

Institute of Community Directors Australia
(ICDA) NFP Governance Survey 2019

ICDA Spotlight Report: Board Inductions

October 7, 2019



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Key Findings



Around half of all board members who responded to our survey said they **did not receive a good induction** when they joined the board.



Larger organisations provide **better inductions** than smaller ones.



Organisations in the community development, health and human services sectors provide **better board inductions** than those in other sectors.

Only 28% of board members in the **sport and recreation sector** said they had a good induction.



One in five of those who said they did not receive a good induction also said **they did not clearly understand their role on the board**, indicating that poor induction practices could have significant downstream negative effects on good governance.

About The Survey

The Institute of Community Directors Australia (ICDA) surveyed 1878 senior leaders in the community sector in the six weeks leading to March 26, 2019. Respondents came from all states and territories in Australia (with Victoria, New South Wales, Queensland and Western Australia dominating the sample), and were roughly evenly spread between the roles of senior management/CEO and board members.

Most respondents were involved in organisations in the community development; human services; education; health; arts and culture; and sports and recreation segments of the community sector. The majority of respondents identified as women (71%), with 28% identifying as male and 0.48% non-binary.

This *ICDA Spotlight Report* presents a snapshot of results relating to not-for-profit board inductions. The sample size for induction-related questions is 628, given we only include respondents who are board members. Note that our survey did not identify individuals nor individual organisations; as such, there may be some overlap in some of our results.

A final report incorporating all results from previous *Spotlight Reports* will be released in December.

Detailed results

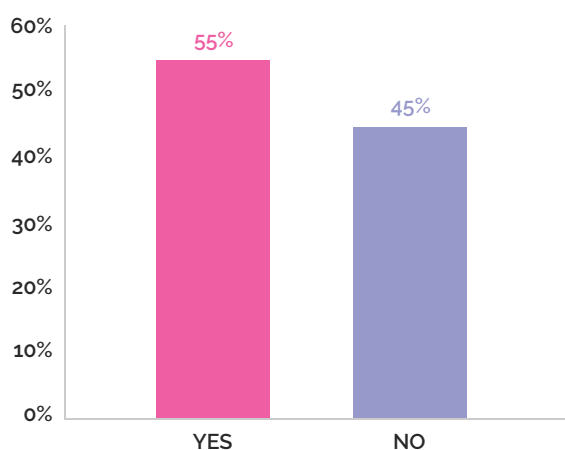
Good-quality board inductions are acknowledged as a key action required to get new board members up to speed and contributing quickly. But our survey shows that around half of all board members did not receive a good induction when they joined the board.

Larger organisations and organisations in the community development, health and human services sectors provided better board inductions than others. However, even in the best performing sectors and segments, our survey found 30-40% of respondents did not receive a good induction.

These results suggest that poor induction could have significant downstream negative effects on good governance, with one in five of those who said they did not receive a good induction indicating they did not clearly understand their role, a figure six times as high as for those who did experience a good induction.

Did you receive a good induction when you joined the board?

% of ICDA survey respondents (sample size 628)



Note: this sample only includes board members (excludes CEOs and senior staff), and excludes the 136 board members who answered "not applicable" to this question.

Breaking down this information by the respondent's role on the board, we found that treasurers were more likely to receive a good induction than others.

Did you receive a good induction when you joined the board?

% of ICDA survey respondents by sector (sample size 459)

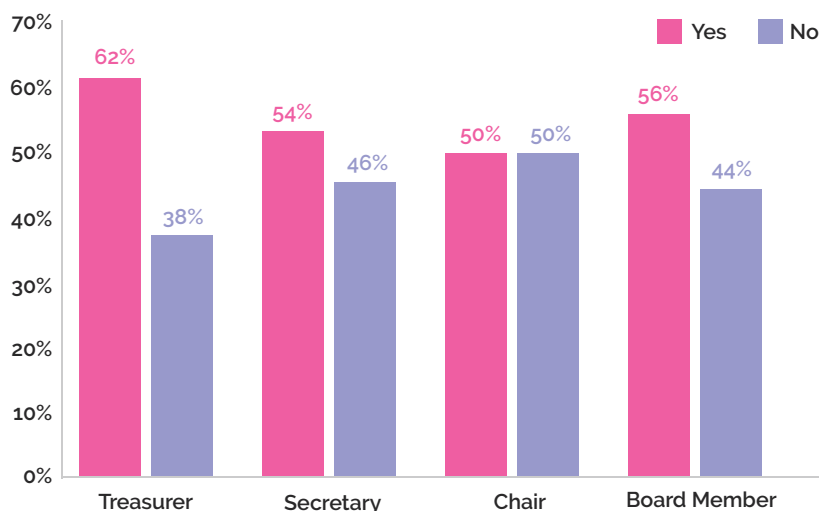


Chart excludes responses from those who replied, "not applicable".

