

Consortium of Reproductive Health Associations (CORHA)

Board Governance and Leadership Training Material

By

Royal Consultants



Bole Sub City Woreda 4 NB Business Center

H. No. 327/1/402

Tel. 0116183824, 0930109835, 0911245413

E-mail: kollelea@gmail.com

P.O.Box: 24223 code 1000, A.A Ethiopia

March 2016

Table of Contents

Background	4
Objectives of the Training Material	4
Who is this Training Material For?	4
I. What is Governance?	5
II. What is a Board of Directors?	6
III. What are the Governing Documents of a Board?	7
IV. Board’s Major Roles and Responsibilities?	10
4.1. Duties of the Board	10
4.2. Board Functions and Governance	12
4.3. Board Responsibilities	14
4.4. Roles and Responsibilities of the Board Vs Senior Management	17
V. Desired Board Member Characteristics	19
VI. Board Structure and Board Member Roles	21
VII. Individual Board Members’ Duties	26
VIII. Effective Board: Conditions for Effective Governance	45
8.1. Quality of the board members	45
8.2. Characteristic of an effective Board	47
8.3. Key Message	48
IX. Leadership	49
9.1. Definitions	49
9.2. Leaders and Leadership: Some Alternative Perceptions	49
9.3. Leadership Vs Management	51
9.4. Leadership Traits, Styles and Competencies	52
9.5. Followers and Teams	55
9.6. NGO Leaders: Context and Culture	56

9.7. NGO Leadership: Evolving Roles and Characteristics 62

9.8. NGO Leadership and Change..... 64

9.9. The Challenge of Leadership Development..... 66

X. Cases 71

Background

This Training Material is developed to serve as a practical training guide for the participating Board of Directors of CORHA's member associations to enable greater efficiency and effectiveness of the works of their respective CSOs. Moreover, This Training Material is also intended to serve as reference guide for leaders and implementers of projects. The material has two major sections with their own sub sections. The first section deals with Board Governance while the second section deals with Leadership.

Objectives of the Training Material

The training will enable member associations develop new knowledge, skills and practices in the effort to enhance organizational efficiency and effectiveness, so as to ensure quality and standard FP/MCH services to the needy. So this training material (with different sections and subsections packaged together) has been prepared with the objectives of enabling board members have appropriate knowledge, skills and practices in the key thematic focus areas.

Who is this Training Material For?

This training material is mainly developed for CORHA and its member associations in their effort to build the Board capacity. However, other CSOs whose members did not participate in the training and with the interest and commitment to develop their Board governance and leadership capacity can also use and benefit from this training material.

I. What is Governance?

Good governance is a key factor to ensure the growth and sustainability of civil society organisations (CSOs). Below are some definitions of governance:

- ✓ Governance refers to a system of oversight, exercise of authority, or control within an NGO
- ✓ Good governance is a transparent decision-making process in which the leadership of a nonprofit organisation, in an effective and accountable way, directs resources and exercises power on the basis of shared values.
- ✓ Governance is the way in which an organisation distributes powers, rights, and accountability.
- ✓ Governance is the activity performed by an entity (such as a board, a city council, or a legislature) that holds authority within a system. In an organizational system such as a nonprofit, authority is granted to the board of directors by the state when the organization is incorporated. The board is authorized to make decisions and set policies that define how the organization will carry out its mission; it is also held accountable for the actions that follow those decisions and policies. The board then governs the organization—that is, it directs and guides the organization from its position of authority

Governance is a process that involves;

- ✓ A system of check and balances between owners and other stake holders who set the standard and objectives of accountability of a given institution.
- ✓ Leadership and commitment to ensure fulfillment of the institution's mission and protection of its assets over time.
- ✓ Guidance by the board of directors, the governance is under the direction of the board

It is a process through which a board of directors, guides an institution in fulfilling its corporate mission and protects the institution's assets over time

Individual directors have to work in partnership to balance strategic and operational responsibilities

Effective governance can ensure that your organisation has a strategic direction and that the people who are supposed to benefit from the organisation's activities are getting as much support as they can. It can protect your organisation from being used by individuals for their private gain, and ensure it is accountable to the public, members, beneficiaries, donors and, where appropriate, to the state. Accountability is particularly important for organisations working with or on behalf of disadvantaged people, and which raise funds on that basis.

One common form of governance is to place ultimate responsibility for the actions of the organisation in the hands of a board of management – a group of people who are elected or appointed to oversee the work of the organisation. This body – and these people – are ultimately responsible for everything that is done in the name of the organisation.

Governance is a group action. Individual board members do not govern the organization; rather meeting as a group confers governing status to the board as a whole. Governance implies the exercise of power and authority over the organization on behalf of the community it serves.

II. What is a Board of Directors?

CSOs are directed and controlled by a governing body, or a board of directors. You may also encounter names such as board of governors or board of trustees. The board has a legal, moral, and fiduciary responsibility for the organisation.

A board is a group of external people who collaborate to provide technical, managerial, and financial support to an organisation.

The board is ultimately responsible for governing the organisation and holds legal responsibility for the organisation and its operations.

The board helps develop, support, and defend the organisation's mission. Board members ensure that the organisation is responsive to the needs of its stakeholders. It is important that both the organisation and the board members themselves have a clear understanding of the board's roles and responsibilities and the nature of its interactions with senior management.

The board should comprise individuals who are willing to dedicate time and resources to the organisation. Members should have a broad range of qualities and expertise, including professional skills, management experience, and recognition among the public. The board members should complement each other and the organisation's staff

III. What are the Governing Documents of a Board?

Three documents form the basis for CSO governance: **articles of incorporation, bylaws, and the mission statement.** These documents, along with the minutes of board meetings, budgets, financial statements, and policy statements, communicate how the organisation is governed, individual responsibilities, the organisation's past, and the organisation's future plans.

The **articles of incorporation** is a legal document that is filed with the appropriate government agency to register the organisation as a CSO. Incorporating a CSO, according to the statutory authority of the country, may protect the CSO and its members from unhappy consequences, such as liability for the organisation's debts. Tax advantages are

commonly available to registered CSOs. Law prescribes the form and content of articles of incorporation. Although requirements vary from country to country, typical items required in articles of incorporation for a CSO include:

- ✓ Name of the organisation
- ✓ Duration of the organisation (usually perpetual)
- ✓ Purpose for which the organisation is formed
- ✓ Provision for conducting the internal affairs of the organisation
- ✓ Names and address of the incorporators
- ✓ Address of the initial registered office and name of the initial registered agent of the organisation
- ✓ Provision for distribution of the assets of the organisation on dissolution

The stated purpose of the organisation should be broad enough to enable the organisation to evolve as necessary to serve its constituency. Articles of incorporation outline the organisation's form. A set of bylaws, developed by the organisation's constituents and approved by the board, supplements the articles by prescribing detailed rules for governing the organisation.

Bylaws often begin with a restatement of the name and purpose of the organisation as written in the articles of incorporation. Bylaws are internal documents, a set of rules that enables each organisation to conduct its affairs. It is important they be written clearly and in language that is easily understood by all organisation stakeholders. Typical items addressed in the bylaws are:

- ✓ The frequency, notice, and quorum requirements for organizational meetings
- ✓ Voting qualifications, proxies, and procedures for approval of board items
- ✓ The number and term for members of the board, scope of authority, method of nomination and election to the board, and provision for filling vacancies.
- ✓ List of board officers, method of nomination and election, terms of office, powers, duties, and succession.
- ✓ Membership and authority of standing committees

- ✓ Title and scope of authority for the executive director/chief of staff
- ✓ Record-keeping and financial reporting responsibilities
- ✓ Amendment procedures for the bylaws and provisions for dissolution of the organisation

It is wise to stop short of having too much detail in the bylaws to allow flexibility and avoid the necessity of frequent amendments.

For example: A new public health CSO wants to raise funds on behalf of a community hospital and decides on an annual banquet as a fundraiser. Over time, this event declines in popularity and the organisation decides to hold an annual campaign instead of holding the banquet. If the bylaws specifically mandate the existence of the banquet committee, the organisation would have to work through an amendment to make the operational change. It is better for the board to have the authority to abolish the old committee and establish a new one so that it may proceed with the new project.

Writing and gaining approval for a set of bylaws takes thought, time, and the involvement of the organisation's constituents. Bylaws should be written with an emphasis on fair treatment and transparent governance. Review the bylaws of several CSOs before attempting to write a new set of bylaws.

The **mission statement** is a communications tool—it guides the board and staff and explains the nature of the CSO to those outside the organisation. Therefore, it needs to be concise and memorable.

The mission statement is generally more specific than the CSO's purpose that appears in the articles of incorporation. Some mission statements are a single sentence, some a short paragraph, and some bulleted statements. The mission statement expresses the group's values. Writing a mission statement forces CSO stakeholders to think through their priorities and carefully align behavior with beliefs.

A mission statement should clearly and concisely answer all three questions shown in the following formula.

Who does the CSO serve? + How are they served? + Where are they served? = a complete mission statement

IV. Board's Major Roles and Responsibilities?

Effective governance occurs when a board provides proper policies and guidance to management regarding the strategic direction for the institution, and oversees management's efforts to move in this direction. The interplay between board and management centers on this relationship between strategy and operation, both of which are essential for the successful evolution of the institution.

4.1. Duties of the Board

1. Legal Obligations

The board must ensure that the following is fulfilled:-

- ✓ The institution complies with its articles of incorporation, bylaws, and internal policies and procedures.
- ✓ The board must ensure that the institution maintains its legal status.
- ✓ The board must also ensure that the institution complies with government rules and regulations, which will vary with the institution's corporate structure. For example, as a microfinance institution becomes regulated, it will be subject to a new set of regulatory requirements that the board must understand.
- ✓ A final element of the board's legal obligations is the level of personal liability of individual directors for the institution's activities. Such liability varies by country, yet board members must be keenly aware of the degree of responsibility and immunity provided for them by local law.

2. Strategic Direction

The board ensures that the institutions' Mission is well defined, reviewed periodically and respected over time. The board ensures that

- ✓ The institution has a formal vision and mission statement that clarifies the purpose of the institution
- ✓ The vision and mission is understood and provides management with direction and an enabling environment to fulfill the same.
- ✓ Review the vision regularly every 3-5 years and amend the vision statement if necessary to respond to a changing environment or shifting priorities.
- ✓ Effective strategic planning, the management prepares the plan and the board oversees and approves the plans.
- ✓ Enhances the image of the institution, the board of directors invests their personal time, networks in promoting the institutions image.

3. Fiduciary

- ✓ The board serves as the institution's steward as the highest authority within the institution
- ✓ Ensures that the institution's properties are managed in a manner that is consistent with agreed-upon values and goals
- ✓ Ensure that the institution has adequate resources to implement the agreed upon plans
- ✓ Understanding the short- term and long –term financial position in relation to the strategic plan
- ✓ Taking necessary action to secure additional resources needed for implementation of the plans
- ✓ Guarantees the long-term viability in balancing between long term and short term objectives on use of funds.

