

Governance models

NCVO have identified the different theoretical models of governance and management that are designed to help boards to think about their role.

Policy or Carver model

The policy, or Carver, model of governance draws sharp distinction between role of the board and role of the executive (management and staff). The model is named after its originator, John Carver.

Board : Long-term strategy and leadership

Management : Plans to execute strategy

Staff : Short-term, day-to-day, implementation of plans

Accordingly, organizational policy is said to be board-directed and executive-executed.

What is the difference between formulation and implementation?

Example: CEO search. Determine selection criteria = formulation. Design interview and assessment procedure = implementation.

Market/Stewardship model

The market/stewardship model of governance is conceived from a market-orientated view of society

- primary influence on society is exchanges between individuals
- those exchanges are motivated by self-interest

The market/stewardship model emphasises the need to counter the natural self-interest of individuals to ensure that they work in best interests of the organization. Accordingly, the fundamental role of the board is to:

- control staff and managers
- steward resources

Charity law itself reinforces complete separation between staff and board that underpins the market/stewardship model. For example, trustees are not permitted to benefit from their position, so a major source of self-interest is absent.

Partnership model

The partnership model of governance posits a managerial hierarchy where trustees sit at top of the tree. This originates from the perspective of management theory, and the model applies many of its ideas.

For example, the partnership model emphasises the systematic selection, induction and training of board members. The goal is to put in place a board that works effectively as a team.

According to the partnership model, the role of the board is not just to select, control and monitor, but to:

- Add value to the organisation
- Improve decision making
- Partner management

The partnership model places a heavy burden on the skills of trustees and is sometimes accompanied by calls for trustee remuneration.

Political model

The political model of governance views organisations as microcosms of political life.

- Stakeholders elect representatives to ruling chamber
- Ruling chamber make policy
- Executive implements policy

So, on the political model, board members represent stakeholders or a constituency. The board itself, then, is a means of mediating between different groups and choosing between competing interests. As such, the political model does not place much emphasis on the functional expertise of board members.

Kevin Ford has subdivided the political model in into two further models:

1. Stakeholder model

Fluid and dynamic with a minimum of bureaucracy , works through consensus-building and emphasises voting. Committed to empowering end-users and involving them in the running of the organisation

2. Membership model

Members in control, and governing body is elected to manage and organize activities. There are strong systems of democratic control, with local representatives mandated to represent interest groups at national level

New Work model

In the Old Work model, a clear boundary separates management and board :

- Board formulates policy
- Management implements policy

However, implementation can be more consequential than formulation - especially during crises.

In the New Work model:

- Board works on both implementation and policy
- Management and board come together to shape organisational agenda
- Board evaluates its progress against agreed performance indicators

Tensions in the models

A unified theory of governance is difficult to arrive at because there are contradictions and tensions between the various theoretical models. Asking the following questions may provide insights into the particular model(s) of governance an organisation should adopt.

Lay representatives and expert trustees: representatives, stewards or professionals?

Do trustees have to have specific/recognised skills that can be utilised to 'add value' to the management decision making process, or can anyone be a trustee in an inclusive society?

Stewardship and strategy: conserve resources or accept risks?

How do you reconcile a stewardship role that is inherently conservative and cautious with a strategic role that may take risks with the organisation's resources and future?

Control and partnership: monitor and control, or assist staff?

Is the board's role one of actively taking part in the decision-making process as a partner of the staff and therefore requiring management skills, knowledge and a significant commitment of time? Or should the board leave the management to manage and use their time to best effect by concentrating on controlling the management and staff through a monitoring process?

Multiple accountability

An organisation will have a variety of stakeholders: members, beneficiaries, users, donors, funders, board members, staff and the public. If trustees see themselves as representatives of a particular constituency (which as trustees they are not in any case there to do) there will be conflicts between the interests of different groups. Some board members may be unsure who they are accountable to. Balancing conflicting interests and making decisions in the best interests of the organisation may create tension.

Choosing the right governance model

In reality, the different theoretical models of governance cannot be totally separated. However, they provide an insight into the different issues involved in governance and management.

The particular governance model a board adopts will reflect elements of all models - the need for skills and competence alongside the need to be representative and accountable. The precise mix of these elements will depend on the culture, the size of the organisation, the regulatory framework and the particular circumstances of the organisation (for example, a crisis or rapid growth period).