

Dysfunctional Boards: Insights from Ho Kwon Ping



SID Bulletin Committee members Pauline Goh and Willie Cheng met with Ho Kwon Ping, Founder and Executive Chairman of Banyan Tree Holdings, over afternoon tea at his home in February this year. Their conversation on dysfunctional boards is summarised here.



Dysfunctional boards

SID: You have been chairman or independent director on many boards in Singapore and internationally. Have you experienced any dysfunctional boards?

HKP: Yes, quite a few. Thankfully, not too many.

SID: How do you define a dysfunctional board?

HKP: When board dynamics are toxic. When the board is unable to work together due to mistrust, political manoeuvring or personal agendas. This usually arises when the key players – the Chairman, the CEO and the Lead independent director (Lead ID) – pursue their own interests rather than their fiduciary responsibilities. They stop governing and start playing “palace politics”.

SID: Can you share examples?

HKP: In one case, the Chairman was trying to replace the CEO with his preferred candidate. But he did it behind the board’s back, lobbying individual directors instead of raising it openly. It wasn’t that we disagreed on who was the better CEO. We disagreed on how the process was being handled. If the Chairman wanted to remove the CEO, he should have brought it up formally and let the board decide as a whole. But instead, he was politicking, trying to engineer an outcome in private.

In another case, the Lead ID tried to bypass the agreed nomination process to install a personal friend as board Chairman. The board had already agreed to appoint a headhunter and follow a structured search. But the Lead ID circulated his candidate and sought consensus informally – before the process had barely begun. I saw that as a serious breach of governance.

These kinds of covert manoeuvres undermine trust and poison board culture. Once people stop following process, the board ceases to function as a collective decision-making body.

SID: What did you do in those situations?

HKP: I was serving as an independent director on both boards. I spoke with the other IDs to build consensus and called out the misconduct openly.

But I’m always careful to separate principle from personality – my objections were about process, not people. That distinction is critical.

In both cases, I made it clear that I was prepared to resign if proper governance wasn’t followed. That somewhat forced the issue.

SID: Are there consequences to threatening resignation?

HKP: Absolutely. Once you take that stand, the relationship with the person you’ve opposed – be it the Chairman or Lead ID – is rarely the same. But if the board’s integrity is at stake, then resignation, or even the threat of it, becomes a necessary tool.

SID: What advice would you give to a new director who joins a board and suspects it is dysfunctional?

HKP: First, be honest with yourself: are you part of the problem? It’s easy to judge dysfunction when you dislike certain people. So, check your own biases. Then observe. If dysfunction stems from poor processes or power plays, call it out with evidence – not emotion. If you’re ignored and things don’t improve, you may need to walk away. But always try to fix it first, quietly and constructively.

Power structures

SID: You mention that the key players in the power equation on dysfunctional boards are the Chairman, CEO and Lead ID. I can understand that the Chairman and CEO want to have control. Why is the Lead ID so central?

HKP: You will be surprised. Interestingly, many former executives prefer to be the Lead IDs rather than the Chairman or CEO.

The Lead ID can be pivotal – either as a unifier or a political actor. In some cases, they act as kingmakers, lobbying behind the scenes and influencing director appointments. When they misuse their mandate to push personal alliances rather than follow the process, they can be a major source of dysfunction. Conversely, a principled Lead ID can hold the board together by acting as a trusted mediator.

SID: You spoke about “palace politics” and personal agendas. What are the warning signs of underlying dysfunction?

HKP: Whisper campaigns. Informal conversations pushing appointments or decisions. Bypassing agreed processes. When influence replaces transparency, dysfunction follows.

SID: Are any shareholding structures more prone to dysfunction?

HKP: Yes, dysfunction is more common in dispersed shareholdings. Power gets concentrated within the board without a dominant shareholder. Unchecked dynamics can emerge. In contrast, a strong controlling shareholder can step in to resolve issues.



