PEARL INITIATIVE

مؤسسة الملك خالد
KING KHALID FOUNDATION

GOVERNANCE IN PHILANTHROPY FUNDAMENTALS

ABOUT THIS DOCUMENT:

Developed in collaboration with the King Khalid Foundation, this document provides detailed guidelines on philanthropic and non-profit governance structures contributing to the efficacy and efficiency of organisations operating in the sector. A set of templates have also been developed to complement these guidelines.

We recommend that each organisation adopting this template independently evaluates and adjusts specific details in line with their organisational, operational and strategic needs.

For more information on this programme please visit www.pearlinitiative.org.

ACKNOWLEDGEMENTS:

The Pearl Initiative would like to thank King Khalid Foundation for their relentless support and contributions to this report.

ABOUT THE PEARL INITIATIVE

Developed in cooperation with the United Nations Office for Partnerships in 2010, the Pearl Initiative is the leading Gulf business-led organisation fostering a corporate culture of accountability and transparency.

It seeks joint collaborative action between regional and global business leaders, international institutions, government bodies and wider initiatives within the Gulf Region, exhibiting positive leadership and sharing knowledge and experience in order to influence the entire regional business and student community. The Pearl Initiative, along with the United Nations Global Compact and its partner companies, is committed to implementing higher standards in areas such as corporate governance, anti-corruption best practices, inclusive management and boards, corporate reporting best practices and ethical leadership development.

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ABOUT KING KHALID FOUNDATION

King Khalid Foundation is an independent, national foundation working to promote equality and create opportunity in Saudi Arabia.

Through funding, capacity building and advocacy, we focus on supporting inclusive social and economic development, for the benefit of all Saudi residents.

With our work, we honour the values espoused by the late King Khalid bin Abdulaziz Al Saud.

Our vision is of a thriving Saudi society, where every individual has access to opportunity and is free to reach their full potential. We believe that achieving this means bringing together key actors – individuals, nonprofits, business, government partners and others – to collectively work towards delivering lasting social change.

Our mission is to seek out the people, nonprofits, companies and initiatives that share our vision of equality, and equip them with the skills and expertise they need to solve complex social problems at scale.

With our advocacy work, we build support for policies that tackle the root causes of exclusion, and empower vulnerable communities. Through collaboration and investment in the nonprofit sector, we focus on creating a powerful ecosystem of impactful organisations, able to spark change from the ground up.

Our aim is to see a thriving Saudi Arabia, driven by sustainable development, and supported by an active and empowered society. We welcome your help in achieving this.

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VISUAL CONCEPT AND DESIGN

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CONTENTS

BOARD MANDATE

Click here to download the Pearl Initiative's Board Mandate Template.

A board mandate is a policy document that defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) and management in setting the direction, the management and the control of the organisation.

A board charter defines and formalises some of the key responsibilities and accountabilities that an organisation's board will have. While a board mandate will vary between most organisations, most will address key topics such as the responsibilities of the board, details on the board structure, and the characteristics and experiences that the board need to bring to the organisation.

INSTRUCTIONS

Below are some tips on identifying suitable individuals to serve on your board.

→ Find individuals that complement and fill areas where your organisation is currently lacking.

Individuals who serve on your board are those who have specific experience in areas where you may be lacking in, based on the context of your organisation.

→ Consider board members from other sectors

Board members do not necessarily have to be from within your sector. In fact, introducing board-agnostic individuals to the board will help address some concerns over competition and provide some assurances towards the preservation of your organisation's intellectual property.

→ Recruit experts with board experience

Individuals who have served on other boards in the past should already know what is required as part of their role on the board.

→ Manage the size of the board of directors

Keep the board small and focused and try to keep an odd number of board members to avoid deadlocks. Ensure that at least a portion of the board is clearly independent and are not related to, or under the direct influence of, any prominent members of the organisation.

→ Select people who can fully participate

Select people who can dedicate a sufficient amount of time to your organisation and are dedicated enough to meet face-to-face for important or unexpected issues as they arise.

