



## *Theme Article*

# **COMPANY SECRETARY: AN EMOTIONALLY INTELLIGENT LEADER\***

### **WHAT IS EMOTIONAL INTELLIGENCE?**

As per Oxford English Dictionary, Emotional Intelligence means the ability to understand your emotions and those of other people and to behave appropriately in different situations. In other words, Emotional Intelligence also known as Emotional Intelligence Quotient (EIQ/EQ), is sometimes referred as the competency of a person to recognise and manage his own emotions and that of others in a way that a person becomes considerate of other's feelings in a manner that he/she can empathise with others, communicate effectively and can manage to turn arguments into fruitful discussions.

Emotional Intelligence is relatively a new concept, and it was Daniel Goleman, who popularised this concept, in 1995, defining emotional intelligence as “abilities of being able to motivate oneself and survive in the face of frustrations; to control impulse and delay gratification; to manage one's moods and keep distress from swamping the ability to think; to empathize and to hope” in his book ‘Emotional Intelligence’.

As per Daniel Goleman, there are five components of emotional intelligence - Self-Awareness, Self-Regulation, Social Skills, Empathy and Motivation.

A person with considerable level of Emotional Intelligence is kind and patient to understand the various scenarios and has thoughtfulness to deal with them.

Over the years, it has been realised that ‘Intelligence Quotient’ or ‘IQ’ alone is not enough for a person to be successful at work, a person needs to value his own thoughts and that of others to be successful and fulfilled. It's the EQ that helps a person overcome adversity.

A person who carefully analyses other person's mood, can clearly see his expectations which helps him to plan things in a better way.

Communication is the most important ‘social skill’ in life. And communication not just involves speaking, reading or writing, but it also involves effective listening. Emotional Intelligence revolves around the concept of first understand others to be understood. A person should be capable enough to care about other's circumstances and appreciate and believe in another person's feelings in connection with that situation and then intend to provide an effective solution to the problem. Most people listen with an intent to reply, a trait not displayed by a person who has a high EQ. A person who is emotionally intelligent is an empathetic listener, who tries to deeply and emotionally understand the other human soul.

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When people are really disturbed and are struggling with a chaos, all they really need is someone who understands them with the pure desire to listen and who allows the other person to express themselves.

A person who listens to others, gradually becomes influencing and the whole atmosphere around them changes as the sense of maturity and stability, which is evident by the people who are seeking the advice as they start relying more on that person for their issues.

With the help of emotional intelligence, a person can gain trust of others and as it is rightly said 'Trust is the highest form of human motivation. It brings out the very best in people'.

Before elaborating and connecting the emotional intelligence element with our profession, let's walk through the role of Company Secretaries, in the next section.

## **UNDERSTANDING THE ROLE OF A COMPANY SECRETARY**

We have heard on various occasions and read in several places, that a Company Secretary being a key managerial personnel, is a part of the senior management of the Company who acts as a link between the Company and its Board of Directors, shareholders, other stakeholders, government and regulatory authorities. Though, the above definition is true, but there is more to the role of a Company Secretary.

A Company Secretary is not just any personnel employed by the company, but a Corporate Governance Professional who acts as a counsellor to the board of directors on the matters related to the Company. We are responsible for guiding the board of directors to take the business decisions in the light of good governance. The Board of Directors rely on us to look over the compliances associated with the vital decisions. A Company Secretary being a significant member of the senior management acts as a person who has an inner sense of right or wrong in the conducts and who is entrusted with the duty to impel the Board towards the right action.

In fact, if we go a little deeper with understanding the role of Company Secretaries, we have more to our responsibilities, and our role is not just confined with reporting to the Board of Directors and liaising with the regulatory authorities, but we are also the Governance Leaders, who ensure good governance practices are being adopted throughout the Company and across various departments.

The phrase 'Good Governance Practices' is often confused with fulfilling compliance requirements with best and fair practices. However, there is a hidden meaning in there, which a Company Secretary must understand to become a 'Governance Leader' in a true sense. A Governance Leader is the one who develops a sincere attitude towards governance. He understands that good governance is not only about 'what' practices are to be adopted in an organisation, but also 'how' they are to be adopted, so that it not only fulfils the compliance requirements, but it also renders satisfaction to all the stakeholders involved in that decision, be it the Board, the other members of the senior management, employees, banks, regulatory authorities and every person who is likely to be affected by that decision.

