

## Civil Society Governance: Do You Set Standards?

*“It is only through a system of strong organisational governance that beneficiaries can be assured that an organisation established on their behalf is indeed serving their best interests.”<sup>i</sup>*

*“The Board sets the tone for ethical and responsible decision-making throughout the organisation.”<sup>ii</sup>*

Western civil society organisations, as well as networks and membership organisations, tend to have a Governing Group (GG), referred to as a Governing Committee or Council, Board of Trustees (UK usage), Conseil d’Administration (francophone areas) or something equivalent. Similar governance arrangements are now found also in civil society elsewhere.

Outside the UK perhaps, with its strong Charity Law and oversight Charity Commission, little focused attention seems to be paid to the quality, effectiveness and accountability of such Governing entities. That is surprising, given that most civil society organisations around the world have a more or less expressed interest in the quality of governance in their home society and other societies they engage with. If that is the case, then leading by example would be the expected behaviour.

Standards are available to promote and protect the integrity, effectiveness and accountability of such Governing Group, that can serve as inspiration and reference.

But before focusing on those, we need to be clear about the primary purpose of a Governing Group, and pay attention to different visions and approaches how to constitute one. The key questions are: What are the primary responsibilities of a Governing Group; What composition of members do you need to achieve that purpose; How do people become member of a GG; and how does a GG relate to other governance and decision-making centres of the organisation or network?

### 1. What are Primary Responsibilities of a Governing Group?

Overall, a Governing Group provides oversight and support for the health of the organisation or network platform/secretariat. In practice that the GG will approve the strategic plan. They are also formally responsible for the hiring, performance assessment and renewal or termination of the Executive Director. The Treasurer on the GG leads on the oversight of the financial management and wellbeing of the entity. Governing Councils also have a significant role to play in times of organisational or network crisis, when restructuring, scaling down, replacing the director etc. might be in the cards. In addition, Governing Group members can also represent the organisation or network, help with the fund raising, provide access to opinion and decision-makers etc.

## 2. What Composition of the Governing Group?

These are very significant responsibilities, which suggests that great care is to be taken with getting the right people and the right mix. You would expect that most GG members bring serious managerial, financial, legal and/or organisational development experience, and also understand the importance of credible leadership. You will also need members that are good at ‘zooming in & zooming out’, seeing the bigger strategic picture but also picking up on the significant detail. A Chair and Vice-Chair in particular have to be very good at running effective meetings.

In addition, people are also chosen to join a GG because of their ‘carnet d’adresses’, their personal contacts and networks. They can open doors to political actors, potential donors, local authorities, other networks of relevant organisations or constituencies etc.

The composition of a GG actually says something about the organisation – sometimes intentionally so. Members can be chosen to project and claim ‘prestige’: A lot of VIPs rather than more ‘ordinary’ people signals that the organisation sees itself (and wants to be) in the elite circles. An organisation that claims to be ‘international’ would be expected to have international diversity among its GG members. One that puts ‘partnerships’ at the heart of its mission, will be expected to have one or more members from partner organisations. The same for membership organisations. One whose mission is focused on ‘youth’ really should have younger people too. And why not a staff representative: Within the EU there are many countries that provide for worker representation at Board level; many universities have student representation there - yet few civil society organisations seem to consider this?

There are other considerations to take into account, notably:

- *Alignment with the values, principles and mission:* Someone who is not aligned will not be able to really serve and add value to the organisation or platform, and may potentially be a reputational risk. Alignment cannot always be fully assessed on the basis of an interview, it may require a disclosure of past and current interests and affiliations. This also relates to the motivation of the individual: Is s/he genuinely interested in serving the best interests of your organisation or platform? Or is s/he primarily seeing this as a pathway to further career advancement (Being a Board Member looks good on the CV!) or to pursue the particular interests of her or his organisation or specific subgroup (in membership organisations)?
- *Availability:* If you are only interested in the ‘name prestige’ of an individual being associated with your organisation or platform, then his or her availability may not matter much. But if you want the person to serve and add value, then a certain availability and quality time investment is necessary. The right person who is never available is only taking the place of someone else who could be more useful.
- *Real, potential or perceived conflict of interest:* Past or current positions or personal and professional relationships can constitute a real or potential conflict of interest strong enough to prevent a person from being a member of this GG. Alternatively, the person can be a GG member but for certain issues will have to abstain from being part of the GG conversation or from voting. Obvious instances would be for example a person who has in the past been a lobbyist for a company that sources products in developing economies, that your organisation is likely to take to task for child labour and inadequate health and safety regulations. But there are other common scenarios: It is widely accepted that in the CSO sector GG members cannot be remunerated, as this may cast doubt on the integrity of their motivation. With membership organisations, there is also a common risk that a GG member prioritises the interests of his or her member organisation or members group, over the collective interest that

the secretariat is expected to serve. Too close a past or present relationship to the Executive Director should also disqualify someone from the roles of Chair and Vice Chair, as it can compromise the objectivity of the performance assessment.