DELEGATION OF AUTHORITY

A Delegation of Authority (DOA) is the assignment of a duty, authority or decision-making responsibility to another individual - normally from a manager to his/her subordinates. It is a unanimously agreed upon guide on who is authorised to take what decisions within the organisation. It will have a direct positive impact on allowing everyone to leverage their skills and experience for the mutual benefit of the organisation. This may be required to carry out specific activities within the organisation and reduce bottlenecks associated with too many decisions resting on the shoulders of a specific individual.

Additionally, it can minimise workloads, take advantage of specialisation, enhance motivation and allow an organisation to take quicker and more effective decisions. A DOA is most effective when formally documented, approved, and communicated, as it eliminates subjectivity and clarifies levels of authority and responsibility.

INSTRUCTIONS

The following tips are intended to provide guidance on proven methods of establishing DOAs.

→ Choose what tasks you are willing to delegate

You should use your time on the most critical tasks for the organisation and the tasks that only you can perform. Delegate what you can't do and what doesn't interest you.

→ Pick the best person to delegate to

Understand the traits, values, and characteristics of those who will perform well when you delegate to them. This will help you delegate decisions to people who have a proven track record in delivering, rather than the individuals who are the least busy.

→ Hold people accountable for what they need to do

With a DOA in place, organisations can ensure individuals are held accountable for the tasks they are required to do while, at the same time, fostering trust in those that have proven to be effective in performing their responsibilities.

→ Give clear assignments and instructions

The key is striking the right balance between explaining so much detail that the listener is demotivated, and not explaining enough for someone to grasp what is expected.

→ Delegate responsibility and authority, not just the task

Leaders who fail to delegate responsibility in addition to specific tasks eventually find themselves back in the position where they need to make the decisions. If the individual is not willing to accept responsibility, then perhaps he/she is not the right person to delegate to.

→ Avoid reverse delegation

Some team members try to give a task back to the manager, if they don't feel comfortable, or are attempting to dodge responsibility. Don't accept it except in extreme cases. In the long run, every team member needs to learn or leave.

GUIDELINES

OVERVIEW OF THE RACI MODEL

Click here to download the Pearl Initiative's Delegation of Authority Template.

The RACI model is a relatively straightforward approach that is used to identify decision-making protocols and authorities associated with various tasks that need to be performed within an organisation. Leveraging the RACI model when building a DOA will allow organisations to easily define the roles of each individual with regard to the decision-making capacity within the organisation.

The RACI Model defines who is:

- Responsible: researched options and consequences, makes recommendations
- Approver: makes the decision and is ultimately accountable for the result
- Consulted: makes recommendations to the approver
- Informed: receives information about the decision after it is made

ADVANTAGES OF HAVING A DOA IN PLACE

The following provides an overview of some of the advantages of having a DOA in place.

- Minimise your workload

  A DOA minimises your workload by providing a platform that will help you assign regular and routine work and decisions to your subordinates to allow you to concentrate more effectively on strategic and creative functions.

- Take advantage of specialisation

  Specialisation is the means of success in a dynamic environment. Delegating authority and responsibility to specialised individuals based on their ability and knowledge will better equip the organisation to make the right decisions.

- Enhance motivation and morale

  A DOA develops a feeling of status and prestige within the organisation. It helps improve working efficiency and promotes a sense of initiative and responsibility. This ultimately leads to high morale of the employees, which encourages efforts towards achieving common goals.

- Foster training and development

  A DOA provides a background for training and development for various teams within an organisation. The manager delegates some of his authority and responsibility to the subordinates in accordance with their capabilities, which provides a framework for the development and growth of employees within the organisation.

- Make quicker and better decisions

  A DOA ensures quicker and better decisions are taken as it reduces bottlenecks within the organisation. Decision makers get the authority to decide on the matters of their own area; however, they still remain within the limitations imposed by leadership. Decision-making is also better because subordinates are closer to the reality of the situation.

- Establish a basis of organising

  A DOA can be a basis on which to form an organisational structure. The number of layers in the organisational structure will depend on the nature of delegation and the responsibility of each individual/team.

RISK MANAGEMENT

Risk Management is the process of planning, organising, leading and controlling the activities of an organisation to minimise the effects a risk can have on an organisation's objectives, goals and success. When formalised, risk management activities can not only look at risks associated with accidental losses, but also financial, strategic, operational and other risks that could have adverse effects on the organisation.

