

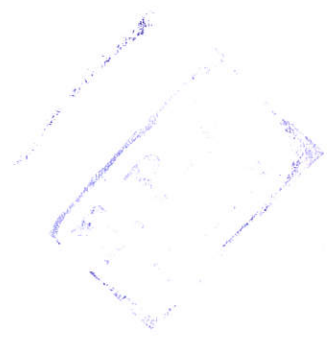
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BOARD PRACTICES IN EMERGING LOCAL NGOs OF ETHIOPIA

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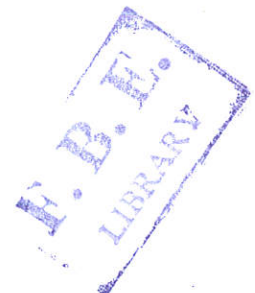
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Acronyms

| | |
|---------------|---|
| NGOs | Non-Governmental Organizations |
| CRDA | Christian Relief and Development Association |
| CEOs | Chief Executive Officers |
| EDs | Executive Directors |
| FDRE | Federal Democratic Republic of Ethiopia |
| UNDP | United Nations Development Program |
| DPPA | Disaster Prevention and Preparedness Agency |
| MoI | Ministry of Interior |
| MoJ | Ministry of Justice |
| PASDEP | Plan for Accelerated and Sustainable Development to End Poverty |

Abstract

NGO governance has recently gained significance in development literature as the sector drew more attention for its increased engagement in development interventions and service deliveries than ever before. This also draws many to learn about its mode of operation and governance. NGOs need to ensure governance practices that facilitate their legitimacy to act on the very causes of their establishment. Board members in this regard are at the center of representing their organizations and become the basis for legitimacy claims.

Employing a survey method, the Board effectiveness, board composition, board members selection criteria, founders' syndrome and board accountability of selected local NGOs from five major cities (Addis Ababa, Dire Dawa, Adama, Bahir Dar and Awasa) were studied. Stratified sampling was used and 103 respondents covering 33 board members, 18 CEOs and 52 staff provided the information used in this study. These Board members, CEOs and staff of the selected local NGOs perceived weak governance effectiveness in their respective organizations. Board composition in terms of gender representation far exceedingly favored men. In terms education, boards were found to be dominated by members relatively with higher educational achievement. The inclination by local NGOs in Ethiopia is to neo-institutional prescriptions, at the expense of some other feasible criteria such as gender balance and community worthiness. Accountability practices favored one of relational accountabilities wherein stakeholders (government and donors) with powers of determining the fate of NGOs. Practices rather failed to consider the other view of relational accountability where those stakeholders whose lives are either positively or negatively affected by NGOs. Identity accountability, abiding by principles, values and ethics, perceived to be neglected. Founders' syndrome was pervasive in the selected local NGOs. Therefore, their governance practices need to be strengthened and their boards should reinforce accountability to the communities they serve.

Acknowledgement

This research would not come to this final stage, had it not been for the kind supports I received from so many parties. Those local NGOs and their board members, CEOs and staff are thanked for sharing all the data used for this study. My gratitude also goes to my wife W/o Yemesserach Mulugeta and our two sons Natan and Hosie for their patience and backup in those busy and hard to cope up times. I commend also Ato Fasil Abraham and other unmentioned but highly valuable friends who assisted me. No words could explain the critical role Dr, V Venkatakrishnan, my advisor, played to realize this paper. Finally, I would like to record my appreciation to the Addis Ababa University in general and Department of Public Administration and Development Management in particular for the opportunity provided.

Dereje Bisrat

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Chapter 1

Introduction

1.1 Background

Jeavons (1992 cited in McCambridge, 2004: 347) stated that there is a growing disenchantment among the public over the rift created between the institutionally self-serving management interests of nonprofit organizations on one hand and the values embodied in their mission statements on the other. McCambridge when further elaborating this issue, stated:

"It is not management that is eroding public confidence in the nonprofit sector but governance. And if we cannot restore the integrity of our governance systems, nonprofits will lose more than their reputations. As Jeavons (1992) said, nonprofits may find "the very existence of their organizations threatened, because the privileges and support on which they depend for survival could be withdrawn as the result of public disappointment" (p. 416). At the very least, such erosion of our relationships with constituents will result in an increasingly institutionalized sector progressively more beholden to business and government interests" (McCambridge: 347)

As the result, more eyes are now on nonprofits to find out what is really going on inside. In relation to this, Jepson (2005: 516) pointed out that the NGO sector and its operations have begun to draw the attentions of various stakeholders; and the topic of governance and accountability gained new relevance during the 1990s. This new development is the result of the combined effect of the following reasons:

- The role of NGOs in creating an international civil society that articulates powerful normative regimes that influence the practices

and policies of international institutions (Brown and Moore, 2001 in Jepson, 2005: 516). This is also true at national levels whereby NGOs are ardently trying to influence the policy environment and practices of national and local governments.

- The 'roll back of the state', which has sub-contracted delivery of public services to complex partnerships that make it very difficult for citizens to attribute responsibility to any one institution or individual for the quality, effectiveness and efficiency of delivery (Leat, 2004 in Jepson, 2005:516);
- The growing perception that together these aspects of neo-liberal economic theory and globalization are enabling publicly unaccountable markets, corporations and inter-governmental bodies to become overly dominant in dictating the values and policies that form the context of everyday life.

The engagement of local NGOs in Ethiopia, ever since their involvement during 1974, was dominated by relief and humanitarian works in response to man made and natural exigencies (Christian Relief and Development Association-CRDA, 2006). According to CRDA, with the passage of time and cognizant of the overwhelming role development interventions could play in extricating impacts of drought, famine, war and epidemics, and the unprecedented mushrooming of new nonprofit organizations, local NGOs in Ethiopia have begun to shift their commitments to sustainable development through delivery of public service and policy advocacy.

This new engagement has increased the flow of resources available to local NGOs from bilateral and multi lateral donor agencies, private philanthropists, cost recovery scheme on services, yet all in the names of millions of destitute, marginalized and deprived Ethiopians. From schools and hospitals to water and shelter, in many parts of the world NGOs are providing more services today than

ever; and this shift of service delivery away from states towards NGOs, some argue is a positive development (Bendell, 2006:9). The swing in favor of NGOs is attributed to the much arguable characteristics of NGOs that according to Wise (1997, cited in Bendell) includes less bureaucracy, more flexibility and innovativeness, more responsiveness to circumstances and more commitment of staff.

The global tendency of questioning the governance and accountability aspects of NGOs by no means skips local NGOs in Ethiopia. Just like their counterparts elsewhere in the world, they have already begun pressing on government entities in Ethiopia for good governance and other interrelated issues like human rights and democracy. This would take us to the conclusion that as NGOs pose a challenge to the accountability of other social and economic sectors, they must challenge themselves to be accountable; otherwise their legitimacy will decline and with it their capacity to advocate their cause successfully (Edwards, 2004 cited in Jepson, 2005:516).

1.2 Statement of the Problem

Abzug and Galaskiewicz (2001:51), stating the role of NGO Board, said that the Boards of nonprofit organizations perform important governance and legitimating functions such as ensuring whether the organization lives up to its mission and expends resources in a fiscally responsible manner. They further concluded that because of this oversight role, the Board often comes to symbolize or represent the organization to the broader community, and given that stakeholders often cannot know if nonprofits are faithful to their mission or use funds wisely, they judge the organization by seeing who is on its Board of trustees.

Board members come to represent the organization and become a basis for its legitimacy claims. The composition of Boards, then, is of central importance to nonprofits. The degree of involvement in drafting the mission, vision, strategic

plans and other policy issues varies among Board members, CEOs and staff. The role of the Board in unison should be significant though CEOs and staff could also be invited to contribute their part. Founders are generally members of the local NGOs' Board. Hence they and CEOs seemed to have overtaken the role of Board in these issues. It has been claimed that the absence of term limits for the services of Board members reinforced by role shifting led to founders' syndrome. Under such circumstances it is felt that the dictation and influence of founders and those governing the organization for longer period is enormous.

In order to legitimize their advocacy engagement and win trust of the public, Boards of local NGOs must cement effective governance in their operation; and that has to be geared towards bringing about economic, political and social transformation to the benefit of the public, in general and the marginalized part of the community in particular.

1.3 Research Questions

The research addresses, amongst others, the following key questions in relation to NGO governance in Ethiopia.

- Do local NGOs in Ethiopia have set criteria to recruit their Board members?
- What are the major criteria to select Board members?
- Who dominates Boards of local NGOs in Ethiopia, Professionals/educated and/or different interest groups from the community?
- What impacts does lack of gender proportion in the composition of Boards of Local NGOs have on equity and fairness with regard to internal policies?

- To what extent do the Boards of Local NGOs in Ethiopia fulfill the governance effectiveness indicators developed by Gill, Flynn and Reissing (2005: 277)?
- Do Boards of local NGOs organize them in sub-committees?
- To what extent do Boards of local NGOs suffer from founders" syndrome?

1.4 Hypotheses

Governance effectiveness indicators

Successful governance according to Gill, Flynn and Reissing is closely related to the exercise of 15 Board effectiveness indicators. Therefore, non-compliance to these board effectiveness indicators conversely divulges the prevalence of weak governance in NGOs. The following three hypotheses have been framed for this study.

Hypothesis 1

The governance practices of the selected local NGOs in Ethiopia is weak; and the Boards of these NGOs do not properly put into operation the fifteen governance effectiveness indicators.

Composition of Boards, internal equity and fairness

Hypothesis 2

Understanding the presence of gender imbalance in the composition of Board is correlated with the perception of incidences of internal inequity as manifested by lack of affirmative action in recruitment of staff and absence of good number of women at higher decision making positions of NGOs.

Accountability and Board selection criteria

Hypothesis 3

NGOs are accountable to donors, regulatory body and the public/community/target groups in that order of importance; and local NGOs which rate their accountability to the community as the most important one rely on constituency interest as the major criteria for selection of Board members.

1.5 Significance of the Study

This study could impact on institutions involved in the capacity building of local NGOs, especial with regard to Board and its operations. The propagation and effectiveness of local NGOs, not surprisingly, depends on the intervention of the federal and regional governments and other international and regional organizations. This intervention can be apparent in the form of developing policy and legal frameworks conducive for NGOs' operation. Therefore, this study will be of importance for policy makers to consider and thereby redress issues of Board practices in local NGOs. In addition, the study will be of a possible reference for whoever is interested in further studying NGO governance in Ethiopia.

1.6 Objectives of the Study

The overall objective of this study was to examine Board formation and governance practices of selected local NGOs in Ethiopia.

The specific objectives of the study were:

- To examine Board composition and criteria for Board members' selection in emerging local NGOs in Ethiopia;

- To assess the extent of Board's governance effectiveness as per the Governance Effectiveness Quick Check developed by Gill, Flynn and Reissing
- To review the extent of involvement of Board, CEOs, founders and staff of the emerging NGOs in key tasks such as designing vision, mission, strategic plans and other policies.
- To recommend possible ways of improving Board formation, development and Board practices of emerging local NGOs in Ethiopia

1.7 Research Methodology

Research Design

This research, by and large, is qualitative in nature; where in descriptive statistical figures are presented to illustrate governance practices and problems prevailing in sampled local NGOs. Nevertheless, quantitative analysis is also employed to examine the relationship between gender composition of Board and feelings of equity and fairness among staff in the selected NGOs.

Research Area

The research was conducted on 25 local NGOs found in five major towns/cities in Ethiopia: Addis Ababa (National Capital), Dire Dawa (Chartered City), Adama (Orimia Region), Bahir Dar (Amhara Region) and Awassa (Southern Nations Nationalities Peoples Region). This is because that the majority of local NGOs in Ethiopia are located in these two major cities and three regions.

Types of data

Primary data were collected through survey methods. This survey was carried out with the help of three categories of questionnaires designed to obtain information

from selected Board members, executive directors and staff of the sample NGOs. Apart from the primary data, secondary data were collected from different sources. The sources include Code of Conduct for NGOs in Ethiopia, proclamations on founding Associations, research articles and publications (both print and internet based). Data were collected from head quarters and resource centers of local NGOs studied in this research. Bahir Dar, Nazareth, Awassa, Dire Dawa, and Addis Ababa were the important locations in this regard.

Data were collected from sample NGOs through the administration of questionnaire, interview and document review. Three sets of different but related questionnaires were designed by the researcher and canvassed by five enumerators each assigned in each town/cities and through conducting face-to-face interviews by the researcher wherever possible. In some circumstances respondents filled the questionnaires themselves.

The resource centers as well as websites of Christian Relief and Development Association (CRDA) and Oxfam, were visited many times to access data on various aspects of governance. Similarly websites of UNDP, World Bank, United Nations Non-Governmental Liaison Service, and other prominent NGOs were also visited and documents related to NGO governance were obtained from them. The Civil Society Resource Center at Awassa and the various libraries of Addis Ababa University especially those at Faculty of Business and Economics, John F Kennedy Library, and Institute of Development Research Library were accessed for publications related to governance and NGOs.

In addition, e-journals and Internet materials such as Journal of Non-profit and Voluntary Sector Quarterly, Journal of Accounting, Auditing and Accountability, Journal of Nonprofit Management and Leadership and International Journal of Health Planning and Management were used.

Study Period

Governance practices and challenges of the selected 18 NGOs from the year 2001 to the point of time when data collection was finalized (first week of May 2007) were studied.

Sample Design

The data for this study were drawn from 18 local NGOs in five major cities in Ethiopia. The study was carried out between February and June 2007. Data collection was conducted through face-to-face interviews with Board members, executive directors and staff of organizations.

Purposive sampling was adopted. In the first stage, the researcher purposely decided to take 15 local NGOs from CRDA members' list and 10 non-CRDA members from civil society database at CRDA initially. The assumption for selecting CRDA members was that they would have been exposed to various capacity building initiatives of CRDA for these NGOs. Moreover, this was aimed at providing a fair representation to all categories of local NGOs in Ethiopia. In the second stage, each category (CRDA members and non-CRDA members) was divided into two sub-strata as those working at national level and those working at regional level. The decision here was to take 10 CRDA members that implement projects at national level and only five CRDA members operating at regional level. On the other hand, from the non-CRDA members five local NGOs each at national and regional levels were taken. An attempt was made to include local NGOs engaged in service delivery like health, non-formal and basic education, water and environmental protection, on the one hand and policy advocacy on environment, gender, and poverty, on the other. Based on these, 15 local NGOs were selected from the membership profile list of CRDA; and 10 non-CRDA members were selected from the civil society database of CRDA. However, 18



NGOs could only be covered for this study covering 12 CRDA members and six other NGOs.

