Introduction

Some people serve on a board for many years before they fully understand what being a board member is about. This book aims to help current board members and those managing Christian development organisations to consider their different roles and how they can work together to fulfil the organisation's mission. It looks at key governance principles and issues so that organisations can improve their governance structure or set up a governing body if they do not already have one. There is guidance about recruiting and welcoming new board members so that they can fully understand their role before they start their service.

This book is written specifically for Christian development organisations. However, although governance structures of churches may be very different from those of organisations, many of the principles outlined could be transferred to a church context.

Throughout the book, case studies are used to assist learning and help readers to consider how principles work in practice. The case studies are about an imaginary development organisation called 'Help and Hope'.

The book starts by looking at the role of the board. In Section 2, the way that the board works with the rest of the organisation is considered. Section 3 looks at key responsibilities of the board and how these might be carried out. In Section 4, there are ideas about how to set up a board and maintain it. Section 5 considers ways to make boards more effective.

A note about terminology

The words used to describe key people vary from organisation to organisation. In this book the word 'board' is used to describe a governing body and 'board members' for individual people within that group. The term 'CEO' (Chief Executive Officer) is used to refer to the operational manager of the organisation. The word 'leader' is used to refer to both the CEO and members of the board as all have a leadership role.

What is organisational governance?

Organisational governance is the process of overseeing an organisation. It is about having overall responsibility. This involves ensuring that an organisation's work contributes to its mission and purpose and that its resources are used wisely and effectively. Governance is about overseeing and ensuring, rather than doing. It means ensuring that the organisation is well-managed, without having to be involved in the management.

Most institutions have some sort of governing body. This might be called a board, advisory committee or council. The members of the governing body may be referred to with terms such as board members, trustees, elders or governors.

Whatever names are used, all governing bodies have the same characteristics:

■ They have the same responsibility – to govern. All types of institutions need to have a body with ultimate responsibility for its affairs.

■ They consist of a number of members. A board cannot consist of one person and there is good reason for this. It is unwise for one single person to make important decisions on behalf of an institution. The advantage of group governance is that:

• better decisions are made because they are based on a number of views and the issues are discussed thoughtfully

• there is shared responsibility and accountability. It is unfair and unwise to put the responsibilities for governance onto one person. If only one person governs and they abuse their power, the people the institution seeks to serve can suffer. In group governance, board members can keep each other accountable.

Why should development organisations have a governing body?

There are many reasons why it is a good idea for development organisations to have a governing body. Organisations that do not have a board may face a number of problems and their work may be restricted:

■ The CEO may be overburdened by overseeing the work of the organisation as a whole and being involved in the details of its operations. It can be easy for the CEO to get so involved in the detail that they lose sight of the wider issues. Having a governing body enables the organisation to be run more effectively. The governing body has the objectivity and time to stand back and look at the wider issues, and the CEO can have more time to concentrate on the organisation's operations.

■ Accountability can be weak. If there is no board, the Chief Executive Officer (CEO) alone is the leader and manager of the organisation. Even if there is a leadership team, the CEO usually has ultimate responsibility. This can make the organisation vulnerable to mis-management and poor decision-making. The benefit of having a governing body is that the CEO can be held accountable by a group of people.

■ Often, having a governing body is a legal requirement of a registered organisation. If an organisation is not registered, it can miss opportunities that it would have if it were registered (see page 41).

■ Organisations without governing bodies may have limited access to funds, since some donors will only fund organisations that have a governing body. These donors believe that organisations without governing bodies are more at risk of failure because accountability is weaker.

Therefore, having a governing body helps the organisation to be more accountable and more efficient. It can also provide the organisation with more opportunities for growth.

Governance structures

There are many different types of governance structure. The type of structure depends on the needs and circumstances of the organisation. There is therefore no one 'correct' governance structure.

Study the types of governance structure outlined on page 8 and answer the reflection questions.

REFLECTION

- What is our organisation's governance structure?
- What are the strengths and weaknesses of this structure compared with other types of governance structure?
- What words would we use to describe our board?
- What issues does our board struggle with?
- How does our national or local culture and experience influence our view of governance?

Governance structures of development organisations

TYPE OF ORGANISATION	STRUCTURE	DESCRIPTION	STRENGTHS	WEAKNESSES
International organisation with representation at country level **NOTE:** 'Members' refers to members of the organisation. They are the owners of the organisation who give authority to the board. They are different from board members and staff members.		• The international organisation has its own board which identifies or approves the organisation's mission, values and some policies. It works in many different countries. Each country office has its own board which governs what happens at country level. • Some international organisations set up country offices for operational reasons. These country offices do not have boards and therefore have little decision-making authority.	• Country level offices share the same values, mission and policies as the international organisation but otherwise have freedom to govern. • Opportunities for networking. • Sharing of resources. • More control at head office protects the organisation's name and reputation.	• When situations change at country level, it can be difficult to have to stick to the mission set at international level. • Differing standards and culture. • Distance makes it difficult for the board at international level to make decisions based on realities on the ground.
National/local organisation		• An organisation is set up to respond to local needs. As the organisation grows, the governance of the organisation grows and a board is established. Over time, the board becomes more professional. • The board may be established by, and accountable to, members of the organisation.	• The organisation is autonomous and can establish its own vision, mission and values. • There is less hierarchy than in other governance structures.	• The founder of the organisation can find it hard to 'let go' and allow the board to make decisions about the organisation's work. • It can take time for an effective board to develop, as unlike other governance structures, this board at local level needs to establish mission, values and vision.