



TOP WEEKLY BUSINESS & BOARDROOM UPDATES

DECEMBER 31, 2016 – JANUARY 6, 2017

1. To Dine or Not to Dine: Should You Socialize With Fellow Directors?

I know a number of bank boards where the directors have a big dinner the night before the board meeting. I guess the idea is that the group will work better together if they get to know each other. Maybe it's an offshoot of the sports concept of building team chemistry. A bank's board of directors, though, is not a sports team, and I just don't think any of the sports clichés about everyone rowing in the same direction apply. Yes, everyone on the board should be in agreement on the strategic plan, but I think good corporate governance might require some of the tension and push and pull that you don't want on a sports team. My feeling is that camaraderie among board members can actually be a bad thing, and too much socializing might hurt the directors' ability to be impartial in their oversight duties.

<http://www.bankdirector.com/index.php/committees/governance/dine-or-not-dine-should-you-socialize-fellow-directors/>

2. How Conflict Makes for Effective Boards

Conflict is typically considered to have a negative influence on group performance: it decreases the satisfaction of group members; it decreases group productivity; and it hinders the exchange of information needed for effective decision-making. However, there is a growing awareness that under certain conditions, conflict can also be constructive. Conflict comes in different guises. We are most familiar with relationship conflict. This arises through interpersonal incompatibilities between group members and is expressed in tension, animosity and annoyance. This type of conflict is detrimental to effective group performance.

<http://boardagenda.com/2016/10/08/conflict-makes-for-effective-boards/>

3. Tackle the Boardroom Fat Cats to Head Off Populist Backlash

The way companies are managed – and how much bosses are paid – has been under particular scrutiny following the collapse and loss of 11,000 jobs at BHS and the revelations about pay and working conditions at Sports Direct. Chief executives of FTSE 100 companies have a median pay package of £4.3 million, according to the High Pay Centre. It works out at 140 times that of the average worker. Examples of massive pay-outs, often coincident with indifferent corporate performance and with average pay growth for workers sluggish, continue to inflame public opinion. And they help explain the upsurge of populism that has brought political mayhem here, in America and across Europe.

<http://www.scotsman.com/business/management/tackle-the-boardroom-fat-cats-to-head-off-populist-backlash-1-4329323>

4. Independent Directors - A Sleeping Watchdog?

Public shareholders (read 'minority', many if not most of the times) in public companies for long used to hold grudge against the management (invariably the promoters and their nominated professionals, mostly family members) - e.g., they do not have any say in management of the company, they are being oppressed, the company is being mismanaged, and so on To eradicate these concerns, a concept of Independent Directors emerged on corporate landscape. That is, individuals possessing high qualifications, track record, stature, ethics, integrity, independent character, etc. who are not dependent on the promoters for their bread, butter, survival. It was expected that such people would bring in more professionalism, clarity, transparency and ethics into corporate functioning.

<http://businessworld.in/article/Independent-Directors-A-Sleeping-Watchdog-/02-01-2017-110591/>

CARTOON OF THE WEEK



WEEKLY STATISTICS

During the last week 61 business & boardroom updates were published.

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