A structured and consistent risk management methodology will help organisations maintain a common language when talking about the risks and challenges they face. This will ultimately provide decision-makers with consistent, dependable, and accurate information on the internal and external issues and hardships that the organisation (and its employees) face, enabling the decision-makers to effectively prioritise and direct the organisation.

Senior management within organisations should keep a record of the major risks they face within their current activities or scope of work. These risks could be organisational, like lease renewal and succession or more programmatic, like survey and event participation. The main purpose of keeping track of the risks is to have plans for how to remain operational in times of crisis.

INSTRUCTIONS

It is important that when identifying risks across an organisation, all information is reported consistently across departments, teams and programmes. Furthermore, it is imperative that business leaders actively promote openness and transparency amongst the individuals who are ultimately responsible for managing a risk. Such individuals are often at the front line and hence best positioned to accurately report on and effectively mitigate the risks that an organisation faces.

The following table provides an overview of the main parts of the Pearl Initiative Risk Management Tool and what needs to be captured within each to allow for an exhaustive and value-focused risk assessment exercise.

FIELD	DESCRIPTION
Control Name	A descriptive title of the control.
Process Owner	The process owner is the individual responsible for the correct execution of the process (not always the department/programme manager) and will ultimately be responsible for taking any actions needed to mitigate risks within acceptable levels.
Risk Description	Description of the risk and the impact it will have on the organisation.
Root Cause	Description of the underlying cause or internal/external environment that has put the specific risk on the organisation's radar.
What's in Place	Description of the current (implemented) measures and internal controls in place to manage the risk.
Likelihood	The chance that a risk event will occur.
Impact	The outcome of an event that affects the achievement of objectives.
Risk Priority	The magnitude of a risk or combination of risks expressed in terms of a combination of impact and likelihood.
Strategy	The strategy adopted to address a risk and gaining management approval on the way forward.
Action Plan[1]	Description of what the process owner needs to do to further treat the risk (unless risk is accepted) and what resources are required to do so.
Expected Outcome	Description of what the expected outcome of the action will do to reduce the risk (i.e. how will it reduce the likelihood and/or impact).
Action Status	The status of the action plan refers to the stage it is in, in its implementation. Existing fields include not started, under planning, in-progress, under review, implemented.

1 Note: once an action is implemented, the 'What's in place' field must be updated as the action plan becomes an established control. Subsequently, likelihood and Impact ratings will also be updated to reflect the new status of the risk.

GUIDELINES

UNDERSTANDING IMPACT

Impact is the outcome of an event that affects the achievement of the objectives of the organisation. The following scale has been developed and can be used across the business.

IMPACT RATING SCALE

3 EXTREME

- Financial loss of 15% or more of annual budget
- International long-term negative media coverage
- Game-changing loss of market share due to dramatic increase in competition
- Significant prosecution, fines, litigation, incarceration of leadership
- Significant injuries/fatalities to employees or third parties
- Multiple staff leaders leave

2 MODERATE

- Financial loss up to 15% of annual budget
- National short-term negative media coverage
- Report of breach to the regulator with an immediate correction to be implemented
- Out-patient medical treatment required for employees or third parties
- Widespread staff morale problems and high turnover

1 MINOR

- Financial loss
- Local reputational damage
- Reportable incident to the regulator, no follow up
- Minor injuries to employees or third parties
- General staff morale problems and an increase in turnover

UNDERSTANDING LIKELIHOOD

Likelihood is the chance that a risk event will occur and hence is a critical component when measuring risk. The following likelihood scale has been developed and it and can be used across the organisation.

IMPACT RATING SCALE

5 FREQUENT

- >60% chance of occurrence over the project/programme life
- May occur multiple times a year

3 POSSIBLE

- 30 - 60% chance of occurrence over the project/programme life
- May occur once in 2 years

2 UNLIKELY

- 0 - 30% chance of occurrence over the project/programme life
- May occur once in 4 years

UNDERSTANDING LEVEL OF RISK

Level of risk refers to the magnitude of a risk or combination of risks, expressed in terms of a combination of impact and likelihood. The likelihood and impact rating of a risk event are combined to estimate the overall risk level of a risk event (as it affects the organisation). The following table illustrates a risk prioritisation model.

