CORPORATE GOVERNANCE AND ITS INFLUENCE ON STRATEGY AMONG MEMBER ASSOCIATIONS OF THE INTERNATIONAL PLANNED PARENTHOOD FEDERATION AFRICA

BY

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

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ABSTRACT

Governance is high on the agenda in all sectors whether public, private or voluntary. As voluntary, community and non-governmental organisations are driven by altruistic values and work for public benefit, they are increasingly expected to demonstrate how well they are governed. Governance promotes transparency and accountability and not only fulfils legal requirements but also provides organisational oversight. This study sought to determine how governance influences the strategy of International Planned Parenthood Federation member associations in Africa. The research was conducted using a cross-sectional survey research design. The target population of the study was the member associations (MAs) of IPPF Africa. The study used purposive sampling to select a sample comprising all the 16 English speaking member associations of IPPF Africa. Data was collected using a structured questionnaire and data analysis was done using descriptive statistics.

 The study concluded that governance influenced the strategy of MAs in many ways. The MA boards were actively involved in the development of the long-term strategies and mission of the associations. The boards were also well acquainted with the programs being implemented by the associations and provided guidance to management in the annual work program and budgeting process. MA boards had a structured way of monitoring and tracking the milestones achieved during strategy implementation through a formal work plan against which they appraised themselves annually. They also appraised the executive directors annually. In so doing they ensured that organisational purposes remained relevant and valid so that the MAs achieved their mission. Frequent and regular board meetings were found to be critical for successful monitoring of strategy by the MAs boards allowing them to engage management in discussions and provided a platform for the board to advice management on important matters of touching on the organisational mission, strategy and policy. They also enabled key decisions of strategic relevance to be made.

The study recommends IPPF MAs and other grass-root member NGOs to have competency based board appointments through targeting corporate gurus or senior members of society as opposed to the election system from the membership body of volunteers. The current election system may not enable MAs appoint board members with the leadership attributes and skills required for their board members to execute their

mandate effectively. MAs should also have a formal plan for board development to build skills and empower board members. They should in addition support the board members formulate clear succession plans for continuous strategic leadership.

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ABBREVIATIONS AND ACRONYMS

BEC: Branch Executive Committee

ED: Executive Director

INGO: International Non Governmental Organisation

IPPF: International Planned Parenthood Federation

MAs: Member Associations

NEC: National Executive Committee

NGO: Non Governmental Organisation

SME: Small and Medium Enterprises

SPSS: Statistical Package for the Social Sciences

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Good governance and management practices contribute to an organisation's efficiency, effectiveness and focus and are therefore relevant to corporations and Non Governmental Organisations (Stuart, 2011). Like investors in the financial arena, donors want their investments, in this case grants, to generate the highest possible rate of return through social impact. According to Bader (2008), today's boards carry out five primary roles and independent fiduciaries, choosing the chief executive officer, approving major policies, making major decisions, overseeing performance and serving as external advocates. On the other hand the role of management led by the chief operating officer is to operate the organisation in line with the board direction. Carver (1990) suggests no single relationship in the organisation is as important as that between the board and its chief executive officer. That relationship, well conceived, can set the stage for effective governance and management. In a well nurtured relationship, management makes operational decisions, keeps the board educated and informed and brings to the board well documented recommendations and information to support its policy making, decision making and oversight responsibilities (Bader, 2008). According to Bader the traditional answer that board make policy and management carries it out is too simplistic. It offers little practical guidance at a time when fiduciary expectations are rising. Nowadays directors serve on boards to make a difference, not just to be names on the letter head. Today's boards must be informed and want to be engaged, both to fulfil their legal obligations and to leverage their time and talent to advice management.

It is tempting for directors to believe they are doing their jobs by delving into management decisions. Boards that try to manage often end up generating unintended consequences. They undermine the CEO's credibility and authority to the detriment of the organisation as a whole. They also risk driving away competent executives and directors who do not agree with a hands on approach to governing (Bader, 2008). A governing board functions best when it focuses on higher level, future oriented matters of strategy and policy and performs its oversight responsibilities in a rigorous

but highly efficient manner (Zena, 2011). By inference, board members who focus on less strategic lower level matters, end up micromanaging the management team and compromise their oversight role. It follows then that boards elected should understand and respect the difference between governance and management. Even when the board is sober and knowledgeable there are inherent factors that make the board management relationship fragile. This is because the CEO would have been with the organisation before the board chair is appointed and will be around after the old board chair is gone and a new board chair appointed. The CEO is also closer to the day to day happenings of the organisation and knows more about the organisation than the board chair yet the latter is responsible for overall leadership of the board to whom the CEO is accountable. Maintaining a high quality relationship between the two roles requires a high level of maturity and understanding by both parties (Zena, 2011).

According Gerry, Kevan, Richard (2005), the primary statutory responsibility of the governing body of an organisation is to ensure that the organisation fulfils the wishes and purposes of the 'owners'. In the private sector, this is the board of directors working on behalf of shareholders. According to Frank (2006), most NGOs that are in the business of 'doers' are likely to see themselves as answering to at least two principals – their supporters or members and the targets of their activities. The chain of relationships is thus at least as complicated as in an international business. Frank (2006), further argues that where multiple principals are involved, a greater variety of gatekeepers may be needed, and a more diverse composition of a Board. The government of the Hong Kong policy paper (June 2002) emphasises that the corporate governance framework should ensure the strategic guidance of the NGO, the effective monitoring of the NGO's management by the Board, and the Board's accountability to its stakeholders – its clients, the government, donors and the community.

1.1.1 Corporate Governance

Corporate governance refers to the influence and power of the stakeholders to control the strategic direction of the organisation in general and, more specifically, the chief executive and other senior officers of the organisation. Although the corporate governance structure varies for each company, this structure generally involves the

interrelationship between shareholders, the board of directors and the executive board. Corporate governance helps the organization safeguard the interest of business stakeholders (Bader, 2010). The importance of corporate governance lies in the power that is given to the chief executive and other senior officers to run the affairs of the organisation. In recent times, this power has not always been used in the best interests of the shareholders, employees or society in general (Lynch, 2006). According to Lynch, another important check can be provided if some of the main board members have semi-independent status, i.e. their main responsibilities and experience rest elsewhere. They are usually associated with the organisations and have no commercial or other interest whatsoever in the organisation but have sufficient senior experience to comment on its affairs. These people are usually called non-executive directors, meaning that they have no day-today management responsibility for the operation of the organisation. The appointment of these independent directors has been seen as a means of ensuring that the conduct of the organisation is beyond reproach (Lynch, 2006).

Non executive directors accept directorships in order to signal that they are decision experts that can work in systems of diffuse control. Having invested their reputation capital in a firm, non- executive directors have incentives to guard shareholder interests as well (Nikos and Elena 1998). Lipton and Lorsch (1992) view an independent director as any director who has no connection with the company, either as management or substantial customer or supplier of goods or services. According to Lipton and Lorsch, director independence is compromised for non- executive directors having a fiduciary relationship with the firm, such as management consultants, executives in financial institutions and the firm's legal counsel-collectively called "grey" directors and recommend a ratio of at least two independent directors to one non-independent director.

Many public bodies will also have corporate governance structures. These are likely to cover the major issues of the not-for-profit sector, including the monitoring of the quality of public services and the value-for-money obtained by taxpayers and charity givers. (Lynch, 2006). Willet (2002) indicates there are a variety of ways in which NGOs governance processes are structured. The classic model is of a membership

organization, co-ordinated in a geographically-defined hierarchy. Individual people work in local groups, which co-ordinate in provinces and then have a headquarters in the capital city for the country as a whole. Such country-wide organizations are called national NGOs. Frequently, the national NGOs combine in an international NGO, or INGO, which may consist of regional groups of countries and be capped by a global body. According to Willet (2002) such global organizations with their membership measured in millions do maintain a democratic policy-making process. While some may hold direct elections for key posts at the national level, the responsibility to the membership at the global level is always indirect, via some international council or assembly of national representatives. The members of these INGOs comprise the volunteer body and like limited liability companies, the volunteers equate shareholders of a company. The volunteers elect volunteer boards who in turn employ professional managers to run the entities.

1.1.2   Concept of Strategy

Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization. It guides an organization to superior performance by helping it establish competitive advantage (Grant 1998). Strategy is a multidimensional concept that is hard to be defined in a few words. Certain aspects of strategy however have been identified by various authors. (Lynch 2006) indicates strategy can be described as the identification of the purpose of the organisation and the plans and actions to achieve that purpose.   Lynch has identified two main elements of strategy; corporate-level strategy and business level strategy. Corporate strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be. It follows then that at the general corporate or headquarters level, basic decisions need to be taken over what business the company is in or should be in. The culture and leadership of the organisation are also important at this broad general level.

