

The 'Pros' and 'Cons' of Representative Boards

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Some non-profit organizations are governed by “representative” boards of directors. This means that the composition of the board is determined by the formal connection of the directors to particular constituencies or stakeholder groups. Often the main motivation for specifying the composition as representative is to insure that the board’s decisions reflect the will of the stakeholders. An equally important motivation, in theory anyway, is that representation makes the organization directly accountable for its actions through the appointed directors to the external groups.

What follows is an attempt to distinguish representative boards from other board structures, provide an idea of where representative boards are found in the non-profit sector, describe pros and cons of this composition model and outline how the performance of representative boards might be improved.

Board Structures

For the purposes of this publication, *representative boards* are different than *functional boards* or *diverse boards*¹. *Functional boards* are composed primarily of members who have the skills and knowledge to provide effective oversight and to assist in identifying and helping meet the strategic priorities of the organization. Where the organizations have staff, they add value through close supervision of, and leadership with, the senior management team.

Diverse boards are composed primarily with members that represent a variety of different races, cultures, values, opinions and perspectives. Mostly commonly, a diverse board is one that is, or seeks to be, demographically diverse. This approach creates a board that is capable of holding a holistic perspective. This makes it unlikely that decisions would ignore the knowledge, or discriminate against the interests, of certain groups of people.

Few boards formally distinguish themselves using these terms. Many in the non-profit sector would argue that board design should strive to incorporate the better of a least two structural types. Today, many organizations are aware of the value of having both functional and diverse boards and are striving to become so. The possibility of tying formal representation to diverse constituencies has merit in some circumstances but begs the question of whether such a board, because of how representatives are chosen, can also be a functional one. Certainly careful consideration should be given to the measures necessary for them to be effective in both roles. Some suggestions are offered below.

The interest in a representative model for non-profit boards flows partly from the tradition in Western countries to associate the work of governing with legislatures and councils composed of individuals elected from geographic districts.

Strictly speaking, non-profit boards are not representative bodies unless the directors have been elected or formally chosen by a particular group or entity and are, explicitly or implicitly, accountable back to their constituency for the organization's decisions and success. It is likely that a non-profit board's representative make-up will be specified in the organization's by-laws. A representative board is therefore a structural dimension of the organization.

A representative board is not really a model of governance. The term "model" more often refers to ideas about board responsibilities rather than structures.

What kinds of organizations have representative boards?

Some types of non-profits are more likely than others to be governed by representative boards. The most common are:

1. National, regional or provincial organizations made up of local organizations, branches or affiliates in what is often referred to as a "federated" structure.
2. Professional associations, such as licencing and disciplinary bodies, often created by government statute, which are thought to need some level of some public or consumer accountability.
3. Quasi-governmental organizations where at least some board seats are filled by government representatives or appointees.

Many well-known organizations operate with representative national boards made up of independent local groups who are themselves governed by functional boards. Examples include the Canadian Cancer Society, Habitat for Humanity Canada and Big Brothers Big Sisters of Canada. The national or regional body may retain some control over affiliates, or provide services to them, such as branding, but the local groups have sufficient autonomy that they are essentially the organizational members of a federation.²

There are also a broad range of professional associations and regulatory groups that are part of the non-profit sector. For example, there are associations of lawyers, nurses, pharmacists, accountants and engineers. They too, often have a representative board structure. Here is an example of a board composition statement of a Canadian body regulating licenced practical nurses (LPNs):

The Board is comprised of both elected and appointed members. Eight directors are elected by registrants in each of the four LPN district bodies, two per district. The provincial government appoints four public representatives. The Health Professions Act requires that one-third of all board members be public representatives.

Some non-profits operate at arm's length from government and have their own boards and staff. These exist at all levels of government. They include provincial securities commissions, liquor control boards, municipal water commissions, convention centres or lottery corporations. Municipal elected representatives are frequently appointed to particular boards and their service is considered part of their duty as elected officials.

