A CRITICAL ANALYSIS OF CORPORATE GOVERNANCE SYSTEMS
IN CHARITY ORGANIZATIONS: A CASE OF CHRISTIAN CARE,

BY

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DECLARATION

Student Declaration – I, Amos Ndhlumbi, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the acknowledgements, references and by comments included in the body of the report, and that this dissertation is therefore, my original work and has not been presented in part or in full for any other degree in any other University.

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Supervisor Declaration – I, Mr. G. Magaramombe confirm that the work reported in this dissertation was carried out by the candidate under my supervision as University supervisor. This dissertation has been submitted for review with my approval as University supervisor.

Signature………………………………… Date……………………………………

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DEDICATION
This research project is dedicated to my wife Mercy and my three lovely children; Gamuchirai, Batsirayi and Amos Jr.
ACKNOWLEDGEMENTS

A research project of this nature takes a lot of time, resources and effort to complete. I am deeply indebted to a number of people for their invaluable and unwavering support towards the completion of this research project.

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To Jennifer Chichaya, thank you for typing and putting the document together.

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To all my MBA classmates, your companionship since I enrolled on the programme made a difference in my professional life. I will always cherish those times we shared during the MBA programme.

To my father and mother Clemence. Kire Ndhlumbi and Costanzia. Shutai Ndhlumbi and family, this research work would have been incomplete without your support, inspiration and encouragement. Thank you so much. I hope you will like it.
ABSTRACT
The study focused its attention on analyzing corporate governance systems in charity organizations through a case study of Christian Care over the period January 2007 to June 2012. The desire to carry out this study was influenced by the fact there are some generic challenges that appear to face NGOs (including Christian Care) and related to for example, staff development, lack of skilled staff, limited financial and management expertise, limited institutional capacity, low levels of self-sustainability and isolation/lack of inter-organizational communication/ and/or coordination. Also of major concern was that, governance issues tend to haunt such organizations. Given such a scenario, the question then was, how well has Christian Care acquitted itself in this important area of governance?

The researcher used key concepts of corporate governance to critically review literature on this subject from the great works by the King reports of South Africa, the Sarbanes Oxley Act of the USA, Combined Code of principles from the UK as well as the Cromme Code from the Republic of Germany. The study was also informed by the ontological debate of research propounded by Burrell and Morgan (1979) with a view to placing the qualitative research into perspective. A sample of 50 respondents comprising of management and staff at Christian Care was randomly selected. The study made use of a structured questionnaire that comprised of both closed and open-ended questions as an instrument to gather the data. The response rate was 78% and this provided an acceptable percentage to validate the findings in this research.

Major findings in this study were that; there are no risk management strategies, the organization’s board of directors is not structured in a value adding manner, stakeholder rights are abused and the majority of board members are appointed by invitation, and there is no performance evaluation system resulting in the board becoming ineffective. The researcher recommended that Christian Care needs to lay solid foundations for management and oversight as well as promote ethical and responsible decision making to attract donors and improve corporate governance. Future research should focus on the effect of promulgating laws that enforce corporate governance rather than the current codes of best practices and guidelines that are not enforceable at law.
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ABBREVIATIONS/ACRONYMS

ATM  Automated Teller Machine
AGM  Annual General Meeting
ACT  Action for Children Together
CEO  Chief Executive Officer
EU   European Union
ECA  Economic Commission for Africa
FASB  Financial Accounting Standard Board
GPA  Global Political Agreement
GAAP Generally Acceptable Accounting Principles
HIV/AIDS  Health Immune Virus/Acquired Immune Deficiency Syndrome
IAAS  Internationally Accepted Accounting Standards
LEE  London Stock Exchange
MDC-T  Movement for Democratic Change-Tsvangirai
NGO  Non-Governmental Organization
NANGO  National Association for Non-Governmental Organizations
OECD  Organization for Economic Co-operation and Development
PESTEL  Political, Economic, Social, Technological, Environmental, Legal
PVO  Private Voluntary Organization
RCC  Rhodesia Christian Council
PAAA  Public Accountants and Auditors Act
SWOT  Strengths, Weaknesses, Opportunities, Threats
STERP  Short Term Economic Recovery Plan
UDI  Unilateral Declaration of Independence
UNICEF  United Nations International Children’s Education Fund
UK  United Kingdom
UNDP  United Nations Development Programme
USA  United States of America
WOA  Welfare Organization Act
WO  Welfare Organization
WCC  World Council of Churches
ZANU-PF  Zimbabwe African National Union-Patriotic Front
ZCC  Zimbabwe Council of Churches
ZSE  Zimbabwe Stock Exchange
CHAPTER ONE: INTRODUCTION

1.0 INTRODUCTION
The chapter consists of background of the study, general overview, case study background, statement of the problem, research objectives, research questions, research proposition, justification of the study, structure of the dissertation and ends with chapter summary conclusions.

1.1 BACKGROUND OF THE STUDY
Corporate governance is typically perceived as dealing with “problems that result from the separation of ownership and control. From this perspective, corporate governance focuses on; the internal structure and rules of the board of directors; the creation of independent audit committees; rules for disclosure of information to shareholders and creditors; and, control of the management,” (Fernando, 2006, p. 9).

Much of corporate governance studies have been carried on corporate firms. Smith (2007) states that about 45% of corporate governance studies done among the 500 Fortune American companies were in the financial institutions, 20% in manufacturing, 15% in construction, and 20% in retail companies. Thus, it is evident that much of corporate governance studies have concentrated on profitable organizations. Very few corporate governance studies have been carried out in charitable organizations especially in Zimbabwe. This research attempted to close the gap by evaluating corporate governance systems in charity organizations in Zimbabwe.

1.2 GENERAL OVERVIEW
This section serves to give a contextual overview of the national picture of the external environment in which the study is found. The process of analyzing the external environment is sometimes described as a “PESTEL” analysis (Kermally, 2004). The acronym PESTEL stands for “Political, Economic, Social, Technological, Ecological and Legal” (Modern, 2007, p. 94). The researcher also used Porter’s five forces model, which will be discussed in section 1.4 of this chapter, to analyze the competitive
strengths of Christian Care. In addition, a SWOT analysis was also used to evaluate the internal environment.

1.3 MACRO-ENVIRONMENTAL ANALYSIS
A PESTEL framework was used to identify and understand the main external environmental factors affecting Christian Care. PESTEL stands for Political, Economic, Sociocultural, Technological, Ecological and Legal factors. The framework is a rigorous approach to identifying and understanding the main external environmental factors which affect an organization. The PESTEL framework plays a role in focusing the organization on the choices open to them and the constraints and risks involved in these choices (Burnes, 2009).

1.3.1. POLITICAL FACTORS
The year 2007 was characterized by heavy, party political campaigns in preparation for the elections that were scheduled for 2008. In 2008 the three political parties, (ZANU-PF; MDC-T and MDC-M), signed the Global Political Agreement (GPA), on 15 September. The signing of the GPA culminated into the formation of a government of national unity. The GPA brought a remarkable change to the political climate with regard to political violence, as the three political formations had pledged to be non-violent against each other as well as promoting peace among the citizens of Zimbabwe.

1.3.2 ECONOMIC FACTORS
The economic environment in Zimbabwe during the period under review was very turbulent. Years of economic crisis subjected many people in Zimbabwe into abject poverty. The economy was punctuated or characterized by the following conditions:

- Shortage of foreign currency on the market
- Diminished export competitiveness
- Price and exchange rate distortions
- Under capacity utilization and reduced corporate sector viability
- Contraction in economic activity
- Declining level of foreign and local investment
• High and recurring budget deficits
• Domestic debt overhang
• Unstable energy supplies to the production, mining and farming sectors
• Strained international and regional political relations
• High perceived country risk and reduced international credit rating
• Deteriorating and overburdened infrastructure
• Weak economic empowerment
• High levels of unemployment and poverty
• Accumulation of external payment arrears and failure to service foreign debt
• High brain drain levels
• Poor economic policies
• Sanctions
• Shortage of the local currency on the market
• Artificial shortages of basic commodities on the market
• A run-away inflation

In 2009 the Central Bank introduced a multi-currency economy, and Government introduced the (STERP), the short-term economic recovery plan, which ushered in a form of stability to the Zimbabwean economy. The banking sector was however affected since most of their core business was in Zimbabwean dollars. Christian Care lost the benefit of exchange gains due to the multi-currency economy.

However, it seems that the economic fortunes of Zimbabwe still largely depend on concerted efforts to implement the global political agreement in full. Positive economic development still depends among other things on:

• Removal of economic sanctions imposed by the European Union and the United States of America.
• Fostering of economic policy stability and predictability.
• Re-establishing rapport with the international community.
• Implementation of investor friendly policies that lead to a recapitalization of the real sectors of the economy.
• Restoration of confidence in the financial system.
However, “Zimbabwe’s economic turnaround prospects continue to be dented by corruption” (Business Connect, 8-14 February 2010, p. 2). Zimbabwe ranks 114th out of 146 countries surveyed in Transparency International’s corruption perceptions index. The country’s descent into the current corruption vortex began long before its accelerated land reform program but slipped markedly after the year 2000 and has become a system with a rampant disregard for ethics (Gratewicke and Stapelkamp, 2006).

The economic meltdown that began in the late 1990s but increased in intensity in 2000 has also been associated with the shrinking of industrial activity, through the closure of many manufacturing concerns and downsizing of some, and consequent high unemployment rates (estimated to be in the range of 70 percent of the total labour force). Economic decline in turn affected the social reproduction capacities of both urban and rural households (Mail and Guardian, 18 January 2009). Formal sector employment shrunk from 3.6 million in 2003 to 480 000 in 2008 and even those who managed to retain their jobs were in most cases receiving wages that are below the poverty datum line (Mail and Guardian, 18 January 2009).

1.3.3 SOCIOCULTURAL FACTORS

Zimbabwe’s population was hard hit by HIV/AIDS and the general increase across the economy of the cost of living. HIV/AIDS caused some loses to Christian Care of highly skilled workers whose experience was an asset. The bread-winner dependency ratio increased drastically from 1:4 in 2002 to 1:10 or more in 2009 (Chikukwa, 2010). It is estimated that 1 in 5 Zimbabweans is HIV positive – this is an epidemic that will lead to rapid demographic changes over the next 10 years. Life expectancy has dropped from 56 years in 1975 to just 33 years (Chikukwa, 2010). The high mortality rate amongst the sexually active population aside from creating a hugely unbalanced dependency ratio and associated social problems, is also leading to an acute loss of skilled workforce in organizations (Gratewicke and Stapelkamp, 2006). The social crisis was characterized by the decline or absolute collapse of social service delivery in housing, health and
education, and the erosion of household incomes leading to an increase in cases of food insecurity and general vulnerability (Mail and Guardian, 18 January 2009).

1.3.4 TECHNOLOGICAL FACTORS
Financial institutions however collaborated in the sharing and use of technology for example, ZimSwitch for point of sale and Automated Teller Machine (ATM) transactions and VISA card transactions. Christian Care also relied heavily on money transfers, ATM and VISA card transactions to purchase things like fuel, office equipment, and service of vehicles.

1.3.5 ECOLOGICAL FACTORS
Linkages between natural resources management and good governance have become increasingly apparent in Zimbabwe. The national economy relies on resource extraction. Natural resource-dependent rural communities comprise 70% of the population. The challenge for policy makers is to think creatively about the best ways to advance the needs of natural resource dependent communities and to address past abuses and promote more democratic and sustainable resource management practices (Mtisi; Dhliwayo and Makonese, 2006).

Rural communities face poverty, illiteracy, insecure resource tenure rights, non-existent to inefficient social services, but at the same time rich in natural resources. These communities wish to benefit from the extraction of mineral and forest resources. The problem lies with issues of governance, control, access and ownership of natural resources among a host of other social, political and economic factors (Mtisi; Dhliwayo and Makonese, 2006).

In post-independence Zimbabwe, legislative environmental representation has been rather slow and reactive than proactive. The legislators have been reactive to issues like floods, water pollution, land reform and the human-wildlife conflicts. Legislation also focused on single natural resource elements and not on an integrated system of elements. The land issue has been given priority as a separate thing divorced from the need to conserve the natural resources. The land redistribution exercise did not include
the conservation of trees, wildlife and minerals that were abundant in the acquired farms. This resulted in land degradation in the commercial farms, veld fires, gold panning, poaching and indiscriminate cutting down of trees. Nevertheless, the government later drafted an integrated environmental conservation plan in 2002, but its provisions are not being closely followed by farmers. Chiefs were appointed non-constituency members of parliament in legal terms with power to oversee the preservation of the environment and use of natural resources in collaboration with the local government institutions (Mtisi; Dhliwayo and Makonese, 2006).

The role of Christian Care in such an environment included but not limited to: creating relationships with the government and other organizations, offering training and assistance in agricultural conservation to maximize the use of local resources, establishing environmental solutions, and managing projects implemented to address environmental issues in Zimbabwe.

1.3.6 LEGAL FACTORS
During the period under review the government made efforts to control the operations of Non-Governmental Organizations through overnight pronouncements. Relaxation of customs duty on certain products like (vehicles, computers) to registered charity organizations, reduced constraints on the organization.

1.4 INDUSTRY ANALYSIS
The researcher used Porter’s five forces model to analyze the industry. The model is a framework for industry analysis and business strategy development (Porter, 1979). It is the most powerful and widely used tool for systematically diagnosing the principal competitive pressures in a market and assessing the strengths and importance of each of the five forces (Thompson Jr; Strickland and Gamble, 2005). It draws upon industrial organization economics to derive five forces that determine the competitive intensity and attractiveness of a market (Porter, 1979).
1.4.1 THREAT OF NEW ENTRANTS.
In the NGO sector, the threat of new entrants was high because of many Private and Voluntary Organizations (PVOs) that were being registered. Individuals and organizations were taking advantage of the environment by forming and registering PVOs. The PVOs would benefit those forming them by creating employment and assisting communities with relief and development services. It is estimated that at the present day there are about 2000 registered charity organizations in Zimbabwe (Christian Care: Annual Report, 2009).

1.4.2 THE POWER OF SUPPLIERS.
Suppliers of products had a bargaining power since they usually attach strings to their funding. However, implementing partners have room to negotiate how they want to do things on the ground. Implementing partners usually would also want to satisfy regulatory requirements in their country of operation.

1.4.3 THE POWER OF BUYERS.
Introduction of the multi-currency economy brought a normal economy in 2009; and it offered a better bargaining power to all buyers.

1.4.4 THREAT OF SUBSTITUTES.
If Christian Care failed to operate in a community, then the community could approach another charity organization offering the same services. There are quite a number of charity organizations who are hunting for communities to partner with in development work.

1.4.5 RIVALRY AMONG EXISTING COMPETITORS.
Rivalry among existing competitors in any industry takes many familiar forms. These familiar forms can range from price discounting, new product introductions and advertising campaigns to service improvements. Competitors in the NGO sector are in most cases numerous being roughly equal in size and power. In these situations, rivals usually poach business to create a market and justify funding.
Rivals in this industry are understood to be highly committed to their core business, with have aspirations for leadership; this can be evidenced by the presence of big brothers like World Vision, Plan International, Goal Zimbabwe, Action Aid and Catholic Relief Services in the same industry.

1.5 BACKGROUND OF CHRISTIAN CARE

Christian Care was formed in 1964 by the Rhodesia Christian Council now Zimbabwe Council of Churches. The rising spirit of Black Nationalism and resistance to colonial rule led to the formation of a number of political parties in the then Rhodesia. The government banned all political parties and detained their leaders. Christian Care was a response to the rising arrests, because of the Unilateral Declaration of Independence (UDI), and with the introduction of the State of Emergency and the Law and Order Maintenance Act and other laws. Christian Care was formed primarily to give support to political prisoners and their families (Ulrich, 1971).

In 1966 the colonial government introduced the Welfare Organization Act (WOA), to forbid the Christian Council to continue their welfare programme. The government declared that the Rhodesia Christian Council was not a registered welfare institution and therefore was unable to deal with welfare activities. The government ordered the Christian Council to stop relief activities as they were deemed political. The Rhodesia Christian Council was ordered to stick to its pulpit business and rather form an organization to do social work. During the same year, the Rhodesia Christian Council registered Christian Care as a charity organization; with a charity number (WO 79/67), (Ulrich, 1971).

