

# Board Governance Health Assessment



**Webinar**  
**19 July 2022**



**Introduction**



**Conceptual Framework**



**Methodology**



**Profile of NGOs**



**Overall Observations**



**Insights and Reflections**



# Introduction



# Background

- Non-governmental organisations (NGOs) are mainly stewarded by their governing bodies, which may be called the Council, Board or Executive Committee, etc. NGO board members have contributed their time, knowledge and experience on a voluntary basis.
- NGO governance is increasingly in the spotlight in Hong Kong's social service sector. Regarding the oversight of NGOs, stakeholders and the general public are demanding more **transparency**, **accountability** and **service quality**. At the organisational level, the board is responsible for ensuring that good governance is in place.
- Building upon the success and positive feedback of the 2018 Programme, there is a need to continue the momentum to further promote the actionable governance health framework and the self-assessment tool developed for understanding and enhancing the capacities of NGOs for effective board governance and fostering the culture of regular review of NGO boards' performance.
- The 2021 Programme consists of two main components: Board Governance Health Assessment (the 2021 Assessment) and Board Governance Health Enhancement Series. This webinar presents the results of the 2021 Assessment.



# Key objectives of the 2021 Programme

To refine the NGO governance health check tool developed earlier

01

To capture knowledge on NGO board governance from the health check exercise

02

To promote the awareness and understanding of board governance health and good governance practice among NGOs

03

To trace the level of governance standard in the sector

04

To develop practice knowledge and recommendations with a view to addressing the “low-scoring” governance health aspects among the sector identified in the 2018 Programme

05



# Organisers

## HKCSS

- To steer and monitor the implementation of the 2021 Programme and provide secretariat support for central coordination
- To take part in the refinement of the governance health check tool and the design of the details of the health check service
- To promote the 2021 Programme and recruit participating agencies
- To organise debriefing sessions, seminars and workshops



## HKU

- To advise on the refinement of the governance health check tool, data collection and analysis, reports compilation and contents of the enhancement programmes
- To share the findings at the seminar

## GAME for GOOD

- To refine the governance health check tool and design the details of the health check services
- To compile the individual health check reports and contribute to the analysis of the sector-wide governance health assessment findings
- To conduct a seminar on sector governance landscape & insights and group debriefing sessions
- To design and conduct governance health workshops and individual consultations
- To develop and compile the “Practice Tools & Tips” and introduce the Tools & Tips to the sector at a seminar



# Conceptual Framework



# Conceptual Framework

- **HEALTH** encompass the attributes, qualities and actions that help sustain performance over time
- Governance health is measured by assessing how the board of an organisation is “built”, perform its vital functions and the quality of interaction and behaviour
  - ✓ the **built** or setting – What is the make up of the Board? The structure and mode of operation ?
  - ✓ the **capacity to deliver core responsibilities** of governance
  - ✓ the **dynamics of interaction** that can be enablers or barriers to healthy Board functioning and growth

## 3 KEY DIMENSIONS OF GOVERNANCE HEALTH

BOARD DESIGN &  
PROCESSES

BOARD ROLE  
EXECUTION

BOARD  
DYNAMICS &  
BEHAVIOUR

1. Nonprofit Governance Index, BoardSource, 2012;
2. Survey on Board of Directors of Nonprofit Organisations, Stanford Graduate of Business, BoardSource and Guidestar, 2015;
3. The Governance Wheel - A tool to measure and support change in your governance and leadership, National Council for Voluntary Organisations, 2015;
4. Leading with Intent: A National Index of Nonprofit Board Practices, BoardSource, 2017;
5. The Dynamic Board: Lessons from High-Performing Nonprofits, McKinsey & Company; Charity Governance Code, Charity Governance Code Steering Group, 2017;
6. Survey on Board-level Recruitment and Retention Strategies among NGOs in Hong Kong, HKCSS and ExCEL3, 2016;
7. Guide to Corporate Governance for Subvented Organisations, Efficiency Unit, 2015;
8. Self-Assessment of Nonprofit Governing Boards Questionnaire, Board Source, 1999.





# Conceptual Framework

- The good practices are adapted from international tools for assessing NGO governance to suit local context
  - ✓ **Contextual Dimension (境況維度)** - the context or setting – the set institutional design and environment that the Board is facing
  - ✓ **Functional Dimension (功能維度)** - the capacity to deliver core responsibilities of governance
  - ✓ **Interactive Dimension (互動維度)** - the dynamics of interaction that can be enablers or barriers to healthy Board functioning
- 9 elements (元素) and 21 aspects (範疇) of governance health under 3 key dimensions
- A total of 57 good practices (良好實務) conducive to governance health
- Demonstrates high reliability among the 57 good practices



# Conceptual Framework

Contextual Dimension (境況維度)

**BOARD DESIGN & PROCESSES**  
董事會設計及運作程序

Functional Dimension (功能維度)

**BOARD ROLE EXECUTION**  
董事會履行角色





# NGO Governance Good Practices

3 Dimensions (維度)	Contextual Dimension (I) 境況維度 Board Design & Processes 董事會設計及運作程序	Functional Dimension (II) 功能維度 Board Role Execution 董事會履行角色	Interactive Dimension (III) 互動維度 Board Dynamics & Behaviour 董事間互動及行為
9 Elements (元素)	1 Board Composition 董事會組成	4. Steer Mission & Direction 為機構使命及方向掌舵	7. Board Development 董事會發展
	2 Board Structure 董事會架構	5. Ensure Executive Leadership & Resource 確保執行領導力及資源	8. Board Engagement 董事會參與
	3 Board Processes 董事會運作程序	6. Monitor Organisational Risk & Performance 監察機構風險及表現	9. Board Leadership 董事會領導力
21 Aspects (範疇) ( ) = number of good practices (良好實務) in the aspect concerned 57 good practices in total	1.1 The Set-up 董事會設置 (2) 1.2 The Team Mix 團隊組合 (2)	4.1 Shape Mission & Vision 訂定使命及願景 (3) 4.2 Involve in Strategic Planning 參與策略規劃 (3)	7.1 Recruitment 成員招募 (2) 7.2 Capacity Building 能力建設 (2) 7.3 Succession Planning 接任規劃 (2)
	2.1 The Design 董事會設計 (2) 2.2 Delegation & Delineation of Authority 授權與權力界定 (2)	5.1 Support Top Tier Executive 支持最高管理層 (3) 5.2 Ensure Adequate Financial Resource 確保財政資源充足 (3) 5.3 Provide Expertise & Access 提供專門知識及聯繫網絡 (2)	8.1 Positive Culture 正向文化 (4) 8.2 Foster Involvement and Commitment 推動參與及承擔 (4)
	3.1 Meeting Efficiency & Effectiveness 會議效率與有效性 (4)	6.1 Oversee Risk & Compliance 監管風險及合規 (4) 6.2 Ensure Accountability to Stakeholders 確保向持份者問責 (2) 6.3 Monitor Performance 監察表現 (3)	9.1 Constructive Partnership with Management 與管理層建立具建設性的夥伴關係 (3) 9.2 Monitor Board Performance 監督董事會表現 (2) 9.3 Impact of Board Leadership 領導力的成效 (3)



# NGO Governance Good Practices - Scoring Method

- 57 good practices or status that constitutes good governance health are listed for self assessed rating under a 5 point scale

- A score is determined by reported frequency a practice is adopted or the level of agreement that a positive health status is reflected in the organisation
- A score is also given to the perceived relevance of such a practice or status to the organisation

