



Study Report on Board Functioning in Voluntary Sector in India

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Preface

For development, growth and sustainability of any organization, an important role is played by the governance of that institution. The governing boards have played outstanding role when the organizations either face crisis or strategic transformation. The organizational culture and legitimacy flow from the governing board. Therefore, organizations are very careful about selection, orientation and motivation of governing board members. Legally speaking governing board is also “owner” of the organization and responsible for its compliances.

Primarily, Governing Board plays, both internal and external role. Internally, they are responsible for formulating and monitoring the implementation institutional policies to achieve the goals and mission of the organization. Similarly, the board also plays important role in not only being the brand ambassador but also strengthening external relations. In the nutshell, Governing board is important component for existence of organizations. It is the duty of the organization’s executive to, identify, orient and engage board members.

This study focuses on role of governance and governing boards in the voluntary organizations engaged in development work. The Governing boards play important role in formation and functioning of VOs. However, very less focus is given to analyze and strengthen their contribution. The membership of board is purely pro-bono and experts are engaged. In recent time even the composition of boards are also changing. Now we find experts with multiple expertise and experiences in the board. Experienced experts from government, private sector, themes, skills, etc are playing important role in the sector.

The objective of this study is to highlight the role and contribution of the board members in the voluntary sector. It is also an attempt to initiate intervention for capacity building and active engagement of boards.

I would like to thank senior leaders, experts and board members for their input in this study. I am also grateful to Population Foundation of India (PFI) for their support. I am also thankful to Dr. Pallavi Rekhi, Programme Officer and Ms. Nivedita Datta, Programme Manager for undertaking this study.

I would also like to urge you to write to us your opinion and views on further strengthening the governance mechanisms in all across voluntary sector.

Harsh Jaitli

Chief Executive Officer

Abbreviations

VO- Voluntary Organization

PFI- Population Foundation of India

CEO- Chief Executive Officer

VANI- Voluntary Action Network India

COVID- 19- Corona Virus Disease of 2019

FCRA- Foreign Contribution Regulation Act

IPC- Indian Penal Code

MHA- Ministry of Home Affairs

RWA- Residential Welfare Association

ED- Executive Director

DNA- Deoxyribonucleic acid

Chapter I: Introduction

The following chapter elaborates on the various aspects of a typical organizational board of an VO.

What is a Board?

“Board” is one of several names used to signify the group of people assigned the responsibility to govern an organization, company or other similar entity. A board is a legal requirement of a number of different forms of for-profit and non-profit organizations.

An organization’s board might be called the board of directors, board of trustees, committee, management committee, council, governing body, responsible entity, or one of a variety of other names, depending on your organization’s legal form or constitutions. The individuals who serve on the board might be called board members, directors, committee members, non-executive directors or trustees⁽¹⁾.

Types of Boards

Governing Board

A governing board is one in which the founder of the organization is not a member of the board. The board consists of other members who support the founder in making decisions for the growth of the organization.

Strategic Board

A strategic board is one that works primarily towards developing the work strategy of the organization. The members of this board prepare a set of guidelines for the other staff members keeping in mind the visions and mission of the organization.

Advisory Board

An advisory board works purely to fulfil the advisory role. They are similar to governance boards in the sense that they provide assistance and direction to the head of the institution, however, in this case they assist and advise the other board (management or governing board) which fulfils a separate function altogether.

Management Board

A board that oversees all the programmes and processes in an organization is called a management board. They are responsible for making day- to- day operational decisions. They are responsible for assigning duties and tasks to the other staff members in the organization.

The Executive Head, who might be called the Executive Director, CEO, Chief Executive, etc. is only a member secretary to the board with responsibility to organize, keep minutes and accountable to the governing board. The Governing board might have chair, treasurer or sub-groups formed for specific functions.

Others

On the basis of the primary role that the board fulfils, they may be classified into other categories as well. It depends on the perception of the board members or the CEO/ President/ Chief Functionary of the organization.

General Functions of a Board

In addition to being involved in decision-making, the board members have a specific list of roles and responsibilities. The common functions of an organization's board are:

- Determine policies and work strategies that are in line with the mandate of the organization;
- Document operational guidelines for the employees for managerial purposes;
- Approve the budget and expenditure plan for the organization;
- Set a monitoring and evaluation mechanism at programmatic and individual levels;
- Establish criteria selection for membership and appointments;
- Being the face of an organization and representing it in front of the community and external constituency/ public;
- Procure resources for the organization, which include finance, human resources and expertise;
- Identify, select or process for appointment and orientation of fellow board members;
- Address organizational concerns;

- Ensure compliance to all laws, regulations and policies.

In general, the role of a board is essentially advisory in nature and provide assistance to the employees working in the organization. They are not directly involved in the activities and programmes carried out by the VO but are responsible for steering the projects and processes for smooth functioning of the organization.

Selection Criteria of a Board Member

For recruiting representatives from various constituencies, the selection criteria for a board of an VO is manifold. A few of them have been outlined below:

- An in-depth understanding of the scope of work of the organization;
- Contribute to the board's understanding and strength;
- Minimum number of years of work in the voluntary sector;
- Sufficient experience of representing a board or having fulfilled responsibilities in leadership roles;
- Ability to identify and address concerns of the VO with respect to its target area;
- Ability to communicate effectively;
- Ability to represent and promote the activities of the VO amongst the community;
- Team- player;
- Managerial Skills;
- Sensitive to any kind of discrimination;

These highlight the basic requirements for a steering committee member in order to be contribute to the organization.

Composition of a Board

The number and composition of the board varies from organization to organization depending on the history, composition, scope, size and nature of the organization. However, mainly they are:

Chairperson, who presides over the board meeting.

Treasurer, the custodian of the finance and compliances.

Sometimes there are members fulfilling various strategic roles. The board might also have sub-groups for strategy, audit, finance, or thematic area.

The CEO/ ED is the member secretary who is not a voting member but acts as the board's representative. Technically, the board delegates its executive role to the member/secretary.

All these roles have a predetermined term-length and are subject to renewal or rotation. However, it varies across VOs and usually ranges between one to three years.

Termination of Tenure as a Board Member

The criteria for termination of the appointment of a board member, in an VO, is usually documented beforehand. The membership to the board is most of the time clearly defined in the by-laws or constitution of the organization. However, following are a few common reasons for the cessation:

- If the board member submits his/ her resignation;
- If the current employer does not permit the time commitment required to be on the board;
- The board member is not associated with the organization that secured his/ her nomination;
- If he/ she is unable to perform the designated tasks efficiently;
- Completion of term as per the by-laws of organization;
- A conflict with the other board members;
- A conflict of interest with the organization⁽²⁾⁽³⁾

Context:

Board members in the voluntary sector serve in organizations in a voluntary capacity. Increased compliances, resulting in additional expectations/requirements, have reportedly resulted in mid-way drop out of many time-constrained key valuable members, from many voluntary organizations. Another reason for opting out is concern around sharing of too many personal details. VANI has been working towards strengthening of internal governance of VOs and has been a part of a Global Accountability initiative – Global Standard for VO Accountability. The standard set out 12 Accountability Commitments, that are comprehensive and are being acknowledged worldwide as a way to establish credibility and strengthen trust amongst stakeholders. One of the commitments under Global Standard is Commitment Number 12 – Responsible Leadership, that stresses on the accountability of Governing Body and about ensuring responsible, visionary and innovative leadership. To further this dialogue and strengthen the capacities of VOs on this aspect, VANI also organized a National Level Digital Dialogue entitled, “Changing Nature and Challenges of Board of Non-Profits, on 11 th September 2020. The meeting identified key deliverables that required immediate action. One of them was the need to document the challenges with boards and the good practices being followed by them. As a part of this initiative, VANI conducted this study with CEOs on Board Functioning in VO Sector in India.

Objectives

- *To assess the status of boards and practices followed amongst VOs in India.*
- *To identify the common concerns of board members of VO boards and address them collectively.*
- *To identify exemplary practices followed by the boards to encourage other organizations.*
- *To promote good governance within the sector.*

Purpose of this Report:

This report examines the status of governance in VOs in India. By engaging in ground research and in-depth analysis of the VOs across India, it aims to identify key inhibitions, trends and good practices being adopted to promote good governance in the sector. This report is meant for organizations of the voluntary sector to upscale their practices and board functioning. It is also meant to provide a clear understanding of what the roles and responsibilities of a board encompass and what does effective board functioning mean. Additionally, it encourages these organizations to adopt and strengthen policies and enforce legislations for achieving transparency and accountability in their organizational structure and function.

Sampling:

Online questionnaires were shared across 2000 organizations in India. A total of 200 responses received were analyzed and reviewed to assess the status of board functioning in the voluntary sector in India. The data was collected through organizations working on diverse themes and in varied geographical locations.

Methodology:

This study is only an indicative study that reflects the trends prevailing in the VOs pertaining to board functioning and good governance. This report has been developed using a mixed methodology. Secondary research has been used to understand the laws related to VO boards and to understand the structure and function of boards in India. Primary research was conducted to gather statistics which not only provided a quantitative data regarding the status of governance in the voluntary sector, but also highlighted the key challenges faced by organizational boards in practicing good governance and how are they addressing them.

Desk Research:

- Secondary research was conducted to understand the basic structure and functioning of boards in VOs in India.
- Data was gathered using previous studies, articles, and media reports, etc.

Limitations of the Study:

Due to the small sample size, the conclusions that have been drawn are only indicative, and do not present the realities of the entire voluntary sector in India. The data collection mode being online, a constraint was to receive the desired number of responses. Constant reminder emails had to be sent out to the participants in order to obtain responses. The data received, was subject to the understanding of the responder.

Chapter I: Legal Compliance for VO Boards

There are certain legislations and policies in India that govern the voluntary sector. The increasing compliance with these laws has led to greater administrative burden on the VO Boards. This chapter deals with those laws, and they are enlisted below:

The FCRA Amendment Act, 2020

In one of the amendments made in the FCRA Act, 2020, that came into force on September 29, 2020, it is now mandatory for the *board members* to submit their ‘Aadhaar Cards’, or a copy of the ‘Passport or Overseas Citizen of India Card, in case of a foreigner, while applying for registration. However, the Government already collects enough information on Board Members and Chief Functionary. This could result in many board members withdrawing their positions as many of them might not feel comfortable about sharing their personal documents for working somewhere on an honorary basis.