Christian Care dealt with the relief of Africans in prison and restriction camps. Christian Care coordinated all relief activities and collection of money from internal and external partners for relief programmes. Christian Care managed at that time to register all prisoners, their families and their living conditions and distributed the monthly allowances, clothing and other aid. Basically, Christian Care was also formed to provide occupation, study and thought for political detainees. The detainees had to be kept

1.6 BUSINESS MODEL
A business model is a plan implemented by an organization to generate revenue and make profit from operations. The business model of an organization is a simplified representation of its business logic (IBM Global CEO Survey, 2006). A business model describes what a company offers to its customers, how it reaches its clients and relates to them, through which resources, activities, and partners and how it earns revenue.

Weill, Malone, D’Urso, Herman and Woerner (2005) defined a business model as what a business does and how a business can make money through its activities. Rappa (2003) cited in Weill et al, (2005) defined a business model as the method of doing business for a company to sustain itself. He stated that a business model is clear about how a company generates revenue and where it is positioned in the value chain. Magretta (2002) stated that the strengths of a business model is that it tells a story about the business focusing attention on how pieces of the business fit together- with strategy, describing how the firm differentiates itself and deals with competition.

Thompson and Strickland (2001) viewed a business model as being more focused than strategy and concerned with financial success. They argued that strategy places more emphasis on competitive initiatives, a business model deals with revenue generation, flow and viability.

According to the IBM Global CEO Survey (2006), a business model can be described by looking at a set of nine building blocks. These are:

1.6.1 CUSTOMER SEGMENTS
Christian Care deals with disadvantaged communities providing sustainable development and relief services. The services are implemented by a network of five regional offices located in Harare, Gweru, Bulawayo, Masvingo and Mutare.
1.6.2 VALUE PROPOSITION

Christian Care currently operates within five thematic areas: HIV/AIDS, Water and Sanitation, Education and Advocacy, Agriculture (Conservation Farming), and Food relief programmes.

1.6.3 COMMUNICATION AND DISTRIBUTION CHANNELS

Christian Care communicates directly with communities through its regional offices. It also communicates with Zimbabwe Council of Churches (ZCC) through its Board meetings, Annual general meetings. ZCC is represented in the Christian Care board by the General Secretary. Christian Care also communicates directly with its funding partners like ECCO, EED, and ACT Alliance. Christian Care has a website (www.christiancare.co.zw), where it advertises some of its activities as well as communicating with local and international partners.

1.6.4 CUSTOMER RELATIONSHIPS

Christian Care holds an annual general meeting (AGM) at national level and at regional level once every year. The AGM is used to meet with stakeholders and Church partners. AGMs are also used to provide feedback to partners and stakeholders. At regional level AGMs are usually a family fun day and fundraising initiatives. The website is used as an avenue for advertising Christian Care programmes and giving feedback to partners.

1.6.5 REVENUE STREAMS

Christian Care realizes its revenue from international and local funding partners. International partners are: ICCO Netherlands, EZE/EED Germany, World Council of Churches, Christian Aid, Help the Aged, Defence Aid, Amnesty International, Oxfarm GB, United Nations Agencies (World Food Programme, UNICEF, Food and Agricultural Organization, UNDP). Local funding partners include member Churches and affiliated Church-related Organizations, who pay subscriptions annually. An annual fundraising day is also organized to raise resources in cash and kind locally.
1.6.6 KEY RESOURCES

Christian Care has highly trained staff and a competent management team. Christian Care has properties at the national office and all regional offices. These properties include movable and immovable assets.

1.6.7 KEY ACTIVITIES

Christian Care’s key activities are focused on: HIV/AIDS interventions, conservation farming, water and sanitation, education and advocacy, sustainable development and food relief services.

1.6.8 PARTNER NETWORK

These include local NGOs like World Vision, Plan International, Goal Zimbabwe, Catholic Relief services and ZCC member Churches. International partners include EZE/EED (Germany), UMCOR, Bread for the World, Help the Aged, Defence Aid, Amnesty International, United Nations Agencies (World Food Programme, UNICEF, Food and Agricultural Organization, UNDP), Oxfam Canada, Oxfarm GB, and Oxfarm America.

1.6.9 COST STRUCTURE

The bulk of the costs are associated with community programmes, staff salaries, office equipment procurement, vehicles purchases and maintenance (IBM Global CEO Survey, 2006).

1.7 THE PURPOSE OF THE ORGANIZATION.

Christian Care was formed to:

- Promote the interests of its members by providing an ecumenical service in the field of emergency responses, relief, poverty alleviation and famine.
- Mobilize and raise financial and material resources in order to further the relief and development of the poor and disadvantaged people in Zimbabwe.
1.8 AN OVERVIEW OF NGO SECTOR IN ZIMBABWE

Zimbabwe has about 2000 registered organizations that are working as charity organizations. The charity organizations are registered under the PVO Act or the Deed of Trust or with the responsible and relevant ministries as prescribed by the government. They broad and diverse mandates which also cover those listed below:

- **Disability**: The focus here is to empower the disabled economically, as well as dealing with the rights of the poor and vulnerable people.
- **Elderly**: Deals with social, economic and home based care needs of old citizens.
- **Children**: This sector looks into issues like child immunization, child abuse, children's rights and child participation.
- **Youth**: Deals with youth empowerment, upbringing of young people and student activism in tertiary institutions.
- **Environment**: The major area of focus is conservation and utilization of natural resources.
- **Women and gender**: This sector deals with issues that affect women such as rights of women, economic and political empowerment, inheritance and domestic violence.
- **Human rights**: Deals with protection and promotion of human rights, advocacy, constitutionalism, promotion of education and legal aid are the major activities of this sector.
- **Health sector**: Themes include sanitation, HIV/AIDS and nutrition.
- **Poverty alleviation**: The sector deals with strategies to provide of social safety nets, vocational skills training and micro-lending to alleviate poverty (Mukute and Marange, 2006).

The Zimbabwean government enacted its first NGO law in 1968. The law was known as the Welfare Organizations Act. The first NGOs were first formed by religious groups.
(Churches). Their core business was giving handouts and taking care of orphans, abandoned babies, the disabled people, homeless people and the elderly. At independence in 1980, there was a major shift in the NGO sector. The new areas of focus were reconstruction and rehabilitation of a country that was emerging from war. Support activities were to resettle people, provision agricultural skills to rural areas, the advancement of women, income generating projects, management of natural resources and integration of disabled people into their communities (Mukute and Marange, 2006).

It is interesting to note that a new group of private and voluntary organizations emerged in the 1990s. These new charities focused more on policy advocacy activities, in less privileged communities. Today Zimbabwe estimates to have in excess of 2,000 NGOs, who are largely focusing on development work. Some of their activities include children’s rights, advancement of women, disabled persons, HIV/AIDS, environmental protection, democracy and governance, vocational skills training, poverty alleviation, human rights, humanitarian aid and rural development. The operating environment in Zimbabwe at the moment is however extremely challenging. The pressure is to make sure NGOs are now practicing good corporate governance (Mukute and Marange, 2006).

1.9 A SYNOPSIS OF CORPORATE GOVERNANCE CHALLENGES FACED BY NGOs IN ZIMBABWE.

Research into this area has helped to expose the common problems and dilemmas that NGOs experience in Zimbabwe. The problems and dilemmas are generally related to decision-making processes. Tensions often occur between staff and senior management because of the staff expects to be treated as an equal partner in the decision-making process (Mukasa, 2006).

Common also is the problem to do with the governance of NGOs, this relates to the relationships between board members and senior management. This seems to stem to a larger extend from the inability or unwillingness of the board to govern the organization in a proper manner. The major reason being board members who often
lack the time or the necessary skills to carry out their responsibilities effectively. This gives senior management more room and power to make policy decisions with little or no support and consultation from board members (Mukasa, 2006).

**Governance and decision making;** the governance structure of many NGOs in Zimbabwe is very complex. Most NGOs that are nonprofit in nature are usually governed by boards of directors who appoint themselves in order to serve and further their selfish interests. Trustees are supposed to be elected by society at large, so that they hold and administer an organization in trust for the benefit of society. This condition is clearly specified in all NGOs’ and charity organizations’ papers of incorporation and grants of tax exemption (Lewis, 2005).

**Staffing issues; such as; recruitment, assignment and layoff as well as human resources development and administration;** the everyday management of staff is another problem area for most for nonprofit organizations (Vilain, 2006). Most NGOs and for nonprofit organizations have been found to be very disorganized and weak at staff career development and continuing education issues. Organizations in this industry lack a well-defined career structure which employees could simply follow to develop themselves. In addition most NGOs do not budgeting for continuing education and development programs. For organizations that are expanding rapidly, lack of budgets and planning creates problems for those employees who are unable to keep up with the demands of their work. Sometimes they only have little organizational and professional skills (Mukasa, 2006).

**Fund raising;** Fundraising activities are also a source tension in NGOs. Strategies and images used by NGOs to raise funds usually compromise the integrity of employees. The images in most cases depict the intended beneficiaries as helpless victims in need of assistance. Employees view this approach as inaccurate since it lacks respect for the beneficiaries (Mukasa, 2006).
Most NGOs create large budgets that require intensive fundraising efforts and activities. Major sources of income for NGOs include membership dues, the sale of goods and services, grants from international institutions or national governments, and private donations. The term ‘NGO’ generally implies independence from governments; although some NGOs depend their governments for their funding (Mukasa, 2006).

The NGO sector has common weaknesses that include; low levels of financial and management skills, limited institutional capacity, low levels of self-sustainability, lack of inter-organizational communication and coordination, failure to understand the social or economic context of the operating environment (Malena, 1995).

**The structural growth problem:** as they become more and more successful, small businesses face the common problem of replacing one-person management (or family management) with a more desirable institutionalized structure. Those who found these organizations would want to have total control as well as doing things the way they like. The difficult is of persuading them to create independent management roles, to respecting the authority and autonomy of independent skilled managers and experts. The styles, ethos, and values they display are in most cases challenged by formal and bureaucratic discipline imposed by the volume and variety of external funding from public organizations (Moore and Stewart, 1998).

**The accountability problem:** the ‘real’ problem is to answer the question asked by most people; who are these organizations and their founders accountable to? (Moore and Stewart, 1998).

**The evaluation problem:** Evaluation in development organizations and NGOs, poses some challenges in that: the activities they are engaged in seem to be experimental instead of being routine in nature; goals of NGOs are viewed as intangible; they in some cases operate in the face of obstruction and hostility from officials. It is also very difficult
to find similar organizations to compare their performance with in a quantitative sense (Moore and Stewart, 1998).

**The economies of scale problem:** most NGOs are small in nature and scope. This makes them to lack access to the specialist knowledge and skills they require. As a result they may be fully aware that `continuing education and training’ is important, but may not know how to do it, or may not have enough resources for that particular requirement (Moore and Stewart, 1998).

**Mission, effectiveness, and accountability:** for NGOs to be successful, they need fulfill a mission that is valued by the community, staff, board, and founders. This therefore requires NGOs to create value within their operating environment (Lewis, 2005).

**Main future needs:** more funds and more staff, and above all the former, is more or less universal. Successful organizations are in need of paid staff. New and small organizations appear are often in greater need of information and management advice. The need for voluntary workers becomes evident (Marcuello, 2001).

To summarize this section one cannot be far from the truth to argue that, examination of NGOs helps, to fully describe the field of organizational types (corporate, government, non-governmental) and their communicative characteristics and dynamics. Further it also provides a wealth of opportunities to validate and question widespread theoretical assumptions that have been based on the empirical picture presented in corporate organizations (Lewis, 2005). In Zimbabwe NGOs have become more established actors within development work and practice. However the critical question being asked relate to their performance and accountability (Lewis and Madon, 2004).
1.10 SWOT ANALYSIS OF CHRISTIAN CARE

SWOT analysis is a strategic planning tool which assesses the Strengths (internal), Weaknesses (internal), Opportunities (external) and Threats (external) possessed and faced by an organization. A SWOT analysis enables management to identify the key internal and external issues they need to take into account in order to understand the context in which the organization operates. A SWOT analysis focuses management on the areas where they need to make choices, and helps to identify some of the constraints and risks involved (Burnes, 2009). The researcher found it necessary to do a SWOT analysis of Christian Care. The analysis helped the researcher to pick and analyze the strengths, weaknesses, opportunities and threats which Christian Care can concentrate on to maintain its competitive advantage.

1.10.1 STRENGTHS

- A registered charity organization with charity number
- Exceptional service delivery in all regions
- Good and strong IT base and marketing and communications department
- Strong core management team
- Strong network with external and internal funding partners
- Committed and loyal staff
- Quick decision making
- A-Political
- Wholly owned by Council of Churches

1.10.2 WEAKNESSES

- Tainted political and economic reputation
- Diluted organizational culture
- Inexperienced staff
- Insufficient skilled personnel
- High staff turnover
- Weak staff development programmes
• Limited and shrinking financial base
• Limited distribution channels of products and services
• Organizational bureaucracy

1.10.3 OPPORTUNITIES

• Still untapped market in terms of sustainable development work
• Strong asset base
• Credible external and local funding partners
• Potential for growth and access to all provinces in Zimbabwe
• Expansion opportunities in terms of networks and programming
• Opportunity for diversification into new thematic areas
• Brain gain, new products (programming and thematic areas)
• Getting new and credible partners on board
• Staff stabilization
• Possible political and economic climate change
• Access to new technology
• Access to new management models
• Exposure to best practices regionally and internationally

1.10.4 THREATS

• Brain drain
• Unfavourable political environment
• Loss of exchange gains due to multi-currency economy
• Shrinking partner base, funding partners closing and relocating head offices elsewhere
• Competition of new entrants
• Lack of confidence by potential new funding partners
• Change in funding policies
• Hostile operating environment
• Statutory/regulatory policies
1.11 STATEMENT OF THE PROBLEM

As alluded to in section 1.9, there are generic challenges that appear to face NGOs (including Christian Care) and related to for example, staff development, lack of skilled staff, limited financial and management expertise, limited institutional capacity, low levels of self-sustainability and isolation/lack of inter-organizational communication/ and/or coordination. As also highlighted in the same section, governance issues tend to haunt such organizations. Given such a scenario, the question then is how well Christian Care has acquitted itself in this important area of governance.
1.12 RESEARCH OBJECTIVES
1.12.1 OVERALL OBJECTIVE

The overall objective of the study was to critically analyze corporate governance systems in charity organizations focusing on Christian Care over the period January 2007 to June 2012.

1.12.2 SPECIFIC OBJECTIVES

The specific objectives of the study were to;

1. Identify corporate governance systems in place at Christian Care over the period of the study.
2. Ascertain the extent to which Christian Care is in compliance with its corporate governance systems and policies.
3. Identify the extent to which Christian Care corporate governance systems are in line with best practices.
4. Identify challenges which Christian Care may be facing in implementing corporate governance systems.
5. Make any necessary recommendations following findings from the study.

1.13 RESEARCH QUESTIONS.
1.13.1 MAIN RESEARCH QUESTION

What is the nature of corporate governance at Christian Care?

1.13.1.1 RESEARCH SUB-QUESTIONS

The research sub-questions were:

1. What are the corporate governance systems that are in place at Christian Care?
2. To what extent is Christian Care in compliance with its corporate governance systems and policies?
3. To what extent are corporate governance systems at Christian Care in line with best practices?
4. What are the challenges that Christian Care may be facing in implementing corporate governance systems?
5. What recommendations can be made following findings from the study?

1.14 RESEARCH PROPOSITION
The researcher makes a theoretical proposition that; corporate governance at Christian Care is weak.

1.15 JUSTIFICATION OF THE STUDY
It is envisaged that the results of this study will equip Christian Care and leaders of charity organizations with invaluable knowledge on factors that cause noncompliance with corporate governance systems in charity organizations. The results of the study will provide Non-Governmental organizations with an insight and knowledge on corporate governance systems necessary for their effective functioning.

It is also envisaged that the results of this study should contribute immensely to the body of knowledge in terms of evaluating corporate governance systems and models in charity organizations. To the academia, this study challenges researchers to conduct or carry out more researches in the area of corporate governance systems and compliance within charity organizations. To policy makers, the study exposes corporate governance challenges that NGOs encounter.

1.16 SCOPE OF THE STUDY
The study critically analyzed corporate governance systems at Christian Care over the period January 2007 to June 2012. The study was based at Christian Care Harare.

1.17 STRUCTURE OF THE DISSERTATION
The dissertation is organized into five chapters as follows:
CHAPTER 1: INTRODUCTION

Chapter One outlines the background of the study, general overview, case study background, statement of the problem, research objectives, research questions, research proposition, justification of the study, structure of the dissertation and ends with a chapter summary.

