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GLOBAL
BEST PRACTICES
FOR CSO, NGO,
AND OTHER NONPROFIT BOARDS

Lessons From Around the World

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C H A P T E R **1**

Overview

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This chapter provides an overview of the book—who it is for and why it is needed, who the contributors are, the context and framework for the book's content, and an outline of chapters.

WHO THIS BOOK IS FOR

Nonprofits are entrusted with some of the world's most important work, and the scope and size of this sector has expanded tremendously in the past few decades. These organizations seek to solve, often in partnership with other sectors, the biggest problems of the planet—namely, climate change, poverty, hunger and the need for clean water, resolution of war and protection of rights, and promotion of education and health. They are charged, too, with the preservation and promotion of arts and culture and other important issues relating to quality of life.

The need for responsible, informed, and well-equipped governance for nonprofit organizations is critical. This book is intended for those who seek to prepare themselves to provide it. Boards everywhere, composed of impassioned grassroots volunteers, concerned philanthropists, and accomplished community and business leaders, seek guidance on providing quality leadership to nonprofits. This book is also for capacity-building organizations that strive to equip nonprofits in the best way possible to carry out their important tasks. It is also for CEOs and executive directors intending to assist their boards with working at optimal performance levels and for those who teach in, and study, our sector.

INTRODUCTION

While there are political and societal forces tugging us in different directions today, technological innovations, such as social media, have undeniably brought us closer together. Whether we are talking about the nonprofit food bank around the corner that serves the neighborhood or a colossal nongovernmental organization (NGO) that spans continents, the need for good governance is universal. But do we all agree on what constitutes "best practice"? Little is known about how NGO governance is practiced around the world.

New wealth everywhere is encouraging nations to view their cultures and traditions as the compasses guiding the direction of their philanthropy and civil society. This has value for us all.

> There is much to be gained from setting aside preconceived ideas and looking intently for what really works for local people.
>
> *Coventry (2017), 55*

Even those of us whose interests go no further than our own borders need to examine our preconceived ideas about what is "best," because we live in increasingly diverse societies that call for more nuanced approaches to what works. To understand, serve, and include, we need to first confront the limitations of our own cultural biases.

What we hope to accomplish here is to open the discussion about governance to the dazzling diversity of perspectives and practices around the world that can enrich our common knowledge of how *our* boards, wherever they are, can do their jobs well.

ABOUT THE BOOK'S TITLE

As Chapter 4's authors Alan Hough and Garth Nowland-Foreman wisely point out, *best* is a relative term. As shown in the case study of Oxfam Australia (see Chapter 4), what is best varies even for a single board, based on circumstances, where the organization is in its life cycle, or what the organization's current understanding of what *best* is.

So then why does this book's title include the term *best practices*? It was deliberately chosen, both so that those seeking advice on how to

improve their governance could easily find the book and as a point of departure for the book's contributors' discussions about governance in their specific countries or regions.

The book's title also references CSOs (civil society organizations), NGOs, and other nonprofits. There is little agreement on the nomenclature for these kinds of organizations (see the glossary for some commonly used terms). While inexact, the title was chosen, again, to ensure that those who might possibly benefit from this book would recognize that it is intended to address their needs. We do not differentiate between CSOs, NGOs, and nonprofits throughout, as they are common terms.

ORGANIZATION OF CONTENTS

Chapter 2 through Chapter 9 cover specific geographic regions or countries, organized alphabetically. Chapter 10 looks at international civil society organizations (ICSOs) and Chapter 11 concludes with some thoughts on the future of boards.

FRAMEWORK

BoardSource has developed a knowledge base over decades through its work with many thousands of boards. It has distilled its experience into several publications. Two of them, *Ten Basic Responsibilities of Nonprofit Boards* and *The Source: Twelve Principles of Governance That Power Exceptional Boards* (see the appendix), have been used to aid our exploration of what constitutes good governance around the world. Each contributor to this book was asked to examine the applicability of the 10 roles and responsibilities and to consider the 12 principles in the light of their experience and knowledge specific to their own country or region.