LIKELIHOOD	Minor	Moderate	Extreme
Frequent	4	5	6
Possible	3	4	5
Unlikely	2	3	4

IMPACT

UNDERSTANDING RISK MITIGATION STRATEGY

While existing controls may, in fact, mitigate risks to within acceptable levels, certain risks will require a dedicated mitigation strategy to reduce risk levels to within acceptable levels. The table below highlights the various mitigation strategies that can be used to mitigate a risk.

Click here to download the Pearl Initiative's Risk Register Template.

MITIGATION STRATEGY DESCRIPTIONS

Treat	Implementing additional controls/revising existing controls to reduce the impact and/or likelihood of the risk event. Additionally, the organisation may seek to transfer the risk (i.e. acquire insurance or outsourcing) or terminate the activity to completely avoid the risk.
Tolerate (Accept)	Accepting the risk (or residual risk) of the risk event knowing there is nothing further that can be achieved (factoring cost vs. benefit). Note: risk acceptance requires approval from various stakeholders.

INTERNAL PROCEDURE

An internal procedure is a standardised document that describes the details of a procedure for the execution of routine activities within an organisation. It includes relevant and specific criteria and references to inform employees and stakeholders as to the organisational rules, standards, or regulations, so to ensure efficient execution and consistent outcomes.

Documented internal procedures provide guidance and direction on how, specific tasks and actions are to be implemented within an organisation. It remains an ultimate guide to working teams on what needs to be done and how and forms the basis against which a business can continually evaluate and enhance their productivity and efficiency.

Ideally, all activities within an organisation should have a clearly defined procedure in place. However, in the absence of pre-existing procedures, an organisation should initially prioritise the most crucial activities they perform when deciding what procedures to document first.

INSTRUCTIONS

The initial stage of developing internal procedures is to identify and understand what the critical functions within the organisation are (i.e. those critical to achieving the organisation's objectives, which are exposed to the most risk, and which have a direct association with revenue generation). In doing so, the organisation can be better positioned to objectively understand where to start.

The following tips are intended to provide guidance on proven methods of establishing an effective internal procedure.

→ Use flowcharts to help illustrate the procedure

Supplement the procedures with flowcharts (to allow the reader to visualise the bigger picture) and then break it up into logical pieces that contain the granular details.

→ Include checklists to support the implementation

Use checklists as a simple tool to ensure that every required step, piece of information, or other task associated with the procedure is completed at the right stage of the process.

→ Leverage visual aids to make it easier to read

Leverage graphics and icons to make sure the reader easily understands what is required. Visual aids can better illustrate a point (instead of describing it in text) and can highlight aspects that are critical to the process.

→ Use short and concise sentences

Procedures are often better when they are short. Lengthy procedures are hard to digest while shorter procedures (with short, succinct explanations, bullet points, headings, images, and even the checklists, graphics and flow diagrams) are more effective than long and wordy documents.

→ Involve implementers in the development

When experienced individuals write procedures, they sometimes inadvertently leave out steps because they inherently have an extensive understanding of the process. However, not all readers will have the same level of experience. Having the procedure reviewed by implementers (or even someone independent) will often generate valuable feedback that will ultimately help roll out a more effective procedure.

→ Layer procedures so it's easier to follow

There are main steps and sub-steps within any given process. Layering procedures by starting with the main steps and subsequently expanding into the sub-steps will lead to a clearer procedure being documented and later implemented, within the organisation.

→ Communicate the rationale for specific steps and controls

When rolling out a procedure, make sure all stakeholders understand why specific steps are important and what the underlying issues are. In doing so, if individuals are required to make a judgement call, they have a better understanding of the underlying reason for the step(s), which would increase the probability that the correct decision is made.

Click here to download the Pearl Initiative's Internal Procedure Template.

GUIDELINES

INCORPORATING AUDITABLE CONTROLS

A critical success factor of an effective and resilient procedure is the introduction of simple and auditable controls to ensure that the effectiveness of the control can be objectively and independently audited to provide the organisation and its board with the assurance that their organisation is operating effectively. Below are some examples of controls that can be incorporated into the internal procedures of an organisation.