CHAPTER 2: LITERATURE REVIEW

The chapter makes a comprehensive search of recent and relevant literature and offered a critical review of literature on what was published on corporate governance systems by accredited scholars and researchers. This chapter provides a platform and frame work for a meaningful discussion of the findings of the study.

CHAPTER 3: RESEARCH METHODOLOGY

The chapter explains the research methodology, methods and philosophies underpinning the study. It also highlights the data collection methods, analysis, presentation and techniques adopted by the researcher.

CHAPTER 4: FINDINGS, ANALYSIS AND DISCUSSION

The chapter presents findings from the research supported by evidence of data collected. Chapter four also discusses, interprets and analyzes the findings of the research with reference to the literature review.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The chapter draws conclusions from the research investigation and makes appropriate recommendations.

CHAPTER SUMMARY

Chapter one provided the introduction to the research project. The impact of the external environment to the NGOs using the PESTLE analysis and the competitive forces operating in the industry were analyzed using the Porter’s five force model. The statement of the problem was also highlighted to show the thrust and heart of the study.
The research objectives, research questions and the significance of the study were also articulated in this chapter. The next chapter concentrates on the literature which supports the research questions highlighted in Chapter 1.
CHAPTER TWO: LITERATURE REVIEW

2.0 INTRODUCTION
This chapter presents a review of both positive and negative commentary on corporate governance. Chapter two is structured as follows; definition of Ngo, definitions of corporate governance, history and development of corporate governance, corporate governance standards, corporate governance principles, principles for good corporate governance in charity organizations, general guiding principles for good governance, NGO board and management, board committees, financial management, financial reporting, auditing, internal controls, risk management, discussion of the code of corporate governance for NGOs, discussion of international corporate governance reports and justification of the need for corporate governance in charity organizations.

Literature review is defined by Mouton (1996) as a “map” or “maps” of the terrain. Fouche and Delport (2002) argue that literature review contribute towards a clearer understanding of the nature and meaning of the problem that has been identified. “Literature review provides the background and context for the research problem. Literature review, should therefore establish the need for research and indicate that the writer is knowledgeable about the area of study” (Wiersma, 1995, p. 406 cited in Pajares, 2007).

2.1 DEFINITION OF TERMS

2.1.1 NON-GOVERNMENTAL ORGANIZATION (NGO)
The PVO Act (Chapter 17:05, 1996) defines an NGO as an organization that is not profit oriented. An NGO benefits society in the furtherance of its objectives. The Constitution for NGOs must have a legal status, being a separate legal persona. It must therefore be distinct from the individuals who control it. Common traits of Private and Voluntary Organizations are: “independence, non-partisan and nonprofit making, helping the public and voluntary” (PVO Act (Chapter 17:05, 1996). The operating principles for NGOs include: “participation, transparency, accountability, responsiveness, equity,
effectiveness and efficiency, strategic vision and good governance” (PVO Act (Chapter 17:05, 1996).

2.1.2 CORPORATE GOVERNANCE

The Cadbury committee report (1992) defined corporate governance as the means through which organizations are directed and controlled. It is the framework by which the various stakeholder interests are balanced. It is "the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders" (Cadbury Committee, 1992).

Director’s Monthly Magazine (2010. Vol. 3) defined corporate governance as follows: "Effective corporate governance ensures that long-term strategic objectives and plans are established and that the proper management and management structures are in place to achieve those objectives, while at the same time making sure that the structure functions to maintain the corporation’s integrity, reputation, and accountability to its relevant constituencies. Corporate governance is also understood as: looking at Management through Corporate Governance-tinted glasses” (Applied-Corporate-Governance.com 2009).

According to the King Report South Africa (1992), corporate governance is the process of controlling management and of balancing the interests of all internal stakeholders to ensure responsible behavior by corporations and to achieve the maximum level of efficiency and profitability for a corporation. Corporate governance refers to the processes by which an organization is directed, controlled and held accountable, as well as encompassing authority, accountability, stewardship, leadership, direction and control exercised in firms.

According to Oman (2001) corporate governance refers to the private and public companies, these include laws, regulations and best practices in business. These govern the relationship between corporate managers and entrepreneurs, and investors. Others consider corporate governance as simply the prevention of theft (Nganga et al, 2003). Shleifer and Vishny (1996), state that corporate governance deals with the ways investors assure themselves of returns. That, those managers do not steal capital or
invest in projects that do not have a good return. Corporate governance is “the mechanism through which outside investors are protected against expropriation by insiders” (Shleifer and Vishny, 1996, p. 74). Therefore corporate governance is between management and those that have an interest in the firm. Nganga et al., (2003) posit that expropriation can, include outright theft of assets, transfer pricing, excessive executive compensation and diversion of funds to unsuitable projects.

All these definitions put it clear that, corporate governance involves the setting of a legal, economic and institutional environment that allows companies to pursue long-term shareholder value and maximum human-centered development. Corporate governance is concerned with the processes, systems, practices and procedures, formal and informal rules that govern organizations. It is an effort to balance shareholder interests with those of stakeholders, management, employees, customers, suppliers, and investors, to achieve long-term sustainable value. Good governance promotes efficient, effective and sustainable corporations that contribute to the welfare of society by creating wealth and employment. It promotes responsive and accountable corporations; legitimate corporations that are managed with integrity, probity and transparency and recognize and protect stockholders’ rights (Okeahalam and Akinboade, 2003).

2.2 HISTORY OF CORPORATE GOVERNANCE
Corporate governance, understood as the constitutive processes shaping the relationship between ownership and management of enterprises, is a relatively new field of inquiry. The history of corporate governance focuses on concentrated ownership systems, together with the financial and political factors that shaped different development paths. Scholars, underscore the centrality of corporate governance not only for understanding the historical dynamics of firm performance and economic development, but also for understanding the co-evolution of the corporation with modern ideas of political and legal order (Jones and Zeitlin, 2006).
Contemporary discussions of corporate governance focus on relations between ownership and management within joint-stock, limited-liability, publicly-held, predominantly large-scale enterprises. The emphasis is on the balance of power between shareowners and managers. There are basically two ideal-typical property systems, based on concentrated and dispersed ownership. “Concentrated ownership system” is “characterized by controlling block holders, weak securities markets, high private benefits of control, and low disclosure and market transparency standards. “Dispersed ownership system” is characterized “by strong securities markets, rigorous disclosure standards, and high market transparency” (Coffee, 2001, p. 2).

2.2.1 THE ROOTS OF CONTEMPORARY CORPORATE GOVERNANCE SYSTEMS - AN ETHICAL THEORY

Historians recognize three pillars of Western (European) legal tradition. First: The ideal of free and rational thought. Second: A neutral state administration designed to pursue the goal of its citizens’ “good life,” rather than the individual interests of its kings, queens or oligarchs. Third: Christianity (Zetszsche, 2007). Policy makers take into account the ethics of respective societies, when they face corporate governance problems, namely, the problem of how to ensure that corporate directors and controlling shareholders conduct themselves appropriately, and refrain from taking advantage of (dispersed) shareholders’ lack of control over the assets of public corporations to the detriment of such shareholders (Zetszsche, 2007).

As people are diverse, the ethical identities and values of which they possess are diverse, as well. Thus, an ethical theory of Western corporate governance history can only be maintained if the relevant ethics cited as explanations for an Explicit or Implicit System of corporate control were, in fact, dominant when policy makers chose the specific development path for their country’s corporate governance system. Ethics grounded in certain strains of Christendom are likely to have influenced the development path that Anglo-American and Continental-European corporate governance systems took in times of industrialization (Zetszsche, 2007).
2.3 CORPORATE GOVERNANCE: CONCEPTUAL ISSUES
Otobo (2000) argues that governance issues have taken centre stage in the development discourse on Africa’s development agenda. Most of Africa’s problems have been linked to governance issues. The poor economic performance of African economies has been blamed on poor governance. The political environment defines the context in which economic governance and corporate governance are practised. Otobo (2000), states that the relationship between political governance, economic governance and corporate governance can be likened to concentric circles in which the political governance circle forms the outside, followed inwards by the economic governance circle, with the corporate governance circle at the centre (Economic Commission for Africa (ECA) Southern Africa Office).

2.4 CORPORATE GOVERNANCE STANDARDS

2.4.1 THE OECD STANDARDS
The Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance (OECD) standards encourage enterprises to contribute to economic, social and environmental progress to achieve sustainable development. OECD standards promote information disclosure, good employment and industrial relations and protection of the environment.

2.4.2 THE KING REPORT SOUTH AFRICA (2002) STANDARDS
The (King 1) report aimed at promoting the highest standards of corporate governance. The (King II) reports outline specific governance standards as follows:
- Recommends a unitary board structure composed of executive and non-executive directors. The non-executive members should be independent of management in order to protect minority shareholder interests.
- Makes a distinction between the board chairperson and the chief executive officer and that there must be a clear distinction between their roles.
- Defines the roles of both the executive and the non-executive directors.
- Deals with risk management.
• Considers the functions of Internal Audit. According to the Institute of Internal Auditors, “Internal Audit is an independent, objective assurance and consulting activity. Audit brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” Integrated sustainability reporting. The achievement of balanced and integrated economic, social and environmental performance (Gray, 2003).

The Report urges the boards to disclose:
1. The strategy, plan and policies the company has in place to address and manage the potential impact of HIV/AIDS.
2. The company’s formal procurement policies.
3. Development and implementation a definitive set of standards and practices based on a clearly articulated code of ethics.
   • Discusses accounting and external auditing.
   • Observes the highest level of business and professional ethics.
   • Being objective and consciously aware of their accountability to the shareholders.
   • Treats compliance and enforcement issues as a matter between the board and the other stakeholders of the company.

The (King II) report drew attention to the proper functioning of board of directors as a key ingredient of good corporate governance (Armstrong, Segal and Davis, 2005). The (King 11) report was distinguished by its integrated approach to good governance with regard to social, ethical and environmental practices (Gray, 2003).

2.4.3 NEW PARTNERSHIP FOR AFRICA’S DEVELOPMENT (NEPAD) STANDARDS
NEPAD was adopted in October 2001. The African leaders had realized that commitment to aid and the removal of trade barriers was necessary and this could take the form of good governance (Gray, 2003).

The corporate governance issues covered under NEPAD can be grouped under five main objectives:
• Promoting an enabling environment and an effective regulatory framework for economic activities;
• Ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability;
• Promoting the adoption of codes of good business ethics in achieving the objectives of the corporation;
• Ensuring that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner; and
• Providing for accountability of corporations, directors and officers.

The NEPAD standards brought into the discussion of good governance the will to change structures, in the process of transformation (Gray, 2003).

2.5 PRINCIPLES OF CORPORATE GOVERNANCE

2.5.1 THE OECD PRINCIPLES

The OECD Principles of Corporate Governance defined, corporate governance as a set of relationships between management, the board of directors, shareholders and stakeholders. Corporate governance is also understood here to provide the structure through which the objectives of the organization are set, and how to attain those objectives and monitor performance is determined.

In this regard corporate governance consists of two elements:

1. **The long term relationship** which has to deal with checks and balances, incentives for managers and communications between management and investors;
2. **The transactional relationship** which involves dealing with disclosure.

There are five elements of corporate governance which the board must consider: long term strategic goals, employees: past, present and future, environment/community, customers/suppliers, and compliance (legal/regulatory). Corporate governance, to be
applicable to a modern, global company, must synthesize best practice from the biggest economic powers into something which can be applied across all major countries.

2.5.2 THE CADBURY PRINCIPLES

The Cadbury Report (UK, 1992) and (OECD, 1998 and 2004 report) provide a model of principles that guide the operations of businesses in order to ensure good corporate governance. The Sarbanes-Oxley Act (US, 2002), is the government’s effort in the United States to legislate and implement principles recommended in the Cadbury and OECD reports. The recommended principles are:

RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS:

Organizations are expected to respect the rights of shareholders and as well help them exercise those rights.

INTERESTS OF OTHER STAKEHOLDERS

Organizations need to be fully aware that they have “legal, contractual, social, and market driven obligations to non-shareholder stakeholders, employees, investors, creditors, suppliers, local communities, customers, and policy makers” The Cadbury Report (UK, 1992) and (OECD, 1998 and 2004 report).

ROLE AND RESPONSIBILITIES OF THE BOARD

The board must have skilled members with an understanding and ability to review and challenge management performance. The board of directors should be of adequate size and appropriate levels of independence and commitment

INTEGRITY AND ETHICAL BEHAVIOUR

Integrity is recommended as a fundamental requirement when appointing corporate officers and the board of directors. NGOs are expected to develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.
DISCLOSURE AND TRANSPARENCY

Organizations are required to clarify and make known the duties and responsibilities of board of directors and management. The provision helps to provide stakeholders with a level of accountability. Corporates are required to implement procedures that help to verify and safeguard the integrity of the organization’s financial reporting. Disclosure of material matters of the company should be timely and balanced so that all investors have access to clear, factual information.

Fourier (2008) argued that, corporate governance is associated with corporate responsibility and the conduct of business within acceptable ethical standards. Transparency, accountability and openness in reporting and disclosure of information, both operational and financial, are key and essential to best practices in organizations. Good corporate governance and best practices are attained by demonstrating public accountability and conducting business within acceptable ethical standards. This takes the form of effective financial reporting, both internally and externally, and the unqualified encouragement of public debate of financial reports.

2.6 EFFECTIVE CORPORATE GOVERNANCE

Effective corporate governance means that officials must demonstrate compliance with the following six characteristics:

- The board is composed of individuals with the knowledge, ability and commitment to their duties;
- Board members who understand their role and mandate;
- Directors with an understanding of the objects and strategies to employ;
- Board members who understand what constitutes good information for decision making;
- Making sure that the department’s objectives are met and that operational performance is above average; and
- Being accountable to those whose interests they represent;
- To regularly and adequately report on the department’s activities.
Fourier (2008) further stated that, good corporate governance and best practices seeks to promote:

- Efficient, effective and sustainable organizations that improve the welfare of society at large;
- Highly responsive and accountable organizations
- Recognition and protection of stakeholder rights;
- Democracy, reasonable representation and participation by all concerned.

2.7 PRINCIPLES OF GOOD CORPORATE GOVERNANCE IN CHARITY ORGANIZATIONS

Gay Calvert-Lee and Tearfund (2004) provide ten principles of good governance in the charity sector, these are:

- The Board should advance the charity’s objects
- The Board should safeguard the charity’s assets
- The Board should ensure the charity is accountable
- There should be a policy on the holding of reserves
- The Board should be effective and there should be a written Board constitution. Appropriate skills should be recruited to the Board. The Board should conduct regular internal or external reviews of its own performance and of its policies and procedures.
- There should be a clear division of responsibilities between the Board and the management team, and between the Board Chair and the Chief Executive.
- The Board should have proper oversight of the charity.
- The Board Constitution should include job descriptions for Board and for specific offices of Chair, Secretary and Treasurer.
- Recruitment should be transparent. Trustees should be appointed on merit according to the skills and experience required.
- The Board should be trained and inducted. The Board should be aware of their legal and governance responsibilities (Gay Calvert-Lee, Tearfund, 6 Oct 2004).
2.8 GUIDING PRINCIPLES FOR GOOD GOVERNANCE

Mukute and Marange (2006), provide a number of guiding principles for effective and lawful operation of NGOs in Zimbabwe. NANGO expects NGOs to uphold the following pillars of good governance:

- **Self-regulation:** NGOs must have the capacity to govern themselves.
- **Registration:** NGOs must be registered with the ministry and government.
- **Professional environment:** Conduct themselves in a manner that promotes best practices.
- **Sustainability:** NGOs are expected to manage their operations, beyond the project cycle.
- **Representation:** The need to balance gender, geographical and sectoral representation.

Mukute and Marange (2006), also argue that NGOs in Zimbabwe are expected to observe the recognized pillars of good corporate governance:

- **Fairness:** Organizational systems must take into account minority stakeholders and all those with an interest in the organization.
- **Accountability:** There must exist in the organization mechanisms that allow for accountability. The organization should be able to manage its time and resources through appropriate systems.
- **Participation:** Stakeholders regardless of gender, age, race, creed or religion should have a voice in decision making in the affairs of the organization.
- **Responsibility:** The organization must promote and reinforce good behavior that correct bad actions and penalize mismanagement.
- **Transparency:** Outsiders should be able to analyze the organization’s actions, economic fundamentals and non-financial activities.
- **Strategic vision:** Management, employees and stakeholders must be equipped with a broad and long term perspective on good governance. They must be aware of the development and vision of the organization, along with what is required for that development.
• **Discipline:** There must be a level of commitment to adhere to acceptable, correct and proper behavior.