## Adoption of practice

Always

5

Often

4

Sometimes

3

Seldom

2

Never

1

## Level of agreement

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree



# Board Governance Areas

- 11 areas of board governance are listed for the NGOs to indicate their levels of satisfaction and their views on the impact on the overall organisational performance in these areas.
  - Commitment to Mission and Vision (對機構使命及願景之承擔)
  - Direction and Leadership (提供方向及領導)
  - Providing Adequate Financial Resources and Oversight (確保充足的財政資源及監督)
  - Ensuring Integrity, Ethics and Legal Compliance (確保操守、道德及法律合規)
  - Monitoring Risks and Organisational Performance (監管風險及機構績效)
  - Supportive and Constructive Relationship between Board and Management (董事會與管理層建立相互支持及具建設性的關係)
  - Stakeholder Representation and Accountability (持份者代表性及問責)
  - Disclosure and Transparency to the Public (公眾披露及透明度)
  - Community Relations and Outreach Efforts (社區關係及對外聯繫)
  - Board Effectiveness (董事會的效能)
  - Learning and Continuous Improvement (學習及持續完善)

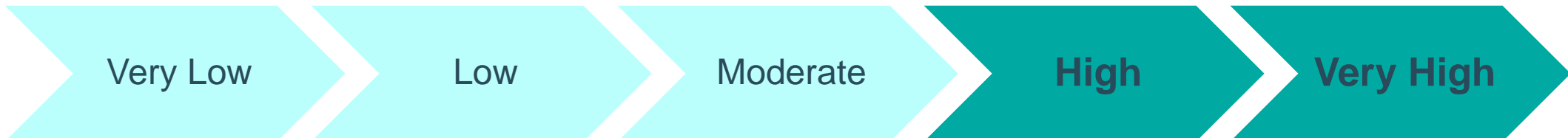


# Board Governance Areas - Scoring Method

- Level of satisfaction and impact on the overall organisational performance
- Agency Head and Board Members indicate the level of satisfaction on the board governance areas:



- Agency Head and Board Members indicate the impact on the overall organisational performance on the board governance areas:





# Methodology



# Assessment Design

- Target respondents of the 2021 Assessment:
  - ✓ Any charitable institution or trust of a public character, which is exempt from tax under section 88 of the Inland Revenue Ordinance; and
  - ✓ With governing bodies such as the Council, Board or Executive Committee (hereafter “Board”)
- Participating NGOs
  - ✓ CEO/Agency Head (Form A & B)
  - ✓ Board Chairperson (Form B)
  - ✓ 1 Board Officer Bearer (Form B)
  - ✓ 1 Board Member who has served on the board for more than 1 year (Form B)
- Pilot test was conducted to fine-tune the assessment tool and operation





# Assessment Design

## Form A

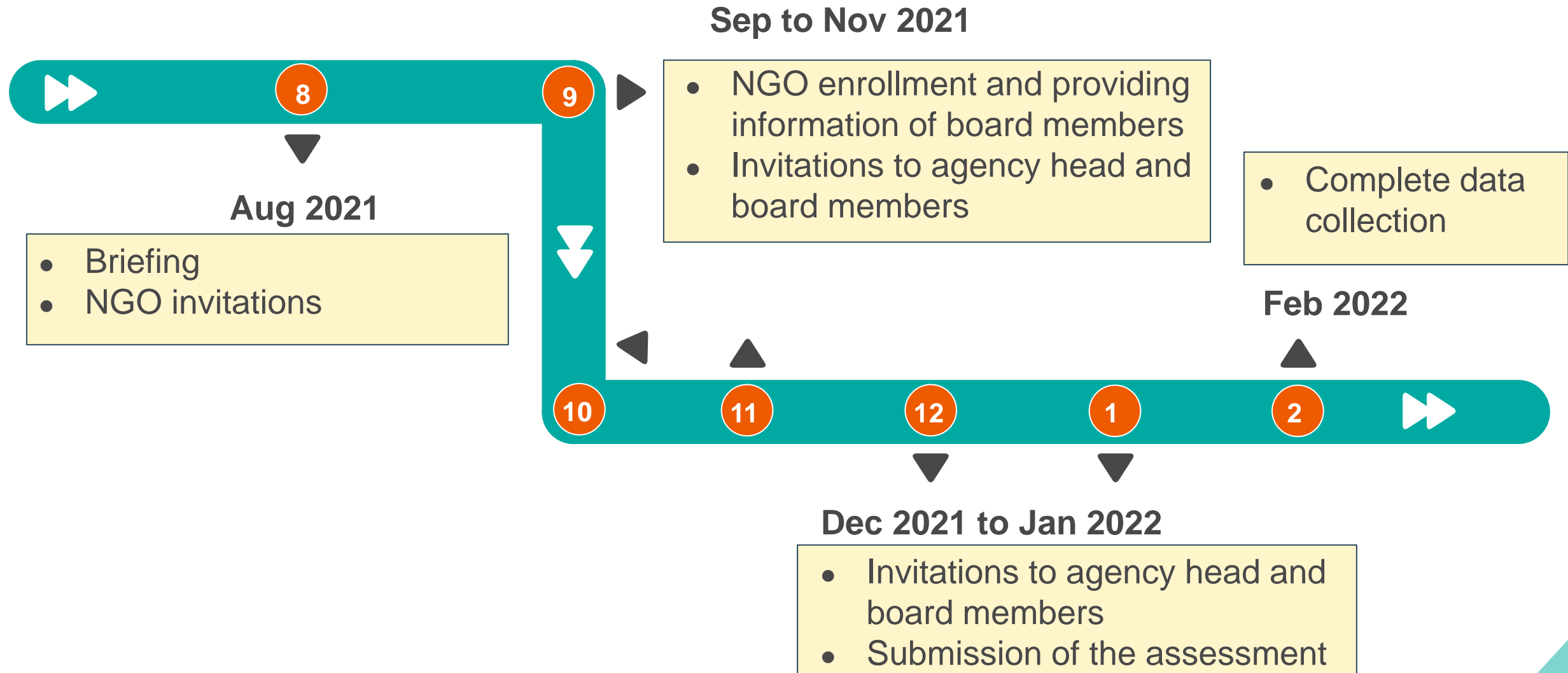
- 23 questions
- Organisational information (year of establishment, functions, missions, number of staff, annual total expenditure, funding sources, etc.)
- Board composition and structure (number and profiles of board members, number and types of board meetings, etc.)
- Completed by CEO/Agency Head

## Form B

- 68 questions
- Degree of adoption of the good practices and the relevance of the practices to the organisations
- Level of satisfaction of governance health aspects and their impact on organisational performance
- Completed by CEO/Agency Head and board members



# Timeline





# Enumeration Results

Period: Aug 2021 to Feb 2022

	No. of NGOs	No. of Qs	Completion rate
(I) Recruitment			
Received reply slip from NGOs	61	-	
• Eligible NGOs	59		
• Ineligible NGOs	2		
(II) Confirmation			
Sent confirmations	59	-	
• Received confirmations	51	-	
• Withdrew	8	-	
(III) Invitation	51	258	
• Agency Head		51	
• Boards (Chairperson)		48	
• Boards (Office Bearer / Board Member)		159	
(IV) Submission	50 (98.0%)	215	83.3%
• Agency Head		50	98.0%
• Boards (Chairperson)		45	93.8%
• Boards (Office Bearer / Board Member)		120	75.5%



# Limitations



A cross-sectional approach was adopted, and the results are considered as exploratory ones.



Sampling errors and non-sampling errors exist even though the final results are believed to be as accurate as practically possible through the implementation of a thorough data validation and processing procedures.



This is an assessment of self-perceived health status of NGO governance.