At the business level, strategy is concerned with competing for customers, generating value from the resources and the underlying principle of the sustainable competitive

advantages of those resources over rival companies. Gerry, Kevan, Richard (2005) identify a third element of strategy which is at the operating end of an organisation. Here there are operational strategies, which are concerned with how the component parts of an organisation deliver effectively the corporate- and business-level strategies in terms of resources, processes and people. Overall then the strategy of the firm is the match between its internal capabilities and its external relationships. It describes how it responds to its suppliers, its customers, its competitors and the social and economic environment within which it operates (Lynch 2006).

Due to the uncertainty in the environment, Quinn 1980 (as cited in Lynch 2006) argues that setting out to identify a single strategy and develop a complete strategic plan may be a fruitless task. Based on this argument, strategy is seen as being essentially entrepreneurial and dynamic, with an element of risk. He describes strategy as finding market opportunities, experimenting and developing competitive advantage over time. Porter (1990) on the other hand provides a basis for strategic analysis by classifying the source of competition in an industry into five. The model popularly referred to as the five force model gives factors that must be looked into for an organization to gain competitive advantage. Mintzberg (1987) suggests that the environment is so uncertain, particularly at a global level, that it may be impossible to *plan* a long-term corporate strategy. This may need to be *crafted*, i.e. built up gradually through a learning process involving experimentation. The organisation may be seeking to add value by operating effectively, but the ever-changing environment offers little or no possibility for the management to plan in advance. Strategies have to be devised to cope with such difficulties.

Gerry, Kevan, Richard (2005) apply all the characteristics described above and define strategy as the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Strategy helps in defining the obligations of the organization to its stakeholders as well as defining its specific business in terms of geographic scope. It is not enough to formulate good strategies, the strategy must be implemented and managed properly to achieve good results (Lynch 2006). Strategy implementation involves organisation of the firm's

resources and motivations of the staff to achieve the organisation's strategic objectives.

1.1.3 The International Planned Parenthood Federation Member Associations

IPPF was founded in 1952 in India by national family planning associations from eight countries namely Hong Kong, India, Netherlands, Sweden, Singapore, UK, United States and West Germany. The main objective at the time was to work with different cultures, traditions, laws and religious attitudes to improve lives for women around the world through family planning. From its humble beginnings IPPF has grown in size and its programme to include all gender and comprehensive reproductive health services (www.ippf.org).

Today IPPF is one of the largest INGOs working in the reproductive health sector and has a membership of 153 national organizations working with and for communities and individuals. These national associations referred to as member associations (MAs) work in 164 countries (IPPF annual report 2010 p6). The MAs of IPPF are all autonomous and are governed by national councils at the national level through a representative board elected from the national council. At the international level IPPF is governed by a governing council, composed of volunteers from MAs, and appoints a director-general as its chief executive officer responsible for managing the affairs of the federation as determined by the governing council. Operationally the director general is supported by a secretariat headquarted in London and with six regional operational units. There are six regional offices: Africa (Nairobi, Kenya), Arab World (Tunis, Tunisia), East/South East Asia and Oceania (Kuala Lumpur, Malaysia),Europe (Brussels, Belgium), South Asia (New Delhi, India), and Western Hemisphere (New York, USA).

 IPPF Africa is registered and domiciled in Kenya in accordance with a headquarters agreement with the government of Kenya. IPPF Africa works with 37 member associations in Sub-Saharan Africa. IPPF Africa is governed by a regional executive committee elected from the regional council which comprises representatives from the region's MAs.

1.2 Research Problem

Davies (1999) explains that the governance framework describes whom the organisation is there to serve and how the purposes and priorities of the organisation should be decided. This concerns how an organisation should function and the distribution of power among different stakeholders. Davis (1999) argues that the issue of accountability to stakeholders has a major influence on the processes through which strategies are developed. For example, in the public sector organisations and NGOs, where a wide range of stakeholder interests need to be taken into account explicitly, strategy development usually involves a major process of consultation with stakeholders which lengthens the time scales for the adoption of new strategies. According to Grant (2006), NGO boards face numerous challenges because they tend to be diverse in their membership, involve passionate people, struggle with being unified in their organizational mission and goals in the face of many demands, are an expression of alternative democratic structures and processes non-authoritarian, non-hierarchical, require shared leadership by a volunteer board and an executive director and operate in a dynamic, frequently adversarial political context. Governance has been singled out as a major risk faced by NGOs as they endeavor to realize their strategies. (Charities and risk management cc26).

Cyril (2000) indicates the challenges of governance are multifaceted and the problem of corporate governance is arguably even more serious, and even more of an imperative, in transition and emerging economies. This was evidenced in the recent conflict between the board and management of the Kenyan giant car dealer CMC Holdings. This arose due to the revelations made by the chief executive that the chairman of the board had vested interest in a company that was handing CMC's supply chain resulting in conflict of interest (Morris, 2011). This had far reaching consequences for the car maker including suspension from trading its shares in the stock market to the detriment of the shareholders. More recently the disagreement between the board and management of the National Hospital Insurance Fund has been brought to the fore. This has had negative repercussions including suspension of both the board and management of the NHIF from office and somewhat resulted in the stalling of key health sector reforms in Kenya (Orengo, 2012). These two cases reaffirm Cyril's view that the challenges of governance are multifaceted and occur

across all sectors both for profit and the nonprofit with dire consequences if not managed properly.

According to Bader (2008), given the unique contribution of NGOs, their recognition in any society, their non discriminatory volunteer recruitment approaches and their ability to attract huge resources in the form of donor funding, good governance is increasingly becoming a critical factor for successful strategy realisation. IPPF MAs have not been spared from these developments in the governance arena and there is an increasing trend of boards coming in the way of successful program implementation by member associations and over ally the attainment of their strategies. These developments have triggered my interest to research on this topic given the potential funding and reputation risks if MAs programs are not vibrant, not only to the affected MAs and their beneficiaries but also to the IPPF federation as a whole.

Several studies have been conducted on corporate governance but most have been focussed on the corporate governance practices in the commercial sector. The emphasis of these studies has been on corporate governance practices in various sectors, the case of pension schemes in Kenya (Gacharu, 2011), the case of the Kenya Revenue Authority (Wanyoike, 2011), the case of Kenya airways (Mutia, 2011). Other studies have reviewed the relationship between corporate governance practices and firm performance in various sectors; the insurance sector (Kimosop, 2011), the banking sector (Muriithi, 2011). One study however reviewed the impact of corporate governance on the financial performance of community based organizations in Kibera (Odondi, 2011).   As such no studies exist on corporate governance and how this influences strategy of international membership NGOs headquartered in Kenya. The limited academic research on international membership NGOs in Kenya makes the field a fertile area for current and future research. These organisations have been operating in the country for close to four decades and have a lot to contribute for present and future knowledge bases. To what extent does corporate governance influence the strategy of the member associations of IPPF Africa?

1.3 Research Objective

The Objective of this study was to determine how corporate governance influences the strategy of the member associations of IPPF Africa.

1.4 Value of the study

Kenya is undisputedly a regional trading hub and has been hosting numerous international and regional organisations for decades. Organisations like the IPPF Africa offer an invaluable opportunity for learning and this research may be particularly useful in providing additional knowledge on corporate governance in the NGO sector. This study may be a source of reference for future researches in governance.

The study will provide input to the ongoing debate within NGOs circles on whether such membership governance structures are tenable in the present times, more now when we are coming to the end of the MGDs and ICPD plus 20 and donors are reviewing their funding and partners for the next development agenda. Looking at the case of the IPPF MAs, due to volunteer engagement at all levels, substantial resources are required to conduct volunteer recruitment drives and for meeting expenses for the branches, national, regional and international governing councils. Can this membership structures be sustained or is there an alternative governance system for NGOs like IPPF that is less political and fosters better relationships and performance at the same time guaranteeing oversight. This is informed by recent developments whereby donors view these governance systems as being costly as they tend to divert resources earmarked for the program to non core activities.

The study is expected to reveal how governance influences strategy among IPPF Africa MAs and by extension the attainment of the overall regional strategy. This will enable proper plans, strategies and policies to be put in place to address the gaps that will be identified. Due to the heightened internal political activities nurtured by the very governance structure that is supposed to promote transparency and accountability, IPPF Africa MAs may be operating at sub-optimal levels. It is hoped this would improve the efficiency and performance of these organisations to make them more focussed, competitive and less political like their corporate counterparts.

The study is expected to stimulate further research on INGOs like IPPF which is still in its infancy in Kenya. Further research is required on INGOs in other sectors like education and agriculture and also on other topics like their resource mobilisation strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, the theoretical framework of corporate governance and how this relates to NGOs has been reviewed. Empirical studies were reviewed with the aim of gaining a deeper understanding of the subject. Literature on how corporate governance influences strategy and other factors influencing organisational strategy has also been reviewed.