4. Oversight

The board oversees/governs the institution and in the oversight it undertakes the following:

- ✓ Appoints and oversees the performance of the managing director/CEO
- ✓ Assigns responsibility for the daily operations to the managing director

- ✓ Monitors operations and business performance through frequent and transparent reports, regular board and committee meetings, periodic on site visits and internal and external audits
- ✓ Evaluates the institution performance against other CSOs that are similar based on age and size of the institution, its target market and the region in which it operates.
- ✓ Assesses and responds to internal and external risks
 - Internal risks include portfolio deterioration, fraud, over expansion and client desertion.
 - External risks e.g. natural calamity, civil strife, financial crisis and government intervention
 - Board should establish a system that established early warning signals and ensure that the CSO operated prudently in such challenges.
- ✓ Protects the institutions in times of crises by intervening as necessary and developing plans to address the problem

5. Self-Assessment

Objective self-assessment should bring out the board strengths and weaknesses and identify the ways in which the board can overcome the problems even if it's through exclusion or inclusion of board members.

4.2. Board Functions and Governance

The board's primary function is **governance**, or serving as a supervisory and complementary body in the structure and operation of an organisation, with legal responsibility for its performance. The board's governance responsibilities protect the interests of the organisation and its stakeholders.

Governance activities can include policy decision-making and oversight of the organisation's financial and administrative operations.

The board presides over the establishment and implementation of organizational policy, strategic planning, budgeting (including the approval of annual budgets), and the preparation of business plans and other important administrative resolutions. The board helps set strategy and policy objectives, provides feedback on the manner in which the organisation's staff intends to meet these objectives (in terms of planned activities, programs, etc.), and evaluates the organisation's performance (both financially and in terms of its impact in the community). The board also ensures compliance with laws and regulations, including regulations set by donors. The board is not intended to manage an organisation but rather to guide it to achieve its mission through sound strategic plans and rational policies.

The board's governance function is collective in nature, and decisions should ideally reflect the contributions of all board members. **The executive director should prevent the opinion or contribution of any one board member from dominating the rulings of the board;** no board member should be given special consideration or privileges. Board members should bear in mind that their decisions are to be objective and that personal interests are not to be advanced by their membership on the board.

Support. The board also supports the organisation, working to guarantee its overall success. The board seeks to strengthen the organisation by using, for example, the expertise of individual board members or connections in the community.

The supportive functions of the board also include:

- ✓ Encouraging, facilitating, and promoting fundraising efforts: For example, the board may help the organisation hold a fund drive each year or arrange for high-profile speakers to appear at benefit events.
- ✓ Advising management and providing technical input according to the board members' individual experience and professional capabilities: For example, an accountant on the board may suggest certain types of financial management reports to better inform donors about the organisation's performance.

- ✓ Performing tasks related to the organisation's mission, including advocacy activities to promote the organisation to stakeholders and the general public: For example, an influential board member may assist in recruiting a popular musician to give a concert at the organisation's health fair.

In addition to the roles described above, the board also has a number of obligations and responsibilities. These range from participating in meetings to providing fundamental support for the organisation's mission.

The most important are to support the organisation and ensure that its presence in the community is positive and influential.

4.3. Board Responsibilities

Ten Basic Responsibilities of Nonprofit Boards

1. Determine the organisation's mission and purposes
2. Select the chief executive
3. Support and evaluate the chief executive
4. Ensure effective planning
5. Monitor and strengthen programs and services
6. Ensure adequate financial resources
7. Protect assets and provide financial oversight
8. Build a competent board
9. Ensure legal and ethical integrity
10. Enhance the organisation's public standing

1. Determine the Mission and Purpose

The board is ultimately responsible for ensuring that the organisation is responsive to its stakeholders and that its mission is focused on the needs of the community. The board should be involved in the strategic planning process, especially in developing the organisation's mission statement, which expresses its overall purpose. In the case of

nonprofit providers of health services, this means the board protects the interests of the organisation's patients and members of the community it serves.

2. Select the Chief Executive

The board is responsible for reaching consensus on the chief executive's responsibilities and undertaking a careful search to find the most qualified person for the position.

3. Support and Evaluate the Chief Executive

The board must ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organisation. The board is obligated to evaluate the performance of the executive director and should carry out an annual performance review to assess his/her accomplishments.

4. Ensure Effective Planning

Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.

5. Monitor and Strengthen Programs and Services

The board works with the executive director to develop programs that are consistent with the organisation's mission and strategic objectives. It also provides oversight to the implementation of these programs, not in terms of program management (which is done by the executive director and the staff), but in terms of effectiveness. The board should evaluate whether the organisation's programs are carried out as effectively and efficiently as possible.

6. Ensure Adequate Financial Resources

One of the most important responsibilities of the board is to assure adequate financial resources for the organisation to fulfill its mission. **The board must work to ensure that the organisation has the resources necessary to achieve its goals and meet the needs of its community.**

7. Protect assets and provide financial oversight

The board is involved in financial decision-making and must approve all annual operating budgets or multi-year budgets. The board must reinforce policies and procedures that guarantee the appropriate use of money, including the establishment of internal controls. It also regulates the use of large amounts of money and often approves large capital purchases in advance. For example, a clinic would likely need the board's consent before buying new vehicles for its outreach services. The board also enforces compliance with local laws and with regulations set by donors (for example, requiring separate bank accounts for restricted donor funds).

The executive director submits financial reports to the board on a regular basis, preferably each quarter. The board reviews the reports and discusses any problems with the director (for example, discrepancies in the budget). In addition, the board should insist on an annual audit of the organisation's finances by an external party and should meet with the auditor and director to discuss the results. The audit reports should be addressed to the board.

8. Build a competent board

The board must sustain itself by recruiting new members as needed. All boards have a responsibility to articulate prerequisites. When new members join the board, the group works together to orient the new members to the organisation's mission, strategy, and work plan, and to the responsibilities of the board. Board periodically and comprehensively evaluate their own performance.

9. Ensure Legal and Ethical Integrity

As mentioned, the board works to develop organizational policies and internal controls to protect against fraud and abuse, ensures that the organisation follows local laws and complies with regulations set by donors, and requires regular financial reporting and annual audits. These responsibilities help maintain the organisation's accountability.

The board also maintains the organisation's ethical integrity by encouraging fair practices and moral decision-making by the executive director. Issues of moral concern should be presented to the board for resolution.

10. Enhance the Organisation's Public Standing

The board members serve as representatives of the organisation on a higher level — in the eyes of the community, the business community, the donor community, the government, and elsewhere. The board supports and promotes the organisation and seeks to communicate the organisation's mission, accomplishments and goals to the public and garner support from the community.

A Note on Problem-Solving Boards have an ongoing responsibility for helping the executive director deal with major problems. These could include complex personnel problems, addressing audit recommendations, lawsuits, etc.

4.4. Roles and Responsibilities of the Board Vs Senior Management

No single relationship in the organisation is as important as that between the board and its chief executive officer. That relationship, well-conceived, can set the stage for effective governance and management. — John Carver, *Boards that Make a Difference*, 1990

The board is intended to complement and support the management structure of the organisation. Partnership and collaboration between the executive director and the board

enhances the successful implementation of policies, service delivery, administrative tasks, and financial management.

The executive director¹⁰ and the members of the board must have distinct, well-defined responsibilities.

The lines of authority among different people within the organisation must be clearly defined. These roles are built upon the mission of the organisation. However, while both the executive director and the board share responsibility for helping the organisation fulfill its mission and goals, their responsibilities differ in the following specific ways:

The **executive director** is responsible for implementing programmatic activities and for overall management of the organisation to meet its goals. In other words, the organisation's senior management directs.

The **board**, on the other hand, makes policies, assists in setting the strategic direction of the organisation, and provides oversight and supervision to ensure that the management and operations of the organisation are legal, effective, and appropriate (fair and ethical). The board governs and is legally responsible for the organisation.

An effective board is as important to the success of your organisation as having qualified and competent staff. The most successful organisations are usually those in which board members and professional staff are aware of, and committed to, their respective roles and responsibilities, and are working together to fulfil these. The board members need to oversee the organisation, monitoring its overall performance and progress as it seeks to achieve its aims and objectives. In consultation with staff, they will set policy that determines long-term direction and strategy. This is different from management. Where an organisation employs professional staff, it is vital that the board allows staff the freedom to manage the organisation on a day-to-day basis. However, board members retain, and must accept, ultimate legal responsibility for everything that an organisation does and how it does it.

V. Desired Board Member Characteristics

The board's effectiveness depends both on its composition and on members' conduct.

A diverse board increases the board's effectiveness and expands the leadership base. As the board looks for talented people, the following characteristics should be considered:

Skills or Expertise: Board members should have professional skills or experience that will be valuable to the organisation and/or a respected public standing with a high capacity to be influential. (For example, the members can range from senior accountants and lawyers, to village elders or religious leaders who are well-respected and supported, to local celebrities.) It is desirable to have some board members with personnel management, fiscal, or legal expertise.

Commitment: An essential characteristic is the commitment board members have to the organisation. They should understand the needs of the organisation and its beneficiaries and should be supportive and willing to stand up for the organisation and its mission.

Volunteer: They should be able to volunteer time to serve on the board and to participate in the organisation's activities.

Diversity: Inclusiveness is better achieved when a board has an equal number of men and women; people of different ages; representatives of the major races, ethnicities, and religions of stakeholders; and representatives of the client populations being served.

Potential board members should be able to demonstrate, or have the potential to develop, the following attributes:

- ✓ willingness to commit time
- ✓ willingness to use their influence and connections to secure funds

- ✓ willingness to use their influence and contacts to advocate on behalf of the organisation and its beneficiaries
- ✓ good judgment
- ✓ ability to think strategically
- ✓ discretion in working with others on confidential issues
- ✓ ability to work in a team

In addition to these characteristics, board members are responsible for their personal conduct and for working in the best interest of the organisation they serve. They should:

- ✓ Serve the needs of the organisation first: Each board member must serve the needs of the organisation before any personal or business interests. For example, a board member should not invest in or own a private clinic near the nonprofit clinic on whose board he or she serves.
- ✓ Be objective: A board member must make objective decisions that are in the best interest of the organisation's mission and future. He or she must be impartial to personal preferences and must analyze issues in the organisation's point of view.

Board members have a better chance of being effective if they quickly become familiar with the organisation, the board's responsibilities, and structure. The chair of the nominating committee or chairperson of the board often conducts board member orientation. The CSO's staff can prepare an orientation notebook containing copies of the organisation's bylaws, mission statement, strategic plans, board structure, minutes of the last board meetings, and other useful information to present to the new board members at their orientation.

To retain good board members, make the meetings interesting and productive. At least a week before the meeting, send out a meeting agenda and the topics that will be discussed. Provide board members with opportunities to become involved with specific projects. Board members are more likely to stay active if they have meaningful work.

Thank board members for their work—they are volunteers. Have fun, hold social events, and try to create a sense of community and commitment.

The constitution should detail how a regular flow of new members will be recruited to ensure that membership does not become static and moribund. Typically, a board member will serve for two years before standing for re-election. Most organisations limit the number of terms that a board member may serve (usually two or three terms).

Board members should work in a voluntary and unpaid capacity, but have their expenses paid.

VI. Board Structure and Board Member Roles

6.1. Board Structure

How are Boards Structured? The structure and size of the board depend on the structure and size of the organisation. Larger organisations have large and more complex boards; smaller organisations have smaller boards. When a nonprofit organisation is formed, it should develop a set of **bylaws** — **rules that define the structure and legal responsibility of how the organisation is run. The bylaws should include a section that defines the structure, size, and duties of the board.** These bylaws serve as the framework for the broader policies governing the board.

