



GOVERNING FOR GOOD

The governance capability
of social service NGOs



DR JO CRIBB

www.jocribb.co.nz

jo@jocribb.co.nz

OCTOBER

2017

RESEARCH

BRIEF

Social service NGOs play an important role in the well-being of New Zealand. For the Ministry of Social Development alone, NGOs delivered more than \$542 million of social services in 2014/15.

The Boards of these organisations have the responsibility for a range of functions including ensuring they stay on track with their mission, developing strategy, appointing the Chief Executive, and ensuring they comply with legislation and regulation. These governance functions, especially developing strategy, are critical for NGOs to help navigate the complex world they operate within.

Given the importance of NGOs to the well-being of New Zealand and the role that governance should play in making NGOs effective, this research considered:

How do NGO board members define governance?

What do NGO board members think are their key governance challenges and opportunities?

How do NGO governors undertake their strategy function?

Interviews with 36 NGO board members and their Chief Executives across 12 social service NGOs were undertaken between March and July 2017. The NGOs selected ranged from small community-based providers to large national providers. The findings were analysed and then tested with NGO leaders and governance and policy experts.

UNDERSTANDING GOVERNANCE IN NGO SOCIAL SERVICE PROVIDERS

The research found three types of board structures operating:

'Corporate Model' (2 NGOs). These NGO boards ran appointment processes, usually based on competencies, and usually advertised for board members. The Board has the mandate to select its members.

'Hybrid Model' (6 NGOs). For these NGOs, board members join the board table through two mechanisms. Some members will be appointed or elected as a representative of a constituent body with that constituent body having the right to appoint or elect who they think best. Other members are considered 'independents' and do not represent constituencies. Independents are appointed through a range of mechanisms, including public advertising or use of other board members' networks.

'Representative Model' (4 NGOs). Board members are appointed or elected by constituent bodies to represent the interests of stakeholder groups.

A challenge for the 'Representative Model' was getting the right mix of skills on the board and function as a team if board members stuck to representing their constituencies. The 'Corporate Model' had limitations if the board members didn't bring knowledge of the NGO sector and the communities they serve. If appointments were well thought through, the 'Hybrid Model' was effective.

Boards tended to operate in one of two ways:

A '**Governance' approach** (8 NGOs): there is a distinct governance board that is separate from management who views their role as appointing and holding their Chief Executive to account, ensuring the NGO is compliant with all the laws and regulations it needs to be, and developing strategy. These NGOs have formal strategy days and have board meetings with a formal agenda.

A '**committee' approach** (4 NGOs): the governing committee was focused on doing and delivering. They organized events, actively fundraised and saw their role as supporting their Chief Executive. The committee approach was favoured by the smaller community-based NGOs

Few board members received any training or development for their NGO board role, relying instead on the skills they brought from previous roles. Few boards undertook any evaluation of their performance.

GOVERNANCE CHALLENGES AND OPPORTUNITIES

Board members were concerned about on-going financial sustainability, attracting and retaining capable staff and managing their relationships with government agencies. How to deliver high quality services to the increasingly complex needs of their clients was also seen as a major challenge. The opportunities to innovate and improve their services, build collaborations and the capability of their NGO excited board members.

APPROACH TO STRATEGY

Four NGOs were actively scanning their environment and developing strategies to take their organisation forward. A number of boards (4) were not. These boards were small community-based NGOs.

WHAT DOES THIS MEAN?

Some NGOs have governance structures that get in the way of good governance. Some have difficulty attracting skilled people to their board. Some are not developing strategy or doing all aspects of governance functions. Most of these NGOs are small community-based social service providers who provide much needed services to local communities.

The NGO sector should celebrate that so many New Zealanders give their time freely to sit on NGO boards. The importance of NGO governance could be better highlighted by the New Zealand governance community.

NGO leaders need to invest more in the training and development of board members, review the governance structures they have in place to overcome any challenges to good governance, and value all that good governance can bring to an NGO.

Access the full research report here:

<http://www.communityresearch.org.nz/research/governing-for-good-the-governance-capability-of-social-service-ngos/>