From each local NGO two Board members, an executive director and three randomly selected staff were interviewed. Totally, questionnaires were distributed for 150-sample population (50 Board members, 25 executive directors and 75 staff) from 25 local NGOs and 103 of them from 18 local NGOs responded for the questionnaires. The details have been provided in chapter 3.

Measurement and analysis techniques

The following are major variables measured in order to identify, assess and establish relations among major areas of concern on NGO governance of local NGOs in Ethiopia. Analysis separately for CRDA member NGOs and other NGOs was not made due to absence of adequate number of respondents for some of the categories of the respondents.

- Degree of participation of Board members, CEOs, staff and founders in selected tasks
- Board composition
- Board members selection criteria
- Governance effectiveness indicators developed by Gill, Flynn and Reissing mentioned earlier
- Founders' syndrome
- Accountability procedures

Both qualitative and quantitative data analysis techniques were applied using spreadsheet (Excel) and manual computation. Tables, mean and standard deviation and percentage computations were done to present data in bar charts and show correlation between certain variables in the study such as between gender composition of Boards and equity and fairness. Chi-square test was also

employed to see whether there is a correlation between gender inequity and gender representation in Board composition. In doing so, the first step in the data analysis was to record every response for each question. This was done by coding the information first and then getting frequency distribution, mean and percentages.

1.8 Organization of the Study

The research report constitutes four chapters: introduction, literature review, findings and conclusions and recommendations.

Chapter one is the introduction, which discusses background, statement of the problem, hypothesis, research questions, methodology, objectives, significance, organization and time schedule of the study.

The second chapter, the literature review, touches up on definitions of some concepts like governance, NGO governance, NGO accountability, Board composition, and founders' syndrome. This part also presents review of related research works on NGO governance, accountability, Board composition, performance, motivation and effectiveness and founders' syndrome.

The third chapter is the finding part wherein results from data analysis and interpretations have been presented. It provided with what the researcher finally arrived at regarding governance practices of local NGOs in Ethiopia in relation to Board composition in terms of gender and educational background. Results are also presented on Board selection criteria whether education and professional credential, ethnic, religious and political affiliations, family tie and friendship or gender balance are predominantly used. In addition, findings are collated on governance effectiveness indicators as perceived by Board members, CEO and staff showing whether practices are strong or weak. Apart from this, outcomes on

accountability practices, in light of relational and identity accountabilities and founders' syndrome are discussed.

The last chapter presents conclusions and recommendations. This chapter initially deals with summaries of the research process covering the preceding three chapters beginning from the introductory chapter to the theoretical frameworks and literature review. Subsequently, the conclusions part based on the analysis and findings chapter was presented. The recommendations part of this chapter, on the other hand, touches upon certain possible rectifying measures, as per the researchers' insights, regarding drawbacks in governance practices of the selected local NGOs in Ethiopia.

1.9 Delimitation of the study

Governance issues are looked upon from the NGO side that is from the perspectives of Board members, executive directors and staff. Perspectives from regulatory organs of government offices, funding organizations, communities, target groups, the media and other stakeholders are not included in this research due to financial and time constraints. In addition, for the same reason, other aspects of NGO governance, like sustainability, Board development and Board efficiency have not been covered. These would be potential areas for future study in the Ethiopian context.

1.10 Time Schedule for the Research

From January 25 to February 16, time was taken to concretize the concepts, collect materials regarding topic of the thesis and develop the proposal. The time from then onwards, until February 28, was used for the literature review. Questionnaires were finalized by March 15, 2007. Parallel to refining the questionnaire in the second week of March, orientation was given for five enumerators who were deployed to collect data from 25 local NGOs in five

towns/cities. Data collection and entry were carried out in the first and second week of May 2007 respectively.

Analysis and interpretation of collected data was completed on first week of June 2007. The first draft was made ready by the second week of June and the final one on the fourth week of June. Finalized work was submitted to the Department of Public Administration and Development Management on the last week of June 2007. See the summarized chart below for more details.

Chart 1: Details of time schedule for various activities undertaken for the study

| Description of the events | Time period in months and weeks | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------------------|---|------|---|---|---|-------|---|---|---|-------|---|---|---|-----|---|---|---|------|---|---|---|------|---|---|---|--|--|
| | Jan. | | Feb. | | | | March | | | | April | | | | May | | | | June | | | | July | | | | | |
| | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | | |
| Concept concretization and developing proposal | ■ | ■ | ■ | ■ | | | | | | | | | | | | | | | | | | | | | | | | |
| Developing Review of Literature | | | | ■ | ■ | ■ | ■ | | | | | | | | | | | | | | | | | | | | | |
| Preparation of data collection instruments (questionnaires) | | | | | | | | ■ | ■ | ■ | | | | | | | | | | | | | | | | | | |
| Orientation for enumerators | | | | | | | | | ■ | | | | | | | | | | | | | | | | | | | |
| Data collection and entry | | | | | | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | | | | | | | | | |
| Data analysis and interpretation | | | | | | | | | | | | | | | | | | | | | ■ | ■ | ■ | | | | | |
| Write up and submission of the first draft | | | | | | | | | | | | | | | | | | | | | | ■ | ■ | ■ | | | | |
| Composition and submission of final report | | | | | | | | | | | | | | | | | | | | | | ■ | ■ | ■ | ■ | | | |
| Binding and submission of the report to the Department | | | | | | | | | | | | | | | | | | | | | | | | | ■ | | | |

Chapter Two

Theoretical Framework and Literature Review

2.1 Introduction

In the first part of this chapter concepts and definitions regarding pertinent issues to NGO governance are presented. In addition, some prominent theoretical and conceptual discussions are made on criteria that are utilized by NGOs while selecting their Board members. Apart from these criteria, NGO Board composition, accountability, types of accountability and founders' syndrome are briefly addressed.

The second part of the chapter focuses on reviewing relevant studies made by different researchers as well as on assessing various publications on the subject of NGO governance. The main publications for review dealt with Board composition, Board members selection criteria and Board performance, Board development practice, Board motivation, funding and founders' syndrome. Efforts have been made to identify research gaps on the issue.

2.2 Theoretical Framework

Some conceptual definitions and theories upon which this research is built are presented here.

2.2.1 Governance

The word 'Governance' is the most frequently used term in all spheres of organizations, especially in government and non-profit sector (Center of African Families Studies (CAFS), 2004: 5). CAFS equates it with the manner in which

power is exercised to manage resources and achieve organizational mission. Therefore, it connotes processes, policies, procedures, systems and practices. Governance, as the understanding has evolved, goes beyond the management of institutions to include interactions between and among stakeholders and their social, economic and political environments. Governance is not only about managing resources, people or institutions, but also about understanding how relationships among different stakeholders impact their effectiveness and influence the process of development in their countries (Africa Liaison Program Initiative-ALPI Unpublished paper on Understanding Governance). This paper defined governance in the following manner.

“Governance is a complex system of interactions among structures, traditions, functions (responsibilities), and processes (practices) characterized by three key values of accountability, transparency and participation. The nature and quality of those interactions intended to lead to sustainable human development, determine how power is exercised, how decisions are taken, how stakeholders have their say and how decision makers are held accountable.”

Edward and Hulme (1995, cited in Jepson, 2005: 518) used the term governance to mean how an organization steers itself and the structures are used to achieve goals. For Jepson governance is about vision, oversight, process, independence and accountability and not the day to day running of operation.

A report on ‘Improving Governance and Accountability in Canada’s Voluntary Sector’ (1999, cited in Gill, 2001:7) defined nonprofit governance as the processes and structures that an organization uses to direct and manage its general operations and program activities. It refers to the structures, functions (responsibilities), processes (practices) and organizational traditions that the

Board of an organization uses to ensure accomplishment of the organizational mission.

2.2.2 Nonprofit Boards

In nonprofits, the equivalent of the corporate Board of directors is the Board. Its members are responsible for guiding the organization with care, skill, and integrity. Agency theory and contractual literature assert that there are features of the Board (such as its size, composition, internal structure, and founders' commitment) that help to guarantee the efficiency of the nonprofit organizations (Callen, Klein and Tinkelman, 2003; Herman and Renz, 2000 and 2004 cited in Alonzo, Cruz and Merino, 2006:590). The roles and responsibilities that Boards in nonprofit organizations are expected to carry out include the following (Axelrod, 1994; Carver, 1990; Drucker, 1992; Duca, 1996; Houle, 1989 and Soltz, 1997 cited in Iecovich, 2004:6-7)

Overall mission of the organization. The most basic role of a Board in a nonprofit organization is to set its mission and ensure that the mission achieves results and that the organization attains its goals.

Policy development and setting. Policy should derive and be consistent with the organization's mission.

Strategic planning. This responsibility includes definition of goals and objectives and setting priorities with respect to resource allocation to support the necessary activities that will take the organization where it wants to go.

Fiscal matters and fundraising. Included are policies with respect to resource mobilization, approval of the organization's annual budget, fiscal

oversight and effective money management, audit, assisting in fundraising, investments, and so forth.

Monitoring and appraisal of programs and services. This responsibility ensures that the organization's objectives are being achieved in the best way possible and that the quality of care and services provided to its constituencies continually improve.

Management of senior human resources. This means selecting and hiring the executive director, working closely and interactively with him/her and the senior staff, and reviewing executive performance.

Maintenance of relationships with the task environment. This includes relationships with the public, communities, and institutions to which the organization is related. This function is important in fulfilling all other functions.

Self-assessment of Board's performances and effectiveness. Boards should periodically analyze their performance and make sure that their legal and ethical responsibilities are being properly fulfilled.

2.2.3 Criteria for Selecting Board Members, Board Composition

Abzug and Galaskiewicz (2001:51) stated that Boards of nonprofit organizations are responsible for governance and legitimacy functions such as ensuring whether organizations live up to their values, principles and mission and utilize resources responsibly. These roles, in turn, make Boards to assume the role of representing organizations to stakeholders who may not be in a position to know if nonprofit organizations are complying with stated functions. Therefore, they generally pigeonhole nonprofit organizations, as trustworthy or not, by looking at individuals constituting Boards.

The representative role of Boards, as spelt out earlier, would contribute towards the legitimacy of nonprofit organizations. The composition of Boards in terms of gender, professional and educated groups and target groups representation, then, is of central to the legitimacy of nonprofit organizations. According to the neo-institutional theory (Meyer and Rowan, 1997 cited in Abzug and Galaskiewicz: 52-54), organizations could change their policies, practices, and structures to secure legitimacy. Efficiency is at the center of this theory wherein conformance to certain ideologies, beliefs, norms and regulations, as imposed by donors, government bodies, professional associations and pressure groups, is given much more importance. Therefore, the composition of Boards and Board members selection criteria are largely dominated by educational, professional, and managerial credentials of individuals.

Political sociologists, on the other hand, give much more emphasis to constituencies to establish legitimacy for nonprofit organizations. Nonprofit organizations, representing the interest and identities of different constituent units of the community, could easily secure their legitimacy. Unlike the neo-institutional theory, the source of legitimacy here is the community. Boards under such circumstance, therefore, would be dominated by constituencies. This would take us to what Abzug and Galaskiewicz stated 'in addition to procuring legitimacy from above, community-based nonprofit organizations need to show that they represent to serve the community below' (Abzug and Galaskiewicz: 53).

The researcher wanted to test if local NGOs in Ethiopia abide by these two theories in practical terms. There might be fewer cases where local NGOs strive for safeguarding interests of communities by involving the community in the Board and or maintaining high standard of performance and efficiency by recruiting Board members with high educational and professional backgrounds. Whichever approach they predominantly practice while selecting Board members, local NGOs in Ethiopia are presumed to behave in this way not intentionally but

accidentally. This is to mean Board members selection criteria may not entirely rely on profession, educational qualification and social dignity of individuals in the community rather on some other factors, which may include friendship, family relationship and other affiliations.

2.2.4 Accountability

Accountability refers to final responsibility for the success or failures of an organization. It can be examined on several levels: accountability to the donors, to the public/community/target groups, to the employees and to other stakeholders. Edwards and Hulme (1996, cited in Ebrahim, 2003: 193) defined accountability as the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions. Similarly, Fox and Brown (1998, cited in Ebrahim) described accountability as the process of holding actors responsible for actions (Ebrahim: 193-94).

According to Ebrahim (2003a and b) and Najam 1996, cited in Unerman and O'Dwyer (2006:353), accountability can be broadly conceived of as a relational issue, being answerable to and held responsible by others, or as an identity issue, being answerable to ideals or missions and one's own sense of responsibility.

2.2.4.1 Relational Accountability

With relational accountability people are required to explain for stakeholders and take responsibility for their actions" (Sinclair, 1995, cited in Unerman and O'Dwyer: 353). Unerman and O'Dwyer talked of the existence of three theoretical views on the recognition of stakeholders (353-56). But for the present study, only the two relevant views are discussed here.

The first theoretical view assumes that any human being is vested with the full right, irrespective of power in relation to others, to participate in decisions on matters that directly or indirectly inflict positive or negative influences on him/her.

This engagement in decision-making process becomes critical when the impact on life is gravely greater. Thus, Atack (1999), Kovach (2003) and Najam (1996), all as cited in Unerman and O'Dwyer, stated that:

“The stakeholders to whom NGOs might be considered accountable include both groups to whom NGOs provide services and/or campaigns on behalf of, and the individuals, communities and/or regions indirectly impacted by NGO activities” (355).

As per the assumption stated above, local NGOs in Ethiopia are believed to be accountable to the public, community and target groups that they are claiming to serve.

The second theoretical view enunciates that NGOs are only accountable to those who have the power, right and influence to affect their operation, existence and effectiveness. Those stakeholders who are in the best position to progress or retard NGOs achievement of their mission (or the successful implementation of their policy objectives) might include donors, journalists, governments/regulators, and other NGOs who cooperate in projects. The practice in Ethiopia seems to favor the second view. The inclination is perhaps more towards funders where the lifeblood of local NGOs is largely originating.

