



Hong Kong NGO Governance Health Survey

Debriefing Sessions

(elaborations on conceptual framework)

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Methodology

- + Conceptual Framework
- + Questionnaire Design
- + Survey Design
- + Survey Procedures
- + Enumeration Results
- + Survey Limitations



Conceptual Framework

- **HEALTH** encompass the attributes, qualities and actions that help sustain performance over time
- Governance health is measured by assessing how an organization's maintain its “built”, perform its vital functions and the quality of interaction and behaviour
 - ✓ the **built** or setting – What is the make up of the Board? The structure and mode of operation ?
 - ✓ the **capacity to deliver core responsibilities** of governance
 - ✓ the **dynamics of interaction** that can be enablers or barriers to healthy Board functioning and growth

3 KEY
DIMENSIONS OF
GOVERNANCE
HEALTH

BOARD DESIGN &
PROCESSES

BOARD ROLE
EXECUTION

BOARD
DYNAMICS &
BEHAVIOUR

Reference framework:

1. BoardSource Nonprofit Governance Index and Recommended Governance Practices, 2015 (Leading with Intent: A National Index of Nonprofit Board Practices – the US national longitudinal study of nonprofit board demographics & practices launched since 1994)
2. McKinsey & Co. “The Dynamic Board : Lessons from High-Performing Nonprofits” and the Nonprofit Board Self Assessment Tool
3. NCVO, UK Nonprofit “Governance Wheel Assessment Tool” and the “Charity Governance Code@





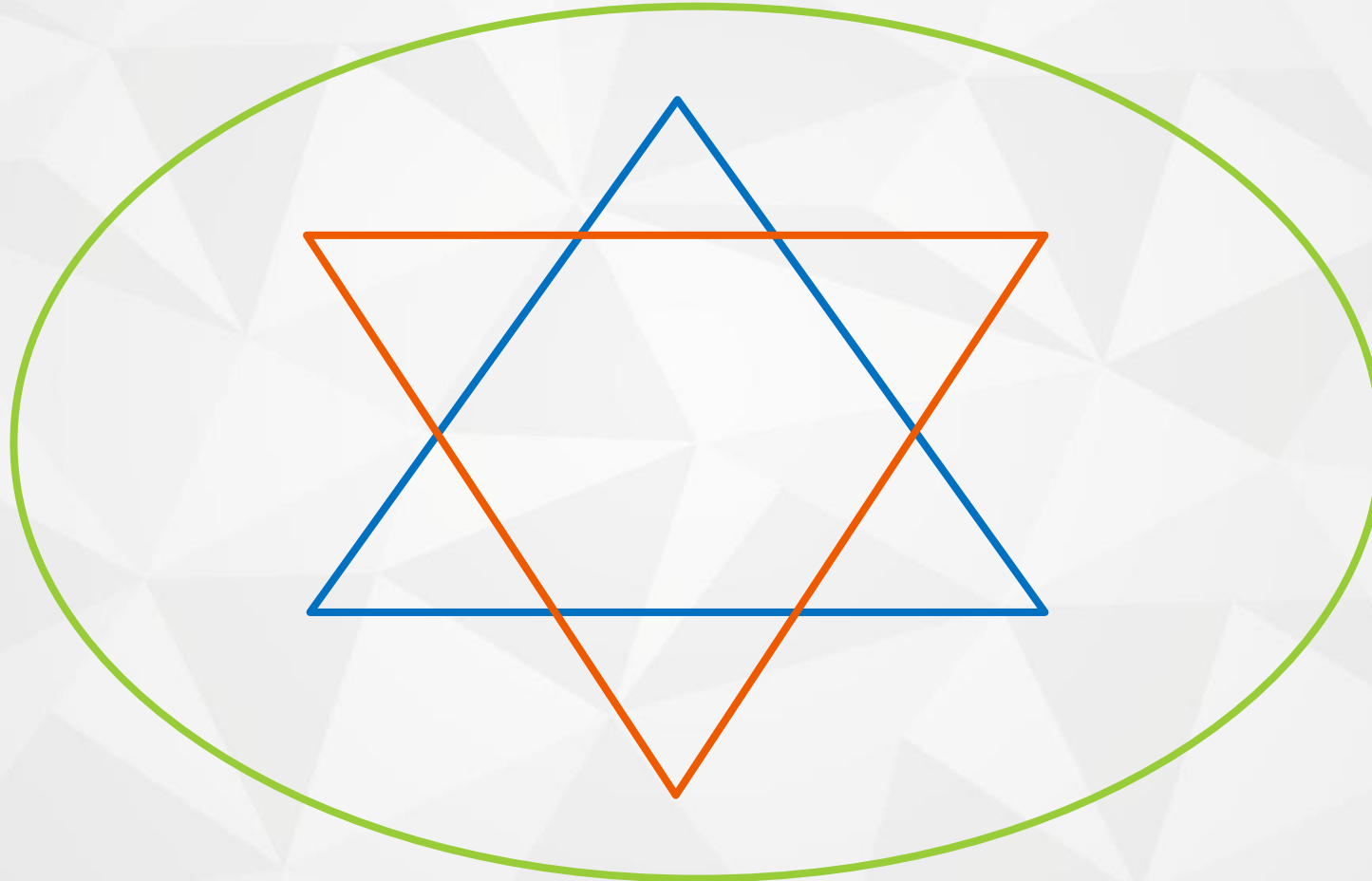
Conceptual Framework – Health Check Tool

