



► Onboarding handbook for board members of small employer and business membership organizations



This page is intended to be tailored by an EBMO for internal use. For instance, your logo can replace the ILOs and the title could be adapted to: [insert the name of your organization] Onboarding Handbook for New Board Members

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► Guidance for organizations when onboarding new board members

This handbook is two things: First, it is a manual for the people within an employer and business membership organization (EBMO) tasked with creating that organization's handbook for new board members. Thus, second, it is a handbook within a handbook. The title page, this page and a few others (as noted) are elements of the first manual and must be removed from the second handbook. The second handbook should speak only to new board members. Any references from the first manual that speak to the producers of the organization's handbook for new board members could be confusing. Where relevant, this manual will note which references should be removed.

This handbook will assist small EBMOs to transition towards more structured and formal governance measures. It contains information about the business of representing business and general best practices for EBMO governance.

The people whom an EBMO aims to bring onto its board will be self-starters, motivated to take on new challenges. The purpose of a simple onboarding handbook is to direct that motivation into advancing the work of the board rather than losing time while a new member figures out how the board works.

The onboarding handbook must be a living document that is updated as policies and procedures change. Thus, it is best to present the handbook in a loose-leaf format, which will allow pages to be pulled out or added as required. Ideally, if technology and competency permit, you should consider making an electronic handbook.

The organization is encouraged to consider an onboarding workshop in conjunction with the presentation of this handbook for incoming board members.

This page is intended to be removed when the handbook is tailored by an EBMO for internal use.

► Acknowledgements

The contributions of employers' and business membership organizations were instrumental to the development of the handbook intended for new board members. In particular, we extend our appreciation to board members past and present of the Pacific Island Private Sector Organization, the Cook Islands Chamber of Commerce and Industry, the Kiribati Chamber of Commerce and Industry, the Marshall Islands Chamber of Commerce and the Chamber of Commerce and Industry of Timor-Leste who shared their experiencing of onboarding and organizational needs and priorities in the area of good governance.

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internal use.

► Foreword

[Insert logo and name of EBMO]

Welcome to the Board!

“Employer and business membership organizations (EBMOs) are effective when they add value to their member enterprises and meet their representation, advocacy and services delivery needs. Strong, independent and representative EBMOs are essential to promoting and creating an enabling environment in which businesses, economies and societies can thrive.” – Deborah France-Massin, Director of the Bureau for Employers’ Activities, International Labour Organization

To support the mission of the [insert name of EBMO], the governing Board has developed, adopted and now maintains this onboarding handbook for its new members. The intent is to educate and continually guide its members to a high level of strategic success and achievement in accordance with best practices.

The handbook contains information regarding relevant legislation, policies, rules and regulations. It serves as a resource for the Board, the secretariat and all members of [insert name of your EBMO] in determining the manner in which matters of business are to be conducted.

New board members should be clear that there are fundamental differences between serving as a board member of a company and serving as a board member of an EBMO representing several industries and sectors. It is critical to good governance that EBMO board members appreciate this difference, take steps to address conflicts of interest and apply the highest levels of integrity and ethics to ensure that matters before the governing board are looked at from the correct perspective.

New board members should be clear on how their role differs from those of managers. As a key reference source, this handbook should be revisited over time until you feel confident and comfortable enough to participate in the Board on an equal footing with those who have been involved for a longer period.

This handbook was developed with input generated from survey results and workshops with EBMOs in the Asia-Pacific region and adaptation of International Training Centre publications (2017) on [building and managing effective employers’ and business organizations](#).

It is not exhaustive, and you are encouraged to consult the resource list to improve your understanding of areas of particular importance or relevance.

This page is intended to be included but all bracketed guidance (and this box) should be removed when the handbook is tailored by an EBMO for internal use.

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► I. How to use this handbook

- 1** **First**, read the definitions and abbreviations in the next section. These are critical for making sense of the terms commonly used in governance and organizational management.
- 2** **Second**, take notes on the points that will help get you “up to speed” in your role as a board member, referring back regularly to the handbook as you familiarize yourself with your new role.
- 3** **Third**, review the checklists, ensuring that the information that has been provided, is complete and you understand it.
- 4** **Finally**, if you are unsure, ask questions of your fellow Board members. Remember, this is a team game, and your fellow Board members are relying on you to get up to speed quickly to contribute your skills, knowledge and experience to the organization.

This handbook is a tool to facilitate improved understanding of good governance, legal obligations and better practices.

It also presents tips, information and resources to assist with the implementation of effective governance within your private sector organization. The contents of this handbook are based on legislative requirements and relevant better practice at the time of the preparation.

► II. Definitions and abbreviations

ACT/EMP	Bureau for Employers' Activities, which is a specialized unit within the ILO.
Advocacy	Any action that speaks in favour of, recommends, argues for a cause, supports, defends or pleads on behalf of others.
Audit committee	A committee of board members who focus on issues relevant to the integrity of the organization's financial reporting.
Auditor (independent)	A role that provides an expert opinion on whether financial reports have been prepared correctly under the applicable laws and represent a true and fair summary of organizations financial position and performance.
Board	The people collectively responsible for governing and controlling an organization through strategic policy direction and financial oversight. This could be in conjunction with an executive committee or as the executive committee. EBMO boards come in different forms, there is no one model. A board can refer to a board of directors, a governing board, an advisory board or other arrangement. Some EBMOs have a board of directors with a president, some are executive committee boards with a chairperson.
Board charter	A policy document that clearly defines the respective roles, responsibilities and authority of an organization's board members (both individually and collectively) and its management in setting the direction, the management and the control of the organization (it contains similar or equal content to the Articles of Association).
Board member	A member of an organization's governing board (or executive committee member).
By-laws	A policy document that sets up the internal structure and rules of the organization. They provide the framework for internal governance and the day-to-day operations.
Capacity-building	The process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations and communities need to survive, adapt and thrive.
CEO	The chief executive officer is the highest-ranking position of an organization's staff. The CEO is responsible for managing the overall operations and resources of the organization and acting as the main face of the organization. In some organizations, this term may be interchanged with director general, secretary general or similar.
Chair	A person appointed to manage the business of the board (or executive committee) and with executive authority provided under an organization's constitution and by-laws, often used interchangeably with the term "president".