• **Independence:** The need to minimize or avoid potential conflict of interest caused by the domineering character of a strong CEO founder member or Trustee.

• **Social Responsibility:** Organizations must respond to, social issues prioritizing ethical standards.

• **Efficiency and effectiveness:** Organizations should produce results that suit the needs, requirements and expectations, and at the same time making the best use of available resources.

• **Balance of power:** There must existence of balance of power among the different stakeholders.

These corporate governance principles would be difficult to adhere to where there is:

• Lack of understanding of the roles and responsibilities of the Board and management. There must be no interference by either side;

• Understanding that Board member's primary duty is to serve and pursue the best interests of the organization;

• The capability of board members to understand the context and make meaningful responses to it; and

• Willingness of board members to observe the four golden rules of loyalty, skill, knowledge and attention (Mukute and Marange, 2006).

### 2.9 NGO INSTITUTIONAL FRAMEWORK

Mukute and Marange (2006), provided for an institutional framework of NGOs. The framework covers aspects like the Constitution, registration, policies and procedures, strategic plans, organizational organogram, communication and partnerships. NGOs must have a reason for existence captured in its vision, mission and core values. A mission statement tells why the organization exists and what it stands for. A mission statement covers the following aspects: what an organization does, for whom it is done and its competences. A mission statement must be reviewed periodically in order to align it to the vision. Core values outline how the organization will conduct itself in
business operations. The following are examples of the core values: development, respect for indigenous knowledge and commitment to action and impact.

2.10 NGO BOARDS AND MANAGEMENT
A Board of Directors is the policy making body of an organization. It consists of elected and or co-opted individuals. Every NGO should be headed by an effective Board of Directors. The board must therefore exercise leadership, enterprise, integrity and judgment in directing the organization to achieve its goals as well as acting in the best interests of the organization's core values. There are four basic duties for the Board of Directors: the duty of loyalty, the duty of care and skill, the duty of knowledge, and the duty of attention. Board functions include but are not limited to: decision making, crafting policies and strategies, representing the organization, accountability for the organization, overseeing the organization's work, putting in place standards, resource mobilization, resolving and managing conflict and being the custodian of the organization. A board charter framework must set out the following: size, roles and responsibilities, composition, member appointment procedure, term of office, leadership provision, directors' fees, meeting procedures and intervals, performance appraisal of board members and the board itself, board committees and relationships (Mukute and Marange, 2006).

The Board must set parameters off board of directors, the Chairperson, committees reporting to the board, individual board members, board office bearers and the Chief Executive Officer. The appointment process of board members should follow set down procedures. The Board is responsible for the performance and operations of the company it directs. The board in most cases delegates its authority to committees that will bring recommendations to the full board for deliberation and approval. Each committee must have clear terms of reference (Mukute and Marange, 2006).

2.11 BOARD COMMITTEES
Board committees have the advantage of:
• Increasing efficiency of the Board by working on recommendations on behalf of the board;
• Providing an avenue for representatives to present their ideas and thoughts in an organized way;
• Helping to keep the organization in touch with its clientele base;
• Representing the board and consulting on people’s views; and
• Providing support, guidance and technical advice to employees (Mukute and Marange, 2006).

Board membership and terms of office should be clearly specified in the constitution.

2.12 ORIENTATION OF BOARD MEMBERS
Elected new Board members must receive orientation of the history, objects and philosophy of organization. Orientation must also cover organizational operations. Orientation may include: Organization’s vision, mission, goals, guiding core values, Programs/Thematic areas, Funding partners, Role of the Board, Fundraising, and Expectations from Board of directors, allowances and fees for Board Members and, Relevance and Impact of the Organization (Mukute and Marange, 2006).

2.13 DUTIES AND RESPONSIBILITIES OF THE BOARD
The duty of a statutory Board is to protect and represent the interests of shareholders, stakeholders and the organization. The role of the Board includes working out business strategy and addressing big issues. The role of the Board is evolved from law, custom, tradition and current practice. It is the responsibility of the Board to ensure that management works in the best interests of the organization, shareholders and stakeholders to enhance the organization’s value. The quality of directors, their competence, commitment, willingness and ability to assume a high degree of obligation to the company drives the value of any Board (Fernando, 2006).

Duties of a board of directors are: fiduciary duties, defining, shaping and maintaining norms, policy formulation and implementation and leadership and direction, standards
and control systems, resource mobilization and management role, protecting the organization, Board and individual Board member performance appraisals and hunting for expert skills and new technologies that the organization should adopt (Fernando, 2006).

The Board must satisfy three principles that fall under fiduciary duties. Board members are required to avoid conflict of interest when making decisions. Board member should avoid conflict of interest in decision making, as this would bias his/her decision. Board members are not allowed to profit or borrow funds from the organization they are serving. Those sitting on the board should avoid using the organizational resources as collateral security for loans or personal gain (Mukute and Marange, 2006).

The Board should all the time provide long-term strategic direction and leadership to the organization. The vision, mission, core values and strategy should be crafted both by the Board and management. It is the duty of the board to create an environment which is conducive to good governance. The Board is also mandated to develop, put in place and share with employees the relevant policies that guide the organization. The Board must make sure management reporting structures, systems, policies and procedures manuals, code of conduct are functioning properly. These policies should be regularly reviewed to ensure the effectiveness of the organization’s internal control systems for accuracy and informed decision-making. The board must regularly monitor and evaluate the programmes of the organization, and financial sustainability. The Board must also look into financial matters to improve the financial reporting systems, accounting systems, and budgeting processes. The annual audit, appointment of auditors and designing audit terms of reference for audit committee and setting tender procedures is the function of the board (Fernando, 2006).

Mukute and Marange (2006), argue that the Board performance and effectiveness should be regularly assessed. This process should be guided by clearly defined performance assessment criteria. The performance of individual board members should be appraised regularly. The Board’s mandate also covers evaluation of the Chairperson
and Board Committees. The Board’s overall duty is to assess the performance of the organization. The appointment of the Chief Executive Officer and senior management is the responsibility of the board of directors. The Board must put in place a training and development program for management and all employees. The board is required to put in place a succession plan for senior management. The Board should periodically update the technology, skills and systems that are in use, so that the organization thrives. The board and management must share and communicate organization’s vision, mission and objectives to relevant stakeholders.

2.14 FINANCIAL MANAGEMENT

Most NGOs in Zimbabwe depend heavily on external donor funding. These funds must therefore be managed through sound financial management policies and procedures. NGOs must therefore comply with accounting and auditing standards of the sector and the funding partner. This, among other things, entails:

- Designing sound financial policies;
- Employing skilled personnel to run financial matters of the company;
- Carrying out periodic and annual audits;
- Policies on loans and staff advances;
- Putting in place a suppliers’ list for goods and services;
- Preparing of realistic projects budgets;
- Appropriate consultations to effect any changes in the project implementation and budgets; and
- Creating a diversified funding base and long term funding partners (Mukute and Marange, 2006).

2.15 FINANCIAL REPORTING

2.15.1 COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Budgets should include income, expenditure and the employment of capital. The prime objective of the budgeting is to control costs and unnecessary expenditure. Budgets must generally reflect the organization’s structure and activities. Budgets include items
like: salaries and allowances, office rentals, telephone, internet, meetings and workshops, capital expenditure, monitoring and evaluation, equipment, operational costs; and sources of funding (Mukute and Marange, 2006).

NGO's must follow the Generally Accepted Accounting Principles (GAAP), and the Financial Accounting Standard Board (FABS) in their financial reporting. The principles are the basis of the Internationally Accepted Accounting Standards (IAAS) applied universally:

- Financial statements of NGOs should explain the financial position of the organization as well as giving a true and fair view of the state of its affairs.
- Financial statements must be prepared monthly.
- Financial reports are required to include a statement of financial position (balance sheet), a comprehensive income and expenditure statement, and cash flow statement (Mukute and Marange).

2.16 AUDITING
Audits of NGOs in Zimbabwe are governed by the PVO Act. The PVO Act requires financial statements to be audited by a registered public auditor within three months after the end of each financial year. An audit is carried to ascertain compliance with policies. Audit reports provide a statement the state of affairs of the organization’s books. Internal and external audits can be both performed on an organization’s accounts. Audits demonstrate a commitment to transparency and accountability. Audits ensure compliance and conformance with Internationally Accepted Accounting Standards (IAAS) (Mukute and Marange).

2.17 ASSET REGISTER
A register for all fixed assets should be created and kept in a secured place. The register may contain details such as, name, state and description of asset, supplier, service or maintenance contract, serial number and/or registration number, date of purchase, cost, depreciation policy, annual depreciation charge, net book value and
disposal policy. The asset register should be reconciled to the general ledger, ideally at the end of every month (Mukute and Marange).

2.18 INTERNAL CONTROLS
NGOs are expected to review policies, systems, processes and procedures for effective internal control systems, (PVO Act (Section 20). These periodic reviews help in decision-making capability and the accuracy of reporting and to maintain financial results at the highest level.

Control procedures and policies help to safeguard assets of the business, detect fraud, errors, preparation and completeness of accounting records. Control systems that may be used in an organization include but are not limited to the following:

- **Segregation of duties**: To avoid fraud and misappropriation of resources;
- **Physical controls**: Daily banking of receipted cash;
- **Authorization and Approval**: All transactions must be approved or authorized; and
- **Supervision**: Supervision of activities and transactions to reduce errors and fraud (Mukute and Marange, 2006).

2.19 RISK MANAGEMENT
The risk management process of the organization is a responsibility of the board. The design, implementation and monitoring of the risk management process is sometimes delegated to management. The risk management systems should identify potential risk areas; measure risks, and prevention methods. (Mukute and Marange, 2006).

2.20 REQUIREMENTS FOR NGOs TO OPERATE IN ZIMBABWE
NGOs operating in Zimbabwe are required to be registered and to abide by the laws of the country as set out in the PVO Act. The piece of legislation that is concerned with NGOs is the Private Voluntary Organizations (PVO) Act. The PVO Act provides guidelines for NGOs. To register, an NGO must develop a Constitution and provide a list of board members with the application. The Constitution must show how board and committee elections and appointments are conducted. Applications put before the
Registrar of PVOs for consideration must include Curriculum Vitae of its Board members. The Constitution should state clearly the objectives of the PVO applying for registration. The organization is required to state its physical address on application for registration. Every registered NGO Constitution should disclose its governance principles. (Mukute and Marange, 2006).

2.21 WHY FOCUS ON CORPORATE GOVERNANCE

Underdevelopment and misgovernment are in most cases a result of weak institutions. Such institutions do not have a “legal framework, damaging discretionary interventions, policy frameworks and strong decision-making processes, which reduce the risk of corruption and waste” (Mukute and Marange, 2006, p. 56). As the operating environment changes, governance strategies also evolve along with them. Corporate governance becomes an issue in such an operating environment. Good governance helps NGOs to:

- Promote a high level of accountability and transparency;
- Promote and improve the urgency to introduce management and institutional positive changes;
- Improve the quality of rating by donors;
- Reframe and structure development work by use of systems and policies that promote transparency, enhanced accountability and program impact;
- Enhance the return on investment (ROI) from the dollar, which would results enhanced donor confidence in the organization;
- Be disciplined and strict in self-regulation; and.
- Introduce new perspectives of managing NGOs (Mukute and Marange, 2006).

In essence a good corporate governance system consists of a system of structuring, operating and controlling a company such as to achieve the following:

- a culture based on a foundation of sound business ethics
- fulfilling the long-term strategic goal of the owners while taking into account the expectations of all the key stakeholders, and in particular:
- consider and care for the interests of employees, past, present and future
• work to maintain excellent relations with both customers and suppliers take account of the needs of the environment and the local community maintaining proper compliance with all the applicable legal and regulatory requirements under which the company is carrying out its activities. (Applied-Corporate-Governance.com 2009).

A well-run organization must be structured in such a way that all the above requirements are catered for and can be seen to be operating effectively by all the stakeholders (Applied-Corporate-Governance.com, 2009).

2.22 CORPORATE GOVERNANCE IN PRACTICE

Despite Zimbabwe’s adverse publicity on political governance, the country’s commercial law system is perceived to be efficient and its commercial arbitration centre is viewed as efficient and effective in resolving commercial disputes. The ZSE has adopted listing rules based on those of the London Stock Exchange (LSE) and the JSE. The Institutes of Directors enforces corporate governance standards derived from the United Kingdom Cadbury Report and the South African King Report. The current corporate governance standards include regulations on the minimum number of directors (2), the appointment of audit committees and the regulation that at least one of the directors must be resident in the country. Shareholder protection rules also exist. Major decisions, such as removal of directors, mergers and acquisitions or voluntary winding-up of a company needs to be supported by 75 per cent of the shareholders. Accounting and audits follow international accounting standards. From a commercial point of view, corporate governance standards are high in Zimbabwe (Mukute and Marange, 2006).

2.23 CHAPTER SUMMARY

Literature reviewed in this chapter managed to discuss the definition of NGOs, definition of corporate governance, history of corporate governance and corporate governance conceptual issues. Corporate governance standards and principles were also discussed exposing the key concepts of corporate governance. The chapter also discussed principles for good governance in charity organizations and the guiding principles for
good corporate governance in general. The relationship between the board and management was discussed, outlining the roles and responsibilities of the board, board members and board committees. The chapter further discussed financial management, financial reporting, auditing, internal controls and risk management in charity organizations. The chapter ended by discussing why the focus on corporate governance, requirements for NGOs to operate in Zimbabwe and corporate governance practice in Zimbabwe as part of the current findings relating to the research objectives. The researcher conceives that there is need for further primary investigative analysis into the problem under study. Therefore the next section serves to present the research methodology used throughout this study.
CHAPTER THREE: RESEARCH METHODOLOGY

3.0 INTRODUCTION
This chapter presents an overview of the approach used in this research to gather data which was used as a basis for inference, interpretation, explanation and prediction. A research methodology is a strategy of inquiry which moves from the underlying philosophical assumptions to research design, sampling methods, sources of data and data collection methods. It also outlines the ethics that governed the conduct of the researcher (Cohen and Manion, 1994). It helped the researcher to understand not only products of scientific enquiry, but the process itself. Macionos and Plumber (1998), argue that a research is a systematic investigation to find answers to a problem. It can also be seen as an act with an objective. The act necessitates the researcher seeking for, enquiring about, and exploring repetitively, carefully, closely some specific topic or subject of the research (Huggins 1996).

In order to select the most appropriate research methodology for this study, the researcher considered various approaches used by researchers in the past. The first section of this chapter reviewed research philosophies/methodologies outlining characteristics, advantages and drawbacks of each methodology. The second section of the chapter identified methodologies adopted for this study and the justification.

3.1 RESEARCH PHILOSOPHIES.
According to Burrell and Morgan (1979), research philosophies take two alternatives, that is, epistemology and ontology.

3.1.1 EPISTEMOLOGY
Burrell and Morgan (1979) defined epistemology as a debate that concerns the grounds for knowledge, which is also about how to understand the world and communicate the results as knowledge to fellow human beings. Vermeulen (1998) argued that epistemology is a section of philosophy that studies the nature of knowledge and the
process by which that knowledge is acquired and validated. According to Saunders et al (2011), epistemology refers to the relationship between the reality and the researcher in a study. For the purposes of this study, a purely phenomenological approach was used to analyze respondents’ opinions on the evaluation of the corporate governance systems at Christian Care.

3.1.2 ONTOLOGY

Burrell and Morgan (1979) argued that ontology is those assumptions that concern the actual essence of the phenomena under study. Littlejohn (1992) defines ontology as those issues that revolve around the nature of phenomena which the researcher is seeking to understand. Burrell and Morgan (1979) however identified two ontological positions: realism and nominalism.

Realism posits that social reality is external to individual cognition. Realism also shares two features with positivism: “a belief that the natural and social sciences can and should apply the same kinds of approach to the collection of data and to explanation, and a commitment to the view that there is a reality separate from our descriptions of it” (Bryman and Bell, 2007, p. 16).

Nominalism posits that social world is external to individual cognition and is made up of nothing other than concepts, names and labels which are used to structure reality. Smith (2005) states that nominalism is a subjective approach that sees business world as not existing anywhere except in the mind of the researcher hence cannot be observed. Realism as observed by Borg and Gall (1989) is an objective approach to ontology that assumes that phenomenon under study is absolute and hence can be observed.

