

Implementation Tips for USAID Partners

Sharing Resources and Knowledge Among the Global CSO Community

Governance 1 | 2018

Definitions

Governance—The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organization; typically the purview of a Board of Directors.

Management—The responsibility for directing the day-to-day operations of the organization.

By-laws—Rules governing the operation of an organization. By-laws often provide the methods for selecting directors, creating committees and conducting meetings

References

[A Handbook of NGO Governance](#)

sets forth basic principles and practices of nonprofit governance. Published by European Center for Not-for-Profit Law in cooperation with the CEE Working Group on NGO Governance and the Trust for Civil Society in CEE.

[Boards and Governance: Legal and Ethical Responsibilities, Best Practices for Board Members.](#)

Online resource managed by the Center for Nonprofit Management.

Governance, Management, and the Role of the Board of Directors

Q. What is the difference between governance and management? Why is this important?

A. Governance is about the “big picture”—that means vision and organizational direction. Management is responsible for the day-to-day implementation of policies and procedures and the allocation of resources.

In most civil society organizations (CSOs), governance is provided by a Board of Directors, which may also be called the management committee, executive committee, Board of Governors or Board of Trustees. In most countries, the Board has a legal, moral and fiduciary responsibility for the organization. At its best, a Board reflects the collective efforts of accomplished individuals who advance the organization’s mission and long-term welfare.

The Board has many responsibilities that vary depending on the size and structure of the organization. These responsibilities include but are not limited to:

- *defining expectations* for the organization
 - * setting and maintaining vision, mission and values
 - * developing strategy (for example, a long-term strategic plan)
 - * creating and/or approving the organization’s policies
- *granting power*
 - * selecting, managing and supporting the organization’s chief executive
- *verifying performance*
 - * guaranteeing compliance with governing documents (for example, a charter)
 - * ensuring accountability and compliance with laws and regulations
 - * maintaining proper fiscal oversight

Management takes direction from the Board and implements policies on a day-to-day basis. Management has the following responsibilities:

- *communicating* expectations—mission, strategy, policies—to the entire staff
- *managing* day-to-day operations and program implementation to fulfill the expectations
- *reporting* results to the Board

A CSO's sustainability—its ability to serve its clients over the long term—depends largely on the quality of the organization's governance.

Distinct Roles and Contributions of the Board and Management



For More Information

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Even when the roles are understood, there isn't always a bright line that distinguishes governance from management. In a new organization it is easy for the governing body to get weighed down by questions about short-term management and operations and to lose sight of the need to focus on strategy for the longer term.

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

- *meet expectations* of clients, beneficiaries and other stakeholders,
- *deliver quality* programs that are effective and efficient,
- *comply with laws*, regulations and other requirements.

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 precisely. 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.

