

Exercise 5 - Governance Diagnostics



This questionnaire helps you to discover new ways to investigate and learn about governance. It is designed to stimulate awareness of how governance operates within your organisation, and how governance affects you in your organisational role.



As educators, the authors' are committed to developing 'reflexive' practitioners (managers, employees, professionals, trustees and directors) able to reflect on their own experience to develop applied knowledge. This questionnaire, therefore, is a learning tool rather than a test. It contributes to learning:

- By promoting self-awareness of the responsibilities accepted by Trustees and Directors
- By promoting self-awareness regarding the way authority and control affects your organisational role.

There are no right or wrong answers. The diagnostic nature of the tool does not test for levels of compliance with legislation, codes of conduct, or evaluate the performance of you individually or your board. Instead, it provides a picture of your awareness levels and perception of problem-solving in your organisational role, so that you can reflect on the effectiveness of your approach to governance.

The questionnaire has 24 questions about situations in the workplace, grouped into six sections:

- Regulators and Regulation
- Stakeholder Management
- Funders and Investors
- Employees, Members and Volunteers
- Executives and Managers
- Developing and Maintaining the Board

To complete the diagnostic questionnaire, read each of the questions and choose the answers that most closely match your experience (or aspiration if you do not have direct experience). Where you have direct experience, answer on the basis of practice (not policy) - choose what happens, not what is supposed to happen. Where you do not have experience, choose what you would like to happen.

The questionnaire should take you between 30 - 60 minutes to complete.

- **All diagnostics / questionnaires of this type imperfectly represent human experience.**
- **You can choose more than one response to a question if you cannot decide between choices.**
- **You can also leave answers blank if no answers match your experience or aspirations.**

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Section 1 – External Relations – Regulators and Regulation

On our own or all together?

1. How has your organisation gone about developing policies on equality?

- a. We make individual commitments to equality on a project by project basis but don't have a policy at organisational level.
- b. New equality policies are negotiated by our stakeholders, employees and managers, then approved by a board.
- c. I don't know if we have an equal opportunity policy / we've not discussed equality issues at board level.
- d. We would leave development of equality policies to our Chief Executive / Human Resources Manager.
- e. We would discuss the basic parameters of equality policy at board level but leave implementation to a manager.

2. As political debate and regulation related to climate change increases, how will your board assess the need for sustainable production?

- a. We will ask our Chief Executive / General Manager or hire a consultant.
- b. Risks and opportunities related to sustainability will be discussed with managers, staff and stakeholders to plan a response.
- c. We will recruit board member(s) with expertise on sustainability and ask them to assess regulatory threats and opportunities.
- d. I'm not sure we've got firm plans to discuss how to make production more sustainable.
- e. We will have informal discussions inside / outside board meetings and involve sustainability experts as needed.

3. Which of the following best describes your organisation's approach to resolving differences of opinion on legal obligations?

- a. We don't debate legal issues much. We take guidance from a manager or professional and follow it.
- b. Disputes are rare, but when they occur, it requires a lot of politics before board members reach a compromise.
- c. If we can't agree, we research issues with our stakeholders then return to the board for a decision.
- d. I can't ever remember us having a major difference of opinion or dispute about the way we meet our legal obligations.
- e. We robustly debate things at a board until agreement is reached - we don't have disagreements in front of staff.

4. Following tax and benefit changes, a long-standing employee has reported that over 50% of staff have suffered a pay cut. Will you respond?

- a. We would arrange to meet staff representatives informally and formally to seek a resolution acceptable to all parties.
 - b. We'll agree a position at a board meeting before communicating our position on changes to pay.
 - c. We'll ask our CEO to take the lead, then seek board and/or senior management agreement for any response we make.
 - d. Our planning process is informal and organic - we'd make changes incrementally wherever a mutually acceptable solution can be found
 - e. We've never done anything in the past when tax and benefit changes affect staff pay. I don't see why we should do anything different this time.
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Section 2 – External Relations - Stakeholder Management

Pursuing the common good or meeting the needs of stakeholders?