2.2.4.2 Identity Accountability

Identity forms of accountability focus on issues of accountability (such as integrity and mission) that are internal to organizations and individuals and infuse, as Roberts (1991, cited in Unerman and O'Dwyer: 356) contends accountability with an ethical or value-based dimension privileging the internal motivation of actors. Identity accountability therefore represents a means by which managers running

organizations take responsibility for shaping their organizational mission and values, for whether to open themselves to public or external scrutiny, and for assessing their performance in relation to their goals (Ebrahim, 2003, cited in Unerman and O'Dwyer).

Identity forms of accountability therefore give few, if any, rights to accountability to many stakeholders who may be affected by an organization's or an individual's actions, as it is the "actors" who decide upon the scope of their own accountability. If they have a significant negative impact upon the life of someone to whom they feel no responsibility or duty of accountability, under identity accountability that person has no right to challenge this lack of accountability for actions, which adversely impact upon them.

2.2.5 Founders' Syndrome

Boards of nonprofit organizations, as Block and Rosenberg (2002:353) wrote, are characterized by the presence of class structure wherein some individual members exercise more clout than other members. This influential privilege originates mainly from the esteem Board colleagues attached to the years of service, professional credibility and community applause of some individual Board members. The founder of a nonprofit organization in this regard holds key position to inherently exercise the privilege of this typical influence and power.

Founders, in view of many including McNamara (2006) can see deep into the future about what their organization would become as part of their dynamism, self-driven vigor and decisiveness; they know what their customers need and meet those needs. These traits uplift new organizations off the ground and push them forward. Nonetheless, Block and Rosenberg underlined the fact that others may judge founders negatively due to the specialized influence they have on decisions of Boards and works of management and staff. McNamara listed traits,

which would expose founders for stringent criticism and are major liabilities both for profit and nonprofit organizations as:

- Founders are highly skeptical about planning, policies, and procedures. They often believe they have found a new way to get things done and make reactive, crisis-driven decisions with little input from others;
- In nonprofit organizations, executive directors attend mostly to fundraising and generating new ideas for services;
- Founders hand-pick their Board members and staff and see these people as working for the founder as much as working for the organization's mission;
- Founders attract Board members through founder's dynamic, often charismatic personality, not through focus on organization's mission;
- Founders count on whoever seems most loyal and accessible, and motivate by fear and guilt, often without realizing it;
- Founders hold occasional staff meetings to report crises and rally the troops;
- In the case of nonprofits, executive directors usually see their Boards mostly as a source for fundraising, and work to remove Board members who disagree with founders; and
- Founders have a very difficult time letting go of the strategies that worked to quickly grow the organization, despite evidence that the organization can no longer absorb this rapid growth without major changes.

Ultimately, McNamara stated founders' syndrome sets in because the organization becomes dependent, not on the systems and structures of the organization, but on the unique style of the leader -- whether the leader is consistently decisive or consistently indecisive.

According to Gottlieb (2005) founder's syndrome occurs when a single individual or a small group of individuals bring an organization through tough times (a start-up, a growth spurt, a financial collapse, etc.). Founder's syndrome is not necessarily about the actual founder of an organization. The central figure could be the person who took over from the founder. It could be someone who took over in a time of crisis, and led the organization to clear waters. The "founder" could be the CEO; or it could be a Board member, or a handful of Board members who have either been there since the beginning or have ridden the organization through tough times. But the main symptom of founder's syndrome is that decisions are not made collectively. Most decisions are simply made by the "founder." All other parties merely rubber stamp what the founder suggests. There is generally a strong resistance to any change in that decision-making, where the Founder might lose his/her total control of the organization. Boards of these organizations usually don't govern, but instead "approve" what the founder suggests. Planning isn't done collectively, but by the founder. Plans and ideas that do not come from the founder usually don't go very far.

2.3 Literature Review

Several publications on NGO and nonprofit organizations' governance were reviewed; especially, those researches on nonprofit Board composition, Board members' selection criteria, Board development, Board effectiveness, Board motivation and founders' syndrome were thoroughly examined as presented below.

2.3.1 Board composition, Selection Criteria and Performance

Alonzo, Cruz and Merino (2006:593) took a sample of 41 Non-Governmental Development Organizations (NGDOs) registered in the Federation of Spanish NGDOs for their research on the governance of nonprofit organizations in Spain.

They used groups of variables; the first of which is on efficiency-technical and allocative efficiencies. By technical efficiency, they meant the quotient of administrative expenses and total cost and by allocative efficiency the direct project expense as a percentage of total donations. The second group of variables, regarded by these researchers, encompasses size, composition, internal structure, commitment of members of Boards and percentage of an active donor in the finance of NGDOs.

Utilizing econometric programs and models, they found out that large Board size acts detrimentally on the efficiency of non-profits when efficiency is measured in terms of the percentage of funds spent directly on projects (Alonzo, Cruz and Merino: 598). This, however, does not hold true for technical efficiency, that is oversized Boards do not inflate the proportion of administrative cost to total cost.

Regarding, allocative efficiency what Alonzo, Cruz and Merino arrived at is that Board members' independence (the inclusion of members who do not involve in the daily operations of NGDOs) worked in favor of nonprofit performance by way of spending more resource on NGDOs projects. But they were not able to affirm the fact that increasing changes in the members of the Board of trustees would have negative relationship with NGDOs' efficiency. In addition, Boards that delegate part of their functions on an executive committee would not be associated with positive NGDOs' efficiency as per the findings of these researchers.

Alonzo, Cruz and Merino on the other hand attested that the number of Board meetings had significant effect on efficiency but not in the way they thought it would be a positive relationship. That is when efficiency decreases, the number of meetings increases. Apart from this, no verification was detected on the existence of a positive relationship between the inclusion of founders as voting members of

a Board and NGOs' efficiency. They finally affirmed that the presence of an active donor in NGOs' funding, leads to greater efficiency. (598)

Brown and Iverson (2004: 383-85) also studied strategies and Board structure of 324 nonprofit organizations with response rate of only 42% in metropolitan area of Southwest Arizona wherein they looked into governance structure, strategy, and organizational performance. They tested three hypotheses that are (382):

Their analysis supported their stipulation that organizations, which employ prospector strategies, will possess a broader structural pattern than defenders; and defender organizations will be less diffuse in committee composition than prospector organizations. This revealed the presence of a significant difference in the number of committees an organization uses and the average number of constituents on those committees across strategic styles; there was also significant difference on reported performance across strategic styles, thereby prospector as well as defender organizations perform, on an average higher than reactor and analyzer organizations. (Brown and Iverson: 386-87)

Brown and Iverson finally concluded that organizations, which were of prospectors type sought to, have expansive and inclusive Boards by engaging non-Board members into Board level committees. While defenders went for efficiency and maintaining definite services, analyzers behaved less strategic than others (Brown and Iverson: 395).

Abzug and Joseph (2001: 55) on the other hand studied the composition of Boards and selection criteria by taking a sample of 15 nonprofit organizations in six major cities of USA at three points in time, 1931, 1961 and 1991.

Abzug and Joseph addressed the questions of whether local non-profit Boards increased the percentage of directors with professional and managerial backgrounds and college educations or local nonprofit organizational Boards

dominated by particular interest or cultural identities. In terms of gender composition of Board members, the researchers came across an increased percentage of female representations between 1931 and 1991; they also observed the same trend of increment in the representation of non-whites and some marginalized religious groups in Boards of NGOs (58).

In spite of this increment, Abzug and Joseph concluded that directors of nonprofit Boards had hardly been representative of the population of these cities and under such circumstances, these researchers summed, men, whites, college educated people, managers and professionals, as was the case in six cities of USA, will be overrepresented (68). This, however, could not overshadow the fact that women's and non-whites' considerable achievement in gaining representation over 60 years of the study.

Nobbie and Brundey (2003: 571-94) tested the implementation, Board performance and organizational effectiveness of the policy governance model in nonprofit Boards of directors. Samples consisting of 32 NGOs from USA and Canada and their Boards of directors were studied. Nobbie and Brundey addressed the following issues:

- The extent of implementation of the policy governance model (p. 575);
- The relationship between policy governance implementation and Board performance (p. 577);
- The relationship between extent of implementation of the policy governance and organizational efficiency measures (p. 579); and
- The difference between effectiveness of non-profit Boards that employ policy governance model and that use other models of Board practice (p. 585).
- Board members will score higher on indicators of policy governance practices and lower on traditional Board practices after implementation

of the policy governance model compared before implementation of the model (575); and

- Among diverse non-profit organizations, indicators of components of the policy governance models will be positively inter-correlated (577).

Significant proportion of Board members responded that they practice the policy governance behavior 75% or more of the time, on an average; and Board members practice traditional behavior substantially less than policy governance behavior following the implementation of the latter (Nobbie and Brundey: 575-76). Nevertheless, despite respondents' perception that the more they practice the policy governance behavior, the less they leaned to traditional behaviors, it would be difficult to consider those Board members who practice behaviors other than policy governance behaviors as traditional.

What these two researchers also affirmed is that Board members tend to practice behaviors associated with the policy governance model to a similar degree. When practicing some of the behaviors in the policy governance model, Board members tended to practice other behaviors as well, but the evidence was weaker to conclude that they viewed the model as a comprehensive one (Nobbie and Brundey: 577).

A correlation analysis that Nobbie and Brundey carried out supported the fact that there is significant improvement in Board performance to the degree the policy governance model has been implemented (Nobbie and Brundey: 578). The existence of a strong and significant relationship between Board members' mean policy governance implementation scores and their perception of improvement in meeting organizational goals was also confirmed. No significant relationship was established between policy governance implementation measures and either CEOs' or chairpersons' perception of the ability of the organization to achieve its

goals (Nobbie and Brundey: 580). What Carver and Carver (2006) mentioned on the Policy Governance Model is relevant here.

According to Carver and Carver Policy Governance model, an integrated Board leadership paradigm created by Carver, is a groundbreaking model of governance designed to empower Boards of directors to fulfill their obligation of accountability for the organizations they govern. As a generic system, it is applicable to the governing body of any enterprise. The model enables the Board to focus on the larger issues, to delegate with clarity, to control management's job without meddling, to rigorously evaluate the accomplishment of the organization; to truly lead its organization.

In contrast to the approaches typically used by Boards, Policy Governance separates issues of organizational purpose (ENDS) from all other organizational issues (MEANS), placing primary importance on those Ends. Policy Governance Boards demand accomplishment of purpose. The Board's own Means are defined in accordance with the roles of the Board, its members, the chair and other officers, and any committees the Board may need to help it accomplish its job. This includes the necessity to "speak with one voice". The Board's expectations for itself also set out self-imposed rules regarding the delegation of authority to the staff and the method by which Board-stated criteria will be used for evaluation. Policy Governance Boards delegate with care. There is no confusion about who is responsible to the Board or for what Board expectations they are responsible. Double delegation (for example, to a Board committee as well as to the CEO) is eliminated. Furthermore, Boards that decide to utilize a CEO function are able to hold this one position exclusively accountable.

Evaluation, with such carefully stated expectations, is nothing more than seeking an answer to the question, "Have our expectations been met?" The Board, having clarified its expectations, can assess performance in that light. This focused

approach reduces the mountains of paperwork Boards often feel obliged to review. Moreover, those Boards which worry that they are only furnished the data management wants to give them find that, in stating their expectations and demanding a relevant and credible accounting of performance, they have effectively taken over control of their major information needs. Their staff no longer has to read their minds. It urges for a far more enlightened and more competent Boards than before. This may entail losing some Board members as the composition of Boards changes and will bring better NGO practices.

2.3.2 Board Development Practice, Motivation, Performance and Funding

In exploring Board development practices, Brown (2007, 301 & 307) conducted two surveys on a sample of 672 Chief Executive Officers and 379 Board chairs representing 713 credit unions. The research focused on three features of Board development: recruitment, orientation and evaluation as well as on general functions of Boards: fiscal oversight, setting policy and ensuring effective leadership (307-09).

In so doing, he proposed four hypotheses. The first three were to test whether Board development practices should lead to competent Board members. The fourth hypothesis was to test the relation between Board competence and Board performance (Brown: 306 -07). They are:

- Best practice recruitment strategies will lead to highly capable Board members.
- Best practice orientation will lead to highly capable Board members.
- Performance evaluation will lead to highly capable Board members.
- Highly capable Board members will contribute to improved Board performance.

Brown finally established that all Board development practices have had impact on the competency of Board members, recruitment practices having the strongest tie with perception of Board member competency followed by orientation and then by evaluation practices (311). A significant positive relation was also found out between perception of Board member competencies and Board performance. In addition, he affirmed that orientation had a significant positive impact on overall Board performance (312).

Preston and Brown (2004) made a study on Board members' commitment and performance on 533 Board members and 38 executive directors from a sample of 38 mid sized nonprofit organizations (229). By employing survey method for gathering data, they proved that that a positive relationship is found between affective commitment and Board performance. In addition, they concluded that there is a partial positive relationship between normative commitment and Board member performance. The presence of a partial positive relationship was also found between self reported involvement and executive judgments of participation and value. Self reported involvement and affective commitment was also partially accounted for variance in executives' perceived participation. They did not attest the presence of negative relationship between continuance commitment and Board member performance while a strong convergence was found between Board members' rating of themselves and the executive evaluation of them. (Preston and Brown: 232-23)

Hodge and Piccolo (2005) used Board involvement and financial statement data from a sample of 75 nonprofit organizations and their CEOs to study funding source, Board involvement technique and financial vulnerability in relation to resource dependence theory (178-79). They offered the following hypotheses (175-77):

- Funding source will be related to Board involvement such that CEOs of privately funded agencies will use more Board involvement techniques than CEOs of government or commercially funded agencies
- Funding source will be related to financial vulnerability such that privately funded agencies will be less financially vulnerable than government or commercially funded agencies
- Funding source will explain incremental variance in Board involvement beyond organization size, Board size and national affiliation and incremental variance in financial vulnerability beyond Board size and national affiliation
- Agencies using a high level of Board involvement techniques will be less financially vulnerable than agencies using a low level of Board involvement.