2.2 The Theoretical Framework of Corporate Governance

Recent thinking about corporate governance and business policy has been influenced by the agency theory. Other theories of corporate governance have also emerged including the stewardship theory and the stakeholders' theory. The agency theory was extensively analysed by Jensen and Meckling (as cited in McColgan P, 2001) although its roots can be traced to Smith (1776). Smith explained that although executives are agents of the shareholders, they are most likely to put their interest first rather than act for the benefit of the shareholders. This is what Smith refers to as "Agency Problem". Jensen and Meckling (as cited in McColgan, 2001) define the agency relationship as a contract under which one party (the principal) engages another party (the agent) to perform some service on their behalf. As part of this, the principal will delegate some decision-making authority to the agent. These agency problems arise because of the impossibility of perfectly contracting for every possible action of an agent whose decisions affect both his own welfare and the welfare of the principal, Brennan (1995). Arising from this problem is how to induce the agent to act in the best interests of the principal. Managers bear the entire cost of failing to pursue their own goals, but capture only a fraction of the benefits.

Jensen and Meckling (as cited in McColgan, 2001) argue that this inefficiency is reduced as managerial incentives to take value maximising decisions are increased. The principals in this case the shareholders can assure themselves that the agent will make optimal decisions only if appropriate incentives are given and only if the agent is monitored. Agency costs are can be seen as the value loss to shareholders, arising from divergences of interests between shareholders and corporate managers. They

defined agency costs as the sum of monitoring costs, bonding costs, and residual loss. Monitoring costs are expenditures paid by the principal to measure, observe and control an agent's behaviour. They may include the cost of audits, writing executive compensation contracts and ultimately the cost of firing managers. Initially these costs are paid by the principal, but Fama and Jensen (1983) argue that they will ultimately be borne by an agent as their compensation will be adjusted to cover these costs. According to Jensen and Meckling, given that agents ultimately bear monitoring costs, they are likely to set up structures that will see them act in shareholder's best interests, or compensate them accordingly if they don't. The cost of establishing and adhering to these systems are known as bonding costs. They are borne by the agent, but are not always financial. They may include the cost of additional information disclosures to shareholders, but management will obviously have the benefit of preparing these themselves.

Despite monitoring and bonding, the interest of managers and shareholders are still unlikely to be fully aligned. Therefore, there are still agency losses arising from conflicts of interest. These are known as residual loss. They arise because the cost of fully enforcing principal-agent contracts would far outweigh the benefits derived from doing so. Since managerial actions are unobservable ex ante, to fully contract for every state of nature is impractical. The result of this is an optimal level or residual loss, which may represent a trade-off between overly constraining management and enforcing contractual mechanisms designed to reduce agency problems. Burkart, Gromb, Panunzi (1997) provide some caution and contradictory view of monitoring, arguing that too much will constrain managerial initiative. They argue that optimal levels of monitoring managerial policies are specific to an individual firm's contracting environment.

According to Donaldson and Davis (1991), the stewardship theory takes a different view of human beings. While the agency theory is built on the assumption of self interest human behaviour: that managers and agents cannot be trusted and should be fully monitored, the stewardship theory emphasizes there are, however, other "models of man" which originate in organisational psychology and organisational sociology. Here organisational role-holders are conceived as being motivated by a need to

achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby to gain recognition from peers and bosses. Thus, there are non-financial motivators. Moreover, identification by managers with the corporation is likely if they have served there for long and have shaped its form and directions, as it promotes a merging of individual ego and the corporation, thus melding individual self-esteem with corporate prestige. Again, even where a manager may calculate that a course of action is unrewarding personally they may nevertheless carry it out from a sense of duty, that is, normatively induced compliance (McColgan P. 2001).

Stakeholder theory is embedded in management discipline from 1970 and gradually developed by Freeman (1984). Stakeholder theory argues that shareholders are but one of a number of important stakeholder groups. Like customers, suppliers, employees, government and local communities, shareholders have a stake in, and are affected by, the firm's success or failure. According to one typical formulation of the claim, "In the same way that a business owes special and particular duties to its investors, it also has different duties to the various stakeholder groups." (Joseph and Wayne 2004). The firm and its managers have special obligations to ensure that the shareholders receive a "fair" return on their investment; but the firm also has special obligations to other stakeholders, which go above and beyond those required by law. In cases where these interests conflict, the demands and interests of some stakeholders, including shareholders, must be moderated or sacrificed in order to fulfil basic obligations to other stakeholders. According to Freeman (1984), this theory holds corporations should be socially responsible institutions managed in the interest of the public. The stakeholder view is an instrumental theory of the corporation integrating both the resource base view, the market based view and adding a socio political view (McColgan P. 2001). Frank (2006) argues the critical question then becomes who constitutes the 'principal' and how they relate with management because many NGOs are now run by professional managers. Moreover, when NGOs claim to be 'representative' in some way, the question of who is being represented is a question about who is 'principal'. According to Frank (2006), the distinction between the restrictive definition of a 'principal' (the shareholder or member) and broader definitions of 'stakeholders' (the labour force or beneficiaries) is relevant.

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2.3 Corporate Governance

The essence of corporate governance is about how owners or principals of firms can ensure that the firm's assets and the returns generated by those assets are used efficiently and in their best interests by managers delegated with powers to operate those assets (Cyril, 2000). According to Cyril, this problem is intrinsic to any arrangement where owners themselves do not undertake the management function. It is generally accepted the governance problem entails a tension between accountability and managerial initiative between the need for directors or management to be accountable to shareholders on one hand and the need for management to have the discretion to maximize profits. According to Lynch 2006, the problem with so much power concentrated into the central management of the organisation is that it needs to be used with responsibility. This difficulty is made worse if poor-quality information about the organisation's performance is given to other stakeholders in the organisation, wrongdoing will go unchecked as long as it remains unknown or unreported.

According to Gerry, Kevan, Richard (2005), public services have a wide variety of arrangements for governing bodies, but there are some commonalities. Governing bodies are often 'representational' of key stakeholders, in practice even if not by regulation. This particularly applies to the place of employees and unions on governing bodies. There has been a move in many countries to increase the proportion of (so-called) independent members on governing bodies. These independent members are the nearest equivalent of the non-executive director in the private sector. Fama and Jensen (1983) argued that effective corporate boards would be composed largely of outside independent directors holding managerial positions in other companies. They argued that effective boards had to separate the problems of decision management and decision control. However, if the CEO was able to dominate the board, separation of these functions would be more difficult, and shareholders would suffer as a result. Outside directors, they contend, are able to separate these functions and exercise decision control, as reputational concerns, and perhaps any equity stakes, provide them with sufficient incentive to do so. Cadbury Committee's Code of Best Practice (1992) produced two major recommendations with respect to the structure of

UK corporate boards. Firstly, boards should consist of at least three non-executive directors, two of whom should be independent of management. Also, the positions of the chairman and the CEO or equivalent should not be held by the same individual. The rationale for this was to ensure a higher level of monitoring by company boards by introducing more independence and to prevent any one individual from dominating the board.

Corporate boards should act as monitors in disagreements amongst internal managers and carry out tasks involving serious agency problems, such as setting executive compensation and hiring and firing managers. Indeed, in the UK, the Greenbury (1995) report recommends that remuneration committees be comprised only of independent directors in order to increase their neutrality in this task. The independence of the board is further asserted by Rosenstein and Wyatt (1990) who found out that a company's stock price rises significantly upon the announcement of an outside director to the company board. However, upon further examination, they find that the greatest increases arise in their sub-sample of smaller firms, with insignificant increases for their sample of larger firms. Jensen (1993) argues that corporate boards are less effective as they grow in size. Larger boards may be slower to react to decisions that require an immediate course of action. Also, he argues that as more directors are added, boards lose their ability to be direct and decisive in their operation. Directors also become less candid in their ability to be critical of one another and less efficient in decision making.

Few studies have been conducted on NGO boards. Rajesh (n.d) notes that the composition of NGO boards is based largely on the shared vision of a set of like-minded people, but also includes consideration of the professional and strategic requirements of the institution. In such situations, board appointments are made with careful consideration of the requirements and future direction of the institution. According to Rajesh (n.d), the board has a formal system of meetings, discussions, decision-making and recording (agenda papers, minutes and so on); members take individual and collective responsibility for different aspects of governance (such as sub-committees, and the roles of Chair, Treasurer and Secretary); the performance audit and review of the institution as well as that of the CEO and other senior staff is

undertaken by the board on a regular and formal basis; and the institution is represented in external fora by different members of the board. Such boards tend to provide ongoing professional direction to the institution and to help shape its policies and strategies in a rational and coherent manner. According to Rajesh, another issue in NGO governance that is gaining increasing currency is the active role of different stakeholders. It is being repeatedly argued by some donors that beneficiary-participation and representation on boards is crucial to ensure NGO accountability to their `clientele'. A similar argument is often made for including donor representatives on the governing structure.

Ultimately, the goal of good governance is to ensure the effectiveness, credibility and viability of the organisation (charities commission). The Kenya Private Sector Initiative for Corporate Governance recognises four pillars on which good governance is framed. There must be an effective body responsible for governance separate and independent of management to promote accountability; efficiency and effectiveness-hence leadership for results; probity and integrity-hence leadership that is honest, faithful and diligent; responsibility-hence leadership that is capable, responsible, representative and conscious of its obligations; transparent and open leadership with accurate and timely disclosure of information relating to all economic and other activities of the corporation.