In larger boards, committees are often formed to carry out certain tasks or make certain types of decisions. For example, there might be a fundraising committee (to recommend strategies for securing external funding), a finance committee (to participate directly in solving financial concerns), or an audit committee (that meets with external auditors after the annual audit to discuss findings). In smaller boards, having multiple committees may be neither feasible nor necessary.

A board should have leadership, generally a chairperson who organizes the board and provides guidance to members. The chairperson also works directly with the executive

director to ensure that the relationship between the board and the organisation's staff remains positive and strong. The board chairperson is elected, preferably by a majority vote of the board members. Other board positions can also be created (as appropriate for the size of your organisation and board), such as vice-president, secretary, treasurer, or others.

Boards tend to work effectively when they are structured to carry out each unique mission of the CSO and maximize the individual talents of board members. Dividing the board into committees is a common mechanism for:

- ✓ Organizing the board's work to accomplish the CSO's mission.
- ✓ Preparing board members for making informed decisions.
- ✓ Using board members' skills and expertise (i.e., a board member with financial experience serves on the finance committee and one with a deep understanding of the clients' needs serves on the program committee).
- ✓ Providing opportunities to become involved and serve the organisation.

Below is an example of one board structure for a high-capacity CSO. Keep in mind that no one board structure is a good fit for all CSOs.

Chairperson of the Board

- ✓ Usually is elected by the board for a set term.
- ✓ Presides over general board meetings.
- ✓ Speaks on behalf of the organisation to the public and media.
- ✓ Chairs the executive committee.

Vice Chairperson

- ✓ Usually succeeds the chairperson at the end of his or her term in office.
- ✓ Assists the chairperson and serves in his or her absence.
- ✓ Often chairs the nominating committee.

Standing Committees

- ✓ Normally are described in the bylaws.
- ✓ Usually include the:

Executive Committee:

Board chairperson/president, vice chairperson, secretary, and treasurer. Executive committee has authority to make certain decisions between meetings.

Finance Committee:

The treasurer usually chairs this committee. It provides financial oversight for the organisation, advises the board on the budget and financial affairs.

Nominating or Governance Committee:

Often chaired by the CSO's vice chairperson. Identifies new board members and nominates individuals to serve as CSO officers.

Ongoing Committees

- ✓ Normally not prescribed in the bylaws, but necessary to achieve the organisation's mission.
- ✓ Might include a program committee, marketing committee, research committee, education committee, etc.
- ✓ Allow the board more flexibility to conduct its business and tailor committees to fit the mission of the organisation.

Ad Hoc Committees or Task Forces

- ✓ Given assignments to be completed in a specified time (fundraising or a special event).
- ✓ Disband after their task has been completed.
- ✓ Often extremely productive because they have defined tasks to complete within a limited time frame.

Advisory Committees

- ✓ Individuals with specific expertise selected as committee members. They provide the board with information and advice to understand difficult or complex issues such as a construction project, client demographics, trends in government support, public policy debates, etc.
- ✓ Offer advantages to both the committee members and the board. Committee members have an opportunity to learn more about the CSO and its board—some may be recruited later as board members.
- ✓ Can provide a greater division of labor and fresh new perspectives.

6.2. What is the Role of the Chairperson of the Board?

The chair (or president) of the board is a key position. Choose the chair carefully and plan their succession well in advance, if possible enabling the new chair to serve first as deputy chair. The chair leads the board, making sure that members fulfil their responsibilities for the governance of the organisation. The chair works closely with the executive director, supporting him/her in achieving the aims of the organisation and acting as the channel of communication between board members and staff.

Below are sample duties for Chairperson of the Board:

- ✓ Lead the board in setting the strategy and policy of the organisation
- ✓ Plan the annual cycle of board meetings
- ✓ Oversee/chair board and executive committee meetings
- ✓ Serve as ex-officio member of all committees
- ✓ Work in partnership with the executive director to make sure board resolutions are carried out
- ✓ Call special meetings as necessary
- ✓ Appoint all committee chairs and, with the executive director, recommend who will serve on committees
- ✓ Assist executive director in preparing agenda for board meetings

- ✓ Assist executive director in conducting new board member orientation
- ✓ Oversee searches for a new executive director
- ✓ Coordinate executive director's annual performance evaluation
- ✓ Sit on appointment panels for senior staff
- ✓ Work with the nominating committee to recruit new board members
- ✓ Coordinate periodic board assessment with the executive director
- ✓ Act as an alternate spokesperson for the organisation
- ✓ Periodically consult with board members on their roles and help them assess their performance.

The chairperson should communicate openly and fairly with the director. He or she should also work in partnership with the director to keep an overview of the organisation's affairs and to provide support as appropriate.

The deputy chair or vice-chair takes on the functions and responsibilities of the chair, when the chair is not available.

6.3. What is the Role of the Secretary?

The secretary supports the chair by ensuring the smooth functioning of the board. This role may be carried out by a member of staff, rather than a board member. It is the secretary's responsibility to do (or delegate) the following tasks:

- ✓ receive agenda items from board members/staff
- ✓ prepare agendas with the chair and director, and circulate these along with any relevant papers required for discussion
- ✓ make all the arrangements for meetings (such as booking the room, arranging for equipment and refreshments, organizing facilities for those with special needs)
- ✓ check that a quorum is present (a quorum is the number of members that must be present to constitute a valid meeting – for example, a third or half the number of board members, including the chair)

- ✓ minute the meetings, ensure that the minutes are signed by the chair once they have been approved, and circulate them
- ✓ sit on appraisal and recruitment panels as required

6.4. Role of the Executive Director with Regard to the Board?

The director (or chief executive) plays an important role in ensuring good governance and developing the board. **The relationship between the director and chair of the board is one of the most crucial in the organisation.** It is the responsibility of the director to:

- ✓ develop, update, and present to the board job descriptions for senior staff and board members
- ✓ maintain a good working relationship and good communications with the chair of the board
- ✓ keep the board informed about the progress of the organisation
- ✓ provide orientation to new board members
- ✓ help the board to understand its role in policy development and in maintaining an overview of the organisation
- ✓ encourage periodic board retreats and other self-study exercises

VII. Individual Board Members' Duties

7.1. Duties of a Board of Directors

All board members must follow basic codes of conduct in carrying out their governance roles and responsibilities in good faith. This includes:

Duty of Care: The Duty of Care calls on a director to participate in the decisions of the board and to be informed on the data relevant to such decisions. A common statement of the Duty of Care asks a director

- ✓ to be reasonably informed,
- ✓ to participate in decisions, and
- ✓ to do so in good faith and with the care of an ordinarily prudent person in similar
- ✓ Circumstances

To discharge the Duty of Care efficiently and effectively, directors must attend meetings, exercise independent judgment, and ensure that they have an appropriate level of understanding of the issues critical to the institution.

Duty of Loyalty: The Duty of Loyalty requires directors to exercise their powers in the interest of the corporation and not in their own interest or in the interest of another entity or person. By assuming a board position, directors acknowledge that for any corporate activity, the best interests of the corporation must prevail over their individual interests or the particular interests of the constituency that selected them. The Duty of Loyalty primarily relates to conflicts of interest, corporate opportunity, and confidentiality.

Directors may have interests in conflict with those of the corporation. The Duty of Loyalty requires that a director be conscious of the potential for such conflicts and act with candor and care in dealing with such situations. Conflicts of interest are neither inherently illegal nor are they to be regarded as a reflection on the integrity of the board or of the director. Once a director discloses a potential conflict of interest issue, it is the board's interpretation of the issue that will determine if it is a proper or improper transaction.

Corporate opportunity is another area related to Duty of Loyalty. It requires that a director, before engaging in a transaction that he or she knows may be of interest to the corporation, inform the board of directors in sufficient detail and adequate time to allow it to act or decline to act to a director's possible involvement in that transaction.

Duty of Obedience: The Duty of Obedience requires board members to be faithful to the institution's mission. Although board members have the authority to determine how the

institution is to best meet its mission, they are prohibited from behaving in a manner inconsistent with the basic institutional objectives. The Duty of Obedience grows, in part, out of nonprofit organizations' heavy reliance on the public's trust when soliciting donations and grants. In turn, the public has the right to be assured that such funds will be used for the purpose for which they are given. In for-profit organizations, the responsibility is toward the investors (both equity and debt), especially if the funds are from public sources.

Below are sample board member duties:

General Expectations

- ✓ Know and support the organisation's mission, purposes, goals, policies, programs, services, strengths, weaknesses, and needs.
- ✓ Perform duties of board membership responsibly, and conform to the level of competence expected from the board.
- ✓ Suggest possible nominees to assist the organisation who are clearly women and men of achievement and distinction and who can make significant contributions to the work of the organisation.
- ✓ Serve in leadership positions and accept special assignments willingly and enthusiastically.

Meetings

- ✓ Prepare for and participate in board (and committee, if applicable) meetings, including appropriate organizational activities.
- ✓ Ask timely and substantive questions at board/committee meetings consistent with your principles and convictions.
- ✓ Maintain confidentiality of the board's agenda and any decisions made.
- ✓ Suggest agenda items periodically for board/committee meetings to ensure that significant, policy-related matters are addressed.

Relationship with the Staff

- ✓ Counsel the executive director as appropriate, and support him/her through difficult relationships with groups or individuals if needed.
- ✓ Avoid asking for special favors of the staff.

Avoiding Conflicts

- ✓ Serve the organisation first, not special interest groups.
- ✓ Avoid conflicts of interest that could harm the organisation (financially, legally, or in terms of reputation). Disclose possible conflicts before they occur.
- ✓ Maintain objectivity and serve with a sense of fairness, ethics, and personal integrity.

Financial Responsibilities

- ✓ Review and make decisions based upon the organisation's financial statements.
- ✓ Implement fundraising activities, including the development of strategies that maximize personal influence with others.

7.2. How does the Board carry out its Duties?

In order to achieve its responsibilities and duties as described, the board schedules regular **meetings** (at which the executive director is generally also present). The meetings should be held as often as needed, but should not be too frequent, as board members are volunteers with other jobs and responsibilities. A meeting agenda and any documents supporting specific agenda items should be distributed prior to each session to allow board members to prepare. In addition, **minutes should be taken at every meeting to document the proceedings and any decisions made.** If appropriate, the board secretary should ensure that minutes are taken and distributed to all members.

The board should also participate, as much as possible, in the organisation's **special events** and **fundraising** activities. Often, board members also volunteer their time to the organisation to assist with administrative matters. The executive director is responsible for providing ongoing feedback to the staff about the board's recommendations and decisions.

7.3. Board of Directors Accountability and Transparency?

Accountability means being able to provide an explanation for the actions and/or conduct of the organisation (or an individual). The organisation is accountable to:

- ✓ members of the organisation
- ✓ beneficiaries
- ✓ funders, and those organisations with which contracts are entered into
- ✓ the public
- ✓ the state

Board members can improve accountability by ensuring that the organisation works transparently.

Transparency means being open about your work with the members and beneficiaries, other organisations, and the general public. Make your organisation's aims and objectives clearly known by producing statements of:

- ✓ the organisation's mission, objectives, and policies
- ✓ its methods, activities and achievements, including evaluations and analyses of the organisation
- ✓ its geographical scope
- ✓ its organizational structure, and in particular how it is controlled and managed
- ✓ its constituency, affiliations, and links to other organisations, if any
- ✓ its sources and uses of funds

Make this information widely known by:

- ✓ publishing and disseminating annual narrative and financial reports, as well as reports on particular activities and on the results of reviews and evaluations
- ✓ using the media to tell the public about your work
- ✓ mounting public education programmes where appropriate

- ✓ maintaining regular dialogue with government and other relevant agencies
- ✓ participating in CSO networks

7.4. What Can Be Done to Improve the Effectiveness of the Board?

Board members need information and support from the organisation to enable them to fulfill their role effectively. Both board members and staff are responsible for ensuring that they receive this. A thorough induction and proper preparation for meetings are key to ensuring the effectiveness of the board.