5. Which of the following most closely matches the way your executive(s) view the development of a mission and social values?

- a. Defining social purpose is a legal / political necessity: in reality accommodating the diversity of stakeholders' social purpose(s) is the key to effective organising.
 - b. It is vital that the board establishes a clear social purpose and values. This is communicated by our managers to all staff.
 - c. Social purpose and values are set by the founder / leader. The board, staff and volunteers are guided by them in decision-making.
 - d. Social purpose is a bit vague here - that's no bad thing. I've not participated in discussion about it.
 - e. It doesn't help to fix social purpose and values: we need to continuously debate how to adapt, change and evolve our organisation.
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6. You have received a letter from long-term supporters asking for a greater commitment to using fair trade goods. How would you respond?

- a. This is a board matter: it is best to keep people who engage in this kind of politicking off the board.
 - b. I'm not sure how our supporters / customers are organised or how we might work to reach a decision with them on this.
 - c. Our CEO will decide whether to involve them in a review: it is operational rather than strategic so not a matter for the board.
 - d. We routinely include stakeholders in strategic planning: we'll refer them to guidance on how to get their proposal considered.
 - e. We'll arrange for informal and formal meetings with supporters / members to understand their concerns and establish a viable policy.
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7. Two external stakeholders disagree about your impact on the environment. Which of the following most accurately describes the way you would resolve the dispute?

- a. This could be a prelude to attacking one or two of our leaders. We'll develop a strategy to protect them from mob rule.
 - b. We've never had this kind of conflict in our organisation: I can't remember us ever needing to use a conflict resolution process.
 - c. If the two parties cannot reach agreement on their own, we'll bring in a mediator to reach a solution.
 - d. Our values and principles are clearly set out. We'll evaluate which stakeholder perspective is best aligned and organise support for it.
 - e. We'll organise a round-table meeting to identify the sources of conflict: that will improve decision making and enhance mutual respect.
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8. Which of the following statements most closely matches your approach to communicating social impact?

- a. The founder / CEO is responsible for reviewing social impact and the board will check their report before approving it.
 - b. Planning is an iterative process with stakeholders: we discuss impacts within project steering groups.
 - c. We're not big on formalised communication but we spend lots of time establishing and reporting impacts to individual participants.
 - d. Leaders develop a communication plan with board guidance. Once agreed, we publish it for stakeholders and ask them to support it.
 - e. Our planning process doesn't cover this - I've never seen / approved a plan for communicating our social impact.
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Section 3 – External Relations - Funders and Investors

Driven by the controllers of capital, the power of ideas, or the actions of staff?

9. Which of the following statements most closely matches the control of budgets in your organisation?

- a. We are driven by projects and project managers who liaise with finance staff to monitor and report back to project participants.
 - b. We work all the time with stakeholders on budgeting/accounting for projects that deliver mutual benefits.
 - c. Our funders/investors determine what we do. We agree budgets with them and then report to them on how we are performing
 - d. Our CEO drives fundraising. S/he's well connected and takes responsibility to update funders.
 - e. We're very reactive and do what we can as opportunities arise. It makes budgeting almost impossible.
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10. Which of the following most closely represents the board's attitude to involving funders / investors in business planning?

- a. Funders are vital, but we don't ask them to be on the board. We give them what they ask for but our board keeps its own council.
 - b. The individuals / organisations who fund our organisation dominate the board and policy. It's their responsibility.
 - c. I'm not sure how we obtain our funding and income. It doesn't get discussed much at board level.
 - d. Investor involvement, whether individuals or organisations, is important: we work with them on each new project idea.
 - e. Whether to involve funders / investors is a matter for our Chief Executive. We get them to set targets and monitor them.
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11. Which of the following statements most closely matches your approach to evaluating the impact of investments and business projects?

- a. We have a formal process for evaluating investment proposals. It's the board's job to evaluate and decide what to invest in
 - b. I'm not sure how we choose between different proposals: it all seems to be decided on a whim.
 - c. Whenever staff / board members have good ideas, a team is assembled to evaluate potential impacts and assess the cost-benefit.
 - d. We work with stakeholders to consider both ROI and SROI using a framework that assesses double and/or triple bottom-line impacts.
 - e. Before making an investment, there are one or two people whose judgement is critical to our decision-making.
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12. How tightly is financial data controlled in your organisation?

