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DIRECTORS'
Forum
for Directors, by Directors

The Board's Role in Member Representation

Description: Boards of Directors are expected to focus on strategy while leave operations to management. Yet, when Directors speak with members of the credit union, the concerns they hear are typically focused on day-to-day issues. This session will share ideas from school board trustees and other credit unions on how to solicit feedback from members, which can help provide strategic insights.

DIRECTORS'
Forum
Virtual Governance Series

**The Board's Role in Member
Representation**

FEBRUARY 2, 2022

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The Board's Role in Member Representation



Presenter:

Dr. Anthony Piscitelli

Chair, Your Neighbourhood Credit Union

Director, Directors' Forum Co-operative

Tech Support:

Leo Racette

Director, Sudbury Credit Union

Chair, Directors' Forum Co-operative

AGENDA

1. The Theory: Representing Principals
2. The Practice: School Board Trustees
3. The Practice: Co-operatives, Credit Unions, and Mutuals

Research Team



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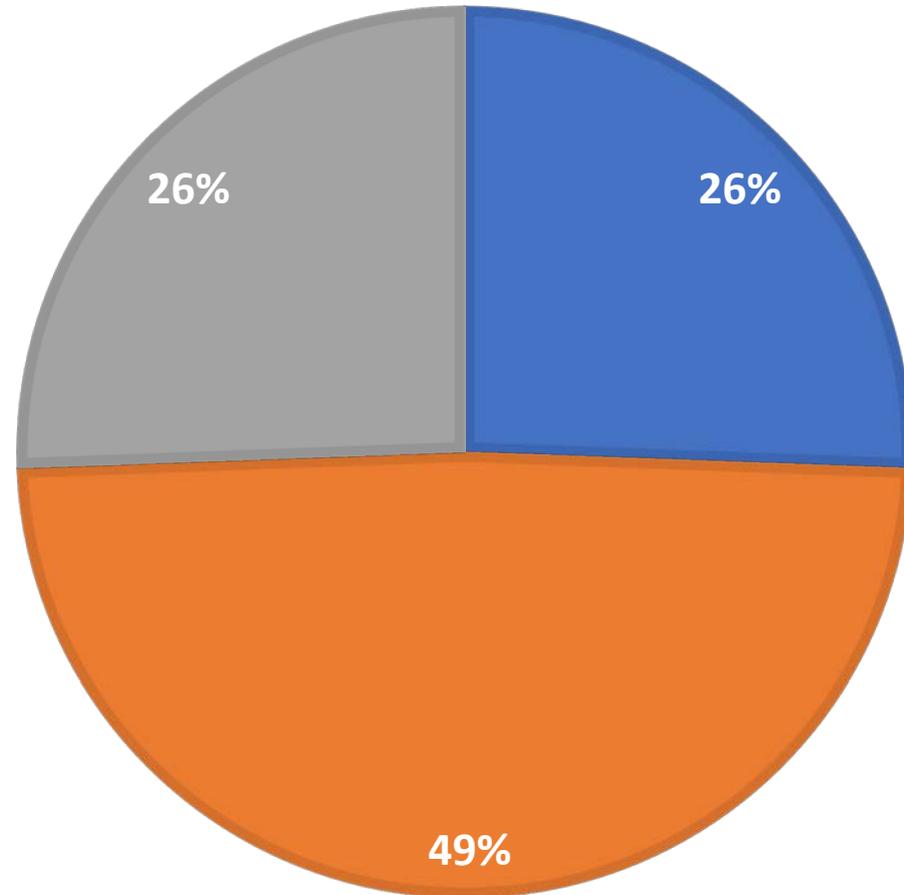
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How satisfied are you with the consultations with the members of your organization?

