

NPO GOVERNANCE TOOL BOX SERIES

Vol. 1, Issue 5, August, 2012

For private circulation only

BOARD DIVERSITY MATRIX



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OUTLINE OF GOVERNANCE TOOL BOX

Tools for identifying, recruiting and developing a Board

- Characteristics of Board Member- [Click here to download](#)
- What materials to be shared with the Board Members- [Click here to download](#)
- Board Members commitment sheet (to be reviewed every year)- [Click here to download](#)
- Areas to be covered in Board Orientation process-[Click here to download](#)

• **Board Diversity Matrix**

- Board Size
- Source for Potential Board Members
- Creating a database of the Board Members

Job description (Including do's and don'ts)

- Chairperson (Including do's and don'ts)
- Board Members
- Secretary
- Treasurer
- Vice-Chairman

Board Evaluations

- Board Evaluation Form
- CEO performance appraisal form

Board Committee

- Executive Committees
- Audit Committee
- Finance Committee
- Human Resource Committee
- Program Committee

Policies

- Human Resource Policy
- Finance Policy
- Conflict of Interest Policy
- Gender Policy

Conducting Meetings/Making Decisions

- Notice
- Setting the Agenda
- Writing Minutes
- Taking Resolutions
- Attendance
- Following up on Decision
- Evaluating a Board Member

Creating a Board Manual

- Need for the Board Manual
- Organization Essentials
- Board Structure and Processes
- Board – ED Relations
- Executive Parameters
- Review of Board Manual

BOARD DIVERSITY MATRIX

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1. INTRODUCTION:

The Board is supposed to be the most powerful body of an Organization and in the absence of an effective Board it is very difficult to ensure good governance in any organization. Diversity plays a very crucial role in forming an effective Board. However, it has been seen that in many Organizations diversity is not given much importance. Now, the question is what does diversity mean? Diversity may conjure up a racial and ethnic mix. This is certainly a part of it, but diversity of thought, background and experience is

just as important. Having diversity of skills and expertise in the Board is a very important pre-requisite for the effectiveness of Governance.

The key question is whether the diversity in the Board is intentional or accidental? This needs to be answered by every Board. In other words, the Board needs to be intentional in creating diversity rather than allowing natural processes to take control and create diversity. In reality sometimes natural process may not throw up the ideal diverse Board. Therefore, adequate thought and plan must be made to create diversity.

Diversity of the Board-

Intentional or accidental???

One of the important aspects is to analyze the degree of diversity present in the Board. This tool box has been designed for this very purpose which re-emphasizes the need of a diverse Board and also provides with a matrix to assess the diversity of the Board and to find out where to bring in more diversity (*Refer Annexure 1*).

2. NEED FOR A DIVERSE BOARD:

Board is essentially a group of individuals working together. The Board must be a fine blend of individuals drawn from different walks of life & diverse sections of community. It is sometimes observed that few members actually discharge their responsibilities while rest are decorative or play a peripheral role. Moreover, when members are too alike, the overall thought process becomes stereotyped and predictable. Therefore, it may hamper the decision making process, since others ideas/ issues are not debated/discussed.

Diversity of background, skills and perspectives are considered essential ingredients of effective Boards. Multiple perspectives are necessary to bring in creativity and to challenge stereotype thought process. Diversity leads to more innovation, more outside box thinking and better governance.

3. PROCESS OF CREATING A DIVERSE BOARD:

Creating a diverse Board may sound lot easier than actually doing it. At first an organization has to determine the set of competencies, priorities and expertise that are necessary to be present in a Board in order to be more effective. Once the competencies are determined, the organization has to have some process

for screening of these qualities. The next immediate step for an organization is to conduct a gap analysis of the Board to identify the experience & competencies that are already there in the Board and to flag off areas where it's lacking. After completing a thorough analysis, organization has to set high priority on the skills that they are looking for. However, the most important point here is to choose the members from a varied pool so that the balance of the Board is maintained in terms of gender, age, finance, governance & other specialized skills, etc.

4. POTENTIAL BENEFITS OF A DIVERSE BOARD:

More diversity leads to better Governance. A diverse Board contributes to overall Board effectiveness by safeguarding & fulfilling the mission of the Organization and enhancing fiduciary oversight. A diverse Board brings fresh perspectives to decision making. A more diverse group fosters creativity and produces a greater range of perspectives and solutions to problems.

A Board with members having different external linkages can help in easy access to resources and help in establishing connections easily. Organizations having a more diverse board can be a means of acquiring legitimacy in the view of society, media and Government.

5. POTENTIAL COSTS OF A DIVERSE BOARD:

Conflict, lack of cooperation and insufficient communication can be a hurdle for a Diverse Board since at times demographic & cultural differences may limit communication among subgroups created and create conflict & reduce interpersonal interaction and group cohesiveness.

There might be a risk of compromising with expertise & skills just for the sake of having a diverse board.

Nothing in this world is ideal and so is Diversity. It may be because of human nature that we often feel baffled, threatened or even annoyed by persons with views and backgrounds very different from our own which results in the risk of constructive disagreements turning into personal battles. However, the solution is definitely not to give up and avoid diversity. Rather the Board needs to make efforts to minimize the friction that diversity often introduces.

6. CONCLUSION:

Diversity affects the way Board behaves. It may be noted here that having a broad range of collective attributes rather than same qualities helps the Board in fulfilling its responsibilities and should be looked at as a good practice. The Board diversity matrix is yet another tool to provide good governance and strategic oversight.

- *A suggestive format for Board Diversity Matrix is given below as Annexure 1*
-

Watch out for the next issue on “Board Size”.



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BOARD DIVERSITY MATRIX (Suggestive)								
	Current Board Members				Prospective Board Members			
	A	B	C	D	E	F	G	H
Desired Characteristics								
Personal								
AGE								
21-30 Yrs								
31-40 Yrs								
41-50 Yrs								
51-60 Yrs								
61 and above								
GENDER								
Male								
Female								
RELIGIOUS AFFILIATION (if necessary)								
-								
-								
NUMBER OF YRS. IN THE BOARD								
< 1 Yr								
1-3 Yrs								
More than 3 Yrs								
Knowledge/ Expertise								
Financial Management								
Governance								
Law								

Policy planning/ Advocacy								
Research								
Fundraising								
Public / media relation								
Proposal Writing								
Programme Management								
Risk Management								
Others								
Core Competencies								
Visionary								
Strategic Thinker								
Organizational Learning								
External Linkages								
Government								
Media								
NGO sector								
Corporate sector								
Religious Groups								
Others								

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- Analysis of Organisations of Political Nature
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- Analysis of Gift Received from Relatives & Foreign Sources
- Procedure for obtaining Registration & Prior Permission
- Common grounds for rejection of Applications for Registration & Prior Permission
- Procedure for Renewal of Registration
- Suspension & Cancellation of Registration Certificate
- Law relating to Board Member and Changes in Board
- Administrative Expenses & Speculative Investments
- Designated & Multiple Bank Accounts
- Procedure for Change in Bank Account
- Procedure for change in Address, Nature or Objectives
- Role & Responsibility of Bank
- Investment & Fixed Assets
- Custody and Management of FC & Assets by Central Government
- Transfer of Funds to other FC Registered Organisations
- Transfer of Funds to other Unregistered Organisations
- Loan from Domestic & Other Sources
- Applicability to Liaison Offices & Branch Offices of Foreign NGOs
- International Transfers, Activities & Transactions
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