- a. I'm not sure what controls we have on financial data or whether I'm entitled to inspect the accounts.
 - b. Members have a constitutional right to inspect financial records during working hours. There is full transparency here
 - c. Financial data is carefully controlled: our financial director / CEO has full control. They give information out only when there is a need or an AGM.
 - d. The board has powers to inspect financial records and we encourage them to ask for clarifications whenever they are needed.
 - e. Financial irregularities and fraud can occur so we elect an audit committee from our stakeholders who audit financial data to ensure we can be confident in what is reported.
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Section 4 – Internal Relations - Employees, Members and Volunteers

Labour and capital as integral to the organisation, or just obtained whenever needed?

13. Which of the following is most true of your approach to involving employee-members in decision-making?

- a. Our employee-members don't sit on the board. We keep a strict separation between board / members to avoid conflicts of interest.
- b. We have strong 'membership' values and actively remove barriers that prevent employee-member involvement in decision-making.
- c. We don't care if employee-members are board members or not: they have a role in decision-making at their level in the organisation
- d. We expect our CEO to be knowledgeable and capable, and to use their judgement regarding who is involved in each decision-making body.
- e. We accept our accountant's advice on constitution (rule) issues. We've never discussed how the constitution affects our decision-making.

14. How does your board go about organisation restructuring?

- a. Board members discuss various restructuring possibilities then inform the management group.
- b. We discuss restructures formally across the whole organisation, including with the workforce, then negotiate agreements on how to change.
- c. Restructuring is always difficult so the board leaves it to senior managers. We're focussed on strategic, not operational issues.
- d. We have informal discussions about restructuring and let individuals express their opinions before any proposals or decisions are made.
- e. We get professional advice when this is needed and then follow their recommendations.

15. Have you incorporated natural justice (written allegations, a formal hearing, a chance to cross-question parties making accusations) into disciplinary / grievance procedures?

- a. We draw up natural justice principles with staff and members. Whenever there is an allegation, the resolution is guided natural principles
- b. Formal processes make things worse. We develop mutual solutions and resolve as many problems as possible informally
- c. We review contract terms - including employment contracts - at board level before informing those affected by changes.
- d. I don't really have a view of 'natural justice' or know whether we've incorporated its principles into any of our contracts.
- e. We rely on professionals to review contracts and review their recommendations with our CEO and/or HR Manager.

16. Which of the following statements is closest to the way your organisation defines the purpose of its Annual General Meeting (AGM)?

- a. I'm not sure I've ever attended an AGM or have any concept of what we should be doing there.
- b. We focus on having a fantastic informal evening at our AGM. The board and a few members accept the accounts, confirm officers, then offer drinks.
- c. We celebrate at our AGM, and take the opportunity for vibrant debate with our members, staff, clients, customers and beneficiaries
- d. We use the AGM as a platform for our CEO / Chair to communicate their vision for the next year. We keep other formalities to a minimum.
- e. At AGMs, we invite all members, give them plenty of information and use the occasion to encourage active participation.

Section 5 – Internal Relations - Executives and Managers

Visionary leader(s) or an evolving collective?

17. Which statement best characterises the relationship between your board and executive manager(s)?

- a. The CEO / Chair may be useful figureheads, but underlying this there are teams who work with each other collaboratively at all levels.
 - b. We don't think there is a need for (and don't have) a separate CEO and Chair. We combine the roles.
 - c. The relationship between our Chair and CEO is a close one: they tend to run the show and we contribute our expertise as needed.
 - d. The CEO and Chair have formal responsibilities, but we act as a collegial group and support each other all the time
 - e. At times we work together well, but at other times months pass without any information or contact. It's a bit hit and miss.
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18. Which of the following statements is closest to the way your board sees the links between management style and risk taking?