BOARD DESIGN & PROCESSES

The set up or “built” that defines the attributes and functioning mechanism as reflected in board composition, structure and processes

Board Composition

- board size, peopling process, tenure and attributes



Board Processes

- Board meeting scheduling, preparations and process management

Board Structure

- committee set up, delegation and reporting to board

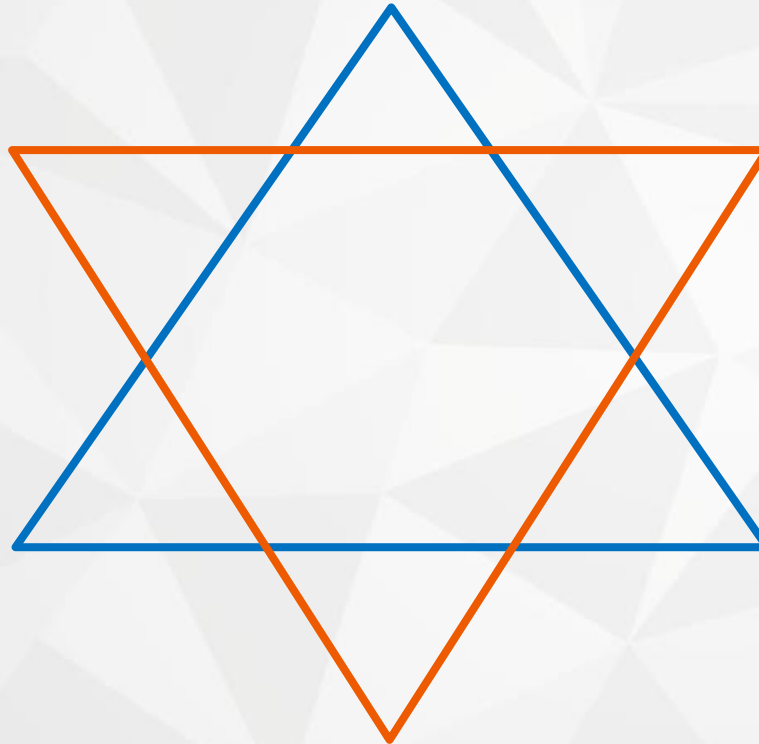




Conceptual Framework – Health Check Tool

Steer Mission & Direction

- Shape mission & vision
- Strategic planning



Monitor Organisational Risk & Performance

- Oversee risk & compliance
- Ensure accountability to stakeholders
- Monitor performance

Ensure Executive Leadership & Resource

- Support top tier executive
- Ensure adequate financial resource & oversight
- Provide expertise & access

BOARD ROLE EXECUTION

The capacity of the board to deliver its vital functions or core governance responsibilities*

Source: McKinsey & Co. "The Dynamic Board: Lessons from High-performing Nonprofits"



Conceptual Framework – Health Check Tool

BOARD DYNAMICS & BEHAVIOUR

The interaction, people dynamics & culture that are conducive to healthy board growth and affecting the engagement and performance of individuals & the group