2.4   Corporate Governance Influence on Strategy

Strategy is a multi-dimensional concept and various authors have defined strategy in different ways. It is the match between an organization's resources, skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Quinn, 1993). It is meant to provide guidance and direction for the activities of the organization. Since strategic decisions influence the way organizations respond to their environment, it is very important for a firm to formulate strategic plans and define their strategy in relation to their environment. The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Mintzberg (1987) perceives strategy as a pattern or a plan that integrates organization's major goals, policies and action into a cohesive whole. Porter (1990)

has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of effort.

Gerry, Kevan, Richard (2005) contend that the ultimate responsibility for the success or failure of strategy and the benefits which owners receive lies with the governing body (i.e. the board) of the organisation. So the board must be concerned with how strategy is managed in the organisation. The need for boards to be more clearly engaged in, and influencing, the strategic management of their organisation came to public prominence following the failures of Enron and WorldCom in the early 2000s (Lynch, 2006).

Although few studies have been done on corporate governance within the NGO sector, most empirical studies in Kenya reveal that there exists positive and significant relationship between governance and strategy realisation in various sectors of the economy. (Odondi, 2011) indicates that good corporate governance among health CBO's in Kibera shielded the organisations from vulnerability and financial distress, generated investor goodwill and increased access to financing and donations. In this study board size and composition, separation of ownership from control, independence of committees and financial reporting to a great extent affected the performance of the CBO's. Kimosop (2011) found that non executive directorships, insider shareholding, frequent board meetings had positive influence on firm performance in the insurance industry. Muriithi (2011) also found a positive and significant relationship between return on equity, board size, board composition, frequency of board meetings and board oversight committees in Kenyan investment banks.

2.5   Other factors influencing strategy

Gerry, Kevan, Richard (2005) single out three key factors that affect the strategy of an organisation: environmental forces, strategic capability, and also by the values and expectations of those who have power in and around the organisation. According to Worthington & Britton (2003), the business environment consists of broad environmental factors that impact to a greater or lesser extent on almost all organisations. A starting point can be provided by the PESTEL framework which can be used to identify how the political, economic, social, technological, environmental and legal environments might impinge on organisations. This provides the broad 'data' from which the key drivers of change can be identified. These will differ from sector to sector and from country to country. Therefore they will have a different impact on one organisation from another.

A further component of the environment is the industry or a sector which is a group of organisations producing the same products or services. The porter five forces framework (Porter, 1990) is useful in understanding how the competitive dynamics within and around an industry are changing. Worthington and Britton (2003) further explain that the most immediate layer of the environment consists of competitors and markets. The concept of strategic groups can help with the identification of both direct and indirect competitors. Similarly customers' expectations are not all the same. They have a range of different requirements the importance of which can be understood through the concepts of market segments and critical success factors.

Successful strategies are also dependent on the organisation having the internal strategic capability required for survival and success. This explanation of competitive advantage in terms of strategic capabilities is sometimes called the resource-based view of strategy that the competitive advantage of an organisation is explained by the distinctiveness of its capabilities (Hoopes, Madsen and Walker, 2003). Strategic capability is the adequacy and suitability of the resources and competences of an organisation for it to survive and prosper. Gerry, Kevan, Richard (2005) explain that resources can be tangible resources i.e. the physical assets of an organisation such as plant, labour and finance or intangible resources i.e. non-physical assets such as information, reputation and knowledge. They argue that such resources are certainly

important; but what an organisation does and how it employs and deploys its resources matters at least as much as the resources it has. According to Valentin (2001), a SWOT analysis summarises the key issues from the business environment and the strategic capability of an organisation that are most likely to impact on strategy development. Brown (1998) explains organisational purposes are strongly influenced by cultural frames of reference at various 'levels'. This ranges from the national culture, through the organisational field to the organisational culture and subcultures. All of these 'cultural arenas' influence whether strategies are regarded as legitimate.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1   Introduction

This chapter presents the methodology adopted in obtaining the information necessary to achieve the objectives of the study. It sets out research design, target population, sampling design, data collection, and techniques for data analysis that were used in the study.

3.2   Research Design

The research was conducted through a cross-sectional survey. A cross-sectional survey collects data to make inferences about a population of interest (universe) at one point in time. Cross-sectional surveys have been described as snapshots of the populations about which they gather data, Paul (2008).

3.3   Population

The target population of the study was IPPF Africa member associations. According to the governing council approved membership list (Appendix III) of May 2012, the Africa region has 32 full members and 5 associate members.

3.4   Sampling

The study used purposive sampling to select a sample of 16 member associations. The method is considered suitable due to the language barrier whereby information is to be sought from all English speaking member associations of the IPPF Africa. According to Kothari (2004), results obtained from an analysis of deliberately selected sample may be tolerably reliable if it is impartial. The English speaking member associations are distributed across the two sub-regions of the IPPF Africa i.e. the East and Southern sub-region and the West and Central sub-region and will achieve the desired representation of the population. According to Mugenda and Mugenda (1999) a researcher would have to use 30% of the total target population as a sample size for it to be accepted as a good representative sample.

3.5   Data Collection

The study relied on primary data which was collected through administering a structured questionnaire. The questionnaires were administered to the 16 English speaking member associations of IPPF Africa through email. One respondent in top level management from each member association was asked to fill in the questionnaire. The top level management targeted were the executive director, the finance director or the programs director. Selecting respondents from senior management level enhanced validity of data gathered. The research instrument was divided into two parts where Part A covered general demographic data of the respondents and part B consisted of questions focusing on how Corporate Governance influences the strategy of IPPF Africa MAs. The respondents rated their views using a Likert scale of 1-5.

3.6   Data Analysis

Data was analysed in several stages. The completed questionnaires were checked for completeness and consistency and then coded. Descriptive statistics involving percentage, mean and standard deviations were used to determine how corporate governance influences strategy among IPPF MAs. A Likert scale and the use of a statistical computer application (SPSS) were employed to determine the descriptive statistics. Tables and graphs were used as appropriate to present the data collected for ease of understanding and analysis of how corporate governance influences strategy among IPPF MAs. Paul (2008) observes that descriptive studies are concerned with finding out the what, where, who and how of a phenomenon and describe the characteristics of a particular group.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND

INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and findings of the study and the interpretations. The results were on corporate governance and its influence on strategy among IPPF Africa member associations. The survey was conducted on a sample of 16 respondents from the member associations of IPPF Africa to whom email questionnaires were administered in the month of June 2013. Out of the issued questionnaires, 15 were returned duly filled achieving a 94% response rate which was sufficient for statistical reporting. These response rates were sufficient and representative and conforms to Sheehan (2001) stipulation on emailed questionnaires; that a response rate of 40% is adequate for analysis and reporting, a response rate of 50% is good and a response rate of 60% is very good. This result was attributed to extra efforts made through personal calls to remind respondents to fill in and return the questionnaires. The chapter covers the demographic information and the findings based on the research objectives.

4.2 Demographic Information

The respondents were asked to indicate their job designation which was crucial in determining whether they had regular interaction with board members and understood the governance and volunteerism system. The results are shown in table 4.1.

Table 4.1:   Job Designation

Job Designation	Frequency	Percent
Executive Director	12	80.0
Director of Programmes	3	20.0
Finance Director	0	0.0
Total	15	100.0

Source: field data

From table 4.1 most of the respondents (80%) were the executive directors and 20% were program directors. The respondents were part of the senior management team of the member associations and are deemed to be knowledgeable on the governance

processes and have regular interactions with the board especially the chair and other honorary officers.

We also determined whether the respondents had worked long enough in the member associations to be able to assess how the boards affected their strategy at various levels i.e. at formulation, implementation phase and the monitoring thereof. The results are shown in figure 4.1.