Insertion of new section 12A.

Power of Central Government to require Aadhaar number, etc., as identification document.

7. After section 12 of the principal Act, the following section shall be inserted, namely:—

"12A. Notwithstanding anything contained in this Act, the Central Government may require that any person who seeks prior permission or prior approval under section 11, or makes an application for grant of certificate under section 12, or, as the case may be, for renewal of certificate under section 16, shall provide as identification document, the Aadhaar number of all its office bearers or Directors or other key functionaries, by whatever name called, issued under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, or a copy of the Passport or Overseas Citizen of India Card, in case of a foreigner."

Source: https://fcraonline.nic.in/home/PDF_Doc/fc_amend_07102020_1.pdf

According to another amendment in the FCRA 2020, a ‘*public servant*’, as defined in the IPC, is not eligible to receive foreign funds. The definition of a public servant has a very wide range which is not limited to government officials from central government, but government officials associated with state governments, VOs, municipalities, etc., all fall under the same ambit. In addition, this study also reflected the percentage of CEOs of VOs associated with government committees as well. This might impact the procurement of funds by VOs from foreign organizations⁽⁴⁾⁽⁵⁾.

42 of 2010.

2. In section 3 of the Foreign Contribution (Regulation) Act, 2010 (hereinafter referred to as the principal Act), in sub-section (1),—

Amendment of section 3.

(i) for clause (c), the following clause shall be substituted, namely:—

"(c) public servant, Judge, Government servant or employee of any corporation or any other body controlled or owned by the Government;"

2

THE GAZETTE OF INDIA EXTRAORDINARY

[PART II—

(ii) for the *Explanation*, the following *Explanations* shall be substituted, namely:—

Explanation 1.—For the purpose of clause (c), "public servant" means a public servant as defined in section 21 of the Indian Penal Code.

45 of 1860.

Explanation 2.—In clause (c) and section 6, the expression "corporation" means a corporation owned or controlled by the Government and includes a Government company as defined in clause (45) of section 2 of the Companies Act, 2013.'

18 of 2013.

Source: https://fcrionline.nic.in/home/PDF_Doc/fc_amend_07102020_1.pdf

Income Tax Act, 2020

- Earlier, any voluntary organization could get themselves registered under two sections in the Income tax Act, to enjoy tax benefits. VOs could get registered under Section 12AA, after which their donors would get tax benefits, under 80G on donations made. The second section was Section 10(23C), under which organizations that worked in health and education, received automatic registration under this provision, as long as their annual receipts did not cross Rs 1 crore.
- Before the Finance Bill 2020 was introduced, registrations under all the above mentioned sections were granted to organizations on a permanent basis.

- However, post the implementation of the Finance Bill 2020, the amendments propose granting of registrations valid only up to five years after which the VOs will have to reapply.
- The Bill also proposed replacement of Section 12AA to 12AB which states that organizations will have to renew their registrations every five years to continue their activities.
- The Bill provides VOs that are applying for the first time under the Income Tax Act, will be granted a provisional registration for three years after which they will have to reapply for registration, which will then last up to five years.
- The VOs that already have a permanent registration under this Act, will also have to apply for a fresh registration.
- Apart from these changes, the amendments have now made it mandatory for VOs to share their donor lists.

The Principal Commissioner shall grant the registration, by passing an order within a time frame of three months from the end of the month of application.

In case of inability to re-apply for registration within the speculated time limit, then the current registration shall also be dismissed. If the registration stands cancelled, then the institution will not be eligible for availing tax benefits. In addition, such institution shall also need to pay tax according to the aggregate fair market value of the total assets of the institution. The tax shall be calculated according to the maximum marginal rate. This is an additional burden for the board members of the institution, adding to the already existing challenges⁽⁶⁾.

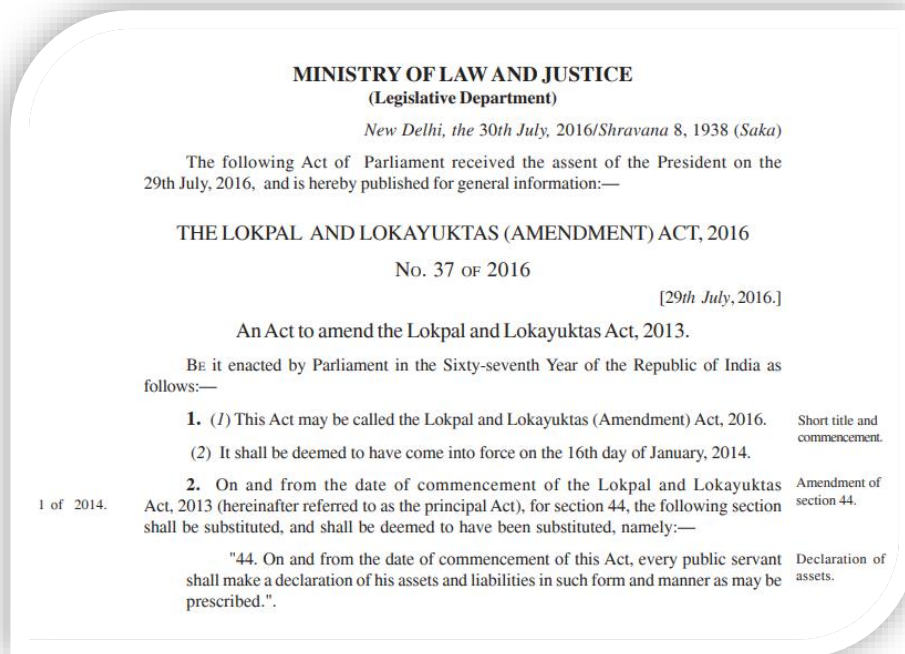
The Lokpal Amendment Act, 2016

The Lokpal Amendment Act, 2016, was essentially introduced to promote accountability and transparency. According to the Act, 'public servants' receiving government grants or foreign donations were required to disclose their assets and liabilities, in the format prescribed in the law. Public servants included government employees, and office bearers/ board members of VOs.

However, this made board members of VOs uncomfortable and many of them stepped down. It was reiterated that board members of VOs work purely in a

voluntary capacity and have no personal or professional gains associated. They invest considerable amount of time and resources to VOs out of passion for the cause and concern for the society.

A lot of lobbying and advocacy against the enactment of this law took place and all the amendments were made redundant. Hence, at present public servants are not required to disclose their assets and financial statements⁽⁷⁾.



Source: <http://egazette.nic.in/WriteReadData/2016/171048.pdf>

Societies Registration Act, 1860, Indian Trusts Act, 1882 & Companies Act, 2013

Upon registration of a VO under any of these Acts, personal and professional details of all the members of the board/trustees must be provided. In addition, if there is no mention of an annual board meeting in the rules provided during registration, a list of the current board members/trustees, along with their required details must be submitted to the authorities, once in every year.⁽⁸⁾⁽⁹⁾⁽¹⁰⁾.

is enacted as follows :-

1. Societies formed by memorandum of association and registration

Any seven or more persons associated for any literary, scientific, or charitable purpose, or for any such purpose as is described in section 20 of this Act, may, by subscribing their names to a memorandum of association, and filing the same with Registrar of Joint-stock Companies ²[***] form themselves into a society under this Act.

2. Memorandum of association

The memorandum of association shall contain the following things, that is to say,-

the name of the society;

the object of the society;

the names, addresses, and occupations of the governors, council, directors, committee, or other governing body to whom, by the rules of the society, the management of its affairs is entrusted.

A copy of the rules and regulations of the society, certified to be a correct copy by not less than three of the members of the governing body, shall be filed with the memorandum of association.

Source: https://www.mca.gov.in/Ministry/actsbills/pdf/Societies_Registration_Act_1860.pdf

Chapter II: Changing Nature of the Boards

VO Boards in India find themselves facing a plethora of challenges as they try to comply with the newly adopted laws and legislations governing VOs and also towards fulfilling their fiduciary roles posed in front of them by the global pandemic. However, other than challenges, the changing landscape of the sector may also provide certain opportunities to strengthen board functioning and emerge as a better governed organization in the long run. This chapter deals with both the pros and cons of the changing nature of the voluntary sector as a whole.

Opportunities:

To bring about change

The changes in the legal compliances and the hardships caused due to the pandemic have made it imperative for organizations and their boards to change their way of functioning. Complexities and unknown situations have helped VOs to think differently and evolve. Sticking to the old strategies will make it difficult for the organizations to survive and remain relevant. However, change is something that needs to be brought about in terms of the working strategies, board functioning, identify emerging practices and getting used to the change for the better. Open discussions must be conducted within the board and other staff members to generate new ideas that are innovative and sensitive to the changing environment. The pandemic is forcing board members to approach their work differently.

Technological Literacy

One thing that the pandemic has really promoted is technological literacy. The workstations shifted from the office to our homes, which made it essential to build capacities viz a viz technology. Physical board meetings were converted into e-meetings, which made it essential for the board members to update their technological knowledge. Board meetings began to be organised on the basis of prioritization, rather than according to the calendar and the meetings had a fixed agenda that helped keep the focus of discussion intact and streamline the discussion. This saved valuable time which could be utilised for completion of various other important tasks.

Challenges:

Increased legal compliance

The various laws regulating the VOs in India such as FCRA Act and the Income Tax Act have become extremely complicated and have also become more stringent in the recent years. The amendments imposed are draconian in nature and also propose cancellation of registration in cases of violation of laws. This has made compliance a necessity and not an option to ensure survival. The Indian government relies heavily on the Indian VOs in cases of essential service delivery, on- ground activities and community linkages. Yet, surprisingly, the compliance burden imposed by the Indian government on the voluntary sector absorbs their minimal resources too. This has emerged as a huge challenge for the voluntary sector to sustain.

Member Retention

In presence of stringent rules making it mandatory for all board members of an VO to declare their individual assets to the MHA, the probability of losing valuable board members has increased. Retention strategies to retain them need to be continuously adopted. Looking for efficient board members that contribute to the organization's growth is not an easy task in the current situation of the voluntary sector. This poses a threat to the organization's sustainability.