Thereby it makes the role of a Company Secretary not limited to compliance and regulatory function but also with management of people, so that fair policies and procedures are adopted rendering a win-win situation for each affected group. We have to make sure that satisfaction and mutual benefit of a decision is shared by everyone.

Company Secretaries, are expected to participate in the process of formulating board decisions and need to look at the legal aspects and simultaneously try to gauge the reaction of the shareholders and various stakeholders who are going to be affected by those decisions. It is the responsibility of a Company Secretary to have a thorough due diligence before the Company takes any decision

and the process of due diligence shall not only involve technical and legal aspects, but also the understanding and awareness of the sentiments and feelings of the concerned classes.

Further, throwing light on the role of Company Secretaries who are in practice, it is to be noted they are not just dealing with intellectual and legal concepts of the profession, but their role also includes understanding that how compliances may impact people, and how they can affect huge range of emotions of the clients. A Company Secretary in practice, has to deal, persuade and negotiate on various matters not only with his / her clients, but also with various other parties involved. We have to make sure that we can advise our clients to provide best possible solutions, which shall relieve them out of the stress, be it emotional, financial or personal.

So, it can be concluded from this section, that along with the technical skills related to compliances and law, one needs to learn the art of tact and diplomacy, being extremely careful about what to say or do, because in taking any decision related to a company, it's not just one person involved but a set of people. However, along with being considerate of feelings, a Company Secretary also have the responsibility of doing the right things.

Therefore, Emotional Intelligence matters even more for a Company Secretary. He has to understand and manage his emotions while playing multiple roles, satisfying the Board, the senior management, the shareholders, the regulatory authorities, the employees, and also when there are conflicting interests amongst all these groups; he needs to empathise with each group and understand their side of stories and concerns. However, he should always keep in mind to be true to himself and maintain the dignity and integrity of the position.

## **APPLYING EMOTIONAL INTELLIGENCE WHILE PERFORMING THE DUTIES OF A COMPANY SECRETARY**

As discussed in the previous section, a Company Secretary has varied roles, from being a corporate governance advisor within the company as a key managerial personnel to providing professional guidance in the capacity of a Company Secretary in practice.

A successful Company Secretary should think beyond the technical knowledge and develop emotional intelligence. It is often asked that if emotional intelligence is inherent or it can also be learned? The answer is a good news for everyone, this is not an inborn talent, but with conscious efforts, one can practice being sensitive towards other's emotions and feelings.

For applying emotional intelligence, it is important to understand the five components of emotional intelligence, one by one: Self-Awareness, Self-Regulation, Social Skills, Empathy and Motivation:

The first component is self-awareness, which means being aware of your own emotions. A person who is capable enough to understand his own reactions to various situations, can relate with others' emotions and reactions to a particular situation. A person who is self-aware also knows how their own emotions may have an impact on others. Therefore, taking an example, while explaining the lay off to the employees, a Company Secretary should be aware of his own emotions, and shall consider 'what if' he would have been laid off and accordingly be sensitive in breaking the news to the concerned employees.

We have to recognise how our feelings can affect us and other people and that ways, we will be able to relate more with others.

The second component is self-regulation, which means to stay in control and do not let emotions overpower the important decisions. A person of integrity always takes care of what is more important and essential to do that won't impact a long term decision. Sometimes, a Company Secretary is caught in the emotions of being a 'Yes Man' to the management or 'doing what is right'.

Sometimes, a situation might arise where the Board might be taking a decision, which benefits the promoter group, and has an ill impact on the other shareholders; here, a Company Secretary, who is self-regulated, shall not support any decision, he/she knows is not in the benefit of the organisation as a whole.

We should remember as professionals that the Board might be powerful or a client might be offering a handsome professional fees, but then upholding your own integrity is in your hands. It is all about learning to control your emotions, not suppressing them.

The third component of Emotional Intelligence is social skills. When we say social skills, it means having and maintaining good relationships with people and also having the ability to develop new relationships easily. A person with social skills is confident and humble, confident enough to convince others of his decisions without hampering the relations and humble enough to listen to others and respecting the same.

A Company Secretary in practice, who possesses high level of emotional intelligence, interacts effectively with his clients and can grow his professional networking by being sympathetic and polite towards his clients. This skill allows them to read the people they are working with and to understand their concerns.

Also, the relationship we maintain with the directors on the Board as their close confidante helps to build trust amongst them and we can have more open discussions and better decision making.