Financial Controls

- Ensure that any cycles of money involve more than one person to create effective checks and balances. This procedure increases accountability and transparency and reduces the risk of fraud and/or theft.
- Perform extensive background checks on any personnel (including consultants and third-party auditors) who will be expected to handle your organisation's financials. Check their references, and if possible, run a legal/police check on them to eliminate people with undesirable financial histories.
- Create a DOA that corresponds to financial authority and permissions within your organisation. For example, any purchases above a certain amount can be made only with managerial permission. This ensures that there is a process tracking who is utilising the organisation's finances and how, thus reducing risks.
- Create formal policies to record grants and contributions and comply with all accounting required as a condition of grants.
- Establish a confidential and anonymous by implementing best practices in whistleblowing to encourage employees to report inappropriate financial management.

Operational Controls

- Create operating budgets for internal approval and manage all expenses within it.
- Create stakeholder accountability through operational procedures and checklists for all deliverables.
- Track stakeholder feedback with surveys, questionnaires, and forms.
- Record the organisation's personnel policies.

INTERNAL AUDIT GUIDE

An Internal Audit is an independent and objective assurance activity designed to drive value and improve an organisation's non-financial operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of operational and financial risk management, controls and governance processes.

INSTRUCTIONS

It is important that when implementing an internal audit, the organisation identifies the correct and knowledgeable individual or team of individuals who can add value to the process. The individual conducting the audit may be from within the organisation.

A critical success factor for an effective audit will be making sure that both the auditor and the auditee understand that this activity is simply an objective evaluation of what is in place, with the overarching goal of further enhancing the productivity and effectiveness of the organisation and their team.

The following table provides an overview of the main sections of the Pearl Initiative Internal Audit Tool and what needs to be captured within each to allow for an exhaustive and value-focused audit.

Click here to download the Pearl Initiative's Internal Audit Tool.

FIELD	DESCRIPTION
Control Name	A descriptive title of the control
Control Description	A narrative description of the internal control and the purpose for which it has been adopted - i.e. mitigate risk(s), enhance transparency, maintain reporting accuracy, improve productivity, etc.
Control Documentation	Reference number of the associated procedure(s) that have been adopted to better outline and describe the control in more detail.
Design Effectiveness	Results of an objective evaluation of the design effectiveness of the internal control – i.e. how well it will achieve the objective if it is implemented. The results of the evaluation are recorded as: • Not Effective – control design does not achieve its objective • Partially Effective – control design partially achieves its objectives • Effective – control design achieves its objective
Implementation Effectiveness	Results of an objective evaluation of the implementation effectiveness of the internal control – i.e. how well/accurately is the control being implemented by the individuals ultimately responsible. The results of the evaluation are recorded as: • Not Implemented – control is not being implemented correctly • Partially implemented – control is not implemented in its entirety • Implemented – control being implemented entirely
Overview of Findings	Summary narrative of the findings of the evaluation of the control and a description of the rationale behind the design and implementation rating given during the audit.
Suggested Actions	Overview of recommended actions that can be taken by the organisation to better enhance the design and/or implementation effectiveness of controls within the organisation.
Target Date	Suggested date recommended actions should be completed by.

2 Note: An internal control can be poorly designed, yet still be implemented by responsible teams. It is, however, important to note that design effectiveness is as crucial as implementation effectiveness, as an organisation may struggle with consistency and scalability of controls that are not clearly defined.

STAKEHOLDER MAPPING

Stakeholder mapping is a process of systematically gathering and analysing information on key individuals/groups associated with an organisation to determine whose expectations should be considered. When performed effectively, this process can inform the development of organisational and operational strategies.

A 'stakeholder' is any person, group or organisation that has interest or concern in the organisation. Stakeholders can affect or be affected by the actions, objectives and policies adopted by the organisation. Some examples of key stakeholders are beneficiaries, directors, employees, government (and its agencies), donors, vendors, and the community. Stakeholder mapping is an important discipline that successful organisations use to win support from others.

INSTRUCTIONS

The stakeholder mapping process will help leadership identify, analyse and prioritise the individuals and entities that can influence their organisation. Initially, this activity will assist the organisation to determine operational requirements to factor into their planning stages and subsequently can define how the organisation should manage and communicate with the relevant stakeholders. This will help drive efficiency in the organisation by making sure that the right stakeholders are engaged at the right time, and in the most appropriate manner.