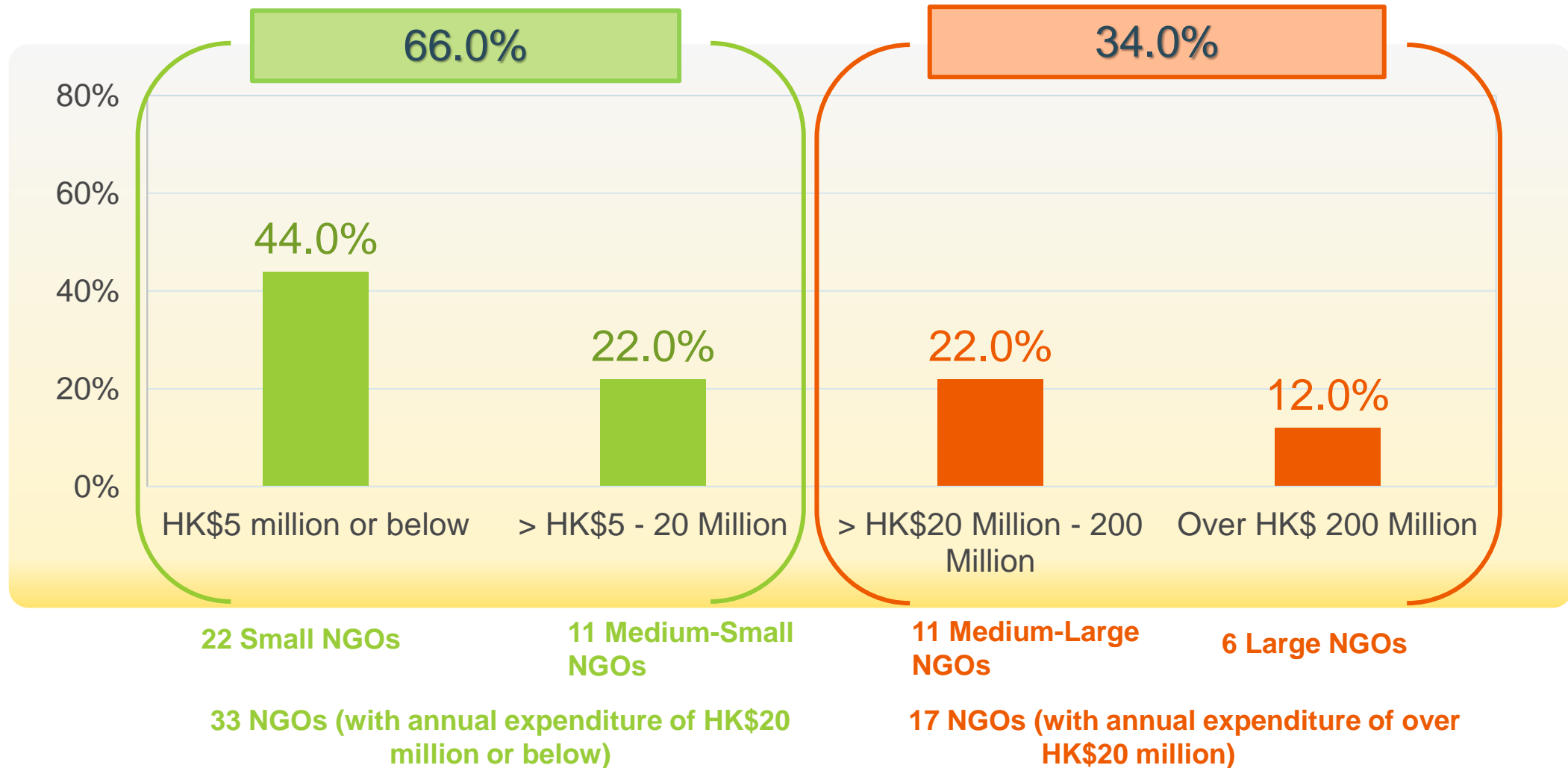


# Profile of NGOs



# Annual Total Expenditure in the Last Financial Year (HK\$)

■ Unit of analysis: 50 NGOs





# Years of Legal Establishment and Organisational Function

- The years of legal establishment is varied among the participating NGOs
- The median is **17 years** for all the participating NGOs
- The primary function of **78.0%** of the participating NGOs **is service delivery** (including areas of social welfare, health, environment, arts and recreation, social enterprise, etc.)

Years of legal establishments	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Median (years)	11 years	43 years	<b>17 years</b>
No. of participating NGOs	33	17	50

Primary function	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Service Delivery	<b>78.8%</b>	76.5%	78.0%
Promote the Development of Self-help / Mutual support	9.1%	0.0%	6.0%
Mobilisation and Allocation of Charitable Resources	0.0%	11.8%	4.0%
Advocacy / Public Education	12.1%	11.8%	12.0%
Total	100.0%	100.0%	100.0%
No. of participating NGOs	33	17	50



# Perceived Life Cycle Stages

% (median: years of legal establishments)	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
<b>Stage 1: Start-up (Founding and Framing)</b> <ul style="list-style-type: none"> <li>Simple programmes or a mix of diverse and non-integrated activities</li> <li>Strong commitment to service delivery</li> </ul>	9.1% (5 years)	0.0%	6.0% (5 years)
<b>Stage 2: Adolescent (Growing)</b> <ul style="list-style-type: none"> <li>Programmes being established in the market</li> <li>Demand is greater than capacity</li> <li>More consistent and focused on programmes delivery</li> </ul>	45.5% (9 years)	29.4% (42 years)	40.0% (10.5 years)
<b>Stage 3: Mature (Sustaining and Producing)</b> <ul style="list-style-type: none"> <li>Core programmes are established and recognised in the community</li> <li>Programme's evaluation is regular</li> <li>Long-term planning to add or delete programmes in response to market</li> </ul>	33.3% (15 years)	52.9% (40 years)	40.0% (18.5 years)
<b>Stage 4: Renewal / Rejuvenation / Refocusing</b> <ul style="list-style-type: none"> <li>Programmes are mainly to meet funding requirements</li> <li>Difficulty in achieving goals and maintaining consistent service quality</li> <li>Losing sight of changing market needs</li> <li>Refocusing of diversified services</li> </ul>	12.1% (18 years)	17.6% (51 years)	14.0% (38 years)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

No. of participating NGOs	33	17	50
---------------------------	----	----	----

- Among NGOs with annual expenditure <=HK\$20m, over one-third perceived that their NGOs are in **Stage 2-Adolescent (Growing)** (45.5%) and in **Stage 3-Mature (Sustaining and Producing)** (33.3%)
- Among NGOs with annual expenditure > HK\$20m, over three quarters (75.7%) perceived that their NGOs are in **Stage 3 - Mature (Sustaining and Producing)** (52.9%)





# Number of Full-time Staff and Funding Source

- The number of full-time staffs is varied among the participating NGOs
- The median number is **7 full-time staff** for NGOs with annual expenditure  $\leq$ HK\$20m and **99 full-time staffs** for NGOs with annual expenditure  $>$ HK\$20m
- The major funding source is **non-recurrent funding** (median %: **94.0%**)

Number of full-time staffs	Annual expenditure		All NGOs
	$\leq$ HK\$20m	$>$ HK\$20m	
Mean	12	415	149
Median	7	99	14
No. of participating NGOs	33	17	50

Funding sources (median %)	Annual expenditure		All NGOs
	$\leq$ HK\$20m	$>$ HK\$20m	
Recurrent Funding	9.1%	76.5%	32.0%
Non-recurrent Funding	93.9%	94.1%	94.0%
Earned Income	78.8%	88.2%	82.0%
No. of participating NGOs	33	17	50

Recurrent funding

(including Lump Sum Grant or recurrent funding from Social Welfare Department, other government departments or the Community Chest; NOT including non-recurrent project funding from government departments or the Community Chest).

Non-recurrent funding

(including non-recurrent project funding from government departments, Hong Kong Jockey Club or Community Chest, and all kinds of nonrecurrent subsidies or donations).