The fourth component is empathy and one of the most important components in being an emotionally intelligent leader. Empathy means keeping yourself in someone else's position and trying to understand the other person's point of view. Empathy doesn't mean to agree with someone on everything or pleasing everybody, as it is impossible, rather it means to thoughtfully consider others' feelings and making intelligent decisions.

Empathy is particularly important today as a component of effective leadership. Sharing a scenario to explain it better, there was a merger of three companies, creating dismissals in all the divisions of the two companies, which were merging in the third one. The Company Secretary of 'Company A' declared the news in a very depressing tone and conveyed that people will soon be fired. However, they will be compensated well by the company including continuation of health insurance for up to one year. The speech made the employees of 'Company A' heart broken and confused. On the other hand, the Company Secretary of 'Company B', told his staff that he is himself worried about his own position in the company and can relate to their reactions on hearing about such dismissals in the company, but at the same time, he also explained that why the merger was important for the company. He promised that he will continue to bridge their concerns with the management and will keep them informed of the future actions. In contrast to the Company Secretary of 'Company A', he did not demoralise the employees and it resulted in maintaining the productivity of the employees as it is. Therefore, it is again our duty to empathise with the emotions of the employees, who are being impacted by the decisions of the Board. We, being in the close proximity with the Board can understand why the decision of merger was important, but he/she shall also understand that the feelings of the employees who might lose their jobs. 'Company A' tried to give monetary compensation to the employees, however, the message wasn't conveyed in a generous manner and it left them hurtful.

Also, the art of empathising with others plays an important role for a Company Secretary in Practice. It is important to deepen the connections with clients and allow them, to confide about their feelings and discuss their problems. Particularly, in our profession, we know there can be non-compliances on the part of a client, it is our duty not to scare him with the penalties and fines that he can face, rather we should be calm enough to make him understand a solution which would help him avoid any other future troubles.

Even the clients who work with the practicing professionals, not just want someone who advises them technically and begin stating all the legal provisions, they want someone they can discuss their commercial concerns too. And for that, we have to step out of the role of being compliance advisors, as we have to empathise that what these business decisions mean to our clients.

Now, fifth component of high Emotional Intelligence is motivation. People who are emotionally intelligent have the ability to motivate themselves. The approach of the emotionally intelligent leaders towards satisfaction goes beyond high professional fees, increments, appreciation or promotion. Their passion towards their work and profession leads them to make sound decisions for the organisation as a whole. Company Secretaries often deal with the situations where a law suit has been initiated towards the company, and he/she is required to work beyond his/her own scope of work to understand the case. A Company Secretary who has a positive approach and who is keen to provide a way out of such a law suit, might work day in and day out, taking assistance from as many departments as he thinks would be necessary, reading as many files as he can and will focus on the solution as he knows that the law suits can spoil the reputation of the company if not dealt properly. On the other hand, a Company Secretary who keeps on thinking about the rewards and the appreciation he would get by completing a work, might finish the work but might not be able to satisfy himself or the management, fully. To be a successful Company Secretary, that spark of passion about our work is always required.

As Peter Drucker said, effective people are not problem-minded; they are opportunity-minded.

We deal with varied groups of people ranging from top level management who are concerned about bringing business in the company, to the employees who have concerns when they want to withdraw some amount from their employees' provident fund for their daughter's marriage. Unless, we are self-motivated, we cannot see the learning opportunities in different situations we need to deal with.

Not to say, that a Company Secretary should not possess ability, knowledge and expertise of his area of practice, but emotional intelligence is an important and indispensable ingredient for being a powerful leader.

## CONCLUSION

The process of learning emotional intelligence is not easy. A Company Secretary has to be committed towards making oneself an emotionally intelligent professional, every day.

A Company Secretary whether in employment or in practice, who practices all the components of the emotional intelligence, with thoughtfulness and patience, will not only make the organisation successful or serve the clients optimally, he will feel satiated and contribute immensely towards the vision and mission of the profession. And as Stephen Covey stated in his book, 'The 7 Habits of Highly Effective People' that 'I can act with integrity. I don't have to react to the emotion, the circumstance. I can be truly proactive, value driven, because my values are clear'. Let's make it our mantra and let's not keep ourselves confined to the four walls of compliance, practices and procedures, let's lead the industry in an emotionally intelligent manner!

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