

Building Trust

*Written by: Dr Gerard Ee, Chairman, Charity Council
24 Oct 2019*

The sustainability of any charity is dependent upon the continuing support of its various stakeholders, especially donors. Trust attracts donation of time, money and other support. Through trust, stakeholders believe that the charity will deliver on its mission and vision resulting from good governance being in place and the effective management of resources. When this trust is broken, stakeholders will quickly withdraw their support.

The best way to build trust is to ensure that there is a continued effort to raise the standard of governance and to maintain it. It is an ongoing process because over time there will be changes in membership of the board, management and personnel. Thinking that you have it all in place will encourage complacency to creep in and the standard of the charity's governance may slide downhill.

Governance is how the organisation conducts its affairs and manages its resources. It includes the process of decision-making and the process by which decisions are implemented (or not implemented). This is often not appreciated as some charities see governance as a set of prescribed rules and a checklist to follow. Charities must move away from having the check box mentality to have good governance practices inculcated as part of its DNA. It is the substance and not form which is important.

The three pillars of good governance are transparency, accountability and sustainability.

Transparency is much more than mere disclosure of information. The highest standard of integrity is required to ensure that it is not a public relation exercise. Are the actions and declaration in sync? Are the things happening on the ground in accordance with the claims made? In many cases integrity is not well understood and may be said to be superficial. An example would be the claim to assist the homeless. If all that is being done is to provide shelter, then how are the homeless being helped? In the case of estranged individuals who sleeps in the void decks at night because they are at odds with their family, does the shelter program includes reconciliation efforts? The ultimate aim of such a program must be to achieve a degree of reconciliation so that the estranged individual feels welcomed home. In the common example of aiding the financially needy, one should ponder whether the program ends up making the individuals being helped become dependent on the handouts? In what ways are such individuals being assisted to achieve financial independence? Are they given fish or taught to fish?

On the webpage and annual reports of charities there would be disclosure of an illustrious group of directors, including meetings attendance rates, attendance at events, etc. It would be a mere public relations exercise if these directors are just body counts – i.e. have no clarity of their respective role on the Board, are not personally committed, and not effectively providing strong oversight on governance. Are the directors collectively the conscience of the Board to ensure observance of high ethical standards? Are the majority of Board members happy to be in the shadows and leave decision making to a select few? If so, then just making the usual disclosures on directors is not true transparency. These individuals are directors in name, but in truth not performing as one.

The Board must provide oversight of governance. The buck stops at the Board level. The Board delegates functionality to management but cannot delegate accountability – it would be sheer abdication. To assume such a responsibility, Board member must prepare for and participate actively at Board meetings. They have to be apprised of the status of projects, the state of the

organisation, and ensure that governance practices are functioning well. Board members are collectively accountable for the organisation they are overseeing. When a majority of Board members are disinterested and leave much of the responsibility to a few office bearers, things begin to fall apart. Do Board members have the courage to question poor or bad decisions? Do Board members put on blinkers when questionable decisions are being made? In many cases, Board members resign and pretend that they do not know about what is going wrong. That is walking away from the responsibility of being a Board member.

For an organisation to remain sustainable, it requires more than having financial resources. To feel blessed because of the ability to raise donations is thinking at a primal level. Is the organisation growing in size because of generous donations but not improving on the quality of its services to clients? Is the organisation focused on output and not outcomes? You can build more spaces and create accommodation to take in more clients and look good but the question is, how well are the clients being cared for? If the standard of care is low, it is a matter of time before the organisation fails. Stakeholders will become aware and begin to withdraw their support for the organisation as its reputation gets tarnished. Donors are getting more discerning over whom they support and would avoid being associated with any organisation which is not providing good service and having poor outcomes. They will certainly stay away from any organisation with a tarnished image.

The bottom-line is that we are all mere stewards of our organisation. Our organisation exists because of the clients we service. We, who are appointed to the Board, have the responsibility to ensure that there is good governance and that resources are properly managed. Stakeholders look upon the Board of Directors as trustees of the support they have given to the organisation. We lose the support when the trust is broken and we do not wish for this to happen.