



SLOVENSKI STANDARD
oSIST ISO/DIS 37005:2023

01-november-2023

Upravljanje organizacij – Razvoj kazalnikov za učinkovito upravljanje

Governance of organizations - Developing Indicators for effective governance

Titre manque

Ta slovenski standard je istoveten z: ISO/DIS 37005

ICS:

03.100.02 Upravljanje in etika Governance and ethics

oSIST ISO/DIS 37005:2023

en

DRAFT INTERNATIONAL STANDARD

ISO/DIS 37005

ISO/TC 309

Secretariat: BSI

Voting begins on:
2023-08-02Voting terminates on:
2023-10-25

Governance of organizations — Developing Indicators for effective governance

ICS: 03.100.02

iTeh Standards (<https://standards.iteh.ai>) Document Preview

[oSIST ISO/DIS 37005:2023](https://standards.iteh.ai/catalog/standards/sist/81d671a4-bb0d-4f19-92b4-d5fcace2f4c4/osist-iso-dis-37005-2023)<https://standards.iteh.ai/catalog/standards/sist/81d671a4-bb0d-4f19-92b4-d5fcace2f4c4/osist-iso-dis-37005-2023>

THIS DOCUMENT IS A DRAFT CIRCULATED FOR COMMENT AND APPROVAL. IT IS THEREFORE SUBJECT TO CHANGE AND MAY NOT BE REFERRED TO AS AN INTERNATIONAL STANDARD UNTIL PUBLISHED AS SUCH.

IN ADDITION TO THEIR EVALUATION AS BEING ACCEPTABLE FOR INDUSTRIAL, TECHNOLOGICAL, COMMERCIAL AND USER PURPOSES, DRAFT INTERNATIONAL STANDARDS MAY ON OCCASION HAVE TO BE CONSIDERED IN THE LIGHT OF THEIR POTENTIAL TO BECOME STANDARDS TO WHICH REFERENCE MAY BE MADE IN NATIONAL REGULATIONS.

RECIPIENTS OF THIS DRAFT ARE INVITED TO SUBMIT, WITH THEIR COMMENTS, NOTIFICATION OF ANY RELEVANT PATENT RIGHTS OF WHICH THEY ARE AWARE AND TO PROVIDE SUPPORTING DOCUMENTATION.

This document is circulated as received from the committee secretariat.



Reference number
ISO/DIS 37005:2023(E)

© ISO 2023

iTeh Standards
(<https://standards.iteh.ai>)
Document Preview

[oSIST ISO/DIS 37005:2023](https://standards.iteh.ai/catalog/standards/sist/81d671a4-bb0d-4f19-92b4-d5fcace2f4c4/osist-iso-dis-37005-2023)

<https://standards.iteh.ai/catalog/standards/sist/81d671a4-bb0d-4f19-92b4-d5fcace2f4c4/osist-iso-dis-37005-2023>



COPYRIGHT PROTECTED DOCUMENT

© ISO 2023

All rights reserved. Unless otherwise specified, or required in the context of its implementation, no part of this publication may be reproduced or utilized otherwise in any form or by any means, electronic or mechanical, including photocopying, or posting on the internet or an intranet, without prior written permission. Permission can be requested from either ISO at the address below or ISO's member body in the country of the requester.

ISO copyright office
CP 401 • Ch. de Blandonnet 8
CH-1214 Vernier, Geneva
Phone: +41 22 749 01 11
Email: copyright@iso.org
Website: www.iso.org

Published in Switzerland

Contents

Page

Foreword	iv
Introduction	v
1 Scope	1
2 Normative references	1
3 Terms and definitions	1
4 Understanding indicators	3
4.1 General.....	3
4.2 Structure of indicators.....	4
4.3 How indicators impact decision making.....	4
4.4 Stages in the development and use.....	5
5 A taxonomy of types of indicators	5
5.1 Means to ends - inputs to impacts.....	5
5.2 Subjective or objective indicators.....	6
6 Using the taxonomy	6
6.1 What to measure.....	7
6.2 What type of indicators.....	7
6.2.1 Indicators of impact.....	9
6.3 Characteristics of an indicator.....	9
6.3.1 Assurable.....	10
6.3.2 Timely.....	10
6.3.3 Comparisons.....	10
6.4 Risks arising from indicator selection and use.....	10
6.4.1 Unintended consequences.....	10
6.4.2 Lack of accountability.....	11
6.4.3 Non-alignment of purpose and sustainability.....	11
6.4.4 Selecting indicators to measure against purpose or to measure effectiveness.....	11
6.4.5 Indicators of the method used to achieve the organization purpose.....	11
6.4.6 Too much information.....	11
7 Selection of indicators by governing bodies using ISO 37000:2021	12
7.1 Decision making.....	12
7.2 Strategy, partnership and collaborations.....	15
7.3 Developing a governing body's strategy and aligning with indicators.....	15
7.4 Selecting indicators.....	15
8 Using indicators	16
8.1 Choosing one option over others.....	16
8.2 Decisions following an assessment of performance.....	16
9 Implementation	16
Bibliography	17

ISO/DIS 37005:2023(E)

Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation on the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see the following URL: www.iso.org/iso/foreword.html.

