

New Learnings About Governance¹

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Introduction

Since the Broadbent Report (Panel on Accountability and Governance in the Voluntary Sector, 1999) was released, there has been a growing emphasis on accountability and governance within Canada's nonprofit sector. In the report, it is stated that attention to governance and accountability would "enhance the effectiveness and credibility" of the nonprofit sector. As funders, in particular, took notice of the trend launched by the Broadbent Report, the link between accountability and effectiveness was made with the effect being that boards of directors have experienced external pressures to attend to financial matters almost to the exclusion of other responsibilities. Governance as an activity became more and more associated with financial management in the minds of funders and boards of directors themselves.

In part this trend to 'financial management as governance' was accelerated by the contracting arrangements established by governments as they offloaded service provision to the nonprofit sector. Through the 1990's, governments turned to the nonprofit sector to deliver a variety of services under contract. These purchase-of-service agreements came with government policy control systems to assure Canadians that Ministers of the Crown would be held accountable for the resources expended and the services delivered. The contract system changed the governance structure within the nonprofit sector so that many boards of directors became managers of government funds with accountabilities to the government outweighing accountabilities to the community. The trend while most obvious with government contracts is evident in most funding agreements with foundations or corporations.

In the discussion paper, *Who Will Govern Community?*, (Bethany Care Society, 2000) the Bethany Care Society stated,

Bethany believes that governance and accountability are about more than prudence with fiscal resources. Bethany sees its advocacy role as fundamental to governance of the community by the community. It sees its accountability rooted in the community which it is historically committed to serve. If the focus of governance and accountability of authorities, boards and commissions is predominantly defined by financial considerations such as effective/efficient delivery of public services, accountability to the community may well be compromised. The question immediately arises, "if authorities, boards and commissions are to serve primarily as governors of service delivery, who governs communities?" (p. 3, emphasis in original).

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Governance volunteers sitting on boards of nonprofit organizations face a double bind: accountability to the funder such as the government who demands the board focus on financial oversight and accountability to the community and the people the organization was set up to serve. It has been common practice to approach this problem by offering board development training with the idea that given the right mix of skills, a board of directors should be able to attend to the tasks at hand. The board training commonly available presents a very operational view on what areas boards need to be effective. Cornforth (2001) found that board behaviour and conduct, in relation to board effectiveness focuses on board size, composition and job descriptions; and processes such as meeting practices, conflict resolution practices and the relative mix of skills on the board.

While important, these operational areas of effectiveness do not touch upon how governance volunteers need to critically reflect upon what their role as a governor means. Thinking of the question asked by the Bethany Care Society, if governors indeed govern community through community-based organizations, then surely some significant portion of their accountability must be to community. Is the role of a governor to be a financial manager for funders or is the role to govern more holistically with the focus being on creating a better community?

Starting with the assumption that most governors would probably be mired in the double bind of accountabilities to the funder and accountabilities to the community, the research took the position of trying to understand the governance-accountability duality from the perspective of what sense governors themselves made of their role. We therefore asked the question, "What does it mean to BE a governance volunteer?"

Methodology

The research was conceived as an exploratory study in the tradition of grounded theory (Glaser & Strauss, 1967). The research would use a peer learning circle approach (e.g., Suda, 2001; Wade & Hammick, 1999; McGill & Beaty, 1993) as implemented by the Institute for Nonprofit Studies with Executive Directors (Seel & Angelini, 2004) to explore the deep issue of what it means to be a governance volunteer. Using an intensive and facilitated process, a peer learning circle of 10 governance volunteers was convened to explore dimensions of governance in light of the complex context within which governance of nonprofit organizations takes place. One PLC member left the group part way through the process due to other commitments.

The 10 governance volunteers were initially to come from nonprofit organizations whose executive director agreed with the statement: *My board of directors is a governance or policy-governance board.* After nearly 50 calls were made to executive directors by a third party agency, only four executive directors could affirmatively answer the question. As the project was funded by a time sensitive grant, the recruiting approach was changed to snowball sampling beginning with experienced governance volunteers known to the researcher.