Lack of Credibility

The 32 lakh VOs registered in India, that include all entities like religious bodies, academic institutions, medical institutions, charitable organizations, RWAs, etc., have created a huge trust deficit and a lack of credibility vis a vis the voluntary sector in India. In addition, a large number of bodies under the umbrella of the voluntary sector often mint money from donors in the name of doing good. As a result, even the genuine organizations are required to reveal their financial statements, which might be uncomfortable. This is perhaps the most bedeviling challenge in front of the VO boards today.

The challenges being thrown upon on the VOs in India today, including those created by the pandemic, is asking boards to act and think differently. Situations

like these force organizations to test solutions, incorporate flexibility and have a learning approach.

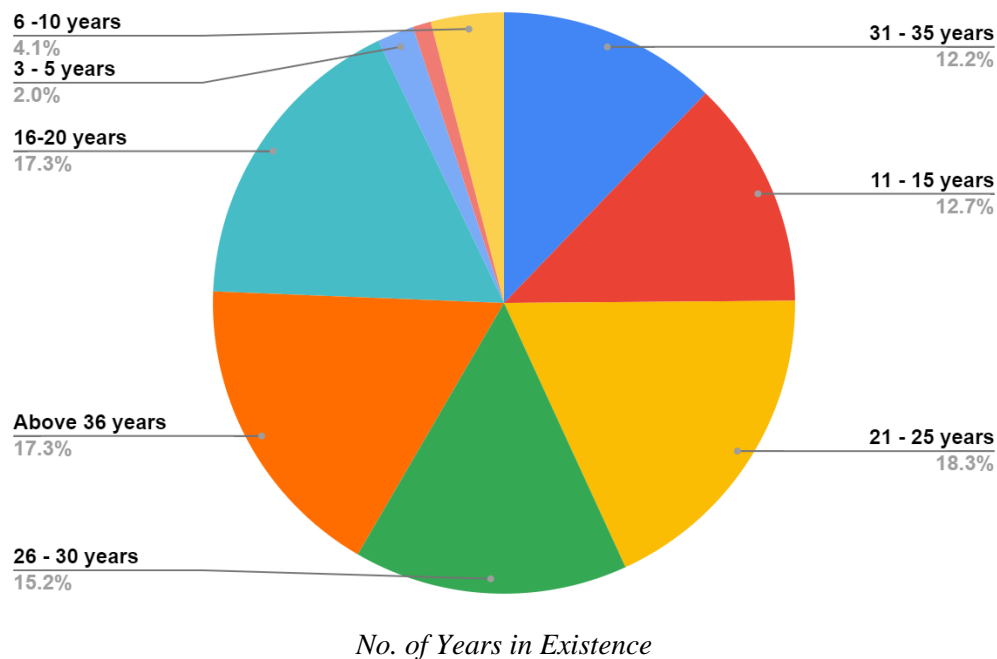
The current situation of the voluntary sector is partially unpredictable and not in control, however, what is required of the VOs today, is to remain strong, re-strategize and innovate.

Chapter III: Findings from VANI's Study

Our study on the CEOs on Board Functioning in VO Sector has highlighted the major challenges and the way forward to bring about necessary changes and achieve effective governance. The organizational structure and the good practices being followed in the voluntary organizations are found to be of utmost importance to achieve ideal boards in the VO Sector.

Following are some of the key findings of the study:

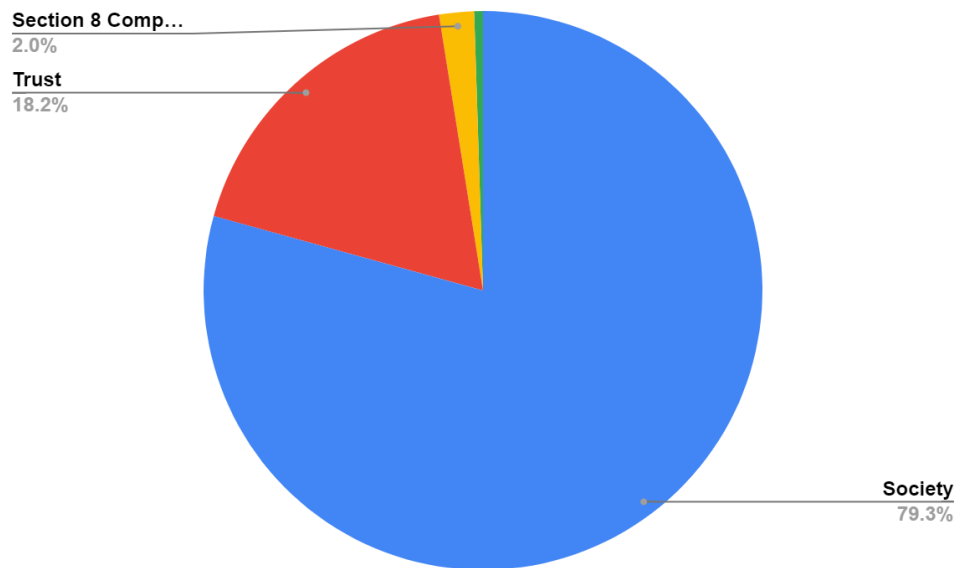
Breakup of Responses Received on the basis of No. of Years in Existence: A total of 200 responses were received from all across India. The following is their breakup on the basis of the number of years they have been functioning:



The pie chart above showcases the following observations:

- Maximum number of respondents had been working in this sector for 21-25 years and constituted for 18% of the total responses.
- Only 1% of the total responses were from organizations that are relatively new and have been functional for less than 3 years.

Classification of VOs on the Basis of the Status of Organization's Legal Incorporation: The following pie chart classifies the respondent organizations on the basis of their status of legal incorporation. 150 participant organizations have been registered as a society, whereas only 4 of them are registered Section-8 Companies.

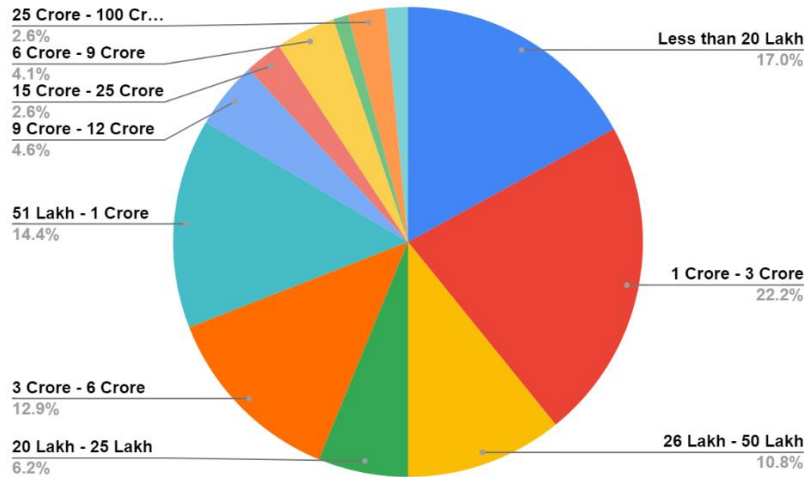


Status of Organization's Legal Incorporation

Breakup of Respondents on the Basis of Average Annual Budget:

This study included organizations ranging from a small average annual budget of about less than 20 lakh to large organizations with an average annual budget of up to a 100 crores. The following representation classifies the respondent VOs on the basis of their average annual budgets.

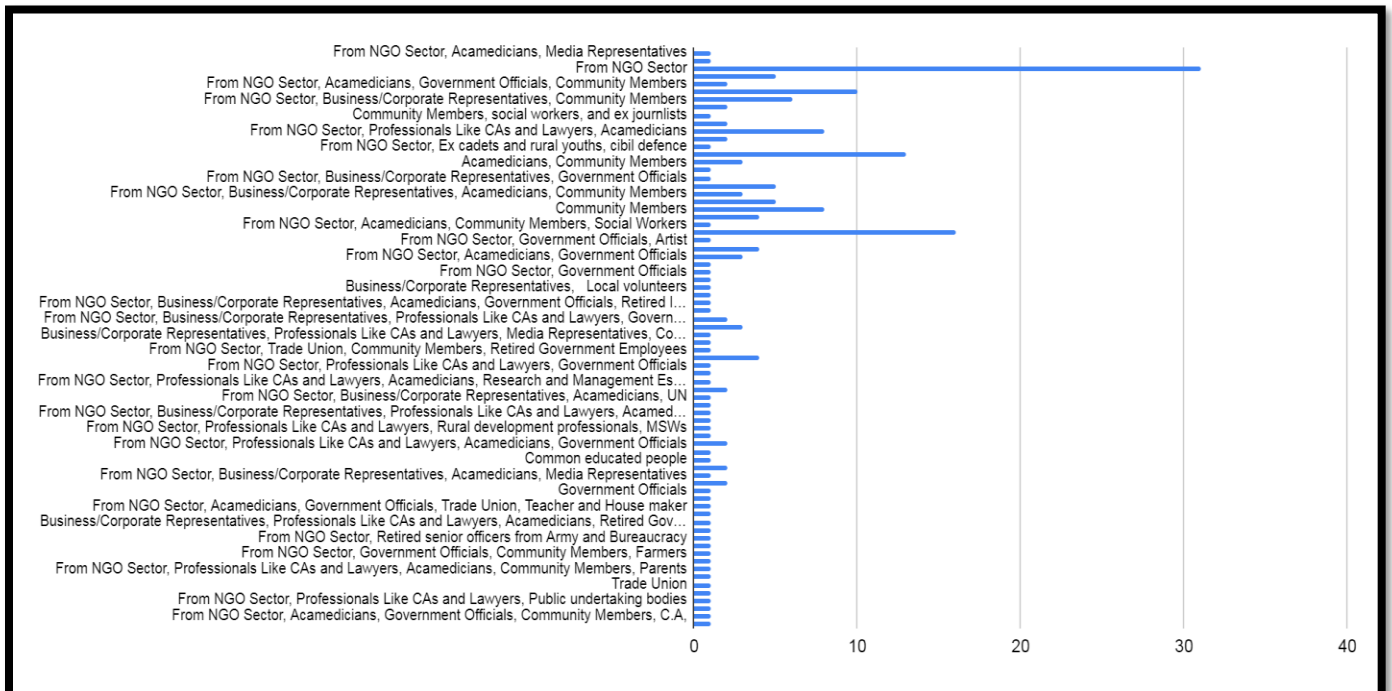
Majority of the organizations that participated had an annual budget between 1-3 crores (22.2%), followed by those having an annual budget below 20 lakhs (17%) and then others.