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.

iteh Standards
Document Preview

oSIST ISO/DIS 37005:2023

<https://standards.iteh.ai/catalog/standards/sist/81d671a4-bb0d-4f19-92b4-d5fcace2f4c4/osist-iso-dis-37005-2023>

Introduction

The purpose of indicators is to enable measurement that helps an organization in achieving its purpose. Provides a simple and reliable means to assess how the governing body's decisions and possible actions contribute most effectively to the fulfilment of the organization's purpose. Useful indicators provide a measure of performance in line with organizational purpose. This document covers:

- a taxonomy for the classification of different types of indicators;
- the context in which they are used, including the purpose of the organization and its appetite for risk given impacts on all stakeholders;
- the risk appetite and tolerance of the organization and stakeholders;
- the limitations of indicators;
- choosing or developing meaningful indicators.

The role of a governing body is to make decisions that support achievement of organizational purpose and well considered objectives. To make effective decisions a governing body needs measure performance against purpose, this requires indicators. ISO 37000 helps to create cross-sector international consensus on the role and results of organizational governance. However, the outcomes of organizational governance depend on the effectiveness of the decisions made by governing bodies, the information used to support those decisions as well as their execution. These decisions mean making choices between the intended performance of alternative options for the same organizational purpose. It is required to have a mechanism to compare these options to choose the optimal one for the specific context. Performance indicators, their performance measurements and decision criteria are useful tools in this regard.

There is always the possibility that the choice made between options did not represent the "best" choice or that the execution is not effective. Effective governance therefore requires an understanding of appropriate indicators in the context of that possibility and the risk appetite of the governing body. Effective consideration of indicators linked to organizational purpose, stakeholder issues, materiality and risk appetite/tolerance reduces the extent to which a governing body can make decisions without the full range of material information. It also enhances a dynamic monitoring approach.

<https://www.iso.org/standard/72421.html> Indicators are used and understood in various ways. Ultimately the governing body is seeking to achieve the organizational purpose in the way intended. If this is done well then over time the governing body would expect its organizational purpose and financial results to become aligned with sustainable development and well-being as it considers the principles in ISO 37000 including social responsibility and viability and performance over time. The pursuit of a purpose with consequences that detracts from sustainable development and reduces well-being would neither be responsible nor viable.

Governance of organizations — Developing Indicators for effective governance

1 Scope

This document provides guidance on how a governing body should approach the use of indicators in its governing activities.

This document is primarily written for use by governing bodies. It is also written to be of relevance to a range of other stakeholders inside and outside of the organization to help them improve the quality of the information on which they assess and make decisions regarding the organization's governance.

It is applicable to all organizations regardless of type, size, location, structure or purpose.

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 31000:2018, *Risk management — Guidelines*

ISO 37000:2021, *Governance of organizations — Guidance*

3 Terms and definitions

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

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

3.1

indicator

a measurable representation of the condition or status of governing body decisions, organizational actions or activities, and stakeholder expectations

Note 1 to entry: Indicators can be measured, calculated, and described.

3.2

output

result of a process

[SOURCE: ISO 9000:2015, 3.7.15, modified – Note 1 to entry has not been included]

3.3

input indicator

indicator of all types of resources on which the organization depends, irrespective of how they have been sourced

Note 1 to entry: Examples of these resources include air, biodiversity, unpaid labour etc, including resources used across the supply chain.

3.4

activity

way in which resources are used

ISO/DIS 37005:2023(E)

3.5 output indicator

indicator for measuring activities

Note 1 to entry: Can be qualitative or quantitative

3.6 organizational outcome

something, including aspects of well-being, that has the potential to change following a governing body's decisions

3.7 objective

result to be achieved

Note 1 to entry: An objective can be strategic, tactical or operational.

Note 2 to entry: Result in this setandard means intended *impact*

Note 3 to entry: An objective can be, for example, organization-wide or specific to a project, product or process.

3.8 outcome level

data points for an outcome that can be measured at any given moment in time (i.e., baseline, mid-point, end point)

3.9 impact

a positive or negative change in either an outcome as a result of a governing bodies decisions, execution and the consequences of those decisions

Note 1 to entry: Taking account of other causes of any change in those outcomes.

Note 2 to entry: The change in in an outcome can be positive or negative depending on its relation to a threshold.

Note 3 to entry: There may be interim points between actions and impacts where measurement can support management towards achieving organizational purpose.

Note 4 to entry: If the change is in a well-being outcome then this would be a well-being impact

3.10 impact valuation

the measurement of the relative importance of impacts

3.11 risk

effect of uncertainty on objectives

Note 1 to entry: An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats.

Note 2 to entry: Objectives can have different aspects and categories, and can be applied at different levels.

Note 3 to entry: Risk is usually expressed in terms of risk sources, potential events and their consequences.

Note 4 to entry: An objective can be expressed in other ways, for instance as an intended outcome.

[SOURCE: ISO 37000:2021, 3.1.6]