Figure 4.1:   Working Duration
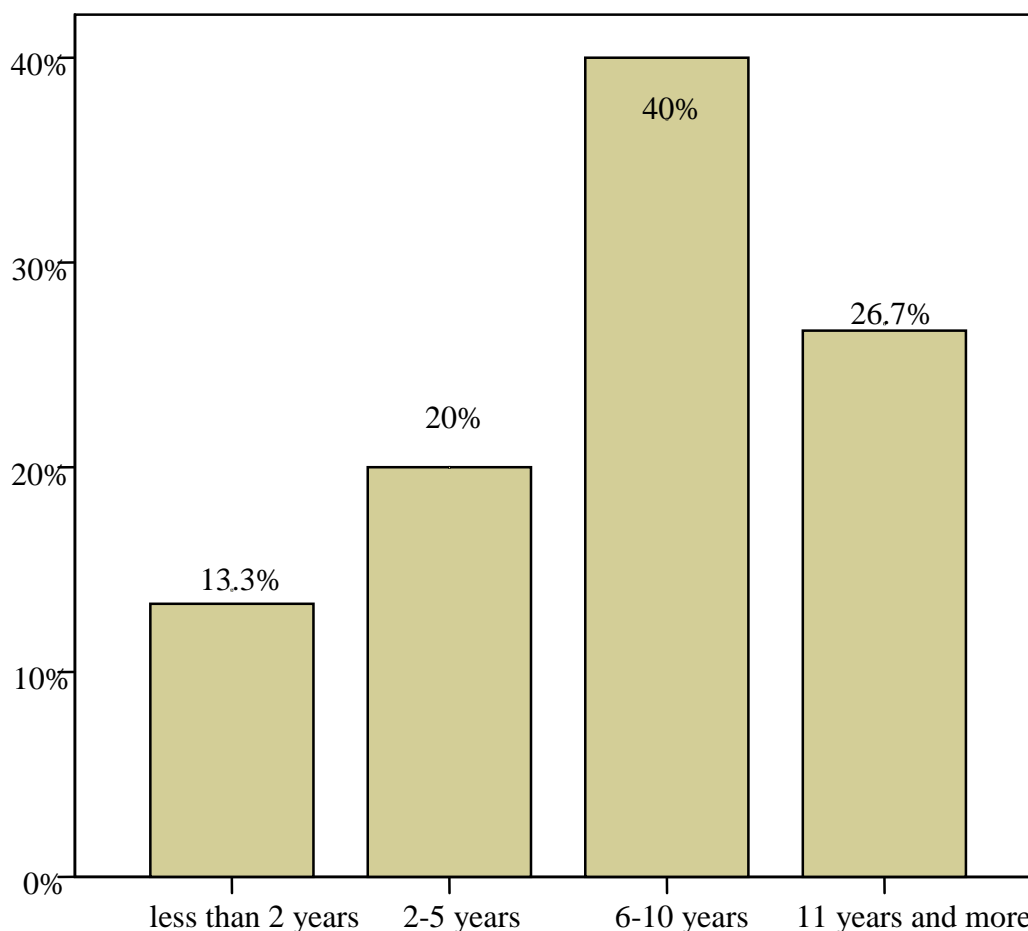
Source: field data

From figure 4.1, most respondents (66.7%) had worked in the member associations for over 6 years. They were thus well versed with the working mechanisms of the associations and hence were well informed on how the governing bodies were involved and affected the association's strategy. This time also meant they had also gone through a strategic planning and implementation cycle which is normally 5 years for all IPPF Africa MAs.

The study sought to find out the level of education of the respondents. Most had attained university education and understood the concept of corporate governance. Notably, 93.3% of the respondents had a master's degree and 6.7% had attained a bachelor's degree. The results are shown in table 4.2.

Table 4.2   Highest Level of Education

Highest level of education	Frequency	Percent
Bachelors Degree	1	6.7
Masters Degree	14	93.3
Total	15	100.0

Source: field data

The study also sought to establish the size of the MAs using two variables the number of employees and the number of volunteers. This was necessary as different organisations in terms of size face different challenges in governance. The results are shown in figure 4.2 and 4.3. The study further sought to determine if there was any correlation between the number of staff and the number of volunteers and whether the more staff the association had then the more the volunteer members. The correlation coefficient was 0.428 and the significance of this correlation was 0.056. In view of this there was a moderate positive relationship between the number of employees and the number of volunteers and hence the size of the organisation could be gauged by using the two variables.

Figure 4.2:   Number of Employees
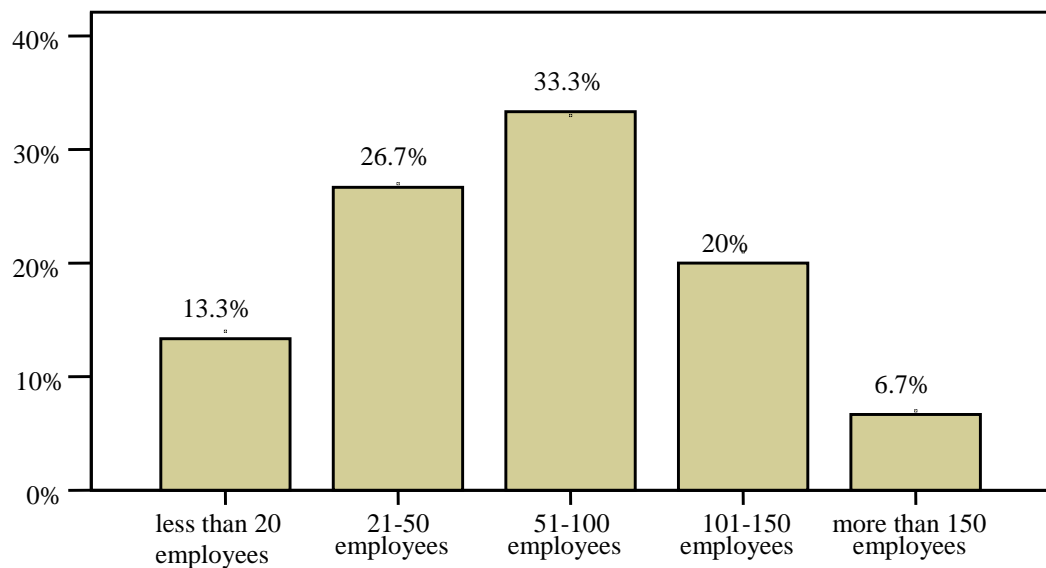
Source: field data

From figure 4.2, most of the Associations had 51-100 employees and below depicting most are small and medium sized organisations.

Figure 4.3:   Number of Volunteers
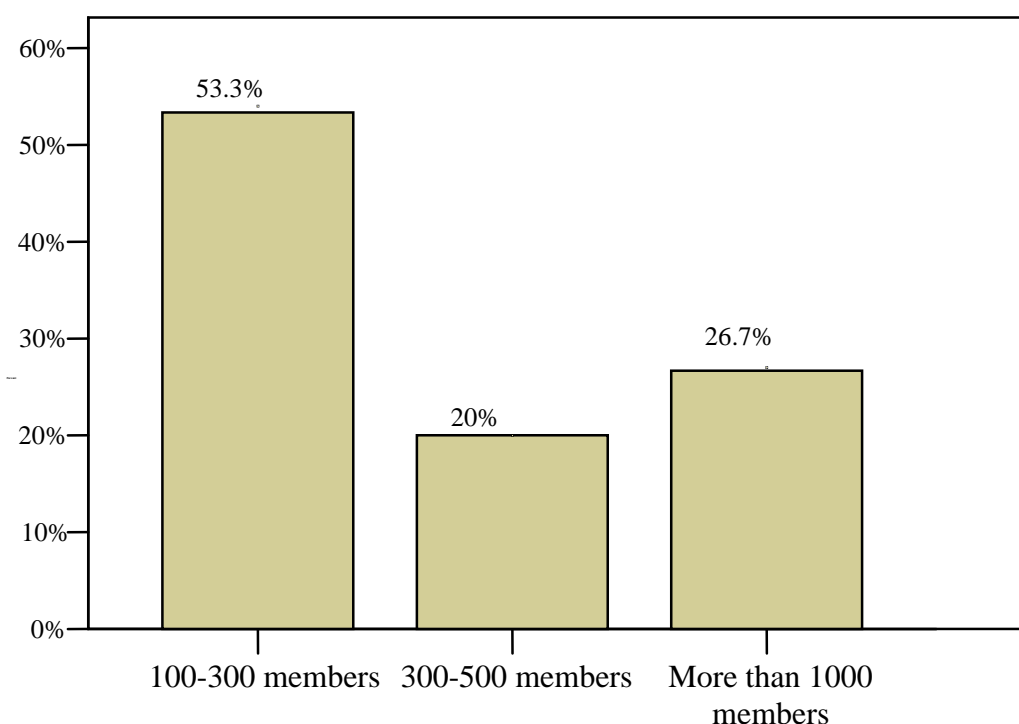
Source: field data

From figure 4.3, as in the case of employees, most associations had between 100-500 volunteers and only 26.7% had over 1000 volunteers. This further confirms that most of these organisations are small to medium size and are likely to face similar governance challenges of organisations in the SME sector. The size also indicates that even though most of these are country offices their areas of operations are limited to certain provinces and hence the volunteers are drawn from these specific areas of operation which may impact on the quality of volunteers and the boards elected there from. From the findings 26.7% of the associations have a large volunteer body which is an indicator of a wide country reach. It is important to note that how the governing bodies manage strategy is influenced, to a large extent, by the qualities of board members in terms of their education level, their exposure and experience.

4.3 Corporate Governance and Its Influence on Strategy Among Member Associations of the International Planned Parenthood Federation Africa

4.3.1 Volunteer Recruitments and Board appointments

The study sought to establish how volunteers are recruited how boards appointed with a view of determining if boards were appointed in a competitive manner and whether any consideration was made on their skills and competencies. It also sought to establish if boards were renewed or changed periodically to infuse new ideas on the Association's strategic management process. The responses were rated on a five point Likert scale where 1- strongly disagree, 2- disagree, 3-somewhat agree, 4- agree and 5– strongly agree. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.3.