- a. We consciously develop an entrepreneurial culture. We're activists and impatient with bureaucracy.
 - b. We're quite careful, I think. We wouldn't jump prematurely to embrace the latest fad. Most of us are cautious and conservative.
 - c. We value diversity here. It is a deliberate strategy to create a healthy tension between activism and management control
 - d. You need a few strong characters to get things done. Give them plenty of scope then pull on the reigns if risks start to escalate
 - e. Risk management is not a big issue here. So long as things get done, we're happy. That's the best way to reduce risk.
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19. When there is disagreement in management meetings, which of the following most closely resembles the outcome?

- a. Managers come and go here but I don't remember them ever coming into conflict with the board.
 - b. Conflict is both overt and covert. If covert, we force it into the open to begin negotiating solutions.
 - c. Occasionally board members have battles with managers. When that happens, we follow a process to help rebuild trust where their relationships have been damaged.
 - d. Managers manage operations. Board members direct the managers. If managers don't understand that, they go.
 - e. Conflicts are often puzzling and over really petty things. If that happens, we get a respected person to discuss things informally.
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20. Which of the following most closely matches the way your directors (or trustees) discuss work issues with your manager(s)?

- a. Only our CEO meets the board on a regular basis. They prepare their reports and attend part the meeting at a time chosen by the board.
 - b. There are regular meetings between board members and non-board members: both bring proposals to the table depending on what is needed.
 - c. We don't have a separate board or executive: we design the organisation for one key decision-maker
 - d. There are regular communication between board members and executive, but it is mostly informal rather than scheduled
 - e. Our board members and executive do whatever they have to as the circumstances arise. We don't have formal meetings.
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Section 6 – Internal Relations - Developing and Maintaining the Board

Developing ourselves.

21. Which of the following statements most accurately reflects the constitutional provisions for the appointment of board members in your organisation?

- a. Each stakeholder group has the power to elect its own board member(s), and only members of that group can vote them in and out.
- b. We don't appoint a trustee / director who is not a trusted friend of the CEO or Chair.
- c. Formally, we need elections for trustees / directors every 3 years, but it is better not to have contested elections.
- d. It is okay for some directors to be introduced through personal contacts. It helps to diversify the skills available to an elected board.
- e. I've never read our organisation's constitution. I don't know for sure what the provisions are for replacing directors / trustees.

22. Which of the following statements most closely matches the selection criteria used to appoint directors / trustees?

- a. You can't become a trustee / director here unless you agree with the Chair's and CEO's vision for the organisation.
- b. When we have elections, candidates make a statement that we send to members. Members then choose between them.
- c. Our trustees / directors are appointed using the same equal opportunity recruitment process as for any other member of staff.
- d. I'm not sure what criteria we use to select trustees / directors. I've never seen documents that describe the criteria.
- e. Each stakeholder group can elect / appoint board members using a system they feel is appropriate for them. The board doesn't interfere.

23. Which of the following statements most closely reflect the way that work is allocated to board members?

- a. The Chair is influential. He / she says who gets what work and who is appointed to any sub-committees formed.
- b. Anyone can nominate a board member for a role, but long-serving board members decide who is responsible.
- c. We decide on work allocation after round table discussions to establish what each board members can do best.
- d. We devolve allocation to self-managing committees, and accommodate their requests for board member participation.
- e. We don't have any clear approach to allocating work to board members. It really depends who is in with who and what you are interested in.

24. Which of the following statements most closely reflects the way your board members are appraised and developed?

- a. So far as I'm aware, trustees / directors do not undergo any regular appraisal of their performance.
- b. The board is accountable to members: they can give informal and formal feedback on directors' performance whenever they like.
- c. The Chair appraises the performance of each trustee / director. He / she then decides on the training / development they need.
- d. Each stakeholder group has power to monitor their board member - if performance is poor, stakeholders can block their re-election / re-appointment.
- e. Board members give each other feedback informally - we keep the process within the board.

Thinking of the Future...