The PLC process ran from October 2005 to February 2006. At the conclusion of the project, five key informant interviews were conducted with individuals who either were or recently had been the Chair of a board of directors.

The Peer Learning Circle as a Research Method and a Vehicle for Learning

Peer learning circles (PLC) have a long history in Europe where Sweden has used them for more than 100 years (Suda, 2001). Typically, a PLC would have between five and 10 people. A facilitator assists the circle to work through a loosely structured line of inquiry and learning. The facilitator is an equal participant rather than a teacher or keeper of knowledge (Larssen, 2000). The PLC runs over at least seven sessions with each session ideally being about two to three hours in length. Suda found that the PLC experience gives ordinary people a starting point for “exploring socially relevant concepts” (p. 3). The group is provided with a study framework, reading material, other resources and structured questions to work through. The circles rely on dialogue that is both democratic and participatory. Typically the make up of the group remains constant over the period of time the PLC will run (Wade & Hammick, 1999).

For the researcher and the PLC member the PLC is a rich experience. The researcher gains access to the conversations and contemplations around a central research question. Because the PLC continues for at least seven sessions, as a method it provides deeper information than a single focus group would. For grounded theorists, the approach is an effective and efficient way of identifying, articulating and testing theoretical categories until saturation is reached and a theory can be proposed.

For the PLC member, the motivation to participate and engage is centered on the opportunity of learning from one’s peers. The interaction between PLC members influences cognitive activity and the type of learning that takes place (e.g. O’Donnell & King, 1999). High-level learning takes place when the thinking and interaction in the PLC is at a high cognitive level, characterized by the free exchange of ideas, information, perspectives, attitudes and opinions (Seel & Angelini, 2004). The discussion around the core research question encourages each member of the PLC to voice their questions, explanations, speculations, inferences, hypotheses and conclusions (King, 2002). In this way, a PLC helps, “people to take an active stance towards life and helps overcome the tendency to be passive towards the pressures of life and work” (McGill & Beaty, 1993, p. 11).

Another critical aspect of the PLC given that our central research question has ontological roots, is the way in which this approach touches upon the sense making processes of an individual, in this case, a person who is in the role of being a governor on a board of directors. Erickson (1965) noted that adults need to take greater control over their own lives. Wade and Hammick (1999) found that as mature adults, human beings need to be critical thinkers, problem-solvers, decision makers and be creative in finding solutions. Burnard (1987) observed that while adults may accumulate a considerable amount of knowledge they may not have had any direct experience of situations about which they might have knowledge of. This difference between “knowing of” and “knowing that” is the gap that can be traversed in peer learning circles.

Chait et al. (1996, pp. 7-8) proposed six dimensions for effective governance summarized in Table 1 below. One PLC meeting was dedicated to each of the dimensions of governance with the seventh meeting being used at the beginning of the process to orient members to the project, complete a pre-project survey, and introduce PLC members to one another through a discussion of governance experiences.

Table 1. Six Dimensions of Governance

Contextual Dimension	The board understands and takes into account the culture and norms of the organization it governs. The board is responsive to the culture of the organization; uses the mission, values and tradition as guideposts for decisions; and models and emphasizes the organization's values.
Educational Dimension	The board takes the necessary steps to ensure that directors are knowledgeable about the organization, the professions it may work with, and the board's roles, responsibilities, and performance. The board encourages ongoing learning and development; evaluates its performance; and reflects on its strengths and weaknesses.
Interpersonal Dimension	The board nurtures the development of trustees as a working group, attends to the board's collective welfare, and fosters a sense of cohesiveness. The board is inclusive; develops collective goals; nurtures leadership within the board.
Analytical Dimension	The board recognizes the complexities and subtleties of issues and accepts ambiguity and uncertainty as healthy preconditions for critical discussion. The board adopts a big picture perspective; is rigorous in its efforts to understand complex issues; and encourages a diversity of opinions and perspectives.
Political Dimension	The board accepts as a primary responsibility the need to develop and maintain healthy relationships among major constituencies. The board works with integrity and respects the roles and responsibilities of other stakeholders; involves other stakeholders in their discussions; and seeks win/win situations.
Strategic Dimension	The board helps the organization envision a direction and shape a strategy. The board builds and uses processes to focus organizational priorities; creates a structure to meet those priorities; proactively contemplates issues and heads them off before they become crises.