Board Engagement

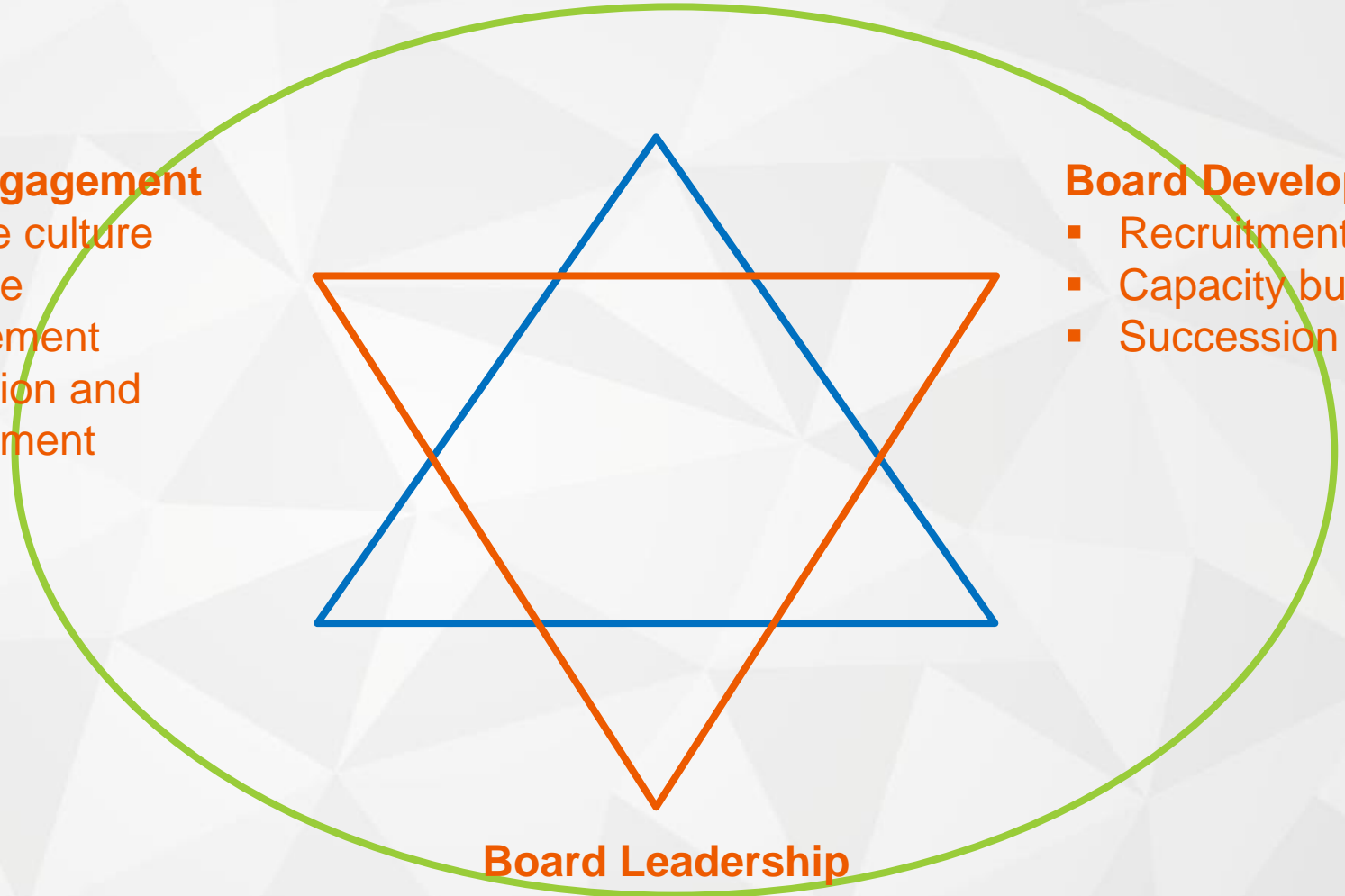
- Positive culture
- Promote engagement
- Motivation and commitment

Board Development

- Recruitment
- Capacity building
- Succession planning

Board Leadership

- Constructive partnership with management
- Monitor & improve board performance
- Leadership