Hence our first strategic question: Do we have the right mix of people that represents who we are and how we position ourselves, aligned with our values and mission, available, without obvious conflicts of interest and with the necessary skills to fulfil their important responsibilities?

One more point requires attention: *length of tenure*. However good an individual, after a period of time you are likely to lose the freshness of perspective and the depth of interest. There is also a risk of individuals becoming too attached to the position, which is not healthy. So you don't want to rotate too quickly, but also not enough. Perhaps a period of three years, with the possibility -after a performance assessment- of a two-year renewal, strikes a good balance?

### **3. How Do People Become Member of the Governing Entity?**

How people get into the GG is also revealing about the actual character of the organisation. The most common mechanisms are: By invitation, ex officio, through nomination and by election.

- *By invitation:* The invitation comes from the Chair of the GG and/or the Executive Director, presumably after consultation with the rest of the GG and a senior management team. The individual approached accepts or not, depending on her or his interest and availability.
- *Ex officio:* Some seats in the GG are reserved for certain institutions, such as local or national authorities, perhaps a key donor, a partner agency, a staff member. The individuals may change but the position remains reserved for these entities.
- *Through nomination:* A possible scenario particularly in membership organisations, where different member groups put forward an individual for GG membership.
- *Through election:* Individuals put forward their candidacy to serve on the GG, explaining their motivation and qualifications. They stand indeed for election. A question will be who is allowed to vote?

A combination of 'nomination' and 'election' can also be envisaged, in which different groups nominate more than one candidate, and voting takes place to choose one. A wider combination is possible of course, which some seats reserved 'ex officio', some filled by invitation and others through nomination and/or election.

The different modalities each have their advantages and disadvantages. Having ex officio members can strengthen their feeling of being a 'core stakeholder'; but it can also open the door to interests that are different from the 'best interest' of the organisation or platform. High profile personalities coming from the political, financial, business, media sectors etc. will rarely be prepared to 'stand for election' in this setting. The only way of getting them formally connected to the entity may be 'by invitation'. The risk is a lower sense of responsibility and 'service'. Election of 'candidates' is the most 'democratic' method, but may not generate an overall group profile that meets the diverse set of expectations that people have for their GG.

Which modality prevails says something however about the nature of the organisation or network. By invitation and ex officio are intrinsically less open and 'democratic' than through nomination or election. An electoral approach also puts more spotlight on the person's motivation, availability and competencies.

Our second strategic question: Different modalities of recruitment create a different type of governance atmosphere: which modality/ies will we use to recruit members of our GG?

#### **4. How does the Governing Group Relate to Other Governance Organs?**

There are of course also other governance & decision-making organs, such as the Executive Director, possibly a Senior Management Team and/or a 'General Assembly'. How these relate to each other again says something about the character of the organisation.

An Executive Director without an effective Senior Management Team is like a Chair of a GG who tends to consult little with other GG members: They have a tendency to become sole decision-makers. All the business literature and practical experience signal that this rarely leads to the best decisions. It also gives a quite autocratic impression which certainly would not be appropriate for organisations that promote more participatory and inclusive forms of governance in today's world. Organisations whose Governing Group equals the General Assembly are also intrinsically less participatory and more centralised. There is then no formal framework where other stakeholders can have an effective voice and influence the governance. Somehow the question becomes: Whose organisation is this? Real 'stakeholder organisations' may go further and periodically commission a 'social audit', inviting assessments, feedback and suggestions from a broader set of stakeholders.

The relationship between the GG and the Executive Director is a delicate balancing act. The GG definitely should not be micromanaging and constantly interfering. After all, it has appointed an ED to lead the organisation or network secretariat. But the GG can also not be so 'hands off' that it doesn't really know very well what is happening except from the reports they get from the ED and possibly the Chief Financial Officer. Imagine a scenario where a GG member didn't realise that an organisation is in financial difficulty until it has become a full-blown crisis. S/he then has been negligent or been deceived by the top management. In either case s/he has not been diligent enough. While staff should not be encouraged to bypass senior management, an organisational 'whistle blower' policy can create that pathway for very serious concerns. GG members should also actively follow the issues brought up in the organisational 'Feedback & Complaints Handling Mechanism'.

In assessing the performance of the ED, a 360-degree process seems virtually inevitable. We are after all not dealing here with organisational entities where annual turnover, market share and share-price, where such figures are the key indicators.