The following table provides an overview of the main sections of the Pearl Initiative Stakeholder Mapping and what needs to be captured within each to allow for an exhaustive and value-focused audit

FIELD	DESCRIPTION
Stakeholder Name	The name of the stakeholder/group of stakeholders
Interest	An evaluation of the level of interest the stakeholder/group of stakeholders have in the organisation, its products/services and/or objectives expressed in terms of 1 (low) and 2 (high)
Influence	An evaluation of the level of influence the stakeholder/group of stakeholders have on the organisation, its products/services and/or objectives expressed in terms of 1 (low) and 2 (high)
Strategy	Automatic output of the strategy to be adopted with the specific stakeholder/group of stakeholders

GUIDELINES

DETAILS ON STAKEHOLDER MAPPING

STEP 1: IDENTIFYING STAKEHOLDERS

The first step of a stakeholder analysis exercise is to understand who the organisation's stakeholders are. The organisation must consider who is affected by the organisation and who has influence or power over it or have an interest to see it succeed or fail.

Examples of stakeholders can include:

- Senior executives
- Employees and workforce
- Beneficiaries
- Existing and/or prospective donors
- Partners
- Government Bodies
- Press
- The public/general community
- Board members/advisors

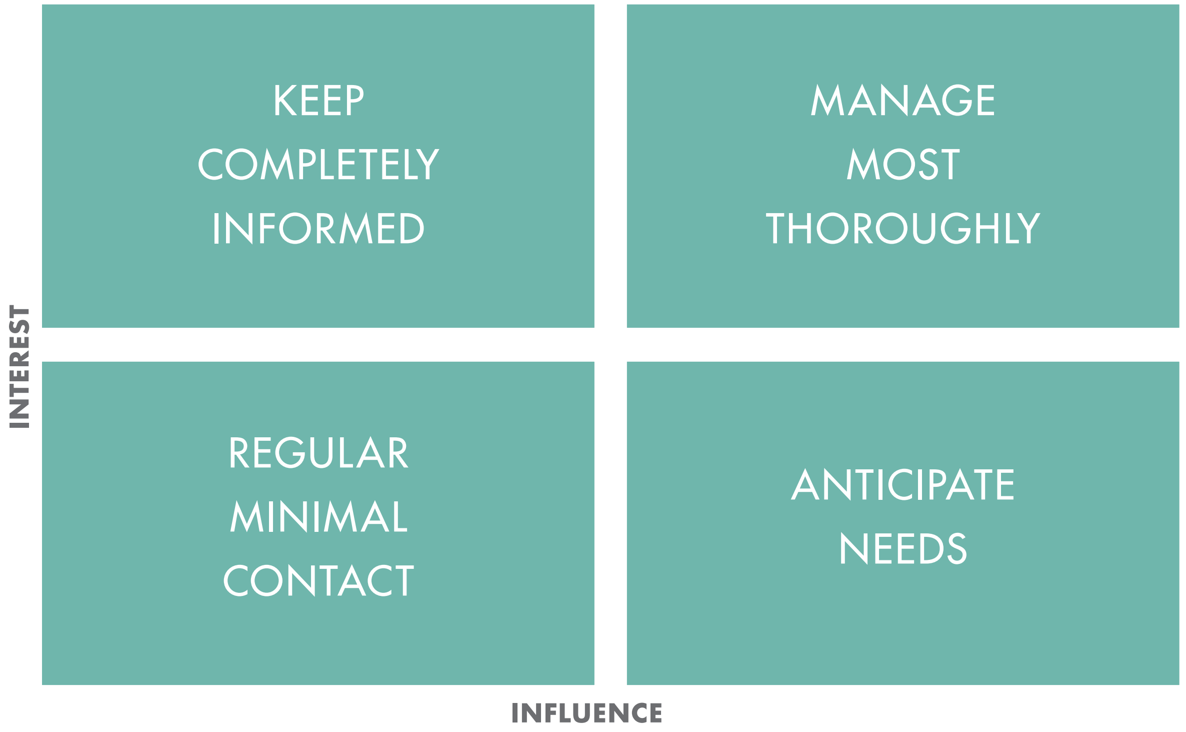
STEP 2: UNDERSTANDING INFLUENCE AND INTEREST

The second stage of a stakeholder mapping exercise is to determine the level of influence and interest of each stakeholder. For simplicity, a high vs. low rating can be used for each stakeholder. In doing so, the organisation can map each stakeholder against a stakeholder matrix illustrated below:

A stakeholder's position on the matrix will provide guidance on how the organisation will engage with each stakeholder/stakeholder group.