Complete an induction

All new board members should go through an induction. Long-serving board members will also benefit from a periodic 're-induction'.

Understand the organisation

Board members should ensure that they know and understand the following:

- ✓ the mission of the organisation
- ✓ the constitution and any other formal documents
- ✓ the areas and programmes within which the organisation works
- ✓ the organisation's management and staff structure
- ✓ the board's procedures.

Prepare for committee meetings

Board members should ensure that they are sent committee papers well in advance of the meeting. They should read the papers and identify important issues for discussion or comment.

Ask the right questions

One of the most important functions of a board member is to ask the right questions. Board members should not be afraid to ask questions and press for explanations, drawing on their

own expertise where relevant. They will learn what to look for in a budget or work plan, and should feel free to ask for information which they think will help in monitoring the organisation, rather than rely on staff to decide what information is relevant.

Take action if necessary

If a board member becomes worried about a particular aspect of the organisation, it is **essential** that they take action and not keep the concern to themselves. Some matters can be discussed with a senior staff member or the chair. Sometimes it may be appropriate to express the concern publicly at a committee meeting.

Establish good relationships with staff

Board members should ensure that they have a chance to meet and support staff, for example by visiting the office. Good board members can really boost staff morale. There can often be tensions relating to respective roles and responsibilities of board members and staff. Board members should take the lead in establishing a sense of partnership, but also remember that their role is in governance, and let staff get on with their day-to-day responsibilities.

Get advice if necessary

Board members should ensure that they get the right advice, support, and training to govern the organisation effectively.

What is a Board Induction?

It is essential that board members receive a thorough induction, including written information and an orientation session. The purpose of an induction is to ensure that board members fully understand the organisation and their role in it. Hold the orientation as a separate event, especially where there are several new board members, and prior to the new members' first board meeting, as this will help them to participate fully as quickly as possible. Staff and experienced board members can present the structure and work of the organisation, while the chair or president should explain the role and responsibilities of the

board. Arrange for board members to spend some time at the office so that they can meet the staff and understand the way the organisation works.

Invite new board members to introduce themselves at their first meeting, explaining any previous involvement with the organisation, what skills and experience they bring, and why they decided to join the board. If board members are unable to commit the time to a separate induction event, then it can be held as part of a board meeting – but do they really have time to be a board member if this is the case?

The induction pack

Prepare an induction pack to give both to all new board members and to longer-serving members whose interest and commitment may have waned. The pack should include:

- ✓ the history of the organisation, including when it was founded, its original purpose, and any significant changes of direction it has taken
- ✓ statements about the organisation's values, mission and objectives
- ✓ information about the organisation's current work, detailing sources of funding and major donors and including copies of any recent newsletters
- ✓ details of other board members, including their addresses and telephone and fax numbers (if possible include brief career summaries of all members to highlight their expertise in a particular area)
- ✓ the structure of the organisation (an organisation chart and list of key staff with job title and a clear indication of their responsibilities)
- ✓ most recent annual report and accounts for the previous two years
- ✓ a copy of the constitution, and any other governing documents
- ✓ roles and responsibilities, and job descriptions of board members
- ✓ a recent set of board papers and minutes
- ✓ board and committee structure
- ✓ the director's job description
- ✓ major policy documents
- ✓ dates of forthcoming meetings

7.5. What can be done to Improve Board Meetings?

The quality of decisions that your board members make will depend on planning, preparation, and the efficient running and chairing of their meetings.

Board meetings have many functions, and should aim to:

- ✓ **receive** information
- ✓ **consult** board members on their opinions and feelings
- ✓ **discuss** important policy and strategic issues
- ✓ **decide** on important policy and strategic issues
- ✓ **review** or ratify previous decisions

The **components** of a good board meeting include:

- ✓ plans for the meeting made well in advance
- ✓ a detailed agenda sent out at least a week in advance
- ✓ agenda items listed in a logical order, with the most important early in the meeting
- ✓ clear, concise reports relating to the agenda items sent out for information, discussion, or decision
- ✓ an indication of the time allowed for each agenda item and an agreed finishing time for the meeting
- ✓ accurate minutes that summarize discussion, state clearly any decisions taken and who will implement them, and further action to be taken, by whom and by when

All members should **prepare** for board meetings by:

- ✓ reading the papers
- ✓ thinking about the issues to be discussed
- ✓ making notes of points they wish to raise

The chair should **manage** the meeting by:

- ✓ keeping the discussion focused
- ✓ stimulating discussion and drawing out quiet members
- ✓ recognizing a potential decision when one arises

Board members should **participate** by:

- ✓ drawing on their own expertise, where relevant
- ✓ asking questions and pressing for reasons to the answers given
- ✓ allowing others to contribute
- ✓ knowing what to look for in a budget or business plan – this is partly a matter of experience, but is also a skill which can be taught or developed over time

Minutes should be **distributed** promptly:

- ✓ Minutes should be circulated within a week of the meeting, setting out a summary of the decisions taken and listing action to be taken, by whom and by when. This gives those not present an early opportunity to learn what was decided, and provides a good checklist for those who have agreed to take action.

It is important to note that:

- ✓ The board's decisions do not have to be agreed by all board members. If a vote has been taken, board members are bound by the decision of the majority, provided the meeting had a quorum.
- ✓ **Meetings work best when members act as a team. Invest time in team building** to let members get to know each other, develop trust and mutual respect, and understand each other's expertise.

Sub-committees and working groups

You may find that a monthly, bi-monthly, or quarterly meeting of your board is enough. But if your organisation is large, your board may want to establish sub-committees or working groups which may meet more often. These are smaller groups composed of only some board members to take on specific responsibilities, such as developing a fundraising strategy, and to make recommendations to the main board.

To make the most efficient use of board members' expertise, a **sub-committee** can:

- ✓ deal with urgent matters between meetings of the full board
- ✓ prepare specific issues for board meetings
- ✓ help the director to represent the organisation
- ✓ act as an effective link between the staff and board
- ✓ sit as recruitment panels for senior staff appointments

If you want to use sub-committees to carry out aspects of the organisation's business you must authorise them to do so by writing that function into your constitution. Sub-committees can focus clearly on specific topics and use your members' expertise efficiently; without them board meetings can be over-long and arduous, decision-making can be slow, and the board can lose its overview of the organisation.

A **working group** is a time-limited, task-oriented group set up to investigate, discuss, and make proposals to the board about a particular project or issue by a given date.

Give all your sub-committees and working groups clear terms of reference, indicating what is expected of them and to whom they are accountable. Terms of reference should include:

- ✓ name of the group
- ✓ membership
- ✓ purpose (a brief statement of why the group exists)
- ✓ delegated authority (whether it has decision-making powers or is purely advisory)
- ✓ frequency of meetings

- ✓ duration of meetings
- ✓ chair (named person or title of office)
- ✓ service by (secretary or minute taker)
- ✓ reporting procedure (to whom it must report)
- ✓ quorum (the number of members that must be present before the group can make decisions)

7.6. What Makes Boards Great?

There is a new movement afoot in nonprofit boardrooms. It is called —new work,|| another term for —work that matters.|| It is a way of moving boards from low-level activity and feelings of discouragement and underutilization to working on issues that get boards charged up with a feeling of success and contribution.

The —new work|| movement has four basic characteristics.

1. It concerns itself with crucial, do-or-die issues central to the institution's success.
2. It is driven by results that are linked to defined timetables.
3. It has clear measures of success.
4. It requires engagement of the organisation's internal and external constituencies.

—New work|| generates high levels of interest and demands broad participation and widespread support. Using the following —new work|| strategies, boards are finding that their work is more fulfilling and CSOs are seeing the positive impact.

Find out what matters. To do —new work, board members and management together must determine the important issues and the agenda of the organisation. Board members need to understand what the executive director sees as the critical issues. They also need to know what other stakeholders and experts in the field think. No one person knows enough to be a sole supplier of information and counsel.

Spend time on what matters. The concerns are not if it is a question of policy or implementation, the question is—is it important enough for the board’s attention. In the old work, boards did not implement; they designed policy to govern the NGO. In the —new work, it is a question of what is important for the board to spend time on. For example: In a capital campaign, establishing priorities and goals is setting policy, while identifying prospects and making calls is implementation. In the search for an executive director, determining selection criteria is making policy; designing the procedure and conducting the interviews is implementation.

Organize around what matters. For the —new work|| to happen, substance must dictate structure. The work of the committees, work groups, and task forces must follow the organisation’s strategic priorities.

Focus meetings on what matters. Design each meeting, asking the questions: What is the purpose of this meeting? How can we organize it to fulfill that purpose? Four common responses from board members and some suggested activities are:

We need more background to make a decision. Convene a meeting to engage and educate the entire board about issues facing the organisation. The goal is to air views, invite questions, and consider alternatives—not to win an argument. No specific decision will be made and no votes will be taken.

We don’t know what to do about a current problem. Form small groups to generate more involvement and ideas. Boards must grapple with complicated issues that defy easy solutions; get multiple perspectives; and develop solutions that reflect the group’s best thinking.

We face a crisis. In times of crisis, set aside usual board business to concentrate on the task at hand. A crisis could be the death of an executive director, the loss of a major funding

source, or a split within the board itself. Review the mission statement in times of crisis to help the group stay on course.

We need to deal with sensitive governance issues. Hold an executive session. Executive sessions are for board members only.

7.7. Principles of Governance

Boards add significant value to their organisations, making a discernible difference in their advance on mission. Good governance requires the board to balance its role as an oversight body with its role as a force supporting the organisation. The difference between *responsible* and *exceptional* boards lies in thoughtfulness and intentionality, action and engagement, knowledge and communication. The following twelve principles offer **chief executives** a description of an empowered board that is a strategic asset to be leveraged. They provide **board members** with a vision of what is possible and a way to add lasting value to the organisation they lead.

1. Constructive Partnership

Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent. They build this partnership through trust, candor, respect, and honest communication.

2. Mission Driven

Exceptional boards shape and uphold the mission, articulate a compelling vision, and ensure the congruence between decisions and core values. They treat questions of mission, vision, and core values not as exercises to be done once, but as statements of crucial importance to be drilled down and folded into deliberations.

3. Strategic Thinking

Exceptional boards allocate time to what matters most and continuously engage in strategic thinking to hone the organisation's direction. They not only align agendas and goals with strategic priorities, but also use them for assessing the chief executive, driving meeting agendas, and shaping board recruitment.

4. Culture of Inquiry

Exceptional boards institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making. They seek more information, question assumptions, and challenge conclusions so that they may advocate for solutions based on analysis.

5. Independent Mindedness

Exceptional boards are independent-minded. They apply rigorous conflict-of-interest procedures, and their board members put the interests of the organisation above all else when making decisions. They do not allow their votes to be unduly influenced by loyalty to the chief executive or by seniority, position, or reputation of fellow board members, staff, or donors.