Client	A company that may participate in a training course or service without having the intention to become a member of an EBMO.
Conflict of interest	When a person's personal or commercial interests conflict with their duties.
Committee	A primary way in which members contribute to the work and views of the EBMO. Common standing committees include an audit committee, remuneration committee, finance and general purposes committee, membership committee, and sector and geographic committee. Ad hoc committees are commonly formed to deal with specific policy issues that arise or become a concern.
Constitution	A document that sets out an EBMO's rules and purposes. It is broken down into numbered clauses with subclauses and provides guidance for good governance by setting out operational rules that apply to members.
Direct member	A company that pays for membership in an EBMO. It also includes sector associations (such as a manufacturers' association) or territorial organizations (such as the Nadi Chamber of Commerce and Industry), which also pay membership fees.
EBMO	employer and business membership organization
Executive committee	In some EBMOs, there is a governing executive committee instead of a governing board. In some organizations, there are both. Where there are both, the executive committee prioritizes issues for the full board to address. Its role is to make decisions on behalf of the board between board meetings. This may include decisions on matters that require an urgent response or general day-to-day decisions. The committee members report to the board.
Fiduciary responsibility	The legal duty that people who hold a position of trust owe to people who trust them. Common law says that board members owe their organization a fiduciary responsibility.
Governance	The framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations and organizations.
Indirect members	The companies affiliated to sector or territory organizations that are direct members. For example, an umbrella organization also represents the members of its direct members who are membership-based organizations. However, these EBMO members do not pay a direct membership fee in the umbrella organization and thus are indirect members.
ILO	International Labour Organization
Management	An organization's senior staff.
Minutes	Documents that record the activities and decisions of a meeting.

Mission statement	A statement that expresses what an organization does to achieve its purpose.
NFP	A not-for-profit organization does not operate for the profit or gain of its individual members.
NPSO	national private sector organization (which can be a chamber of commerce)
Onboarding	A process through which new members move from being organizational outsiders to becoming organizational insiders.
Offboarding	The process that leads to the formal separation between a board member and the organization through resignation, termination or retirement.
President	A person appointed to manage the business of the board and with executive authority provided under an organization's constitution and by-laws, often used interchangeably with the term "chair".
Protocol	A system of rules that explains the correct conduct and procedures to be followed in formal situations.
Quorum	The number of directors who must be present for a meeting to be valid.
Strategic plan	How an organization defines its purpose and goals, beyond the immediate future, and the actions to achieve those goals.
Transparency	Organizations are transparent when they enable others to see and understand how they operate in an honest way. To achieve transparency, an organization must provide information that is accurate and complete, and in a timely manner, about its activities and governance to stakeholders.
Treasurer	A position that oversees the financial administration of the organization, reviews procedures and financial reporting and advises the board on financial strategy and fundraising.
Vision statement	A statement that expresses the current and future objectives of an organization and is intended as a guide to help the organization make decisions that align with its philosophy and declared set of goals.

► **Section 1**

Understanding good governance in an employer or business membership organization



What is governance?

Governance is the framework of rules, systems, processes and relationships within an organization and how authority is exercised and controlled in that organization. It includes the mechanisms by which the organization and those managing it are held accountable.

What is good governance?

Good governance exists where an organization has systems and processes in place that are appropriate to its circumstances and that enable the organization to be viable, pursue its purpose effectively and meet its obligations under the law.

Governance in an EBMO focuses on achieving the organization's vision and mission while ensuring the organization is viable.

Both of these relate to the fiduciary responsibility that the board and management have when exercising authority over the actions the organization takes.

Public trust and accountability are essential aspects of an organization's viability. They are necessary to achieve the social mission in a way that is respected by those whom the organization serves and by the society in which it is located.

Freedom of Association and Protection of the Right to Organise Convention, 1948

Employers' organizations are institutions set up to organize and advance the collective interests of employers. They are crucial for shaping an environment that is conducive to competitive and sustainable enterprises that can contribute to economic and social development because they provide services that improve and guide the individual performance of enterprises.

The tripartite constituents of the International Labour Organization (ILO) have set out two requirements for both workers' and employers' representative organizations within the Convention on Freedom of Association, 1948 (No. 87). It stipulates that membership of such organizations must be voluntary AND that such organizations must be able to act independently, subject only to an organization's constitution and national laws. Compulsory membership therefore goes against ILO Convention No. 87. It is also risky for practical reasons: It is often seen by companies as a sort of additional tax.

Key principles of good governance

Fiduciary responsibility arises from a relationship of trust and confidence and carries an obligation to avoid conflict, the duty to not make a profit and the duty to not gain personal benefit or a benefit for a third party.