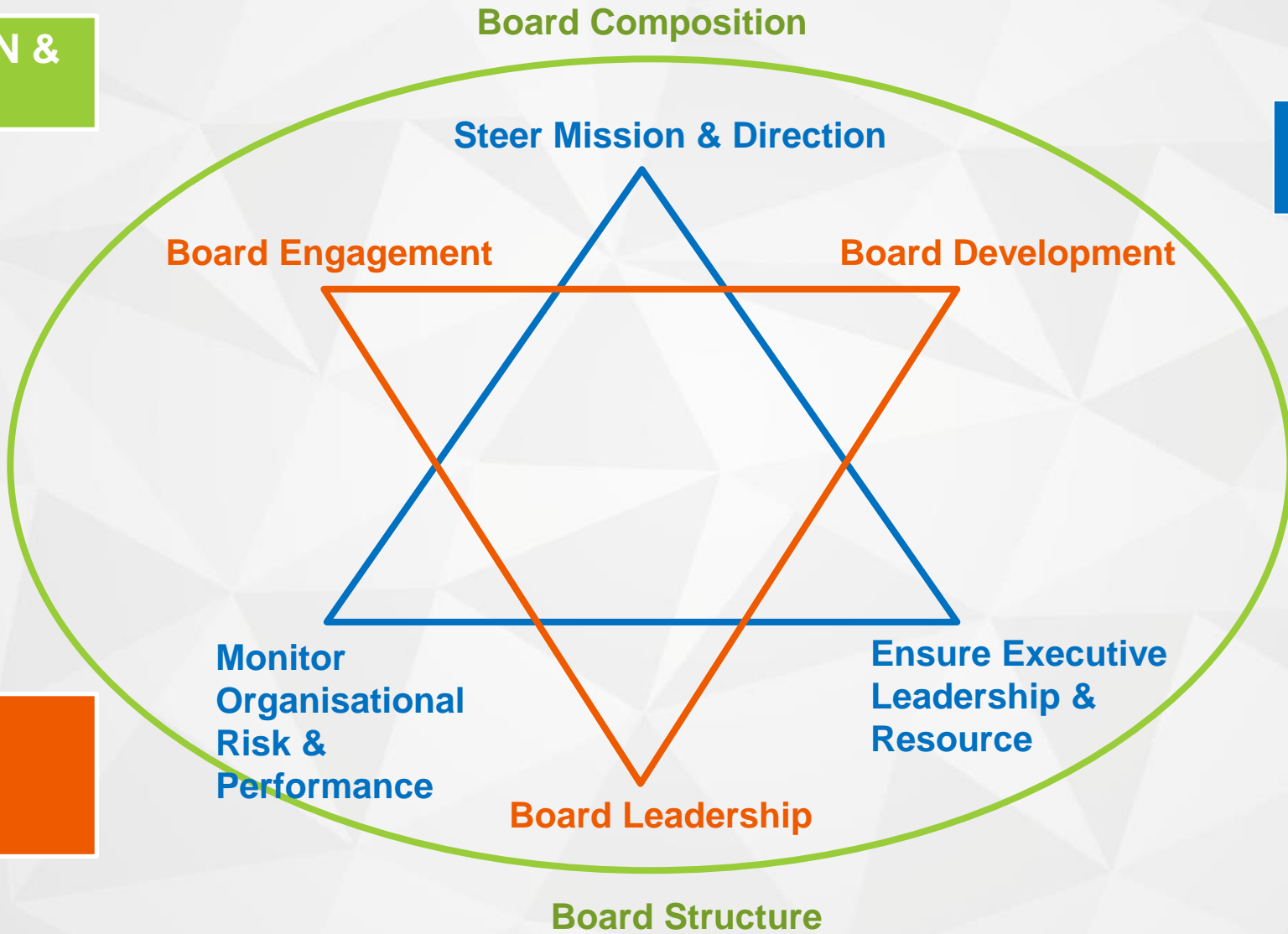


Conceptual Framework – Health Check Tool

BOARD DESIGN & PROCESSES

BOARD ROLE EXECUTION

BOARD DYNAMICS & BEHAVIOUR



Board Processes



Conceptual Framework – Health Check Tool

3 DIMENSIONS	Contextual Dimension - Board Design & Processes (12)	Functional Dimension - Board Role Execution (24)	Interactive Dimension - Board Dynamics & Behaviour (26)
9 ELEMENTS & 17 ASPECTS (number of Good Practice items)	1 Board composition (4) 2 Board structure (4) 3 Board processes (4)	4 Steer mission & direction 4.1 Shape mission & vision (4) 4.2 Strategic planning (3) 5 Ensure executive leadership & resource 5.1 Support top tier executive (3) 5.2 Ensure adequate financial resource (4) 5.3 Provide expertise & access (2) 6 Monitor organisational risk & performance 6.1 Oversee risk & compliance (3) 6.2 Ensure accountability to stakeholders (3) 6.3 Monitor performance (2)	7 Board development 7.1 Recruitment (3) 7.2 Capacity building (3) 7.3 Succession planning (2) 8 Board engagement 8.1 Positive culture (3) 8.2 Promote engagement(2) 8.3 Motivate & commitment (3) 9 Board leadership 9.1 Constructive partnership with management (3) 9.2 Monitor & improve board performance (2) 9.3 Leadership (5)