In this study a phenomenological approach was used. Given such an approach, the researcher employed the research questionnaire to externalize himself from the participants.
3.2 RESEARCH APPROACHES
For the purposes of grounding research, a deductive or inductive approach can be used (Marczyk, et al. 2005).

3.2.1 DEDUCTIVE OR INDUCTIVE APPROACH
Cavage, (1996); Hussey and Hussey, (1997); Perry, (2007), have all discussed the choice between the deductive or inductive research paradigm. Hussey and Hussey (1997, p. 19) defined research as “a study in which a conceptual theoretical structure is developed which then is tested by empirical observation; thus particular instances are deducted from general influences.”

3.2.1.1 DEDUCTIVE RESEARCH
Deductive research is the study in which theory is tested by empirical observation. The method is referred to as moving from the general to the particular (Hussey and Hussey, 1997).

3.2.1.2 INDUCTIVE RESEARCH
Inductive research is a study approach in which theory is, “developed from the observation of empirical reality; thus general inferences are induced from particular instances, which is the reverse of the deductive method since it involves moving from individual observation to statements of general patterns or laws” (Hussey and Hussey, 1997, p. 13).

Cavaye (1996, p. 236) argued that deductive and inductive approaches can, “both be used in the same study.” In this study, both inductive and deductive approaches were used. The inductive approach however helped to improve the understanding of the case study organization that was being investigated. Perry (2001) described a continuum from pure induction (theory building) to pure deduction (theory testing). Perry (2001) therefore advocated taking a middle-ground of a balance between the two; in order to strike a position that he calls “theory confirming/disconfirming” approach.
3.3 RESEARCH STRATEGIES
There are seven main research strategies namely: experiment, survey, case study, action research, grounded theory, ethnography and archival research (Saunders et al, 2007).

3.3.1 EXPERIMENTAL STRATEGY
Experimental studies permit causal relationships to be identified (Collins and Hussey 2003). An experiment is a classical form of research that owes much to the natural sciences although it features strongly in social sciences (Saunders et al, 1997). An experiment is mostly employed to study causal links. Experiments are concerned with whether there is a link between two variables (Hakim 2000). In a simple set up, an experiment is concerned with whether there is a link between two variables. Complex experiments consider the size of the change and relative importance of two or more independent variables. Experiments are used mostly in exploratory and explanatory research work to answer the ‘how’ and ‘why’ questions. Classical experiments use two groups of randomly selected subjects that are similar in all aspects relevant to the research, other than whether or not they are exposed to the planned intervention or manipulation. In the experimental group, some form of intervention or manipulation is made, while in the control group, no intervention or manipulation is made (Robson, 2002). This strategy was not used in this study.

3.3.2 SURVEY STRATEGY
A survey strategy is associated with the deductive approach (Yin 2003). It is commonly used to answer who, what, where, how much and how many questions in business management research. It is therefore mostly used for descriptive and exploratory research. Saunders et al (2007) argued that surveys are preferred since they accommodate the collection of large amounts of data from a sizeable population in a highly economical way. Often obtained by using a questionnaire administered to a sample, these data are standardized, allowing for easy comparison. The survey strategy is also perceived as authoritative in general and is both comparatively easy to explain and to understand (Bray, 2005). This strategy was not used in this study.
3.3.3 ACTION RESEARCH STRATEGY
This is a process in which participants in a research study examine their own activities and actions systematically using the techniques of research. The researcher in this case is part or an employee of the organization within which the study is taking place (Zuber-Skerrit, 2006). There are four common themes within literature relating to action research. The first theme focuses upon and emphasizes the purposes of the research: research in action rather than research about action. The second relates to the involvement of practitioners and researchers, be they academics, other practitioners, internal or external consultants (Eden and Huxham, 1996). The third theme emphasizes the iterative nature of the process of diagnosing, planning, taking action and evaluating. The fourth theme suggests that action research should have implications beyond the immediate project; i.e., it must be clear that the results could inform other contexts (Eden and Huxham, 1996). This study did not adopt this research strategy.

3.3.4 GROUNDED THEORY STRATEGY
Grounded theory strategy is an interpretive method that shares the common philosophy of phenomenology. The theory is generated by observations rather than being decided before the study (Jill and Collins, 2003). The theory is helpful to the research in predicting and explaining behaviour, the emphasis being on developing and building theory. It is considered as the best example of inductive approach. In the grounded theory, data collection starts without the formation of an initial theoretical framework. Theory is developed from data generated by a series of observations (Glasier and Strauss, 1995). This study did not adopt this research strategy.

3.3.5 ETHNOGRAPHY
Ethnography is rooted in the inductive approach. The purpose of the theory is to describe and explain the social world the research subjects inhabit, in the way they would describe and explain the same world. It is however a time consuming strategy and demands the researcher to immensely be involved in the social world being investigated (Saunders et al, 2007). This study did not adopt this research strategy.
3.3.6 ARCHIVAL RESEARCH STRATEGY

According to Saunders, et al, (2007) the strategy makes use of administrative records and documents as the principal source of data. Although the term has historical connotations, it can refer to recent as well as historical documents (Bryman, 1999). This study did not adopt this research strategy.

3.3.7 CASE STUDY

Robson (2002, p. 178) defines a case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real context, using multiple sources of evidence”. A case study is completely the opposite of experimental strategy where the research is undertaken within a highly controlled context. A case study also differs from a survey strategy where, although the research is undertaken in a context, the ability to explore and understand this context is limited by the number of the variables for which the data can be collected.

Considering the various alternatives, the case study method was used to provide acceptable answers to the research problem and sub-problems. Given the nature of the research problem as outlined in chapter 1 (section 1.10), the researcher selected the case study as being the most appropriate for this research. A case study involves collecting empirical data that is in most cases predominantly of qualitative nature. Through the use of a case study, the researcher was able to deal with a small group of people where thorough investigations and control were possible. In this study, Christian Care was used as a case study.

3.4 RESEARCH DESIGN

The researcher applied the case study method since he studied only one charity organization. The justification for choosing the case study method was that, although many charities have similar corporate governance related problems; their problems in terms of compliance do vary and differ to a greater extent. The case study is also the most common qualitative method used in most management problems (Orlikowski and Baroudi, 1991; Alavi and Carlson, 1992).
3.5 THE POPULATION.

A study population is that aggregation of elements from which the sample is actually drawn or selected. A population is defined by Sekaran (2001) as the whole group of people, events or things of interest that the researcher is intending to investigate or is investigating. Wagenaar and Babbie (1983) defined population as the aggregate of the individual units of the analysis from which a survey sample was derived. For the purposes of this study, the population comprised of all the employees and management of Christian Care, broken down as indicated under table 3.1.

Table 3:1 Staff Complement for Christian Care as at 1 June, 2012

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director(s)</td>
<td>3</td>
</tr>
<tr>
<td>Regional managers</td>
<td>5</td>
</tr>
<tr>
<td>Programme managers</td>
<td>7</td>
</tr>
<tr>
<td>First-line managers / supervisory level</td>
<td>13</td>
</tr>
<tr>
<td>Junior staff</td>
<td>162</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
</tr>
</tbody>
</table>


Since the population should be specifically defined in the research to include only sampling units with characteristics relevant to the study, the population for this current study includes all management and staff at Christian Care. The researcher as a result selected a sample of 50 respondents to be representative of the whole population. Crouch and Housden (1996) defined a sample as a limited number taken from a large group for testing and analysis, on the assumption that it can be representative of the whole population. In this study it was not possible for the researcher to collect data from the whole population due to resource limitations and thus a sample of 50 participants was chosen and thought to be representative enough to make safe inferences about the
population. A sample size of 50 participants was chosen using the appropriate sampling techniques.

3.6 SAMPLING

3.6.1 THE SAMPLE SIZE DETERMINATION.
A sample is defined as a subset of the entire population meant to represent the entire population. Crouch and Housden (1996) defined a sample as a limited number taken from a large group for testing and analysis, on the assumption that it can be representative of the whole population.

3.6.2 SAMPLE SELECTION
Sample elements were made up of Christian Care management and staff. Distribution of the respondents was made up as illustrated in Table 3.2 below:

Table 3.2: Distribution of sample elements.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director(s) and Executive(s)</td>
<td>3</td>
</tr>
<tr>
<td>Regional managers</td>
<td>5</td>
</tr>
<tr>
<td>Programme managers</td>
<td>7</td>
</tr>
<tr>
<td>First-line managers / supervisory level</td>
<td>13</td>
</tr>
<tr>
<td>Junior staff</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
</tr>
</tbody>
</table>

Christian Care has a staff compliment of 200 and a network of 5 regional offices. The study sought to get 50 employees within the organization. The justification for sampling was to enable, the researcher to draw conclusions about the entire population (Cooper
and Schindiler, 2001). In this study the researcher selected a sample of the population for the following reasons:

- **Cost.** It was costly for the researcher in this study to provide questionnaires for all Christian Care employees.
- **Feasibility**—It was not feasible for the researcher to interview or send questionnaires to all employees.
- **Quality** — The researcher used a sample to improve the quality of data that was collected considering the time constraint.
- **Time** — There was no enough time to adequately study the whole population.

### 3.7 SAMPLING METHODS

There are many sampling methods used in carrying out a research and they are classified into two categories, which are, **Non–Probability** and **Probability** sampling. Employing probability sampling ensures that the probability of each case being selected from the population is known and is usually equal for all cases (Saunders et al 2011). While non–probability is a technique in which the sample units are selected on the basis of judgment or convenience (Zikmund, 2000).

#### 3.7.1 NON-PROBABILITY SAMPLING METHODS

For the purpose of this research the researcher looked at the following sampling methods: Quota, Judgmental, Convenience, Purposive, Snowball and self-selection

#### 3.7.1.1 QUOTA SAMPLING

Is a procedure in which the population being investigated is divided into segments. A quota of observations is then collected from each segment (Wegner, 1993)? The major drawback of the method is the representative nature of the sample drawn with respect to the population from which it is drawn (Wegner, 1993).
3.7.1.2 JUDGMENTAL SAMPLING
Judgmental sampling method allows the researcher to use their discretion and judgment in selecting the cases which will best enable the researcher to provide answers to research questions (Saunders et al 2011). The researcher in this method draws a representative sample of the population by using personal judgment. The method is however, fraught with bias as the selection is non-scientific and largely subjective.

3.7.1.3 CONVENIENCE SAMPLING
The sample under this method is drawn for the convenience purposes of the researcher and is not in most cases representative of the population (Leedy, 2002). This normally applies where the population is not well defined, sampling unit is not clear, and a complete source list is not available.

3.7.1.4 PURPOSESIVE
A procedure where a researcher creates a sample with a purpose in mind (Saunders et al, 2011). This method was not used by the researcher in this study.

3.7.1.5 SNOWBALL
The method is used by researchers to identify potential subjects in studies where subjects are hard to locate (Saunders et al 2011). This method was not used by the researcher in this study.

3.7.1.6 SELF-SELECTION
Self-selection refers to a non–probability sampling method used by a researcher when wanting to allow participants in the research study to choose to take part in research on their own (Saunders et al, 2011). This method was not used by the researcher in this study.
3.7.2 PROBABILITY SAMPLING METHODS

Under this method, the observations to be included in a sample are selected randomly from the population (Wegner, 2003). These are Simple Random Sampling, Systematic Sampling, Stratified Sampling and Cluster sampling.

Table 3.3: Probability sampling Techniques.

<table>
<thead>
<tr>
<th>Technique</th>
<th>Descriptions</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Simple random</td>
<td>Random sample from whole population. Each member from the population has an equal chance of being selected. The researcher used this in selecting respondents without any bias.</td>
<td>Highly representative if all subjects participating; the ideal. No researcher bias. No subject discrimination.</td>
<td>Not possible without complete list of population members; potentially uneconomical to achieve; can be disruptive to isolate members from a group; time-scale may be too long, data/sample could change</td>
</tr>
<tr>
<td>2. Stratified sampling</td>
<td>Superior to simple random sampling technique. Researcher first identifies relevant strata (in this study, strata were made of staff categories). A sufficient number of subjects is drawn from each</td>
<td>Ensures that specific groups are represented, even proportionally, in the sample(s) (e.g., by gender), by selecting individuals from strata list</td>
<td>More complex, requires greater effort than simple random; strata must be carefully defined</td>
</tr>
</tbody>
</table>
3. Systematic random is called the nth selection technique. After the required sample size has been calculated, every nth record is selected from the list of population members. It is simple to use. Possesses similar advantages of simple random sampling technique as discussed above. If the list contains hidden order, selection of subjects may be biased and inaccurate.


3.8 POSSIBLE SAMPLING ERRORS.

The researcher in this study is aware of three possible errors which are likely to arise in qualitative research. These are:

- Distortions that can be caused by insufficient breath in the sampling process.
- Distortions that may be introduced by changes over time.
- Distortions that may be caused by lack of depth in data collection during the research (Saunders et al, 2000).

3.9 DATA COLLECTION PROCEDURE

The major instrument that was used in this study for data collection was the questionnaire. Records, Board meeting minutes, Annual Reports, Magazines, Strategic Plans, Journals and any other relevant records were used for data collection. The researcher considered the following three factors to select data collection methods:

(a) **Technical adequacy – reliability, validity, and freedom from bias.** This ensured that the data collection method elicited the desired information during the research.
(b) Practicality – this relates to the costs associated with the collection of data as well as the duration of the data collection exercise. Practicality of the data collection method ensured that the exercise was achievable.

(c) Ethics – the researcher ensured that data collected from respondents was treated in strict privacy and the respondents’ confidentiality was maintained.

3.10 RESEARCH INSTRUMENT

3.10.1 QUESTIONNAIRES

The researcher used a self-administered questionnaire. Fifty questionnaires were used for collecting data. Cole (2000, p. 312) defines questionnaire as a “pre-specified list of questions, which may require a range of responses from box ticking to considered comments”. The research used both structured and unstructured questions so as to validate data. Structured questions were easy to analyze and administer whilst unstructured questions gave the respondents a platform to clearly explain why there has been persistent low levels of corporate governance compliance at Christian Care. The distribution and collection of questionnaires was by hand. The researcher handed out the questionnaires to the selected respondents and collection was done a week after questionnaire administration.

3.10.2 COMPONENTS OF THE QUESTIONNAIRE

The questionnaire in this research consisted of four sections. The first section consisted of the background information. The second section consisted of corporate governance compliance systems in place at Christian Care. The third section consisted of issues that affect compliance with corporate governance systems. The fourth section consisted of best practices principles.

3.11 PILOT STUDY

A pilot study was carried out with a selected and limited number of subjects drawn from the target population as was shown above in table 3.1. A pilot study is the process whereby the research design for a representative sample is tested in order to find out if
people can understand the wording and objectives of the research instrument. A pilot study gives a view of the time and costs involved as well as pre-empting the problems that arise during the actual study. In this research, a pilot research managed to help the researcher to construct and organize questions appropriately and to remove some questions that were irrelevant to the research. A pilot study also helped to construct and arrange questions in a chronological order and smooth-flow of ideas.

The aim of a pilot study was to refine the data collection instrument so that respondents had no problems in answering the questions. The pilot study also dealt with problems that could arise in the grading and sorting of the collected data.

In this research, however, the researcher pilot tested the questionnaire on 20 people, i.e. one from executive management, five from regional managers, and five from programme managers, four from middle managers and five from junior staff. All the questionnaires were hand posted and personally collected and their comments and observations were noted. The comments were considered to ensure that the questionnaire collected the desired data from the respondents.

3.12 RESEARCH PROCEDURES
The researcher used a self-administered questionnaire. 50 questionnaires were used for collecting data. Cole (2000) defines a questionnaire as a “pre-specified list of questions, which require a range of responses from box ticking to considered comments by the respondents” (p. 312). The researcher used structured questionnaires, since they are easy to analyze and administer. The questionnaires were distributed and collected by hand. Collection was done 10 days after administration of the questionnaire.

3.13 RELIABILITY AND VALIDITY
Labovitz and Hagedorn (1976) define validity as the ability of an instrument to measure what it is supposed to measure. Fraenkel and Wallen (1996) however, define validity as the “defensibility of the inferences researchers make from the data collected” (p. 76). The researchers therefore, need instruments that permit him/her to make valid
conclusions about the characteristics (perceptions, attitudes, and so on) of the individuals under study.

The second consideration in this study was reliability. A reliable instrument is one that gives consistent results (Bellenger and Greenberg, 1978). If the instruments are reliable, they obtain similar responses when administered to different respondents.