Legal duties While EBMOs do not typically experience legal problems, failure to follow legal requirements could lead to penalties and reputational damage. . A legally incorporated organization must comply with the following four legal duties.

The four main legal duties:



To act in good faith in the best interests of the organization and for a proper purpose.

To act with reasonable care, skill and diligence.

To not improperly use information or position.

To disclose and manage conflicts of interest.

Compliance with every aspect of an EBMO's internal processes and procedures is essential. Amending a policy to ensure a more effective outcome sends a clear message that the EBMO takes governance seriously and is not prepared to sidestep issues that might negatively affect its credibility or reputation.

Transparency is the principle of allowing those affected by administrative decisions to know the facts and figures that informed any process that resulted in those decisions.

Conflicts of interest are a major cause of corporate governance shortcoming in the private sector. If conflict-of-interest situations are not properly identified and managed, they can seriously endanger the integrity of an organization. A conflict of interest is a situation in which a board member (or one of their relatives) has a private or personal interest, directly or indirectly, that (potentially) influences or appears to influence the objective exercise of their duties as a board member, to the detriment or benefit of the organization.

Conflicts of interest can occur on all levels of governance and areas of human relationships and may be distinguished as:

an actual conflict

a board member faces a real and existing conflict of interest;

a potential conflict

a conflict of interest does not exist yet but may occur; or

a perceived conflict

a board member appears to have a conflict of interest, even if this is not the case.

Detailed examples of conflicts of interest relevant to EBMOs can be found in the *ICC Guidelines on Conflicts of Interest in Enterprises*.

Understanding and identifying risk are imperative. Risk is any uncertainty about a future event that threatens an organization's ability to accomplish its mission. Viable threats endanger an organization's core assets and may limit its ability to provide its services.

The following are considered to be the core assets of an EBMO:

People – the board members, member companies, volunteers, employees, clients, donors and the public.

Data – facts, figures or information grouped together for reference or analysis and central to an organization's value proposition.

Property – the buildings, facilities, equipment, materials, copyrights and trademarks associated with the organization.

Income – sales, grants and contributions that an organization relies on to operate.

Goodwill – reputation, stature in the community and ability to raise funds.

An organization can evaluate its risks by the level of threat to its core assets. The likelihood and potential consequences of a risk occurring will determine if it is a high priority risk requiring immediate attention.

Risks most common to an EBMO

Injuries to member companies, clients, employees, volunteers and the public – Every EBMO, whether serving member companies or clients or raising funds for its programmes, must exercise a level of care necessary to protect people from harm. An organization is liable when it is financially responsible for its actions or failure to act.

Damage to property – Damage or destruction to property (including rented property) could impair an organization's ability to continue operations.

Employment practices – Management and the board must carefully establish and follow employment policies and procedures to reduce the risk of negative employment practice-related claims and to ensure compliance with the laws regulating the employer–employee relationship. These laws apply to all aspects of the employment relationship, and non-compliance can result in an employment claim, leading to significant fees, fines or settlements.

Data security – Individual negligence, intentional misconduct or security breaches resulting from poor data security could damage trust or confidence in an EBMO or result in negative repercussions for individual staff or its direct and indirect members. Given that data are a strategic asset, integral to the core value proposition of any EBMO, its protection is also vital to innovation and competitive advantage.

Fraud – Theft or misappropriation of funds can have severe consequences. Public reporting of a loss could be devastating because media reports affect donations and public goodwill.

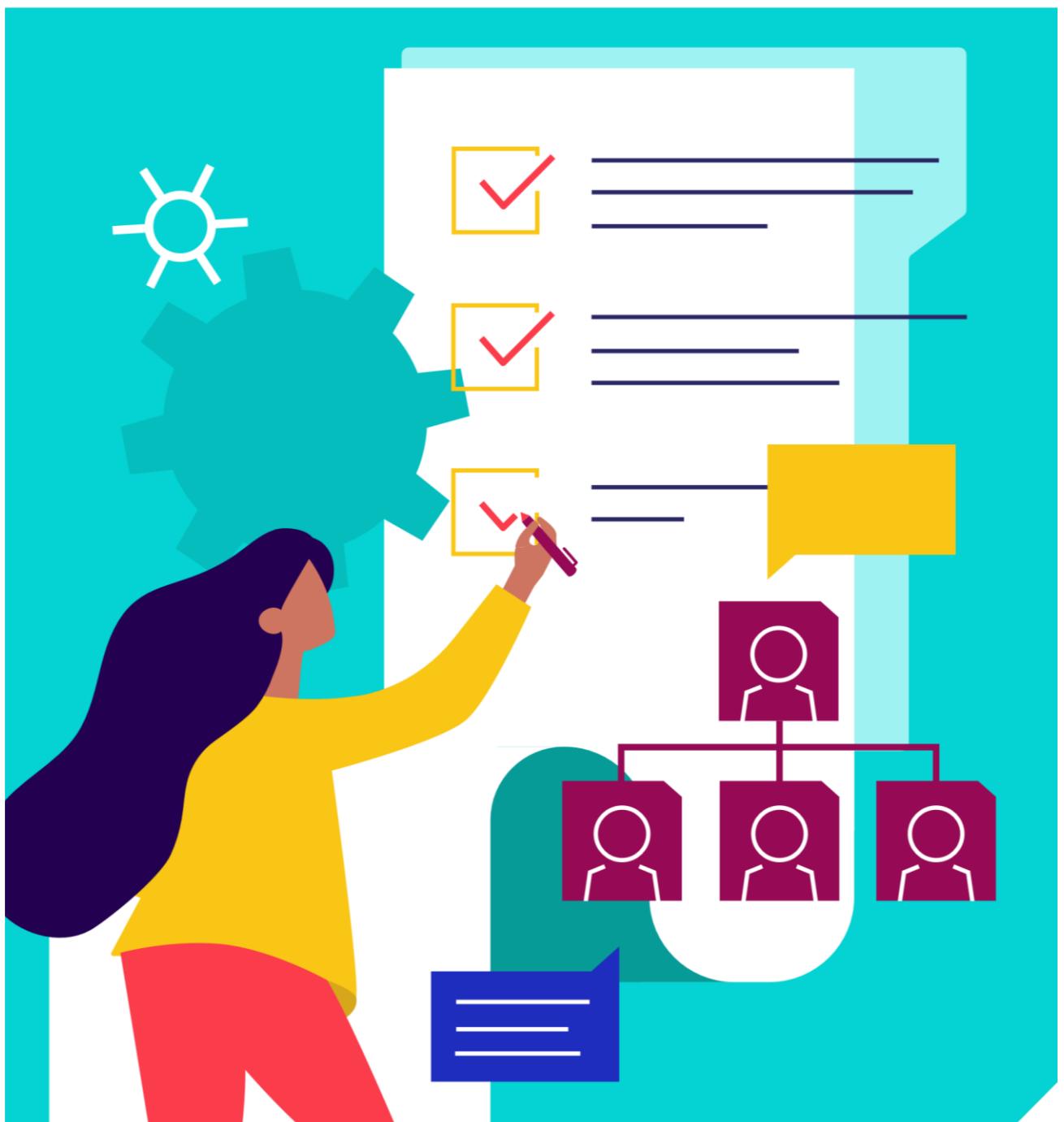
Legal requirements – EBMOs are subject to specific laws and regulations, and violations can lead to fines, loss of tax-exempt status or possible dissolution. To manage the risks associated with legal compliance, every organization must research and keep up to date on rules, regulations and statutes that apply to its operations. Non-compliance can both initiate governmental action and create the basis for liability action against the organization.