If we split the data by sector¹, we can see that the community development, health, and human services sectors are better at board inductions than the sports and recreation sector, as shown on the chart below.

Did you receive a good induction when you joined the board?

% of ICDA survey respondents by sector (sample size 560)

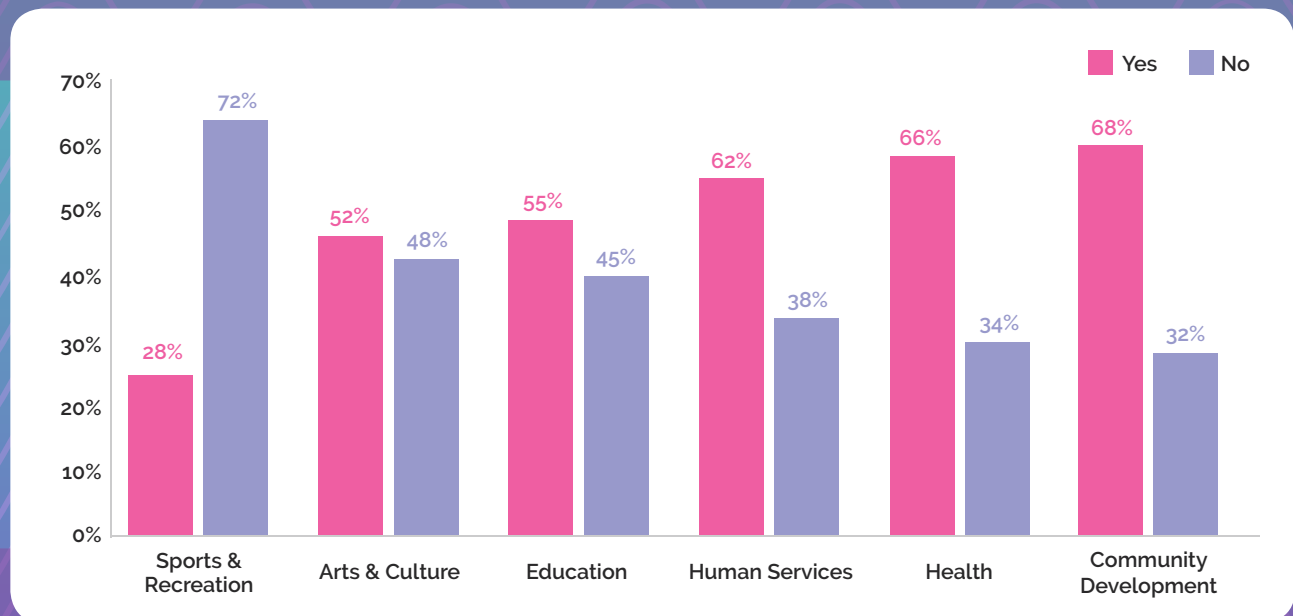


Chart excludes responses from those who replied, "not applicable" and sectors that lacked statistical significance.

¹ We have drilled down on sector-based findings only in sectors where we had enough data to represent a legitimate sample.

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Organisations with an annual revenue of more than \$1 million appear to do better at providing a good board induction for new members. This could be because larger organisations are more likely to have paid staff devoted to supporting good board processes.

Did you receive a good induction when you joined the board?

% of ICDA survey respondents by annual revenue (sample size 560)