■ Very Satisfied ■ Somewhat Satisfied ■ Not Very Satisfied



The Theory:

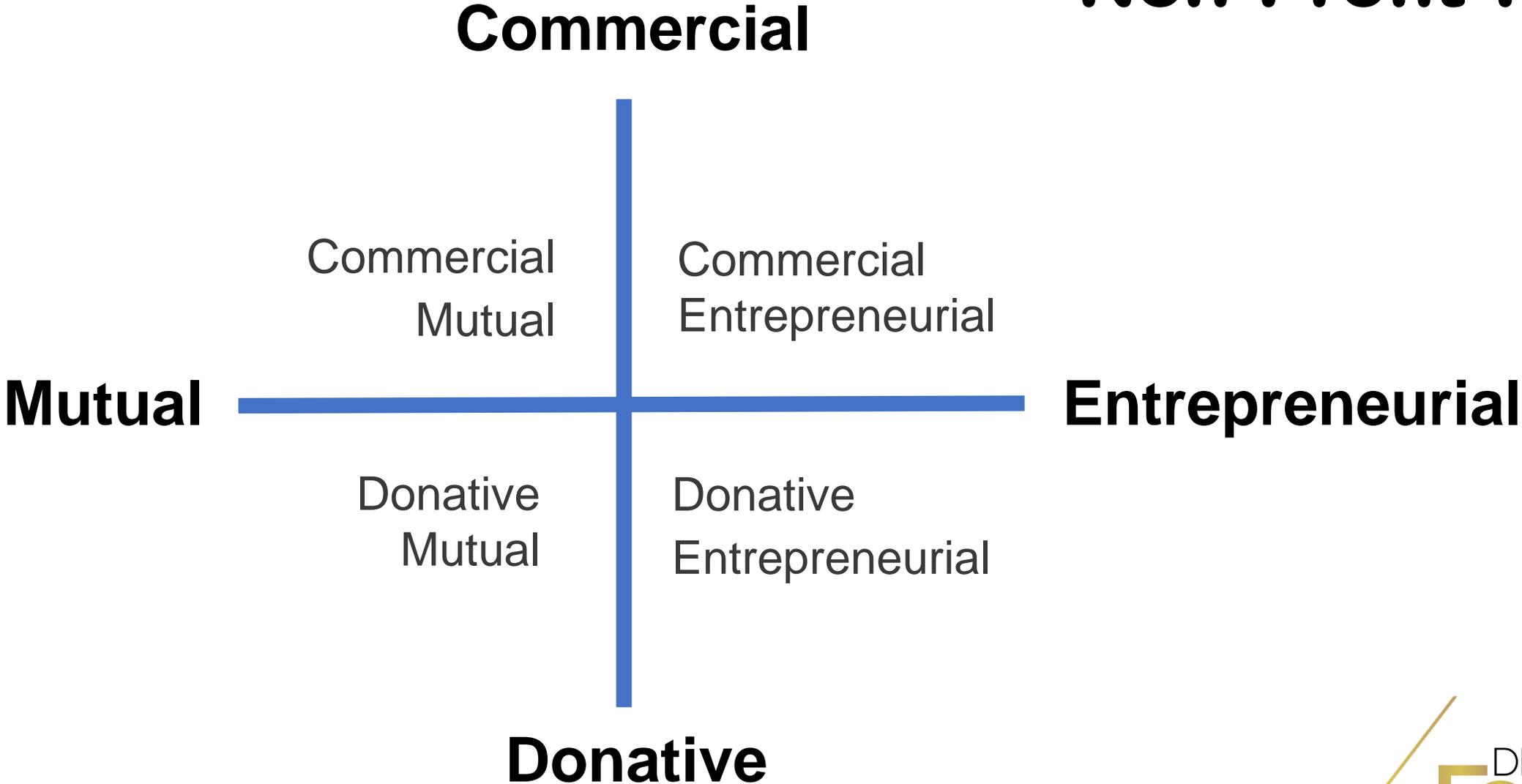
Can a Board represent its principals?

Principal-Agent Problem



“We define an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent. If both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interests of the principal.”