Summary of Initial Findings

The experience that PLC members had with being a governor on a board of directors is summarized in Table 2.

Table 2. Profile of PLC Members

Number of years serving as a board member	Range: 4 – 35 years Average: 8 years Mode: 5, 15
Number of years on a governance or policy-governance board	Range: 0* – 10 years Average: 3.5 years Mode: 2 years
Currently serving on a policy or policy governance board	Yes: 7 No: 3
Hours per month spent on board responsibilities	Range: 2 – 20 hours Average: 8.3 hours Mode: 5 hours
Area of board work where the most time is spent (multiple responses allowed)	<ul style="list-style-type: none"> • Committee work (n=4) • Attending board meetings (n=3) • Policy work (n=2) • Fundraising (n=2) • Finance (n=1)

*The individual with 0 years experience just started on a governance board

At the beginning of the PLC, members were presented with three starting points to probe their perceptions of governance. The statements presented to PLC members in the questionnaire were:

1. Governance is...
2. Board members should have...
3. I learned about governance and my role as a governor...

A number of possible options to complete the sentence followed of the statements above. The options were selected from a review of the literature on governance compiled under a separate cover.

The same questionnaire was completed again at the conclusion of the project to look for new learning, changes in perception and, personal reflections on the topics discussed

The following table presents the perceptions of governance that were stable over the course of the project.

Table 3. Perceptions of Governance

Governance is...	Governance is NOT...
<ul style="list-style-type: none"> • An activity that has as its goal the protection of public interest • Leadership • A decision-making vehicle • A means by which the interests of an organization are protected • An activity that actively bridges an organization with the broader community • Focused on the future more than the present 	<ul style="list-style-type: none"> • To sway, rule, influence a person, people, or an organization • To direct and control a person, people, group or organization with the authority of a superior • Dependent on who the funder is • Mostly an activity that is internal to the organization

It is interesting to note that the specific mention of fiduciary responsibilities such as financial oversight was not seen to be a fundamental aspect of governance. Indeed the perception that governance is not an activity internal to the organization was strongly held. Further, the perceptions of what governance is emphasize the public, future-oriented and leadership aspects of being a governor.

Perceptions on governance shared through the PLC process include member statements such as:

- *Governance demands ongoing evaluation of cultural alignment with the sector, the community and the strategic plan.*
- *Governance should decide upon, guide and challenge the organizational values.*
- *In my opinion, the organization’s values set the foundation for governance decisions. That doesn’t mean that values won’t evolve and change over time.*
- *A governor must understand that norms and culture will impact the future direction of any organization. Some norms may require voluntary participation, other norms may be mandated. It is in the best interests of an organization for a governor to be open to considering norms and trends and their impact on the organization today and in the future. In my opinion a governor will rely less on the organization’s mission, values and traditions as a guide for decisions and more on environmental culture, norms and values.*
- *Information flows from the defined oversight needs of the board. This is tough – it seems when you step onto a board there is a history of “reports” which may or may not add value – but there doesn’t seem to be a conscious evaluation of what information is really required. As a result, the information tends to be plentiful – but not necessarily valuable. It comes back to how a board defines its governance and its efficacy in evaluating its performance. If it asks the right questions – then the right information is provided.*

- *If governors are not developed in a thoughtful and deliberate way, I'm not sure that any really meaningful dialogue and strategic thinking can occur. Group development is critical to get everyone to be thinking with the same context – and be able to move in and out of frameworks (strategic to tactical), unless the board members are sophisticated and have a good deal of board experience. Most boards have a mix of experiences and so it is important to at least be clear on the basic premise of the framework of the discussions and expectations.*
- *To be effective as a governor you need to get involved. Be clear with yourself and others on the board what you want. Determine what you want to develop in yourself and find a board that can help you with this.*
- *Being an effective governor means challenging the status quo and taking the time to fully understand an issue and break it down into bite sized pieces so that all perspectives are considered.*