Our third strategic question: How does the Governing Group relate to other governance and decision-making functions in the organisation?

#### **5. The Integrity, Effectiveness and Accountability of Governing Groups.**

While a GG oversees and supports the overall performance of the organisation or network secretariat, it does have to show active responsibility and accountability for its own integrity and effectiveness. This can be encouraged with explicit principles and standards.

Guidance on GG standards is available even if not well known. Some useful references are:

- *'Good Governance. A code for the voluntary and community sector.'* (UK)
- *'Good Governance Principles and Guidance for the Not-for-Profit Sector'* of the Australian Institute of Company Directors
- *'Twenty Questions Directors of Not-for-Profit Organisations Should Ask about Board Recruitment, Development and Assessment'* by R. Leblanc & H. Lindsay for the Chartered Professional Accounts body of Canada

These can be further detailed and reinforced with, for example, a ‘*Conflict-of-Interest Policy*’, and a ‘*Code of Conduct*’ for Trustees. <sup>iii</sup>

This is not the place to summarise the key points, but some can be highlighted to show their overall flavour and intent.

a. Work as a Team.

Board members are expected not to try and influence other members outside Board meetings, as this may create factionalism. They are expected to make an effort to have constructive conversations, i.e. strive to understand what shapes the views of other members, and build on each other’s ideas or offer alternatives. Once a decision is made, they should support and even defend it, even if it was not their preferred option. They should not discuss their internal differences with others. This may mean that voting outcomes may be recorded, but not who voted how.

b. External representation.

GG members have a duty to make it very clear whether they are speaking for the group or in an individual capacity. They are expected not to speak externally for the organisation unless duly authorised.

c. Consultative, Open and Responsive.

Committee members are expected to consult widely and timely about issues that mean potentially significant changes for the organisation of platform, and take the various views into account.

d. Performance assessment and accountability.

If the Board is to lead by example, it will conduct its own periodic performance assessments, individually and as a team, and also seek out the views of the Executive Director. <sup>iv</sup>

Our fourth strategic question: How does the Governing Group commit to being effective and accountable, and periodical assess its own performance?

## **6. Governing Groups of Networks or Member Organisations.**

Member organisations or networks create some particular dynamics and present some specific challenges, that need to be handled responsibly also in the composition and functioning of their Governing Group.

Three common such challenges are:

- *Imbalances among the members*: Often there are imbalances among members, in size and resources, in experience and expertise, in access to high-level decision makers, in individual and organisational self-confidence, in familiarity with (Western) organisational procedures, in fluency in the language in which business is conducted etc. This can easily lead to larger, more international, better resourced and more widely connected organisations beginning to dominate the functioning and decision-making of the network. If not actively mitigated, this risks confirming existing inequalities, and perhaps gradually lead to resentment and distrust among the weaker participants.
- *Representation*: With a large number of members, direct representation on the Governing Group becomes impossible and a General Assembly potentially expensive. A formula will have to be found to create some balance. A scenario to watch out for is block-formation and group-voting. This risks the GG becoming the battle field for

competing interest groups, where the common interest and purpose of the coalition is lost sight of. Possible mitigating mechanisms are an electoral approach as described above, and the key positions of Chair, Vice-Chair and Treasurer being reserved for competent individuals without affiliation with any member organisation.

- *Secretariat hosted by a member organisation:* If the Secretariat does not have its own legal identity and is hosted by a member organisation that also manages its finance and HR, then there is a risk that doubts arise whether the host organisation is serving the broader member platform, or rather using it for its own organisational interests. This too can be mitigated by a policy where a representative from the host organisation cannot be Chair, Vice-Chair or Treasurer.

Our fifth strategic question: How do member organisations ensure that the GG prioritises the collective interest over selective member interests?

Overall we can see how the choices made about the composition of the Governing Group and its relationship to other governance and decision-functions of the organisation (points 2, 3, 4, 6), will increase or decrease the likelihood of the GG embracing explicit values and standards to safeguard its integrity and signal its commitment to effectiveness and accountability (point 5).

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<sup>i</sup> Chapter 2. Organisational governance. In Capacity Building for Local NGOs. A guidance manual for good practice. 2005 London, Catholic Institute for International Relations

<sup>ii</sup> Principle 9 of the Australian 'Good Governance Principles and Guidance for Not-for-Profit Organisations.' 2013

<sup>iii</sup> For an example see the 2012 draft 'Board Member's Code of Conduct' of the College of Continuing Education of Dalhousie University

<sup>iv</sup> A Board Self-Evaluation Questionnaire, that is freely available, has been developed by the same College at Dalhousie University in 2013.