Preparation and management of unforeseen risks for organizations at the board level has been emphasized by global events, such as cyclones and COVID-19. Boards and their members may improve the future of their organizations with modifications to their risk management approach by considering the following:

- Protect more than members' value. This is vital because people demand greater responsibility from the organizations they work for, buy from and invest in. Aim for long-term value creation.
- Adopt a listening and learning approach. This enables an organization to stay abreast of the volatile risk environment. It is imperative to understand how current external developments are changing the risks that the organization faces and the potential impact of longer-term trends.
- Make risk a mandatory agenda item at every board meeting. Board members who sit on risk committees must spend adequate time working with the management to understand where risk may materialize within the business. Risk should form part of every strategy discussion.
- Build clarity around the shifting nature of risk. With risks changing and emerging at speed, it is also imperative to spend enough time on understanding exactly how the risk landscape is changing. This can only be done if the board directors devote enough time to risk.

► Section 2

Structure and governance of [insert name of your EBMO]



Membership-based private sector organizations come in different forms. **Employers' organizations** are traditionally concerned with matters of industrial relations and the labour market, while **chambers of commerce** typically concentrate on matters of trade and investment associated with product markets. Between these two models sit organizations that combine the representation of labour market interests and product market interests. All three forms promote the economic and social interests of their members.

The governing body of an EBMO is the group of individuals who, together, are ultimately responsible for overseeing its operations and are making sure it is working towards achieving its purpose. In the governing body of all EBMOs, you will find industry leaders and a range of individuals from varied professions. [For the purpose of the manual for EBMO staff to create their internal handbook, we refer to the governing body as “the board” and those serving on it as “board members”. If that is not the situation in your organization, you should adapt the phrasing to what is relevant.]

The membership of the **[insert name of your EBMO]** forms the top level of our organizational chart. The membership elects the **[insert number]** members of the **governing board**, who, in turn, appoint the **chief executive officer (CEO)**. Generally, a CEO is authorized and responsible for the management of the organization and its operations by way of delegated authority from the board or as expressed in the organization’s constitution.

The legal duties that apply to people who govern the EBMO are essentially common-sense standards requiring care and honesty. Compliance with the duties will help to ensure that your organization is well run, has a good reputation and continues to receive the support of the community.

The **chair of the board** has a primary responsibility to foster and maintain a constructive and effective culture in the best interest of the organization. The primary function of the chair is to ensure that the board operates in a manner that is conducive to the achievement of the strategic outcomes and purposes of the organization.

The **board of [insert name of EBMO]** relies on committees to increase its overall efficiency. Work can be delegated to committees to more effectively deal with complex or specialized issues and to manage workloads by making better use of board members’ time and expertise. It is critically important to recognize that committees only make recommendations for action to the full Board, which retains collective responsibility for decision-making.

Committees also provide opportunities to develop knowledge within the organization. Board members can focus their skills in areas that will most benefit the organization. Conversely, the committees help develop leadership talent and support a leadership pipeline. Additionally, the existence of committees can indicate to general members and stakeholders that the board is taking particular issues seriously. Similarly, there may be committees established for a relatively short period of time (for example, building committees) and then disbanded when no longer required.

Currently, **[Insert name of EBMO]** has established **[insert number]** committees that address and carry out the various strategies of the **approved work plan**. The **[insert name of EBMO's] organizational structure and its committees are listed** in the organizational chart provided in the following checklist.