Fraenkel and Wallen (1996) argue that the issue of objectivity refers to the absence of subjective judgments. However, objectivity is never attained completely. The questionnaire was tested before administering them, to reveal the ambiguities, poor worded questions, unclear choices and to indicate if instructions to respondents were clear.

Closed ended questions allowed the researcher to a wide range of areas regarding various research objectives of the current study (Fraenkel and Wallen, 1996). Open-ended questions were included in the questionnaire to allow respondents to express their views independently. The advantages of open-ended questions are that they allowed more freedom of responds, were easier to construct and permitted follow-up by the interviewer (Fowler, 1984).

The researcher enhanced the credibility (reliability and validity) by observing the following:

- Use of self-administered questionnaires, taking the opportunity to adequately explain the purpose of the research to the participants.
- Ensuring maximum openness from all participants, anonymity was strictly observed for all levels of staff (all respondents).
- Questions were clearly laid out, taking into consideration the concerns by respondents raised during the pilot study.
- Questioning sequence was randomized, in order to have a good mixture of both positive and negative statements about the issues under study.
- Opinions of fellow researchers and the supervisor were sought and considered in order to enhance the reliability and validity of the research findings.
3.14 ETHICAL CONSIDERATIONS
The data collected was treated with confidentiality and used only for purposes of the research study. The research was in line with ethical guidelines. Prior consent was sought from the subjects before administering the questionnaire. The design of questionnaire excluded details pertaining to workers’ names, addresses and identification numbers. It was stressed that the data to be collected was purely for academic research purposes and thus the information received would be treated in the strictest of confidence.

3.15 RESEARCH LIMITATIONS
The use of a questionnaire has its own limitations. The researcher was aware that the methodology selected had the following limitation;

- Failure by management to disclose some of the information as it was deemed to be of a strategic nature.

3.16 DATA ANALYSIS
Leedy and Ormrod (2001), provided guidance in the area of data analysis in a case study. They argued that the steps involve:

- “Organizational details about the case. The facts should be arranged in a logical order.
- Categorization of data. Categories are identified in order to classify data into meaningful groups.
- Interpretation of single instances. Specific documents, occurrences, and other bits of data are examined for the specific meanings that they might have in relation to the case study.
- Identification of patterns. Data and their interpretations are scrutinized for underlying themes and other patterns.
- Synthesis and generalizations. An overall portrait of the cases. “Conclusions are drawn that may have implications beyond the specific case that has been studied” (Leedy and Ormrod, 2001, p. 150).
3.17 CHAPTER SUMMARY

This chapter explained the various methods available for the execution of the field of research and the logic for the selection of the specific approach, strategy and methods applied in this research.

In nutshell, the overall methodology is one based on a phenomenological philosophy. It combines non-empirical and empirical approaches; is subjective rather than being objective (having a high involvement by the researcher); uses mainly qualitative methods; employs the case study as the primary research strategy; takes a snapshot approach to the case setting; seeks to treat the case as one of an exploratory nature, and uses probability (stratified) sampling technique, a combination of data sources (both primary and secondary) and utilized purely descriptive statistical analysis tools.
CHAPTER 4: FINDINGS AND DISCUSSION

4.0 INTRODUCTION
This chapter is fully dedicated to the presentation of results found in the case study discussed in the previous chapter. When conducting any research work, a high response rate is desirable. In this respect, the chapter begins with a brief discussion of the data collection method used and the response rate.

The presentation of results was done under the following titles; identify corporate governance systems in place at Christian Care over the period of the study, ascertain the extent to which Christian Care is in compliance with its corporate governance systems and policies, identify the extent to which Christian Care corporate governance systems are in line with best practices and identify challenges which Christian Care may be facing in implementing corporate governance systems.

The analysis was done by entering data into SPSS version 19 for Windows package.

The research findings were presented in the order in which the questions were asked in the questionnaire. The chapter ends with a summary and conclusions.

4.1 PRESENTATION OF RESULTS
This section seeks to present the results obtained by the current study. To do so, the researcher will follow the outline given in Section 4.0 above. The researcher used both descriptive statistics (frequency analysis) and qualitative analysis tools (content analysis, cross-tabulations, tables, frequencies, bar graphs and pie charts) to add more value to the research findings in some of the questions because some questions could only elicit partial explanations in terms of revealing and linking the various relationships between different variables under the study.
4.2 RESPONSE RATE

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Questionnaires sent out</th>
<th>Questionnaires completed and returned</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>39</td>
<td>78%</td>
</tr>
</tbody>
</table>

Table 4.1 above shows the response rate for the participants in this study. A total number of 50 questionnaires were sent out and 39 questionnaires were returned giving 78% response rate. Three questionnaires targeted the director, 5 for the regional managers, 7 for programme managers, 13 for supervisors and 22 were sent out to junior staff. Of the 39 questionnaires returned, 3 questionnaires were collected from the directors, 5 from regional managers, 7 programme managers returned their questionnaires, while 13 questionnaires were returned by supervisors and 11 questionnaires were successfully collected from the junior staff.

The above findings reveal that respondents were eager and interested in the research that was being carried out. A high response rate of above 50% is big enough to justify the generalizability of case study findings as propounded by Liebow (1995). A 78% response rate is also big enough to warrant the validity and reliability of the research findings. This is in line with Saunders et al. (2007) who contended that for hand delivered and collected questionnaires, a moderately high response rate of 30-50% is guaranteed. Thus for this research an overall response rate of 78% is representative enough of the population and to achieve the research objectives.
4.3: RESPONSE RATE BY POSITION

Figure 4.1: Category of workers at Christian Care.

Figure 4.1 above shows categories of workers at Christian Care. As depicted above, the majority of respondents (33%) were administrative staff followed by junior staff (28%), supervisors were 18% of the respondents, middle management (13%) and senior management (8%).

Results obtained in Figure 4.1 above indicate that the majority of respondents were administrative staff (33%) followed by junior staff (28%). Although high response rates were obtained from administrative and junior staff which is attributable to staff complement levels, it is interesting to note that senior and middle management returned all their questionnaires. Senior and middle management were the groups that the researcher anticipated to get more valuable information from, since they are more enlightened in terms of the day to day operations of the company. This implies that all levels of the NGOs were represented in this study, thus the employee perceptions in this research study can be overally accepted and generalizations can be made for almost all NGOs.
4.4. RESPONSE BY LENGTH OF SERVICE IN ORGANISATION

Figure 4.2: Length of service for employees at Christian Care.

Results as depicted by Figure 4.2 above indicate that employees who have served between 1 to 5 years (54%) were the majority, those with 6 to 10 years (21%), less than 1 year (20%) and above 10 years (5%).

The above statistics are a true reflection of the employment practices in NGOs. The diversity of experience also brings in diversity of opinions on the evaluation of the corporate governance systems at Christian Care.
4.5. RESPONSE RATE BY LEVEL OF EDUCATION

Figure 4.3: Highest level of education for employees at Christian Care.

Figure 4.3 above indicates that the majority of Christian Care’s staff has undergraduate degrees (43%) as their highest level of education. Diploma holder constituted 23% of the respondents, certificate holders (18%), Ordinary levels (secondary, 7%) while respondents with masters degrees contributed 7% of respondents and other contributed 2% of respondents. It is interesting to note that the majority of respondents (43%) were undergraduates. This is a reflection that Christian Care has strong recruitment and selection policies. This also implies that Christian Care employs graduates for its programmes. Thus, management at Christian Care is encouraged to uphold and improve its recruitment and selection policies.
Figure 4.4: Distribution of respondents by departments at Christian Care.

Figure 4.4 above reflects that programmes (57%) has the highest number of workers, followed by finance and administration (15%), information and marketing (13%), audit (8%), human resources (5%) and other (2%).

The above findings are a true reflection of employment practices at Christian Care. The nature of operations at Christian Care is that most of the staff is in the programmes department where the mandate and execution of the donors’ goals and objectives are carried out. Other departments were represented as well. This implies that respondents’ views on corporate governance issues were balanced since all the departments were represented in this study.
4.7: OBJECTIVE 1: TO IDENTIFY CORPORATE GOVERNANCE SYSTEMS IN PLACE AT CHRISTIAN CARE OVER THE PERIOD OF THE STUDY.

4.7.1 EXISTENCE OF BOARD SERVICE CHARTER AT CHRISTIAN CARE

Figure 4.5: Whether Christian Care has a board service charter.

As depicted by figure 4.5 above, 60% of the respondents agreed that there is a board service charter at Christian Care. However, 30% disagreed and 10% were not sure.

By synthesizing and analyzing the above findings as depicted by figure 4.5, it is clear that Christian Care has a board service charter. Research findings obtained in Figure 4.5 above are in support of Gay Calvert-Lee and Tearfund (2004), who stated that NGOs should have a service charter that guides its mandate and the way board issues and composition are structured. Thus, management at Christian care is encouraged to abide by their service charter.
4.7.2 ISSUES COVERED BY THE CHRISTIAN CARE BOARD SERVICE CHARTER

Figure 4.6: Issues covered by Christian Care board service charter.

Figure 4.6 above indicates a multiple response question and it was a follow up question to the above question. As depicted above, leadership (80%) topped the list of issues covered by the service charter followed by board meeting procedures (78%), board member selection criteria (75%), size of the board (70%), board roles and responsibilities (68%), committees and relationships (65%), remuneration (59%), board composition (57%), board and director remuneration (33%).

It is interesting to note that respondents from Christian Care managed to identify all issues covered by a NGO service charter. The above findings are in line with Otobo (2000), who state that a service charter should comprise of size of the board, board roles and responsibilities, composition of the board, selection criteria for board members, leadership, remuneration, board meetings procedures, performance evaluation of directors and committees and relationships. Mukute and Marange (2006) also shared the same sentiments with regards to issues that should be covered by a board service charter.
4.7.3 REPONSE ON DIRECTORS SERVING ON THE BOARD

Figure 4.7: Number of directors on the board of Christian Care.

Results as shown by Figure 4.7 above indicate that more than 7 directors (45%) are serving on the board of Christian Care, 30% of respondents indicated that there are between 5 to 7 directors while 25% indicated that there are less than 5 directors on the board of directors. The above results reveal that there are more than 7 directors on the board of directors for Christian Care. These results are in line with Cadbury Report (1996), OECD Principles (2004) and King Report (2000). Although there are no hard and fast rules on the size of the board, the Cadbury Report (1996), OECD Principles (2004) and King Report (2000) state that board sizes should be manageable.

The open ended question sought to get the number of non-executive directors for the board of Christian Care. Content analysis from the 39 returned questionnaires revealed that there are 4 non-executive directors in the board of Christian Care. These results support Fourier (2008), who stated that a board should have non-executive directors so as to bring equality and reduce dominancy of executive directors.
4.7.4 RESPONSE RATE ON NUMBER OF NON-EXECUTIVE DIRECTORS

Table 4.2: Cross tabulation of worker categories

<table>
<thead>
<tr>
<th>Category of workers</th>
<th>Number of Non-executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>7</td>
</tr>
<tr>
<td>Middle management</td>
<td>5</td>
</tr>
<tr>
<td>Supervisors</td>
<td>3</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>5</td>
</tr>
<tr>
<td>Junior staff</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 4.2 above shows a cross-tabulation of worker categories and their responses on how many non-executive directors are serving on the board of Christian Care. Results indicate that senior management were of the opinion that there are 7 non-executive directors, middle management were of the opinion that there are 5, supervisors were of the opinion that there are 3, administrative staff were of the opinion that there are 5 and junior staff were of the opinion that there are 2.

Results above indicate that there is diversity in respondents’ views with regards to the number of non-executive directors at Christian Care. Senior management was of the opinion that there are 7 non-executive directors. These results are a true reflection because senior management is close and have access to board issues. Although literature does not give hard and fast rules on the number of non-executive directors, Coyle (2003) argues that non-executive directors should be appointed by invitation from fellow board members.
4.7.5 RESPONSE ON COMPOSITION OF THE BOARD

Table 4.3: Respondents’ opinions on the composition of board members.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling stakeholder in your organization</td>
<td>10%</td>
<td>78%</td>
<td>12%</td>
</tr>
<tr>
<td>Significant stakeholders to your organization</td>
<td>5%</td>
<td>75%</td>
<td>20%</td>
</tr>
<tr>
<td>A dominant director</td>
<td>17%</td>
<td>60%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Table 4.3 above indicates that there is no controlling stakeholder (78%), there are no significant stakeholders (75%) and no dominant director (60%) in the board of Christian Care.

Results obtained in Table 4.3 are in support of Zetszsche (2007), who argues that boards of directors should not have controlling stakeholders, significant stakeholders or a dominant director so as to have balance of power as well as independency of decisions in the board.

4.7.6 SEPARATION OF ROLES BETWEEN BOARD CHAIRPERSON AND CEO

Figure 4.8: Separation of roles between board chairperson and CEO.

Results presented in Figure 4.8 above indicate that 53% agreed that there is a clear distinction between the roles of the Board chairperson and the Chief Executive Officer. However, 30% disagreed and 10% were neutral.
The above findings are in line with Mukute and Marange (2006), Coyle (2003) and the King II Report (2002) which states that there should be a clear distinction of the roles of the Board chairperson and the Chief Executive Officer.

4.7.7 ROLES OF EXECUTIVE AND NON EXECUTIVE DIRECTORS

Figure 4.9: Whether there is a clear distinction between the roles of executive and non-executive directors at Christian Care.

Figure 4.9 above reveals that the majority (53%) of the respondents agreed that the roles of the executive and non-executive directors are clearly defined. However, 40% disagreed while 5% were neutral.

The above findings revealed that executive and non-executive directors at Christian Care’s board have clear roles and know what they are expected to do. These results are in support of the King II Report (2002) that sets out good corporate governance and definition of roles of both the executive and non-executive directors is one among other standards prescribed in the report.
4.7.8 EXISTENCE OF INTERNAL CONTROL SYSTEMS AT CHRISTIAN CARE

Figure 4.10: Whether Christian Care has got internal control system.

Results as depicted by Figure 4.10 show that 55% of the respondents were of the opinion that Christian Care has got internal control systems, 33% disagreed, while 7% were neutral and it was 5% stated that it was unknown to them.

By synthesizing and analysing the above findings, one can conclude that Christian Care has got internal control system in place. Good corporate governance and best practices argue that an in-house internal audit department is the best since the company can engage it to monitor the internal control systems of the organisation (Turnbull Report, 1999). These findings are in support of the King Report (2000), Mukute and Marange (2006) and Gray (1996).
### 4.7.9 ORIENTATION COURSES FOR DIRECTORS

<table>
<thead>
<tr>
<th></th>
<th>Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Agree Strongly</th>
<th>Unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>29%</td>
<td>23%</td>
<td>3%</td>
<td>25%</td>
<td>16%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Figure 4.11: Whether Christian Care offers orientation courses for new board of directors.**

Figure 4.11 above indicates that 52% of the respondents disagreed that Christian Care offered orientation course for its newly appointed directors. However, 41% agreed to the statement, 3% were neutral while 4% showed ignorance to the statement.

The above findings are in contrast with good corporate governance. Gray (2006), Armstrong, Segal and Davis (2005) and the King II Report (2002) stated that newly appointed directors should be given orientation so as to familiarize them with the operations of the company.
4.7.10 EXISTENCE OF RISK MANAGEMENT POLICY

Figure 4.12: Whether Christian Care has got a risk management policy.

Figure 4.12 indicates that 56% of the respondents disagreed that Christian Care has got a risk management policy. However, 35% stated that it has got a risk management policy, 5% were neutral and 4% chose to state it was unknown to them.

The above research findings reveal that the majority of respondents (56%) disagreed that Christian Care has got a risk management policy. These results are in contrast with King II Report (2002) that states that good corporate governance require companies to have risk management policies to mitigate losses.
4.7.11 EXISTENCE OF AN ASSET REGISTERS

Figure 4.13: Whether Christian Care has got a frequently updated asset register.

Results indicate that 60% of the respondents disagreed that Christian Care has got a frequently updated asset register. Twenty-five percent agreed to the statement while 10% were neutral and 5% were not sure of the existence of an asset register.