The results from testing the hypotheses are mixed ones such that while some results supported a few of the hypotheses and others did not (182-83). In relation to the first hypothesis, Hodge and Piccolo arrived at a significant positive correlation between funding source and Board involvement; and a higher level of Board involvement was witnessed in privately funded agencies than government or commercially funded organizations.

On the contrary the correlation between funding source and financial vulnerability was found to be negative; and agencies that obtained significant proportion of their funds from private sources were less vulnerable than those obtaining majority of government grants and commercial funding. However, these results partially supported hypothesis 2.

Results in relation to hypothesis 3 indicated that funding source is an important predictor beyond Board and organization size. Hypothesis 4 was partially supported in their test such that less vulnerability was observed in those agencies

with higher level of Board involvement than in those with low level of Board involvement.

Inglis and Cleave (2005) studied Board motivations so that they could develop a framework for identifying the motivation of Board members in nonprofit organizations. They randomly selected 54 NGOs from the member list of a metropolitan and an area volunteer center and administered 540 questionnaires on their Board members. They finally designed, among others, a multidimensional framework that includes five clusters of motivations closely associated with the needs of individual volunteer. These are: enchantment of self worth, developing individual relationships, learning through community and unique contribution to the Board.

Though no substantial empirical works have so far been made on founders' syndrome, Block and Rosenberg (2002: 253-68) studied power and privilege among founders of nonprofit organizations. For such a study, they randomly selected a sample of one thousand names and addresses of nonprofit leaders in Denver from the Colorado Association of Nonprofit Organizations list. They compared the governance characteristics of nonprofit organizations led by founders with that of nonfounders. They looked into concepts of Board performance, Board member relationship, power and influence, Board participation, governance effectiveness, effective nonprofit leadership and Board practices in designing their questionnaires. Their descriptive analysis of data on 38% response rate, amongst others, showed the following.

Block and Rosenberg concluded that organizations led by founders conducted their meetings less frequently than their counterparts led by nonfounders (358). This is because founders are less concerned with the opinions of others even to the extent of executing their agendas without seeking advices from others (364). A third of the respondents had served the nonprofit organizations leadership post

from ten to twenty years, and 56 percent for six or fewer years (357). Tenure and service to a nonprofit organization may increase in some way once ability to leverage the course of the organization's strategy (359). In relation to tenure Block and Rosenberg say:

"We were surprised to learn that so many nonprofit Boards do not seem to be interested in an infusion of "new blood," for they have no mandatory limits to the number of terms (and years) a person can serve. Although they did not favor term limits, the nonfounder-led organizations employed them more frequently. Enforcing term limits might mean that the founder would have to face the prospect of being forced off the Board. Perhaps this explains why 78 percent of founding Board chairs did not employ term limits within their nonprofit organizations. The issue of being forced to leave the organization seems to be a problem for founding Board chairs and founding Board members rather than for executive directors, whose tenure may be guided by employment contracts rather than term limits" (364).

In addition, more than half (52%) of the founders disagreed the balance of exercise of power between the Board of directors and the executive director. With regard to non-founders, disagreement stood at 63% (Block and Rosenberg: 360).

2.4 Summary

This chapter contained two major parts. The first part was about theoretical basis and conceptual definitions on major issues that this research dwelled upon. Accordingly definitions and concepts of governance, NGO governance, Board composition and Board member selection criteria, accountability, types of accountability and founders' syndrome were presented.

Governance is a system of exercising power or authority to manage resources, institutions, interaction among stakeholders, aiming at meeting organizational goals. The same concept could also work for NGO governance in which case importance is laid on the structure, function, process and tradition of Boards, the highest governance body of NGOs. Boards should, therefore, be composed of individual members who either are educated and professionally credible, community nominated or a combination of these. The neo-institutional theory, in this regard, opted for Board composition on the basis of educational, professional or managerial capability of individuals to ensure efficiency and effectiveness of nonprofit organizations. Political sociologists on the other hand crave for a Board that is based on community representation in order to cement the legitimacy of organizations by safeguarding the interest of communities.

The accountability of NGOs may be reflected in two forms: relational accountability and identity accountability. The former refers to being responsible to one's action and answerable to external bodies such as the public, target groups, government body, journalists and donors. Identity accountability is a type of accountability whereby individuals are answerable to the ideals for which organizations stand. Conformance to values, principles, codes of ethics and mission of the organization is what identity accountability upholds. The issue of founders' syndrome was also raised as an important element of NGO governance, which is likely to manifest when a founder is regarded as the sole caretaker and decides irrespective of opinions of other Board members.

The second part of this chapter reviewed previous research works and publications in relation to NGO governance. Published research works are not easily accessible on governance practices of local NGOs in Ethiopia with particular emphasis on Board composition and selection criteria, founders' syndrome, relational and identity accountabilities and governance effectiveness. Therefore, the second chapter of this research, focused on reviewing research

articles and publications done in other parts of the world, having relevance to the issues mentioned earlier and others such as Board performance development, motivation and size. Moreover, theoretical and conceptual frameworks and definitions within which the entire research work swings were discussed.

Chapter Three

Board Practices in Emerging NGOs Local NGOs

3.1 Introduction

The previous chapter II initially brought out the various concepts and theories relevant for this study. Subsequently, it focused on reviewing the research carried out earlier and various publications on the issue. This resulted in the identification of the research gaps on the subject. The present chapter is devoted for presenting the data and results emanating from their analysis.

The findings of the analysis and interpretations of data are presented as per the objectives and hypotheses set earlier in chapter one. Prior to that, the legal and institutional environment of local NGOs in Ethiopia is discussed. This have been followed by organizational and respondents profile of the selected local NGOs. Subsequently, narrative presentations are provided along with supportive visual aids on issues of Board, staff, CEOs, founders and other stakeholder participation in framing visions, missions, goals objective, strategic plans and organizational policies. Governance practices depicting either weaknesses or strengths using governance effective indicators as measures, on composition of Boards in terms of gender balance and educational qualification of individuals in the selected local NGOs in Ethiopia were presented later. Apart from these, discussions are made on results in relation to Board selection criteria such as friendship, family tie, ethnic and religious affiliation, educational and professional background and community integrity. Findings are also presented on Board sub-committees, founders' syndrome, Board term limits and accountability. In addition, a relationship between founder's syndrome and participation of different stakeholders in selected tasks and governance effectiveness is created. The effect of relational and identity accountability on the legitimacy of local NGOs is

also part and parcel of this chapter. Finally, this chapter presents a summary on key elements of findings.

3.2 Legal and Institutional Environment

The legal basis for the operation of NGOs has been clearly recognized in various international instruments, practices, standards and initiatives. The international, regional and national instruments affirm the right of citizens to organize themselves as non-state actors (mainly excluding political parties). Therefore, the various international instruments recognize and support the right to establish independent associations. The Universal Declaration of Human Rights, the International Convention on Civil and Political Rights and the International Economic, Social and Cultural Rights all express the right to form independent associations, and the rights of citizens to organize around certain interests. (Paper presented by Yitagesu, 2006 cited in CRDA, 2006: 10)

The 1960 Civil Code of Ethiopia provides a framework for regulating associations which it defines in Article 404 as a “grouping formed between two or more persons with a view to obtaining a result other than the securing or sharing of profits.” Under the proclamation defining the powers and duties of Federal Ministries (4/1995), the Ministry of Justice registers CSOs that are either international or that operate in more than one Region. The categories of organization registered by the Ministry include NGOs, religious groups, professional/occupational associations, and organizations with prime objectives of research and advocacy at Federal level. The Ministry of Justice has established requirements and procedures for registering each category of organization. The same proclamation assigns responsibility for registering national organizations operating in only one Region to Regional bodies, where the Bureau of Justice handles registration. Until now no single act has comprehensively covered the establishment and operations of NGOs. A draft NGO law is now passing through

the legislative process, the timely completion of which would be significant to streamline Board practices in governing Local NGOs. The draft legislation incorporates several provisions proposed by NGOs to improve on current operating conditions (for example, the possibility for NGO networks to register; the right to undertake income-generating activities) but it is likely to require further amendment before it fully reflects the concept of partnership with government rather than control by government.

Having clear and unambiguous laws, which define and authorize operations of NGOs is at the heart of an “enabling environment”. According to PACT, (2004, Cited in CRDA, 2006:10) the government of Ethiopia initiated a reform process in 2002 and a series of draft proposals for new legislation were circulated. NGOs expressed dissatisfaction and assert that agreed upon terms were changed in the final version. Even though having legislation is not going to solve all the issues and problems, at the time of this assessment in 2006, there is as yet no closure in this fundamental indicator of enabling environment. Furthermore, in addition to legislation, political commitment and will, particularly on the part of the Government, is absolutely necessary. For various reasons emanating either from the side of the government or from the NGOs themselves, registration of association is becoming an essential part of the legal framework. Until 1997, DPPA was handling NGOs registration and re-registration. After 1997, the mandate was transferred to the Ministry of Justice, which carries out registration and re-registration of NGOs. Similarly, the registration process of NGOs in general has been constrained by a number of bureaucratic obstacles. According to the guideline of the Ministry of Justice, NGOs applying for registration are required to present the following documents:

- Bylaws and memorandum of understanding;
- Minutes of discussion held by the general assembly to appoint the Board of directors;

- Minutes of discussion held by the Board of directors to appoint the general manager and the signatories;
- Personal and educational profile of Board of directors;
- Recommendation by local administration confirming that he/she is free from any kind of crime;
- Government employees need to submit an official letter from their office to participate in the Board;
- No Board member is allowed to get remuneration for his participation in the meetings of the association;
- A written recommendation by a pertinent government authority regarding the establishment of association;
- Upon acceptance by Ministry of Justice, conclude agreement with Disaster Prevention and Preparedness Agency (DPPA);
- Based on the recommendation of DPPA open current account in the name of association;
- Deposit a minimum amount of euro 100 to open a current account in Commercial Bank of Ethiopia (CBE).

This would, stifle as has been indicated above, the registration process. Besides, the process itself requires substantial time and resource allocation, which is beyond the capacity of indigenous organizations. Article 31 of the FDRE Constitution provides the right of every person to freedom of association for any cause or purpose, with restrictions currently imposed on:

- Violations of appropriate laws and
- Illegally subverting the constitutional order
- Promotion of subverting of the constitutional order illegally.

Under Article 462 (1) of the Civil Code, only when the objectives or activities of association are found unlawful, the Office has the power to dissolve an association. In all other cases, it is an issue for the court. However, the legal Notice broadens the then power of the Ministry of Interior (MoI) to dissolve an association even for reasons other than those given it in the Civil Code. Add to this, the Ministry of Justice (MoJ) and DPPA also have yet other registration procedures themselves.

The MoJ stipulates that the activities of an organization cannot be of “political” nature; that activities cannot be “those of government”, groupings of associations are not allowed and registration of networks is problematic and inconsistent and contrary to the spirit of both the Civil Code and the Legal Notice. All this makes the registration process onerous, subjective and open for abuse and provides ample room for denial of registration. The DPPA, on the other hand, has its own regulations governing the process of registration such as:

- Request for support letters from regional authorities where the association wants to work;
- Association has to depict its sources of funding;
- Conduct a pre-operation capacity assessment;
- One has to sign a general agreement,

Articles 64 and 67 of the draft NGO Registration and Regulation Proclamation compel the need to establish a permanent advisory structure, which comprises high-level officials of different ministries. This, according to observations and recommendations of the NGO community, may be useful for the Ministry of Justice (MoJ) to evaluate periodically the operational experiences of NGOs in order to distill instructive lessons that may help to improve the overall policy and legal environment in which they operate. This objective can best be accomplished by empowering the Minister to create periodic advisory groups that could undertake studies and make recommendations.

Article 69 of the draft NGO Registration and Regulation Proclamation prohibited close relative or members of a family from being members of local NGO boards. In response to this article, the sector rebuffed the issue outright on grounds that Board members of NGOs are volunteers who are not normally compensated. In addition, close relatives or members of a family may establish an NGO by committing part of their property or money for its operation.

3.3 Organizational Profile

For this study, 25 local NGOs were contacted and only 18 of them actually participated in the survey. Of the total 18 responded local NGOs, nine were found in Addis Ababa; three were located in Bahir Dar, another three in Awassa, two in Adama and one in Dire Dawa.

In terms of organizational size, they had an employee size ranging from as small as 7 to as big as 23 staff members. In terms of annual financial transactions the range was from Birr five hundred thousand to Birr 5 millions. Board membership size in almost all the NGOs is similar, ranging from 5 to 9, five being common in around 50% of the local NGOs while 7 in 38.89% and 9 in 11.11%. These local NGOs totally employed 333 staff and involved 125 Board members and 18 CEOs/EDs.

In terms of staff and financial size many of these organizations could be considered either small or medium sized NGOs. But when we look at systems of operation in terms of having strategic plans, organizational policies, automation, office facilities, and other accessories, they all can be pigeonholed as small NGOs. Among these, 66.67% were members to nationally or locally established networks and umbrella organizations while the remaining ones were not. Due to their membership in these networks and consortiums, they received supports in terms of capacity building such as training, experience sharing.

In terms of their interventions, all were involved in integrated operations such as HIV/AIDS prevention and protection, livelihood promotion, environmental protection and water supply, basic education, gender empowerment, urban renewal and child right protection. List of the NGOs covered for the study has been provided in the Annexure-A.

3.4 Response Rate

Three sets of questionnaires were distributed for 25 local NGOs; one set for 50 Board members, one set for 25 CEOs and a third set for 75 staff members. Some of the questionnaires were canvassed by enumerators and administered by the researcher through conducting face-to-face interviews with respondents.

However, the majority of the questionnaires were filled by respondents themselves and collected by enumerators. The overall response rate was 68.67% with a fair distribution of 66% (33 in number) from sample Board members, 72% (18 in number) from CEOs and 69.33 % (52 in number) from sample staff as shown in Table 1.

