



Sharing Resources and Knowledge Among the Global NGO Community

Issue No. 12 / May 2009

Definitions

Governance – The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organization.

Management – The act of directing and controlling a group of people for the purpose of coordinating and harmonizing the group toward accomplishing a goal beyond the scope of individual effort.

By-laws – Rules governing the operation of a nonprofit corporation. By-laws often provide the methods for the selection of directors, the creation of committees and the conduct of meetings.

References

A Handbook of NGO Governance: The Central and Eastern European Working Group of Nonprofit Governance http://tinyurl.com/4ecbrw

Governance – The Role of the Board http://tinyurl.com/bkz6v6

Expert Discusses Effective Principles, Procedures for Nonprofits http://tinyurl.com/5zcqsl

Board Source: Building Effective Nonprofit Boards http://tinyurl.com/49vmw2

Topic: Governance

Governance, Management and the Role of a Board of Directors

- Q. What is the difference between governance and management? Who provides governance, and why is it important?
- **A.** As noted under Definitions, **governance** and **management** are not the same things. Governance is about vision and organizational direction as opposed to day-to-day management and implementation of policy and programs.

As organizations grow and expand, it is important to understand the difference between governance and management and who is responsible for each.

In most civil society organizations, governance is provided by a board of directors, which may also be called the management committee, executive committee, board of governors, board of trustees, etc. This group oversees the organization, making sure it fulfills its mission, lives up to its values and remains viable for the future.

Although by no means an exhaustive list, essentially, the board has the responsibility to:

- Define expectations for the organization
 - Set and maintain vision, mission and values
 - Develop strategy (e.g., long-term strategic plan)
 - Create and/or approve the organization's policies
- Grant power
 - o Select, manage and support the organization's chief executive
- Verify Performance
 - o Ensure compliance with governing document (e.g., charter)
 - o Ensure accountability and compliance with laws and regulations
 - Maintain proper fiscal oversight

Management takes direction from the board and implements on a day-to-day basis. Management has the responsibility to:

- Communicate expectations—mission, strategy, policies—to the entire staff:
- Manage day-to-day operations and program implementation to fulfill the expectations; and
- Report results to the board.

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For More information

For this or other issues of this www.NGOConnect.NET. The Web site is a dynamic and interactive portal dedicated to connecting and strengthening NGOs, networks and NGO support organizations worldwide.

Funding for this publication was provided by the U.S. Agency for International Development, under the Capable Partners Program (CAP). Its contents, managed by CAP, and do not necessarily reflect the views of USAID or the U.S. Government.

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When the balance between the responsibilities of the board and management is established and functioning well, the organization is better able to:

- Meet the expectations of clients, beneficiaries and other stakeholders;
- Deliver quality programs that are effective and efficient; and
- Comply with laws, regulations and other requirements.

	Board	Executive Mgmt.	Results
	Defines Expectations	Communicates Expectations	= Stakeholders' expectations met
	Grants Power	Implements	= Effective, quality programs
	Verifies Performance	Reports Performance	= Compliance with requirements and regulations

Next Steps

If your organization is struggling with finding a balance between the roles of the board and executive management, review your organization's charter or other governing document, the board's terms of reference and the job descriptions of senior management staff to see what parameters are defined.

If these sources are insufficient to provide clarity, then consider asking the board to define responsibilities and procedures more clearly. In the end, it is part of governance—and therefore part of the board's responsibilities—to ensure that organizational roles and structures are clearly defined.

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