6. Ethos of Transparency

Exceptional boards promote an ethos of transparency by ensuring that donors, stakeholders, and interested members of the public have access to appropriate and accurate information regarding finances, operations, and results. They also extend transparency internally, ensuring that every board member has equal access to relevant materials when making decisions.

7. Compliance with Integrity

Exceptional boards promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight. They use these mechanisms, such as independent audits, to ensure accountability and sufficient controls; to deepen their understanding of the organisation; and to reduce the risk of waste, fraud, and abuse.

8. Sustaining Resources

Exceptional boards link bold visions and ambitious plans to financial support, expertise, and networks of influence. Linking budgeting to strategic planning, they approve activities that can be realistically financed with existing or attainable resources, while ensuring that the organisation has the infrastructure and internal capacity it needs.

9. Results Oriented

Exceptional boards are results-oriented. They measure the organisation's progress towards mission and evaluate the performance of major programs and services. They gauge efficiency, effectiveness, and impact, while simultaneously assessing the quality of service delivery, integrating benchmarks against peers, and calculating return on investment.

10. Intentional Board Practices

Exceptional boards purposefully structure themselves to fulfill essential governance duties and to support organizational priorities. Making governance intentional, not incidental, exceptional boards invest in structures and practices that can be thoughtfully adapted to changing circumstances.

11. Continuous Learning

Exceptional boards embrace the qualities of a continuous learning organisation, evaluating their own performance and assessing the value they add to the organisation. They embed learning opportunities into routine governance work and in activities outside of the boardroom.

12. Revitalization

Exceptional boards energize themselves through planned turnover, thoughtful recruitment, and inclusiveness. They see the correlation between mission, strategy, and board composition, and they understand the importance of fresh perspectives and the risks of closed groups. They revitalize themselves through diversity of experience and through continuous recruitment.

What are Board Policies?

The board should develop policies to serve as guidelines for its conduct. These policies are grounded in and expand the regulations set forth in the organisation's bylaws. The following are some examples of important policies a board should adopt, though the list is not exhaustive:

Conflicts of interest: Conflicts of interest occur when the personal or professional interests of a board member are incompatible with the best interests of the organisation. For example, a board member suggests to the executive director that a family member be hired for a senior management position within the organisation. While this may not be illegal, these types of circumstances must be dealt with carefully — this type of —favor granting|| may be looked at poorly by other candidates for the position and by the community as a whole. The reputation and well-being of the organisation must take priority when conflicts of interest arise.

Conflict of interest policies typically require that board members disclose all activities and information that could be considered a conflict. Board members

also refrain from voting on matters facing the board when there is a conflict of interest.

Attendance and participation: Policies should be in place to require board members to attend meetings and board activities. Some boards have policies that remove members from their positions if they are continually absent from meetings. A standard should be developed, agreed upon, and enforced. For example, the policy may state that if a member misses three consecutive meetings, he or she must defend his or her situation to the board and the board must then vote whether or not to dismiss the member.

Confidentiality: Policies should exist to protect sensitive information from being released. Board members have access to important financial, personnel, and strategic information about the organisation. For example, members could be required to sign confidentiality agreements, banning them from sharing any learned information with outside parties.

Term lengths: There is no standard length of commitment for board members. Some boards choose to limit the time a member can serve on a board, for example, to two three-year terms. If a time threshold is desired, a clear policy should be established.

Compensation: Board members are volunteers and often are not compensated for their services, although they are quite often reimbursed for expenses related to their service. For example, an organisation may give their board members a stipend for all-day events or may reimburse them for travel to and from annual meetings.

.

What are Typical Governance Problems and How Does the Board Deal with Them?

.

The two main governance problems are either a weak board, or one that is too involved in the day-to-day work of the organisation.

A weak board will result in an organisation controlled by the staff and volunteers, with no monitoring of progress, performance or financial management. There is a very real risk of individuals pursuing their own ambitions and agendas, rather than focusing on the beneficiaries. The organisation will eventually lose its credibility, and it will be more difficult to secure funding.

A board that becomes too involved in the day-to-day work of the organisation, trying to control all aspects, will cause conflicts with the professional staff. The result is often an organisation which achieves far less than its potential, and it is the beneficiaries who lose out. This problem typically occurs when organisations are in transition from being run by volunteers to employing staff. Some board members, particularly those who helped found the organisation, may have trouble letting go of control of the day-to-day work.

Possible solutions to governance problems

1. The chair of a board that has become weak, or the director of the organisation, could convene a study day or retreat to help the board redefine its role and to help members understand what is expected of them. A team-building workshop, supported by an independent facilitator, could help the board members to work together more effectively.
2. If your organisation has been run by volunteers and is beginning to employ staff, discuss and acknowledge the changing role of the board. Board members roles in monitoring the organisation will change, in order to allow staff the independence and authority to perform their jobs effectively. Again, a retreat or workshop may be useful.
3. Your chair (or president) and the director (or chief executive) should devote time to ensuring that they have a good working relationship, clarifying areas of responsibility and establishing good communications. A good relationship between them is crucial to the effectiveness of an organisation.

4. Write job descriptions for board members, as well as staff, which define roles and responsibilities, so that everyone is clear about what is expected of them.
5. To help re-establish an ineffective board, prepare induction packs and orientation sessions to re-introduce members to the organisation. Such packs and sessions should also be provided for all new board members.
6. Consider using an external consultant to analyse problems with individual board members and staff, if problems within the organisation are deep-rooted and there has been a breakdown in relations with staff. Discuss the consultant's recommendations at a workshop and agree a way forward.
7. Decide how long you want individuals to remain on the board – this should be written into your constitution. Seek new members with specific skills, but plan ahead so that you are not changing more than half the board at one time to ensure continuity in the governance of the organisation. Make sure that all your new board members have an effective induction.

VIII. Effective Board: Conditions for Effective Governance

8.1. Quality of the board members

One of the key conditions for effective governance is the choice of the board. A good board member needs to appreciate that Microfinance institutions are not for profit and the board has no financial stake. Those selected to the board must have a high motivation to support the social component of the CSO industry especially that of poverty alleviation.

Individual directors should have the following characteristics:

- ✓ Deep commitment to the institution's mission demonstrated in terms of time and energy investment by the board.
- ✓ Skills as leaders, visionary thinkers, and managers
- ✓ Technical expertise and experience relevant to the organization (i.e., financial, legal, and marketing), etc.
- ✓ Independent minds that are not beholden to the chairperson or CEO;

- ✓ Basic genuine commitment to the activities of the organization;
- ✓ Willingness to set aside time for the institution activity.
- ✓ Good communication skills
- ✓ Good interpersonal skills
- ✓ Integrity and trustworthiness
- ✓ Objectivity/independent thinking

Clearly defined responsibility between management and board

Responsibility between the board and management should be clearly defined. This translates into the fundamental understanding by both board and management that the role of the board is at the strategic rather than the operating level.

Well-defined and regularly implemented measures of management (and board) performance are needed and should be based on merit and hence shielded from personal or political influence. Strong information systems and communication channels must be in place within the institution to provide relevant and timely information to measure the performance of the institution in areas such as portfolio quality, profitability, human resource management, and programmatic goals. In too many cases, information provided to boards is biased toward accounting data, which alone is insufficient.

A skillful chairperson is needed to run effective meetings by focusing the agenda on big picture issues and policies. The chair also must be able to direct actions and build a consensus by bridging the gap in opinions, which often arises among independent-minded directors.

Good mechanisms should be established to allow for individual director participation, such as committees.

Main Difference of Governance and Management Roles

Governance/Board	Management/CEO
Provides guidance on strategic approves major strategic decisions	Manage the day to day opera recommends strategy to the board

Approves a framework of policies and which is mutually agreed upon by the management	Recommends to the board and approved policies and plans to achieve objectives.
Authorizes a monitoring and evaluate to ensure that policies are respected implemented, and objectives are achieved	Maintains the institution's financial so manages the institution's human res manner that encourages high performance, and staff development.
Ensures that the institution's operation do not overwhelm its strategic priorities	Ensure that the institution's boa informed, and that it considers itself part of the institution
Ensure a healthy separation of Board and management roles to ensure that between the roles and responsibility clear.	Develops a strong management team effective implementation of pogroming of a potential successor
Does not execute authority in the m structure.	Develops a strong management team effective implementation of po grooming of a potential successor

8.2. Characteristic of an effective Board

Effective boards carry out their responsibilities by

- ✓ Maintaining operational distance from the institution,
- ✓ Drawing on the institutional memory of the directors, and
- ✓ Making binding decisions as a corporate body.

Board decisions are based on the voice of the majority. Arriving at a consensus may be time consuming and decrease the board's operating expediency, but the process is essential to a well-functioning board. These three factors empower the board and add significant value to the management of the institution.

Management, in contrast, is intimately involved in daily operations, has an up-to-date and in-depth understanding of the immediate challenges and opportunities facing the institution, and the flexibility to react quickly. An institution's executive will consult with senior management on key issues but is individually accountable. What then is the optimal balance between these two sets of circumstances and perspectives and how do they relate to create effective governance?

Effective governance requires boards to focus on three major areas of responsibility:

- ✓ management accountability,
- ✓ strategic planning and policy-making, and
- ✓ Self-regulation.

8.3. Key Message

- ✓ A Board governs as the highest authority of an organization.
- ✓ Acting as a group, the Board leads the organization towards achieving its mission.
- ✓ A Board has the responsibility and highest level of accountability for the NGO. In a registered corporation, the Board is legally accountable for the organization.
- ✓ Governance and management are distinct and separate functions. The Board and the Executive
- ✓ Director have distinct roles, providing for a sufficient system of checks and balances.
- ✓ A Board works in close partnership with the Executive Director to lead the organization effectively.
- ✓ A good Board ensures the consistency of your programs with vision, mission and goals.

IX. Leadership

9.1. Definitions

There are a wide range of definitions of the concept of leadership and the role of a leader. Dictionary definitions identify a leader as one that provides guidance by going in front, or causes others to go with them. Leadership is defined as the capacity to lead. In a recent review of leadership theory Northouse (2004) identified four common themes that run through much of leadership theory: 1) leadership is a process; 2) leadership involves influence; 3) leadership occurs in a group context; 4) leadership involves the attainment of goals. Based on this analysis leadership was defined as 'a process whereby an individual influences a group or individuals to achieve a common goal'. But it is clear that no one definition encapsulates all the facets of leadership. Consequently we must accept there will be a range of different interpretations and perceptions of leadership and what leaders do.

9.2. Leaders and Leadership: Some Alternative Perceptions

Leadership is ...

- ✓ *'the art of mobilizing others'*
- ✓ *'the art of getting someone else to do something you want done because s/he wants to do it'*
- ✓ *'getting things done through other people, willingly'*

Leaders ...

- ✓ *'empower others'*
- ✓ *'leverage more than their own capability'*
- ✓ *'articulate visions, embody values and create an environment within which things can be achieved'*
- ✓ *'shape and share a vision which gives point to the work of others'*
- ✓ *'are best when they barely know that s/he exists'*

- ✓ *'with the best of leaders, when the work is done, the project completed, the people will say "we did it ourselves"'*

Another way of trying to identify the different elements of leadership is to create a typology of different kinds of leadership. This typology is derived from the research reviewed in this paper, and outlines four different types of NGO leader: 1) Paternalistic; 2) Activist; 3) Managerialist; and 4) Catalytic.