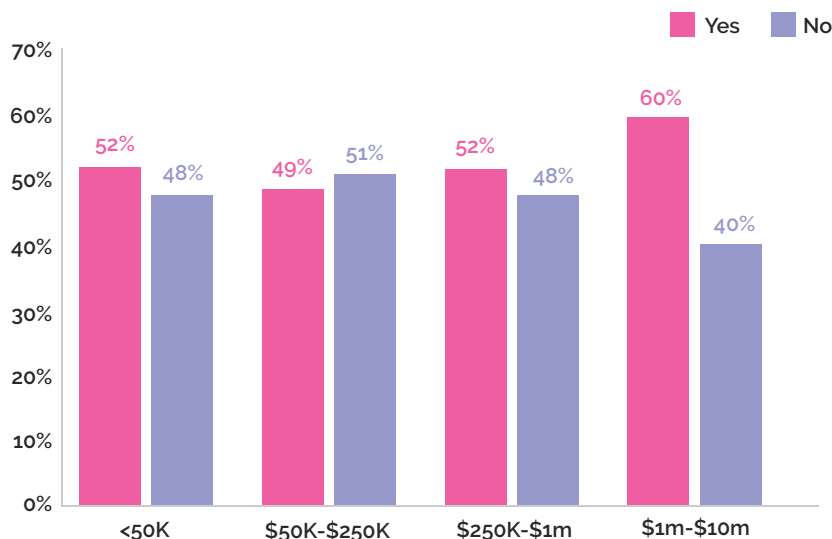


Chart excludes responses from those who replied "not applicable" and those with annual income of \$10 million+, whose sample size was too small to be statistically significant.

We also sought to tease out the quality of board inductions over time. While we must perhaps account for faded memories among those whose induction happened many years ago, the chart below indicates that the quality of board inductions may be deteriorating over time. That is to say, it appears that board inductions carried out 10+ years ago were better than those carried out in the past two years. Are not-for-profits becoming too time-poor to conduct adequate inductions; are inductions becoming less important in the minds of board convenors; are people remembering their inductions with rose-coloured glasses; or is some other factor at play?

Did you receive a good induction when you joined the board?

% of ICDA survey respondents by annual revenue (sample size 628)

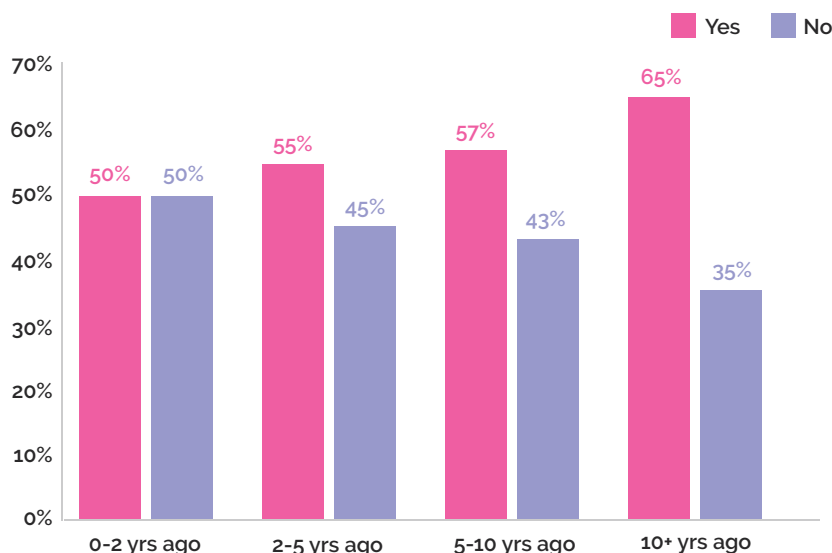


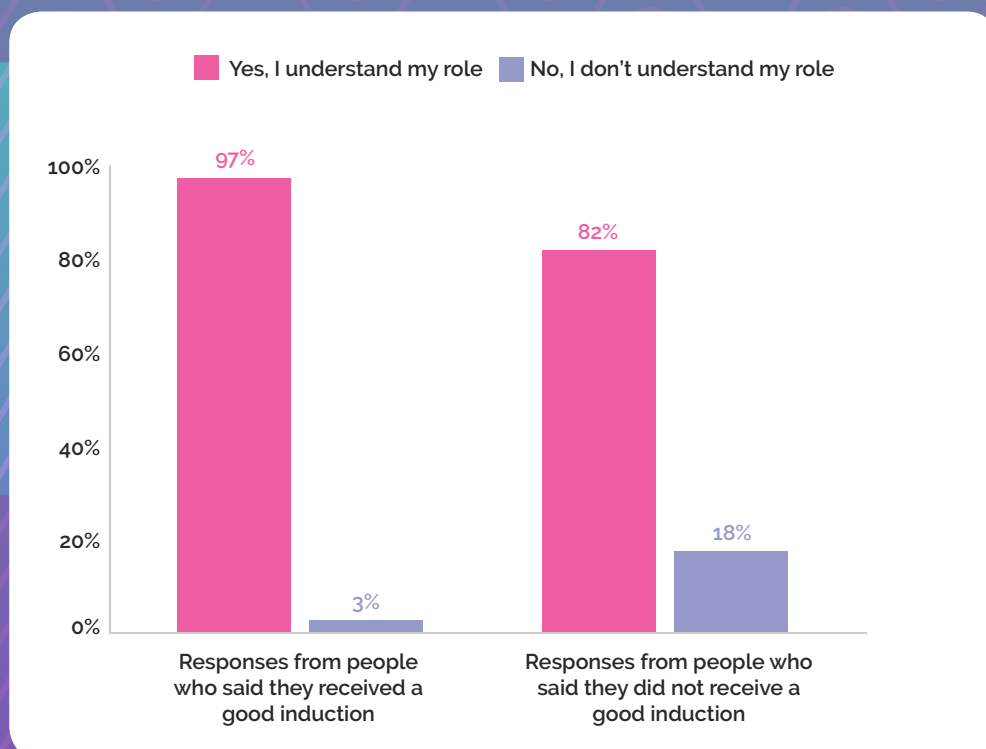
Chart excludes responses from those who replied "not applicable".