Table 1: Response Rate by Sample Population

| | Board Member | CEO | Staff | Total |
|---|---------------------|------------|---------------|---------------|
| Total number of questionnaires Returned | 33 | 18 | 52 | 103 |
| Total number of questionnaires issued | 50 | 25 | 75 | 150 |
| Return Rate in % | 66% | 72% | 69.33% | 68.67% |

3.5 Sex profile of respondents

Table 2 below shows that the total number of women who participated in the survey is 18 with a share of 17.48% from the total population responded to the questionnaire while the number of their male counterparts is 85, constituting 82.52% of the total sample population. Of the total figure of 33 Board members responded, women Board members make up 15.15%, while from 18 CEOs the proportion of women is 11.11%. A big disparity is also seen regarding the

proportion of responded women in the working force of the selected local NGOs which is only 21.15%.

Table 2: Gender proportion of respondents

| | Board members | CEO | Staff | Total |
|--------------|----------------------|------------------|------------------|-------------------|
| Female | 5 (15.15%) | 2 (11.11%) | 11 (21.15) | 18 (17.48%) |
| Male | 28 (84.85%) | 16 (88.89%) | 41 (78.85%) | 85 (82.52%) |
| Total | 33 (100%) | 18 (100%) | 52 (100%) | 103 (100%) |

3.6 Years of Service of Board Members and CEOs

Many Board members and CEOs who responded to the questionnaire served in their respective organizations for more than 10 years and the number of those categories serving for such years is 14 and 11 respectively. The proportion of Board members, in this regard stays at 42.42% of the total 33 Board members, while 61.11% is for CEOs. On the contrary, it can be seen from Table 3 below that significant proportion of staff responded to the questionnaire tends to stay in service only for a while, with a proportion of 84.62% staying in the organizations between 0-5 years. Implied from these is that not trivial numbers of Board members and CEOs tended to remain for longer periods of services while staff turn-over was high.

Table 3: Number of service years of respondents

| Number of years in the organization | Board members | CEO | Staff |
|--|----------------------|------------|--------------|
| 0-2 | 4 | - | 29 |
| 2-5 | 5 | 1 | 15 |
| 5-10 | 10 | 6 | 6 |
| >10 | 14 | 11 | 2 |
| Total | 33 | 18 | 52 |

3.7 Participation in Selected Tasks

Inferred from Table 4 below is the percentage distribution of the perception of respondents, who were keenly involved in accomplishing some key tasks, which

are commonly regarded as roles of the Board. Accordingly, significant number of the respondents asserted that founders are key actors in all major tasks. The role that CEO plays is also considerable. These tasks would have been the responsibilities of the Board members. They seemed to have been taken over by the CEOs and Founders. The good thing is that joint responsibilities are on the rise. This shows that participatory approaches are likely to substitute, if not at all to replace, the dominance of founders and CEOs in the near future. There was also a tendency by a few to recruit consultants especially in developing strategic plans and organizational policies and fund raising proposals, which instead would have been developed in-house.

Table 4. Participation in Selected Tasks

| Perception of the respondents on Distribution of Responsibilities of Selected Tasks | | | | | | |
|---|---------------|--------|--------|----------|--------|--------|
| Tasks of Designing | Board members | CEOs | Staff | Founders | Joint | Others |
| Vision | 15.15% | 24.24% | 0% | 33.33% | 18.18% | 9.1% |
| Mission | 15.15% | 24.24% | 0% | 33.33% | 18.18% | 9.1% |
| Goals | 9.1% | 21.21% | 18.18% | 27.27% | 24.24% | 0% |
| Objectives | 3% | 21.21% | 18.18% | 33.33% | 24.24% | 0% |
| Strategic plans | 24.24% | 18.18% | 0% | 33.33% | 3% | 21.21% |
| Organizational policies | 18.18% | 39.39 | 0% | 36.36% | 6.1% | 0% |

3.8 Board Effectiveness Indicators

In order to find out the governance practices of the selected NGOs a quick checklist containing 15 governance indicators were employed and all who respondents were asked to indicate their opinions. Gill, Flynn and Reissing wrote that governance effectiveness indicators could serve smaller NGOs well to evaluate weather their governance practices are on the right track or not, that is either weak or strong and effective and ineffective (277). In order to test the first hypothesis, a 5 point scale was used to get the perception of Board members, CEOs and staff on 15 governance effectiveness indicators. A score of 1 is the most ineffective (weakest), 2 ineffective (weak), 3 somewhat strong, 4 effective

(strong) and 5 the most effective (strongest). Mean of each indicator as perceived by each group of respondents was calculated.

From Table 5 below, we can see that only for two indicators that Board members responded that their governance effectiveness is above mid-point (average mean is 2.5). Board members perceived governance effectiveness indicators on the role of Board orientation to fulfill governance responsibilities (indicator number 1 in the table) and credibility with key stakeholders (indicator number 7 in the table) with mean scores of 3.48 and 3.03 respectively, showing some what strong governance practices. With the reaming governance indicators, Board members apparently perceived weak governance practices in their respective organizations with least scores of mean perceptions for financial soundness of the organization (indicator number 4) and Board members clarity with responsibilities of the Board and CEO (indicator number 5).

CEOs perception is seen leaping up the mid-point in six occasions that are on role of Board orientation to fulfill responsibilities with mean score of 2.61 (indicator number 1), Board involvement in planning direction and priorities with mean score of 3.06 (indicator number 2), efficiency of resource utilization with mean score of 2.56 (indicator number 6), complying to governance structure with mean score of 2.67 (indicator number 9), relation between Board and CEO having mean score of 2.56 (indicator 11) and balance between organizational stability and innovation having mean score of 3.56 (indicator number 15). This group of respondents perceived these particular governance indicators in a different way, as being somewhat effective governance practices have prevailed in their respective organizations, from other groups of respondents. On the rest of governance indicators, similar to other groups' perception, weaker governance practices were observed by the CEOs.

The mean perception of staff on the governance practices of their organizations' Board, as inferred from the Table 5, is similar and not substantially different from

what Board members perceived in general. There is a noticeable difference in perceptions on many of the governance indicators between the staff and the Board members on the one hand and the CEOs on the other. This difference might be related largely to what Board members and staff indicated that founders of their respective NGOs are the CEOs in many cases. So these responses on governance indicators may remind us what Carver and Carver (2001) stated as CEO-Centrism, current nonprofit practice supporting Board-CEO inversion. Here CEOs are expected to tell their Boards what to talk about (provide agendas), to pull their Boards together when there is dissension, and to orient new Board members to their job. Nowhere else in any type of organization, subordinates are responsible for the conduct of the superiors.

Staff also perceived weak governance in most of the indicators, the least mean signifying ineffectiveness has gone as far as below 1.35, 1.44, 1.87 and 1.9 for role of Board orientation on responsibilities (indicator number 1), between organizational stability and innovation (indicator number 15), Board commitment (indicator number 8) and soundness of decision making (indicator number 14) respectively. If we look at total mean, we can see a resemblance that governance practices in general are weak. The total mean scores are 2.44 for Board members, 2.48 for CEOs and 2.46 for staff. Therefore, it is reasonably acceptable that hypothesis one holds true, in that governance practices of local NGOs in Ethiopia is weak in terms of the perception of Board members, CEOs and staff. This is to mean that Boards in general are failed to along with the 15 governance effectiveness indicators adopted from Gill, Flynn and Reissing (292).

Table 5: Perception of Respondents to Board Effectiveness Indicators*

| | | Mean score of perception | | | |
|----|--|--------------------------|-------------|-------------|-------------|
| | | Board | CEO | Staff | Total |
| 1 | This organization's orientation for Board members adequately prepares them to fulfill their governance responsibilities | 3.48 | 2.61 | 3.65 | 3.25 |
| 2 | This Board is actively involved in planning the direction and priorities of the organization | 2.24 | 3.06 | 1.35 | 2.22 |
| 3 | This Board does a good job of evaluating the performance of the ED/CEO (measuring objectives) | 2.39 | 2.22 | 2.13 | 2.25 |
| 4 | This organization is financial sound (viable and stable) | 2.12 | 2.28 | 3.63 | 2.68 |
| 5 | Board members demonstrate clear understanding of the respective roles of the Board and ED/CEO | 2.12 | 2.11 | 2.15 | 2.13 |
| 6 | the organization's resource are used efficiently (good value for money spent) | 2.3 | 2.56 | 2.46 | 2.44 |
| 7 | The Board has high credibility with key stakeholders (e.g., donors, community, professionals, staff) | 3.03 | 2.28 | 2.63 | 2.65 |
| 8 | Board members demonstrate commitment to this organization | 2.45 | 2.17 | 1.87 | 2.16 |
| 9 | Board members comply with requirements outlined in key elements of the governance structure (bylaws, policies, code of conduct, conflict of interest, traditional/cultural norms, etc.) | 2.39 | 2.67 | 2.23 | 2.43 |
| 10 | The Board's capacity to govern effectively is not impaired by conflicts between members | 2.27 | 2.06 | 4.1 | 2.81 |
| 11 | There is a productive working relationship between the Board and the ED/CEO (characterized by good communication and mutual respect) | 2.45 | 2.56 | 2.23 | 2.41 |
| 12 | I am confident that this Board would effectively manage any organizational crisis that could be reasonably anticipated | 2.27 | 2.28 | 2.65 | 2.4 |
| 13 | Board meetings are well-managed | 2.36 | 2.44 | 2.54 | 2.45 |
| 14 | The Board uses sound decision-making processes (focused on Board responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation) | 2.45 | 2.39 | 1.9 | 2.25 |
| 15 | This organization has a good balance between organizational stability and innovation | 2.24 | 3.56 | 1.44 | 2.41 |
| | Total | 2.44 | 2.48 | 2.46 | 2.46 |

Note: * Based on Gill, Mel, Flynn, Robert J. and Reissing, Elke (2005), The Governance Self-Assessment Checklist, an Instrument for Assessing Board effectiveness, *Journal of Nonprofit Management and Leadership*, 15(3): 271-94.

3.9 Composition of Boards, internal inequity

As per the information provided by 18 CEOs on the overall number of Board members and employees under their respective organizations, there were 125 Board members of which only 19.20% were women while men constituted 80.08%. There were also about 190 employees, 35.79% of which were women while 64.21% were men.

In general, from the total crew of 341 Board members, CEOs and staff, women were 95 in number (27.86%) while men were 246 (72.14%). This shows that grave gender imbalance reigns in Board members and CEOs' recruitment and staff employment. This was reportedly said to emanate from carrying over effect of imbalances from the very nascent stage of organizations, reluctance to include gender as a criteria for Board selection and lack of policy measures (like affirmative action) to encourage women to join Board.

Table 6. Gender Composition of Board, CEO and Staff

| | Female | Male | Total |
|---------------|--------------------|---------------------|--------------|
| Board members | 24 (19.20%) | 101 (80.08%) | 125 |
| CEO | 3 (16.67%) | 15 (83.33%) | 18 |
| Staff | 68 (35.79%) | 122 (64.21%) | 190 |
| Total | 95 (28.53%) | 238 (71.47%) | 333 |

In order to test hypothesis 2, the observed frequency distribution of whether all crew perceived the presence or absence of internal inequity was taken to calculate the expected frequency. This hypothesis 2 was tested at 5% level of significance.

Calculating expected frequency (f_e)

- Those understood the impacts of gender imbalance in Board composition and perceived gender inequity in their organization =

$$67/103 \times 62 = 40.33$$

- Those understood the impacts of gender imbalance in Board composition and perceived gender equity in their organization =

$$67/103 \times 41 = 26.67$$

- Those who did not understand the impacts of gender imbalance in Board composition and perceived gender inequity in their organization =

$$36/103 \times 62 = 21.67$$

- Those who did not understand the impacts of gender imbalance in Board composition and perceived gender equity in their organization =

$$36/103 \times 41 = 14.33$$

Table 7: Gender Imbalance of Board Composition and Gender Inequity

| | Board composition imbalance | Internal gender inequity | Internal gender equity | Total |
|-------|--|--------------------------|------------------------|------------|
| Row 1 | Who perceived gender imbalance observed | 41 | 26 | 67 |
| | Who perceived gender imbalance expected | 40.33 | 26.67 | |
| Row 2 | Who did not perceive gender imbalance observed | 21 | 15 | 36 |
| | Who did not perceive gender imbalance expected | 21.67 | 14.33 | |
| | Total | 62 | 41 | 103 |

The chi-square (χ^2) = $\sum (f_o - f_e)^2 \div f_e$

Where f_o is observed frequency and f_e is expected frequency

Table 8. Chi-square Calculation

| | f_o | f_e | f_o-f_e | (f_o-f_e)² | (f_o-f_e)² ÷ f_e |
|--------------|----------------------|----------------------|------------------------------------|--|--|
| Row 1 | 41 | 40.33 | 0.67 | 0.4489 | 0.0111 |
| | 26 | 26.67 | -0.67 | 0.4489 | 0.0168 |
| Row 2 | 21 | 21.67 | 0.67 | 0.4489 | 0.0207 |
| | 15 | 14.33 | -0.67 | 0.4489 | 0.0313 |
| Total | | | | | 0.0799 |

$\chi^2 = 0.0799$

Then is calculating the degree of freedom (Df).

$$Df = (\text{number of row}-1) * (\text{number of column}-1)$$

$$= (2-1) * (2-1)$$

$$Df = 1$$

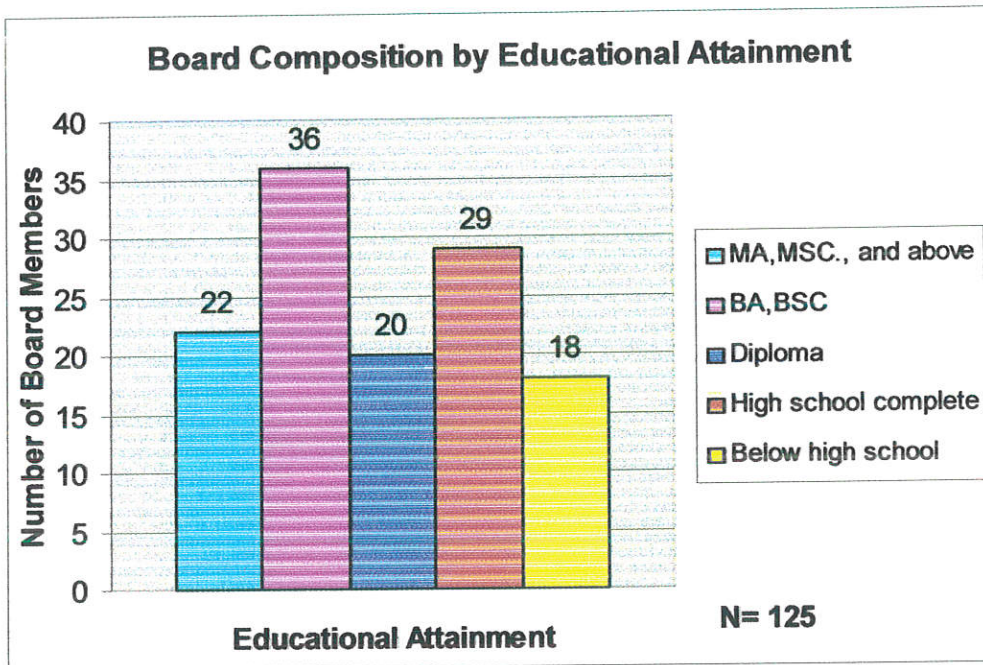
Since the degree of freedom is one and testing is made at 5% level of significance, the critical value of χ^2 becomes 3.841. Since the calculated chi-square (0.0799) is less than the critical value (3.841), hypothesis 2 is affirmed; it is reasonably acceptable that understanding the presence of gender imbalance in the composition of Board is correlated with the perception of incidences of internal gender inequity as manifested by lack of affirmative action in recruitment of staff and absence of good number of women at higher decision making positions of NGOs.

