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Governance of organizations — Governance maturity model — Guidance

Gouvernance des organismes — Modèle de maturité de la gouvernance — Recommandations

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Foreword

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This document was prepared by Technical Committee ISO/TC 309, *Governance of organizations*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

The need for effective governance of all sizes and types of organizations is of increasing importance. This is evidenced by society's growing demands for organizations to demonstrate effective stewardship of the resources which they use and impact, beyond merely financial returns. Society and organizational stakeholders are demanding not only that governance failures be avoided, but that good governance outcomes are demonstrated. These expectations necessitate the existence of a standard against which an organization's governance can be measured and decisions can be made. This document provides the tools for organizations, and their stakeholders, to evaluate, compare and improve their governance over time such that the organization can achieve good governance outcomes.

In 2021, ISO adopted the first internationally agreed standard for the governance of organizations, ISO 37000, which set out governance conditions, governance principles and key aspects of practice, and governance outcomes for the governance of organizations. At that time, there was no internationally agreed approach by which to measure the governance of an organization in terms of ISO 37000. In the absence of such an approach to measurement, the identification of areas for improvement, the consistent assessment of an organization's governance maturity and an informed comparison with others were problematic. Governance maturity, in this context, reflects, for example, the degree of organizational responsiveness, agility and resilience in addressing changing operational conditions, while maintaining alignment with the organizational purpose and organizational values.

Figure 1 depicts the governance maturity aspects outlined in this document and which should be considered when evaluating governance maturity. These are the governance behaviour by the governing body when governing the organization, in accordance with ISO 37000, and the effectiveness and efficiency with which the governing body applies the ISO 37000 governance principles.
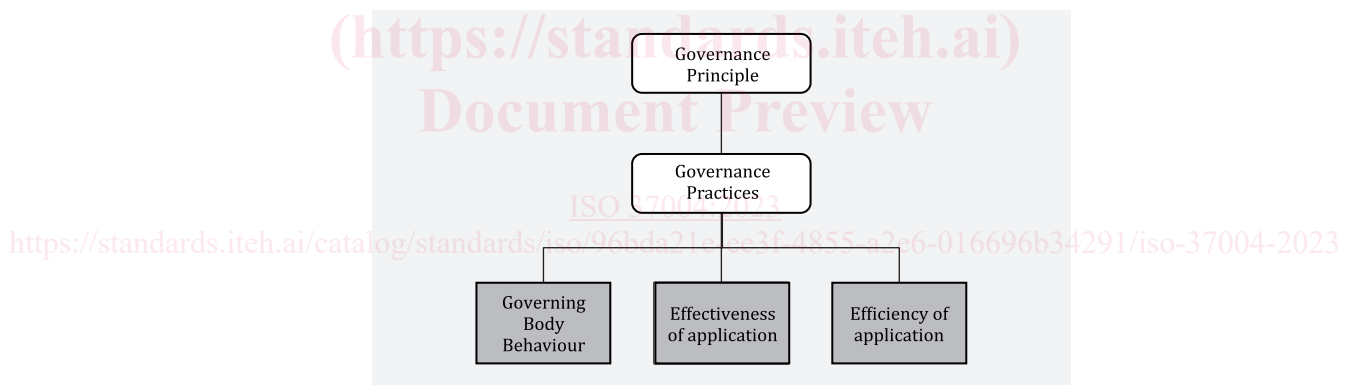

Figure 1 — Governance maturity aspects — Overview

This document provides a globally applicable means to measure the maturity of the governance of an organization and describes an internationally agreed maturity measurement framework and maturity model for the governance of organizations. It sets out guidance on measuring an organization's governance maturity, based on the ISO 37000 governance conditions and governance principles, and applies to all types and sizes of organizations no matter their location. It provides a standardized approach to determine the level of maturity level of the organization's governance conditions and the organization's application of the ISO 37000 governance principles, as well as providing examples of governance activities at each level.

Governance practices necessarily vary between organizations and should be selected and implemented according to the organization's specific and unique circumstances. These variations are due to factors including how long the organization has been in existence, the organizational context, the number of personnel the organization employs, the types of resources the organization uses, and laws and regulations applicable to the organization. This document is, therefore, not intended to assess the implementation of governance practices, nor the effectiveness of these governance practices. This document provides a basis for the evaluation of the application of the guidance provided by ISO 37000.

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[Figure 2](#) provides an overview of the governance maturity model outlined in this document.

Figure 2 — Governance maturity model — Overview

When applying this document's governance maturity model to an organization, the results can be used to measure and evaluate the level at which the ISO 37000 governance guidance has been applied, in a consistent and standardized way.

Evaluations, by or on behalf of an organization, can:

— facilitate self-assessment;

— provide a basis for improvement;

— assist with addressing governance risks;

— be used as input for reports to stakeholders;

— provide a benchmark for comparison with others.

Reports of governance maturity evaluation results can assist:

— organizations to prioritize governance improvement activities;

— governing bodies to demonstrate accountability to their organizations;

— key stakeholders to hold an organization's governing body responsible for the continual improvement of the governance of the organization.