1. **Paternalistic** leaders typically demonstrate a patriarchal or matriarchal style of leadership. Their approach is often built on established personal or kinship relationships. They can inspire great loyalty, and have strong, close, possibly even a familial relationship with staff and volunteers. But to outsiders they can appear autocratic, reliant on hierarchical ways of working or top-down organizational structures, and overly-dependent on traditional relationship which may not be sustainable in the long run.
2. **Activist** leaders are actively engaged in advocacy and lobbying work. They are highly motivated, often charismatic, and typically focused on a single issue. They have the ability to channel the anger or concerns of local communities and solidarity groups to achieve political imperatives. In practice they energize and inspire 'followers' with clearly articulated messages – sometimes at the expense of dealing with more mundane managerial or organizational issues.
3. **Managerialist** leaders are rated for their managerial and administrative abilities. They typically demonstrate an instrumental ability to manage organisations, and can effectively establish reliable systems and appropriate structures, as well as manage a diverse workforce with established roles and responsibilities. While they may not be comfortable with change or coping with diverse partners and external stakeholders, they demonstrate a 'professional' approach to development, have a track record in raising funds, meeting deadlines and undertaking commissions as a 'contractor'.
4. **Catalytic** leaders typically act as strategic catalysts within the NGO context, and have the ability to promote and implement change. They demonstrate a wider world-

view, and the capacity to take a longer-term strategic view while balancing tough decisions about strategic priorities with organizational values and identity. Their success as change agents depends on their ability to delegate work to talented colleagues, so freeing time to engage actively with external stakeholders and partners, build coalitions and strategic alliances, and be involved in a variety of networks.

The value of such a typology is that it goes beyond simple definitions and gives an insight into the variety of different leadership styles around. The typology highlights the complexity of trying to identify the characteristics of successful leaders – if only because, in their own ways, each of these different leadership types is successful in the particular context in which it operates. However, as will be explored later, the ‘catalytic’ leadership type is more likely to generate longer-term, sustainable, strategic growth than the others.

9.3. Leadership Vs Management

While the terms ‘leadership’ and ‘management’ are commonly used interchangeably, many theorists distinguish between them. ‘Leaders’ are expected to provide strategic direction and inspiration, initiate change, encourage new learning, and develop a distinct organizational culture, while ‘managers’ are seen to plan, implement and monitor on a more operational and administrative level. As a consequence there is a perception that management is concerned with resolving specific issues and day-today challenges, while leadership is about the big picture and promoting change. The reality is that those people with responsibility to ensure that plans are implemented, systems are effective, and staff motivated are both leaders and managers. This overlap of roles is particularly apparent in smaller organisations where one person often has to play both roles simultaneously.

In practice leadership and management are integral parts of the same job. Both these activities need to be balanced and matched to the demands of the situation. Leadership is not just restricted to top management. Leadership skills are needed at a departmental and

team level. Middle managers are commonly team or project leaders, and as such are crucial to the successful implementation of new strategies.

Consequently any analysis that makes a clear distinction between managers and leaders can be misleading. Effective leaders have to demonstrate some managerial skills, and good managers display leadership qualities. There is no rigid formula as to the degree that these skills or attributes are used or displayed. In practice it depends on the judgement of the individual involved and the context in which they find themselves.

9.4. Leadership Traits, Styles and Competencies

Our attitude to, and understanding of, leadership has developed and evolved over time. Early thinking about leadership has been influenced by the belief that leadership was innate and that some individuals were born with certain traits that made them effective leaders. This led to much interest in the personality and charisma of what came to be known as 'heroic leaders'. Researchers assumed that it would be possible to identify and isolate a definitive list of leadership traits (Stogdill, 1974). This ambition has never really been fulfilled. But a review of the research on leadership traits suggests that leaders score higher in such areas as ability (intelligence, relevant knowledge, verbal facility), sociability (participation, co-cooperativeness, popularity), and motivation (initiative and persistence). However, this emphasis on leadership traits was open to the criticism that it underplayed or overlooked the influence of external factors. For example, there was concern that the focus on the individual was at the cost of an understanding of the impact of distinct organizational cultures on the way different leadership styles evolved and developed.

In the 1970s researchers therefore began to focus their attentions on what leaders did in practice and how organisations shaped different leadership styles, rather than attempting to identify or measure leaders' underlying characteristics or traits. In particular, researchers were interested in the way leaders adapted their public persona and leadership style to suit the situation they found themselves in or the people with whom they were involved (Hersey & Blanchard, 1988; Mintzberg,

1998).

In the 1980s there was renewed interest in those leaders who actively promoted organizational change. Arguably such transformational leaders enabled ordinary people to achieve extraordinary results (Peters & Waterman, 1982; Bass, 1985). In some ways this was a return to the trait-based analysis of the 'heroic leader' with its focus on a leader's ability to communicate and inspire, or act as a catalyst for change.

Interestingly in the late 1990s there was a reaction against this approach, partly because only a few of such transformational leaders achieved sustainable success and partly because as organisations became flatter, more decentralized, and less bureaucratic their leaders needed a new skill-set based around networking, negotiation, delegation and team building. This reaction is reflected in recent research that endorses the value of 'quieter', humbler, less charismatic leaders who are keen to be seen to be part of a broader management team and actively encourage others to succeed (Bennis & Nanus, 2004). In a similar vein Mintzberg (2006), drawing on his work with local leaders in enterprise development agencies in West Africa, argues that the future lies with 'fostering' a new generation of leaders who can practice what he refers to as 'engaging management'. Such leaders have the ability to engage with or inspire others through their thoughtfulness and humility.

Whatever the ebb and flow of researchers' interest in leadership there seems to be an ongoing fascination with efforts to identify the key characteristics and core competencies of successful leaders. In particular, interest has focused on the role and importance of individual competencies. Such competencies are seen as distinct from general skills in that they are considered to be the underlying characteristics found in any individual that lead to, or are causally related to, effective or superior performance. This interest has led to what is now referred to as the 'competency approach' to leadership.

The development of the competency approach is partly the result of the growing interest among organisations as to how to attract talent and how best to identify and recruit a new

generation of leaders. It is also partly driven by the needs of those involved in designing and running leadership development programmes who want to identify the skills, competencies and capabilities that they should be trying to encourage and develop. The interest in this approach reflects a desire to identify and harness the leadership competencies and management skills that lead to effective performance. This has resulted in organisations, and human resource specialists in particular, placing great emphasis on measuring, monitoring, appraising and comparing core competencies. As a consequence they have created a range of typologies or frameworks which identify the mix of skills and competencies needed¹.

However, this emphasis on measurement and ranking may be at the cost of valuing less tangible leadership behaviors such as intuition or good judgement (Bolden & Gosling, 2006)

While these competency-based typologies commonly paint a picture of leaders as multi-talented individuals, there is some concern that they under-play the negative aspects of strong leadership and over-idealize the role and character of strong leaders. The impact of 'bad' or incompetent leaders must not be ignored or overlooked. The downside of strong leaders is that they can exploit their power for their own benefit or agenda. Their central role leads to a degree of dependency among their staff that in turn may lead to their disempowerment and de-skilling. Such strong leaders have been characterized as out of touch with reality, inflexible, egocentric, and isolated. This in turn can lead to poor judgement, abuse of power, confusion between personal and organizational interests, and corrupt and unethical behaviour (Kellerman, 2004).

Such poor performance or unethical behaviour can threaten the viability, credibility and sustainability of any organisation. In the context of the non-profit sector these concerns highlight the importance of identifying appropriate leadership competencies that reflect the values of the sector and the needs of individual staff and volunteers. They also suggest that one should be cautious about becoming over-reliant on mechanistic competency frameworks – in particular those that don't incorporate intangible personal competencies

such as how personal judgement is applied, and how personal relationships with teams, colleagues and 'followers' develop.

9.5. Followers and Teams

Despite this concentration on the character and competencies of successful leaders, many researchers and commentators argue that you cannot understand the dynamic role of a leader unless you see it in the context of their relationship with their 'followers' (colleagues, subordinates, or team members). Such 'followers' can play a crucial role in reinforcing the power of individual leaders, influencing their behaviour, and helping construct internal systems and structures that act to enhance the status of those they see playing a leadership role (Howell and Shamir, 2005). The success of most leaders is determined in part by the resources, energy, expertise and knowledge that such 'followers' can muster. Leaders can attempt to control or manipulate them through fear or coercion, but more often than not, they have to work with their 'followers' or colleagues in an egalitarian and co-operative manner.

Appreciation of the influential role of such 'followers' is critical in informing our understanding of the socialization process that shapes the leadership style adopted. This relational or team-based approach to leadership is supported by the concept of 'distributed leadership', in which there is a shared sense of purpose and ownership of issues at all levels of the organisation. This concept suggests that leadership is a collective task based on shared decision-making and delegated authority. Leadership is therefore a social process in which everyone is engaged. As such leadership development should be seen as an investment in building human capital and developing the 'collective capacity' of organisation members to 'interact and work together in a meaningful way' (Day, 2001). As will be explored in the following sections this emphasis on leadership as a collective process, rather than something that is specific to one individual, means that leadership development is as much about how best to manage teams and delegate authority, as it is about building networks and maintaining good personal relationships. It should be seen as an investment in building the social capital of an organisation.

These different theories and concepts of leadership provide insights into the different facets of individual leaders and the dynamics of leadership. We can only conclude that leadership is a complex phenomenon. It is also something we need to understand and develop because of its crucial role in mobilizing resources and motivating people. This is particularly true for many civil society organisations (including NGOs and community-based organisations). For too long capacity builders have neglected the key role that local NGO leaders play in the development process, and overlooked the complex and collective dynamics of leadership within many NGOs. They appear to have underestimated the influence of the particular culture and context in which many NGO leaders operate, and as a result many capacity building initiatives designed to support a new generation of NGO leaders have been inappropriate and irrelevant.

9.6. NGO Leaders: Context and Culture

This section focuses on the evolving role of NGO leaders and the way the environment in which they work impacts on this role. It draws on research from a variety of sources, and sees leadership in the particular cultures and contexts in which NGOs operate. What is clear from this research is that not only do individual leaders play a central role in shaping the destiny of many NGOs, but that their role and effectiveness is in part determined by the environment in which they work (Kelleher & McLaren, 1996, Fowler, 1997, Smillie & Hailey, 2001, Hailey & James, 2004, James et al. 2005).

There are also worries about the lack of leadership talent to be found within the context of the non-profit sector as a whole. This 'leadership deficit' will become a matter of urgency as the sector expands over the next twenty years. It is estimated that in the US alone over half a million new senior managers will have to be developed for leadership positions in the period 2007–2016. What is also apparent is that many of these jobs will be filled by individuals recruited from outside the sector who will have had limited experience of running non-profits at a senior level.

Currently it is estimated that only 40 per cent of senior management positions in US non-profits are filled by internal appointments, and that the remainder are recruited externally (Tierney, 2006). In the 1990s the International Forum on Capacity Building, which was an international coalition of NGOs concerned with building the organizational and managerial capacity of the sector as a whole, consistently voiced its concerns at the quality and availability of appropriate leadership. It argued strongly for increased investment to develop a new generation of NGO leaders (1998 and 2001). CIVICUS, an international alliance of civil society organisations, similarly identified the lack of NGO leadership talent as a matter of particular concern. It suggested that this was partly a consequence of the rapid turnover of senior staff and the difficulty in replacing them, and that NGOs needed to do more to recruit and retain effective leaders (CIVICUS, 2002).