APOLOGIES

I offer my sincere apologies to any countries or regions overlooked in this survey. This book is by no means encyclopedic, and presents instead a broad sampling of governance as practiced around the world. My hope

is that readers will be able to draw useful insights from the material and even be inspired to adapt some of the practices described to their own boards.

I also ask the reader's indulgence with respect to my own (American) cultural biases. I have done my best to compensate for them.

CULTURE

Contributors have also been asked to identify the significant characteristics of, and trends in, their locations. Each chapter is intended to contain the elements of NGO governance specific to a particular place (i.e. current political and legal environment, historical origins). Each author has also been invited to consider the cultural dimensions of governance.

Culture is a complex business. We certainly do not want to oversimplify, create or reinforce national stereotypes, or suggest that one culture's way of doing things is better than another's. Not attempting to address culture at all, however, would seem a serious omission in a book of this type.

> Humans are deeply social animals. Our beliefs, desires, and behaviors are affected by social preferences, our relationships, and the social contexts in which we live and make decisions.
>
> *World Bank (2015), 42*

The means of thinking about culture that is outlined in Fons Trompenaars and Charles Hampden-Turner's 1997 book, *Riding the Waves of Culture*, is therefore offered as a conceptual framework. The research database used therein included 50,000 cases in 100 countries studied over a period of 15 years. The results were intended to help dispel the notion that there is one best way of doing things in business (Trompenaars and Hampden-Turner 1997, 2) but can also help shed light on the civil sector.

Trompenaars and Hampden-Turner developed a means to help people understand organizational management in the context of culture, which they define as the way people solve problems. Their model entails five ways in which people deal with each other (universalism vs. particularism, individualism vs. communitarianism, neutral vs. affective,

specific vs. diffuse, ascription vs. achievement); their perspective on time (sequential vs. synchronic); and how they relate to the environment (internal vs. external control). We will discuss each of these in turn next.

Universalism Versus Particularism

Are rules or relationships more important? Universalism is the belief that ideas and practices should be applied without modification in all circumstances, while particularism is the belief that circumstances should dictate how ideas and practices are applied. Cultures with a strong belief in universalism hold board meetings that are characterized by rational, professional arguments and a businesslike attitude. At the opposite end of the spectrum, particularists consider it highly unethical to disregard relationships in favor of rules.

Individualism Versus Communitarianism

Individualism is the principle that individuals are valued over the group, while communitarianism holds that the welfare of the group is primary.

Dissent is expressed carefully on boards in communitarian societies. Some in Asia, for instance, place a high value on social harmony, based in the tenets of Confucianism. The emphasis on saving face may mean that it is advisable to criticize individual members privately, rather than in a group forum. This has obvious implications when evaluating individual boards.

Neutral Versus Affective

In neutral boardrooms emotional restraint is prized. In other boardrooms (those in affective cultures), more expressive behaviors may be the norm.

Specific Versus Diffuse

A specific culture is one in which an individual board member has a large public space that is readily shared with others and a small private space that is guarded closely and shared only with close friends and associates.

A diffuse culture is one in which public spaces and private spaces are similar in size and individuals guard their public spaces carefully, because entry into public space affords entry into private space as well. Formality is respected in diffuse cultures.

Ascription Versus Achievement

In an ascription culture, status is based on who or what a person is. Older board members—elders—may be highly valued in ascription cultures (for instance, in Africa, Cambodia, Central Europe, and Eurasia). Inherited titles, position, or caste may affect social status.

In an achievement culture, status is based on performance, and what a person has done matters most. Board members are respected for the knowledge and influence they bring to the table.

Wealth (inherited or earned) can be viewed as a powerful asset in either type of culture.

Synchronic Versus Sequential

Different cultures occupy different positions along a spectrum of perspectives on time, and each puts its own emphasis on the past, future, and present. How one thinks about time affects decision-making.

In cultures that treasure their history, boards might pose generative questions that reference historic precedence, such as, How can we resurrect our glorious past? Boards oriented to the present may stress the need for immediate action in their decisions, as in, What do we need to do right now for today's problem? Future-focused boards will ask themselves how their decisions will impact future generations.