Research findings obtained in Figure 4.13 are in contrast with good corporate governance practices. The King II Report (2002), Turnbull Report (1999) and Mukute and Marange (2006) argued that organizations should have risk management policies to mitigate business uncertainty and losses. Freeman and Velamuri, (2006) noted that the responsibility to draft and review the risk management policy should lie with the risk and audit committee of the company. This sub-committee of the board should recommend any possible amendments to the main board of directors when it makes its annual review of the policy.
Question 3.7 sought respondents’ opinions on recommendations to improve corporate governance systems at Christian Care. Content analysis from the 39 questionnaires revealed that most respondents recommended that Christian Care should offer orientation courses for its newly appointed board of directors, the board should formulate risk management policy and that the board needs to have diversified members other than churches only.

4.8 OBJECTIVE 2: TO ASCERTAIN THE EXTENT TO WHICH CHRISTIAN CARE IS IN COMPLIANCE WITH ITS CORPORATE GOVERNANCE SYSTEMS AND POLICIES.

4.8.1 POSITION OF BOARD CHAIRMAN AND CEO

Figure 4.14: Whether the same individual holds the posts of board Chairman and Chief Executive Officer.

Figure 4.14 above indicates that 73% of the respondents disagreed there is a chairman-cum-CEO at Christian Care. However, 27% had different opinions and they stated that there is a chairman-cum-CEO at Christian Care.
Research findings as depicted in Figure 4.14 are congruent with extant evidence. King II Report (2002) state that good corporate governance does not agree to having a chairman-cum-CEO as this affects independence of decision making and could end up in the individual being dominant in the board.

4.8.2 TERM OF SERVICE FOR NON-EXECUTIVE DIRECTORS

![Bar chart showing the term of service for non-executive directors.](image)

**Figure 4.15: The number of years that non-executive directors serve on the board of Christian Care.**

Figure 4.15 above indicate that the majority of respondents (47%) stated that non-executive directors at Christian Care serve at most 4 years. Twenty-three percent indicated that non-executive directors serve at least 3 years, 20% stated at most 6 years and 10% stated that they serve at most 9 years.
Good corporate governance as enshrined in the Cadbury Report (UK, 1993) stated that non-executive directors should serve at most three terms; thus, the current results as depicted by Figure 4.15 are in line with good corporate governance. If non-executive directors continue to serve on the board of director for too long, they end up not adding value to the board (Fourier, 2008).

### 4.8.3 RATIO OF EXECUTIVE DIRECTORS TO NON-EXECUTIVE DIRECTORS

What is the ratio for executive directors to non-executive directors at Christian Care?

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1:2</td>
<td>20%</td>
</tr>
<tr>
<td>1:3</td>
<td>5%</td>
</tr>
<tr>
<td>1:4</td>
<td>10%</td>
</tr>
<tr>
<td>1:5</td>
<td>45%</td>
</tr>
<tr>
<td>1:7</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Figure 4.16: The ratio of executive to non-executive directors at Christian Care.**

Results as shown by Figure 4.16 indicate that 45% of the respondents were of the opinion that the ratio for executive to non-executive directors is 1:5, 20% stated that it is 1:7, another 20% also indicated that the ratio is 1:2, while 10% indicated that it is 1:4 and 5% stated that the ratio is 1:3.
Good corporate governance as stated by Grant (2004) state that the ratio of executive to non-executive should be 1:3. Thus, research findings obtained by this study are in contrast with extant evidence as illustrated by Grant (2004).

4.8.4 HOLDING OF MEETINGS BY THE BOARD AND SUB-COMMITTEES

Figure 4.17: Whether meetings of the board and sub-committees are held regularly.

Figure 4.17 above shows that 85% of the respondents agreed that the board and subcommittees of Christian Care meet regularly. However, 15% disagreed.

Current research findings obtained by this study revealed that the board and sub-committees at Christian Care meet regularly. Good corporate governance systems stipulate that board and its sub-committees should meet regularly to discuss and update each other on company issues of interest to shareholders (Coyle, 2004). Thus, research findings of this study are in sync with good corporate governance systems.
4.8.5 FREQUENCY OF MEETINGS BY THE BOARD

Figure 4.18: The frequency that the board of Christian Care meets.

Results as shown in Figure 4.18 above show that 57% of respondents indicated that the board meets quarterly, 20% indicated that it meets annually, while 18% stated that it meets monthly and 5% bi-monthly.

Generally the board of directors at Christian is in compliance with good corporate governance systems. The fact that they meet quarterly reflects the frequency at which issues and matters are reviewed. These results are line with Mukute and Marange (2006) who argue that board and its sub-committees should meet regularly to discuss performance issues of their company.
4.8.6 DORMINANT CHARACTER IN THE BOARD MEETING

![Bar chart showing the distribution of dominant voices in Christian Care board meetings.](image)

**Figure 4.19: The voice that is dominant in Christian Care board meetings.**

It is interesting to note that the chief executive officer is given as the board member with the dominant voice with 53% frequency followed by other executive directors with a frequency of 24%.

The finding that the CEO and other executive directors dominate in board meetings and decision making processes might be caused by the fact that they possess more internal information about the operations of the company. This implies that their counterparts are not well informed. It therefore means that the board must engage services of directors who are independent and who are able to provide views that are free from bias. Corporate governance principles and best practices require board members to operate at the same level in order to avoid domineering characters in meetings. (Coyle, 2003).
4.8.7 EXISTENCE OF SET PERFORMANCE INDICATORS FOR THE BOARD

Figure 4.20: Whether there set performance indicators for the board of directors at Christian Care.

Figure 4.20 above shows that 85% of the respondents agree that there are set performance targets for the board of directors at Christian Care. However, 10% disagreed and 5% were not sure.

Figure 4.20 above shows that the board is involved in the setting of strategic objectives of the company and coming up with the terms of reference of the board members which show their performance indicators. It is good corporate governance practice for the board to set the direction in which the company flows through setting up of objectives and coming up with performance indicators for the company (Sullivan and Sambunaris, 2005).
Figure 4.21: Whether there is an appraisal system for board of directors at Christian Care.

Results indicate that 65% stated that there is no appraisal system for board of directors at Christian Care. However, 15% agreed and 20% were not sure.

Research findings obtained by this study are in contrast with extant literature. Coyle (2004) argues that board of directors should be evaluated using competent appraisal systems. The board of directors should be evaluated by an external consultant or nominations committee. An external consultant can also be engaged to ensure that the evaluation process is independent and objective (Grant, 2004). If the appraisal and evaluation report indicate some performance gaps, there is need to train directors in order to close the gap and improve the performance of the board (Coyle, 2003). Thus, the board of directors at Christian Care is encouraged to adopt a performance evaluation system.
4.8.9 FREQUENCY OF PERFORMANCE APPRAISALS FOR BOARD DIRECTORS

How often are performance appraisals for the board of directors done at Christian Care?

- Monthly: 0%
- Quarterly: 0%
- Bi-annually: 0%
- Annually: 13%
- Don’t know: 87%

Figure 4.22: The frequency of performance reviews for board of directors at Christian Care.

Results indicate that 87% of the respondents did not know the frequency of performance reviews for the board of directors at Christian Care.

The above research findings are in support of previous results obtained by this study. It was noted in Figure 4.22 that there is no performance appraisal system in place for the board at Christian Care. Coyle (2004) argues that boards should be evaluated annually to check if they are performing well and advancing the interests of shareholders.
4.9 OBJECTIVE 3: TO IDENTIFY THE EXTENT TO WHICH CHRISTIAN CARE’S CORPORATE GOVERNANCE SYSTEMS ARE IN LINE WITH BEST PRACTICES.

4.9.1 RESPONSE ON RESPECT FOR SHAREHOLDER RIGHTS

Figure 4.23: Whether Christian Care respects the rights of their shareholders and helps them to exercise their rights.

Results indicate that the majority of respondents (50%) agreed to the fact that Christian Care respects the rights of their stakeholders and helps them to exercise their rights. However, 40% disagreed and 10% were neutral.

From the findings as depicted by Figure 4.23, it is clear that the majority of respondents agreed with the fact Christian Care respects the rights of their stakeholders and helps them to exercise their rights. It is good corporate governance practice to allow stakeholders to exercise their rights (Freeman and Velamuri, 2006). Thus, research findings obtained by this study are line with extant literature.
4.9.2 RESPONSE ON OBLIGATION TO NON-SHAREHOLDERS

Our organization recognizes that they have legal, contractual, social & market-driven obligations to non-shareholders.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree Strongly</td>
<td>10%</td>
</tr>
<tr>
<td>Disagree</td>
<td>21%</td>
</tr>
<tr>
<td>Neutral</td>
<td>9%</td>
</tr>
<tr>
<td>Agree</td>
<td>33%</td>
</tr>
<tr>
<td>Agree Strongly</td>
<td>27%</td>
</tr>
</tbody>
</table>

Figure 24: Christian Care’s obligations to non-shareholders.

Results indicate that 59% of the respondents agreed that Christian Care recognizes that they have contractual, social and market-driven obligations to its non-stakeholders. However, 31% disagreed and 9% were neutral.

The above results are in support of extant literature. Mukute and Marange (2006), Coyle (2004) and Grant (2005) concur that organizations should recognize that they have contractual, social and market-driven obligations to non-stakeholders.
4.9.3 RESPONSE ON BOARD COMPOSITION AND SKILLS MIX

Figure 4.25 above indicates that 40% of the respondents were neutral on the whether their board has an adequate skills mix, size and appropriate levels of independence and commitment. Thirty-two percent disagreed and 25% agreed to the statement that their board has adequate skills mix, board size, independence and commitment.

Results obtained by this study are in contrast with extant evidence. It is good corporate governance for an organization to have adequate skills mix, board size, independence and commitment (Fernando, 2006).
4.9.4 EXISTENCE OF CODE OF CONDUCT FOR THE DIRECTORS

Figure 4.26: Whether there is a code of conduct for board of directors at Christian Care.

Results as depicted by Figure 4.26 above reveal that 40% of the respondents were neutral, 35% disagreed and 25% agreed to the statement that there is a code of conduct for board of directors at Christian Care.

According to Applied-Corporate-Governance.com (accessed on 25/04/2012), it is good corporate governance for organizations to have a code of conduct that guides the way businesses and directors conduct everything that they do. The Sarbanes-Oxley Act (US, 2002), Cadbury and OECD reports state that organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.
4.9.5 EXISTENCE OF TRANSPARENCY, ACCOUNTABILITY AND DISCLOSURE

In our organization, there is transparency, accountability and openness in the reporting and disclosure of information, both and financially.

Figure 4.27: Whether there is transparency, accountability and openness in the reporting and disclosure of information, both operational and financially at Christian Care.

Figure 4.27 above indicates that 62% of the respondents disagreed that there is transparency, accountability and openness in the reporting and disclosure of information, both operational and financially at Christian Care. However, 25% were of different opinions and 10% were neutral.

According to OECD principles, it is good corporate governance for organizations to have transparency, accountability and openness in the reporting and disclosure of information, both operational and financially. Mtisi, Dhliwayo and Makonese (2006) and Fourier (2008) concur with OECD principles and further explain that the object of good corporate governance is attained when institutions demonstrate their public accountability and conduct their business within acceptable ethical standards. This demonstration will take the form of effective financial reporting, both internally and externally, and the unqualified encouragement of public debate in respect of such financial reports.
4.9.6 NOTICE PERIOD FOR BOARD MEETINGS

Results shown in Figure 4.28 above indicate that 70% of the respondents disagreed that management sends board packages 14 days prior the board meetings. Twenty-one percent agreed and 4% were not sure.

The above results contradict extant research evidence. Good corporate governance practices states that notices of board meetings should be sent at least fourteen working days before the meeting (Coyle, 2003). This practice allow board members ample time to consider and think through agenda items. It provides board members with ample time to go through the board packs so that they add value and contribute meaningfully to the organization's development. In emergency cases directors may receive short notice to attend emergency board meetings.

Figure 4.28: Notice period for board meetings at Christian Care.
4.9.7 USE OF VOTING AS A MEANS TO RESOLVING ISSUES

Figure 4.29: Whether issues in board meetings are resolved by voting.

Results obtained in Figure 4.29 above show that 60% of the respondents disagreed to the statement that issues in board meetings are resolved by voting. However, 33% agreed to the statement, while 17% were neutral.

The above findings reveal that Christian care does not have corporate governance best practices. These results are in contrast to Coyle (2004) and Mukute and Marange (2006) who argue that issues in board meetings should be resolved by voting.
4.9.8 ASKING OF QUESTIONS AT AGMs BY STAKEHOLDERS

Figure 4.30: Whether stakeholders are given enough time to ask questions at AGMs.

Figure 4.30 above indicates that 55% of the respondents agreed to the fact that stakeholders are given enough time to ask questions at AGMs. However, 30% disagreed to the statement, while 15% were neutral.

From the findings as depicted by Figure 4.30, it is clear that the majority of respondents agreed with the fact that stakeholders / donors are given an opportunity to put questions at AGMs. It is good corporate governance practice to allow shareholders to air their views at AGMs (Freeman and Velamuri, 2006). Since the stakeholders / donors are the owners of the company they should be given an opportunity to express their views at the company’s meetings (Grant, 2004). This does not matter whether the stakeholders / donors are in the majority or minority, they should be given equal opportunities to voice their concerns.
4.9.9 EXISTENCE OF MECHANISMS TO INFORM STAFF ABOUT MANAGEMENT DECISIONS

Figure 4.31: Whether there is a mechanism for keeping staff informed of decisions by top management and key issues.

Figure 4.31 above indicates that 70% of the respondents agreed that there is a mechanism for keeping staff informed of decisions by top management and key issues. However, 20% disagreed and 5% were neutral.

The above results concur with extant evidence. It is good corporate governance for organizations to develop mechanisms for keeping staff informed of decisions by top management on key issues (Mukute and Marange, 2006).
4.9.10 RISK ASSESSMENT BEFORE COMMENCEMENT OF PROJECTS

Figure 4.32: Whether risk assessments are carried out before commencement of major projects at Christian Care.

Results indicate that 57% of the respondents disagreed that risk assessments are carried out before commencement of major projects at Christian Care. However, 32% agreed, 8% were neutral and it was unknown to 3%.

Coyle (2004) argues that organizations should have risk management policies enacted by the risk committee. Thus, results presented in Figure 4.32 above do not concur with extant evidence.
4.9.11 EXISTENCE OF PROCEDURES TO DEAL WITH CUSTOMER QUIRIES

Figure 4.33: Whether Christian Care has procedures to ensure timely responses to customer and stakeholder queries.

Results obtained in Figure 4.33 above indicate that 70% of the respondents disagreed that Christian Care has procedures to ensure timely responses to customer and stakeholder queries. However, 20% of the respondents agreed and 5% remained neutral and another 5% professed ignorance.

Mukute and Marange (2006) argue that NGOs should have procedures to ensure timely responses to customer and stakeholder queries. Thus, the above results do not concur with extant evidence.
4.9.12 BENCHMARKING OF POLICIES AGAINST BEST PRACTICES

Figure 4.34: Whether Christian Care benchmarks all its policies against best practices.

Figure 4.34 above indicates that 60% of the respondents disagreed that Christian Care benchmarks all its policies against best practices. However, 25% agreed, while 10% did not know and 5% were neutral.

Coyle (2004) and Mukute and Marange (2006) argue that organizations should benchmark all their policies against best practices. Thus, the results of this study do not concur with extant evidence and therefore there is need for management to benchmark all its policies with corporate governance best practices.

Question 5.2 sought respondents’ views on the ways to adopt best practices so as to improve corporate governance systems at Christian Care. Content analysis revealed that respondents pointed to the fact that there should be transparency in reporting of financial accounts, publication of audited accounts, implementation of stakeholder goals, compliance to set standards and development of risk management policies.
4.10 OBJECTIVE 4: TO IDENTIFY CHALLENGES WHICH CHRISTIAN CARE MAY BE FACING IN THE IMPLEMENTING OF CORPORATE GOVERNANCE SYSTEMS.

Question 6.1 sought respondents’ views on the challenges bedevilling NGOs. Content analysis revealed that there is lack of funding due to donor fatigue, overreliance on external donors, lack of regulatory provisions to make directors accountable, no survival strategies, brain drain, lack of skilled staff, limited financial and management expertise and lack of pro-activeness since there is no research and development department at Christian Care. The above results concur with extant evidence. All the problems were highlighted by Vlain (2006) and Mutasa (2006) as generic challenges bedevilling NGOs operating in Zimbabwe.

Question 6.2 sought respondents’ views on strategies to overcome the above challenges. Content analysis revealed that the board and management at Christian Care should seek donors locally and alternative fund raising methods, recruit more professional staff, set up a research and development department, do effective strategic management and implement policies. These results are in support of Mukute and Marange (2006) who state that NGOs should have all of the above (as recommended) if they are to deliver the donors’ mandate.