Average Annual Budget of Organizations

I. Current Status of Boards across VOs:

Overall Constitution of Organization Boards: The following table represents the current overall constitution of boards in VOs all across India. It outlines the basic framework of an VO board in India.



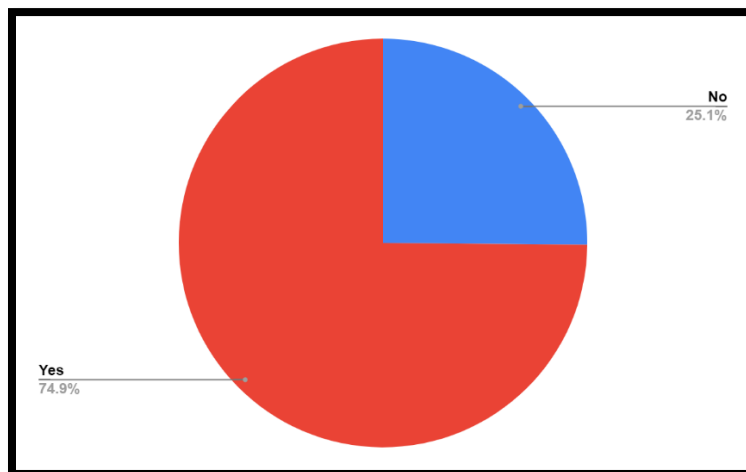
Overall Constitution of VO Boards

The bar diagram signifies the basic constitution of an VO board in India. The maximum number of participant organizations have majority of their board members from the VO Sector itself, followed by academicians and community members. This chart also highlights the diversity of board members in VOs in India. This diversity might help in bringing different perspectives, experiences and links together to build a future strategy for the organization, that is robust and flexible at the same time. A diverse board composition will also enable the organization to manage external influences more efficiently and respond to the changing environment with better decision making skills.

Founders as Board Members: According to the results, 146 respondent organizations had their founders as part of either their boards in the capacity of CEOs, or as a part of their senior management in the capacity of Formal Advisors or others.

This kind of a practice is usually seen in *ceremonial boards*. In organizations that evolve as a result of common opinions of activists/ friends/ former colleagues, a *sleeping board or a ceremonial board exists*. The founder is usually a member of such boards. Such a board adds little value to the organisation as with time, the views, working styles and strategies of such boards become redundant.

For any organization to be successful, there must be a rotational policy for the board must exist. The CEO must have at least the basic understanding of the systems and practices being followed in the organization. The CEO must also be familiar and passionate about the mandate of the VO. Hence, having the founder in capacity of a CEO, or as part of the senior management definitely helps in taking steps in the right direction.

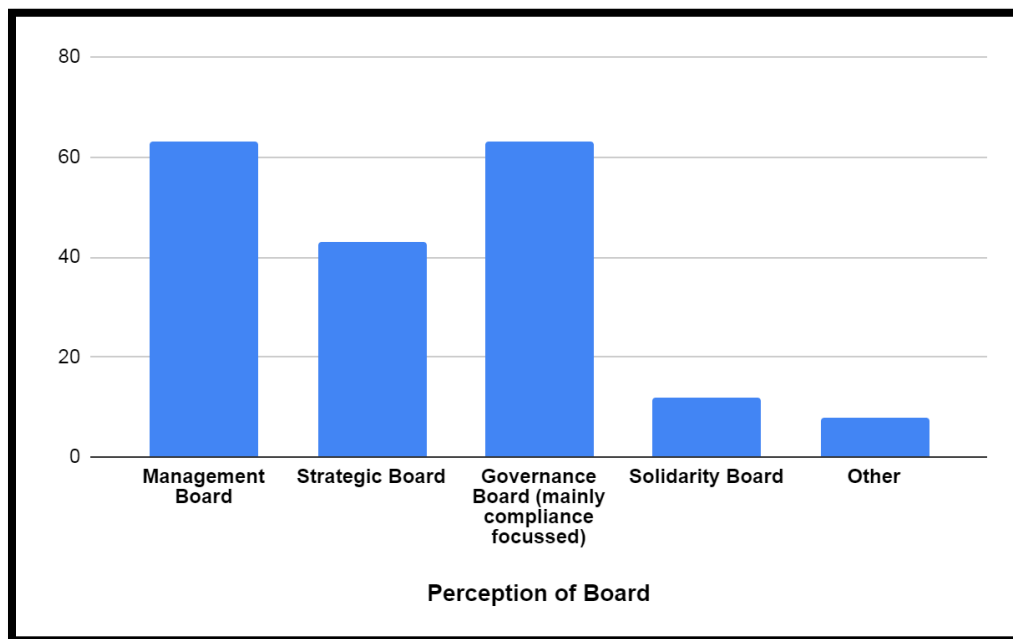


Founder's Continuity in the Board

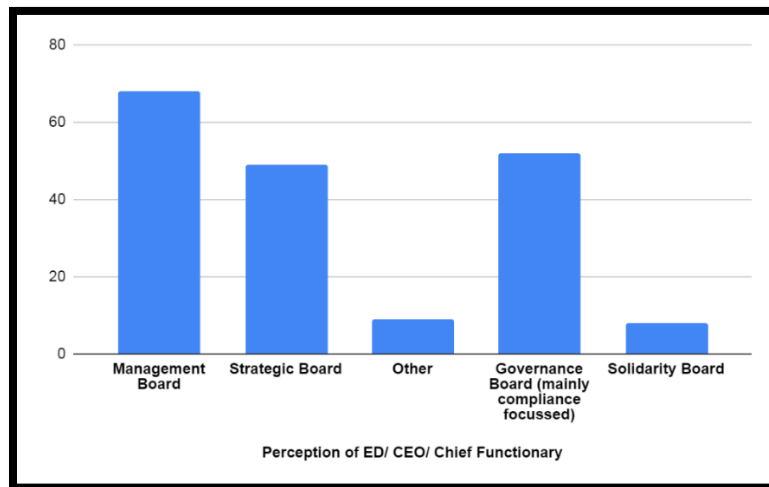
Classification of Boards: It is important to have a basic understanding of the different ways in which a board can function to improve the governance of the board accordingly. The most common types of organizational boards include a governing board, a strategic board, an advisory board, a management board and a solidarity board. There are many more types based on the function that the board fulfils in the organization.

The board members and the CEO of an organization might have a different perspective about the kind of board that exists in their VO.

Perception of Boards: The following chart represents th most common types of boards that exist in the VOs in India, based on the board's own perception. The data suggested majority of the boards to be management boards, followed by governance boards that are mainly compliance focused. The less common ones included strategic boards and solidarity boards. The other types of boards exist in a very small percentage in the voluntary sector in India.



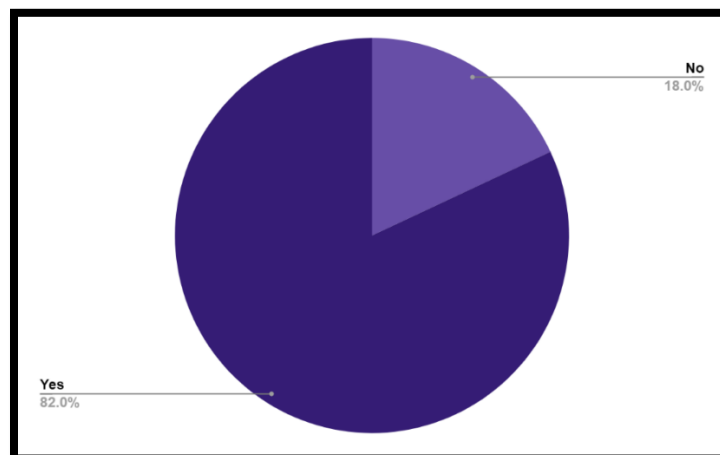
Perception of ED/ CEO/ Chief Functionary: This criteria classifies the boards of participant organizations on the basis of the perception of the CEOs/ ED/ Chief Functionary.



II. Good Practices Followed by Boards across VOs:

Rotational/ Renewal Policy for Board Members: Creating and following necessary policies within an organization is a good practice and allows the VO to become more accountable. A policy on renewal/ rotation of a board member is also a necessary tool to ensure that members of the Board are renewed from time to time, in order that fresh ideas and energy can contribute to the overall success of the organization.

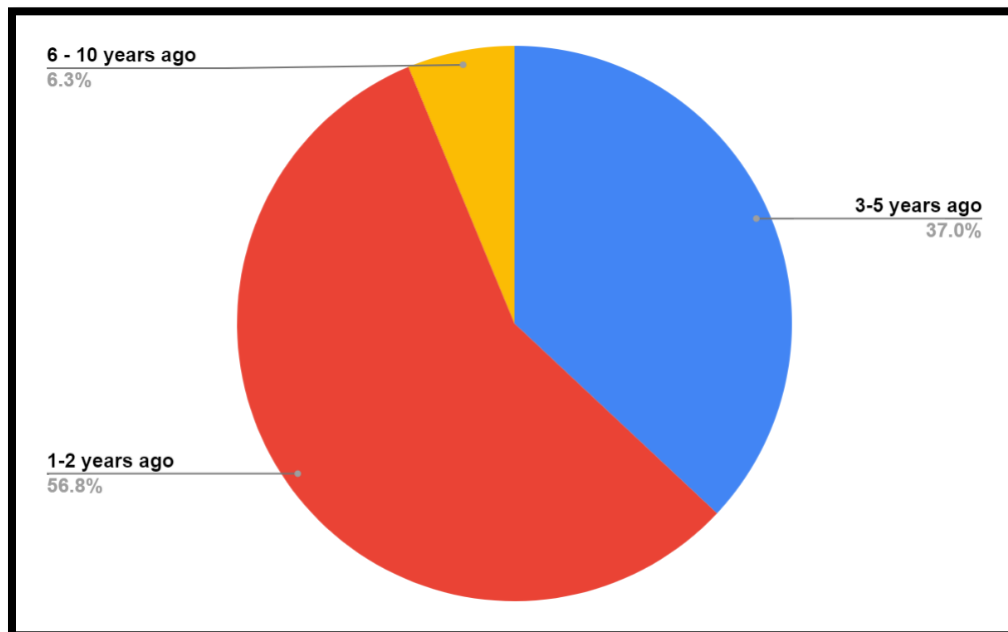
The data signified that 82% of the total respondent organizations have a rotational/ renewal policy for their board members ensuring motivation and passion to work in the organization.