Results can therefore be used, for example, by an organization's:

— governing body to demonstrate the continual improvement of their governance of the organization;

— internal stakeholders, such as personnel, to enhance their confidence that the governance of their organization is appropriate, effective and defensible;

— external stakeholders, such as investors and regulators, for decision-making purposes.

Governance of organizations — Governance maturity model — Guidance

1 Scope

This document gives guidance on evaluating the establishment of governance conditions and on the application of governance principles with consideration for the ISO 37000 key aspects of practice. It sets out the concept of governance maturity and its measurement and provides a governance maturity measurement framework, associated governance maturity scale and a governance maturity model.

This document is applicable to all types and sizes of organizations no matter their location.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 37000, *Governance of organizations — Guidance*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 37000 and the following apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at https://www.electropedia.org/

3.1 Governance and organization

3.1.1
likelihood
chance of something happening

[SOURCE: ISO 31000:2018, 3.7, modified — Notes 1 and 2 to entry deleted.]

3.1.2
governance charter
governance component which records a delegation agreement

Note 1 to entry: governance charters are called many different names depending on their purpose including committee terms of reference, job descriptions and role contracts.

3.2 Governance maturity

3.2.1
governance maturity model
means of and scale for evaluating and assessing the current state of governance maturity

[SOURCE: ISO/TR 13054:2012, 2.5, modified — "governance" added to the term and in the definition.]

3.2.2
governance measurement framework
schema for use in characterizing the application of a governance principle

[SOURCE: ISO/IEC 33001:2015, 3.4.7, modified — "governance" replaced "process" in the term. "the application of a governance principle" replaced "process quality characteristic of an implemented process".]

3.2.3
governance behaviour
behaviour when governing an organization

3.2.4
practice
activity that, when consistently performed, contributes to achieving a specific process purpose or attribute

[SOURCE: ISO/IEC 33001:2015, 3.3.6, modified — "generic" deleted from the term. "achieving a specific process purpose or attribute" replaced "the achievement of a specified process attribute".]

3.2.5
governance component review
examination of a governance component to ensure that the governance component continues to fulfil its purpose

3.2.6
procedure
specified way to carry out an activity or a *process* (3.2.6)

Note 1 to entry: Procedures can be documented or not.

[SOURCE: ISO 9000:2015, 3.4.5]

4 Governance maturity aspects

4.1 General

The purpose of evaluating governance maturity is to determine the level of certainty stakeholders can have in the ability of the governing body to govern the organization such that the organization achieves the intended governance outcomes. These governance outcomes are defined in ISO 37000 as:

— effective performance;

— responsible stewardship;

— ethical behaviour.

Governance maturity, in this document, involves an organization's governing body establishing appropriate governance conditions, adopting governance principles as well as applying governance principles in practice. The governance maturity aspects are written in terms of the application of the ISO 37000 governance principles based on the use of the defined key aspects of practice. These governance maturity aspects are equally applicable to the establishment of appropriate governance conditions based on the use of the guidance provided in ISO 37000.

The way in which a governing body applies a governance principle is comprised of the following governance maturity aspects:

— the governing body's governance behaviour;

— the effectiveness of those governance practices that the governing body uses to apply the governance principle;

— the efficiency of these practices.

Figure 3 depicts those governance maturity aspects for consideration when evaluating governance maturity, namely the governance behaviour by the governing body when governing the organization, in accordance with ISO 37000, and the effectiveness and efficiency with which the governing body applies the ISO 37000 governance principles.
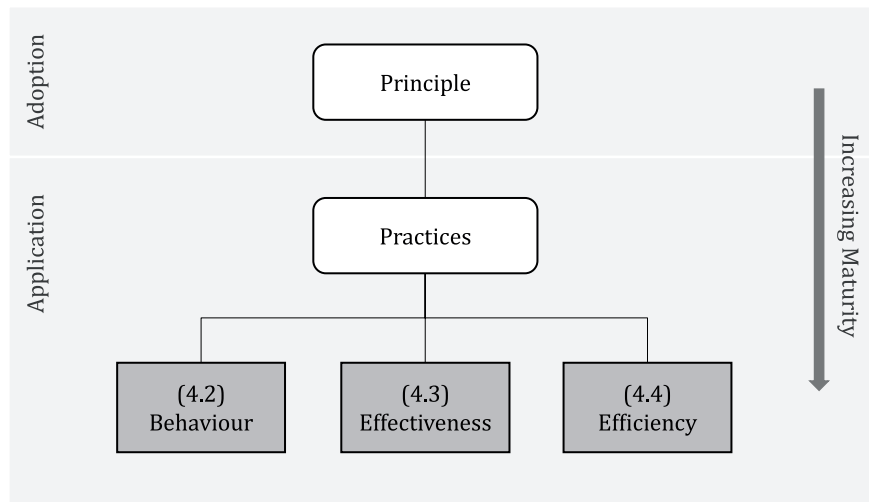

Figure 3 — Governance maturity aspects — Overview

4.2 Governance behaviour

Governance behaviour describes the approach used to apply a governance principle. ISO 37000, for example, guides that governing bodies should lead the organization ethically and effectively and ensure such leadership throughout the organization. Governance behaviour is therefore subjective; ; however, the following certain features are evident when the governing body governs the organization as guided by ISO 37000:

a) Adoption: the governing body commits to the adoption of ISO 37000.

b) Understanding: the governing body understands the importance of ISO 37000 for the organization.

c) Application: the governing body applies ISO 37000 and describes its experiences when applying it.

d) Analysis: the governing body compares its application of ISO 37000 with applicable leading practices and explains the outcomes it intends to achieve from this application.

e) Evaluation: the governing body evaluates its application of ISO 37000.

f) Improvement: the governing body explains the planning and implementation of corrective actions and improvements.