This chapter is intended to speak about the structure of your organization and should be tailored to that situation.

Smaller organizations may not benefit from a formal committee structure because their boards are quite small and operations are not as complex. In many EBMOs, an **executive committee** may be formed. This is a small group with close ties to the leadership who get together often to consider pressing issues that affect the organization substantially, such as an emerging crisis.

The **executive committee** has the power to act on behalf of the board, **though caution should be exercised to ensure clear differentiation to avoid duplication of functions of the CEO or the board**. Most executive committees have three to seven members, and typically all of the members of the board are invited to serve on the executive committee, along with the CEO. [This paragraph is generic but you may want to tailor the paragraph to the situation in your EBMO.]

Some primary functions of an executive committee:

- usually works closely with the CEO, acting in an advisory capacity;
- provides organizational direction to the CEO and the board;
- oversees the daily implementation of board policies to ensure that the board is establishing and maintaining good governance practices; and
- enhances communication between the board, committees and staff.

Board members of smaller EBMOs are more likely to be closer to the action, making it easier to see the organizational culture at work. Board members may engage in a range of activities alongside their board member role and may even have participate in a more hands-on, volunteer role. For instance, members of an EBMO often volunteer to lead advocacy work or participate in the organization's services provided to other members. Board members in a small organization will probably know its staff and the members who do volunteer service and are more likely to understand how the organization is operating. [Again, this paragraph is generic but you may want to tailor the paragraph to the situation in your EBMO.]

Common in many EBMOs is the **audit committee**. While the existence of an audit committee does not alter the need for board members to take responsibility for financial reports, audit committees can take an important role in the financial reporting process and in supporting and promoting audit quality. The committee should be chaired by someone other than the chair of the board. Audit committee members should have a mix of accounting and financial expertise, as well as industry knowledge, to enable them to discharge their mandate effectively. [Again, this paragraph is generic but you may want to tailor the paragraph to the situation in your EBMO.]

It is not always practical for boards, especially large boards, to gather in person to take some necessary action. The organization's by-laws should set out the requirements for forming a quorum and the procedure to follow should this not be met. For instance, board members will meet electronically after reviewing the minutes of meeting that some members may have missed. The **minutes** of each committee meeting capture the key deliberations, show options for action and make recommendations for the board members to endorse or decide upon. The minutes, or written report of the meeting, should be included in the next board meeting. The information contained should reflect the needs of the board, such as highlight the issues, options and recommendations for approval.

At [insert name of EBMO's] annual general meeting [or insert other time frame], the membership is asked to submit ideas and suggestions for programmes the EBMO can consider undertaking in the coming year. These suggestions are then discussed and priorities are established at the EBMO's annual planning session.

From this, the **annual work plan** is agreed and adopted by the board, and work is designated to the appropriate committee.

Reporting

Reporting obligations for the EBMO are set out in the legislation under which they are established, and the organization's performance is explained in both internal and external financial reports. As part of the board, there is a duty of care to ensure you have a level of financial literacy commensurate with the size and nature of the EBMO's activities.

[Your EBMO may have reporting obligations to the tax department and other government agencies at the end of the financial year, achieved by presenting an **annual report** or financial reports. This paragraph should be revised to reflect the situation for your organization.]

No matter what reporting requirements [insert name of EBMO] is subject to, the Board and Board members help ensure the integrity of the financial reports and should accept responsibility for overseeing the integrity and assurance of the organization's financial position, performance and reporting.

Section 2 checklist

Structure and governance of [insert name of ebmo]

Specific to the [insert name of EBMO], new board members are required to read and acknowledge the following documents detailing information, obligations and responsibilities of their role.

- [insert brief history]
- [insert organizational chart – board, committees and secretariat]
- [insert strategic plan]
- [insert chairperson's statement on the five-year vision]
- [insert mission statement]
- [insert vision statement]
- [insert constitution]
- [insert bylaws]
- [insert board meeting protocol]
- [insert glossary of abbreviations and terms commonly used]

Provided to: _____ [board member]

By: _____ [member of secretariat]

On: _____ [date]

► Section 3

Roles and functions of the board – Governance versus management



The relations between the board and management are critical to an organization's long-term success. Problems can arise when the different roles of the board and management are not defined. The chair is critical in managing the relationship to meet the reasonable needs and expectations of both board and management.

Although the board may delegate some of its responsibilities or powers to management, the board is still ultimately accountable for management and for the use of any delegated authority by management.

The role of the board

The boards of smaller organizations, or those with a small number of staff, may have a more operational focus, whereas the boards of larger or more established organizations may take a more strategic approach to their work.

The role of the board in a strategy-focused approach can be separated into these different sectors:

Strategy	Establish policy and strategies to guide, monitor and control the organization's activities.
Resources	Make resources available to achieve the strategy and oversee their use.
Performance	Monitor the organization's performance.
Compliance	Oversee processes to comply with legal and regulatory requirements.
Risk	Oversee a risk management framework that supports informed decision-making by the organization.
Accountability	Report progress and align the collective interests of members, stakeholders, board, management and employees.

Boards must decide for themselves how best to contribute to their organization to make positive impact and to meet their duties under the law. To assist in defining the role of the board and understanding its legal obligations, a **board charter** document needs to be developed setting out the respective roles, responsibilities and authorities of the board.

This chapter speaks generically but could be tailored to the situation of your organization.

The role of management

It is not practical for boards to direct the day-to-day operations of an organization or to perform the tasks necessary for an organization to achieve its goals. For this to happen, **the board must delegate some of its authority to management** (paid or unpaid staff).