Rotational/ Renewal Policy for Members in the Board

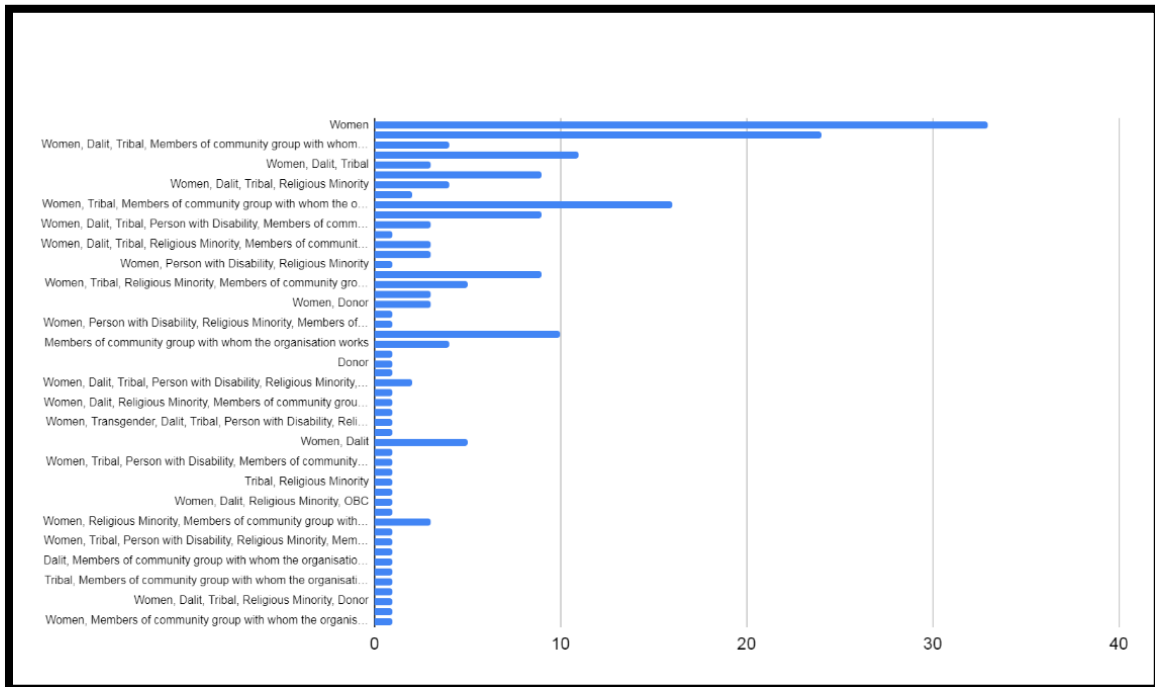
Frequency of Changing Board Composition: As discussed above, altering the composition of board members from time to time is necessary to bring novelty to the work strategies and add new skills and thoughts into achieving targets. If the composition of VO boards is not restructured frequently, it might lead to stagnation and temporary growth. In such times, where the landscape of the whole sector has changed significantly, organizations are struggling to generate funds for their survival, boards are facing extreme challenges in order to safeguard their personal space as well as respond to the draconian measures taken by the government to put the voluntary sector on a ventilator, it is imperative for VOs to change the DNA of the organization, starting from the top. This is the key to provide the necessary leadership and sustainable effectiveness.

The following diagram depicts the frequency of changing the board composition amongst the participant organizations. The data suggested that maximum number of participants had changed their board composition 1-2 years ago (56.8%), followed by 37% organizations that restructured their boards 3-5 years ago. It is important to promote this practice even in the remaining organizations that have the same board composition for 6-10 years.



Frequency of Board Renewal

Diversity in VO Boards:



Diversity in VO Boards

The data above shows the diversity of board members amongst boards in VO sector. Out of the categories mentioned in the questionnaire, women held the maximum seats in VO boards. Following them were members of community group with whom the organization works and religious minorities. One of the reasons for women participation in the boards of specifically the member organizations of VANI might be the reports of women leadership forum meetings shared with them and also messages urging members to focus on increasing women's presence overall especially on organizations board.

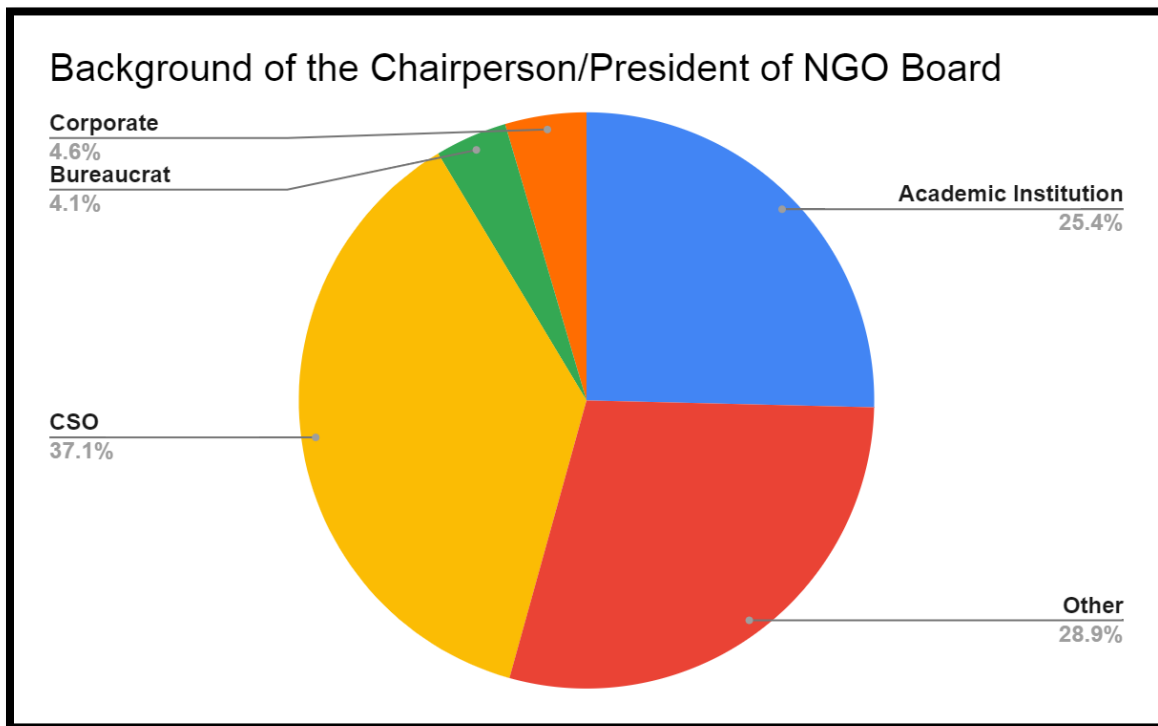
Heterogeneity in gender, religions, professions, backgrounds and skills, amongst others is extremely important to ensure an organization's success. A diverse board promotes creativity and innovation, that further facilitates a better understanding of the community's needs in attracting donors.

III. Chairperson/ President of an VO

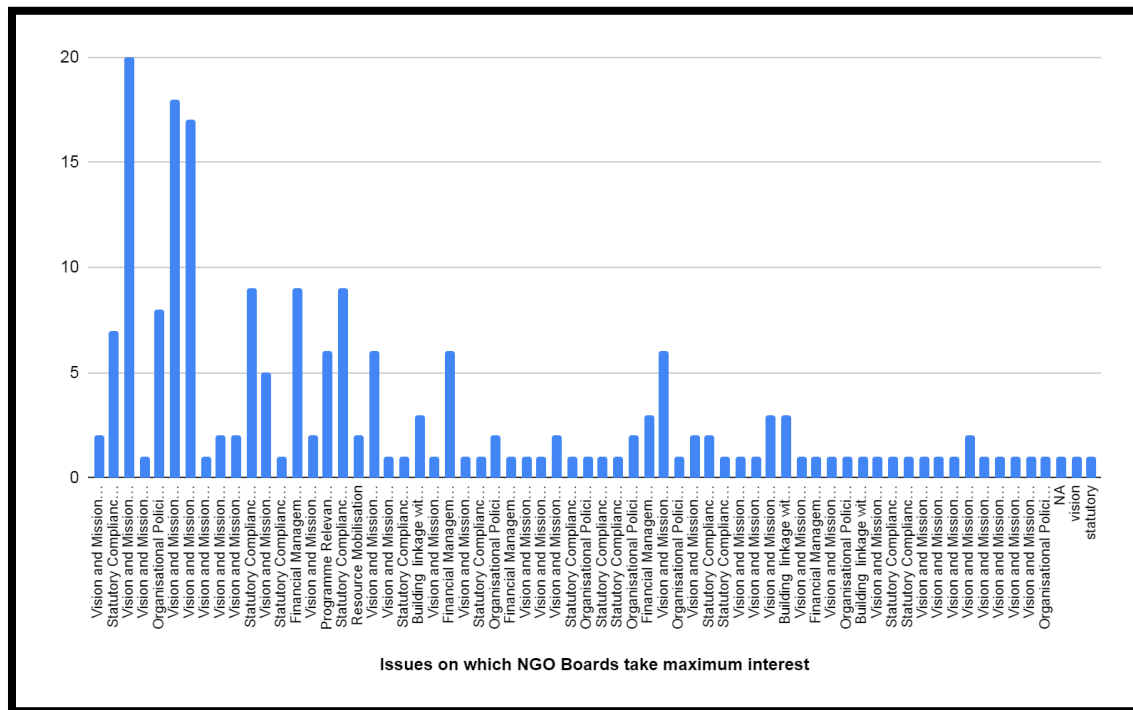
Background of a Chairperson/ President in VO Sector:

The background of a Chairperson/ President of a voluntary organization must be in line with the mandate of the organization. It is a long- term commitment, and the elected representative is required to perform many thankless jobs while running an VO. The background also determines the motivation and passion the individual will bring to the organization, which will be essential for achieving goals. This study indicated that majority of the VOs in India select their Chairperson/ President from within the voluntary sector (37.1%). However, candidates belonging to an academic institution were the next choice (25.4%).