The Pros and Cons of Representative Boards

In considering whether a non-profit should start out with, or move to, a representative board structure, the advantages and drawbacks should be carefully considered. The *advantages of representative boards* include:

- A visible or transparent connection to the membership, particular constituencies or community interests
- Clear source of, and reduced responsibility for, recruiting board members
- Responsibility for member accountability to stakeholders that is built-in to the board's work
- A means of promoting stakeholder “buy-in” and involvement
- A strong capacity for checks and balances in decision-making where constituencies have different interests
- A measure of public or political legitimacy where organizations operate in the public eye

The *disadvantages* of representative boards include:

- A limit on the ability of one's organization to choose whom, or what functional skills and assets it needs from directors serving on the board
- Reduced board member engagement where appointees serve out of duty more than interest
- The abdication of some organizational responsibility to formally consult with stakeholders
- A greater emphasis on constituent rather than common interests. This may lead to competition amongst directors in terms of the non-profit's priorities and the distribution of resources and program benefits
- Cumbersome decision-making where directors are required consult with their constituencies on certain decisions

Ex officio Members

Many boards have ex officios, that is, persons who are members, by virtue of their external position or constituency (their “office”). In effect, these are members, whose positions are often described in bylaws, who are not recruited by the board or formally appointed. These board positions can be voting ones but most often are not. Examples of ex officio members can include an elected official from the district the organization serves or a public servant from a government department with responsibilities that overlap with the work of the organization.

The term ex officio is also used, somewhat differently, in the context of defining board and executive director roles. The most common example is the expectation that the board chair is an ex officio on all board committees.

Where external ex officio board members are expected to attend meetings, have the right to vote and have the same responsibilities as other directors, they are effectively the same as representative members and might better be referred to as such. Where ex officio members do not have the responsibilities of other directors, boards may want to consider using terms such as guest, resource person or consultant rather than the term ex officio.

Because the responsibilities of ex officio board members are often not specified, their role can be confusing to other directors and to stakeholders. Governing bodies may want to give greater attention to outlining the decision-making and accountability expectations of ex officio board members.

Funders on Boards

Should government or other funder representatives serve on non-profit boards as directors? The prevailing opinion seems to be that funders should not sit as directors. The issue is frequently wrapped with the worry of there being conflicts of interest. Indeed, most governments now have policies prohibiting public servants from sitting on boards supported or regulated by their department or agency.

On the “pro” side of the question of board membership by funders, where the non-profit is in its infancy, funder involvement may be seen as an opportunity to nurture a sense of responsibility among the other board members.

Hybrid Board Structures

Should a non-profit structure their board with a balance of representative and functional directors? Non-profits may wish to experiment with mixed board structures. While hybrid boards tend to look good on paper they may not function well without great attention to member responsibilities and group dynamics. Some of the recommendations below may be of value. Most would be relevant to all boards.

Improving Representative Boards

The following are a few suggestions for enhancing the effectiveness of a representative board as a structure based on formal director relationships to key stakeholders or constituencies.

- Create written position descriptions for representative directors. These should outline the responsibilities and expectations associated with connecting their constituency to the organization
- Require quarterly reports to the board from board members on their external representation communication work
- Distinguish clearly between functional and representative responsibilities where directors have both
- Gain agreement on the principle of the board “speaking with one voice” on particular issues for representative communication to stakeholders
- Identify skilled board member candidates from each stakeholder group and make recommendations to the appointing bodies to secure their membership

Strengthening Functional Board Links to Stakeholders

Also, functional non-profit boards can do much to strengthen their community and stakeholder linkages without having representative directors. Here are some ideas:

- Devote some governance work to consulting with the community and key stakeholders through special board facilitated external consultation sessions
- Strengthen the board’s visibility and presence in stakeholder communication such as newsletters
- Involve stakeholders in strategic planning through surveys, questionnaires, and formal needs assessments
- Specify board member responsibilities beyond the board table and schedule some executive director-board member stakeholder visits over the course of the year.

¹ This distinction between representative, functional and diverse boards is taken directly from the work of Carter McNamara of Authenticity Consulting. McNamara also offers a fourth category, *passionate boards*, “boards composed primarily with people who have a strong passion for the mission of the organization”, and who will “give unstintingly of their time and effort and will often investigate issues and create innovative solutions”. See Julie Garland McLellan, [Some Thoughts on Board Composition](#) Board of Directors Blog, Free Management Library. July 17, 2011

² For a fuller exploration of federated structures see: National Council of Voluntary Organizations (UK) Know How Nonprofit, [National organizations with local groups](#), 2016; and Sean Silverthorne, [The challenge of the multi-site nonprofit](#), Working Knowledge Newsletter, Harvard Business School, 2003.