

PhD learnings

“WHAT, IF ANY, CORPORATE GOVERNANCE APPROACHES MIGHT OPTIMISE MISSION PERFORMANCE WITHIN HUMAN SERVICE ORGANISATIONS UTILISING TWO TIERED BOARDS?”

Three lessons

1. Secular governance structures are not built for Church purposes and need adjustment
2. Secular governance experience does not easily translate into confident Church governance
3. Catholic governance tools and training exist and can positively slay resistance to formation

1- Secular governance not built for Church

Corporations Act 2001 four main duties for directors:

Care and diligence - to act with the degree of care and diligence that a reasonable person might be expected to show in the role (s 180).

Good faith - to act in good faith in the best interests of the company and for a proper purpose (s 181).

Proper use of position - to not improperly use their position to gain an advantage for themselves or someone else or to the detriment to the company (s 182)

Proper use of information - to not improperly use the information they gain in the course of their director duties to gain an advantage for themselves or someone else or to the detriment to the company (s 183).

1- Secular governance not built for Church

Contemporary governance is mostly a response to the needs of owners of for-profit corporations; **little attention has been given to if for-profit corporate governance practices actually suit the unique needs of not-for-profit and faith based organisations.**

Triole, J., (1986), Hierarchies and bureaucracies: On the role of collusion in organisations, *Journal of Law, Economics, and Organisation*, 2(2), 181-214.

Corporate governance of not-for-profit organisations in Australia is mostly exercised through a single or unitary board. **Some organisations are governed through a two-tiered board or ecclesial direction.** Not-for-profit governance research is partly limited because of its narrow focus on unitary governance, whereas in practice churches, federations, subsidiaries, and multilevel complex governance structures have evolved in many non-profit organisations.

Cornforth, C., (2012), Nonprofit Governance Research: Limitations of the Focus on Boards and Suggestions for New Directions, *Nonprofit and Voluntary Sector Quarterly*, 41, 116-1135.

2 - Secular governance experience v Church governance

The dismissive board member:

*"It's [the trustee] a necessary evil, I think. *chuckles* I mean, someone's got to own the joint."*

The sceptical board member:

"The trustees, not all, but to a degree have not got the experience. They don't necessarily have the worldly experience about how you manage people."

The canonically correct and collaborative board member:

"I get great clarity out of dealing with the trustees. I have more interaction with the shareholder than I do as the chairman of a public company."

Laverty, M., "What, if any, corporate governance approaches might optimise mission performance within human service organisations utilising two tiered boards?," Unpublished doctoral thesis.