It is worth noticing that only a marginal percentage of VOs had leaders from a corporate(4,6%) or a bureaucratic(4.1%) background. One of the contributing factors for such a practice might be the cost associated with it. Bringing in leaders from the corporate sector or a bureaucratic background might mean additional expenditure from the limited budgets of VOs. Attachment to the cause and the ability to work for others are also factors that might be taken into consideration while selecting leaders from outside the sector.



Issues of Interest amongst VO Boards:

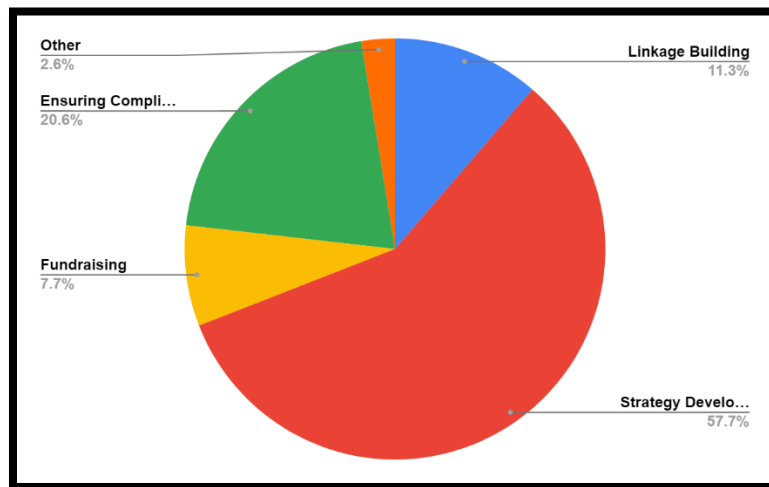


Based on the responses received from participant organizations, “Vision and Mission Realisation” was the issue that majority of VO boards took maximum interest in. This was followed by Organizational Policies and Systems, Programme Relevance with Impact” and “Financial Management”. Other issues like “Building linkage with external stakeholders”, “Resource Mobilization” and “Building linkage with external stakeholders” were not popular choices. This might be as a result of the kind of responsibilities the board members are assigned within a board.

Area of Maximum Contribution from the Board

The following pie chart indicates that according to the CEOs of the participant organizations, “Strategy Development of Organization” was the area in which their organizational boards contributed the most. The next most common area was found to be “Ensuring Compliances”. Among the least popular choices were “Linkage Building”, “Fundraising” and others such as, “Awareness Creation” and “Programme Building”.

However, considering the current financial situations of the VOs in India, it is high time that board members begin to participate in additional jobs like fundraising. Board members of especially the larger organizations must develop a strong policy on fundraising. After all, an appeal for external donations is bound to be more effective if a leader himself/ herself emerges as an exemplary donor.

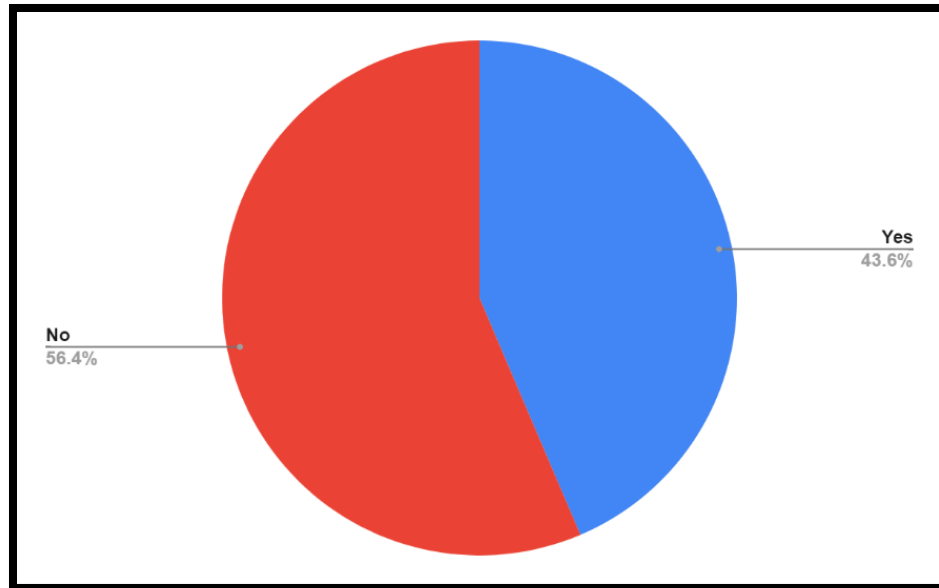


Maximum Contribution Areas by Board Members

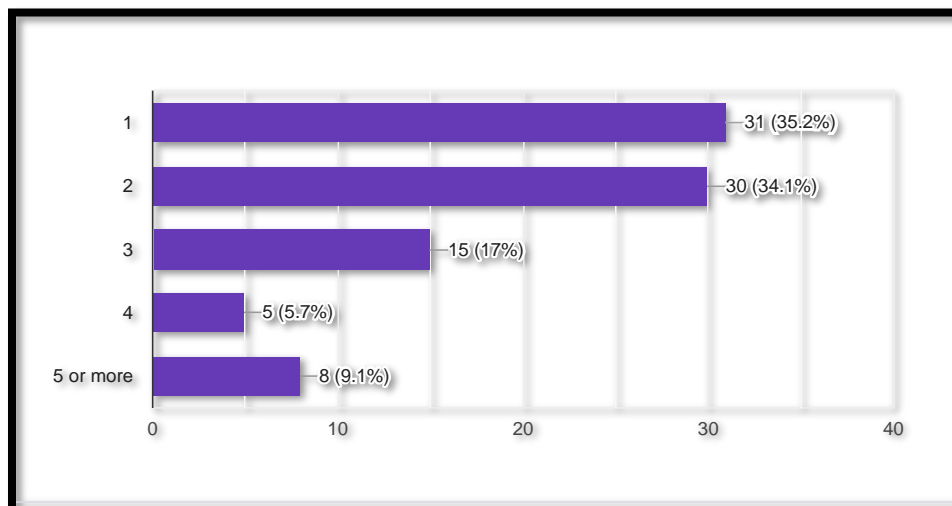
CEO Representation in other Organizational Boards/ Governmental Committees:

Representing organizational boards of other companies is considered a healthy practice in the Indian VO Sector, due to many reasons. This might help the CEO of one VO to learn new skills, build connections and gain experience that might be useful when implemented to their own organization. A CEO might become a better leader and run their organization more productively.

However, sitting on boards of organization's that are of a similar nature as CEO's own organization, it may lead to conflict of interest.

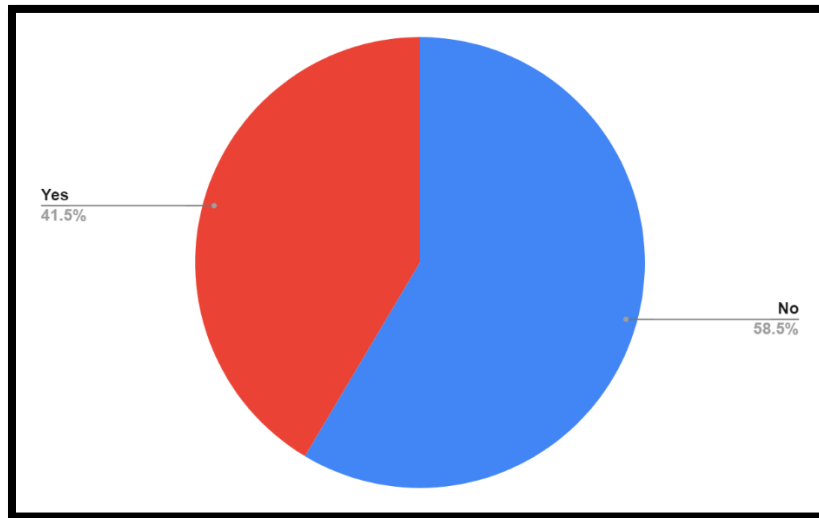


CEO Representation in other VO Boards

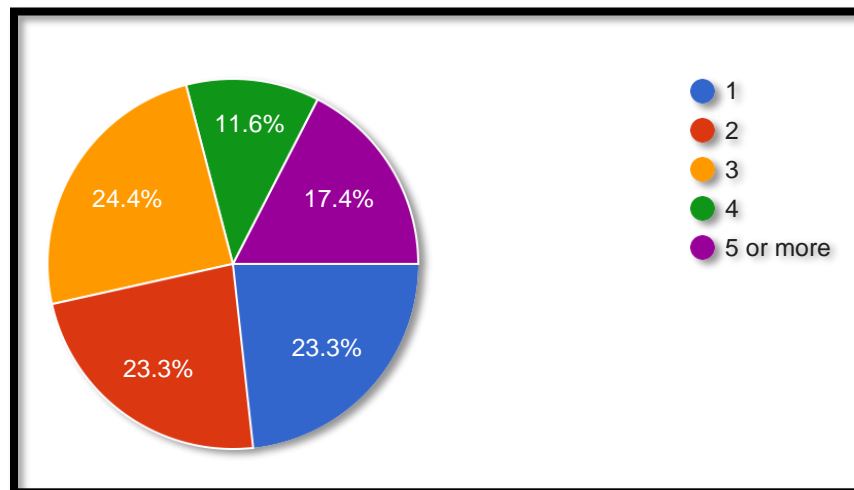


Number of Other VO Boards they Represent

Majority of the CEOs of participant VOs, who represented other VO boards as well, were a part of not more than one or two other boards. This might be because of the major time commitment, sitting on another organization's board requires. Fulfilling board commitments might take away the time and energy to indulge in your own organization.



