

# NPO GOVERNANCE TOOL BOX SERIES

Vol. 2, Issue 5, Jan. 2013

For private circulation only

## BOARD MEMBERS- ROLES AND RESPONSIBILITIES



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## OUTLINE OF GOVERNANCE TOOL BOX

### Vol. I: 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 - [Click here to download](#)
- Board Size - [Click here to download](#)
- Source for Potential Board Members and Creating a support base - [Click here to download](#)

### Vol. II: Job description (Including do's and don'ts)

- Chairperson (Including do's and don'ts ) - [Click here to download](#)
- Vice-Chairman - [Click here to download](#)
- Secretary - [Click here to download](#)
- Treasurer - [Click here to download](#)
- **Board Members**

### Vol. III: Board Evaluations

- Board Evaluation Form
- CEO performance appraisal form

### Vol. IV: Board Committee

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

## **Vol. V: Policies**

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

## **Vol. VI: Conducting Meetings/Making Decisions**

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

## **Vol. VII: Creating a Board Manual**

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

# JOB DESCRIPTION (INCLUDING DO'S & DON'TS)

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## BOARD MEMBERS-ROLES AND RESPONSIBILITIES

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### 1. **WHO IS A BOARD MEMBER?**

A board works on the principle of collective wisdom. The underlying principle for setting up of a board is that the collective decision making process minimizes risks and maximizes effectiveness. In that context, the individual members play a very important part in enhancing the overall effectiveness of the board. Therefore, the board must be a fine blend of individuals drawn from different walks of life & diverse sections of community.

The board members of a Non-Profit organization (NPO) usually work in voluntary capacity and are not remunerated for being members. This is to enhance their independence and impartial decision making.

Board members set the strategic direction of the organization. Along with providing oversight and supervision to ensure that management and operations are legally compliant, effective and appropriate, the Board is supposed to make effective decisions.

One of the ways of providing oversight is to make effective decisions and the other aspect is to have effective control over the organization. Therefore, we can say that decision making and exercising control are inseparable twins in any governance process.

## 2. CORE CHARACTERISTICS OF AN EFFECTIVE BOARD MEMBER

- **Alignment with Vision /Mission /Values:** Commitment comes from a clear understanding of the vision and mission and values. Board member, with adequate knowledge and understanding of the vision, mission and values that the organization stands for, becomes effective in their role.
- **Taking Responsibility:** The responsibility of overseeing the operations of the organization and taking necessary steps to control the organization for achieving desired results in line with its objective.
- **Clear Communicator:** A member who is a good communicator creates a positive environment in the organization by conveying the thoughts, ideas, need and wants clearly. It helps avoiding misunderstanding and losing the control on governance, therefore strong and clear communication skills are the key strengths required by a successful board member.
- **Specific Skills:** There can be specific need of an organization which would require individuals with prior experience in that particular field, certain professional skills and expertise so that their knowledge can contribute to the growth of the organization.
- **Independence:** Independence of board members plays a crucial role in effective governance. Conflict of interest is a situation where in the member has the responsibility for promoting an interest but has another competing interest at the same time. Board members need to ensure that any possibility of conflict of interest is avoided and the conflict is resolved with justice and fairness in order to promote a healthy environment in the organization.

### **3. THE: HOW, WHY AND WHAT**

#### **3.1 HOW THE BOARD MEMBER IS SELECTED/ ELECTED VIS-A-VIS THREE INCORPORATION LAWS?**

As we know there are three ways of incorporating an organization i.e. Trust, Society and Company u/s 25 of Companies Act. The election of board members also varies according to the nature of incorporation and the process of election/selection is defined in the governing documents of the organization. The following are the different modes of election/role of board members:

➤ **Election of Board Members in a Trust:**

- Unlike a company or a society, the trust does not have a General Body, from which the Governing Body is elected. Therefore, all the Trustees form the General Body as well as the Governing Body of the Trust.
- The term of the members shall be applicable as defined in the Trust Deed.

➤ **Election of Board Members in a Society:**

- The board is selected/elected in the General Body meeting from among the General Body members who have joined the organization voluntarily.
- The term of the members shall be applicable as defined in the bylaws
- The board members whose term has expired form part of the General Body and will again be on the board as per the guidelines in the bylaws. For instance, the bylaws provide that a member will serve the board after two terms of 3 years i.e. for next six years, the member will not be a board member.

➤ **Election of Board Members in Section 25 Company:**

- The board member will be elected by show of hands in the first instance by the members personally present at the meeting and if poll is demanded it should be done by poll.
- The Articles of a company generally provides about the term of the board member.

### 3.2 **WHY SOMEONE WOULD VOLUNTEER TO BE A BOARD MEMBER?**



A membership in the board of an organization comes with various responsibilities and demands commitment.