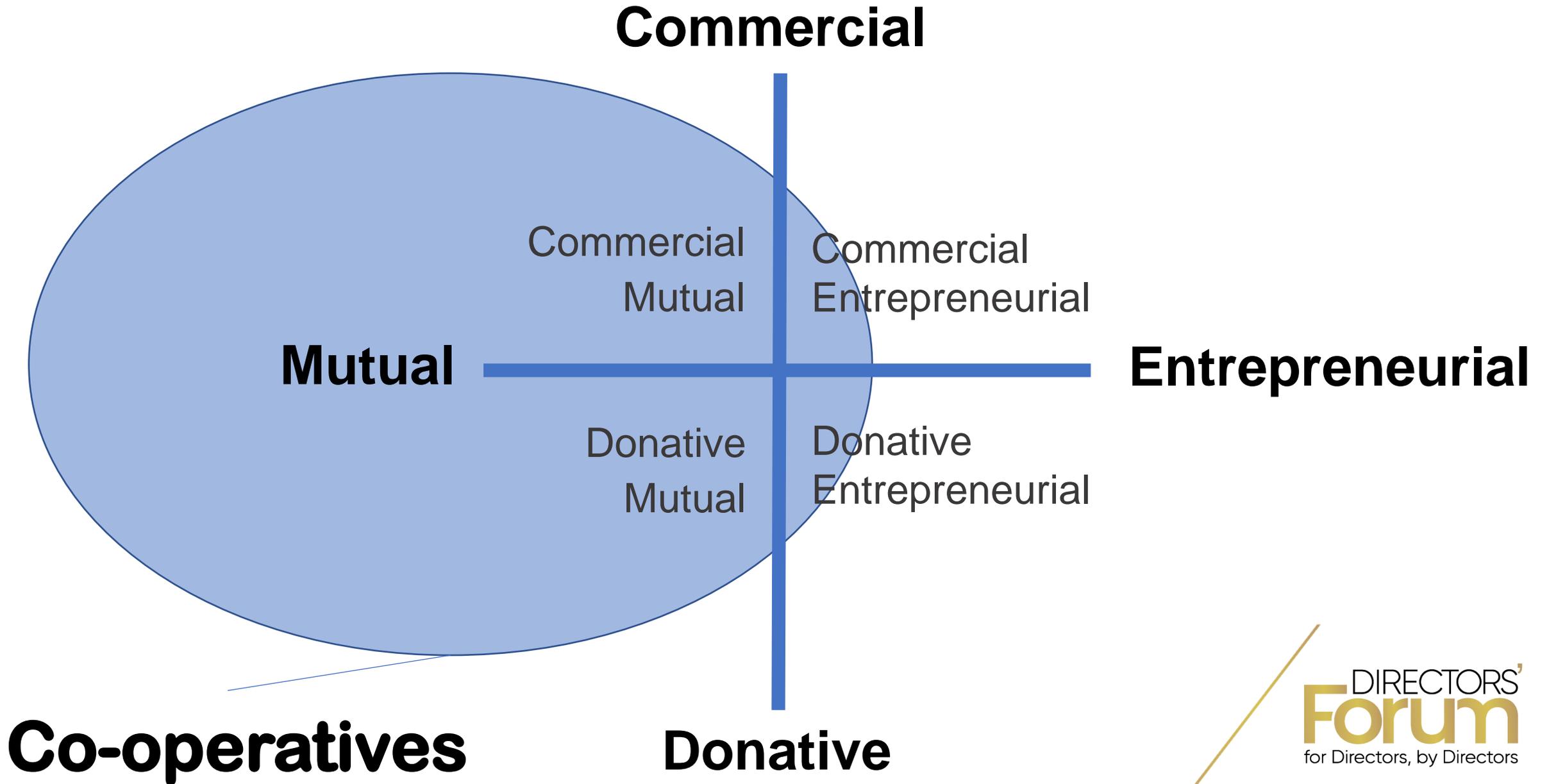
Non-Profit Types



(Hansmann, 1980)