Conceptual Framework

- 3 key dimensions of governance health form the basis of analysis
 - ✓ the **built or setting**, the set institutional design and environment that make up the Board
 - ✓ the capacity to **deliver core responsibilities of governance**
 - ✓ the **dynamics of interaction** that can be enablers or barriers to healthy Board functioning and growth
- 9 elements and 17 aspects of governance health under 3 key dimensions
- A total of 62 question items are developed taking reference from good practices and positive performance descriptors adapted from published international tools* for assessing NGO governance to suit the local context.

* Note :

1. BoardSource Nonprofit Governance Index and Recommended Governance Practices (Leading with Intent: A National Index of Nonprofit Board Practices – the US national longitudinal study of nonprofit board demographics & practices launched since 1994)
2. McKinsey & Co. “The Dynamic Board : Lessons from High-Performing Nonprofits” and the Nonprofit Board Self Assessment Tool
3. NCVO, UK Nonprofit “Governance Wheel Assessment Tool –A tool to measure and support change in your governance and leadership, 2015”; “Charity Governance Code”, 2017
4. HKCSS and ExCEL3 ”Survey on Board-level Recruitment and Retention Strategies among NGOS in Hong Kong, 2016”
5. HKSAR Government, Efficiency Unit “Guide to Corporate Governance for Subvented Organizations, 2015”





Conceptual Framework – Health Check Tool

How governance health scores are determined

62 good practices or status that constitutes good governance health are listed for self assessed rating under a 5 point scale

- A score is determined by reported frequency a practice is adopted or the level of agreement that a positive health status is reflected in the organization
- A score is also given to the perceived relevance of such a practice or status to the organization

<u>Adoption of practice</u>		<u>Level of agreement</u>
Always	5	Strongly Agree
Often	4	Agree
Sometimes	3	Neutral
Seldom	2	Disagree
Never	1	Strongly Disagree



Conceptual Framework – Perceived Satisfaction

■ Level of Satisfaction and Perceived improvements on 11 Areas*



* Source : BoardSource 2015 “Leading with Intent: A National Index of Nonprofit Board Practices”



Questionnaire Design

Form A

- 25 questions
- Organizational information (year of establishment, functions, missions, number of staff, annual total expenditure, funding sources, etc.)
- Board composition and structure (number and profiles of board members, number and types of board meetings, etc.)
- Completed by CEO/Agency head

Form B

- 73 questions
- Degree of adoption of good practices and the relevance of the practices to the organizations
- Level of satisfaction of governance health aspects and future views
- Completed by agency head and board members



Survey Design

- Target respondents of the survey:
 - ✓ Any charitable institution or trust of a public character, which is exempt from tax under section 88 of the Inland Revenue Ordinance; and
 - ✓ With governing bodies such as the Council, Board or Executive Committee (hereafter “Board”)
- Survey design

	Participating NGOs	Participating NGOs (for in-depth briefing service)
Agency Head	1 (Form A & B)	1 (Form A & B)
Board Chairperson	1 (Form B)	1 (Form B)
Board Officer Bearer	1 (Form B)	All (Form B)
Board Member	1 Board Member who has served on the board for more than 1 year (Form B)	All Board Members (Form B)

- Pilot survey was conducted to pre-test the operation of the landscape survey
- Non-response adjustment is applied
 - ✓ NGO analysis: for each NGO, the weight for each agency head / board member = $1 / \text{the number of responded agency head and board members}$
 - ✓ Analysis of agency head and board members: for each NGO, the weight for agency head = 1 and the weight for each board members = $1 / \text{the total number of responded board members}$





Survey Procedures

May 2018

- Briefing
- NGO invitations

July 2018

- NGO enrollment and providing information of board members
- Invitations to agency head and board members