The governors participating in the PLC had consistent perceptions of the capacities and competencies that board members should have to be effective governors. In general the competencies broke down into three broad categories:

1. a belief in the organization and its work in the community,
2. the skills necessary to work productively and effectively as part of a board of directors, and,
3. an ability to be a bridge between the organization and the external community.

The specific responses are presented in Table 4 below.

Table 4. Perceptions of Board Member Capacities and Competencies

A board member should have...

- A belief in the organization
- A commitment to the work of the organization
- An ability and commitment to attend meeting and board related activities
- An ability to work with others
- Common sense
- Good judgment
- Specific skills, e.g., legal, HR, finance
- Know their role and responsibilities
- Knowledge of board processes
- Knowledge of policy issues affecting the organization
- An ability to articulate a vision for the organization
- A willingness to represent the organization to the public

The final broad area that PLC members were asked to consider was how they learned about governance and their role as a governor. The two categories that represent how governors learn about their governance role and the meaning of governance are:

1. by having values-based discussions to address difficult issues, and

- gathering experience by actively participating on a board of directors with an organization.

Surprisingly, the two most commonly suggested approaches to improving board performance, board evaluation and board training, were not perceived to be sources of learning for governors. Table 5 presents the results below:

Table 5. Learning About Governance and The Role of a Governor

<p>I learned about governance and my role as a governor...</p> <ul style="list-style-type: none"> • By working through tough decisions with other board members • By discussing the values of the organization with other governors or other organizations • By doing things with the organization to further the mission • By participating on boards of directors 	<p>I DID NOT learn about governance and my role as a governor...</p> <ul style="list-style-type: none"> • By taking board governance training • Through explicit feedback on how I perform as a governor
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Over the course of the PLC, the group experienced significant learning by participating and reflecting on the discussions that took place. The facilitators encouraged discussion and critical analysis rather than consensus building – though at times, consensus was reached. Five broad categories emerging from the PLC are:

- To be a governor is to be willing to look into the future.** It is important that the future-oriented nature of governance becomes internalized in individual governors.

Governance is the act of overseeing while carefully keeping watch on the horizon. It is the ability to keep one foot in the present and the other in the future.

PLC member

A metaphor that emerged was governance as a bus. In their fiduciary role, governors are staring out of the back window of the bus making sure nothing has fallen off, contemplating where they have been, and ensuring that nothing was left unaccounted for. In their strategic role, governors are at the front of the bus making sure that they are traveling forward safely, that they have the resources to get to their next destination and that they have a map of where they are going. However, in their true governance role, governors get off the bus from time to time to reflect on where they want to go, if the bus is the best way to get there, and what they want the journey to mean

Governance is actively bridging between the organization with societal norms and the broader community.

PLC member

to those that are traveling and those they meet along the way.

- To be a governor is to be a leader.** Governance is not a passive or reactive activity. Being a governor means to take the risks associated with expressing one's views,

articulating a future for the organization, bridging between constituencies and stakeholders, among other things.

As well the notion of being a leader encompasses the governor's need have integrity – a demonstrated consistency between the values of the individual governor and the values of the organization

- 3. To be a governor is to be able to use power effectively.** Governors do exercise control and have responsibilities and accountabilities that require that they use their controlling powers effectively. A governor needs to be able to set limits, demand outcomes, and push for change for example. Governors are empowered by the community they come from to be stewards of nonprofit organizations – their financial, human, capital, and other resources.

- 4. To be a governor is to be the agent through which the mission of the organization is realized.** As a representative from the community, a governor takes on an internal role to articulate and realize the mission of the organization. They also take on the external role to bring the mission of the organization to others in the community and build support for what the organization is doing. While being a governor means being committed to the mission it also includes the governor being active in moving the mission forwards towards achievement.