Non-Profit Types

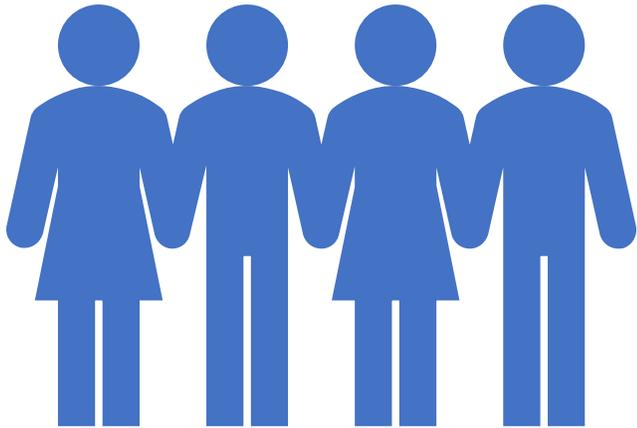
(Hansmann, 1980)



ISSUE #1

The Director of a co-operative Board is elected by their members and serve a representative function; often the concerns of members are operational.

Exit, Voice, & Loyalty



“While feedback through exit or voice is in the long-run interest of organization managers, their short-run interest is to entrench themselves and to enhance their freedom to act as they wish, unmolested as far as possible by either desertions *or* complaints of members.”

ISSUE #2

A Board of Directors has to work collectively towards the good governance of the organization under their charge; good governance requirements are largely strategic.

Governance

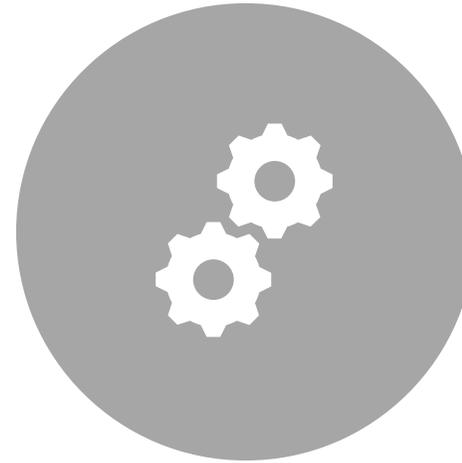


“We define governance of a nonprofit organization as the set of instruments and mechanisms that support the board of directors in its global leadership and ensure completion of the organization’s purpose, legitimacy, and accountability. In particular, nonprofit governance establishes operational guidelines of the interaction between the board of directors and the internal and external stakeholders.”

Role of the Board



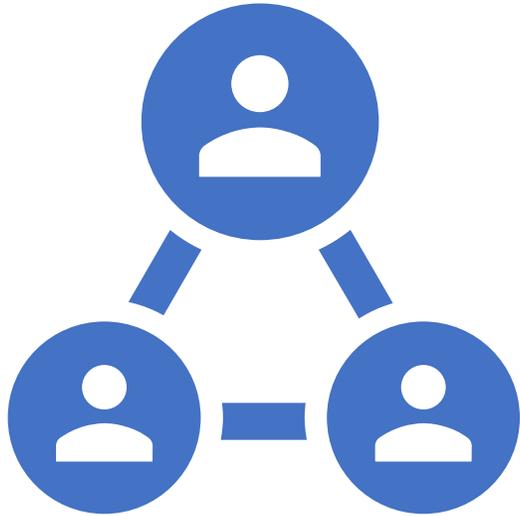
ENDS-MEANS
DISTINCTION



GOVERNANCE VERSES
OPERATIONS

(Carver, 2006; Drucker, 2005; Gill, 2005)

Problems Of Representation



“I very rarely have seen a truly strong board in co-ops, for instance, where boards are elected by the membership. There the chairperson has no say about who sits on the board, nor has the CEO. Then you get boards which may represent this or that segment of the membership, but they don’t represent the organization, at least in my experience. Problems are likely to arise in these boards, such as the troublemakers who abuse the board to create political platform for themselves or just to hear themselves talk.”

The Practice: School Board Trustees Represent Constituents While Governing Effectively

Poll Question



Have you ever contacted a school board trustee about an issue involving your child(ren)?

