talk she had hosted for public sector directors, she recalled: "We had a robust conversation in terms of how privileged you are because not only is your purpose to bank Indians – whether it is individuals, farmers, small businesses, medium businesses, large businesses, help Indian companies go overseas and overseas companies come to India – but most important of all, you are doing that with 51% plus government ownership."

The Nomination and Remuneration Committee (NRC): Elevating Oversight of Talent Issues

Morparia explored how boards have become more involved with strategic

issues beyond compliance, focusing on “strategy of the company, in terms of the people agenda of the company,” as she explained. The wealth of experience that exists among independent directors as well as executive directors has been a key enabler for that broadened scope.

Related to that is a unique aspect of Indian boards that Morparia considers beneficial for oversight of these broader issues: the practice of combining the nomination and remuneration committees into one, forming the NRC. “This committee has the ability to zoom in on key people agenda issues across the organization, and the Head of HR plays an important role in engaging with the committee,” she said.

Beyond learning about the company’s diversity and bench strength, the NRC also focuses on critical talent matters – such as CEO succession and the broader C-suite succession topic. “It’s the team that surrounds that CEO that’s going to define whether this company is going to give superlative returns to its shareholders, superlative service to its customers. Therefore, it’s very important to look at this broader talent pool,” Morparia highlighted.

Morparia emphasized a valuable practice where the CEO and CHRO ‘engage’ with the board on evaluating the high-potential talent pool, which extends to at least two levels below the managing committee.

This is a rigorous exercise which includes assessing readiness ‘now, later, one role later, and not immediately,’ followed by the design of a thoughtful developmental oriented intervention to grow this talent.

Facing the Mirror: A Leader’s Journey of Self-Improvement

Gearing the conversation towards her leadership journey, Kalpana Morparia reflected on her leadership journey with two stories in her career that shaped her thinking as a leader. “In my first responsibility as a leader, one particular team member of mine did not get a promotion. Thinking I knew everything that there was about giving feedback, I gave him what I thought was good, constructive feedback.” Unfortunately, that feedback session culminated in a resignation letter from this employee – who was later persuaded to withdraw the letter, fortunately. “It was a rebuke and made me realize the need for proper training in order to be equipped to give feedback.”

This wasn’t the only moment of realization that Morparia had throughout her career. “I always prided myself on being an extremely friendly and approachable person.” During a team offsite, she proudly relayed this personal trait she thought she possessed to colleagues. “And one of the juniors looked me in the eye and told me, ‘You are friendly? You don’t even smile at us when you see us in the elevator!’”

These stories lay bare how important it is for leaders – be it executive or board – to become more self-aware and understand not just how they ‘believe’ to be, but how they are ‘perceived’ to be. “Apart from identification with the purpose, my management mantra is to receive and give feedback. Because only people who care give you feedback.”

A good time to foster this thinking can be during board assessment and effectiveness reviews. “At least every few years, you can get an independent entity to gather that feedback and then relay it back to you in an appropriate and sensitive manner; that is very, very valuable,” she asserted.

The Role of External Experts on Public Sector Boards

When it comes to talent, looking at external advisors based on individual expertise is as important as hiring independent directors. Morparia highlighted the need to consider both the vertical and horizontal elements of a candidate's qualifications. She cautioned, “Certainly use experts as consultants Just bringing in someone who could be a great professor, a great lawyer, a great doctor, a great scientist, a great accountant, but does not have that holistic perspective of how corporate India and boards work ... is not optimal.” Indeed, board wisdom – appreciating and understanding what and how to contribute as an active board member is important.

Looking Ahead: Holistic Governance

Morparia concluded her session by discussing the challenges of compliance, but beyond that, how board directors in the public banking sector can be more holistic in their governance style.

On compliance, she drew a parallel between the operations of a board and of a hospital: “Compliance, as you know, is like a hygiene factor in a hospital, right? If you are not compliant, you should not be in that business; similarly, board members should rightly focus on it.” She also highlighted the effectiveness of involving the entire board in the annual review of talent within the organization, suggesting that the committee responsible for compliance should either make it a board agenda item or open the review session to the entire board.

Boards are constantly evolving, and to look ahead to the future, Morparia walked through how that is shaping up for Indian banking institutions. The focus is not merely on shareholders today – it is on a broader set of stakeholders. “This shift reflects a more comprehensive understanding of board responsibilities and is poised to shape the future direction of boards and governance practices,” she concluded.

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