

# Governance: Roles of Directors

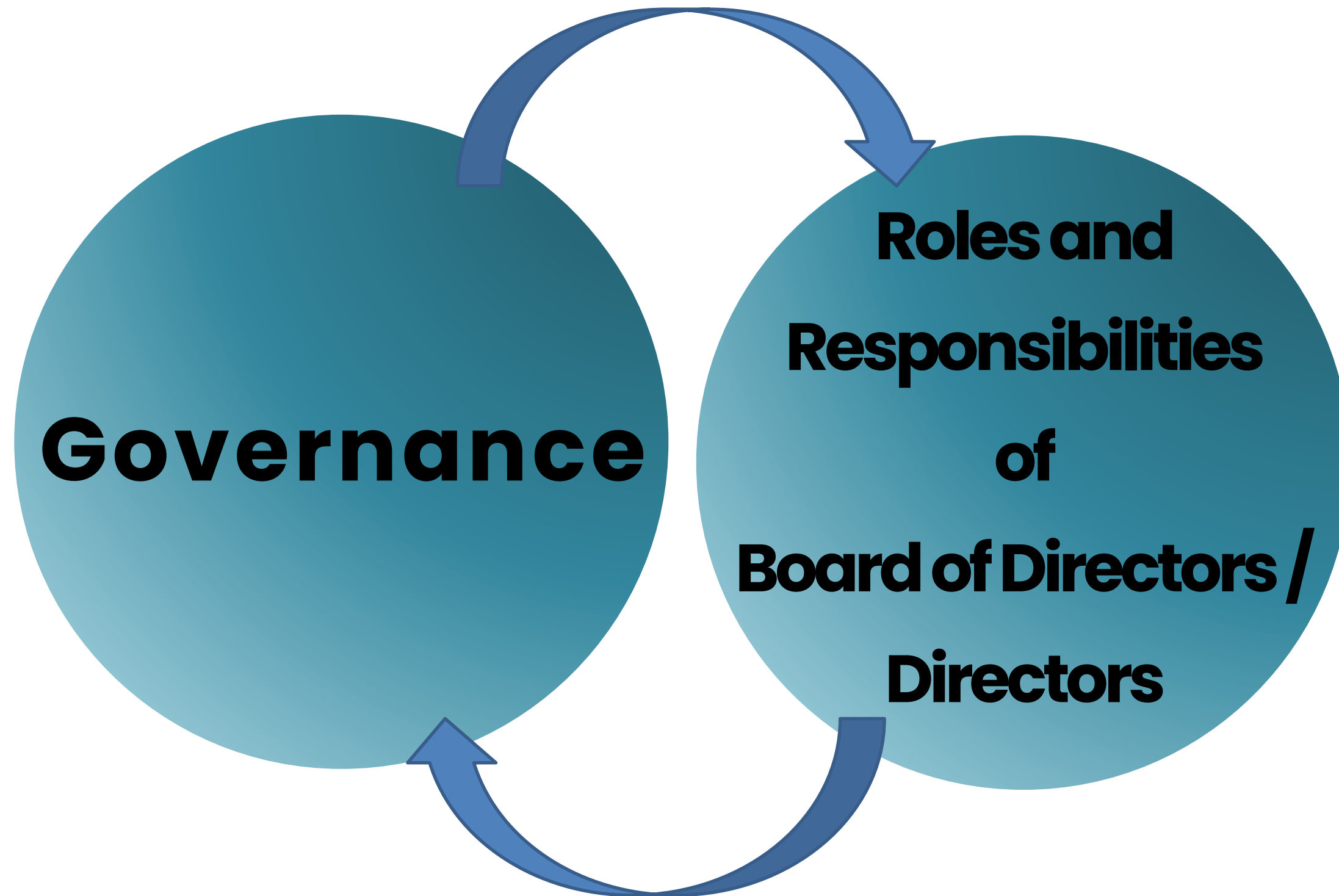
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NGO Governance

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# What is NGO Governance?

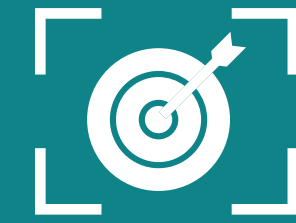


# Governance



## Origination

- Greece word: "Kubernao"
- Means "to Steer" (steer a ship)



## Literal Meaning

- An organization is managed at the **Highest** level
- To Control and to Direct

# Functions and Roles of the Board Directors



## Functions

- Strategic Leadership
- Accountability
- Facilitate Access to Recourses



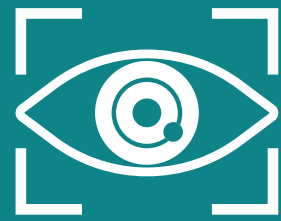
## Roles

- Control role
- Strategy role
- Service role

***STILL QUITE CONCEPTUAL!  
... BUT GOOD GUIDING PRINCIPLES***

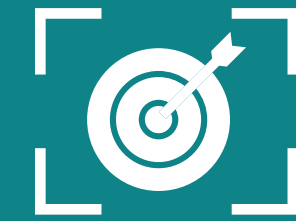


# Responsibilities of the Board / Directors (1/4)



## Directors

- Legal and Regulatory
- Fiduciary Duty
- Accountability
- Etc etc



## Board

- Develop / Ensure compliance with the NGO's purpose, value, etc
- Ensure NGO's Sustainability and Going Concern
- Accountability
- Etc etc