Career highlights

- Thai Wah Public Co Ltd (Chairman, 1981 to date)
- Laguna Resorts & Hotels (Chairman, 1984 to date)
- Banyan Tree Holdings (Chairman, 1994 to date)
- Practice Performing Arts (Chairman, 1993 to 1995)
- Public Utilities Board (Deputy Chairman, 1994 to 1995)
- Singapore Power (Chairman, 1994 to 2000)
- Singapore Civil Service College (Governor, 1995)
- Singapore Environment Council (Chairman, 1995 to 1997)
- Singapore International Foundation (Governor, 1995 to 2002)
- Standard Chartered Bank (Director, 1996 to 2006)
- Singapore Management University (Chairman, 1997 to 2023)
- Government Investment Corporation (Director, 2000 to 2004)
- Singapore Airlines (Director, 2000 to 2007)
- Singapore Tourism Board (Director, 2004)
- MediaCorp Singapore (Chairman, 2004 to 2010)
- Diageo plc (Director, 2012 to 2020)
- Tropical Resorts (Chairman, 2013 to 2024)



SID: Most listed companies in Singapore are GLCs (government-linked companies) or family-owned or founder-led. They have dominant shareholders. Does this mean there's less dysfunction risk here than in the West?

HKP: Generally, yes. However, dysfunction can still occur if the controlling shareholder is weak or disengaged. Or if the controlling shareholder is on the board with an agenda contrary to that of other stakeholders.

Non-functioning boards

SID: Your definition of a dysfunctional board – a dispersed board where the Chairman, CEO or Lead ID exercise power in their own interests versus that of the company – seems rather narrow. Surely, there are other situations when boards don't function as intended?

HKP: Certainly. A board doesn't have to be toxic to be ineffective.

There are plenty of boards where everyone gets along well – too well. They avoid hard questions, don't challenge management, and simply go with the flow. They socialise, play golf, sign off on everything – but they don't govern. That's not dysfunction in the toxic sense, it's non-performance. Directors neglect their fiduciary duties through complacency or ignorance. Singapore has no shortage of such examples.

Ineffectiveness and dysfunction aren't the same. A board of 90-year-olds napping through meetings is not functioning as it should, but it's not dysfunctional. Dysfunction involves something deeper – mistrust, power plays and politicised behaviour that paralyse the board.

SID: So, how do we turn these non-dysfunctional but ineffective boards into effective ones?

HKP: That's where SID plays an essential role – through director training and raising awareness. Directors need to understand their duties, speak up when it matters and appreciate the importance of governance frameworks – like the role of the NC (nominating committee), RC (remuneration committee) and other board committees. Education is the first step towards effectiveness.

Remedies and prevention

SID: Okay, back to dysfunctional boards – based on your definition. Notwithstanding the causes, what can the Chairman or the board do to avoid dysfunction?

HKP: Diversity helps. Directors from different backgrounds are less likely to be part of an “old boys' network” and more willing to call out bad behaviour. Diversity of thought and experience brings fresh perspectives.

SID: What about board evaluations?

HKP: Board evaluation can help, but only if done well. If a board is already collegial, external evaluations are often a waste of money. But if tensions are simmering, a skilled evaluator – who interviews directors confidentially – can act as a mirror. They can surface concerns without naming names, and help the board reflect on its culture before it deteriorates further.

SID: What role does the Chairman play in fostering a healthy culture that avoids dysfunction?

HKP: A good Chair sets the tone. Collegiality and mutual respect don't just happen – they're cultivated. I organise off-sites, board dinners, even trips with spouses. These build relationships that carry into the boardroom.

But you must also encourage open dissent. Politicking thrives in silence. If people speak their minds in meetings, you reduce the need for backroom deals.

SID: Should the definition of “independent director” be broadened to include those from outside the business ecosystem?

HKP: Absolutely. We don't need more CEOs sitting on each other's boards. We need people who understand large organisations but aren't part of the corporate inner circle – university presidents, senior lawyers, professionals. Independence is not just legal – it's cultural and intellectual.

SID: Do term limits for directors help?

HKP: Term limits help prevent entrenchment. Nine years is a good guideline. But more important than fixed terms is rotation and refreshment. If someone is no longer adding value – or worse, sowing discord



– it's time for them to go. The challenge is how to do that graciously.

Board dynamics**SID: What about an individual dysfunctional director, one who's not the Chairman, CEO or Lead ID?**

HKP: They're often the hardest to anticipate. Some directors appear competent at first, but later turn out to be antisocial or erratic. You try to sideline them, keep them off committees, and use term rotation. In Asia, people tend to step down without a fight if handled tactfully.

SID: Are there practices you use as a Chairman to manage difficult board dynamics effectively?

HKP: I often use one-on-one sessions between directors and senior management. It helps new directors learn and ask questions without judgment.

As Chair, I may also defer to a dissenting director. I would say, “You've heard the views. You decide.” That places responsibility on the dissenter to own their conviction. It shows respect and reduces politicking. It's also a way to foster consensus – because often, when given the power to act, the dissenter will choose unity over disruption. ●