3.10 Board Members' Educational Level

It was learnt from CEOs that majority of Board members in the sample local NGOs are well educated that 60.9% of them earned college diploma or above while those who have either completed high school or below high school

constitute 39.1%. This composition seemingly aligns with the neo-institutional theories, wherein NGOs try to derive their legitimacy by forming their Boards in terms of educational competency of individuals.

Chart 2. Board composition by education



3.11 Board Selection Criteria

In spite of the absence of clear-cut selection criteria in many (77.78%) of the sample local NGOs, the traditional practice seemed to distribute evenly among some of the criteria listed in Table 9. Board members and CEOs were asked to indicate along a 5-point scale what they believed their organizations’ Board selection criteria are. The mean score of all respondents was calculated and the mid point along the scale 2.5 indicates an average score while scores above or below it indicate most practiced and least practiced selection criteria respectively.

Accordingly, friendship between founders and nominees with mean score of 3.54, educational qualification with 3.25 and professional and NGO experience with score of 3.08 are mostly practiced criteria. The least practiced criteria are political

affiliation and gender representation with mean scores of 1.29 and 1.74 respectively followed by ethnic affiliation (1.98) and community worthiness and reputation (2.02).

The selected local NGOs seemed to incline towards both neo-institutional theories and political sociologists' principles to seek their legitimacy. Nonetheless, neglect of considering community worthiness and reputation on the one hand, and too much obsession with friendship and professional and educational achievement of individuals favored more of the neo-institutional prescriptions. This may erode the trustworthiness of local NGOs as judged by the community, in general and target groups, in particular.

Table 9: Mean of Board and CEO on Board members Selection Criteria

| Criteria to select Board members | Mean |
|---|-------------|
| Friendship | 3.54 |
| Education | 3.25 |
| Professional and NGO Experience | 3.08 |
| Family tie | 2.48 |
| Religious affiliation | 2.12 |
| Community worthiness and reputation | 2.02 |
| Ethnic affiliation | 1.98 |
| Gender | 1.74 |
| Political affiliation | 1.29 |

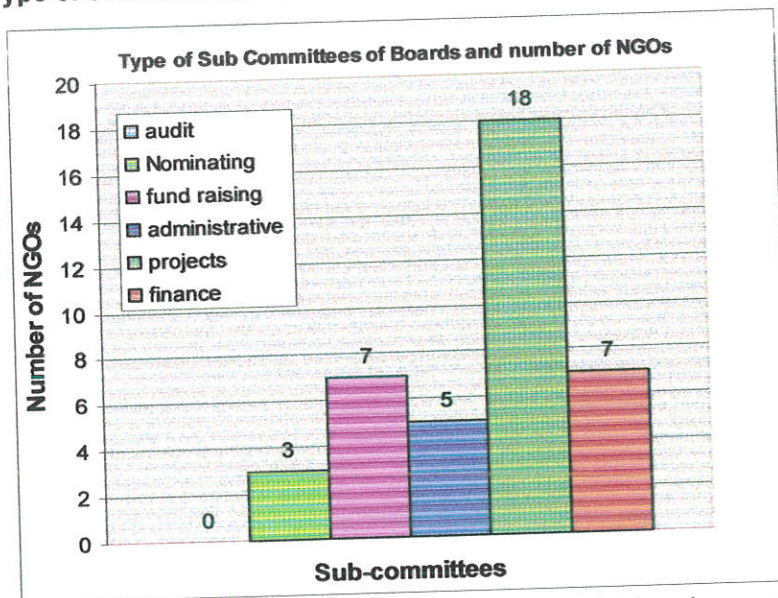
Though gender imbalance and inequity were rampant as has been indicated earlier, it was reported that in those organizations, which provided women the opportunity to serve as Board members, there is an increasing trend of women joining their Board from year to year. The number of women Board members, accordingly, increased from 4 in 2001 to 24 in 2007 in 9 local NGOs. This is largely attributed to the inclusion of the principles of gender equity in their Board selection practice.

Nevertheless, it was depicted that finding committed individuals, volunteers and women who could serve local NGOs as board members is difficult. The problem of finding committed board members from different walks of life is probably due to absence of well-entrenched spirit of voluntarism among those parts of the community who are capable of and in better position to accompany the sector forward. There is also a lack of motivating factors to join and serve the non-profit sector.

3.12 Board Sub-committees

Almost all of the local NGOs tried to organize their Board with the formation of subcommittees for specialized tasks though it was evident from respondents that these subcommittees are without clear description of roles and responsibilities. The unique feature of the sub-committees is that they involve other groups outside of the Board as members. These groups include staff, community members and at times government officials.

Chart 3 Type of subcommittees and Number of NGOs with such subcommittees



The most pervasive type of sub committee is the project sub-committee wherein target groups of the project are allowed to participate. All (18) of the selected

NGOs responded as having this type of committee while none had audit committees.

3.13 Founders' Syndrome

Founders, due to their social entrepreneurial skills, took the forefront position to experience the ups and downs of establishing local NGOs in an environment not supportive enough to absorb the emergence of new ideas, in general and local NGOs, in particular. The initiative to come on board to establish local NGOs could not, however, be taken as a green light to stifle opinions and decision making roles from other corners involved in governance assignments of local NGOs.

It should be understood that there is no as such a specified position called founder (s) in most of the NGOs. The founder (s) could serve an NGO as a Board member/Board members or CEO/CEOs; in some other cases, the founder(s) may distance him/her/them from affairs of the NGO once they set the tempo for it. Moreover, the founders' syndrome could affect not only the founders of the NGOs but also those Board members and CEOs who may serve for an extended period of time in higher capacities. Therefore, the term founders' syndrome is to mean, a sense of feelings and practices to make decisions on matters affecting NGOs without giving due attention to those groups who are supposed to govern NGOs, the Board members.

Some characteristics of founders that McNamara (2006) identified are used here on a 5 point scale to find what Board members, CEOs and the staff feel about the founder and whether founders are obsessed with founders' syndrome. Mean scores above or below 2.5 on the scale are interpreted to imply that founders are perceived to suffer most from founders' syndrome and least from the syndrome respectively. Both Board Members and Staff are synonymous in their opinion that founders syndrome is widespread in the local NGOs studied. To Some extent, the CEOs also support this point of view. The 15 mean scores obtained for their

responses as shown in Table 10 supports the fact that founders' syndrome is rampant while only 3 of these scores indicate that this founders' syndrome is not observed.

Not surprisingly, the mean scores of Board members and staff unanimously portray the seriousness of founder' syndrome. What is appealing in relation to this is that 63.64% of Board members and 67.31% of staff perceived that the founders of their organizations are the CEOs. CEOs indicated only two times as seen from then table that they perceived the presence of founders' syndrome on characteristics of holding occasional Board and staff meetings and finding a new way to get things done and make reactive, crisis-driven decisions with little input from others. In addition, tests on the perception of participation of Board members, CEOs, founders and staff in some major tasks such as designing vision, mission, strategic plans, goals, objective and organizational policies portrayed that much of these assignments are done by founders followed by CEOs. This also tells that there is founders' syndrome who ever is acting as a founder as indicated in Table 4.

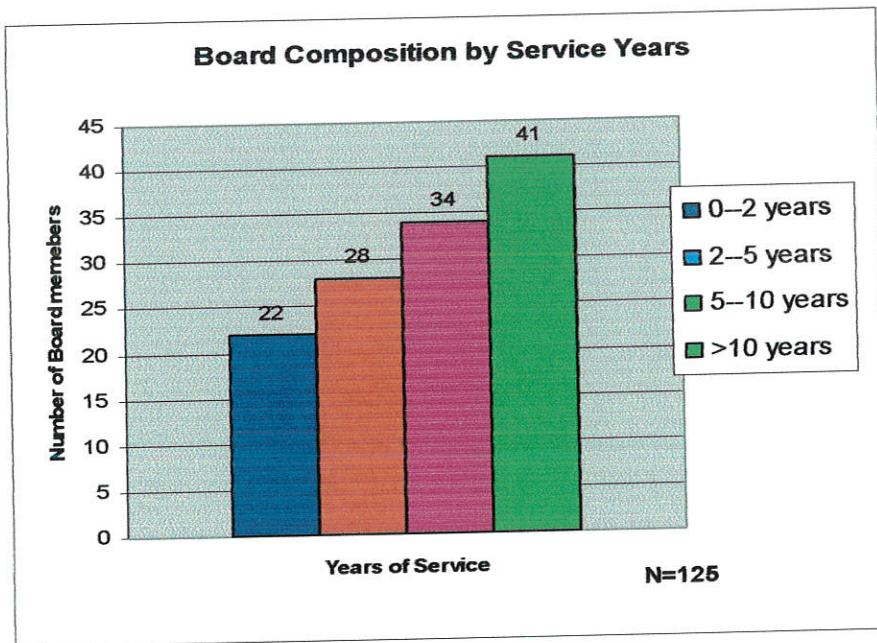
Table 10: Perception on Characteristics of the Founder(s) by Board, CEO and Staff

| Characteristics of founders | Mean perception in relation to founders | | |
|--|---|------|-------|
| | Board | CEOs | Staff |
| Receive no new ideas and reluctant to support others | 2.76 | 2.51 | 4.04 |
| Believe they have found a new way to get things done and make reactive, crisis-driven decisions with little input from others. | 2.59 | 3.27 | 2.58 |
| Hand-pick their Board members and staff and see as working for the founder | 3.89 | 2.16 | 3.67 |
| Attract Board members through founder's dynamic, often charismatic personality, not through focus on organization's mission. | 3.78 | 2.08 | 3.51 |
| Count on whoever seems most loyal and accessible, and motivate by fear and guilt, often without realizing it | 3.62 | 1.27 | 4.27 |
| Founders hold occasional Board and staff meetings to sell ideas | 4.06 | 3.07 | 4.25 |

3.14 Years Served in the Board and Term Limits

From CEO's response, the proportion of Board members serving as Board members increases quite consistently with the increase in service years, those with less than 2 years of service make up 17.6%. While 22.4% served 2-5 years, 27.8% remained on service from 5 to 10 years and those who had been in the Board for more than 10 years of service comprises 32.8% of the total Board members. If we look at those serving as board members for more than 5 years, we can see the need by local NGOs to institutionalize term limit in their governance practice; if not, it is believed that prolonged service erodes the principles of democracy and lets authoritative leadership to sprout. It may also allow founders' syndrome to breed on gradually. One of the causes for this syndrome as indicated earlier in this research, is long years of service in the Board and reputation other members attached to these extended years of service.

Chart 4 Board Compositions by Service Year in Board



Exactly 88% of the local NGOs responded have no term of limits for their Board members and CEOs. Only 3 local NGOs confirmed as having term limits for their

Board members. Those having term limits set their term to two, each term with 3 years of service.

3.15 Accountability

Quite significant proportion of the respondents believe that in principle local NGOs should be accountable to target groups they are serving, in particular and the community in general. Furthermore, this accountability, respondents indicted, should also be to government bodies, donors, media, pressure groups and other stakeholders. Feeling on the order of importance to whom NGOs should be accountable is unevenly distributed among respondents. Of the 103 respondents, 35.92% rated local NGO accountability to community as the most important, 25.24% supported the idea of accountability to the government, 18.45% for donor accountability, 13.6% to joint community and donor accountability while the remaining 6.8% for media. Regarding mechanisms of accountability the most widely prevailing mechanisms were annual reports, audit reports, interim project progress reports and press releases.

Looking accountability issues from practical points of view the table below summarizes the mean score of each groups' (Board members, CEOs and staff) perception to which group of stakeholder their organizations are accountable. Accordingly, all groups perceived that their organizations' practical accountability to the community is very minimum with mean score of 1.7 (Board members), 1.89 (CEOs) and 1.77 (staff), signifying below average or weak accountability practice. The same trend of weak attachment is perceived for media as well.

Practical accountability of local NGOs is perceived towards donors with mean score of 3.52 from Board members' point of view, 3.17 from CEOs and 3.37 from staff, indicating a relatively strong accountability concerns to donors. Accountability to government regulatory body also received positive perception of

respondents wherein a mean score of above average is observed in all the three groups of respondents.

Relational accountability of the selected local NGOs is more to donors followed by government regulatory body. This is due to the fact that these groups do have the whip to enforce certain requirements for whatever financial or legal inputs they induced into local NGOs.

In terms of identity accountability it was depicted from respondents that there is no due attention given to the issue. 13 of the local NGOs indicated that they are signatories to the Ethiopian NGOs Code of Conduct but did not make any concrete effort to ensure their compliance to ideals spelt in the Code of Conduct. There is a good sign of self-initiation reflected in becoming signatories' to the Code of Conduct.