Earned income

(including membership fees, service fees, sales income and income from endowment / investment)



# Significant Issues Experienced in the Last 3 Years

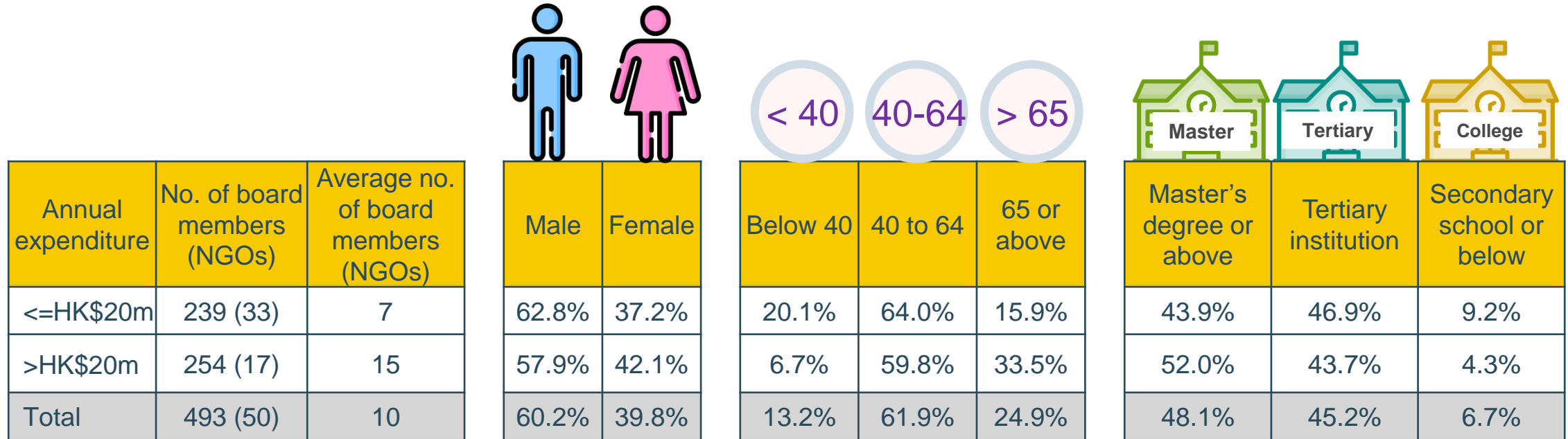
- 42 out of the 50 participating NGOs indicated that they had experienced one or more of the listed significant issues in the last 3 years. The top five issues were “staff turnover by more than 20%” (45.2%), “change of staff size by more than 20%” (42.9%), “change of CEO” (42.9%), “change of Board Chair” (35.7%) and “change of budget by more than 20%” (31.0%).

The Issues	Annual expenditure		All participating NGOs
	<=HK\$20m	>HK\$20m	
No significant issue experienced in the last 3 years	18.2%	11.8%	16.0%
Significant issue(s) experienced in the last 3 years	81.8%	88.2%	84.0%
<b>The Issues (Multiple responses)</b>			
Staff turnover by more than 20%	44.4%	46.7%	45.2%
Change of CEO	44.4%	40.0%	42.9%
Change of staff size by more than 20%	48.1%	33.3%	42.9%
Change of Board Chair	44.4%	20.0%	35.7%
Change of budget by more than 20%	37.0%	20.0%	31.0%
Significant change in organisational structure	33.3%	20.0%	28.6%
Recurrent deficit for more than two years	25.9%	13.3%	21.4%
Turnover of Board members by more than 20%	22.2%	13.3%	19.0%
Major negative reputation incidents	0.0%	13.3%	4.8%
Litigation	0.0%	6.7%	2.4%
Total	100.0%	100.0%	100.0%
No. of participating NGOs	33	17	50



# Profile of Board Members

- There are 493 board members of the 50 participating NGOs



- Compared with their counterparts in the participating NGOs with annual expenditure > HK\$20m, board members members of NGOs with annual expenditure <=HK\$20m were more likely to be **male** (62.8%), **aged below 40** (20.1%), and have received **education up to secondary school** (9.2%).



# Board Meetings

- On average, there were 5 board meetings held last year lasting for about 2.4 hours
- The attendance rate of board members was 83.9%.
- For NGOs with annual expenditure > HK\$20m, more committees tend to have more committees than those with an annual expenditure <=HK\$20m.
- The most common types of committees in the participating NGOs included fundraising / resources development committees, executive / management committees, programme / service committees and finance / investment committees.

Average	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Board meetings held last year (numbers)	5	5	5
Number of board meetings held in a normal year: (i.e. Non COVID-19 period)	5	5	5
Length of board meetings held last year (hours)	2.3	2.4	2.4
Attendance rate last year (%)	83.8	85.0	83.9

Median	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Number of committees (including programme/service)	2	8	4
Number of committees (excluding programme/service)	1	7	4
Total	100.0%	100.0%	100.0%
No. of participating NGOs	33	17	50