4.3 Governance effectiveness

Governance effectiveness refers to the governing body's ability to achieve the objectives of the ISO 37000 governance principles by selecting and implementing appropriate governance practices.

For every governance principle, ISO 37000 describes:

— the statement of the governance principle;

— the reason or objective for the governance principle (rationale);

— key aspects of governance practices to apply the governance principle to achieve the governance principle's objective (key aspects of practice).

Governing bodies can refer to ISO 37000 when deciding on how to appropriately apply the governance principles, and achieve the objectives of the governance principles, such that their particular organization can achieve the intended governance outcomes.

Administrative procedures can support governing body activities, such as the recording of meetings. These procedures should not be confused with governance activities which are the focus of governance maturity evaluations.

4.4 Governance efficiency

4.4.1 General

Governance efficiency considers the organization and functioning of the implemented governance practices. This considers how governance practices are:

— made explicit;

— delegated;

— consistently applied;

— continually improved.

Governance components make governance practices explicit. Governance components formalize the governing body's application of governance principles and clarify the governing body's governance intentions for the organization. They are formal organizational records of a governing body's governance of the organization.

The governance components referred to, directly or indirectly, in ISO 37000, include the following:

a) governance frameworks (see 4.4.2);

b) governance strategies (see 4.4.3);

c) governance policies (see 4.4.4);

d) organizational performance results (see 4.4.5);

e) governance charters (see 4.4.6);

f) management reports (see 4.4.7);

g) governance component reviews (see 4.4.8).

NOTE   Governance components can be hierarchical in nature. The use of supporting governance components can guide the governance of a specific:

— governance principle, e.g. the governance of risk;

— subject matter, e.g. the governance of IT (see ISO/IEC 38500);

— organizational construct, e.g. to clarify the governance of a group of organizations.

Supporting governance components should directly refer to and align with the overall, or primary, organizational governance component as they clarify a specific matter within this context.

4.4.2 Governance frameworks

A documented organizational governance framework provides clarity on the way in which the organization's governance arrangements operate across the whole organization. An organizational

governance framework also provides clarity on the way in which the organization is, or is to be, governed.

The organizational governance framework should be overarching and refer to how the organizational strategy, governance policies, governance structures (including roles and committees) and accountabilities (the assigned and agreed authorities and responsibilities) are to align and operate.

Table 1 identifies organizational governance framework description areas.

Table 1 — Governance framework — Contents

Topic	Description
Intent	The reason for the framework and the objective(s) and outcomes the framework is intended to achieve.
Structures	Those governance structures (roles and committees) to whom/which the governing body is delegating and the role of each structure (function) in the achievement of the framework's objective(s).
Mandate and commitment	The high-level mandates (authorities) provided to these structures and the commitments (responsibilities) to be, or as, agreed.
Design	Providing an overview of: — Context: the context within which the framework is to operate, including relevant stakeholders. — Policy: those governance policies used to achieve the framework's objective(s). — Accountability: assigned, agreed, overseen and, where necessary, assured delegations. — Scope: the extent of the organization and/or the extent of the subject matter to which the framework is to apply (e.g. specific jurisdictions or boundaries). — Integration: the manner in which the framework is to integrate with other governance areas and/or activities. — Resourcing: resources which support the effective implementation of the framework, including, in summary, the manner in which these resources are to be assigned and overseen as well as other associated information as appropriate. — Communication: those roles accountable for the communication and engagement activities associated with the effective understanding and application of the framework, including the applicable stakeholder groupings where necessary.
Implementation	The roles accountable for the implementation and continued operation of the framework.
Monitoring, review and improvement	The manner, roles and responsibilities associated with the: — monitoring and oversight of the operating of the framework; — review of the framework's continued applicability for the organization; — assessment of the framework's operations and applicability and continual improvement thereof.

4.4.3 Governance strategies

ISO 37000:2021, 6.3.2 describes strategy as "the pattern of evolving intentions that provide direction for harmonizing and focusing effort to fulfil the organizational purpose, associated value generation objectives and related strategic outcomes". Although strategies vary across organizations, ISO 37000:2021, 6.3.2 notes that at its core, "the organizational strategy reflects the governing body's intentions regarding the organization's achievement of the strategic outcomes within its changing context".

Within the context of the organizational strategy, the governing body can also establish secondary governance strategies. In such cases, these governance strategies should support the achievement of