The board is ultimately responsible for the functioning and action of the organization. However, it also needs to be mentioned that after incorporation of an organization, the board assumes collective responsibility and there are generally no individual liabilities unless it is found that the board member has misused the authority bestowed on him/her to cause loss/damage to the organization or any individual. However, there is a difference in case of trusts where the trustees hold a much greater liability compared to other forms of registration. The other important issue to recognize here is that the board membership is an

honorary/voluntary responsibility and cannot be remunerated for functioning as a board member.

- WHY:**
- *To serve the cause/mission*
  - *To engage with the community*
  - *To keep social sensitivity alive*
  - *To share expertise and skills*

In view of the above, the question that arises is why anyone should become a board member of a NPO. Well, the reasons can be many. However, the primary reason is the commitment to the cause/mission that the organization pursues. Being on the board of the organization provides an opportunity to pursue the cause/mission which the member is

passionate about. It also provides a chance to engage with the community and an opportunity to serve. It also helps the person to develop deeper understanding of the issue and motivate oneself. It also keeps the social sensitivity alive in the individual.

Secondly, serving on the board also provides opportunity for a person to understand the nuances of organizational governance and management. This experience helps in being more effective as an individual and professional. Further, it also serves as a platform to share the expertise and skills the person possesses.



### 3.3 WHAT ARE THE ROLES AND RESPONSIBILITIES OF A BOARD MEMBER?

- To actively participate in meetings
- To be adequately prepared on the agenda to be discussed
- To get familiar with the organization and its activities
- To maintain order in meetings
- To respect protocol in meetings
- To present his/her point of view in the meeting
- To bring on specific expertise
- To maintain objectivity
- To find mutually acceptable solutions to various issues before the board
- To engage with the organization through other committees and forums apart from the board meetings
- To understand and maintain the distinction between management issues and governance issues
- To promote team work



## 4. TYPES OF BOARD MEMBERS

The Board is formed through a process of nomination or election as may be prescribed in its governing documents. The primary responsibility of the Board is to make decision for the organization.

The persons who participate in Board meetings fall broadly into five categories. They are as follows:

- 4.1 Full-fledged Members:** These groups of members are elected/ nominated or selected through well defined process according to the governing documents of the organization. They have all the rights of Board members including the right to vote.



**4.2 Co-opted Members:** Co-opted members are those members who are inducted into the Board by the existing Board members in their meeting. Generally, Co-option is provided in the governing document of the organization. Co-option is generally to induct certain specialized skills into the Board. In some cases where the Board is elected through a pre-defined process, it is likely that certain skills and expertise required in the Board may not be available in the elected Board members. In such case co-option provides the opportunity to induct members with such skills for example; finance, law, program, etc. The co-opted members are invited to serve for a term as determined in the governing documents. In many cases, the powers of the co-opted members are limited for example; right to be elected as Office bearers or right to vote, etc may not be available to them. However, it all depends on the governing documents.

**4.3 Invitee Members:** The Board reserves the right to invite persons from time to time, to the meetings as and when required. There are two specific ways to be invitee members. There can be permanent invitees who are invited through a resolution to be present in every meeting of the Board. Then there are special invitees who are invited for a specific meeting. The invitee members can participate in deliberation but normally are not part of the decision-making process through voting or resolution.

**4.4 Ex-officio Member:** Ex-officio members are those members who represent the Board in their formal capacity. For example; the Executive Director of the organization may be an Ex-officio member of the Board or even be the Secretary of the Board. Generally, the Ex-officio members are full members of the Board with the right to vote unless otherwise limited in its governing document.

**4.5 In-attendance Members:** Sometimes, certain officials are asked to be present in the meeting to help the Board function effectively. For example; the Board may appoint a note-taker or an administrative assistant to help in presenting documents. Generally, they provide support to the Board for smooth functioning. They are not allowed to take part in the proceedings and cannot be part of the decision-making. Their attendance is marked as “in-attendance” just for the record.

### Board Members Participation and Decision Matrix

Category of Member	Participate	Decision
Full-fledged member	Yes	Yes
Co-opted Member	Yes	If the bylaws allow
Invitee Member	Yes	No
Ex-officio Member	Yes	If the bylaw allows
In-attendance Member	No	No

## 5. CONCLUSION

A board member should be committed to the mission, goals and programs of the organization and perform the functions as a member to the best of one's ability. An effective board member respects the decisions of the group, while utilizing the individual expertise. In the role as a board member, he/ she oversees' the work carried out by the organization and providing support. The Board Members collectively as board are responsible for ensuring that organizational resources are used as effectively as possible in achieving the mission of the organization.

Finally, the two questions

- Why you volunteered to be a board member?
- What are your responsibilities toward the organization?

are the key questions that should fuel each member to contribute to the growth of the organization.

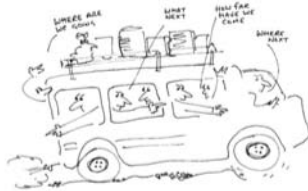
***Watch out for the next issue on “ Board Evaluation Form”***



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