

Good governance for associations

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The term “good governance” refers to a good guidance and control system of socio-political units such as states or municipalities. For associations, especially for medium and large associations, management according to the principles of good governance is recommended, too. Associations have obligations towards their members. Ideally, decisions are made by the executive committee with the active participation of all committee members. At the general meeting, there should be a democratic voting procedure; discussions and decision-making processes should be open and transparent. In some associations, however, the reality looks different.

Good governance is a result of the combination of different procedures and methods. Each association has to find an appropriate balance when determining their own combination of measures.

Good governance rules are not law. They are recommendations that help to combat a concentration of power and nepotism. They support democratic structures and help to prevent conflicts.

The three pillars of good governance

Good governance is based on the three principles of transparency, balance of power and effectiveness.

Transparency: Transparency stands for free information, open communication, participation and accountability towards all stakeholders (executive committee, members, and customers). Transparency can be improved by regulations and relevant controlling.

With respect to associations, this means:

- Decision-making processes should be comprehensible, well-regulated and documented. Committee members and members of the association should know how decisions are reached.
- Relationships (mandates, assignments) and conflicts of interest of committee members should be disclosed.
- Fees, allowances and expenses should be regulated in writing and be known to all.

Balance of power / Checks and balances

For associations – as well as for working democracies – there should exist mutual controls (checks) between the association's bodies in order to achieve a balance of power (balances). These include:

- The separation of powers, i.e. employees cannot simultaneously be members of the committee.
- A balanced distribution of power within the committee and throughout the association.
- The “four eyes principle”, i.e. all decisions and agreements are made jointly by (at least) two persons and joint signatures are required for signing legally binding documents.
- One person should not hold too many offices or functions and conflicts of interest should be disclosed.

Effectiveness

The association should be organised and working in such a manner that its purpose is achieved in the best possible way. With respect to good governance, important points are:

- An optimal size of the executive committee: For medium-sized associations 5–7 committee members are optimal, for smaller associations 3 members would be optimal.
- An organisation that is appropriate for the purpose of the association: The size of the executive committee, the administrative office, working groups, and delegation processes should be adapted to the association and its size.
- Regular recording of the committee's performance: Its work should be registered and made transparent.

Definition of responsibilities: executive committee – general management

In associations with a (paid) administrative office, the definition of responsibilities and the cooperation between the executive committee and the general management are decisive with regard to good governance. Both of these bodies are important for good governance.

Executive committee: The executive committee represents the association's members and is the governing body of the association. As the association's strategic executive body, it is the most important actor with respect to governance and responsible for the implementation of good governance. Responsibilities of the executive committee:

- It defines the strategy for implementing the association's objectives.
- It defines the principles of accounting.

- It monitors the use of funds.
- It issues the rules of operation.
- It selects and monitors the general management if there is any.
- It provides support for volunteers.
- It provides information for members and executive bodies.

General management: The association's general management is the liaison between those working on an honorary basis (committee members and other members) and any other employees. Often, the management holds more information than the committee or the members and thus possesses more power. In terms of good governance, the management is responsible for preparing the matters of the committee as well as executing the committee decisions. Responsibilities of the general management:

- It plays the role of specialist / consultant for the executive committee.
- It prepares decisions for the committee.
- It represents the interests of the association.

“Professionally” shared governance: Good governance should be a constant concern for both the committee and the management. The following organisational measures have proved to be useful:

- Collective leadership (good cooperation within the committee, clear definition of the management's responsibilities) and development of the association.
- Good reporting and information system.
- Subordinate position of the management with respect to the committee.

Tips for designing and implementing good governance

Work in the executive committee: It is recommendable to consider the following points when setting up the committee:

- Optimal size for a medium-sized association: 5–7 persons, for smaller associations 3 persons.
- Rules for terms of office and re-election: A maximum term of 12–15 years guarantees that fresh ideas are brought to the committee on a regular basis. As a principle, it is a good idea to regularly replace a few committee members (rolling renewal) while others remain (continuity).

- Making sure that representative capabilities as well as specialist knowledge (finance, business administration, human resources, etc.) are available in the committee.
- Long-term planning for the renewal of the executive committee:
 - Create a list of potential candidates (“longlist”)
 - Select 1–2 candidates for the next elections (“shortlist”)
 - Provide rolling renewal = backup of knowledge

Relationship executive committee – general management

- Clearly define responsibilities (executive committee: strategic responsibilities; general management: operational responsibilities).
- Create decision-making possibilities for the management.
- Standardise processes for the exchange of information and decision-making.
- Introduce a simple tool to share important information (for example regularly published info sheets, e-mails or newsletters).
- Have the management participate in committee meetings in an advisory capacity.
- Create direct contact between the committee and members of the association.

Organisation of the general meeting: The general meeting provides an important opportunity for direct contact between the executive committee and members. In this setting, the committee can find out about the current atmosphere within the association and the level of satisfaction and commitment among the association’s members. It is therefore desirable that as many members as possible attend the meeting.

- The general meeting should not be fraught with too many agenda items (only essential matters should be dealt with);
- The general meeting should provide an opportunity for an (informal) exchange between participants, e.g. at a small reception, breaks, etc.;
- An integration of members should be sought
 - by using new participatory methods (World Café, etc.);
 - by distributing tasks to several persons;
 - by providing additional information.

Recommended literature (in German)

Bienek et al. (editors): Gutes besser tun. Corporate Governance in Nonprofit-Organisationen. Bern: Haupt Verlag. 2004 - ISBN 3-258-06728-7.