- Yes
- No, I have never had to for my children
- No, I do not have children
- I don't know

The role of a school board trustee

Representation	15.1%
Advocate/Represent Students	3.1%
Advocate/Represent Parents	1.0%
Advocate/Represent Students & Parents	1.4%
Advocate/Represent Community	3.9%
Advocate/Represent Other	2.9%
Liaison/Communication	3.4%

Administration	31.4%
Oversight/Compliance	12.3%
Policy Related	4.8%
Budget Decisions	4.8%
Operations	5.6%
Safety	5.3%

Educational	12.1%
Pedagogical Decisions	4.5%
Ensure Student Success	8.2%

Excluded	41.4%
Nothing/They Have No Role	4.4%
Other	7.1%
Don't know/Unsure	15.8%
Irrelevant Answer	11.5%

Poll Question



Have you ever been contacted for feedback by a co-op, credit union, or mutual organization for which you are a member?

- Yes
- No

Practical Question

How can a Board Director represent a membership, who express concerns as operational issues, while adhering to governance requirements?

Methodology

- **Semi-structured interviews with 25 School Board Trustees in Ontario**
 - 15 school boards represented (3 English Catholic boards, 12 English Public boards)
 - Interviews conducted December 2020 to January 2021 via Zoom

Overall Findings

- ❖ There is an inherent paradox in the role of School Board Trustees in Ontario.
- ❖ The line between strategy and operations is fluid and largely context dependent.
- ❖ In order to represent their constituents, School Board Trustees adopt a number of informal roles in navigating the “grey area” between strategy and operations.

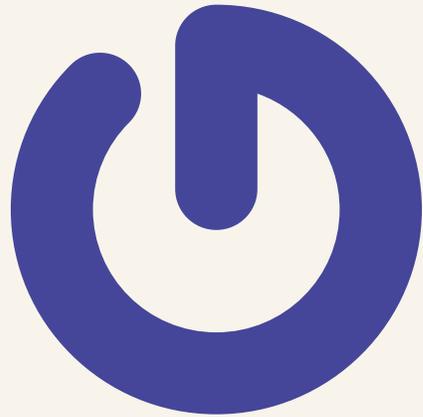
Navigator Role



"People really come to me with very personal, specific issues, that I cannot resolve, but I act as a liaison to point them towards what's kind of the problem -solving pathway for them. So direct them to the right people. Point out maybe some resources. Help them navigate"

(Interview 17)

Influencer Role



“I’ve seen decisions, at the ground level, by individual school administrators, or even superintendents, be influenced by trustee involvement....So it could be as minimal as me, as a parent, having an issue with something at the school. It's not being resolved. I tell them as a parent that I spoke to the trustee and suddenly everyone's attention or everyone's focus is on that issue”

(Interview 6)

Listener Role



“Often times people just want to know that someone is listening to their concerns. This also is part of what I do when an individual contacts me with their concerns. They just want to know that someone is really hearing them and can empathize with their problem even though in the end you still direct them to the teacher-principal-super”

(Interview 23)

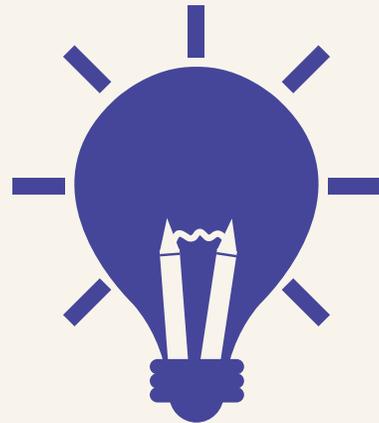
Translator Role



“But usually I find if things reach me that are really contentious, it's simply been a breakdown in communication somewhere. Somebody's talking apples and the other person's hearing oranges. And again, when principals are really busy or parents are really busy, sometimes they're not listening to hear, they're listening to figure out what to say next, and they're not building a common understanding”

(Interview 16)