Table 4.3   Board Appointments

Board Appointments	Mean	Standard Deviation
Volunteers are largely drawn from key Stakeholders i.e. beneficiaries, partners	3.47	1.12
Management have control over the volunteer recruitment process	2.27	1.28
Targeted recruitment is undertaken taking into consideration skills & competencies e.g. advertise on media	2.93	1.39
Volunteer recruitment is largely political	1.67	1.04
Skills & competencies are taken into consideration when appointing board members/ BEC/NEC members	3.60	1.12
There are formal procedures for board nominations and elections	4.73	0.59
Board elections are held regularly in line with the MA constitution	4.80	0.41
It is a mandatory requirement by key donors that their representative serves in our board/ NEC	1.13	0.35

Source: field data

From table 4.3, most respondents indicated that there are formal procedures for board nominations and elections and that elections were held regularly in line with the

Associations' constitution as shown by the mean score of 4.73 and 4.80 and the lowest standard deviations of 0.59 and 0.41 respectively. However even though skills and competencies were taken into consideration whilst making board appointments which has a mean of 3.60, these did not seem to have a big weighting when recruiting the volunteers body from where board appointments are made and indicates a weakness in the system. Board members are also drawn from key stakeholders mainly beneficiaries and collaborating partners as shown by a mean of 3.47 but it was not mandatory to appoint a representative from their funders and most respondents strongly disagreed M=1.13. This results depict that the MA boards are regularly renewed, competitively appointed and are drawn from relevant populations that can guide and steer their strategies

4.3.2 Board Induction and Development

The study sought to establish if boards were inducted after appointment and if the boards have clear development plan so that they were continuously able to make valuable contributions at various strategic levels i.e. at formulation, implementation and monitoring. The responses were rated on a five point Likert scale where 1-strongly disagree, 2- disagree, 3-somewhat agree, 4- agree and 5– strongly agree. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.4.

Table 4.4   Board Induction and Development

Board Induction and Development	Mean	Standard Deviation
New board members are normally oriented on their roles and responsibilities	4.53	0.743
The MA periodically organises training sessions to upgrade the knowledge and skills of the board members	3.47	1.060
Board members are proactive in organising their capacity building through various national and regional forums	2.27	1.099

Source: field data

From table 4.4, most respondents were in agreement that their board members are normally inducted in order to make valuable contributions to the MA's strategic

management process as indicated by the highest mean score of 4.53 and the lowest standard deviation of 0.743. However, board members are not proactive in organising their own capacity building. This could impact on the quality of their contribution as their skills development plan is mainly left to MA management to organise and could be limited to management's own experience and exposure.

4.3.3 Board's Involvement in Strategy Formulation and Revision

The respondents were requested to indicate their level of agreement with the following statements in relation to board involvement in strategy formulation and revision. The responses were rated on a five point Likert scale where: 1- strongly disagree, 2- disagree, 3-somewhat agree, 4- agree and 5– strongly agree. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.5.

Table 4.5 Board's Involvement in Strategy Formulation and Revision

Strategy Formulation and Revision	Mean	Standard Deviation
The board is only involved in approving the strategic plan	2.40	1.55
The board is actively involved in strategy formulation	4.00	0.76
Involving board members in strategic planning has resulted in unnecessary delays in the process due to lengthy consultations	1.93	0.79
Board members have in the past provided useful and valuable feedback to the strategic planning process	3.67	0.72
Board member involvement enables the member association to formulate a superior strategic plan	3.53	0.99

Source: field data

Most respondents were in agreement that their boards were actively involved in the formulation of the association's strategic plan as represented by a mean of 4.00 and a low standard deviation of 0.76. The respondents also were also in agreement that board members normally provide useful and valuable feedback to the strategic planning process with a mean of 3.67 and most also agreed that involving board members enabled the association to formulate a superior strategic plan which had a

mean of 3.53. The respondents felt that their boards did not delay the strategic planning process and only few boards 33% with mean of 2.4 limited themselves to just approving the MA's strategic plan. This depicts that the MA boards play a significant role in determining their strategic direction as they make positive contributions in strategy formulation and planning process.

4.3.4 Organisation Levels Where MA Boards are Involved

The respondents were requested to indicate the extent of board involvement at the various levels of strategy i.e. Corporate, Business, Functional and operational level in order to asses if the boards were focusing on higher level matters of strategy and policy. The responses were rated on a five point Likert scale where: 1- not at all, 2- Little extent 3- moderate extent, 4-Great extent and 5- very great. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.6.

Table   4.6 Organisational Levels

Organisational Levels	Mean	Standard Deviation
Corporate level	3.33	1.23
Business level	3.13	1.30
Functional level	2.93	0.96
Operational level	3.00	1.13

Source: field data

From table 4.6, this question generated diverse responses and different boards were involved at different levels. The lowest deviation was at functional level which has the lowest standard deviation of 0.96. This depicts that to the extent that MA boards have sub committees i.e. the finance and audit committees and the program committees, these committees are involved in approving key decisions at these functional levels such as major procurements. A good number of boards were also involved at corporate level which had the highest mean score of 3.33. This depicts that the association's boards are indeed involved in determining the mission, purpose and scope of the associations.

4.3.5 Board's Oversight Over Strategy Implementation

The respondents were requested to indicate their level of agreement with the following statements in relation to board oversight over strategy implementation. The responses were rated on a five point Likert scale where: 1- strongly disagree, 2-disagree, 3-somewhat agree, 4- agree and 5– strongly agree. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.7.

Table   4.7 Board Oversight

Board Oversight	Mean	Standard Deviation
The board has various active sub committees that meet regularly	4.07	1.09
The information provided to the sub committees is always at the prerogative of Management	2.80	1.32
The board meets regularly to deliberate reports from subcommittees and management	4.20	1.08
The board provides guidance to management on the annual program and budget	3.87	0.83
The boards is well acquainted with the projects being implemented by the MA	4.00	1.06
The board is more involved in routine activities e.g. signing of cheques as opposed to strategic activities e.g resource mobilisation and advocacy	1.93	1.28
The board has a formal work plan for their tenure in office	3.80	1.32
The board appraises itself against this work plan	3.20	1.37
The boards formally appraises the executive director annually	4.40	0.82
The Board regularly reviews its mix of skills and experience and other qualities to ensure effectiveness of its oversight	2.53	1.12
The Board has a clear succession plan	2.26	1.16

Source: field data

As indicated in table 4.7, most respondents were in agreement that the associations' boards have relevant subcommittees that meet regularly which had a mean score of 4.07. The respondents also indicated that their boards met regularly (M=4.20), provided guidance in the formulation of annual work program (M=3.87), were well acquainted with the programs being implemented by the association (M=4.00) and appraised the executive director annually (M= 4.40). This depicts that MA boards are playing their oversight role to ensure the Associations' strategy is implemented. However, MA boards lacked clear succession plans (M=2.26) and lacked a clear strategy to balance the mix of skills in order to make their oversight role more effective (M=2.53). Respondents were also in agreement that their boards have formal work plan (M=3.80) and appraised themselves against the work plan (M=3.20). This further depicts MA boards have a structured way of monitoring the association's strategy implementation process.

4.3.6   Board's Qualities and Leadership Style

The respondents were requested to indicate the extent to which board qualities and leadership style affected the association's strategy. The responses were rated on a five point Likert scale where: 1- not at all, 2- Little extent 3- moderate extent, 4-Great extent and 5- very great. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.8.

Table   4.8 Board Qualities

Board Qualities	Mean	Standard Deviation
The board leadership style	3.27	1.16
The board values, beliefs and norms	2.86	1.24
Conflicts of interest by board members	2.47	1.64
Board conflicts and power struggles (politics)	2.13	1.46
Board relationship with management i.e. the executive director in particular	3.13	1.50
Board chair personal agenda	2.06	1.28
Level of education of board members	3.20	1.26
Societal and financial status of board members	2.33	1.49

Source: field data

As indicated in table 4.8, most respondents indicated that board leadership style (M=3.27), Board relationship with management and the executive director in particular (M=3.13) and the level of education of board members (M=3.20) affected the realisation of the association's strategy the most. This depicts that for the association to execute its strategy successfully, the board must have the required level of education and experience to steer the organisation, adopt the best leadership style taking into account the cultural and environmental context and strive to have amicable and professional relations with the senior management team especially the executive director. The results also revealed that board conflicts and chair's agenda rarely trickled down to affect the association's strategy implementation process as indicated by the mean scores of 2.13 and 2.06 respectively.

4.3.7 Volunteerism and NGO Boards

The respondents were requested to indicate their level of agreement with the following statements in relation to volunteerism and NGO boards. The responses were rated on a five point Likert scale where: 1- strongly disagree, 2- disagree, 3-somewhat agree, 4- agree and 5– strongly agree. The mean and standard deviation were generated from statistical computer application. The results are shown in table 4.9.