The board oversees the strategy while management develops and implements the plans to achieve it. **Boards are expected to operate on a more long-term and strategic basis.**

By comparison, **management should be concerned with the more immediate operational needs** of the organization. For example, the board will generally delegate authority for the CEO to use the organization's financial resources within the limits set by the budget and in alignment with the organization's strategy.

The relationship between the chair and the CEO

The relationship between the chair and CEO is critical. Primarily, it should be an engaged business relationship in which professional and personal trust and respect are paramount.

- This is a vital relationship because it is the primary source of communication between the board and management.
- It is important that the chair and the CEO have frequent substantial conversations in between board meetings and that each is able to raise any matters of concern on a confidential basis.
- The CEO reports to the board – not to the chair.
- Where a CEO serves on a board, it should be in an ex officio capacity with no voting rights.
- The chair can and should guide the CEO on matters of the board's concern.
- The chair may be required to reinforce the CEO's position with the board in certain circumstances, particularly where the chair has more knowledge than the board about the CEO's actions.

The relationship between the board and management

The board and management must be working towards the same vision and objectives, so a team approach based on trust and respect is critical.

Individual board members have no inherent authority or executive power. Inquiries by board members to management or vice versa should primarily be via the chair and the CEO.

Where there is any direct material contact between individual board members and management, the chair and CEO should be kept informed as a courtesy.

Responsibilities and expectations of a board

The board expects management to ask advice and make use of board members' experience, as and when appropriate. The responsibilities and expectations of the board include:

- making quality, informed decisions based on relevant information available to the board, particularly from committees and management;
- overseeing and managing the committees and management and holding both accountable;
- satisfying itself of the competence, capability and capacity of the committees and management;

- being accountable to the organization's members, stakeholders and regulators of the organization's performance; and
- courteously and respectfully listening to management with an open but constructively challenging mind, allowing management to make its contribution with confidence and without undue interference, constraint or apprehension.

Responsibilities and expectations of management

Management officers are involved in the detail and daily operations of the organization, so the board relies on management to share all material information needed for decision-making and thus allow them to effectively fulfil their obligations as board members.

Management accepts that the board's role is to monitor, question, probe issues, seek clarification, offer insight and share its knowledge and experience. The responsibilities and expectations of management in relation to the board include:

- reporting relevant material information to the board;
- stimulating board discussion on emerging issues;
- assisting the board in analysing and considering issues;
- responding to issues raised by the board;
- expecting the board will trust them to implement strategy and deliver outcomes without undue interference;
- expecting the board not to unduly meddle in operational matters while being respectful of the need for the board to delve deeply from time to time;
- expecting the board to provide the CEO clearly stated performance objectives and defined boundaries of authority;
- providing the CEO regular and honest performance feedback; and
- relying on board members as a sounding board.

Responsibilities and expectations of committees

Many EBMOs may have standing or ad hoc committees. These are generally formed by the board, the president or the CEO. The EBMO must be clear about who can create which kind of committee and establish clear and precise terms of reference for each committee. Committee membership should be representative of the organization's members, and activities should be monitored through regular reporting. A procedure must be in place to close down committees when their work is completed. For standing committees, it is important to ensure that there is a system in place to rotate both the chair and membership.

It is also important to recognize that committees are not the mechanism by which the EBMO communicates with its members.

The responsibilities and expectations of committees will vary but include:

- placing a greater amount of time and focus on a particular area of board business;
- calling on the special skills and abilities of each board member;
- researching an issue in depth, analysing it and providing documentation to the full board to support the findings;
- working collaboratively to locate and evaluate data and to investigate all avenues and alternatives;

- being aware of the limit of authority and establishing a reasonable timeline for the completion of the committee's work;
- producing minutes to capture the deliberations, showing options for action and making recommendations for the board to endorse or decide upon; and
- being evaluated to ensure that board members are fulfilling their responsibilities and that the board is achieving the most from its committees.

In practice, the division of responsibility between the board and management may be less defined. It is likely that the line between the two will shift as an organization's needs, structure and environment changes.

Boards should take an active role in considering where this line is drawn and in reviewing regularly whether the focus of their discussions is appropriate. This will ensure that both the board and management are making the most impactful contribution to the organization.

Section 3 checklist

Roles and functions of the board – governance versus management

Specific to the [insert name of EBMO], new board members are required to read and acknowledge the following documents detailing information, obligations and responsibilities of their role.

- [insert board charter document]
- [insert CEO position description]
- [insert CEO remuneration and performance appraisal process]