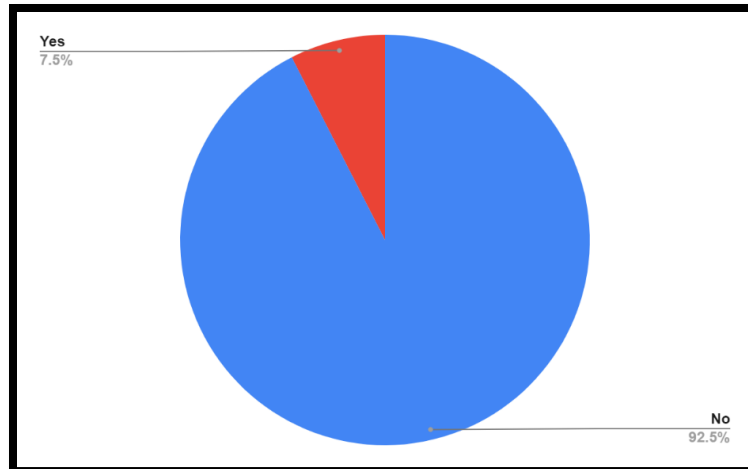
CEO Representation in Governmental Committees



Number of Government Committees CEOs Represent

The above chart signifies the number of government committees the CEOs of Indian VOs represent. Their representation amongst government forums was found to be quite high.

This practice might prove beneficial for the voluntary sector in the sense that the CEOs of VOs might be able to influence the government's decisions relevant to the voluntary sector. However, how much of a say do VO representatives have in the government's decisions is difficult to judge.

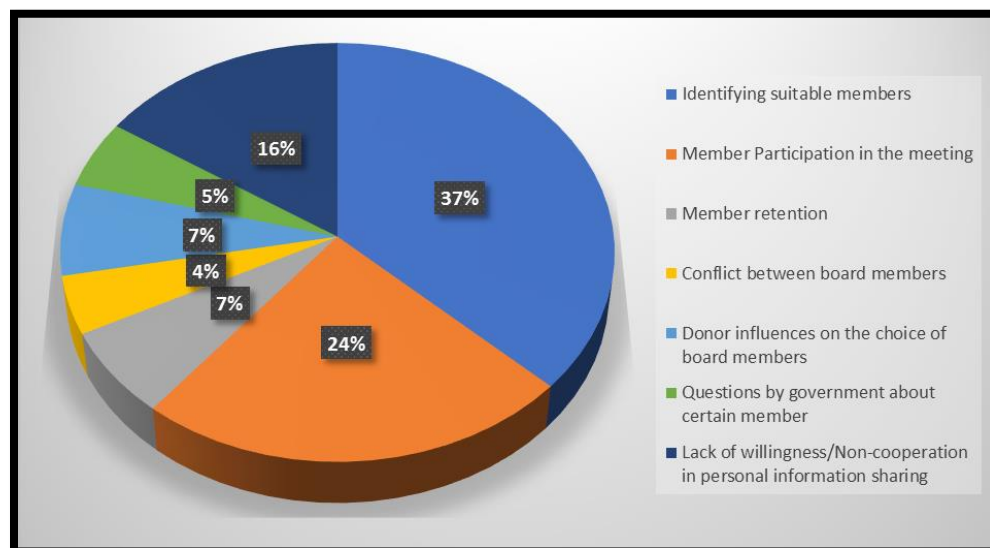


CEO Representation on Corporate Boards

According to these data charts, CEO representation is significant in other VO Boards and in Governmental Committees/ Forums. However, their representation in Corporate Boards is not much.

A major player in the scarce representation of CEOs of VOs in corporate boards might be the difference in the basic foundation of the two sectors. The voluntary sector works on the fundamental principle of 'giving' and 'doing good'. Whereas, the corporate sector works with the goal to make personal profits.

IV. Challenges Faced by VO Boards in India



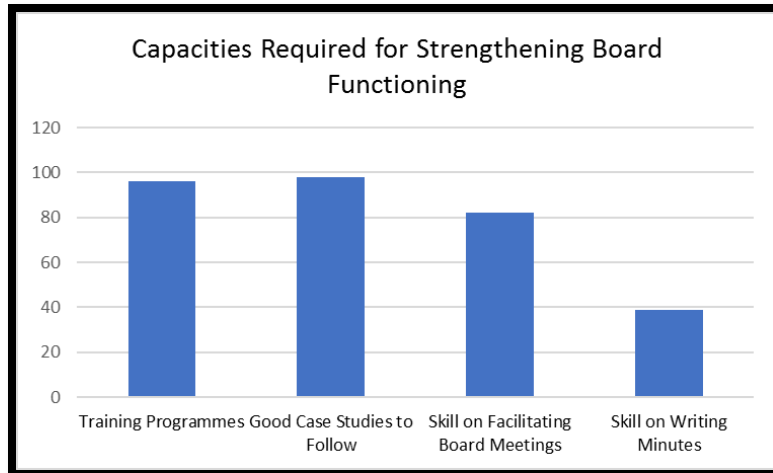
Based on the responses that were received from the respondent organizations, the key challenges faced by VOs in India ranged from identifying suitable board members to getting the board members to attend board meetings. 37% of the participating organizations identified the former as the topmost challenge faced by VOs with respect to boards. Other grievances that were highlighted during the study were member participation in a meeting (24%), lack of willingness/ non-cooperation in personal information sharing (16%), donor influences on the choice of board members and member retention (7%). Questions by government about certain member (5%) and conflict between board members (4%) accounted for a much smaller proportion of challenges faced by VO boards in India.

V. Strengthening of the VO Boards

As the importance of an efficient board has been well established in determining the success of the VO, more and more initiatives must be taken in order to achieve effective board functioning in an VO. According to this study, VOs currently seem to be facing many challenges in identifying suitable members, retaining efficient members, etc. Some of the major practices identified by these organizations to strengthen board functioning are:

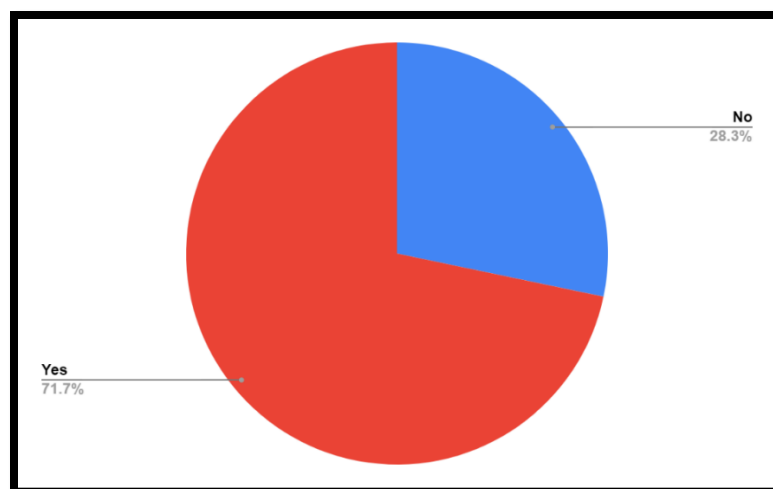
In order to improve VO board functioning in India, it is extremely important to gauge its current functioning status and identify the gaps. It is nearly impossible for any VO board to function without required skills, proper training, capacity building workshops, examples to follow, communication and others.

The following chart suggests that, according to VOs that participated in this study, good case studies to follow (31%) and training programmes(31%) were amongst the top capacities that may help in strengthening board functioning in the VO sector in India. However, skill development on facilitating board meetings(26%) and skill development with respect to writing minutes(12%) were less popular.

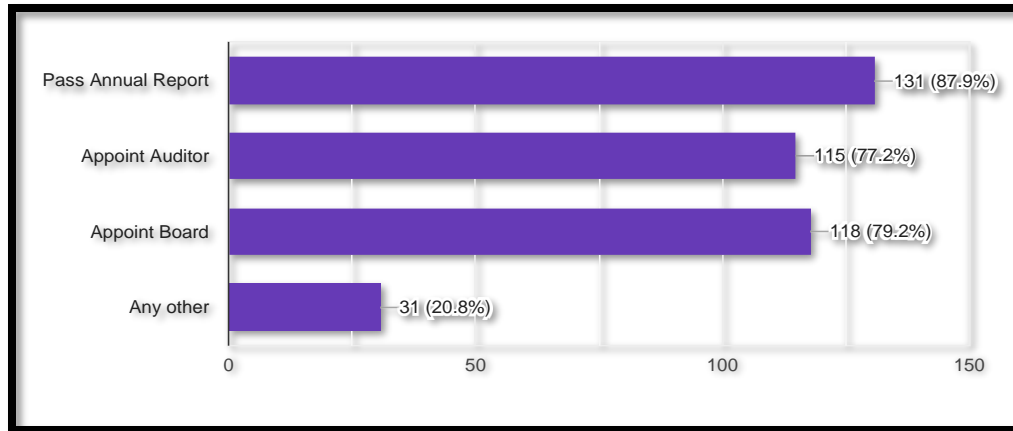


Existence of a General Body with a Different Composition than the Board

A general body or committee having a different composition than the board, is essentially formed for facilitating the work of the board. These committees are formed to perform specific functions ranging from appointing board members, recruiting auditors, passing the annual reports, or others. These committees are usually developed in order to support the board in improving results and increasing efficiency. The board is responsible for taking the final decisions, however, the groundwork is done by these committees. This allows the board members to focus on priorities and achieve targets faster ⁽¹¹⁾.