Governance means to clear a path and determine a direction that will allow an organization to successfully fulfill its mission and mandate.

PLC member

- 5. To be a governor is to be in command of a body of knowledge.** This aspect of being a governor has two dimensions. First, it means that the governor knows the functional aspects of participating on a board of directors. This would include the information typically included in board development workshops such as agenda setting, decision making, executive recruitment/dismissal and financial management. Second, it means that the governor brings with them a body of knowledge and associated skills relevant to the work of the board and the organization. Examples would include people with legal or financial credentials, individuals with special knowledge related to the field the organization operates in, or the knowledge of being in the category of clients served by the organization.

Learning by PLC members

One of the stated outcomes of the PLC is that members will be able to think critically about an issue – in this case governance. Throughout the process, there were repeated remarks about how valuable the experience was and that the process should be carried out by individual boards of directors. Some specific comments indicative of the type of learning taking place include:

- *I realized as I was driving home that, even though I have not sat on governance boards, I really have not had the “full” governance experience. One of my group members spoke about her experiences on a governance board – a board that truly governed – and it was like nothing I had experienced. It made me realize that many boards call themselves a governance one, but there are very few who get what this means. It begs the question, if we want boards in our communities to be strong and create a vision for a collective, strong community, what has to be done to ensure boards are truly governing with this in mind?*
- *While I know that the skills of the Chair had great influences on the interactions of a Board, its decision making ability etc., its importance was brought to the forefront of my thinking.*
- *I’ve begun to consider whether or not boards are needed at all OR can a collective board govern a number of nonprofits. My thinking has been clarified on the issue of leadership.*
- *This issue keeps getting more complex as these discussions continue! Clearly governance is a complicated issue that obviously warrants discussion in many different forums – especially by boards!*
- *I have learned the importance of creating a culture of openness to questions.*

Conclusion

The data coming from the governance PLC is dense. This paper provides an overview of some of the initial researcher impressions of themes within the data. Nevertheless, even the surface analysis clearly demonstrates that the question, “What does it mean to BE a governor?” presents a very different picture of governance than the current body of literature on the subject does. There is an important difference between how governance as a *process* is portrayed in academic literature and how those living as a governors experience governance as a *practice*.

One of the metaphors used in the peer learning circle was learning about being a governor was like being parent. The parent-to-be reads lots of books about having and rearing children, they dig up information about all the different things that parents have to become good at and they talk to others who already have children. Once the child is born, however, parents quickly learn that to read about being a parent and actually being a parent are not the same thing. Knowing the processes of parenting and knowing the practice of parenting become differentiated at the very moment the child is born. In our case, the differentiation that takes place appears to be delayed by inappropriate methods of educating governors, normative board culture that may not allow for the practice of governance, or by an absence of peers or mentors familiar with being governors.

The peer learning circle encouraged a lively discussion where participants considered their experience of being a governor in the light of the experience of others. That participants came with experience as a director on a board, though not necessarily with experience as governors, provided common ground from which to think critically about governance. All participants concluded the PLC commenting on the value of the experience and how much more thoughtful they were about the meaning of being a governor. Most wanted to take the experience with them to share with the boards they sit on. Others took the experience to a deeply personal level and contemplated how they would (or would not) engage in future work as a governance volunteer.

For those reading this initial report, there should be questions about the governance experience. Those providing 'board governance training' are challenged by the unanimous agreement of the PLC that such training is largely ineffective in preparing people to be governors. Boards calling themselves 'governance or policy-governance boards' should consider whether or not the label is truly consistent with what board members believe they are doing – managing or governing? For those in governance roles, the data tells a story of the challenges and opportunities that come with coming to terms with truly being a governor. Hopefully, such individuals will feel motivated to reflect on their experiences, perhaps with their fellow board members, perhaps on their own. What is clear at the conclusion of this project is that in addition to having governors learn about governance processes, there must also be defined opportunities for governors to reflect critically on what it means to be a governor.

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