Notwithstanding variations in the quality of inductions highlighted above, our study found that even in the best performing sectors or segments, there is always a minimum percentage of 30% of respondents who say they did not receive a good induction.

We explored these results further to ascertain whether a poor induction experience has downstream ramifications for board member capacities. We found that almost everyone that received a good induction is likely to say that they understand their role as a board member. Many of those who say they received a poor induction get there in the end, but one in five say that they do not clearly understand their role as a board member. This finding indicates that board member capacity could be significantly improved if inductions were improved.

Board members who say they clearly understand their role

% of ICDA survey respondents (sample size 622)



Feedback/Recommendations/Next Steps

What do you make of these results? How should the sector, and those who work to resource and upskill the sector, respond?

Send your feedback to service@ourcommunity.com.au, tweet us at [@OurCommunityAU](https://twitter.com/OurCommunityAU), tag us on Facebook at [@OurCommunity.com.au](https://www.facebook.com/OurCommunity.com.au), and contribute to the conversation in our Facebook group, [Not-for-profit Happy Hour Australia](https://www.facebook.com/Not-for-profit-Happy-Hour-Australia).

We'll incorporate feedback into our final report, which is due for release later in the year.

If you would like to be notified when further ICDA Spotlight Reports are released, join up as a member of the Institute of Community Directors Australia – visit www.icda.com.au to find out more.

About Institute of Community Directors Australia

The Institute of Community Directors Australia (ICDA) is Australia's best-practice governance network for not-for-profit boards, committees, councils, schools, and their staff.

An Our Community enterprise, ICDA delivers information, tools, training, events, qualifications and credentials to not-for-profits of all kinds. Activities include:

- Spearheading the Festival of Community Directors, a year-long program of events designed to celebrate and educate not-for-profit board members and the senior staff who support them
- Delivering Australia's premier nationally recognised qualification for not-for-profit leaders, the Diploma of Business (Governance) [in partnership with TAFE Gippsland]
- Pioneering new governance training methods, including our landmark online compact courses
- Providing a suite of governance tools, including a range of practical helpsheets, templates and books, plus a free Board Matching Service and a free Policy Bank
- Face-to-face and online peer networking and support
- Regular newsletters to keep members informed and in touch

ICDA is led by the innovative members of the Our Community founding team, Denis Moriarty (Our Community Founder and Group Managing Director) and Patrick Moriarty (Institute of Community Directors Australia Executive Director), with input from the Our Community Board, comprising founding Chair Carol Schwartz and ethicist Dr Simon Longstaff.

Its work is guided by the Community Directors Council, which is chaired by Associate Professor Susan Pascoe AM, alongside 10 Australian community sector luminaries.

Find out more about ICDA at www.icda.com.au

This report has been prepared for ICDA
by the Our Community Innovation Lab.

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Appendix: What questions are analysed in this report?

- **Qu 7: What is your organisation's approximate annual revenue?**
[Less than \$50,000; \$50,001 – \$250,000; \$250,001 – \$1 million; \$1 million – \$10 million; \$10 million – \$100 million; \$100 million +; Don't know/would rather not say;]
- **Qu 8: Select the one main field in which your organisation works**
[Environment; Religion; Sport and recreation; Education; Arts and culture; Community development; Health; Social sciences; Human services (including disability organisations); Animal welfare; Agriculture, Fisheries and forestry; Economic development; International relations; Human rights; Science; Public safety; Public affairs; Information and communications; Other (please specify)]
- **Qu 16: How do you feel about your role as a board director? – I received a good induction – I understand my role as a board member**
[Agree, Disagree, Not applicable]