Table 11: Perceived Board accountability to stakeholders

| To whom accountable | Mean perception score of accountability to stakeholders for | | |
|-------------------------------|---|------|-------|
| | Board members | CEOs | Staff |
| Public/Community/Target group | 1.7 | 1.89 | 1.77 |
| Government regulatory body | 2.64 | 2.72 | 2.58 |
| Donors | 3.52 | 3.17 | 3.37 |
| Media | 1.1 | 1.41 | 1.1 |

3.16 Summary

This chapter presented the findings of the study. With regard to service years of Board members, it was found that many were in the Board for more than 10 years. In relation to participation in key tasks, founders were found to be key actors in all major tasks, followed by CEOs. Findings also showed the prevalence of gender imbalance in Board and staff compositions. Women were highly underrepresented. This led to the emergence of feelings of inequity in terms of not

enhancing women to higher decision making positions. Board effectiveness measures indicated that the selected local NGOs had a long way to travel in order to improve practices in this regard. In addition, results were in support of the existence of widespread founders' syndrome. Generally speaking, Board formation and practices of the studies local NGOs were so at early stage with lots of gaps to be filled.

Chapter Four

Conclusion and Recommendations

4.1 Introduction

This study explored the challenges and practices of governance in 18 local NGOs of Ethiopia selected from five major towns (Addis Ababa, Dire Dawa, Bahir Dar, Awasa and Adama) in the country. In so doing, emphasis was given to practice in relation to Board composition and selection criteria, governance effectiveness indicators, founders' syndrome and accountability.

The research has got four chapters. The first chapter dealt with methodological issues in relation to sampling, data collection and analysis of the research. It also presented objectives addressed; the hypotheses tested and background information to the study. The second chapter was about the theoretical and conceptual framework, which this research hinged upon. In addition, it included a literature review wherein previous research works in relation to this research, along with their key findings were presented.

In the preceding chapter issues of governance practices in selected local NGOs in Ethiopia with particular emphasis on Board composition and Board selection criteria, governance effectiveness, participation in major tasks, Board sub-committees, relational accountability, identity accountability and founders' syndrome were examined. In presenting the survey result, this same chapter explored the relationship between gender imbalances in Board composition and gender inequity as perceived by respondents. In addition, the relation between governance effectiveness measures, the participation of different stakeholders in major tasks and founders' syndrome were considered. Concurrently, the major governance challenges and impacts thereof were accentuated.

4.2 Conclusion

This part of the chapter presents briefly the major conclusions of this study. Important among the issues discussed are the governance effectiveness, accountability and founders' syndrome.

Board Effectiveness

The Boards of selected local NGOs in Ethiopia are found to be weak in terms of effectiveness as depicted by the mean scores of perception of respondents. The total mean score, corresponding to respondents, is evenly distributed among Board members, CEOs and staff and is below average. When looking at situations from governance indicators perspective, the degree of effectiveness is worse on Boards' understanding of the respective roles of Board and CEO, commitment to the organization and Boards' involvement in planning direction and setting priorities. This incidence, however, is not tantamount to refuting the fact that governance ineffectiveness stifles other 11 indicators as well except three of them such as the role of orientation, financial soundness and credibility in the face of stakeholders, all with above average mean scores. To sum up, governance practices were found to have been rather weak.

Board Composition

Board composition can be seen from two perspectives in terms of its gender and educational composition. It can also be viewed from other considerations like occupational and professional composition as well as ethnic and religious compositions. In determining Board composition, selection criteria will have greater impact on the governance practices as well as effectiveness of NGOs.

It was affirmed from data that the selected local NGOs in Ethiopia demonstrated greater leniency towards traditional ways of composing their Boards with having set criteria to do so mainly from perspectives such as friendship, educational

background, and professional and NGO experience. Some prominent criteria promulgated by political sociologists, as opposed to principles of neo-institutional theorists, such as gender, clout and reputation amid community, ethnic and religious diversity, registered mean scores far below than heretofore mentioned criteria some of which except friendship are advocated by neo-institutional theorists.

The inclination by local NGOs in Ethiopia to neo-institutional prescriptions, at the expense of some feasible criteria, gave way to the sprout of feeling of inequity amid segments of staff, Board members and CEOs. The legitimacy concern of local NGOs could also be affected detrimentally as feelings of being sidelined are likely to vegetate at some corner of the community (an issue not within the scope of this study).

Accountability

Accountability practices of the selected local NGOs seemed to favor one of the views of relational accountability wherein those groups of stakeholders have a relative advantage of determining the functioning of the NGOs. Accordingly, much more importance was attached to donors followed by government regulatory body. To put it in a nutshell, practices rather failed to consider what has been enunciated by another view of relational accountability as those stakeholders whose lives are affected by NGOs' undertakings.

Some local NGOs are signatory to the Ethiopian NGO Code of Conduct wherein certain principles, values and ethics are pronounced. Abiding by these principles, values and ethics requires self-initiation rather than imposition. This kind of accountability is called identity accountability and perceived practices of local NGOs in this regard were blurred. That is, no orientation on the importance of this issue was offered to staff, Board members and others; and its effect on legitimacy of local NGOs was not well understood by concerned bodies in the organizations

Founders' Syndrome

Founders' syndrome was invasive in the selected local NGOs as was understood from the mean score perception of respondents. The perception of Board members and staff, in this regard, aligned with each other to further validate the presence as well as seriousness of the syndrome. In addition, tests on some other issues like service years and term limits of Board members and participation of Board members, CEOs, founders and staff in formulating vision, mission, goals, objectives, strategic plans and organizational policies revealed the presence of a fertile ground for the emergence of founders' syndrome.

4.3 Policy Implication and Recommendations

Board formation and practices are yields of the interplay of so many factors such as lack of well thought out structure and composition of Board, negligence in Board development, and lack of commitment from Board members and founders' syndrome. One factor could lead to the rise of other factors, meaning there is a strong interconnection among many factors to eventually end up dwindling Board practices. Redressing such issues may not be fruitful if approached in a quick fix and piecemeal manner. Holistic and integrated way of cracking this malady would serve better.

NGOs, unlike government and corporate bodies do not have specified owners. This cannot serve founders as a pretext to assume ownership. Therefore, members of the governing Boards of local NGOs should not consider them or be considered by others as working entities for founders or whoever is now deemed to be an owner. If no specified owners are attached to NGOs, the question of who should Boards then serve arises. If an NGO (in a broader definition of the term) were established in the form of a trade or professional association or a network, the subject of ownership would not pose any difficulty to trace, since it rests on

members of the association or network. Boards of such forms of organizations serve interests of members.

In a different scenario, if an NGO is established to provide health, education, water, civic education, advocacy and lobbying services to the public, this agency is morally expected to be owned by the communities it would be serving; and the moral not legal equivalent of corporate shareholders in NGOs is the community. The point is that all involved in the governance of local NGOs, be it a Board, a CEO or a founder should think of serving this owner, the community. Without taking the interest of the community into consideration, the effectiveness of the local NGO in bringing about its intent into reality will be highly unlikely. One way of maintaining the interest of the community is involving members of the community in the governance affairs of local NGOs.

The government of Ethiopia and its regional equivalents in their endeavor of poverty reduction often create partnership especially with local NGOs working at grassroots level. To implement the Plan for Accelerated and Sustainable Development to end Poverty (PASDEP), governments at national and local levels are therefore required to facilitate an environment favoring partnership formation and local NGOs' operation. This requires a legal framework, which instead of grappling control over the sectors has to enhance NGO operation. Apart from this, policy formulators should consider local NGOs as third tires of development side by side with government and the private sector. Hence capacity building schemes have to be designed for the sector and higher education centers need to introduce programs for nonprofit management, leadership and governance.

Apparently local NGOs, on their part, are expected to give more emphasis to the following issues in redirecting their Board effectiveness and governance practices:

- Tendencies of participation for the sake of participation should be avoided
- Gender balance has to be ensured in Board composition.

- Board selection criteria and Board composition should enable local NGOs to win legitimacy mainly from the public, and then from other stakeholders. This requires the institutionalization and integration of several selection criteria except probably friendship and family tie.
- Local NGOs should try to develop their strategic plans, organizational policies and bylaws in-house with a little guidance from external bodies. This allows introducing internal equity,
- Local NGOs should set term limits for Board members;
- Local NGOs should institutionalize the assignment of duties and responsibilities of Boards, CEOs and staff.
- There has to be system of internal evaluation of performance and efficiency of Boards and CEOs
- Board development initiatives should be undertaken by the local NGOs and wherever they have already started these processes, they have to be strengthened
- Networks and membership based organizations among the local NGOs, Donors including the public sector and International NGOs should take the initiative to thoroughly investigate the issue and enable the local NGOs redress the shortcomings in their governance practices
- An overhauling of the governance practices may demand local NGOs to adopt some NGO governance models such as the Policy Governance Model Developed by Carver in 1990
- The Local NGOs may also undertake some exercises to evaluate to what extent they fulfill effectiveness indicators developed by Gill, Flynn and Elke with a view to strengthen their governance practices.

4.4 Suggestions for further research

This research only investigated governance practices and challenges of local NGOs in Ethiopia and touched upon only a few of the issues. A lot of issues are

remained uncovered. These issues include motivation and commitment of Board members, meeting procedures, fund raising, relationship between CEOs and Board members and performance and efficiency of governance. The fact that this research is entirely based on information gathered from CEOs, Board members and staff will pave the way to look up on issues from different perspectives such as from the points of views of the community, target groups, government bodies, donors, media and other stakeholders.

Annexure A: List of Local NGOs Participated in the Study

Adama

- Meda Wolabu Elders and Disabled People Development Organization
- Negat Vision
- Vision Ethiopia

Addis Ababa

- Action for Self- Reliance Organization
- Alnejah Charity Organization
- Center for Development Initiative
- Community Development promotion Organization
- Dir Foundation
- Hibir Integrate Community Development Organization
- Integrated Family Service Organization
- Light Integrated Development Association
- Reach the Unreached People
- Tired Community Empowerment

Awassa

- Manna Child and Sponsorship Family Aid and Community Development Organization
- Resurrection and Life Aid through Development

Bahir Dar

- Bahir Dar MedhaneAlem Orphan and Destitute Family Support and Training Center

Dire Dawa

- Dire Dawa Trust Fund
- Masresha Maternity Center



Annexure - B: Questionnaire for Staff of NGOs

Name of the Organization: _____

Part A. Demographic

1. Sex of respondent
 1. Male
 2. Female
3. What is your position in this organization?
4. How many years have been in this organization?
5. Who hired you?
 1. Yes
 2. No
6. Do you have a job description as a staff?
 1. Yes
 2. No
7. Was your job description discussed with you?
 1. Yes
 2. No
8. Who discussed it with you? (The position of the person) _____
9. To whom do you report normally? (The position of the person)

10. Have you ever encountered situations where there are two (or even more) contradictory commands coming from the supervisors?
 1. Yes
 2. No
11. How would you know if you have met the expectations of the CEO?
12. What does the management do if you do not perform as well as expected?

13. Are you aware of the current members of the board?

1. Yes
2. No

14. How do you get to know the board?

1. Newsletter
2. There is a practice to introduce new board member to volunteers/members
3. I met the board member at a formal/informal functions
4. Others (Please specify) _____

15. What do you think is the role of the board?

16. Is there a practice to information such as board's decision to staff in a regular manner?

1. Yes
2. No

17. If your answer for question 11 is yes, how do you receive the information?

1. Staff meeting
2. Newsletter
3. Notice board
4. Others (please specify) _____

18. Are you aware of the current activities and the future direction of the organization?

1. Yes
2. No

19. Do you take part in the development of the organization's

| | Yes | No |
|-------------------------|-----|----|
| Vision | 1 | 2 |
| .Mission | 1 | 2 |
| Goals | 1 | 2 |
| Objectives | 1 | 2 |
| Strategic plans | 1 | 2 |
| Organizational policies | 1 | 2 |

20. Please rate each statement according to you perception of the founder, whether you strongly agree, agree, somewhat agree, disagree or strongly

disagree

1. Strongly disagree
2. Disagree
3. Somewhat agree
4. Agree
5. Strongly agree

| | | | | | |
|--|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Receive no new ideas and reluctant to support others | 1 | 2 | 3 | 4 | 5 |
| Believe they have found a new way to get things done and make reactive, crisis-driven decisions with little input from others. | 1 | 2 | 3 | 4 | 5 |
| Hand-pick their board members and staff and see as working for the founder | 1 | 2 | 3 | 4 | 5 |
| Attract board members through founder's dynamic, often charismatic personality, not through focus on organization's mission. | 1 | 2 | 3 | 4 | 5 |
| Count on whoever seems most loyal and accessible, and motivate by fear and guilt, often without realizing it | 1 | 2 | 3 | 4 | 5 |
| Founders hold occasional board and staff meetings to sell ideas | 1 | 2 | 3 | 4 | 5 |

21. Who is/are the founder(s) of the board? Specify her/him by the position or responsibilities in the organization.

22. Who takes part in setting the following? Select the appropriate choice.

| | Board | CEO | founders | Staff | jointly | other |
|----------------------------|-------|-----|----------|-------|---------|-------|
| a. Vision | 1 | 2 | 3 | 4 | 5 | 6 |
| b. Mission | 1 | 2 | 3 | 4 | 5 | 6 |
| c. Goals | 1 | 2 | 3 | 4 | 5 | 6 |
| d. Objectives | 1 | 2 | 3 | 4 | 5 | 6 |
| e. Strategic Plans | 1 | 2 | 3 | 4 | 5 | 6 |
| f. Organizational policies | 1 | 2 | 3 | 4 | 5 | 6 |

Accountability and Transparency

23. Whom do think the board is accountable to and to what extent (very low, low, medium, high, very high) What are the mechanisms for accountability?)

| To whom | Very low | low | medium | high | Very high | mechanism |
|--------------------------------|----------|-----|--------|------|-----------|-----------|
| Public/Community/target groups | 1 | 2 | 3 | 4 | 5 | |
| Government regulatory body | 1 | 2 | 3 | 4 | 5 | |
| Donors | 1 | 2 | 3 | 4 | 5 | |
| Media | 1 | 2 | 3 | 4 | 5 | |

24. Is there a policy for employees?

1. Yes
2. No

26. Do you feel that there is inequity in your organization?

3. Yes
4. No

27. What kinds of inequities are there in your organization?

28. What aspects of governance in your organization would you suggest to the board to improve?

Annex C: Questionnaire for Board Members of NGOs

Name of the Organization: _____

Part A. Demographic

27. Sex of respondent

- 1. Male
- 2. Female

28. What is your position in this organization? (You may select more than one answer)

- 1. Chair
- 2. Chair and CEO
- 3. Board member
- 4. Committee Chair
- 5. Committee Member
- 6. Others

Please specify _____

29. How many years have you been on the board?

30. What is the year of establishment?

31. Do you have Article of Association in your organization?

- 1. Yes
- 2. No

32. What are your roles and responsibilities as a board member?

| | Put 1 for Yes, 2 for No | |
|--|-------------------------|----|
| | Yes | No |
| 1. Organizational vision and mission development | | |
| 2. Policy making | | |
| 3. Technical support | | |
| 4. Staff recruitment | | |
| 5. Staff development | | |
| 6. Networking with donors | | |
| 7. Fundraising | | |
| 8. Networking with other NGOs | | |
| 9. Networking with government | | |
| 10. Resource mobilization | | |
| 11. Any other mention please | | |

Structure and composition

33. Does your organization have the following? Circle the ones you have.

1. Bylaw
2. Organizational policy
3. Strategic plan

34. What was the mode of forming the board?

1. By the founder
2. By nominating committee
3. By other board member
4. Other

Please specify _____.

