

Contracts and Conflicts

Your league will need to have various individuals – paid staff, contract employees or volunteers – perform certain functions on behalf of the league such as cleaning the rink or instructing a program. This section outlines practices your league should follow to keep your operation on a businesslike basis and avoid common issues when dealing with those being supervised.

P.S. Never hire a staff person or contractor without having both parties sign a contract.

Contracts

A contract does three important things:

1. It determines your rights and obligations: a contract can revoke the rights and obligations that you have under the common law or statute. Therefore, make sure you read it carefully to ensure that you get what you asked for and the other party isn't entitled to take what you did not intend to give.
2. It allocates risks: try to anticipate what can go wrong and address these potential problems in advance. This implies knowing who is responsible if something goes wrong.
3. It provides a legal basis for restitution: every contract has the weight of the law behind it. If a party breaches an obligation mentioned in the contract, that breach can give risk to a legal claim for restitution.

To be enforceable in court, a contract must have six features:

- 1) Be made by legally competent parties.
- 2) Must not have as its purpose something illegal to do or have.
- 3) There must be something of value for both sides.
- 4) It must bind both parties.
- 5) It must be the result of mutual agreement.
- 6) It should be in writing.

There are basically two types of employment contracts:

- 1) **Contract of service:** insurable employment income – employer must deduct EI and CPP.
- 2) **Contract for service:** non-insurable contract work. If an independent contractor is hired, CPP and income tax do not need to be deducted because the contractor is responsible for his own deduction.

The main difference between employees and contractors is the payer's authority to exercise control over not only what work will be done but also the manner in which the worker will do the work. Even if the control is never exercised, this factor is strong evidence that an employer/employee relationship exists. In the case of an independent contractor, the employer is entitled to stipulate what is done or what result is achieved – but not the manner in which the work is completed.

All contracts should include the following information:

- a) **Date:** This is important because it establishes when the contract was entered into by the parties and when the contract comes into effect.

- b) **Parties:** The employment contract should contain the names of employer or company and employee. This helps reflect that the employee and employer have agreed and understand terms mentioned in the contract.
- c) **Terms:** Terms set the rights and obligations of parties and explain what the agreement is about. Terms include:
- what the first party is going to do
 - terms of payment
 - matters relating to termination of the agreement
 - general matters relating to the rights and obligations of the parties
- d) **Signature lines:** The employee and employer should sign the contract indicating they both agree to be bound by the agreement terms.

Conflict of Interest

The principal conflict of interest of community leagues is when a board member has a pecuniary (financial) interest in an issue before the league. Simply, this is where a director or a member of the director's family is able to make money through a vote of the board.

To avoid this situation, the director should identify his/her conflict, excuse himself/herself from the room when the issue is being discussed and not participate in the vote on the matter.

P.S. If a director is faced with an ongoing conflict of interest, such as taking a paid staff position, it is best he or she resigns from the board.

Example: Joe, a hypothetical board member, is kind enough to help out once in fixing a plumbing problem at the community hall. Joe is willing to do this sort of work in future, and is called upon more and more frequently. His fellow board members appreciate his skills and availability and offer him a small salary for his work. Now Joe has a decision to make. If he chooses to accept the salary, it's time to resign from the board. He accepts the salary.

Another example of a potential conflict of interest situation would be the hiring of a board member's relative to a position with the community league. The board member should not be part of the hiring process or exert any influence on anyone in the process.

A further example is the use of a board member's company to provide supplies or services to the community league. Again, the board member should not be a part of any discussions. The board should follow all tendering policies for suppliers. In all cases, it is important to show in the minutes that the policies were followed and no favouritism was applied in any situation involving a board member.

If the services provided are ongoing in nature, such as hall or rink maintenance, the board member should resign as a director. It is very difficult to wear two hats on a continuing basis and any attempt to do so invariably leads to friction on the board. It also needs to be noted that a conflict of interest situation on the board of directors can void the liability insurance the league has taken out to protect its directors.

Conflict/Issues Resolution

Conflict is a normal, inevitable part of life. Members of a volunteer board are likely to encounter conflicts sooner or later, sparked by differences in personality, values or perceptions. For most people, conflict takes the enjoyment out of their volunteer experience. Some may even consider leaving the board. Organizations experiencing frequent conflict often tend to have lower morale, lower productivity, higher turnover and more burnout.

It is important to note warning signs and behaviours that may create conflict so they may be addressed early. Following are some warning signs leading to serious conflicts:

- Avoidance of an issue, situation or person
- Mistrust
- Violations of rules and working guidelines
- Not accepting responsibility
- Not doing one's job
- Not listening
- Lack of understanding
- Power or status-based communication

Behaviours that may stir up conflict include:

- Non-constructive criticism
- Guilt trips
- Blaming, defensiveness
- Commands
- Unhealthy competitiveness
- Pushing someone's "buttons"
- Using absolutes -- "You never...," "He always..."
- Threats, dares

What can be done to prevent serious conflict, or to resolve conflict when it does arise?

The board as a whole is responsible for ensuring a healthy working environment, and the board chair/ president must be diligent in identifying the signs of serious conflict and dealing with the individuals involved before the situation escalates to become a serious problem.

- Establish working guidelines that the whole board agrees to and has helped create.
- Ensure all board members understand the board's decision-making process and that the board is expected to support the final decision.
- Keep discussions focused on the board's annual (strategic) plan so all members understand the overall objective.
- Listen to all opinions voiced around the table.
- Accept the validity of others' views.
- Learn and practice effective communication skills: active listening, or reframing points
 - to ensure the original meaning is clearly understood.
- Identify people's conflict styles: are they competitive, do they avoid conflicts, how do people cool off when they are angry?
- Using the techniques of running efficient and effective meetings, acknowledge all points of view, but keep the discussion moving.