Unfortunately much of our understanding of the way leaders work and what motivates them is based on research into the role and character of leaders in the business, political or military sectors. Furthermore, much of this research is based on studies in the developed industrialized countries of the North, with a particular focus on the individualistic, low power distance cultures of North America or Europe (Kotter, 1996, Adair, 2002, Bennis & Nanus, 2004). Relatively little research has been undertaken on leadership in the non-profit or public sector, and what research there is has mainly been based on the experience of US non-profits and has focused on the work of Boards rather than individual leaders. Allison (2002) reviewed the number of books concerned with non-profit management carried by Amazon.com, and estimated that only about 10 per cent were concerned with non-profit leadership – virtually all of which were based on the US experience and were concerned with Board and Governance issues.

Much of the current leadership research is therefore not relevant to the different social, cultural and political environments in which NGO leaders work (Hailey & James, 2004). The INTRAC Praxis programme is trying to address this gap (see the range of Praxis Papers and Notes in this area: e.g. James et al. 2005, James, 2005 a, b and c, Symes, 2006). While

NGO-specific research and writing on leadership may be in short supply, it does exist and is growing. Some of the conclusions of this work are analyzed below.

Responding to Culture and Context

Clearly leadership styles are contingent on the context in which they are applied. But they also depend on the ability of the individual's diagnostic skills and judgement to know what style to adopt and when to adapt their style to suit the circumstances.

This influence of culture and context on leadership styles is highlighted in the recent research into NGO leadership in South Asia (see for example Smillie & Hailey, 2001) or sub-Saharan Africa (see for example Fowler et al., 2002; James, 2005a). The conclusions are supported by the findings of researchers analyzing the characteristics of leadership styles of African managers generally. Mintzberg (2006) refers to what he calls their 'engaging' management style, while Jackson (2004a) highlights the importance of a 'humanist' style in the African cultural context.

Any understanding of the role and performance of NGO leaders must incorporate the environment in which they work. Recent research into NGO leaders in Kenya, Malawi and Uganda highlights the way in which they operate simultaneously in three different worlds – the global aid world, the urban context in which they live and work, and the rural village setting where many of their extended family still live (James, 2005a).

This research reveals how NGO leaders have to adapt to new leadership roles, the stresses arising from pressure of work, and the demands of organizational crises –commonly around financial shortfalls, internal conflicts or tensions between the staff and the Board. Kaplan (2002) concludes that the unrealistic and artificial demands placed by aid donors adds to the pressure faced by local NGO leaders. The donor's emphasis on tight project schedules, over-hasty timeframes and quick results is both unrealistic, developmental bad-practice, and has a negative impact on the credibility and confidence of NGO leaders. Such demands

have a detrimental effect on the ability of many NGO leaders to pursue long-term goals or develop a degree of financial sustainability.

NGO leadership also needs to be seen in the wider political and social context. For example, Fowler, Ng'ethe and Owiti's (2002) analysis of the determinants of civic leadership in Kenya emphasized the importance of the wider political and institutional framework in determining the performance of NGO leaders. NGOs, as part of an active civil society, are inherently part of a wider political process. As a result their work is susceptible to politically-inspired restrictions. NGO leaders are commonly perceived as a political threat that needs to be subverted or removed. Apart from the impact of such tangible political concerns there is also the unquantifiable and intangible influence of caste, class, religion and culture. There is an ongoing debate as to the influence of culture on management strategies and leadership styles (Jackson, 2004a). Contradictory evidence suggests that on the one hand, the more participative and collective leadership style that many NGOs espouse is shaped by the collectivist nature of society found in much of the developing world; on the other hand, the more autocratic approach adopted by individual NGO leaders is the product of the high power distance dimensions common to these cultures. For example, the evidence from research in Uganda suggests that such leaders face specific cultural pressures which, associated with the expectations of their staff, results in them playing a more paternalistic role than they might want to. However benign this role may be, it detracts from their ability to make hard decisions or play a more 'professional' managerial role (James et al., 2005). In turn this places individual leaders under great personal pressure. They have to meet the expectations and financial demands of family members, and manage the 'power distance' relations between themselves as managers and their staff. It has also been suggested that the paternalistic nature of many NGO leaders is a natural consequence of the high levels of commitment and shared sense of ownership common to many NGOs (Fowler, 1997).

The paternalistic nature of some leadership in the NGO sector is a matter of some concern. There are many anecdotal stories about the detrimental impact of paternalistic founder leaders, 'charismatic autocrats' or 'the guru syndrome'. On the one hand such leaders

demonstrate drive and commitment, and a remarkable ability to mobilize people and resources; on the other hand they are criticized for dominating organisations, being unaccountable, and failing to adapt to changing circumstances.

Chambers (1997) suggests that many NGO leaders achieve things through their 'guts, vision and commitment', but the way they use (or abuse) power is a 'disability' that jeopardizes organizational effectiveness. He argues such charismatic leaders are 'vulnerable to acquiescence, deference, flattery and placation'. They are not easily contradicted or corrected. As a result they actively suffocate promising initiatives that may threaten their power base, relationships or position of patronage. Despite these concerns most of the recent research into NGO leadership emphasizes the significance of good leadership. An effective leader can transform an organisation by providing direction, inspiring staff, mobilizing new resources while still maintaining a clear organizational identity, and promoting shared values.

Working Relationships and Participation

As has already been noted leadership behaviour is directly influenced by leaders' definitions of themselves in relation to their colleagues and work teams. As such leadership is not so much about individuals as it is about relationships. It is a dynamic process of mutual influence between leaders and followers. A noteworthy finding of the recent research among NGO leaders in Uganda has been the way in which leaders have embraced a more participatory leadership style. Traditionally dominant leaders are increasingly sharing decision-making with their staff and encouraging a more participatory culture in their organisations (James et al., 2005).

One of the paradoxical issues that research has uncovered concerns the way in which successful NGO leaders manage the tensions inherent in being a strong individual lead while still appearing to be highly participative and collegial in the way they manage. Many NGOs

in the South espouse collective decision-making and participatory management, yet have clear hierarchies and accept strong leadership.

To some, the concepts of leadership and participation seem incompatible. Yet what has emerged is that strong leadership and participatory management can be complementary and compatible.

Research into South Asian NGOs shows that such 'participatory management' needs a particular mindset and specific management competencies. First and foremost, it means that successful leaders must be able to listen, and must be able to respond to what is being said. They have to be adept at managing cross functional teams and a range of decentralized operations. Their ability to lead such teams depends on their willingness and ability to listen, show empathy, and enter into meaningful dialogue, as well as their ability to inspire and convince the skeptical.

Collective management and effective team working has been crucial to the success of such local NGO leaders, and they all acknowledged the importance of their colleagues in their success (Smiley & Hailey, 2001).

What is also striking from any review of this research is the different roles that such leaders have to play whatever the culture or context. Their success is determined by their ability to work in a participative manner, be comfortable with sharing their leadership role, and work in a collective style. As a result many NGO leaders have a chameleon-like ability to play different roles and adopt different leadership styles. Yet they are also capable of undertaking the most basic management tasks, as well as balancing the demands of different stakeholders in ways that do not compromise their individual identity and values. These 'development leaders' display an extraordinary set of skills and competencies because of the complexity of the contexts in which they have to operate and the challenges they have to face.

9.7. NGO Leadership: Evolving Roles and Characteristics

This section focuses on the key characteristics and competencies shared by NGO leaders. It explores some of the distinctive characteristics of women NGO leaders, and the particular competencies of NGO leaders facing extreme pressure or exceptional situations, such as those associated with the spread of HIV/AIDS. Above all, this section highlights the particular skills and competencies needed by such 'development leaders' to cope with the challenges they face.

Competencies and Characteristics

Typical of the competencies commonly associated with leadership are the ability of a leader to communicate vision or strategy, inspire teams, motivate individuals, and identify opportunities and initiate transformation. Recent research in the UK sponsored by ACEVO, which represents and supports the leaders of non-profit organisations in Britain, suggests that they exhibited an unusually broad range of competencies compared to leaders in the public and private sectors (Bolton & Abdy, 2003). They need a rare balance of inward-looking (management) and outward looking (influencing) skills, with exceptional communication and networking skills, as well as resilience and emotional attachment.

This finding reflects the belief that effective leaders display high levels of 'emotional intelligence', and their performance is determined by their emotional maturity and ability to mobilize their emotional intelligence (Goleman, 2000). Emotional intelligence describes one's innate ability to feel, use, understand and learn from your own emotions and those of others and of groups. Those with high levels of emotional intelligence have an ability to motivate both themselves and others. Many effective leaders demonstrate high levels of self-awareness, are capable of self-management, are socially aware and are well able to manage a diverse range of relationships. Emotional intelligence represents the intangible aspects of leadership that are all so important.

Many international NGOs have created assessment tools that try to capture both hard skills and some of these softer, more intangible, attributes. For example, the International Federation of the Red Cross introduced an 'Effective Leadership Inventory' of over seventy questions both to elicit and to reinforce the leadership qualities the Federation believes its leaders will need to demonstrate in order to ensure the continued success of the organisation. Similarly, the Save the Children Alliance has established a set of Leadership Standards that apply to all levels of the organisation, independent of function or country. The list of standards is self-measurable, and has been designed to encourage learning and self-improvement. It is based on the individual leader's ability to envision (create and communicate individual strategy), enable (identify and apply appropriate tools, processes, and people), empower (develop effective teams), and energize (communicate and inspire through personal leadership).

As was identified earlier, there is also a small but growing body of research whose findings give practical insights into the character and capabilities of NGO leaders in both Asia and Africa. For example, research in South Asia highlighted the distinct character and leadership style common to the leaders of large NGOs in Bangladesh, India and Pakistan (Smiley and Hailey, 2001). This research emphasized the crucial role of individual leaders in the development and growth of these organisations. The leaders studied had a highly personalized and distinctive leadership style. They appeared pragmatic, rational and aspirational. They also demonstrated a striking ability to balance competing demands on their time and energy with their own values and ambitions. They appeared both managerial and value-driven. They had clear and ambitious development aspirations, as well as an ability to understand and work with what resources they had and the volatile environment in which they found themselves.

Such 'development leaders' could be characterized as being value-driven, knowledge based, and responsive. In practice this meant that they had:

- ✓ **A clear vision and a firm personal value-set.** This gave them a strong sense of commitment to helping the rural poor that they were able to share with, and use to inspire, others.
- ✓ **A willingness to learn and experiment.** This meant they were comfortable applying new technologies or developing innovative organizational forms, and keen to draw on science or other sources of applied or professional knowledge.
- ✓ **A curiosity and ability to scan the external environment.** As a consequence they were able to track changes, analyse trends, and identify ways to respond to changing circumstances.
- ✓ **Strong communication and interpersonal skills.** These enabled them to motivate staff and engage with a cross-section of society in a proactive and positive manner.
- ✓ **The ability to balance competing demands** on their time and manage the pressures from a range of different stakeholders.

A recent study of NGO leaders in sub-Saharan Africa identified similar characteristics, notably the ability to balance the demands of different stakeholders – including donors, local communities, and their extended family – a determination to lead, and a willingness to embrace change (James, 2005a). These leaders also demonstrated a natural aptitude for managing people – which in the context of, for example, many Ugandan NGOs meant the creation of a ‘functional family’. This idea of the NGO as a family unit and the NGO leader as the head of the family is most apparent when looking at the role and character of many women who lead NGOs.