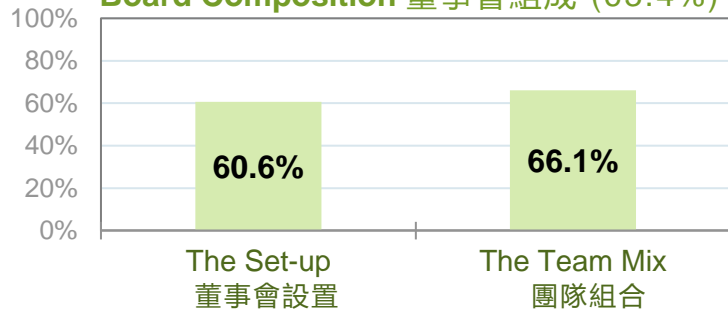


# Overall Observations

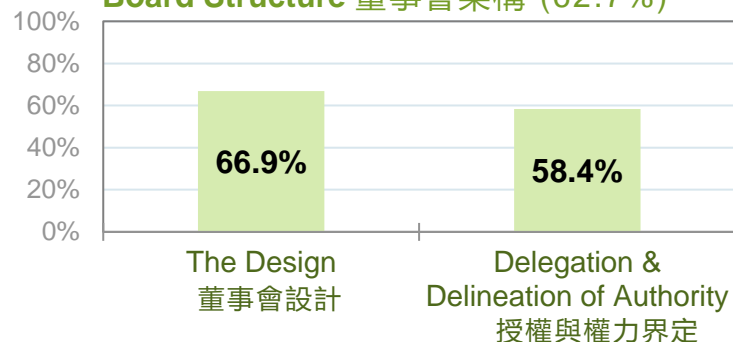


# Adoption of Good Practices (% of Always and Often)

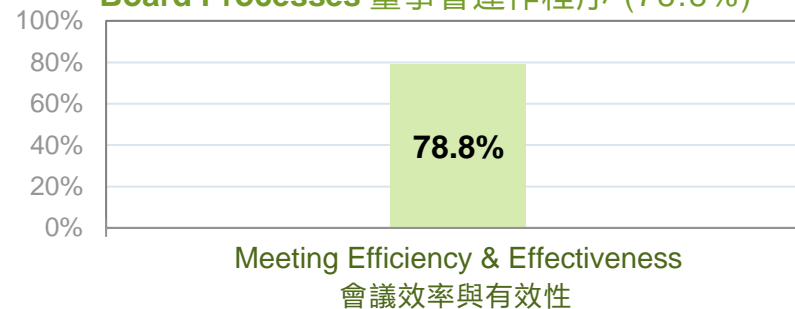
**Board Composition 董事會組成 (63.4%)**



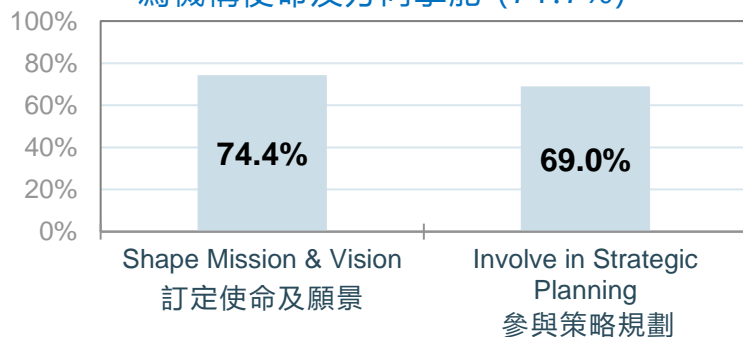
**Board Structure 董事會架構 (62.7%)**



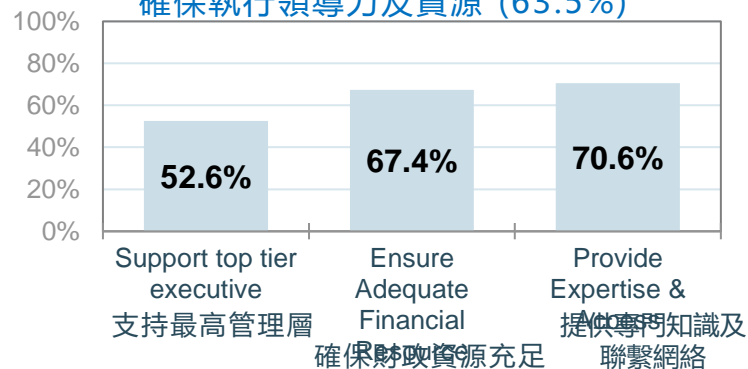
**Board Processes 董事會運作程序 (78.8%)**



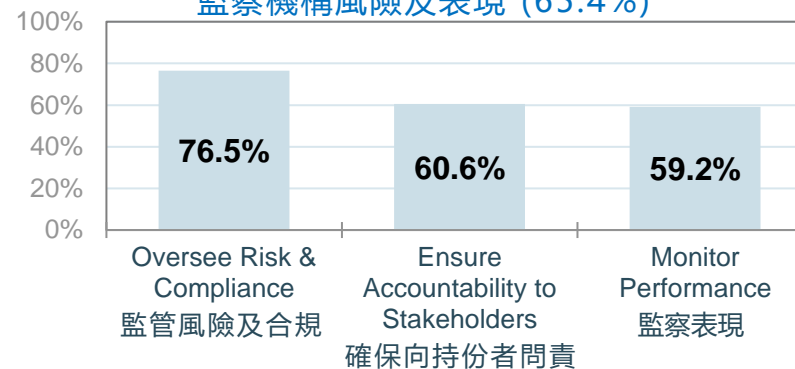
**Steer Mission & Direction 為機構使命及方向掌舵 (71.7%)**



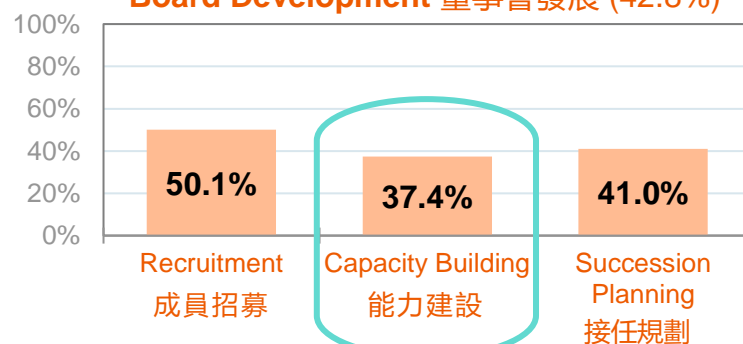
**Ensure Executive Leadership & Resource 確保執行領導力及資源 (63.5%)**



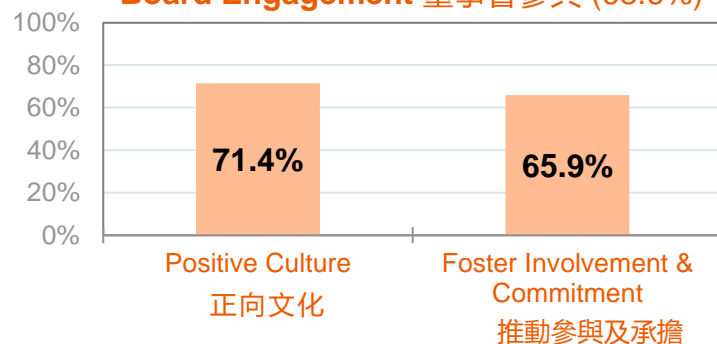
**Monitor Organisational Risk & Performance 監察機構風險及表現 (65.4%)**