Boards in synchronic cultures see the past, present, and future as interwoven or may see them as a continuous loop. For some, the concept of karma is used to frame board accountability—what one does in this life will affect the next (e.g., Cambodia). Karma is key in several religions.

Punctuality, planning, and adherence to schedule are important in sequential cultures. Sequential cultures tend to see time as spooling out in front of one in a straight line (e.g., Australia and New Zealand and the United States).

Internal Versus External Control

Some Eastern philosophies emphasize living in harmony with the environment and hold that there are forces that cannot be controlled or influenced (karma is an important element in several religions, including Buddhism and Hinduism, for example), and that therefore you must adapt yourself to these external circumstances. Attitudes about

control are often rooted in religious beliefs. For some, the acceptance of circumstances is necessary to the transcendence of them.

Westerners seek to control their environments as much as possible. This has its roots in religion too: Judeo-Christian orthodoxy gives man dominion over all on earth (Gen. 1:26). As an example, America's drive to master the environment is rooted in a pioneering past, and lives today in the innovation of its technological industries.

Culture is dynamic. There are degrees of each of these seven dimensions of culture across categories of, and even individual, NGOs, and cultures differ widely not only across global regions and across nations, but within nations, and even within cities. There are other determinants of culture besides geography, which are described next.

Size and Maturity

Size and organizational maturity matter. Most nonprofit organizations are small, with few (if any) staff members and typically many more volunteers. New organizations often have hands-on boards doing double duty as both board directors and staff, while more mature organizations may have many staff who tend to managerial matters, leaving boards freer to concentrate on governance. Age is not the only determinant of the roles of board members; some boards never move beyond the working-board stage. Often, though, as organizations get larger and staff are added, the need to reconcile these roles usually becomes apparent and important.

Sector

Any corporate leader in a first-time NGO board role can attest: Culture is also sectoral. There are distinct ways of conducting business within each of the three sectors: public (government), corporate (business), and civil (NGOs). Interestingly, however, there is a trend towards the borders between the business and civil sectors becoming less distinct.

There are also distinct cultural differences in governance practices from one kind of nonprofit to another kind. For instance, nonprofits of a religious nature may be more communitarian than the culture surrounding them. An example: While Quakers are a Christian denomination that originated in individualistic England, they make decisions by group consensus. Issues will be debated until unanimous agreement is reached.

GLOBAL TRENDS

For context, readers should also keep in mind five important larger trends affecting this sector everywhere: (1) threats to civil society, (2) growing pains of civil society, (3) pressure to be more transparent and accountable, (4) boards' needs for greater diversity and inclusiveness, and (5) the emergence of new kinds of organizations that straddle the for- and not-for-profit models.

Threats to Civil Society

It is becoming increasingly hard to operate independently as an NGO in certain parts of the world. Restrictions on foreign funding, barriers to registration, intervention in internal affairs, and other forms of harassment are rampant. There have been serious threats to civic freedoms in at least 96 countries around the world (CIVICUS 2015).

Growing Pains

The civil sector is growing by leaps and bounds in some regions. Dramatic growth is accompanied by inevitable growing pains, with the sector experiencing excessive regulation in some countries (Indonesia), contending with uneven regulation in others (India), and seeing the need for more infrastructure and capacity building in still others (Africa, Korea). While many countries/regions have discussed and articulated standards for governance, these standards may not yet have been recognized or embraced in the sector.

Pressure for Transparency and Accountability

A growing demand for transparency and accountability and a greater emphasis on the board's role is another trend. Neglect of oversight, questionable financial and fundraising practices, lack of internal controls, inadequate CEO supervision, poor and shortsighted decision-making, improper stewardship of assets, failure to include representatives of the community—not to mention outright fraud and corruption—are all betrayals of the public trust by boards.