# Responsibilities of the Board / Directors (2/4)

## Strategy



## Sustainability

- Ensure the NGO to continue provide services
- Ensure the NGO has sufficient resources (Financial; Human Resources; Premises; others)
- Ensure the NGO is able to pay employees and honor other contracts
- Risk Management

# Responsibilities of the Board / Directors (3/4)

## Practitioners' Guidance, including:

- Determine vision and purpose, and advocate
- Select CEO; Support and Evaluate the CEO
- Ensure adequate Financial Recourses; Protect Assets and Provide Financial Oversight
- Monitor and Strengthen programmes and services
- Ensure Effective Planning; Ensure Risk Management process
- Ensure Legal and Ethical Integrity
- Enhance the NGO's public image and standing
- Build a Competent and Sustainable Board
- Etc etc..... **Never have a complete (or close to complete) list**



# Responsibilities of the Board / Directors (4/4)



## Principle based vs. Rule based

Some principles in serving as a director:

- Passion; Not just a title or a job
- Ensure Successes of the NGO
- Put priority on the NGO; No self-interest
- With 'Heart' and 'Common Sense'
- Integrity; Objective
- Realistic
- Forward looking



# Accountability

## Strategy

**To whom?**

**For what?**

(see page 6)

## Stakeholders

- **Identification**
- **Prioritization**
- **Engagement**
- **Communication**

# Stakeholders

**Service users  
– Direct**

**Service users  
– Indirect**

**Government**

**Big  
Donors /  
Funders**

**Small  
Donors**

**Regulators**

**Local  
community**

**Founders**

**Directors**

**Senior  
Management**

**Employees**

**Supplies**

**Customers**

**Many  
others.....**

# Different Circumstances

## External Environment

- **Economic conditions**
- **Changes in community, like Demographic, Technologies, etc**
- **Regulatory requirements**
- **Stakeholders' requests**

## Internal Environment

- **Start-up vs. Mature**
- **Resources**
- **Management: Competency and Others**
- **Directors: Experience, Sufficiency and Others**

# Different types of NGO

Community service (subsidized)

Social Enterprises

Schools

Community service (self-finance)

Co-Opt

Religious organisations

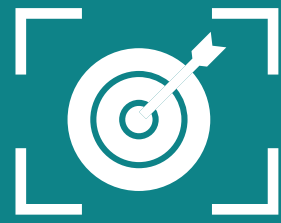
Self-Help

Hong Kong (standalone)

International (part of a global organisation)

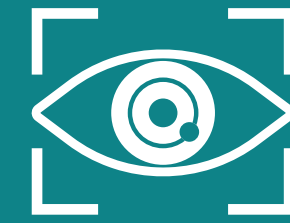
- Focus of Directors' responsibilities is different for different types of NGOs
- Same 'Governance' but Different 'Applications'
- Need different skillsets for Directors

# Board and/vs. Management (1/3)



## Board

- Overall responsibility and accountability
- Legal and Regulatory obligations
- Formulates Strategies; Determines Plans;
- Oversees Management; ...



## Management

- Execute the Board's decisions and directions
- Manage day-to-day operations
- Contractual employment obligations to the NGO / Board



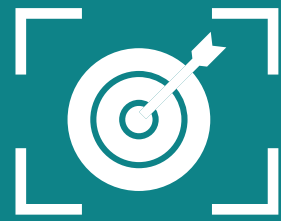
# Board and/vs. Management (2/3)



## The Equilibrium depends on

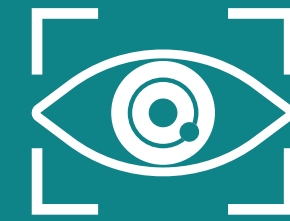
- ✓ Internal and External factors
- ✓ Life Cycle of the NGO
- ✓ Resources of the NGO
- ✓ High-level vs Micro-management

# Board and/vs. Management (3/3)



## Manage

- **Principal – Agent relationship: Control**
- **Effective partners: Complementary, support and mentor**
- **Management Motivation and Incentives**
- **Trust and Respect**



## Power

- **Information and other Resources**
- **Relationship with Stakeholders**
- **Relative Power**
- **Possession of Power vs. Exercise of Power**



NGO 董事會網絡  
GOVERNANCE

# Thank You



<https://governance.hkcss.org.hk>