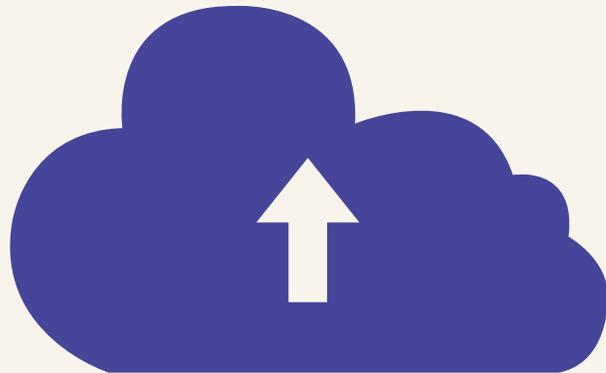
Educator Role



"Knowledge is power...I believe that people are more understanding when they understand the issue, when they understand what limits you have and what you can do"

(Interview 12)

Uploader Role



"I go to the school council meetings of the individual schools in my area. So I get to know those families and I get to know their concerns. But oftentimes, their concerns are representative of larger concerns of a whole"

(Interview 13)

Informal Roles of School Board Trustees



Navigator Role



Influencer Role



Listener Role



Translator Role

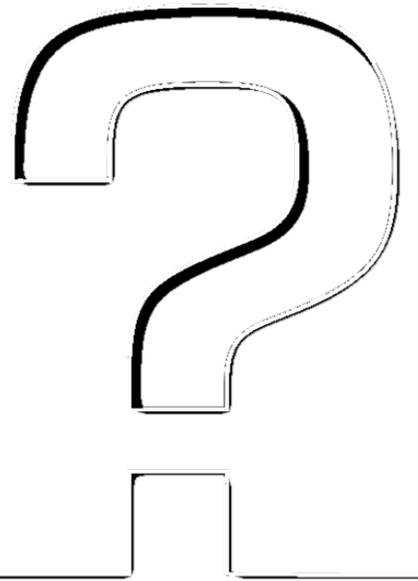


Educator Role



Uploader Role

Discussion Question



In small groups:

What can co-operative, mutual and/or credit union directors learn from school board trustees?

The Practice: The Co-operatives, Credit Union and Mutual Difference

Co-operative Principles

2. Democratic Member Control

Co-operatives are democratic organizations controlled by their members – those who buy the goods or use the services of the co-operative – who actively participate in setting policies and making decisions.

Findings...

FINDING 1

While the paradox was clearly identified in the interviews with school board trustees (as well as related tensions between local and single issue perspectives versus the system and general perspectives of directors), it does not appear to be present to the same extent, if at all, within the other boards interviewed.

FINDING 2

Directors of these boards appear to typically focus on strategy related matters and boards seem to evolve over time to focus on strategy rather than operational matters.

FINDING 3

The connection between directors and the membership they represent appear to be weak and engagement with them is limited (in relation to school board trustees and their constituents).