June 2018

- NGO enrollment and providing information of board members

Nov 2018

- Complete data collection

Aug to Oct 2018

- Invitations to agency head and board members
- Questionnaire submission





Enumeration Results

Survey period: July to November 2018

	No. of NGOs	No. of Qs	Completion rate
(I) Recruitment			
Received reply slip from NGOs	95	-	
(II) Confirmation			
Sent confirmations	95	-	
Received confirmations	91	-	
Did not receive confirmations	4	-	
(III) Questionnaire Invitation	91	641	
Agency Head		91	
Board Chairperson*		90	
Board Office Bearer / Board Member		460	
(IV) Questionnaire Submission	77 (84.6%)	389	60.5%
Agency Head		77	84.6%
Board Chairperson		67	74.4%
Board Office Bearer / Board Member		245	53.2%

* 1 Board Chairperson refused to participate in the survey





Survey Limitations



A cross-sectional approach was adopted and the results are considered as exploratory ones.



Sampling errors and non-sampling errors exist even though the final results are believed to be as accurate as practically possible through the implementation of a thorough data validation and processing procedures.



This is an assessment of self-perceived health status of NGO governance.



NGO Governance Health Individual Report



Explanation of the framework of self-assessment and report structure



Organizational Metrics and Board Profile in comparison with Survey participants



Analysis of self-assessed adoption scores with reference to the score of perceived relevance to the organization and the average score of the reference group of NGOs with similar budget range:

