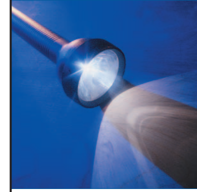

Individuality, liberty and absolute freedom: an alternative framework for independence in the boardroom

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- *Beyond pop psychology: what philosophy can teach us of independence*
- *The freedom to choose and the anxiety of choice*
- *How understanding these concepts helps address independence in the boardroom*

In examining how board members interact as individuals, and as members of a group, the conclusions of academic researchers disappointingly revert to the language of popular jargon to explain what it means to be a board member.

Those few provocateurs in the world of management education argue that MBA curricula are dominated by dubious psychological theories to explain workplace behaviour, not the least of which is Abraham Maslow's 'Hierarchy of Needs'. The Myers-Briggs indicator is often placed in the same category.

Exacerbating this situation are the thousands of management books published internationally each year that are written for popular consumption. These texts are clearly for a market that does not demand thought-provoking, considered arguments that rail against the norm in order to challenge the world view.

And so in the corporate governance arena, even where researchers have been granted much-desired access to study board members *in situ*, conclusions are drawn which are rarely grounded in any theory from the disciplines of management, social psychology or philosophy. Instead, they persist in limiting their subjects to psychological 'types'.

This may well be acceptable to a behaviourist or to a determinist, but it is unlikely to be congenial to those who believe in individual freedom, or a 'will to power', as proposed by Friedrich Nietzsche.[1]

This article extends the definition of independence in the boardroom by making a dialectical argument for independence as both a structural and psychological construct; as independence *from*, or independence *to*.

In order to do this, I will use, as synonyms for independence, the concepts of 'individuality', as proposed by Max Weber, of 'liberty', in the language of Isaiah Berlin and, finally, of 'absolute freedom' as proposed by the French existentialists, in particular, Jean-Paul Sartre.

Although designed to be a companion to 'The meaning of independence'[2], this article can also be read as a contained piece.

Boardroom personality types: the 'conductor-chair' versus 'the conformist'

There is a tendency in the fields of management, industrial psychology and human relations to categorise individuals into various 'types', in order to 'better understand' what 'motivates' them in the workplace.

Managerial ideologies persist, and are supported by management rhetoric and jargon, that give credence to those theories that are not only theoretically deficient but, more significantly, can be used for unethical means to manipulate individuals to behave in a certain way.

One example is Maslow's 'Hierarchy of Needs' which entails the fulfilment of one set of 'needs' before it is possible to move to the subsequent level of 'pre-potency' on the Maslovian pyramid, thus ultimately achieving 'self-actualisation'. Anyone who has engaged with a lucid, contented, well-fed homeless person will understand why Maslow's theory cannot be taken seriously, and that his theory would be better described as a 'hierarchy of problems'.[3]

Yet Maslow is the darling of management educators and management students alike. He is

one of a number of key figures in a school of management psychology who persist in placing individuals in 'boxes'. This propensity has now leaked into the field of corporate governance.

Leading the charge is Canadian academic Dr Richard Leblanc, who has developed a model for 'functional and dysfunctional' director 'types'.[4] Dr Leblanc, who teaches at York University's Schulich School of Business, concluded from his observations of boardroom behaviour during his doctoral research that board members could be categorised into 10 'types'. The demographic of these different 'personalities' indicated the degree to which the board was operating effectively.

The 'functional' board member comes in five flavours: the 'conductor-chair', the 'change agent', the 'consensus building', the 'counsellor' and the 'challenger'. The sort of people who were common to companies with inferior board processes are: the 'caretaker-chair', the 'controller', the 'conformist', the 'cheerleader' and the 'critic'.

The alliterative, popular jargon employed by Dr Leblanc to describe his interpretation of boardroom behaviour is certainly catchy, in much the same way as any management fad uses jingle-like language to capture companies determined to have a 'competitive advantage'. Fads such as 'total quality management', 'just-in-time management', 're-engineering' and 're-framing' are but a few examples.

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To place board members into a Leblancian framework in order to assess a board's effectiveness is highly subjective, restrictive, discriminatory and potentially manipulative. Leblanc's framework treats individuals as automatons, failing to allow for the expression of individuality, and suppressing individual freedom.

In the ongoing debate about the ability of company directors to exercise 'unfettered judgment' and to be 'independent' members of a board, surely labelling in this manner is extraordinarily unhelpful, if not insulting?

Cogs in the wheel

Bureaucracies, of which a board is part, are hierarchical structures determined by authority, according to German sociologist Max Weber (1864–1920).