Now you have completed the questionnaire, quickly summarise how you would prefer to make decisions in each of the following areas:

Topic	Don't Make Binding Decisions	Follow manager / subject specialist advice	Within a board or executive group	Through a members' meeting or poll	After multi-stakeholder negotiations
Equality Policies					
Sustainable Production					
Differences over legal obligation					
Adapting to tax/benefit changes					
Establishing social purpose(s) and values					
External stakeholder participation in decision-making					
Resolving stakeholder disagreements					
Communicating impacts to stakeholders					
Making / controlling budgets					
Involving funders / investors in planning					
Evaluating investment / business proposals					
Controls on access to financial records					
Employee-member participation in decision-making					
Organisation restructuring					
Natural justice in dispute resolution					
Organising your AGM					
Rules for CEO – Chair Relationship					
Process / Policy for Risk Assessment					
Process for resolving disputes between managers					
Communications policy between board / executive.					
Appointing Board Members					
Selection Criteria for Board / Trustees					
Work Allocation to Board Members					
Appraisal Process for Board Members					
Totals					

Preparing the Results - Awareness

Each question in the diagnostic tool has been screened by a group of people to assess the level of awareness implicit in each response, and also the orientation toward problem solving and relationship building. To score your (your organisation's) awareness, write the score corresponding to your answer in the last column. **If you chose more than one answer, use the one with the highest score.** Then add all your scores together to give yourself a total:

Awareness

Question	a.	b.	c.	d.	e.	Your Score
1.	2	4	0	1	3	
2.	1	4	3	0	2	
3.	1	2	3	0	4	
4.	4	3	2	1	0	
5.	3	4	1	0	2	
6.	3	0	1	4	2	
7.	1	0	4	2	3	
8.	1	3	2	4	0	
9.	2	4	1	3	0	
10.	4	1	0	3	2	
11.	3	0	2	4	1	
12.	0	3	1	2	4	
13.	2	3	4	1	0	
14.	2	4	0	3	1	
15.	4	1	3	0	2	
16.	0	2	4	1	3	
17.	4	1	2	3	0	
18.	3	2	4	1	0	
19.	0	3	4	1	2	
20.	3	4	1	2	0	
21.	4	1	3	2	0	
22.	1	3	4	0	2	
23.	1	3	4	2	0	
24.	0	4	3	1	2	
Total						

If you did not answer all questions, multiply your score by 24, then divide by the number of questions you answered. For example, if you answered only 21 questions, multiply [Total] by 24 then divide by 21.

Add 4 to your total. Write The Result Here: _____



Preparing the Results - Orientation

To score your approach to problem solving and relationship building, circle the answers that you gave for each question (a - b - c - d - e) then count the number of times that you circled each preference. If you chose more than one answer, circle both.

Write the five totals at the bottom of the grid.

Orientation

Question	No Preference or Answer Given	Individualised Exclusive	Collectivised Exclusive	Individualised Inclusive	Collectivised Inclusive
1.	c.	d.	e.	a.	b.
2.	d.	a.	c.	e.	b.
3.	d.	a.	e.	b.	c.
4.	e.	c.	b.	d.	a.
5.	d.	c.	b.	e.	a.
6.	b.	c.	a.	e.	d.
7.	b.	a.	d.	c.	e.
8.	e.	a.	d.	c.	b.
9.	e.	d.	c.	a.	b.
10.	c.	e.	b.	d.	a.
11.	B	e.	a.	c.	d.
12.	a.	c.	d.	b.	e.
13.	e.	d.	a.	b.	c.
14.	c.	e.	a.	d.	b.
15.	d.	e.	c.	b.	a.
16.	a.	d.	b.	e.	c.
17.	e.	b.	c.	d.	a.
18.	e.	d.	b.	a.	c.
19.	a.	e.	d.	c.	b.
20.	e.	c.	a.	d.	b.
21.	e.	b.	c.	d.	a.
22.	d.	a.	c.	b.	e.
23.	e.	a.	b.	c.	d.
24.	a.	c.	e.	b.	d.
Totals					

Count the number of times you circled an answer in each column and write the numbers in the [Totals] column at the bottom.