Table   4.9 Volunteerism and NGO Boards

Volunteerism and NGO Boards	Mean	Standard Deviation
MA boards should be selected largely from corporate sector	3.53	1.12
MA boards should be recruited formally through interview processes to match skills with requirements	3.53	1.35
Present volunteer boards contribute to the work of the MA financially	1.87	1.18
The current volunteerism system is still satisfactory and attracts high quality representation	2.27	1.09

Source: field data

As indicated in table 4.9, most respondents were in agreement that the association's boards should be competitively selected through formal interviews and could be drawn from the corporate sector as indicated by a mean score of 3.53. This depicts that current MA boards who are elected from the volunteer members may lack the desired mix of skills and qualities and by selecting them competitively or in a targeted manner, an Association would benefit more. Respondents expressed interest in having board members drawn from the corporate sector which is considered to have a lot of best practices. The respondents also noted that current volunteers were not contributing to the work of the association financially as indicated by the mean score of 1.87 and expresses the need for higher level volunteers who can make resources contribution to the realisation of the association's strategy.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings and conclusion drawn from the study on corporate governance and its influence on strategy among IPPF Africa MAs. It also provides recommendations based on the objective of the study. The objective of this study was to determine how corporate governance influences the strategy of the member associations of IPPF Africa.

5.2 Summary

Corporate governance influences the strategy of MAs in numerous ways and to a great extent. This is because MA boards are involved right from strategy formulation and have made valuable contributions to this process setting the strategic direction and pace for the MAs. The study also found out that very few boards limited themselves to only approving the strategic plan but were proactively involved in strategy formulation. The boards were also well acquainted with the programs being implemented by the MAs and provided guidance to the association's management on the annual work program and budget setting processes. The study also found out that boards appraised the executive directors regularly on an annual basis which signifies that they were monitoring and guiding the MAs chief executives (executive directors) for full implementation of the MAs strategy. The study also revealed that MA boards focused to a great extent on corporate level of strategy and determined the overall scope, mission and business of the MAs.

The study found out that MA boards had a structured way of monitoring strategy implementation as they had a formal work plan and appraised themselves against this work plan. This structured way enabled the boards to tease out their own targets and have a clear tracking mechanism of the mile stones attained from the MAs strategy implementation over time. The study also found out that board oversight over strategy implementation was enhanced greatly by having regular board meetings to deliberate matters affecting the MAs and the MA performance. They also put in place various

board subcommittees that focussed on specific critical areas and functions and which met regularly to deliberate in detail on certain technical matters before these were tabled to the board for approval.

The study found out that board renewal was important to the realisation of the MAs strategy and most boards had formal procedures for board nominations, and elections were held regularly to bring on board new members in order to infuse new ideas. The election system for the appointment of board members, however, did not guarantee the balance of skills and experience and most MAs favour a system whereby their boards could be competitively selected through interviews or targeting of known corporate gurus to bring in best practices. This would enable the MAs benefit more as they strive to achieve their strategic objectives. The study also found out that the current volunteering system is below par and may not be attracting high quality representation as in most instances volunteers were drawn from the beneficiary communities. Whereas drawing volunteers and board members from the beneficiaries informed the formulation of the strategies from the demand side, it may compromise the oversight capability. As such the recruitment of volunteers and election of board members there-from was a key variable in determining whether MAs were able to successfully realise their strategies. The MAs also expressed the need for higher level volunteers that make not only contribute time and knowledge but also make resources contribution for the realisation of the MAs strategy.

The study revealed that some board qualities such as the leadership style, board relationship with the executive director and the level of education of the board members affected the MAs ability to successfully realise its strategic objectives to a great extent. The study revealed that orientation of board members was also a key variable that ensured that MA boards made valuable and strategic contributions which facilitated the realisation of the MA goals. But this was largely left for management to organise and hence limited to managements own exposure and could also be easily abused by management who may not want to educate and expose their boards adequately. Board orientation was critical in defining the role of the board as opposed to management and improved some board qualities thereby creating a conducive environment for the successful realisation of the MAs strategic goals.

5.3 Conclusion

Governance has significant influence on the MAs' strategies. IPPF Africa MAs boards can benefit from diverse make up talented individuals who understand the stakeholders and reflect the needs of the community served. These should be appointed competitively based on their education, experience level and skills. Orientation of board members provides essential grounding and should be a continuous process involving educational briefings by the senior management team, outside conferences and rotation through committees. Board members should be more proactive on their orientation and take a lead to ensure they acquire the desirable level of skills and leadership qualities needed to enhance their oversight role to ensure the MAs realise their strategic objectives and mission.

Involving boards during the formulation of the MAs strategic plan and during its mid-term review and its revision enabled MAs formulate superior strategic plans. Boards were also involved to a great extent at the corporate level where the purpose, mission and scope of the MAs were determined. MA boards have work plans and appraise their performance against these work plans on an annual basis in an effort to track the milestones on the strategic plan. Boards appraise the CEO or the executive director annually enabling them to monitor and track the extent of achievement of the MAs overall strategy and plans.

Frequent and regular board meetings are critical for successful monitoring of strategy implementation and realisation for an organisation. This is because it is in these forums that boards receive updates on performance, discuss and engage in questions. This enables boards to monitor and steer strategy implementation of the organisation. It also provides management with the much needed advice on important matters touching on the organisational mission, strategy and policy enabling key decisions of strategic relevance to be made. Moreover, MA boards usually form or nominate sub committees which comprise independent experts for critical functional areas such as finance and audit and program management. These looked at the detail in the

technical areas which further refined board advisory, monitoring and decision making role.

Governance is about transparency and accountability and is demanded for all donor funded organisations. Boards are deemed to be key catalysts to realisation of this as they serve as an independent check on management excesses. Due to this, boards enhance donors' confidence in the associations' attracting additional resources for the organisation. This clearly has a direct and positive effect on the MAs ability to deliver on its strategic mandate.

5.4 Recommendations

This section presents the recommendations of the study that are subdivided into two parts. The first part presents recommendations with policy implications and the second part presents recommendations for further research.

5.4.1   Recommendations with Policy Implications

The current system MAs use to recruit volunteers through membership drives did not guarantee that they would attract quality volunteers. It is from the volunteer members that MA boards were elected and as such the system did not necessarily bring on board people with the desired skills and experience for leadership and effective oversight. IPPF Africa MAs spend a lot of time and resources in conducting volunteer recruitments and for meeting expenses for the branches, national, regional and international governing councils. This type of governance structure somewhat diverts resources from core program activities. As we are coming to the end of the MGDs and ICPD plus 20 in 2015, IPPF Africa MAs and other grass-root member organisations need to review the volunteerism mechanism with a view to making the governance structure leaner and more efficient.

Competency based volunteer and board recruitments should also be embraced by these grass-root member NGOs. The study found out that MAs favoured a system where their boards could be competitively selected through interviews or that would

allow targeting known experienced corporate gurus who would bring in best practices. This would enable the MAs benefit more as they strive to achieve their mission. High quality volunteers were deemed to be a key catalyst to enhance advocacy and resource mobilisation activities. This is because they would have good contacts in government in corporate circles and have the confidence to approach local and international donors.

IPPF Africa MAs also need to invest more in development and succession planning at board level for continuous upgrade of skills and renewal of the boards. The study found this to have been a major gap because other than the initial induction, MAs did not have a formal program for board development. Board development is key to ensuring that boards understand their role vis a vis the management and also to empower them to make strategic inputs on MAs policy and strategic management process. Succession planning is critical because effective governance should not passively wait for the future and there is need to invest time, thoughts and planning in order to ensure continuity of leadership talent. In nurturing good leadership practices, IPPF Africa MAs would foster better relations between the board and the CEO/ executive director which was seen as a key factor for successful strategy realisation.

5.4.2   Recommendations for Further Research

The study focused on how governance influences the strategy of member associations of IPPF Africa. Comparative studies could be undertaken on governance practices of other international NGOs headquartered in Kenya with a view to finding out the governance structures they have and if their governance structures are more efficient and less costly compared to grass-root member NGOs like IPPF. From the study it emerged that board relationship with management and the executive director in particular was a key factor for successful attainment of an organization's strategic objectives and mission. Further studies could be conducted to assess the impact of conflict between board and management in different organizations and the challenges of governance in different sectors. Further studies could also be conducted on board development and succession planning practices by different organizations especially local NGOs and the SME sector.

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APPENDIX I: Letter of introduction

Caroline Kinuthia Owino
University of Nairobi
School of Business
Business Administration Department
P.O BOX 30197, 00100
NAIROBI

22 May 2013

Dear Sir/Madam,

RE: REQUEST FOR YOUR PARTICIPATION IN A RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Master of Business Administration degree. In fulfilment of the requirements of the program, I am required to carry out and submit a research project report on Corporate Governance and how it influences strategy among member associations of the International Planned Parenthood Federation Africa Region.

To achieve this objective, I kindly request for your assistance in completing the attached questionnaire. The information you provide is purely for academic purposes and will be treated with utmost confidentiality.

