

Ethical Guidelines

..for Board Members of Not-for-Profit Organizations.

Board members of not-for-profit organizations are volunteers who have an interest in the well being of the organization. With their board membership, however, comes responsibility and accountability. An overriding area of concern for all not-for-profit organizations is its ethical governance - not only must governance be ethical in all areas, but it must also be perceived to be ethical. The ethical operations of the entire organization will flow from the standards set by both policy and leadership actuality, and the ethical conduct of each board member will determine the perception and to a degree the reality of the ethical conduct of the board as a whole, and through to the not-for-profit organization as a whole.

Not-for-profit organizations often do not articulate standards which define potential areas of unethical conduct by board members. If board members are not made aware of these areas of concern, they may breach ethical boundaries unknowingly to the detriment of the organization, its membership and themselves. It is therefore incumbent on not-for-profit organizations to articulate ethical guidelines to board members at the outset of their membership to protect the sanctity of both the organization and the member.

Members both expect and are expected to carry out their board duties with the proper use of their authority, and in a professional and ethical manner. Ethical problems evolve in situations where expected standards or norms are not met, whether they have been clearly articulated by the not-for-profit organization or the organization has been silent on the standards. Expected performance standards include the following:

- Being loyal to the not-for-profit organization and its members
- Dealing with the public, staff, clients, and board peers in an ethical, fair, and straight forward manner
- Not exercise individual authority over the not-for-profit organization or the staff
- Speaking positively of the not-for-profit organization to the public
- Fostering friendly and positive working relationships between volunteers and staff
- Maintaining confidentiality of board business

In any organization, including a not-for-profit organization, standards and the practicing of these standards are set by the leadership, and the organizational culture follows from these standards and the subsequent practice of these standards by board members. In the long term, a lack of an ethical base resulting from not creating and following ethical standards has the potential to lead to a lack of success in the organization. As unethical behavior by an individual board member reflects on the board as a whole, and vicariously to the organization as a whole, it behooves all not-for-profit organizations to provide clear standards for board members.

Each not-for-profit organizations should consider establishing a code of ethics for directors. The structure and contents of such a code, while important, are somewhat secondary to the commitment required to develop the code, and the awareness established through the development process. Each board should determine areas of specific concerns given their own special circumstances and areas of risk. These circumstances and risk areas may change and evolve with the organization's growth and evolution, and the code of ethics should be revised to maintain currency with organizational shifts.

While individual organizations' specific areas of concern may not incorporate some of the following identified potential components of a code of ethics for board members, the components are identified along with a relatively exhaustive listing of potential areas of conflict. The listings could be eliminated in areas of non applicability, and in other areas could be used to generate ideas of specific identification of potential conflict of interest areas unique to the organization.

Suggested components of a code of ethics for directors of not-for-profit organizations are as follows.

Statement of Commitment: A statement of commitment will emphasize the responsibility of the board and each member to the membership and to the board as whole both as the statement is being developed and in perpetuity as it is discussed with each nominee and incumbent.

Ethical Guidelines: A listing of items which the not-for-profit organization considers to be in conflict should be developed by the board, and included in the overall code of ethics. An example of a comprehensive listing of items follows. Each organization should include items which may be unique to their own membership.

General Information Resources

Gifts & Hospitality Delegation & Penalties
Interpretation Enforcement
Representation of the organization

A strong ethically grounded organization is only possible when it is governed by a strong ethical board; in turn, the strength of the board is grounded in the ethical conduct and approach of each of its board members

While the more basic components of ethical behavior incorporate the base principles of fairness and honesty and are therefore fairly obvious, there are many other potential pitfalls for the board member who may not be aware of the possible implications of his/her actions or, in some instances, lack of actions. The fact that a board as a whole has ethical obligations to its board members, and ultimately to all organization members, is often overlooked and is also often at the root of a resultant culmination of unethical behavior.

The board is firstly responsible to ensure that it has a clear understanding of its roles, responsibilities and functions, and then to ensure that this information is clearly articulated and conveyed to all board members. By making clear the purpose and requirements of the board and all of its members, the board will reduce the likelihood of its swaying from its mandate, and by clearly retaining its focus and purpose it will help to ensure that any unethical behavior by its board members will stand out as improper and inappropriate.

Taken from article by Allen Lowe, March 2004



FEDERATION OF CALGARY COMMUNITIES

#301, 1609 14 Street SW, Calgary, AB T3C 1E4

Tel: 244 4111 Fax: 244 4129

Website: www.calgarycommunities.com