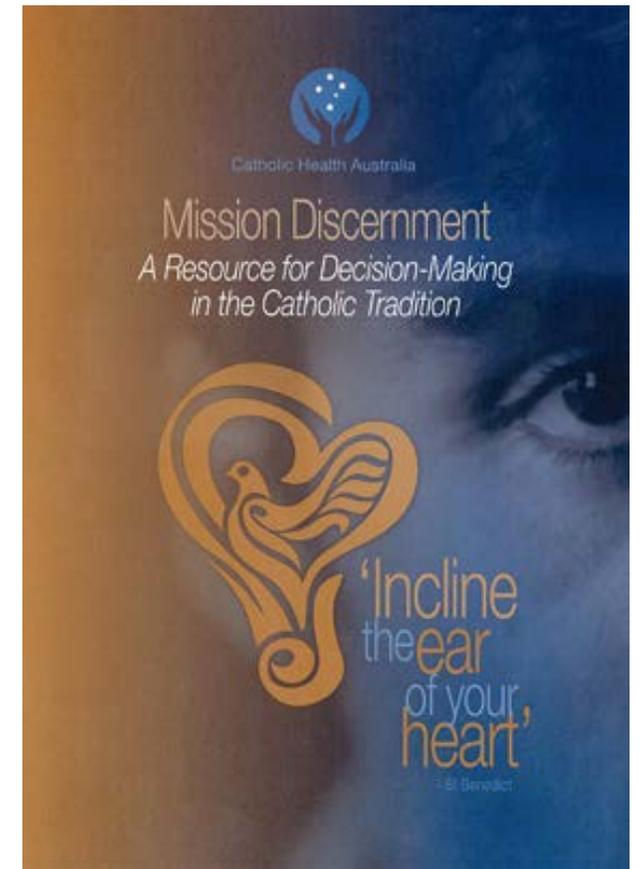
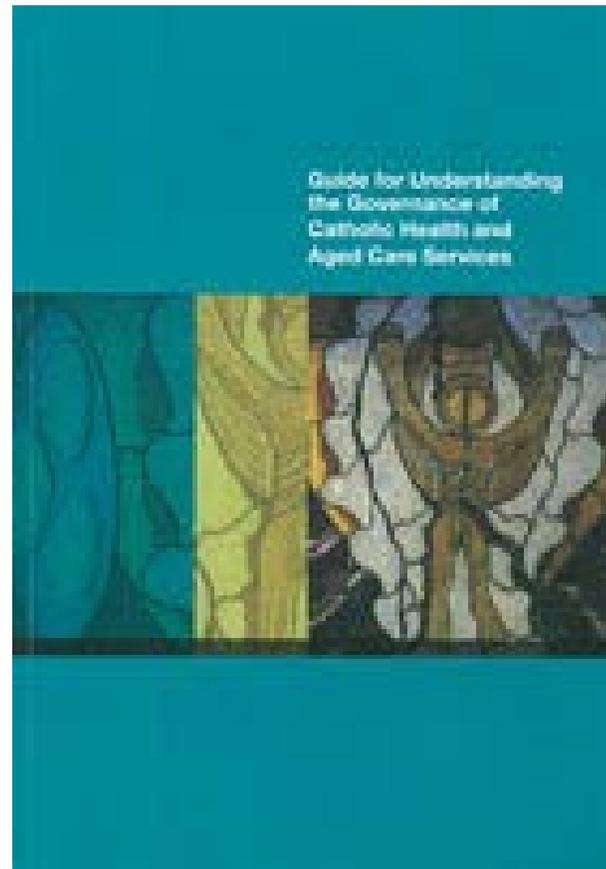
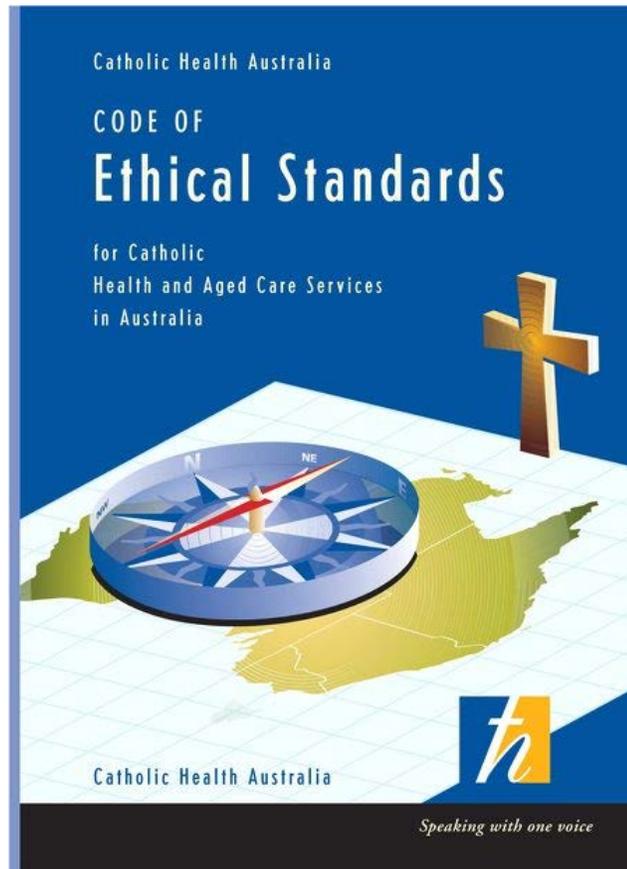
2 - Secular governance experience v Church governance

Can. 129 §1. Those **who have received sacred orders are qualified**, according to the norm of the prescripts of the law, **for the power of governance**, which exists in the Church by divine institution and is also called the power of jurisdiction. §2. **Lay members of the Christian faithful can cooperate** in the exercise of this same power according to the norm of law.

Can. 212 §1. **Christian faithful are bound to follow with Christian obedience** those things **which the sacred pastors**, inasmuch as they represent Christ, **declare as teachers** of the faith or establish as rulers of the Church. §3. According to the knowledge, competence, and prestige which they possess, **they have the right and even at times the duty to manifest to the sacred pastors their opinion on matters which pertain to the good of the Church** and to make their opinion known to the rest of the Christian faithful, without prejudice to the integrity of faith and morals, with reverence toward their pastors, and attentive to common advantage and the dignity of persons.

Can. 231 §1. **Lay persons** who permanently or temporarily **devote themselves to special service of the Church are obliged to acquire the appropriate formation** required to fulfill their function properly and to carry out this function conscientiously, eagerly, and diligently.

3 - Catholic governance tools for formation



Framework for church board directors to contribute to mission performance