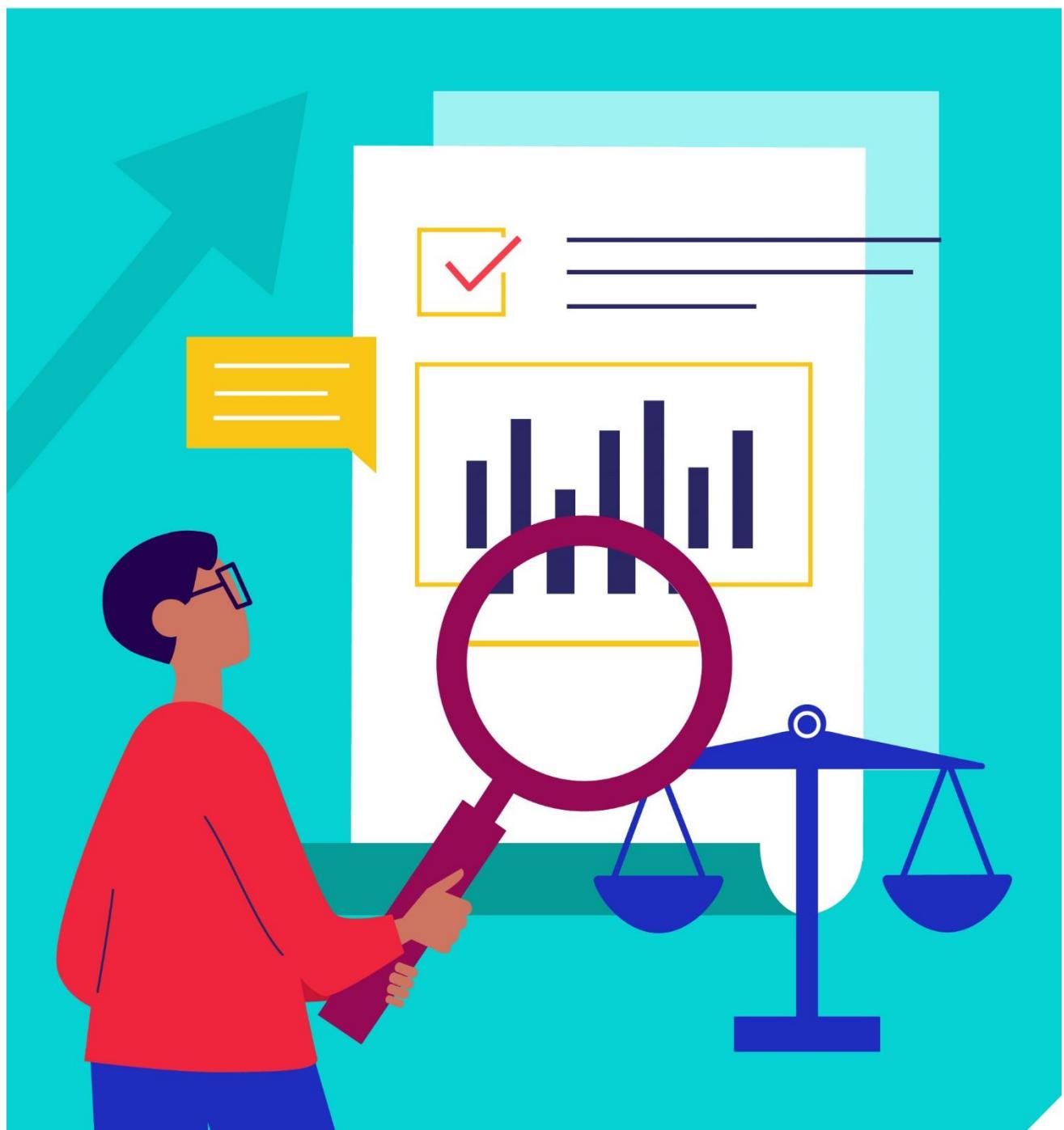
Provided to: _____ [board member]

By: _____ [member of secretariat]

On: _____ [date]

► Section 4

Responsibilities and requirements of board members



For the [insert name of EBMO] to achieve good governance, the roles of the people involved in the organization and their relationship with one another must be clear and understood. Board members are at the top of the organizational hierarchy, and they must understand and meet the responsibilities of their roles.

Acting in the best interest of the organization and its members

It must be made clear that the role of any board member (be it of a publicly listed company, a charity or EBMO) is to **act in the best interest of the organization and its members**, not in the particular interest of any nominator nor in the interest of any outside person or group.

It is also assumed that the organization will exist on an ongoing basis, and as such, the interests of future members should also be considered.

Considering other stakeholders

In exercising their responsibilities, it is a good idea for board members to consider how their decisions might impact other stakeholders who are not members, such as clients and community members. This may be beneficial to the organization's strategy and assist with improved decision-making.

It is important, however, to recognize that even though a board member may be appointed because of their relationship to a stakeholder group, they must exercise their duties in the interest of the organization and apply an independent mind to their responsibilities.

Discharging your duty as a board member

Paying attention to any requirements that may exist in law, generally all board members are expected to exercise their powers and discharge their duties:



with the degree
of care and
diligence of a
reasonable
person

in good faith in
the best
interest of the
organization
and for a
proper purpose

not improperly
using their
position

not improperly
using any
information

There is some misunderstanding that board members who are not paid for their work (sometimes called "volunteer directors") are subject to lower standards of legal responsibility. This is not the case, and individuals should think carefully before accepting the responsibilities of board membership.

Principal responsibilities

You will find in the following checklist documents the principal responsibilities expected of you by [insert name of EBMO] as one of its board members. As a general guide, it is expected that:

- a board member must act honestly and use the powers of their role in good faith and in the best interest of the organization as a whole;
- a board member has a duty to use due care and diligence in fulfilling the functions of their office and exercising powers attached to that office;
- a board member must recognize that their primary responsibility is to the organization as a whole but should, where appropriate, have regard to the interests of all stakeholders in the organization;
- a board member must not make improper use of information that is acquired as a board member;
- a board member must not take advantage of their position;
- a board member must not allow personal interests to conflict with the interest of the organization;
- a board member has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board;
- confidential information received as a board member in the course of exercising those duties remains the property of the organization from which it was obtained and it is improper to disclose it or allow it to be disclosed, unless that disclosure has been authorized by that organization or the person from whom the information derived or is required by law;
- a board member should not engage in conduct likely to bring discredit to the organization; and
- a board member has an obligation, at all times, to comply with the spirit as well as the letter of the law.