Yours faithfully,

APPENDIX II: Questionnaire

Section A: Demographic Information

1. Name of the organization---

2. What is your job title? (Tick whichever is appropriate).
   Executive Officer [ ]
   Finance Director [ ]
   Director of Programmes [ ]
   Other (indicate)……………………...[ ]

3. For how long have you served in the organization? (Tick whichever is appropriate).
   Less than 2 years [ ]
   2 - 5 years [ ]
   6 - 10 years [ ]
   11 years and more [ ]

4. What is your highest level of education? (Tick whichever is appropriate).
   Certificate [ ]
   Diploma [ ]
   Bachelors Degree [ ]
   Masters Degree [ ]
   PhD [ ]

5. What is the size of your organization in terms of number of employees? (Tick whichever is appropriate).
   Less than 20 [ ]
   21- 50 employees [ ]
   51 - 100 employees [ ]
   101-150 employees [ ]
   More than 150 employees [ ]

6. Approximately how many volunteers does your organisation have? (Tick whichever is appropriate).

   Less than 100 members [ ]

   100-300 members [ ]

   300-500 members [ ]

   500-1000 members [ ]

   More than 1000 members [ ]

Section B: Corporate Governance and its influence on the strategy of IPPF Africa MAs.

7. Please indicate by circling on a scale of 1 to 5 below, your level of agreement with the following statements in relation to volunteer recruitments and board appointments. Use a scale of 1-5 where 1= strongly disagree and 5 = strongly agree

Volunteers are largely drawn from key Stakeholders i.e. beneficiaries, partners	1	2	3	4	5
Management have control over the volunteer recruitment process	1	2	3	4	5
Targeted recruitment is undertaken taking into consideration skills & competencies e.g. advertise on media	1	2	3	4	5
Volunteer recruitment is largely political	1	2	3	4	5
Skills & competencies are taken into consideration when appointing board members/ BEC/NEC members	1	2	3	4	5
There are formal procedures for board nominations and elections	1	2	3	4	5
Board elections are held regularly in line with the MA constitution	1	2	3	4	5
It is a mandatory requirement by key donors that their representative serves in our board/ NEC	1	2	3	4	5

8. Please indicate by circling on a scale of 1 to 5 below, your level of agreement with the following statements in relation to board induction and development. Use a scale of 1-5 where 1= strongly disagree and 5 = strongly agree

New board members are normally oriented on their roles and responsibilities	1	2	3	4	5
The MA periodically organises training sessions to upgrade the knowledge and skills of the board members	1	2	3	4	5
Board members are proactive in organising their capacity building through various national and regional forums	1	2	3	4	5

9. Please indicate by circling on a scale of 1 to 5 below your level of agreement with the following statements that relate to the level of involvement of the board in strategy formulation/ revision. Use a scale of 1-5 where 1 = strongly disagree and 5 = strongly agree

The board is only involved in approving the strategic plan	1	2	3	4	5
The board is actively involved in strategy formulation	1	2	3	4	5
Involving board members in strategic planning has resulted in unnecessary delays in the process due to lengthy consultations	1	2	3	4	5
Board members have in the past provided useful and valuable feedback to the strategic planning process	1	2	3	4	5
Board member involvement enables the member association to formulate a superior strategic plan	1	2	3	4	5

10. Please indicate by circling on a scale of 1 to 5 below, the extent of board involvement in strategy at the following levels. Please circle or tick each answer as appropriate Use the key below and tick as appropriate

(1) not at all (2) Little extent (3) moderate extent (4) Great extent (5) very great extent

Corporate level	1	2	3	4	5
Business level	1	2	3	4	5
Functional level	1	2	3	4	5
Operational level	1	2	3	4	5

11. Please indicate by circling on a scale of 1 to 5 below your level of agreement with the following statements that relate to board oversight over strategy implementation in your MA. Use a scale of 1-5 where 1 = strongly disagree and 5 = strongly agree

The board has various active sub committees that meet regularly	1	2	3	4	5
The information provided to the sub committees is always at the prerogative of Management	1	2	3	4	5
The board meets regularly to deliberate reports from subcommittees and management	1	2	3	4	5
The board provides guidance to management on the annual program and budget	1	2	3	4	5
The boards is well acquainted with the projects being implemented by the MA	1	2	3	4	5
The board is more involved in routine activities e.g. signing of cheques as opposed to strategic activities e.g resource mobilisation and advocacy	1	2	3	4	5
The board has a formal work plan for their tenure in office	1	2	3	4	5
The board appraises itself against this work plan	1	2	3	4	5
The boards formally appraises the executive director annually	1	2	3	4	5
The Board regularly reviews its mix of skills and experience and other qualities to ensure effectiveness	1	2	3	4	5

of its oversight				
The Board has a clear succession plan	1	2	3	4	5

12. Please indicate by circling on a scale of 1 to 5 below, the extent to which the following board qualities affects your strategy implementation. Please circle or tick each answer as appropriate Use the key below and tick as appropriate

(1) not at all (2) Little extent (3) moderate extent (4) Great extent (5) very great extent

The board leadership style	1	2	3	4	5
The board values, beliefs and norms including matters of conflict of interest	1	2	3	4	5
Conflicts of interest by board members	1	2	3	4	5
Board conflicts and power struggles (politics)	1	2	3	4	5
Board relationship with management i.e. the executive director in particular	1	2	3	4	5
Board chair personal agenda	1	2	3	4	5
Level of education of board members	1	2	3	4	5
Societal and financial status of board members	1	2	3	4	5

13. Please indicate by circling on a scale of 1 to 5 below, your level of agreement with the following statements in relation to the future of volunteerism & NGOs boards and. Use a scale of 1-5 where 1= strongly disagree and 5 = strongly agree

MA boards should be selected largely from corporate sector	1	2	3	4	5
MA boards should be recruited formally through interview processes to match skills with requirements	1	2	3	4	5
Present volunteer boards contribute to the work of the MA financially	1	2	3	4	5
The current volunteerism system is still satisfactory and attracts high quality representation	1	2	3	4	5

APPENDIX III: List of IPPF Africa Member Associations

	Country	Name of Member	Year of Associate Membership	Year of Full Membership
1	Benin	Association Béninoise pour la Promotion de la Famille	1975	1980
2	Botswana	Botswana Family Welfare Association	1990	1995
3	Burkina Faso	Association Burkinabé pour le Bien-Etre Familial	1982	1989
4	Burundi	Association Burundaise pour le Bien-Etre Familial	1998	2002
5	Cameroon	Cameroon National Association for Family Welfare	1993	1995
6	Central African Republic	Association Centrafricaine pour le Bien-Etre Familial	1991	1995
7	Chad	Association Tchadienne pour le Bien-Etre Familial	1994	2000
8	Comoros	Association Comorienne pour le Bien-Etre de la Famille	2002	2010
9	Congo	Association Congolaise pour le Bien-Etre Familial	1994	1998
10	Côte d'Ivoire	Association Ivoirienne pour le Bien-Etre Familial	1988	1995
11	Ethiopia	Family Guidance Association of Ethiopia	1971	1977
12	Ghana	Planned Parenthood Association of Ghana	1968	1969
13	Guinea-Conakry	Association Guinéenne pour le Bien-Etre Familial	1986	1992
14	Kenya	Family Health Options Kenya	1963	1965
15	Lesotho	Lesotho Planned Parenthood Association	1968	1975
16	Liberia	Planned Parenthood Association of Liberia	1967	1975
17	Madagascar	Fianakaviana Sambatra	1971	1983
18	Malawi	Family Planning Association of Malawi	2007	2012
19	Mali	Association Malienne pour la Protection et la Promotion de la Famille	1975	1983
20	Mauritius	Mauritius Family Planning & Welfare Association	1959	1965

	Country	Name of Member	Year of Associate Membership	Year of Full Membership
21	Mozambique	Associação Moçambicana para Desenvolvimento da Família	2002	2010
22	Namibia	Namibia Planned Parenthood Association	1997	2002
23	Niger	Association Nigérienne pour le Bien-Etre Familial	1998	2009
24	Nigeria	Planned Parenthood Federation of Nigeria	1967	1970
25	Rwanda	Association Rwandaise pour le Bien-Etre Familial	1988	1998
26	Senegal	Association Sénégalaise pour le Bien-Étre Familial	1981	1992
27	Sierra Leone	Planned Parenthood Association of Sierra Leone	1968	1973
28	Swaziland	Family Life Association of Swaziland	1985	1992
29	Tanzania	Uzazi na Malezi Bora Tanzania	1969	1973
30	Togo	Association Togolaise pour le Bien-Etre Familial	1977	1980
31	Uganda	Reproductive Health Uganda	1964	1976
32	Zambia	Planned Parenthood Association of Zambia	1978	1983
33	Guinea-Bissau	Associação Guineense para o Bem Estar Familiar	1994	
34	Gabon	Mouvement Gabonais pour le Bien-Etre Familial	2002	
35	Congo, Dem. Republic	Association pour le Bien-Etre Familial/Naissances Désirables	1978	
36	Cape Verde	Associação Caboverdiana para a Proteção da Familia	2002	
37	Angola	Associação Angolana para o Bem Estar da Familia	2002	