

GOVERNANCE AND ASSOCIATIONS

An introduction by Luc Maene

THE GOVERNANCE STRUCTURE OF TRADE ASSOCIATIONS DIFFERS FROM A NUMBER OF OTHER ASSOCIATIONS MOSTLY BECAUSE THEIR OFFICERS ARE ELECTED AMONG THE MEMBERSHIP AND, THEREFORE, SHARE MANY INTERESTS. TRADE ASSOCIATIONS, NEVERTHELESS, FACE SPECIFIC ISSUES WITH REGARD TO GOVERNANCE. FIRST, ALIKE ANY FOR-PROFIT OR NOT-FOR-PROFIT ORGANIZATION, TRADE ASSOCIATIONS NOW HAVE TO FOLLOW STRICTER RULES AND OPERATE IN A MORE REGULATED ENVIRONMENT: SUPERVISION AND ACCOUNTABILITY ARE PARAMOUNT, IN PARTICULAR WHEN IT COMES TO ACCOUNTING PRINCIPLES AND FINANCIAL REPORTING. MANAGEMENT NEEDS TO DEDICATE TIME FOR REGULAR COMMUNICATION WITH THE MEMBERSHIP TO EXPLAIN THE PRINCIPLES BEHIND THE RULES AND MAKE SURE THAT THEY ARE UNDERSTOOD AND ACCEPTED.



Luc Maene

The relationship between management and governing bodies has to be built on trust and transparency for any association to function properly. A constant dialogue needs to exist between an association's board and its members through the secretariat. Educating the members on the association's governance structure is an important responsibility for the secretariat.

At the International Fertilizer Association (IFA), new members are introduced to its

governance structure and receive clear and concise information on the association's management. IFA's governance structure consists of the Council, which defines the policy and orientation of the association and decides on its budget and subscription rates; the Executive Management Group, which supervises the operations of the secretariat in line with goals set by the Council; the Executive Committee, which discusses the issues facing the industry and is responsible for ensuring that the activities developed by various Standing Committees meet the goals set by the Council; and the Finance Committee, which supervises the association's financial management and prepares the annual budget for approval by the Council.

For international associations, this is all the more challenging since important cultural and corporate cultures come into play. For instance, IFA's board - the Executive Management Group - consists of six persons, each from a different region: Norway, India, USA, Turkey, Chile and Morocco. In order to build that trust, a clear understanding of the responsibilities of the elected officers and the association's staff is required.

International trade associations also need to show an additional level of transparency

because they usually have to follow the national regulations of the country where the secretariat is located. Associations need to investigate thoroughly which governance rules apply since they vary tremendously from one country to another, even within Europe.

It is, thus, particularly important for an association executive in an international environment to understand and accept national and regional differences and have the necessary

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skills to clearly explain to the governing instances and the membership the rules that apply and to reconcile these differences in the interest of the development of the sector the association represents.

Luc Maene is the President of ESAE and Director General of the International Fertilizer Association