Weber uses the symbolism of a machine to illustrate how individuals in an organisation are merely functionaries, 'cogs in the wheel', or 'moving parts' which contribute to the operating ability of the whole.

In order for this mechanical-like structure to work, a bureaucracy must promote a culture of authoritarianism, whereby those in decision-making roles (managers, senior executives, board members) have their power 'authorised' by their subordinates.[5] This authority is given on the basis of proven technical competencies.

The expression of individuality is opposed in such authoritarian systems because to show oneself to be of a different disposition upsets the natural order. The relationships between people in a bureaucracy are determined by the acceptance of technical expertise rather than the ability to challenge the worldview.

'The individual bureaucrat cannot squirm out of the apparatus in which he is harnessed…the professional bureaucrat is chained to his activity…a single cog in an ever-moving mechanism which prescribes to him an essentially fixed route of the march,' says Weber.[6]

The only way in which an individual can freely express his individuality in a bureaucracy is if he conceives his conduct as rational. By accepting his lot within the system, he can be free. 'Only by accepting the principles of rationalisation, and by applying them to his own conduct, can the individual emancipate himself from alienation and assert himself as a free personality.'

Directors are legally granted this authority by shareholders, (or members of the organisation), but within the boardroom itself, the relationships are more likely to be determined by the expression of power, than of technical expertise.

Although the role of chairman is not legally regarded as a separate position in the boardroom, it is clear that some chairmen nonetheless exude a presence which variously engenders an aura of power and influence, a characteristic which is also sometimes attributed to other members of the board.

If a chairman can exhibit this presence, while maintaining a role designated to them within a bureaucratic structure, and yet survive in that position, Weber's hypothesis requires revision. How can a board member act against a highly structured system and 'squirm out of the apparatus in which he is harnessed'?

By definition, such people would be successfully expressing their individuality in an environment which does not adhere to such behaviour. A high degree of self-awareness, and heroism as described by the ancient Greeks, is necessary. And, by extension, an acceptance of Nietzsche's 'will to power'.

The freedom to choose

The noted English polymath, Isaiah Berlin, would argue that Weber's world of machine-like existence

is coercive because it deprives individuals of their freedom. It is a type of enslavement.

Those who don't conform to a deterministic perspective and instead subscribe to the view that individuals have freedom of choice will find Berlin much more congenial than Weber.

'Men are free to choose between at least two possible courses of action,' says Berlin.[7] 'Free not merely in the sense of being able to do what they choose to do (and because they choose to do it), but in the sense of not being determined to choose by causes outside their control.'

Freedom, it may be said, is all very well, but what use is it to those who cannot benefit from it? Freedom requires adequate conditions to flourish — without such an environment, what is the value of freedom?

In the deeply homogenous, traditional and conservative environment of the Australian boardroom, it may well be argued that to express oneself freely is a certain ticket to exile. The last few years have seen such martyrs to this pyre of free speech (although it is hoped that some of these prominent names will re-emerge with new rigour as admirable reformers in the corporate governance debate).

Freedom for Berlin (who considers 'freedom' to be interchangeable with 'liberty') is a desire to govern oneself, to be an instrument of one's own will, not another's. In this sense, it is a positive form of liberty; a freedom *to*, as opposed to a freedom *from*.

'I wish to be a subject, not an object; to be moved by reasons, by conspicuous purposes, which are my own, not by causes which affect me, as it were, from the outside,' he says. 'I wish to be somebody, not nobody; a doer — deciding, not being decided for, self-directed and not acted upon by external nature or by other men as if I were…a slave incapable of playing a human role.'

Berlin paints a picture of a self-determined individual who is prepared to challenge the status quo, regardless of the outcome, and even if their actions cause them to be ostracised by the group to which they desire membership.

In this case, a prominent board member, whose professional and personal reputation rides on their conduct in the boardroom and in the regard of their colleagues, may choose the less-travelled path of the whistleblower, knowing that by doing so, their board career will be prematurely terminated.

The Christian dictum that honesty is the best policy comes to mind with such people; the Hungarian saying that those who stick their neck out get their head chopped off is probably more widely practised.

The philosophical and psychological foundation for these dilemmas lies in freedom and, in particular, the freedom to choose. But in embracing freedom of choice, one also must accept the responsibility of those choices.

To be responsible is difficult and often causes such a high degree of anxiety that to make the easier choice is regarded as being more prudent (if not cowardly).

The anxiety of choice

This view of the world gained popularity in the 1940s through the writings of French existentialist, Jean-Paul Sartre, and the novelists and fellow philosophers of his time, Simone de Beauvoir and Albert Camus.