A recent, though by no means isolated example, is a scandal concerning the fundraising practices of some NGOs that roiled the United Kingdom during the years 2015 and 2016. The resultant public

uproar led to changes in the UK's Charity Governance Code, created in 2004 to help charities strengthen and develop their governance. The 2017 changes raised the bar for charities and placed greater emphasis on board leadership. They intentionally pushed trustees "to excel in their role and provide strong leadership." (Good Governance Steering Group 2017).

As other nations inevitably grapple with similar crises of public trust (or proactively try to avoid them), the changes in the United Kingdom may point a way forward to establish greater levels of board performance and accountability.

Need for Greater Diversity

Diversity can be defined differently, depending upon the context and who is doing the defining. For our purposes, it means bringing a broader range of perspectives to boards. Diversity can be reflected in differing socioeconomic backgrounds, ethnicities, genders, ages, physical abilities, geographies, and experience.

Diversity is important, and in many places progressive social agendas underscore this. There are also large historical and cultural factors driving towards social justice. In India, for instance, Gandhi's theory of trusteeship, which included abolishing untouchability and empowering women and the poor (through rural development), remains influential (Bhaduri and Selarka 2016, 46). Today women outnumber men on India's NGO boards, and there, enhancing diversity means getting more men on boards, especially when the conversation is about human rights for women or violence against women (Keidan 2017, 48).

Some nations are especially successful in living with diversity. Indonesia's cultural diversity remains unmatched in Southeast Asia and even in the world. The nation is home to more than 500 ethnic groups, each with their own language and dialect. The Muslim majority (quite diverse in itself) coexists peacefully and productively with fellow citizens having Hindu, Buddhist, Confucian, Christian, and a variety of Indigenous belief systems (Just Landed, n.d.).

It is a challenge to embrace diversity on our boards when our own societies may fall short of the ideal. Even with the general agreement that our boards need to be more diverse, boards everywhere tend to recruit those from the same class, educational background, ethnicity, and values.

A troubled recognition that we have made little progress in the direction of inclusion has emerged recently:

- BoardSource, in *Leading with Intent 2017*, its most recent biannual report on governance in the United States showed that 84% of board members and 90% of board chairs were white, and that few boards were actively working to address racial imbalances and lack of diversity in general (BoardSource 2017, 10).
- In a survey undertaken in 2017 of International Civil Society Centre members, the most significant change over previous surveys was that 56% of the respondents wanted "to increase the involvement of their beneficiaries" and outside experts in governance. The recommendations included that the composition of international boards should reflect an organization's global presence, that there should be more board members from the Global South (experts and/or partner representatives), that a better gender balance in governance was needed, and that local ownership should be strengthened and that the most marginalized should be included (see Chapter 10).
- A 2017 survey by Getting on Board in the United Kingdom showed that 59% of the nonprofits that responded admitted that their charity was not representative of their community and service users. Even so, 45% of charities were not actively working to improve the diversity of their boards. Ninety percent said they recruited through word of mouth and existing networks, a practice that tends to maintain the status quo, limiting diversity (Getting on Board 2017, 1).

Recruiting from a wider, more diverse pool of candidates would help to address the common complaint that it is difficult to attract qualified candidates. More purposeful recruitment methods would improve diversity, as would strict adherence to term limitations.

> If the role of philanthropy is to move us toward social justice, we should require the boards of its institutions to be ahead of the curve ensuring progress, not behind.
>
> *Mishra and Seay (2017)*

We must begin by looking within ourselves. Open and courageous conversations in the boardroom can be a catalyst for confronting the lack of diversity in the boardroom.

New Entrants to Civil Society

Social enterprises are stirring excitement (for example, in Korea, India, Japan, China, and Europe). While these organizations don't introduce new legal structures, the globally recognized B Corp certification in the United States is also an actual legal form of incorporation available in several states (B Lab 2017). Another US hybrid of for- and not-for-profit entities is the low-profit limited liability company, or L3C, which raises some interesting questions about governance (Wikipedia 2017).

A heartening discovery in the course of our research was that there are examples of outstanding boards in every corner of the globe, and that we share many common challenges. We have much to learn from one another.

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