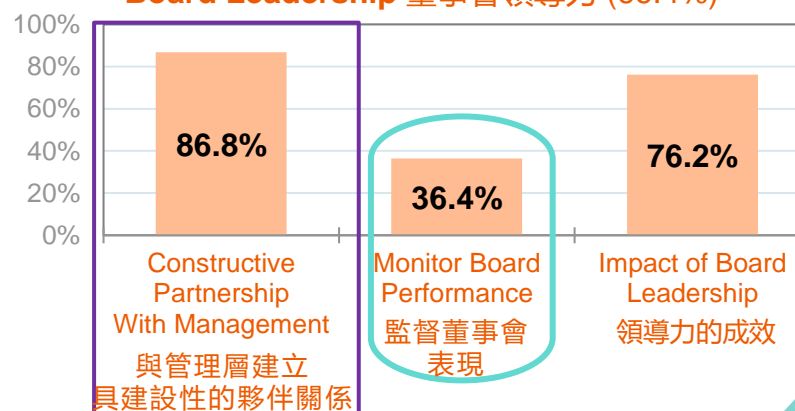
**Board Development 董事會發展 (42.8%)**



**Board Engagement 董事會參與 (68.6%)**



**Board Leadership 董事會領導力 (66.4%)**





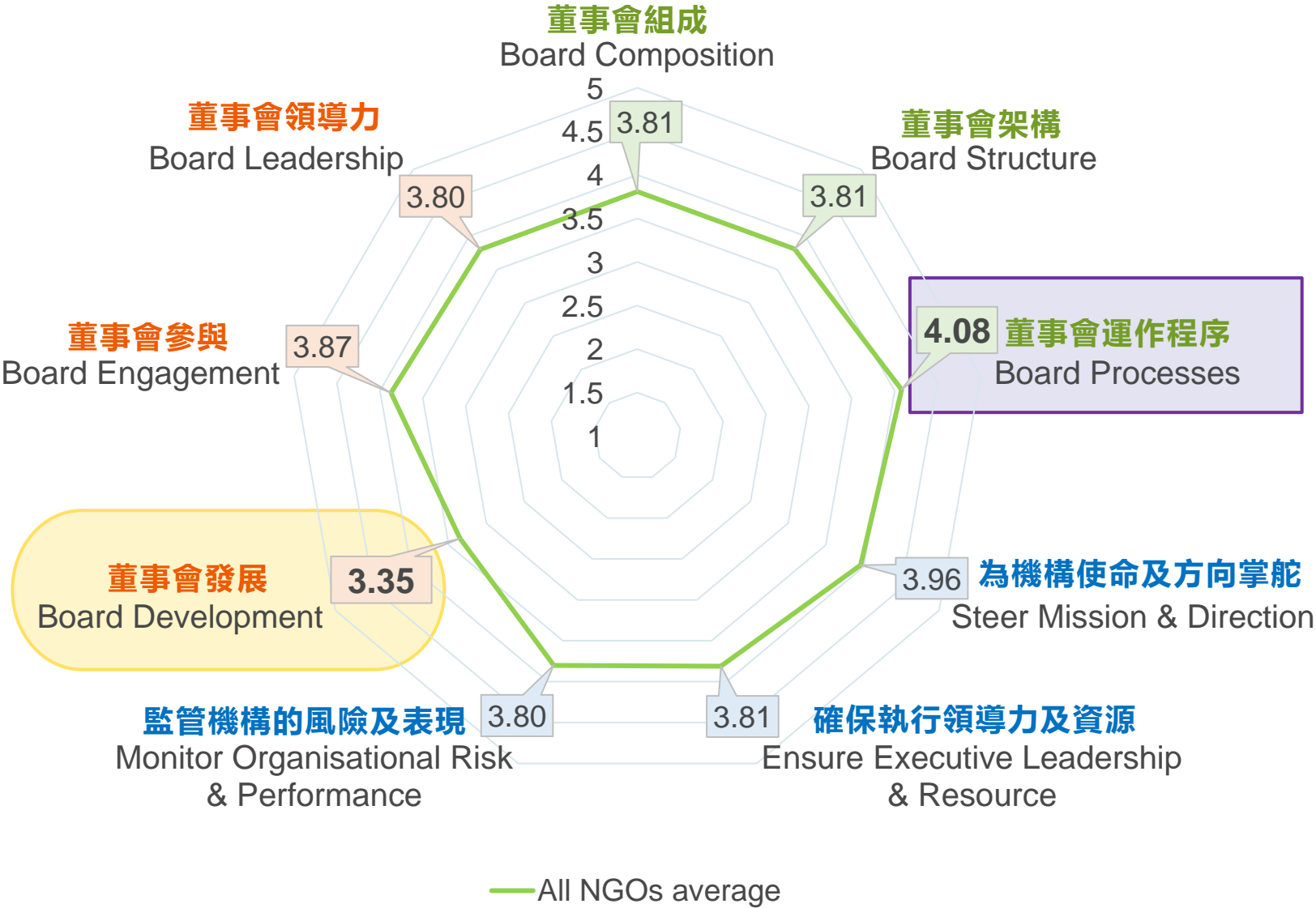
# Board Governance Areas

## - Level of Satisfaction and Impact on Performance





# Average Scores of NGO Governance Health Index







# Perceived Good Governance and Satisfied with the Performance

## NGO Governance Good Practices

- The scores of the three dimensions of NGO Governance Health Index were:
  - Board Design & Processes**
    - Governance Health score: 3.90
    - Adoption of good practices: 68.3%
  - Board Role Execution**
    - Governance Health score: 3.86
    - Adoption of good practices: 66.8%
  - Board Dynamics & Behaviour**
    - Governance Health score: 3.67
    - Adoption of good practices: 62.5%

## Board Governance Areas

- The top three satisfaction levels on board governance areas were
  - Ensuring Integrity, Ethics and Legal Compliance (93.4%)
  - Commitment to Mission and Vision (91.1%)
  - Supportive and Constructive Relationship between Board and Management (89.6%)

The governance of the participating NGOs was generally in good health and the NGOs were also satisfied with their organisational performance.



# Larger NGOs Exhibited Better Health Governance Structure and Functions & Smaller NGOs Excelled in Engagement

> HK\$20  
million

- Higher proportions of the NGOs with **an annual total expenditure > HK\$20 million** always or often adopted the good practices in the following aspects:
  - **Board Structure:** Delegation and Delineation of Authority (75.2%)
  - **Board Composition:** The Set-up (71.2%)
  - **Ensure Executive Leadership & Resource:** Provide Expertise and Access (78.9%) and Ensure Adequate Financial Resource (77.6%)
  - **Board Development:** Recruitment (60.2%) and Capacity Building (48.2%)

- Higher proportion of the NGOs with **an annual total expenditure <= HK\$20 million** always or often adopted the good practices in the following aspect:
  - **Board Engagement:** Positive Culture (73.3%); Board sees connection of their work and positive impact on beneficiaries (88%)
  - **Board Leadership:** Board reaches out to key stakeholders (63%)

<= HK\$20  
million



# The Perceived Strengths in Board Governance

## NGO Governance Good Practices

- The three aspects of NGO Governance Health Index which attained the **highest** scores, in which the participating NGOs always or often adopted good practices:

### No. 1 Board Leadership: Constructive Partnership with the Management

- Governance Health score: 4.16
- Adoption of good practices: 86.8%

### No. 2 Board Processes: Meeting Efficiency & Effectiveness

- Governance Health score: 4.08
- Adoption of good practices: 78.8%

### No. 3 Monitor Organisational Risk & Performance: Oversee Risk & Compliance

- Governance Health score: 3.98
- Adoption of good practices: 76.5%

## Board Governance Areas

- The participating NGOs self-rated the **highest** level of satisfaction on the overall organisational performance in the governance areas:

### No. 1 Ensuring Integrity, Ethics and Legal Compliance

- Average score: 4.36
- Level of satisfaction: 93.4%

### No. 2 Supportive and Constructive Relationship between Board and Management

- Average score: 4.26
- Level of satisfaction: 89.6%

### No. 3 Commitment to Mission and Vision

- Average score: 4.25
- Level of satisfaction: 91.1%

The strengths in governance were having constructive partnership with management and meeting efficiency and effectiveness.



# The Perceived Weaknesses in Board Governance

## NGO Governance Good Practices

- The three aspects of NGO Governance Health Index which attained the **lowest** scores, in which less than half of the participating NGOs always or often adopted good practices:

### No. 1 Board Leadership: Monitor Board Performance

- Governance Health score: 3.26
- Adoption of good practices: 36.4%

### No. 2 Board Development: Capacity Building

- Governance Health score: 3.26
- Adoption of good practices: 37.4%

### No. 3 Board Development: Succession Planning

- Governance Health score: 3.27
- Adoption of good practices: 41.0%

## Board Governance Areas

- The participating NGOs self-rated the **lowest** level of satisfaction on the overall organisational performance in the governance areas:

### No. 1 Learning and Continuous Improvement

- Average score: 3.54
- Level of satisfaction: 51.7%

### No. 2 Stakeholder Representation and Accountability

- Average score: 3.73
- Level of satisfaction: 65.4%

### No. 3 Community Relations and Outreach Efforts

- Average score: 3.85
- Level of satisfaction: 68.7%

The perceived weaknesses in governance health were lack of monitoring in board performance, capacity building and succession planning.



# Execution Gaps in Governance Health

- Governance health execution gaps are reflected in the disparity between the perceived relevance of good practices (% of NGOs reporting “strongly agree or agree”) and the frequency of adoption of the good practices (% of NGOs reporting “always or often”) among the participating NGOs.
- The top 5 biggest differences of governance health execution gaps are identified:

Dimensions	Good practices	Perceived Relevance	Adoption	Gap
Board Development	Continuous and collective learning opportunities are provided to board members.	70%	23%	47%
Steer Mission & Direction	Board undertakes to update your organisation’s mission and vision as necessary.	84%	42%	42%
Board Engagement	Board members spend time together outside board meetings to know each other and enhance bonding.	76%	36%	40%
Board Leadership	Board regularly assesses and gives feedback to all members to enhance their participation and contribution.	73%	33%	40%
Board Development	Succession planning is discussed and processes are in place to recruit and develop potential board leaders.	73%	34%	39%

The top two biggest differences of governance health execution gaps were provision of continuous and collective learning opportunities to board members, and updating the organisation’s mission and vision as necessary by the board.