Discussion Question



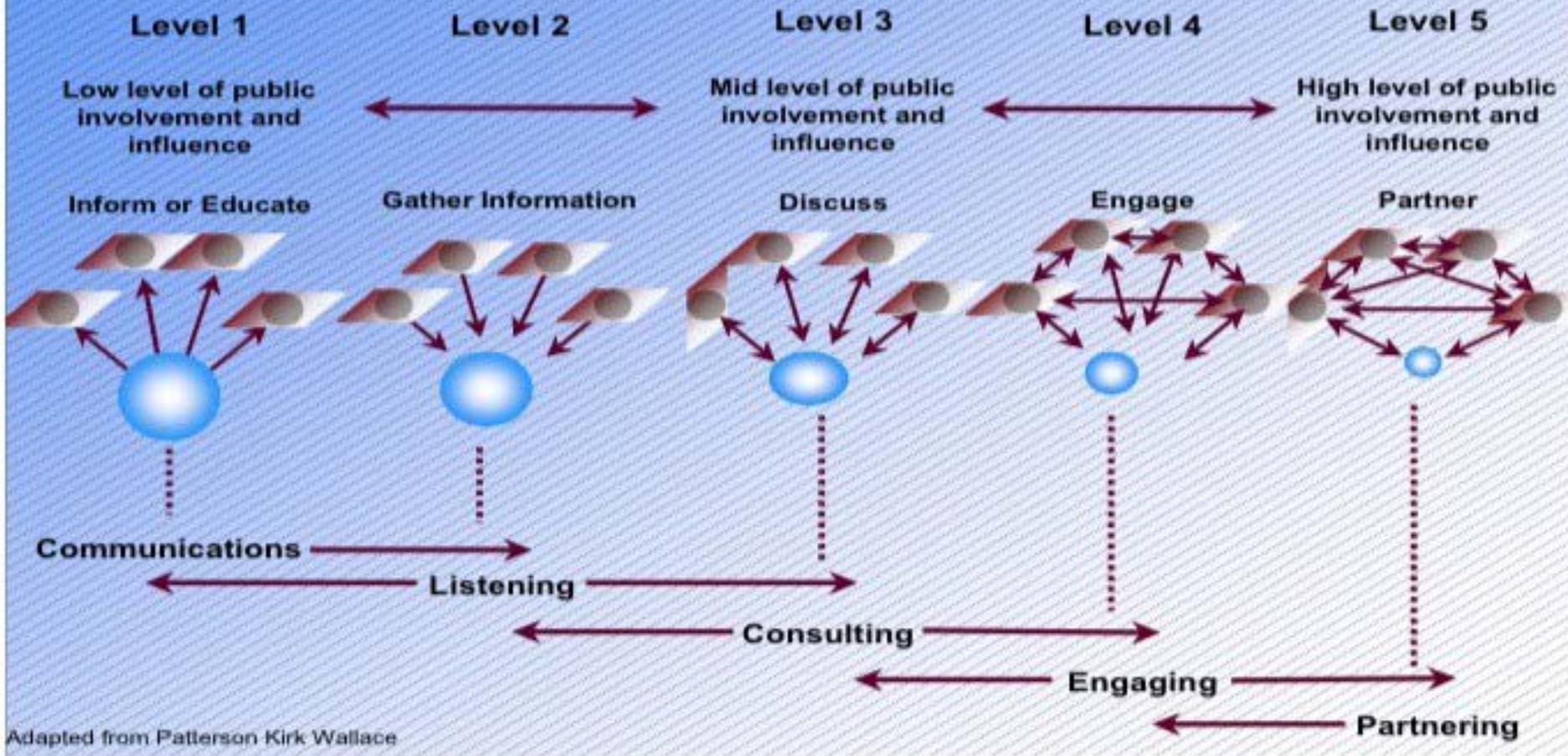
In the chat box or by raising your hand answer:

What concerns have you heard from members about your co-operative, mutual and/or credit union?

Pre-session Survey Results

- 47 Responses:
 - 34 Credit Union Directors
 - 4 Co-operative Directors
 - 9 Mutual Directors

Health Canada Public Involvement Continuum



How does the management team consult with the membership?

Themes

- Surveys (online/phone)
- Social Media
- Mail/Email
- Annual General Meeting

Emergent Themes

- Phone/Zoom
- Focus Groups
- Website
- Delegate Model of Governance
- Newspaper
- Posters in Branches

How does the Board consult with the membership?

Themes

- Annual General Meeting
 - Annual Report
- Individual 1 on 1
- Survey
- Newsletter

What do you personally do to consult with the membership?

Themes

- Talk to people
 - In social circle
 - Network at the Annual General Meeting
 - Talk to non-members about the value of credit unions/co-ops
- Try and be visible in the community
 - Visit branches
 - Wear co-operative brand in public
- Do not personally consult with members

Discussion Question



In the chat box:

What is one idea you will take away from today's session?

The Representative Director

- Turn Low level concerns into board issues
- Encourage directors to voice concerns from membership to the board of directors or executive director
- Ensure the organization is open to change
- Allow directors to act as intermediaries between groups they represent
- Remember that most people join a co-operative board to make a difference and to serve the organization

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