- High influence, very interested stakeholders are the ones a business must fully engage and make the greatest efforts to satisfy.
- High influence, less interested stakeholders require enough engagement to keep them satisfied and informed, but not so much that they become bored with your message.
- Low influence, very interested people simply need to be adequately informed to ensure that no major issues arise.
- Low influence, less interested stakeholders just need to be monitored to make sure they do not get bored with excessive communication.

Click here to download the Pearl Initiative's Stakeholder Mapping Tool.



STEP 3: DEVELOPING STRATEGIES

Once identified and mapped, the final stage will be to determine the best way to engage with each stakeholder/stakeholder group in-line with the level of interest and influence they have to your organisation. This will help drive a structured and consistent strategy to ensure the business manages and (where applicable) gets maximum value from its stakeholder groups.

Examples of strategies:

MINIMAL CONTACT	KEEP COMPLETELY INFORMED
General communications: newsletters, website, email shots to stakeholders.	Make use of interest through one-on-one involvement in low-risk areas and areas where they can add value. Consider them as advisors to your organisation.

ANTICIPATE NEEDS	MANAGE MOST THOROUGHLY
Engage and consult on areas of interest indirectly and monitor the level of interest in case this changes in time.	Engage on a one-on-one basis and involve in governance and decision making.

EMPLOYEE PERFORMANCE MANAGEMENT

The primary goal of employee performance management is to promote and improve an employee's overall effectiveness and hence improve the value they bring to the organisation. It is a continuous process where managers and employees work together to plan, monitor and review an employee's objectives, goals and his or her overall contribution to the organisation.

One of a manager's key responsibilities is to monitor and encourage the growth of employees. By setting measurable and attainable goals, the manager not only guides improvement in employee performance but can actively help strengthen the organisation and enhance its reputation as an employer of choice.

Other benefits of setting goals for employees can include: helping employees focus more closely on the organisation's short-term and long-term success, establishing guidelines and criteria for a successful employee performance review and driving deeper employee engagement.

INSTRUCTIONS

A key aspect of performance measurement will be to consistently and objectively evaluate employee performance across the organisation. This process needs to be fair, transparent, and objective in order for it to drive true value to both the employee and the organisation.

The following table provides an overview of the main parts of the Pearl Initiative Employee Performance Tool and what needs to be captured within each to allow for a clear and objective evaluation of employee performance.

FIELD	DESCRIPTION
Employee Name	Employee Name
Employee ID	Unique employee number
Position Held	Formal title of the employee
Department	Name of the department employee works in
Reviewers Name	Reviewers name – often the employee's direct line manager
Reviewers Title	Formal title of the reviewer

GUIDELINES

TIPS ON IDENTIFYING OBJECTIVES

→ Set goals that align with the organisation's objectives

Each employee's goals should be aligned with the organisation's overall growth strategy. This will help employees understand how their role and responsibilities contribute to organisational growth.

→ Invite employees to identify job-specific goals

While you may have goals in mind for each employee, you will often receive insightful answers if you ask employees to identify goals specifically related to their individual jobs. This will encourage employees to take ownership of their goals.

→ Set SMART goals

Telling an employee to "work harder" doesn't constitute an effective goal. Every goal should be set within the SMART framework.

Click here to download the Pearl Initiative's Employee Performance Management Tool.

→ Set consistent goals for employees with similar responsibilities

Goal-setting is usually unsuccessful when it results in unhealthy competition among employees. Avoid setting different goals for employees with similar responsibilities, and refrain from encouraging internal rivalries as this may reduce overall morale.