Existence of a General Body



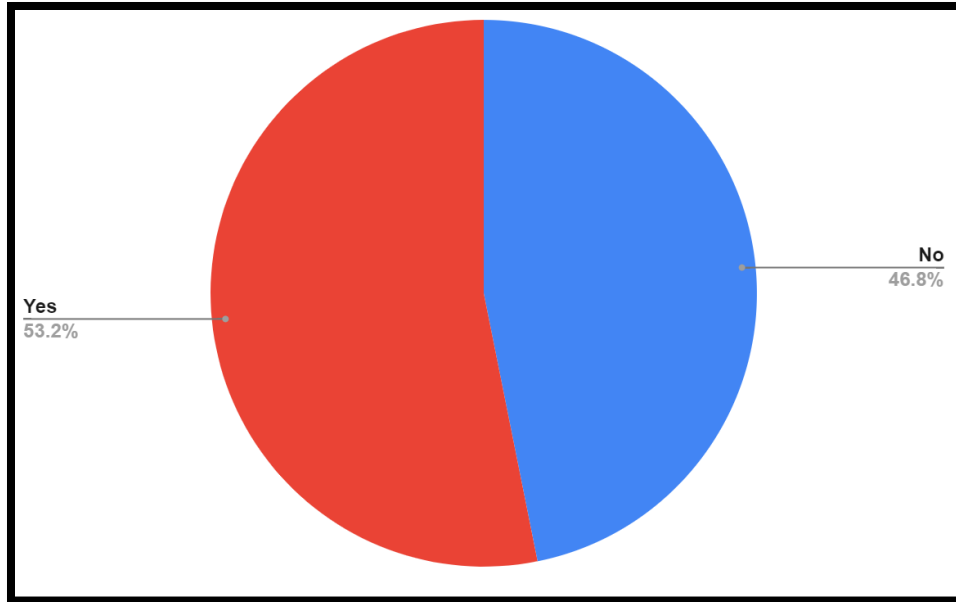
Role Played by the General Body

Existence of an Advisory Committee

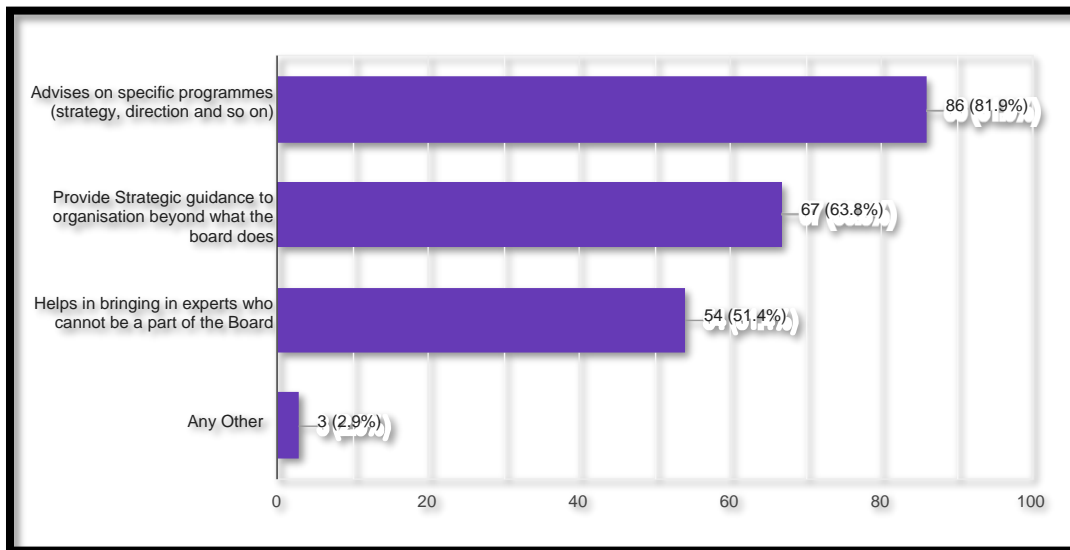
An advisory committee is a forum other than the usual boards of an VO, which is responsible for the activities that are outside the prescribed scope of the non- profit board. It is formed to bring to the organization, information, experience and skills that is otherwise not in their purview. This helps them set and achieve targets that they could in absence of this committee.

The difference between a general board of directors and an advisory council is that the latter is not eligible to make decisions for the organization, but only provide assistance in doing so. It is an initiative by the VOs to address a specific function or purpose⁽¹²⁾.

The findings from the data received suggested that more than half (53%) of the participant VOs had an additional advisory committee other than their board of directors of their organizations. The common functions that this committee served in the VOs in India included advising on specific programmes (in 81.9% of participant VOs) and provide strategic guidance to the organization beyond what the board does (in 63.8% of participants). The less common ones included providing help in bringing in experts who cannot be a part of the board (in 51.4% of the participants).



Existence of an Advisory Committee



Common Functions of an Advisory Committee

Chapter IV: Recommendations & Way Forward...

Our study has considered the organizations in both rural and urban settings. The key findings of this study are mainly based on the primary research conducted with VOs all over India, but due to the small sample size, they cannot be generalized throughout the whole sector.

Based on the findings of our study, there are a few recommendations that the VOs could adopt to strengthen board functioning in their organization:

Diversity in the VO Board: This study recognized the importance of diversity in an VO board to accomplish success. The correlation between the mission, vision, strategy and who are the leaders of the organization has been established. Therefore, to have an inclusive and diverse board composition is essential.

An indistinguishable board composition may result in the lack of a long term vision and strategy. Achieving heterogeneity in the board in terms of skills, ideas, thoughts, experiences, etc., facilitates innovation and originality. It will help in identifying community needs efficiently and developing effective strategies to yield better results. Diversity in the boards will also engage varied donors and facilitate resource generation. Inclusiveness in the board will help the voluntary sector to remain relevant and effective.

Display professionalism: The general outlook and function of an VO board and its members is similar to those in the corporate sector. The responsibilities and roles performed by them are quite similar in terms of regulating programmes and processes, developing strategies, formulating policies and others. However, the biggest difference is that the VO boards function in a voluntary capacity with no monetary exchange while that is not so in corporate sector. Another difference is the target they want to achieve.

Although voluntary, the responsibilities as a board member of an VO board must be taken seriously and everything from your thoughts, way of working, ,dressing, the way you talk must reflect professionalism. This is essential if a board member wants their organization to be taken seriously, especially when approaching a potential donor.

Commitment to the cause: Passion and wholehearted commitment to the mandate of the organization is a must in the board members of an VO to determine the success of the organization. The board's role is not limited to attending meetings, but also requires continuous support and guidance, inside as well as outside the organization.

If a board is committed to the cause, it will be easier to promote their organization, build awareness about the role they play, developing linkages and attracting potential donors.

Get on the same page: The meaning of good governance and a board must be clearly understood before working together as part of an VOs board. Different organizations might have a different understanding of the responsibilities and roles expected from their board members. Therefore, it is essential to be on the same page to avoid ambiguity and conflict of interest.

Assessment of Governance Practices: Any programme or process in an organization requires regular assessment and evaluation to ensure proper implementation and achievement of set targets. Some of the indicators for evaluating governance practices:

- Diversity in the board
- Clarity on organizational vision, mission and strategy
- Passion among the board regarding the organizational cause
- Fulfilment of responsibilities by the board
- Frequency of board meetings
- Agenda of board meetings
- Relationship between the board and other employees

Training: Training the board members of an organization on various skills and topics might be beneficial and facilitate better board functioning. The training topics like role of a board, writing board meeting reports, writing down minutes, organising effective board meetings, etc., can be considered. They could be in the form of face to face workshops or online structured courses. Specific needs and skills lacking in a board must be identified while regular assessments and addressed through trainings and consultations.

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- 1) <https://betterboards.net/non-profit-fact-sheets/what-is-a-board/>
- 2) <https://www.gdrc.org/VO/VO-boards.html#:~:text=Board%20Functions&text=It%20first%20of%20all%20C%20sets,on%20to%20make%20funding%20decisions.>
- 3) <https://boardsource.org/fundamental-topics-of-nonprofit-board-service/composition-recruitment/>
- 4) https://fcraonline.nic.in/home/PDF_Doc/fc_amend_07102020_1.pdf
- 5) <http://lokpal.gov.in/pdfs/act-2013.pdf>
- 6) <http://egazette.nic.in/WriteReadData/2020/218938.pdf>
- 7) <http://egazette.nic.in/WriteReadData/2016/171048.pdf>
- 8) https://www.mca.gov.in/Ministry/actsbills/pdf/Societies_Registration_Act_1860.pdf
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- 10) <https://www.indiacode.nic.in/handle/123456789/2327?locale=en>
- 11) <https://www.icsi.edu/media/webmodules/companiesact2013/BOARD%20COMMITTEES.pdf>
- 12) <https://boardable.com/blog/advisory-boards/#:~:text=The%20nonprofit%20advisory%20board%20is,making%20plans%20for%20the%20organization.&text=Their%20role%20is%20to%20give,board%20with%20a%20specific%20purpose.>

About Voluntary Action Network India (VANI)

VANI is a national network of Indian Voluntary Development Organizations (VDOs). Currently VANI has 540 members with an outreach to around 10,000 VDOs across India. The membership of VANI ranges from grass roots to the national organizations. The members work on a range of priority development issues of the government including education, health, nutrition, integrated child development, livelihood, skill development, environment, natural resource management, climate change, water and sanitation, emergency response and preparedness, agriculture, poverty and so on, in some of the most remote areas of the country. In the year 2017-18, our network collectively reached out to over 32 million people belonging to vulnerable and marginalized groups including children, disabled people, women, elderly, farmers, dalit, tribals, disaster survivors, unemployed, youth, LGBT, sex workers etc. VANI through its efforts and strategies aims to build a strong civil society sector not only at national but regional and local level as well. VANI was set up with the mission to promote voluntarism, create space for the sector by fostering value based voluntary action. VANI's interventions are focused to strengthen the external and internal enabling environment. To ensure the external enabling environment, VANI conducts evidence based advocacy which includes regulatory frameworks and resource generation. In order to achieve this VANI works with the government, private sector, bilateral, multilaterals and other stakeholders. For strengthening the internal enabling environment, VANI works towards building resilience and promoting accountability, transparency and compliance through the interactive educational events and information dissemination. VANI strives to become a resource centre by conducting evidence based research; publishing studies, articles and reports not only at state level but national and global level as well.