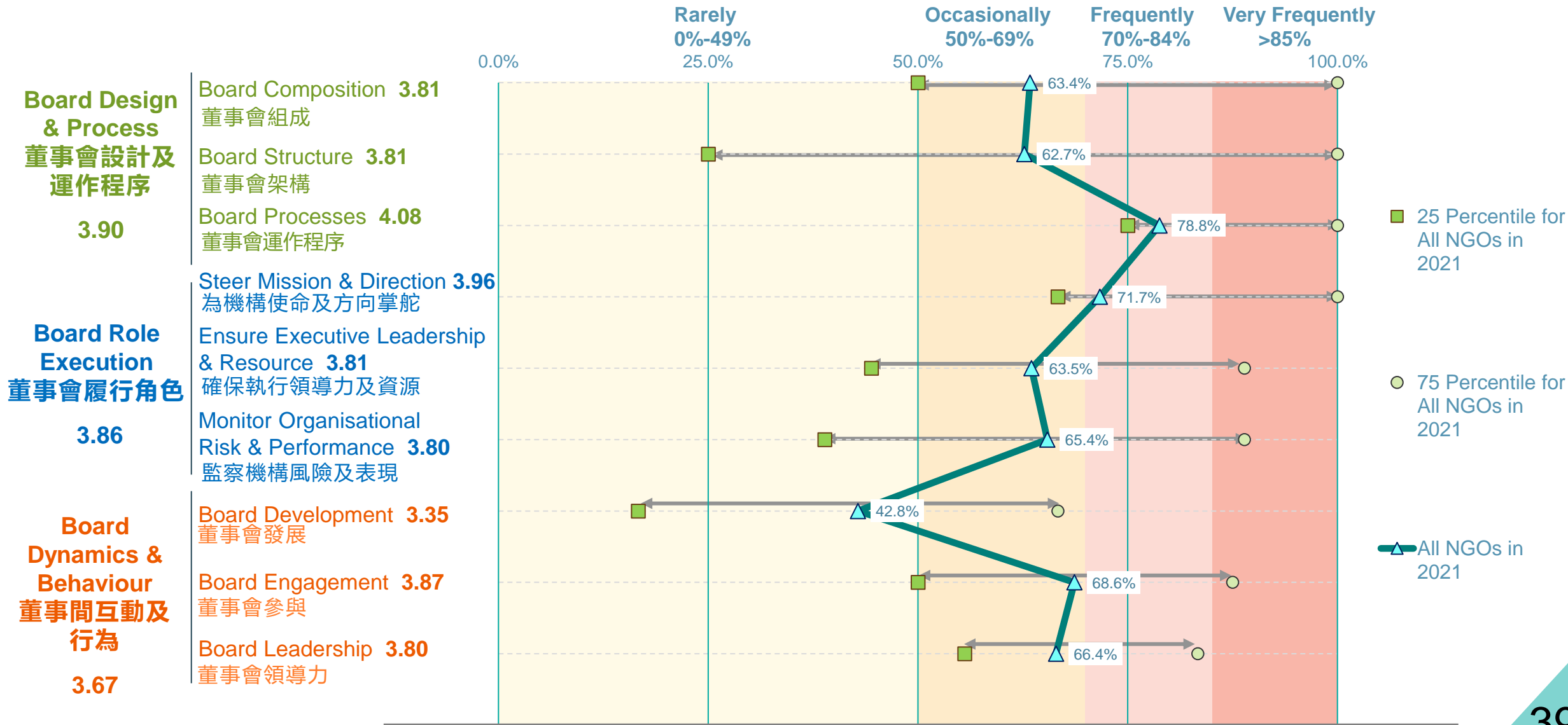


# Insights and Reflections



# Shape of curves and range of health scores across all NGOs

## Adoption of Good Practices (% of Always and Often) in 2021





# Board Design & Processes

Contextual Dimension (境況維度)

BOARD DESIGN & PROCESSES

董事會設計及運作程序



- The Set-up 董事會設置
- The Team Mix 團隊組合

Functional Dimension (功能維度)

BOARD ROLE EXECUTION

董事會履行角色



Interactive Dimension (互動維度)

BOARD DYNAMICS & BEHAVIOUR

董事間互動及行為

- The Design 董事會設計
- Delegation of Authority 授權與權力界定

- Meeting Efficiency & Effectiveness 會議效率與有效性





### Pain Points and Worrying Symptoms

- ☐ 尋找機構需要的董事會人選 Finding the right type of board members for the organisation
- ☐ 新舊委員比例及融合 Collaboration and mixing of new and old members
- ☐ 多元化的董事會 Creating a diverse governance board
- ☐ 界定董事會成效 Determining board effectiveness
- ☐ 界定董事會職權 Defining board members' scope of responsibility



## Issues of **CONCERN**

- **No systemic process for identifying the governance skills** to lead the organisation
- **Unlimited tenure for re-election** of office-bearers or board members
- **Committee structure seldom changes.** Committees delay and overlap the Board decision-making process.
- Board meetings too long with reporting on management issues, **lack strategic & policy discussions.**
- Board decisions are **weak in follow up**



## Board Design & Processes



### What matters

- **Board size** affect functioning and engagement of members
- Need to align in the desired **aptitude and core competencies** needed to lead the organisation
- Board **Composition to bring in diversified perspectives** of stakeholders
- Boards share out their governance responsibilities by setting up committees to focus on specific operational or programme oversight. **Committee structures should be adaptive** to ensure effective governance.
- **Committee work can strengthen engagement and be capacity building** for board leadership