9.8. NGO Leadership and Change

As has already been noted, strong leadership is most needed in times of change when organisations are experiencing rapid growth or operating in a volatile environment. The specific challenges for women leaders and NGO staff coping with the spread of HIV/AIDS confirms this. NGO leaders clearly respond in different ways, but one common aspect is the

way that they combine their idealism with hard analysis, technical expertise, and professionalism – while at the same time being able to communicate a vision and motivate a range of staff, stakeholders and beneficiaries.

As identified in the last section, NGO leaders demonstrate a chameleon-like ability to balance competing demands and a diversity of roles according to the circumstances and the individuals involved; for example, balancing their personal vision with the practical needs of local communities, as well as the demands of donors or the vested interests of local politicians.

But it should also be noted that many NGO leaders have built their reputation by effecting change in very traditional, static, even paralyzed, communities. In other words they are the source of change, and the cause of instability. Such 'catalytic' leaders (see the typology in Section 2) are change agents who promote innovation and mobilize new resources. This is well-exemplified in Uphoff and Esmans (1998) review of 'successful' rural development programmes, which highlighted the catalytic role of key individuals in leadership positions. These individuals played a crucial role in initiating change and guiding innovation; a role made somewhat easier because they were 'outsiders' themselves, coming as they did from outside the rural community studied, and as a result better able to promote new thinking or argue for change. Uphoff and Esman describe this group of unusually able and motivated individuals as 'development entrepreneurs' or 'social innovators'.

The capacity to play different roles and balance competing demands, as well as develop strategies that enable them to cope with the exigencies of complex and difficult external environments appears to be one of the hallmarks of many successful NGO leaders. Interestingly this echoes the findings of the ACEVO survey of non-profit leaders in the UK, who demonstrated an unusually broad range of competencies to handle the demands of competing stakeholders and organizational change.

One consequence of this interest in the role of individual leaders in promoting change is that there is greater awareness of the need for these individuals to become more self-aware and change their own behaviour and attitudes if genuine change is to take place. In other words leaders have to change themselves, not just try to change the organisations. As Nelson Mandela famously commented 'you can never change society if you have not changed yourself'. Research in both the private and non-profit sectors reinforces the point that such personal change is crucial. For example, Quinn (2000: 116) notes that 'the bottom line is that they (leaders) cannot change the organisation unless they change themselves'. Edwards and Fowler (2002: 42) writing about developments in civil society note that 'it is rarely possible to generate substantial change in human behaviour simply by altering the rules and institutions that govern our lives. The missing ingredient is personal change which acts as a well spring of change in other areas'. While James (2003) also noted the way behavioral changes are preceded by highly personal internal changes in his research among local NGO leaders in Malawi. The crucial question is how to ensure such personal change occurs? This challenge seems to lie at the heart of the work of those designing and running leadership development programmes.

9.9. The Challenge of Leadership Development

This section focuses on some of the issues which need to be considered by those involved in developing a new generation of leaders. There is now much greater recognition of the importance of personal change, individual empowerment, experiential learning, and face to face support. Leadership Development Programmes (LDPs) have evolved over time from formal, structured, one-off training courses to more process-based, experiential programmes with an emphasis on personal development and self-directed learning. This shift reflects frustration with the limited impact of traditional one-off training courses with little real follow-up, and a greater appreciation that more holistic, self-learning programmes spread over time are better able to develop personal confidence and new leadership competencies.

The varied challenges which NGOs are up against have focused attention on how to develop a new generation of NGO leaders. In practical terms this is reflected in the increased investment in LDPs. For example, Save the Children Fund is in the process of identifying core leadership competencies for its senior staff, and is currently developing in-house leadership development courses. Similarly the Organisation Development Department of the International Federation of the Red Cross has introduced a series of leadership development workshops for the senior staff and Board members of different Red Cross societies. CARE, and a consortium of US-based NGOs, are developing a virtual NGO university (LINGO – Learning for International NGOs) whose initial programmes will focus on NGO leadership development. These are not just one-off initiatives but part of a growing awareness of the importance of developing the role and skills of NGO leaders (Lewis 2001; Smillie & Hailey 2001, Hailey & James 2004, James 2005a).

Empowerment and Transformation

The primary purpose of any NGO-based LDP is to develop a new generation of NGO leaders. All the indicators are that not enough talented natural leaders are either attracted to, or remain in, the sector. Recent research suggests that one of the biggest challenges facing the non-profit sector is the dearth of leaders – a problem that is only going to get worse as the sector expands (Tierney, 2006). The task of any LDP is to both mobilize existing talent but also to develop and motivate new leaders – in part by helping ordinary managers or administrators to become effective leaders. So LDPs prepare people to play roles beyond their normal experience or frame of reference. One measure of the success of any LDP is to what degree it helps transform personal behaviour and change attitudes. Such personal transformation is dependent on greater self-awareness and willingness to engage in new ways of working or thinking. Raising awareness and promoting personal change is therefore a crucial component of any successful LDP. Unfortunately too many NGO capacity building programmes have overlooked this obvious fact. They have focused too much on organizational and institutional issues rather than trying to promote changes to the attitude and behaviour of individual leaders. One implication of the current interest in emotional intelligence, as well as team-based or collective leadership, is the need to develop

competencies that promote collaboration and networking, but also which ensure real personal change.

This focus on individualized self-development raises the question as to whether leadership behaviors and competencies can actually be developed through some form of taught training course. Or do we just accept that leadership is an innate characteristic that some individuals are lucky enough to be born with and which can merely be refined – like the natural balance that a gymnast has or the sense of perspective that a great artist enjoys. The consensus today is that while some leadership qualities can be developed, there are some personal characteristics that are less amenable to change through a leadership development process (drive, perseverance, emotional resilience, etc). Thus we need to accept that LDPs cannot develop the 'complete leader', but they can go a long way in developing key leadership skills and behaviors.

Some of these skills cannot be taught in the traditional sense of the word, but can be developed through promoting greater self-awareness and generating some insight into the impact of personal behaviour or leadership style on others. Experience suggests that such insights can best be developed through some process that builds on participants' own experience, and provides feedback through mentoring and coaching sessions, 360-degree appraisals, learning sets, or team building exercises. 360 degree is an increasingly popular feedback mechanism, as it enables individuals to gauge the attitudes and perceptions of their colleagues (superiors, peers and subordinates) as to their management style and behaviour in a systematic and facilitated manner. It acts as a reality check based on external sources, but for it to be effective it needs to be administered by trained facilitators. If badly administered it is not worth doing, because it alienates participants, creates artificial tensions between work colleagues, and casts doubt on the efficacy of other appraisal or feedback mechanisms. But if done well it can be of immense value in raising self-awareness and acting as a catalyst for personal change.

Practical Experience and Strategic Reality

One of the challenges for those involved in such capacity building work is how to design interventions that will develop NGO leaders who can thrive in, and not just cope with, the complex environment in which most NGOs operate. There is also greater appreciation of the role that leaders play in organizational change. As a result those in leadership positions have to gain insights into both the context in which they operate as well as the organizational challenges facing local NGOs. LDPs need to develop an understanding of these strategic challenges, and help participants become more strategic in their thinking and entrepreneurial in their actions. The current interest in social entrepreneurship has highlighted this dimension of leadership development work. Successful LDPs ought therefore to be rooted in the practical experience and strategic reality of those running CBOs and NGOs.

Methods and Approaches

Leadership development therefore isn't about a single training event, it is about a process that incorporates a range of activities including4:

- ✓ coaching and mentoring
- ✓ self-assessment questionnaires
- ✓ psychometric testing (such as Myers Briggs or 16PF),
- ✓ journaling and narrative description
- ✓ photographs and video dairying
- ✓ cases and simulation exercises
- ✓ specialist workshops and seminars
- ✓ learning sets and peer group support
- ✓ Internships, attachments, secondment and observation exercises.

This mix of inputs and approaches not only provides participants with specific skills and experiential learning, but also insights and feedback that help promote greater self-awareness and self-confidence in their role as leaders. Of the activities identified it is apparent that coaching and mentoring play an increasingly important role in leadership development – to the extent that it is commonly expected that most individuals in leadership positions should have the support of some kind of coach or mentor.

Coaching is a self-reflective process facilitated by an external coach on a regular basis (say every two months) in which day-to-day experiences are drawn on as a learning opportunity, and where options are explored or choices identified. Mentoring is when a long-term relationship is developed with a senior or experienced colleague, geared to the provision of support and guidance. It is arguable that once senior managers reach a certain stage in their career, attending formal training courses has less impact, and that as a number of INGOs have found, including Oxfam and the Red Cross, personalized support through coaching has more value. Mentoring and coaching should not just be seen as a 'luxury' enjoyed by a few managers in large, well-funded development agencies, but something that has genuine value at all levels and in all types of CBO and NGO.

X. Cases

1. The chairman of the board is also the founder of the organization. Thanks to her drive and commitment the organization has grown to its current size and strength. However, the chairman monopolizes all decision-making and is constraining the pursuit of further growth.

Q: What should the board do?

2. Several key members of the board recently retired because of illness, age or family pressure. The board cannot reach consensus on the type of person it would like to recruit to replace them. Some see this as an opportunity to bring in a “new generation” with different ideas. Others would like to keep to a more familiar profile and not recruit “outsiders”.

Q: What should the board do to resolve this dilemma?

3. Your organization recently applied for but lost a bid for a sizeable grant. The feedback your organization received is that its approach lacks innovation and the capacity to deal with a changing environment. As board members you realize that you have been resting on your achievements and not kept up-to-date new trends in development, nor have you been supporting the executive director’s effort to introduce programmatic innovation.

Q: What should the board do now?

4. A key member of the board has threatened to resign unless the board puts in place an annual evaluation of its performance. This has caused consternation on the board. Some members believe that a formal evaluation process would illustrate a lack of trust in the board; some think it would be too stressful; some fear that they might subsequently be asked to leave the board.

Q: What should the board do?

5. Wro Zinash is a long serving director in the CSO who sees herself passed over for promotion as younger officers gain posts of responsibility ahead of her. She feels that you (the head) have something against her but that you really do not want to tell her outright. Wro Zinash repeatedly asks you why she did not get such and such a position and you repeatedly tell her that the position went to the best applicant and that this is no reflection on her competence or potential. She is now embittered and in the past few months she has been making a rash of applications for senior positions in other CSOs. Her failure in these applications merely increases her bitterness and she sees you as the person preventing her advancement elsewhere.

What is the challenge presented in this case? How would you deal with it?

6. Ato Zinaw is constantly undermining your authority as the head through criticism, rumor and half-truth, always in informal contexts such as staff-room gossip. He is also constantly distancing the senior staff from other junior colleagues. Sometimes he voices his opposition to your policies and practices publicly. He is also always quick to supply colleagues, during tea breaks, with the 'real' reason why something has been said, done or proposed.

How would you deal with this situation?

7. Ato Hibret has poor interpersonal skills with colleagues but does not recognize this fact. He is a source of major frustration to colleagues in meetings, in daily communications and with parents. He is a poor listener. He is unconsciously rude in interrupting colleagues and speaks at beneficiaries rather than talking with them. No one wants to work with him. As the manager, you spell out some of these issues and problems to Ato Hibret. He listens but does not hear. He refutes the criticism, reminding you that staffroom gossip and tale telling are one thing, but being an effective officer is another-and no one doubts his ability.

What is the challenge presented in this case study and how would you deal with it?