→ Reward employees who achieve their goals

It is critically important to recognise employees who set goals and then achieve (or exceed) them. Not only does such a reward (a bonus, certificate, public acknowledgement at a staff meeting, etc.) honour that employee's efforts, it demonstrates clearly to his or her co-workers that the organisation values this type of commitment and hard work.

→ Work closely with employees who fall short of the mark

Not every employee will successfully attain their goals, regardless of how hard they try. When the agreed-upon deadline arrives, and goals haven't been met, there should be an in-depth discussion about why the goal was not achieved, what can be done to address the issue or issues identified to improve performance.

EMPLOYEE CODE OF CONDUCT

A code of conduct is a set of rules outlining the norms, rules and responsibilities of, or proper practices for, an individual, party or organisation. A professional code of conduct usually addresses concepts that include (but are not limited to) ethics, moral codes, stakeholder management, integrity, corruption and confidentiality.

An employee code of conduct clearly defines and outlines the expectations of all employees within an organisation. It helps organisational leadership define what they expect from their staff while employed within the origination. It also helps foster good organisational culture, sets values, defines how all individuals must behave and can improve performance.

INSTRUCTIONS

The following tips are intended to provide guidance on proven methods of establishing an effective employee code of conduct within an organisation.

→ Establish a team of drafters and identify the person who will oversee compliance

A code of conduct should be drafted with input from a multi-disciplinary team that includes senior management and representatives from relevant departments from the organisation.

→ Write for your reader

A code of conduct will only make an impact if the standards of behaviour are effectively communicated and are understandable to every employee, at every level.

→ Be specific

Rather than simply including conceptual ethical principles, the code of conduct should identify and address specific situations that employees are likely to encounter in their daily work.

→ Include avenues to report violations and seek guidance

An avenue to report violations of the code is an important ingredient to its success. Include information in the code about how to report suspected violations and seek additional guidance on the application of the code.

→ Make the code available to everyone

The code of conduct should be distributed to all members of the organisation. It can be disseminated as a printed document or in an electronic format, such as an online posting.

→ Establish a commitment to ethics at the highest level of the organisation

When the code is complete, an announcement regarding its existence should be made across the organisation. This announcement should clearly state that the code applies to everyone within the organisation and that all individuals (irrespective of hierarchy or tenure) will be held accountable to the same standards.

→ Adopt a training programme

Simply asking employees to acknowledge receiving and reading the code is not enough to ensure that they understand it and will remember/apply its contents. A cost-effective training programme is a valuable tool to help explain its contents while emphasising its importance.

→ Enforce consistently

The enforcement of a code is essential to its credibility as members of your organisation are less likely to pay attention to the code if no disciplinary action is taken when it is violated.

Click here to download the Pearl Initiative's Employee Code of Conduct Template.

→ Check to see if it is working

An organisation should monitor and audit the implementation of the code of conduct to determine whether it is having its intended effect. These tools help find out if employees are complying with the code.

→ Revise and update

A code must be updated to address changing laws and regulations, as well as organisational changes. A code that becomes outdated will quickly lose its importance and relevance, so revisions and updates should be made on a regular basis.

CONFLICT OF INTEREST POLICY

Click here to download the Pearl Initiative's Conflict of Interest Template.

The purpose of the conflict of interest policy is to protect an organisation when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, employee, board member or affiliate or might result in a possible excess benefit transaction. The policy is essential in ensuring that all employees, board members and affiliates place the interest of the organisation above their own.

A policy on conflicts of interest is designed to provide the organisation with a procedure that will require those with a conflict (or who think they may have a conflict) to disclose the conflict/potential conflict and prohibit interested board members and decision makers from voting on any matter in which there is a conflict.

INSTRUCTIONS

The following tips are intended to provide guidance on proven methods of establishing a Conflict of Interest policy within an organisation.

- → The board should raise awareness and encourage discussions on potential conflicts of interest within an organisation.
- → Any declaration on conflicts or potential conflicts of interest should be documented in writing and addressed by the Board or a committee that is delegated to resolve conflicts of interest.
- → A disclosure form should be circulated annually to staff and board members asking them to disclose existing or potential conflicts of interest.
- → The conflict of interest policy should be revised annually, and any changes should be communicated effectively throughout the organisation.
- → Both financial and non-financial interests can be considered when drafting a conflict of interest policy for your organisation.