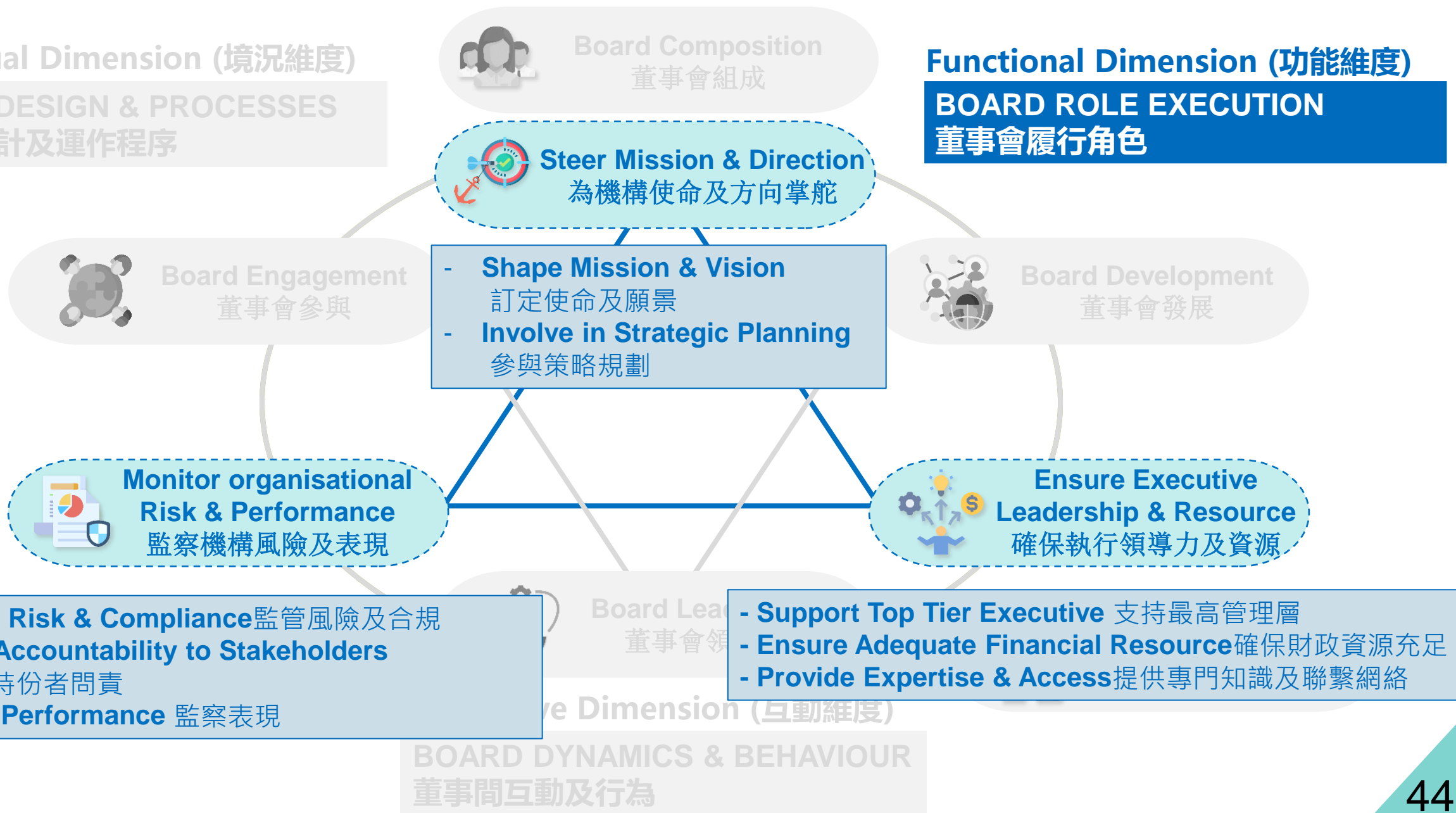
# Board Role Execution

Contextual Dimension (境況維度)

BOARD DESIGN & PROCESSES  
董事會設計及運作程序

Functional Dimension (功能維度)

BOARD ROLE EXECUTION  
董事會履行角色





### Pain Points and Worrying Symptoms

- ❑ 管理層與董事會的角色平衡及協作 Role of Board VS Management
- ❑ 支援管理層與過渡監管的平衡 Support Top-tier executive VS Mirco Management
- ❑ 董事會的成效評估 Monitor Performance of Board members
- ❑ 缺乏監控風險的意識和措施 Lack of awareness and know how in Risk Management
- ❑ 缺乏策略規劃意識和共識 Lack of awareness and alignment in Strategic Planning
- ❑ 確保有足夠財務資源 Adequate Financial resource



### Issues of **CONCERN**

- **Mission and Vision** Statement are **seldom updated**
- Board does not know if the NGO has impact, Board is not aligned in **how to measure the success** of the organisation
- Board is wary about **complaints and undetected risks**
- It is a challenge every year to conduct **performance appraisal of the Chief Executive**
- How to **gauge expectations and changing needs** of the key stakeholders in a systematic and regular way?



## Board Role Execution



### What matters

- Boards meet challenges in more **strategic and adaptive roles** of updating the organisation's mission and vision in changing environments.
- The board's oversight, support and direction of the **top tier executives** are their most essential oversight role.
- Public expectations and scrutiny over NGOs not being vigilant enough about **risk monitoring** and articulating their **organisational performance**.
- The data reflected that boards are relatively less satisfied in taking up its **external leadership functions** of reaching out to its stakeholders and the community.



# Board Role Execution



## What matters

- “Corporate governance is the system by which companies are directed and controlled” (Sir Adrian Cadbury, 1992) - “Direct and Control” for an NGO =>
  - Actualisation of the organisation’s Vision, Mission and Value
  - Continuous development of the organisation
  - Stakeholders’ needs and interest are being taken care of in a balance manner
  - Law abiding and compliance
  - Risk control and monitoring
  - Accountability and transparency





# Board Dynamics & Behaviour

## Contextual Dimension (境況維度)

**BOARD DESIGN & PROCESSES**  
董事會設計及運作程序



**Board Composition**  
董事會組成



**Steer Mission & Direction**  
為機構使命及方向掌舵

## Functional Dimension (功能維度)

**BOARD ROLE EXECUTION**  
董事會履行角色



**Board Engagement**  
董事會參與

- Positive Culture 正向文化
- Foster Involvement & Commitment  
推動參與及承擔



**Risk & Performance**  
監察機構風險及表現



**Board Structure**  
董事會架構



**Board Development**  
董事會發展

- Recruitment 成員招募
- Capacity building 能力建設
- Succession planning 接任規劃



**Ensure Executive Leadership & Resource**

- Constructive Partnership With Management  
與管理層建立具建設性的夥伴關係
- Monitor Board Performance  
監督董事會表現 領導力的成效
- Impact of Board Leadership 領導力的成效



**Board Leadership**  
董事會領導力

## Interactive Dimension (互動維度)

**BOARD DYNAMICS & BEHAVIOUR**  
董事間互動及行為



### Pain Points and Worrying Symptoms

- ❑ 投入熱情不足 Weak sense of commitment
- ❑ 難以達成共識 Difficult to have consensus
- ❑ 會議問太多問題, 卻欠缺效率、效能 Too many queries and low efficiency and effectiveness in meetings
- ❑ 新成員不易融入 Newcomers are not easy to tune in
- ❑ 主流意向太強, 不易營造新事物或新文化 Dominant mainstream views, not receptive to new things
- ❑ 不敢提出反對意見, 不敢批評 Members uneasy to bring up different opinion or unfavorable comments



## Issues of **CONCERN**

- Lack mechanism and determination to remove **under-performing Board members**.
- The recruitment of new Board members is based on **personal connection** rather than clear evaluative criteria
- Board members are eager to **offer management advice** and sometimes insistent of their views over operation management
- Members deem that the **duties of Board members** are completely fulfilled in attending Board meetings
- Board does not see need or know how to **evaluate and be accountable** for their performance
- Board members are hesitant to represent the organisation to **liaise with its stakeholders**.



# Board Dynamics & Behaviour

## - Insights by Dimensions and Elements



### What matters

- The **people dynamics**, culture and growth dimension of board are usually neglected.
- Board talents need to be **consciously engaged and developed** to assume the governance role and capacity to steer and oversee the organisation.
- **Recruitment and succession planning** are ongoing processes of identifying the type of leadership needed to steer and govern the organisation.
- Board members should know the community and the key stakeholders they serve, hence **community relations and outreaching** efforts are important board leadership qualities.



# Board Dynamics & Behaviour

## - Insights by Aspects and Practices



### What matters

- Boards that **assess their performance** regularly perform better on core responsibilities\*. Giving feedback to individual board members, listening to their concerns and expectations are important to engage and foster their commitment.
- 3 key areas of ongoing **board education**\* :
  - (i) in understanding the roles and responsibilities of governance;
  - (ii) to know the organisation and its programme;
  - (iii) to know the operating environment



# Recommendations

Monitor board performance regularly  
定期監察董事會表現

Nurture a positive board culture and  
foster involvement and commitment  
培養正向的董事會文化和  
推動參與及承擔

Develop and implement board  
succession planning  
制訂和實施董事會的接任計劃

Develop board recruitment  
and capacity building plans  
制訂董事會成員招募及能力建設計劃



Review and match board composition and  
structure with organisational development  
needs  
審視董事會組成和架構以配合機構的發展需求

Update mission and vision and  
ensure follow-up of strategic plan  
更新機構的宗旨和願景  
並落實策略規劃

Support talent development and  
succession planning of top-tier  
executives  
支持最高管理層人材發展和接任規劃

Monitor organisational risk and performance  
監察機構的風險和表現



## FROM KNOWING ... TO...DOING

- Start With Pain Points
- Alignment
- Scout For Options
- Start with Ready, Always time for Right
- It's A Journey



## Suggested Follow Up Tools & Tips

- Board **Composition and Structure Review** for enhancing governance performance
- Tips for **Recruitment and Succession Planning** to meet present and future development needs
- **Strategic Planning and** for sustaining organisation mission (monitor organisational performance and ensure adequate financial resources in strategic plans)
- **Overseeing Risk** (conducting risk assessment and risk register)
- Tips for building **Constructive Partnership and Positive Culture** for impactful board leadership
- **Capacity building** in role understanding and execution (Governance manual, board induction and self- assessment checklist)



# Implications for the Way Forward





**Q & A**