Sometimes reading about legal issues can be overwhelming! The aim of the onboarding handbook is to explain the legal duties so you can perform tasks as an informed board member. It is important, however, not to let worries about legal issues prevent you from being an active, involved board member or from enjoying your role.

Section 4 checklist

Responsibilities and requirements of board members

Specific to the [insert name of EBMO], new board members are required to read and acknowledge the following documents detailing information, obligations and responsibilities of their role.

- [insert confidentiality agreement]
- [insert board member contract or letter of agreement]
- [insert new board member position description]
- [insert communications protocols]
- [insert board insurance details]
- [insert description of liability as it pertains to board members]
- [insert conflict of interest policy]
- [insert code of conduct policy]
- [insert additional policy documents]

Provided to: _____ [board member]

By: _____ [member of secretariat]

On: _____ [date]

► Section 5

Tips and start-up information for new Board members



As a Board member, take this role seriously – do your homework, understand your obligations and think through the issues. Most importantly, do not just join the board because a friend or colleague asks you to do so.

Tips for new board members

- ▶ Know what the purpose of our organization is, and make sure everyone is working towards it.
- ▶ Understand our organization's financial position, and be familiar with its financial statements.
- ▶ Understand our organization's obligations to regulatory agencies, and make sure they are being met.
- ▶ Always keep your responsibilities and legal duties as a Board member in mind when making decisions.
- ▶ Be confident to declare and manage conflicts of interest responsibly.
- ▶ Understand the offboarding process and utilize feedback from past Board members.
- ▶ Always act in the best interest of our organization – you have a responsibility to put the interest of our organization above your personal interests.
- ▶ Always do what you think is best for our organization, even if it means taking a different view to other Board members.
- ▶ Be clear about your role, and ensure that the roles and responsibilities of everyone in our organization are well understood.
- ▶ Listen to the other Board members, and work with them as a team.
- ▶ Keep a copy of our organization's policies and procedures – read them and understand them.
- ▶ Understand the strategic plan and its specific key performance indicators.

Upon reaching the end of this handbook, you should now be able to answer these questions:

- Do I understand the role, aims and direction of the [insert name of EBMO] governing Board?
- Do I share these aims?
- Can I devote sufficient time and energy to attend meetings and carry out the role diligently?
- Do I have the qualifications and skills that are required for this role?
- Can I hold this position with integrity and without conflict of interest?

The following checklist provides you with the most important information to get you up to date and equipped to serve the [insert name of EBMO] with confidence!

Section 5 checklist

Tips and start-up information for new board members

Specific to the [insert name of EBMO], new Board members are required to read and acknowledge the following documents detailing information, obligations and responsibilities of their role.

- [insert list of current office bearers' names, roles and contact details]
- [insert list of current board committees and members of each]
- [insert approved budget for the current year]
- [insert most recent monthly financial summary]
- [insert most recent audited financial statement]
- [insert most recent annual report]
- [insert list of any facilities owned or rented by the organization]
- [insert approved work plan]
- [insert summary of the primary external stakeholders]
- [insert schedule for formal briefings with key stakeholders, such as government representatives]
- [insert list of upcoming meetings]
- [insert recent board meeting minutes]
- [insert agenda for the next meeting]
- [insert list of the current issues being considered the board]
- [insert current discussion papers before the board]
- [insert most recent newsletter]
- [insert programme highlights for year to date]
- [insert event schedule]

Provided to: _____ [board member]

By: _____ [member of secretariat]

On: _____ [date]

► Appendix 1 Full checklist for new Board members

- [insert brief history]
- [insert organizational chart – board, committees and secretariat]
- [insert strategic plan]
- [insert chairperson's statement on the five-year vision]
- [insert mission statement]
- [insert vision statement]
- [insert constitution]
- [insert bylaws]
- [insert board meeting protocol]
- [insert glossary of abbreviations and terms commonly used]
- [insert board charter document]
- [insert CEO position description]
- [insert CEO remuneration and performance appraisal process]
- [insert confidentiality agreement]
- [insert board member contract or letter of agreement]
- [insert new board member position description]
- [insert communications protocols]
- [insert board insurance details]
- [insert description of liability as it pertains to board members]
- [insert conflict of interest policy]

- [insert code of conduct policy]
- [insert additional policy documents]
- [insert list of current office bearers' names, roles and contact details]
- [insert list of current board committees and members of each]
- [insert approved budget for the current year]
- [insert most recent monthly financial summary]
- [insert most recent audited financial statement]
- [insert list of any facilities owned or rented by the organization]
- [insert approved work plan]
- [insert summary of the primary external stakeholders]
- [insert schedule for formal briefings with key stakeholders, such as government representatives]
- [insert list of upcoming meetings]
- [insert recent board meeting minutes]
- [insert agenda for the next meeting]
- [insert list of the current issues being considered the board]
- [insert current discussion papers before the board]
- [insert most recent newsletter]
- [insert program highlights for year-to-date]
- [insert event schedule]

► Appendix 2 New Board member acknowledgement

This [insert the name of your organization's] Onboarding Handbook for New Board Members shall be considered to be the definitive document relating to ethical conduct by [insert name of EBMO].

I confirm that I have received a complete copy of the [insert the name of your organization's] Onboarding Handbook for New Board Members and that I have read and understood its provisions.

Board member name: _____

Board member signature: _____

Date: _____