35. What is the size of your board? Please specify the number of your board members and the board's gender composition

| | Males | 2. Females | Total |
|--------------|-------|------------|-------|
| Voting | | | |
| Non – voting | | | |
| | | | |

36. Does your organization have any criteria to compose the board?

1. Yes
2. No

37. Which of the following criteria does you organization employ to compose the board?

1. Educational credential
2. professional experience
3. community reputation and service
4. gender
5. ethnic affiliation
6. religious affiliation
7. Other

Please specify _____

38. Does your organization have the following committee (s) of the board (you may select more than one)

1. Audit Committee
2. Nominating Committee
3. Personnel Committee
4. Executive Committee
5. General Purposes and Administration Committee
6. Others

Please specify _____

39. Is there a limit in the number of consecutive terms for the board members?

1. Yes
2. No

40. What is the duration?

41. Is the founder still serving the board?

1. Yes
2. No

42. Please rate each statement according to your perception of the founder, whether you strongly agree, agree, somewhat agree, disagree or strongly disagree

6. Strongly disagree
7. Disagree
8. Somewhat agree
9. Agree
10. Strongly agree

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Receive no new ideas and reluctant to support others | 1 | 2 | 3 | 4 | 5 |
| Believe they have found a new way to get things done and make reactive, crisis-driven decisions with little input from others. | 1 | 2 | 3 | 4 | 5 |
| Hand-pick their board members and staff and see as working for the founder | 1 | 2 | 3 | 4 | 5 |
| Attract board members through founder's dynamic, often charismatic personality, not through focus on organization's mission. | 1 | 2 | 3 | 4 | 5 |
| Count on whoever seems most loyal and accessible, and motivate by fear and guilt, often without realizing it | 1 | 2 | 3 | 4 | 5 |
| Founders hold occasional board and staff meetings to sell ideas | 1 | 2 | 3 | 4 | 5 |

43. Who is/are the founder(s) of the board? Specify her/him by the position or responsibilities in the organization.

44. Do board members have a clear description of its duties and responsibilities?

1. Yes
2. No

45. All board members are clear about their stated roles and responsibilities.

1. Strongly disagree
2. Disagree
3. Somewhat agree
4. Agree
5. Strongly agree

46. How does the CEO behave in the board? (you may select more than one answer)

1. Follower
2. Leader
3. Partner
4. Bureaucratic
5. Mentor/Supportive
6. Unsupportive
7. Founder
8. Other.

Please

Specify _____

47. Does the CEO/ED have voting rights on the board?

1. Yes
2. No

48. Does the CEO/ED have a job Description?

1. Yes
2. No

49. Please rate the following statements according to your perception of your relationship with the CEO/ED, whether you strongly agree, somewhat agree, disagree or strongly disagree

1. Strongly disagree

- 2. Disagree
- 3. Somewhat agree
- 4. Agree
- 5. Strongly agree

- a. The CEO/ED and I have shared vision and common purpose
- b. The CEO/ED and I enjoy open and candid communication
- c. The CEO/ED and I understand and respect one another's role
- d. The CEO/ED and I share power adequately to advance to mission of the organization

50. Who takes part in setting the following? Select the appropriate choice.

| | Board | CEO | founders | Staff | jointly | other |
|----------------------------|-------|-----|----------|-------|---------|-------|
| a. Vision | 1 | 2 | 3 | 4 | 5 | 6 |
| b. Mission | 1 | 2 | 3 | 4 | 5 | 6 |
| c. Goals | 1 | 2 | 3 | 4 | 5 | 6 |
| d. Objectives | 1 | 2 | 3 | 4 | 5 | 6 |
| e. Strategic Plans | 1 | 2 | 3 | 4 | 5 | 6 |
| f. Organizational policies | 1 | 2 | 3 | 4 | 5 | 6 |

Accountability and Transparency

51. Whom do think the board is accountable to and to what extent (very low, low, medium, high, very high) What are the mechanisms for accountability?)

| To whom | Very low | low | medium | high | Very high | mechanism |
|--------------------------------|----------|-----|--------|------|-----------|-----------|
| Public/Community/target groups | 1 | 2 | 3 | 4 | 5 | |
| Government regulatory body | 1 | 2 | 3 | 4 | 5 | |
| Donors | 1 | 2 | 3 | 4 | 5 | |
| Media | 1 | 2 | 3 | 4 | 5 | |

52. Is there a policy for employees?

- 1. Yes
- 2. No

26. Do you feel that there is inequity in your organization?

- 1. Yes
- 2. NO

29. What kind of inequities are there in your organization?

Annexure D: Questionnaire for CEOs of NGOs

Name of the Organization: _____

Part A. Demographic

1. Sex of respondent
 1. Male
 2. Female
2. How many years have you been on the position of CEO?
3. Are you a member of the board?
 1. Yes
 2. No
4. What other position are you holding on the board?
5. Do you have voting right?
 1. Yes
 2. No

Governance Mechanism

6. Do you have a job description?
 1. Yes
 2. No
27. Are you clear about your stated roles and responsibilities?
 1. Yes
 2. No
28. Who hired you?
 1. The board
 2. Others. Please specify _____
29. Did the board state their expectations clearly during the recruitment process?

1. Yes
2. No

30. Does your organization have the following? Circle the ones you have.

1. Bylaw
2. Organizational policy
3. Strategic plan

31. What was the mode of forming the board?

1. By the founder
2. By nominating committee
3. By other board member
4. Other

Please specify _____.

32. What is the size of your board? Please specify the number of your board members and the board's gender composition

| | Males | 2. Females | Total |
|--------------|-------|------------|-------|
| Voting | | | |
| Non – voting | | | |
| | | | |

33. Does your organization have any criteria to compose the board?

1. Yes
2. No

34. Which of the following criteria does you organization employ to compose the board?

1. Educational credential
2. professional experience
3. community reputation and service
4. gender
5. ethnic affiliation
6. religious affiliation
7. Other

35. What does the educational composition of board members look like?

| Qualification | Number |
|----------------------|--------|
| MA , Msc. and above | |
| BA, Bsc. | |
| Diploma | |
| High school complete | |
| Below high school | |

36. Does your organization have the following committee (s) of the board (you may select more than one)

1. Audit Committee
2. Nominating Committee
3. Personnel Committee
4. Executive Committee
5. General Purposes and Administration Committee
6. Others

37. Is there a limit in the number of consecutive terms for the board members?

1. Yes
2. No

3. What is the duration?

4. Is the founder still serving the board?

1. Yes
2. No

3. Please rate each statement according to you perception of the founder, whether you strongly agree, agree, somewhat agree, disagree or strongly disagree

1. Strongly disagree
2. Disagree
3. Somewhat agree
4. Agree
5. Strongly agree

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Receive no new ideas and reluctant to support others | 1 | 2 | 3 | 4 | 5 |
| Believe they have found a new way to get things done and make reactive, crisis-driven decisions with little input from others. | 1 | 2 | 3 | 4 | 5 |
| Hand-pick their board members and staff and see as working for the founder | 1 | 2 | 3 | 4 | 5 |
| Attract board members through founder's dynamic, often charismatic personality, not through focus on organization's mission. | 1 | 2 | 3 | 4 | 5 |
| Count on whoever seems most loyal and accessible, and motivate by fear and guilt, often without realizing it | 1 | 2 | 3 | 4 | 5 |
| Founders hold occasional board and staff meetings to sell ideas | 1 | 2 | 3 | 4 | 5 |

38. Who is/are the founder(s) of the board? Specify her/him by the position or responsibilities in the organization.

39. Whom do you report to normally?

1. More than one person on the board
2. The board as a whole
3. The Chair
4. Others. Please Specify

40. Have you ever encountered situations where there are two (or even more) contradictory commands coming from the boards?

1. Yes
2. No

41. How often does it happen?

1. Always
2. Often
3. Occasionally
4. Rarely

42. Please rate the following statements according to your perception of your relationship with the board members, whether you strongly agree, somewhat agree, disagree or strongly disagree

1. Strongly disagree
2. Disagree
3. Somewhat agree
4. Agree
5. Strongly agree

- a. The board and I have shared vision and common purpose
- b. The board and I enjoy open and candid communication
- c. The board and I understand and respect one another's role
- d. The board and I share power adequately to advance to mission of the organization

43. Who takes part in setting the following? Select the appropriate choice.

| | Board | CEO | founders | Staff | jointly | other |
|---------------|-------|-----|----------|-------|---------|-------|
| a. Vision | 1 | 2 | 3 | 4 | 5 | 6 |
| b. Mission | 1 | 2 | 3 | 4 | 5 | 6 |
| c. Goals | 1 | 2 | 3 | 4 | 5 | 6 |
| d. Objectives | 1 | 2 | 3 | 4 | 5 | 6 |

| | | | | | | |
|----------------------------|---|---|---|---|---|---|
| e. Strategic Plans | 1 | 2 | 3 | 4 | 5 | 6 |
| f. Organizational policies | 1 | 2 | 3 | 4 | 5 | 6 |

Accountability and Transparency

44. Whom do think the board is accountable to and to what extent (very low, low, medium, high, very high) What are the mechanisms for accountability?)

| To whom | Very low | low | Medium | high | Very high | mechanism |
|--------------------------------|----------|-----|--------|------|-----------|-----------|
| Public/Community/target groups | 1 | 2 | 3 | 4 | 5 | |
| Government regulatory body | 1 | 2 | 3 | 4 | 5 | |
| Donors | 1 | 2 | 3 | 4 | 5 | |
| Media | 1 | 2 | 3 | 4 | 5 | |

45. Is there any mechanism, for example gender, equal opportunity or other policy, to ensure ethical integrity? Please describe briefly.

- 1. Yes
- 2. No

Mechanisms: _____

46. Is there a policy for employees?

- 1. Yes
- 2. No

47. Do you feel that there is inequity in your organization?

- 1. Yes
- 2. No

48. What kind of inequities are there in your organization?

49. Is NGO governance an area of concern to you?

- 1. Yes
- 2. No

50. What are your main concerns regarding the governance of your organization?

Annexure E: Quick Checklist on Board Effectiveness Indicators

Quickly indicate whether you degree of agreement or disagreement on your organization's governance practices

| | Governance indicator | Strongly disagree | Disagree | Somewhat agree | Agree | Strongly agree |
|----|--|-------------------|----------|----------------|-------|----------------|
| 1 | This organization's orientation for board members adequately prepares them to fulfill their governance responsibilities | 1 | 2 | 3 | 4 | 5 |
| 2 | This board is actively involved in planning the direction and priorities of the organization | 1 | 2 | 3 | 4 | 5 |
| 3 | This board does a good job of evaluating the performance of the ED/CEO (measuring objectives) | 1 | 2 | 3 | 4 | 5 |
| 4 | This organization is financial sound (viable and stable) | 1 | 2 | 3 | 4 | 5 |
| 5 | Board members demonstrate clear understanding of the respective roles of the board and ED/CEO | 1 | 2 | 3 | 4 | 5 |
| 6 | the organization's resource are used efficiently (good value for money spent | 1 | 2 | 3 | 4 | 5 |
| 7 | The board has high credibility with key stakeholders (e.g., donors, community, professionals, staff) | 1 | 2 | 3 | 4 | 5 |
| 8 | Board members demonstrate commitment to this organization | 1 | 2 | 3 | 4 | 5 |
| 9 | Board members comply with requirements outlined in key elements of the governance structure (bylaws, policies, code of conduct, conflict of interest, traditional/cultural norms, etc.) | 1 | 2 | 3 | 4 | 5 |
| 10 | The board's capacity to govern effectively is not impaired by conflicts between members | 1 | 2 | 3 | 4 | 5 |
| 11 | There is a productive working relationship between the board and the ED/CEO (characterized by good communication and mutual respect) | 1 | 2 | 3 | 4 | 5 |
| 12 | I am confident that this board would effectively manage any organizational crisis that could be reasonably anticipated | 1 | 2 | 3 | 4 | 5 |
| 13 | Board meetings are well-managed | 1 | 2 | 3 | 4 | 5 |
| 14 | The board uses sound decision-making processes (focused on board responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation) | 1 | 2 | 3 | 4 | 5 |
| 15 | This organization has a good balance between organizational stability and innovation | 1 | 2 | 3 | 4 | 5 |

Note: Based on Gill, Mel, Flynn, Robert J. and Reissing, Elke (2005), The Governance Self-Assessment Checklist, an Instrument for Assessing Board effectiveness, *Journal of Nonprofit Management and Leadership*, 15(3): 271-94.

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DECLARATION BY THE CANDIDATE

The thesis on, 'Practices and Challenges of Governance in Local NGOs of Ethiopia' is my original work. It has not been presented for a degree in any other university and that all sources of material used for the thesis have been duly acknowledged.

Addis Ababa
29 June 2007



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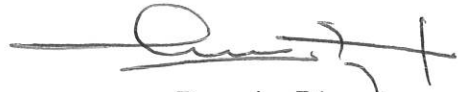


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