Sartre believed that individuals are free to choose but they are never forced to choose. There are reasons and motives for choices, but they are never causally determined.

In his most extreme example of this position, Sartre argued that 'we are never more free than when we are in chains'. To proclaim this at a time of war in Europe was provocative, and for those who had been tortured and imprisoned, understandably illogical if not stupid.

But for Sartre, the experience of knowing that an individual still has choices, even in times of extreme restriction such as being a prisoner-of-war, is to have the ultimate knowledge of freedom.

This is an exhilarating experience, but it's also burdensome, because the choice may change the course of our lives. In deciding to make this life-altering decision, the individual often experiences anxiety and apprehension, experiences which Sartre also explored in his fiction, through his aptly-titled novel, *La Nausée* (Nausea) and his play, *Huis Clos*, (No Exit).

'To choose', says Sartre, 'is to affirm the value of what we choose. There is no reality except in action. Man is nothing less than his plan; he exists only to the extent that he fulfils himself….Man is condemned to be free.'[8]

In deliberately using the phrase 'condemned to be free', Sartre shows that this heightened state of worry, confusion — and perhaps fear — often causes a revision of the choice, because the responsibility of making it is, in the end, too great.

Sartre is unforgiving of those who adopt this option. He believes that in the escape from anxiety, individuals deceive themselves; they use any manner of excuses and, in doing so, commit what Sartre calls 'bad faith'.[9] From this moment, they are living life inauthentically.

This state of existence most commonly happens when the individual permits what others think of them to direct their decisions. Sartre explains this as the impact of 'the other'.

When we allow this to happen, we sentence ourselves to a loss of freedom. We become for Weber

a 'cog in the wheel' and, in Berlin's language, 'a nobody, not a somebody'. From here it is a very short distance to being one of Leblanc's cardboard cut-out boardroom personalities.

A culture of independence *from* or independence *to*?

It is probable that those who serve in the boardrooms of the Australian ASX-listed companies would regard themselves more in the manner of a Berlin or a Sartre, than of a Weber or a Leblanc.

The question remains, however, of whether a board member is prepared to act in the manner of Sartre and risk the consequences, or to live a life of quiet mediocrity?

It is possible to accept the catchy cry of the ASX to express 'unfettered judgment'? Can it be proven, through action, that words like 'integrity' and 'transparency' are not merely examples of corporate governance jargon?

The plight of those prominent boardroom figures who have railed against the status quo is well-documented and whether their names become known historically as troublemakers or boardroom reformers will in part be determined by how the debate on independence matures.

I have previously argued that in order for independence to be truly embraced within the corporate governance debate, it needs to be considered as a form of individual behaviour. In this sense, independence must be seen as both a structural and psychological construct; as independence *from*, or independence *to*.

To be independent means to be free of subjection, or from the influence of others, and to be exempt from external control or support.

In this dictionary definition, there are certainly echoes of Berlin's 'liberty' and Sartre's 'absolute freedom', but not a Leblancian functional or dysfunctional 'personality type'. Yet the Leblancs and Maslows of management education and the speakers' circuit remain much admired, and their models for motivation and performance are embraced repeatedly by business.

This affection is misguided, and it must be challenged. At the least, alternative perspectives are required to be made and then rigorously debated.

Can we conceive of an 'existential boardroom'? Perhaps not, but at least in defining what it means to be an 'independent board member' we accept the fundamental democratic tenets of freedom of speech and freedom of action.

To desire a 'culture of independence' in our boardrooms is not enough; we must further explain whether we mean independence *from*, or independence *to*? Then, having made this decision, we must ask, 'independence *from what*?' or 'independence *to do what*?'.

To ask these questions strikes to the heart of proper practice in the boardroom, which is, after all, a social construct. The boardroom is as much about the interactions and relationships between board members as it is a legal and fiduciary concept. Therefore, to ponder whether 'independence' means to be able to escape the control of others, or to act in a way which is incongruous to the group norm, and yet still be considered acceptable, will lift the debate on independence in the boardroom to a necessary philosophical and psychological dimension.

Weber, Berlin and Sartre are but a trio of provocative thinkers whose perspectives are worthwhile pursuing in order to broaden our understanding of what it means to be independent. Their ideas may be uncongenial, too confronting, or even unpalatable, but surely any individual who regards themselves as self-aware accepts that debating an alternative viewpoint is necessary and healthy.

As Isaiah Berlin argues: 'men choose what they do because that is what makes them human'.

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Notes

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