4.11 CHAPTER SUMMARY

Chapter 4 presented research findings obtained by this study. Discussions were also done on the analyzed results and implications drawn. The next chapter provides a summary of major findings and draw conclusions from these findings in line with the study’s objectives. Chapter 5 provides conclusions and recommendations in light of the findings.
CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION
This chapter gives the conclusions and recommendations of the study and area of further study. Section 5.1 looks at the conclusions from the study, while the recommendations are to be presented in section 5.2. Section 5.3, concludes the chapter suggesting areas of further study.

5.1 CONCLUSIONS
In view of the findings presented in Chapter four the following conclusions were made.

5.1.1 It was established that Christian Care has a service charter and the board is fully constituted with non-executive directors to give the board balance of power.

5.1.2 This study revealed that Christian Care does not have a risk management policy to mitigate the unforeseen future and losses.

5.1.3 Although there are set performance standards at Christian Care, there is no formal performance evaluation system in place for the board directors.

5.1.4 The board for Christian Care does have a code of conduct to guide ethical conduct of board of directors.

5.1.5 The research findings show that the majority of board members are appointed by invitation which is not a good corporate governance practice.

5.1.6 The study revealed that generic challenges that appear to face NGOs (including Christian Care) and related were evident in this study, for example, staff development, lack of skilled staff, limited financial and management expertise, limited institutional capacity, low levels of self-sustainability and isolation/lack of inter-organizational communication/ and/or coordination.
5.2 TESTING OF RESEARCH PROPOSITION
The research proposition for this study was: “Corporate governance at Christian Care is weak.” Although there are some areas that the organization is doing well, the overall conclusion obtained by this study from all the four objectives is that, corporate governance systems at Christian Care are weak.

5.3 RECOMMENDATIONS
These recommendations are made to improve compliance with corporate governance and best practices at Christian Care:

5.3.1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT
The researcher suggests that the board of directors should adopt a formal statement of matters reserved to it. This can be in a form of formal board charter that details the functions and responsibilities of the board. Another alternative is a formal statement of delegated authority to management. However, it should be noted that the nature of matters reserved to the board and delegated to management will necessarily depend on the size, complexity and ownership structure of the company, and will be influenced by its tradition and corporate culture, and by the skills of directors and managers.

5.3.2 RESTRUCTURE THE BOARD TO ADD VALUE
Although Christian Care has a service charter and a fully constituted board with non-executive directors, there is need to continue restructuring its board of directors in such a way that it has a proper understanding of, and competence to deal with, the current and the ever emerging new and dynamic issues in the industry. Ultimately, the directors are elected by the shareholders. However the board and its nominations sub-committee play an important role in the selection of candidates for shareholder vote. The board should regularly assess the independence of each director in light of interests disclosed by them. The board should also consider other candidates other than from church members.
5.3.3 PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Christian Care ought to come up with an ethical code of conduct which stipulates the behaviour required of company directors and key stakeholders and encourage the observance of those standards. In addition to this, it should also come up with company policy regarding the issue of insider dealing in the company’s shares.

5.3.4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Christian Care needs to design and introduce a structure of review and authorization. The structure should be designed in such a way that it ensures truthful and factual presentation of the organization’s financial position. The recommended structure should have a provision for periodic reviews and consideration of the accounts by the audit committee. The independence and competence of the company’s external auditors should be regularly monitored.

5.3.5 ENSURE TIMELY AND BALANCED DISCLOSURE OF INFORMATION

Christian Care should ensure that there is balanced disclosure and “balance” requires disclosure of both positive and negative information. This means that the company must put in place mechanisms designed to ensure compliance with the regulatory frameworks such that all investors have equal and timely access to material information concerning the company. Christian Care should also ensure that company announcements are factual and presented in a clear and balanced way.

5.3.6 ESTABLISH A RISK MANAGEMENT SYSTEM

The researcher recommends Christian Care to establish and put in place a sound system of risk oversight and management and internal control systems. In order to ensure effectiveness of the system it should be able to identify, assess, monitor and manage risk. This structure can enhance the environment for identifying and capitalizing on opportunities to create value. The appropriate board committee may be the audit committee, the risk management committee or other relevant committee. There should be risk management policies in black and white at Christian Care.
5.3.7 ENCOURAGE ENHANCED PERFORMANCE

In order to survive in this harsh environment Christian Care should train and develop directors and key executives in order to equip them with skills they require to run and manage the organization. Individual board members and collective board performance should be regularly appraised against set down measurable and qualitative performance indicators. The nomination committee should be charged with the responsibility to evaluate the board’s performance. If training needs are discovered, the company should design training for directors. There should be continuous training in the organization to inculcate a high performing culture and advance the goals of the donors and the needs of the community.

5.3.8 INSTITUTE AN EFFECTIVE REMUNERATION POLICY

Christian Care needs to adopt remuneration policies that attract and maintain talented and motivated directors and employees so as to encourage enhanced performance of the company. The researcher recommends the company to adopt the performance based remuneration system and should ensure that the policy underlying executive remuneration is understood by donors.

5.3.9 RECOGNIZE THE LEGITIMATE INTERESTS OF ALL STAKEHOLDERS

The company should realize that it does not exist in vacuum and it is important that it recognizes legal and other obligations to all legitimate stakeholders. They should realize that there is growing acceptance of the view that organizations can create value by better managing natural, human, social and other forms of capital. That being the case, it is important for Christian Care to demonstrate their commitment to appropriate corporate practices.

5.3.10 PROVIDE BOARD ORIENTATION

The company should provide orientation to newly appointed board members so that they can be familiarized with the company operations.
5.4 AREA OF FURTHER STUDY
There is need for further research on the effect of promulgating laws that enforce corporate governance rather than the current codes of best practice and guidelines which are not enforceable at law.
REFERENCES


APPENDICES

APPENDIX I: RESEARCH INTRODUCTORY LETTER

Dear Respondent

05 July 2012

Dear Sir/Madam

RE: MBA RESEARCH QUESTIONNAIRE

The researcher is a final year student studying for a Master of Business Administration Degree with the Graduate School of Management at the University of Zimbabwe. The researcher is conducting a study which seeks to carry out “A CRITICAL ANALYSIS OF CORPORATE GOVERNANCE SYSTEMS IN CHARITY ORGANIZATIONS: A CASE OF CHRISTIAN CARE “JANUARY 2007 TO JUNE 2012” This research is an issue of great importance within Zimbabwe. Little is currently known about Corporate Governance in Charity Organizations.

You are one of a small number of people who are being asked to give your opinion on this issue. The researcher would be grateful if you could assist by completing and returning the attached questionnaire. The researcher anticipates that the questionnaire would take approximately 20 to 30 minutes of your time. The researcher will collect it by end of the day on 11th of July 2012.

Below are call back arrangements if you have any questions you wish to ask or there is anything you wish to discuss, please do not hesitate to contact the researcher on the following telephone number: +263 77 2 815 220 or +263 712 614 413.

All information you provide will be confidential and will not be disclosed to third parties. Note that your name and address do not appear on the questionnaire and that there is no identification number. This is purely an academic research and all the information received will be treated in the strictest of confidence.

Thank you in advance for your assistance in this matter.

Yours faithfully

...........................................

Amos Ndhlumbi (R943482G).

MBA Research Student.

Graduate School of Management

University of Zimbabwe.
APPENDIX II: RESEARCH QUESTIONNAIRE
RESEARCH QUESTIONNAIRE FOR MANAGEMENT AND STAFF AT CHRISTIAN CARE

SECTION A

1.0: PURPOSE OF THE STUDY

The aim of this study is to critically analyze Corporate Governance systems at Christian Care.

1.1. DEFINITION OF CORPORATE GOVERNANCE

The Cadbury committee report (1992) defines corporate governance as “the system by which companies are directed and controlled”. It is the framework by which the various stakeholder interests are balanced. It is “the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders” (Cadbury Committee, 1992).

According to the King Report South Africa (1992), corporate governance is the process of controlling management and of balancing the interests of all internal stakeholders to ensure responsible behaviour by corporations and to achieve the maximum level of efficiency and profitability for a corporation. Corporate governance refers to the processes in which an organization is directed, controlled and held accountable, as well as encompassing authority, accountability, stewardship, leadership, direction and control exercised in firms.

SECTION B

2.0 BACKGROUND INFORMATION

Please tick (✓) your options on the spaces provided below:

2.1 In which category of workers do you belong to?

(a) Senior management
(b) Middle management
(c) First line/ supervisory level
(d) Administrative staff
(e) Junior staff
(f) Other (please, specify)

2.2 For how long have you been employed by Christian Care?

(a) Less than a year
(b) 1 – 5 years
(c) 6 – 10 years
2.3 Please, indicate your level of education by ticking the appropriate box

(a) Secondary level
(b) Certificate
(c) Diploma
(d) Undergraduate degree
(e) Masters degree
(f) Other (please, specify)………………………………….

2.4 In which department are you attached to?

(a) Finance and Administration
(b) Information and Marketing
(c) Human Resources
(d) Audit
(e) Programmes

3.0 SECTION C

3.1. Does your organization have a board service charter? Please tick (✓) the applicable option.

   Yes [   ]       No [   ]   Not Sure [   ]

3.2 If your answer to question 3.1 above is “Yes”, does the Board service charter cover the following issues? Please tick (✓) the applicable option(s).

(a) Size of the Board
(b) Roles and responsibilities of the Board
(c) Composition of the Board
(d) Selection criteria of Board members
(e) Leadership
(f) Compensation or remuneration


(g) Board meeting procedures [ ]
(h) Performance evaluation of Board and Directors [ ]
(i) Committees and relationships [ ]

3.3 How many Directors are presently serving on your board? Please tick (✓) your options.
(a) Less than 5 directors [ ]
(b) 5 – 7 directors [ ]
(c) More than 7 directors [ ]

3.4. How many board members are non-executive directors (indicate number of members)

3.5. Is the Board composed of any of the following members? Please tick (✓) your option.

<table>
<thead>
<tr>
<th>Controlling stakeholder in your organization</th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant stakeholders to your organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A dominant director</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.6 Please indicate by ticking whether you agree with the following statements regarding corporate governance systems.

For your answer, make use of the five (5) point Likert’s scale which varies from “Disagree Strongly” (1) to “Agree Strongly” (5) as illustrated below:-

**Key:**

<table>
<thead>
<tr>
<th>DISAGREE STRONGLY</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
<th>AGREE STRONGLY</th>
<th>UNKNOWN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

3.6.1 There is a clear distinction between the roles of the Board chairperson and the Chief Executive Officer.

3.6.2 Roles of executive and non-executive directors are clearly defined.

3.6.3 Our organization has got clearly defined internal control systems.
3.6.4 Our organization arranges orientation courses for directors.

3.6.5 Our organization has got a risk management policy

3.6.6 Our organization has a frequently updated asset register.

3.7 In your own opinion, what would you recommend to Christian Care with regards to its corporate governance systems? Please use the space provided below in short answer form:

(a) ……………………………………………………………………………………………………………(b) ……………………………………………………………………………………………………………(c) ……………………………………………………………………………………………………………(d) ……………………………………………………………………………………………………………

4.0 SECTION D

4.1 In your organization does the same individual hold the posts of Chairman and Chief Executive Officer? Please tick (✓) your option.

Yes [ ] No [ ]

4.2 In your organization how long do Non-Executive Directors serve on the Board? Please tick (✓) your option.

(a) At least 3 years [ ]
(b) At most 3 years [ ]
(c) At most 6 years [ ]
(d) At most 9 years [ ]

4.3 In your organization, what is the ratio for Executive Directors to Non-Executive Directors? Please tick (✓) your option.

(a) 1 : 2 [ ]
(b) 1 : 3 [ ]
(c) 1 : 4 [ ]
(d) 1 : 5 [ ]
4.4 Are regular meetings of the Board and sub-committees held? Please tick (✓) your option.
Yes [ ] No [ ]

4.5. How frequently does the board meet? Please tick (✓) your option.
(a) Monthly [ ]
(b) Bi-Monthly [ ]
(c) Quarterly [ ]
(d) Annually [ ]

4.6 In your Board meetings, whose voice is dominant? Please tick (✓) your option.
(a) Non-Executive Director [ ]
(b) Executive Director [ ]
(c) Deputy Director/CEO [ ]
(d) Programme Managers [ ]
(e) Regional Director [ ]
(f) None [ ]
Other (specify) ………………………..

4.7 In your organization, are there set performance indicators for the Board of Directors? Please tick (✓) your option.
Yes [ ] No [ ] Not Sure [ ]

4.8 In your organization, is there an appraisal system for the Board of Directors? Please tick (✓) your option.
Yes [ ] No [ ] Not Sure [ ]

4.9 If your answer to question 4.8 is “Yes”, how often is this undertaken? Please tick (✓) your option.
(a) Monthly [ ]
(b) Quarterly [ ]
(c) Bi-Annually [ ]
(d) Annually [ ]

4.10 Please indicate by ticking whether you agree with the following statements regarding compliance with corporate governance systems.
For your answer, make use of the five (5) point Likert's scale which varies from “Disagree Strongly” (1) to “Agree Strongly” (5) as illustrated below:

**Key:**

<table>
<thead>
<tr>
<th>DISAGREE STRONGLY</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
<th>AGREE STRONGLY</th>
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<tr>
<td>1</td>
<td>2</td>
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<td>4</td>
<td>5</td>
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</tr>
</tbody>
</table>

4.10.1 In our organization there is an internal audit department. 

4.10.2 Our organization has clearly defined policies and procedures for both financial and non-financial systems.

4.10.3 In our organization policies and procedures are amended in line with legislation and government standards.

4.10.4 In our organization we produce audited financial statements annually.

4.10.5 In our organization all newly appointed Board of Directors receive orientation.

4.11 In your own opinion, what would you recommend to Christian Care, so that the organization improves its compliance with corporate governance systems? Please use the space provided below in short answer form:

(a) ............................................................................................................................................

(b) ............................................................................................................................................

(c) ............................................................................................................................................

(d) ............................................................................................................................................

5.0 SECTION E

5.1 Please indicate by ticking whether you agree with the following statements regarding best practices in corporate governance.
For your answer, make use of the five (5) point Likert's scale which varies from “Disagree Strongly” (1) to “Agree Strongly” (5) as illustrated below:

**Key:**

<table>
<thead>
<tr>
<th>DISAGREE STRONGLY</th>
<th>DISAGREE</th>
<th>NEUTRAL</th>
<th>AGREE</th>
<th>AGREE STRONGLY</th>
<th>UNKNOWN</th>
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5.1.1 Our organization respects the rights of shareholders and helps shareholders to exercise their rights.

5.1.2 Our organization recognizes that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities and policy makers.

5.1.3 The Board has sufficient relevant skills and understanding to review and challenge management of performance. It also has an adequate size and appropriate levels of independence and commitment.

5.1.4 In our organization there is a code of conduct for Directors and executives that promotes ethical and responsible decision making.

5.1.5 In our organization, there is transparency, accountability, and openness in the reporting and disclosure of information, both operational and financially.

5.1.6 In our organization management ensures that board meeting notices are sent 14 days prior to the meeting (except in emergency cases only).

5.1.7 Issues in board meetings are resolved by voting.

5.1.8 Stakeholders are given enough time to ask questions at annual general meetings.

5.1.9 In our organization there is a mechanism for keeping staff informed of decisions made by top management and keys issues.

5.1.10 Risk assessments are undertaken before
5.1.11 Our organization has procedures to ensure timely responses to customer and stakeholder queries.

5.1.12 Our organization benchmarks all its policies against best practices.

5.2 In your own opinion, what best practices in corporate governance would you recommend to Christian Care? Please state in the space provided below in short answer form:

(a) ...........................................................................................................................................

(b) ...........................................................................................................................................

(c) ...........................................................................................................................................

(d) ...........................................................................................................................................

6.0 SECTION F

6.1 NGOs in Zimbabwe are faced by a lot of challenges. Please, use the spaces provided below to list in short answer form some of the challenges that are faced by Christian Care.

(a) ...........................................................................................................................................

(b) ...........................................................................................................................................

(c) ...........................................................................................................................................

(d) ...........................................................................................................................................

(e) ...........................................................................................................................................

(f) ...........................................................................................................................................

6.2 What strategies would you recommend to Christian Care to overcome the above challenges? Please state in the space provided below in short answer form:

(a) ...........................................................................................................................................
End of questionnaire. Thank you for participating in this research!