Good Practices 1 : Board Design & Processes

Good Practices 2 : Board Role Execution

Good Practices 3 : Board Dynamics & Behaviours



Overall Analysis of the NGO's Governance Health Index & Performance



Concluding Remarks and Recommendations

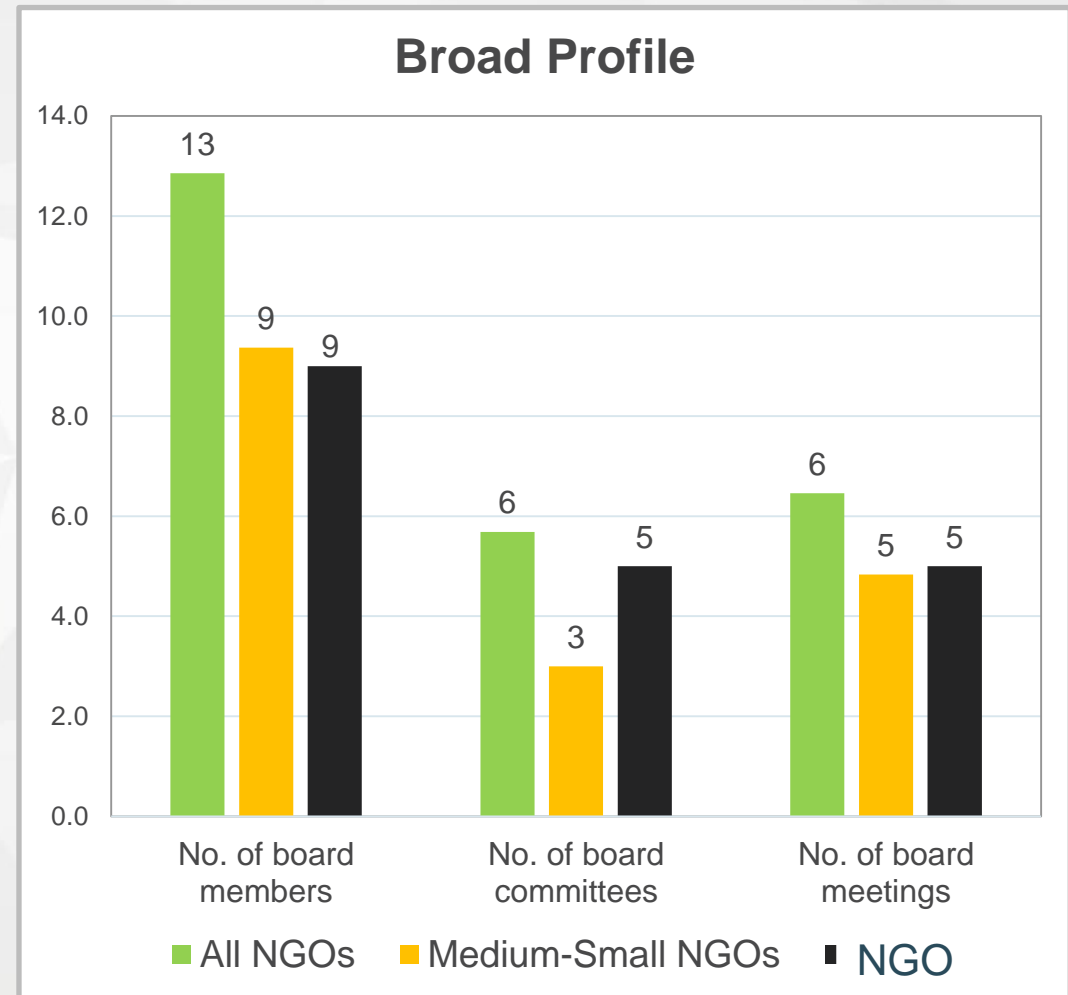
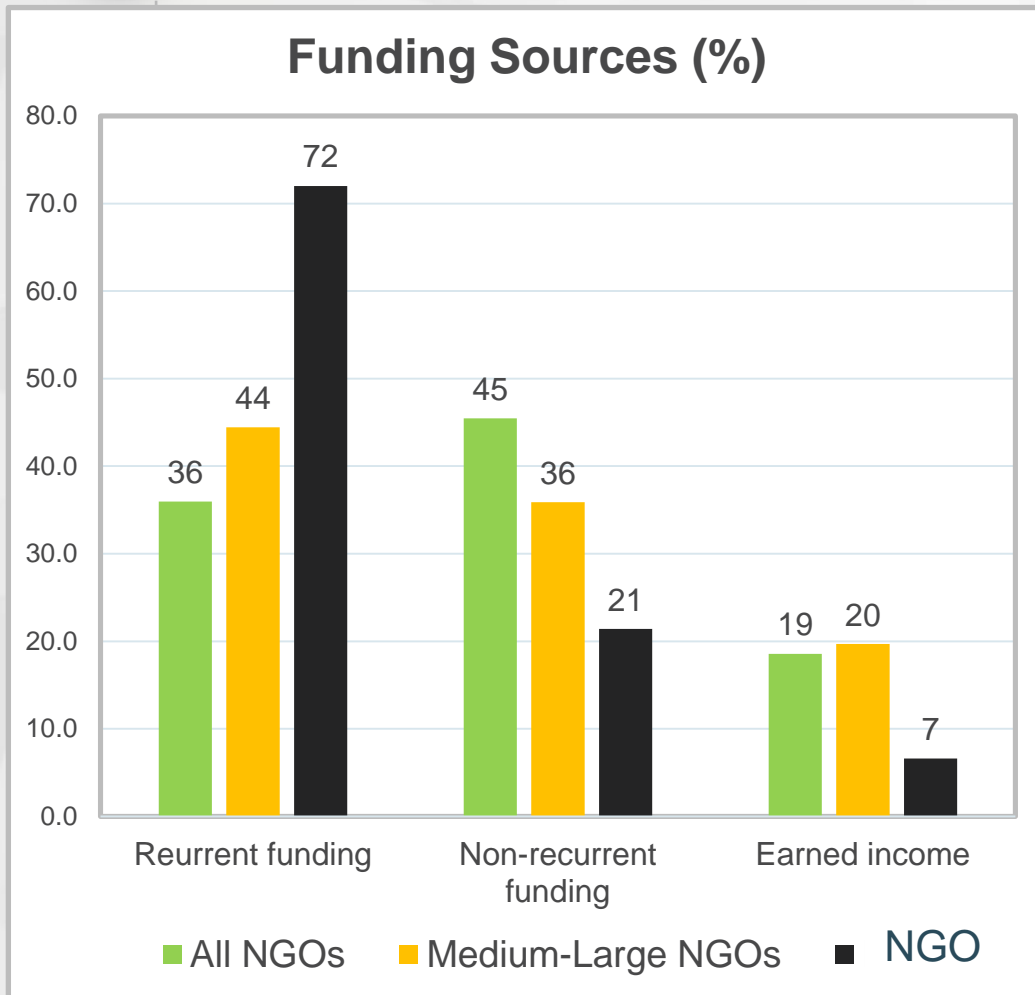




NGO Governance Health Individual Report – Example of Analysis



Comparative reference in Organization Metrix and Board Profile

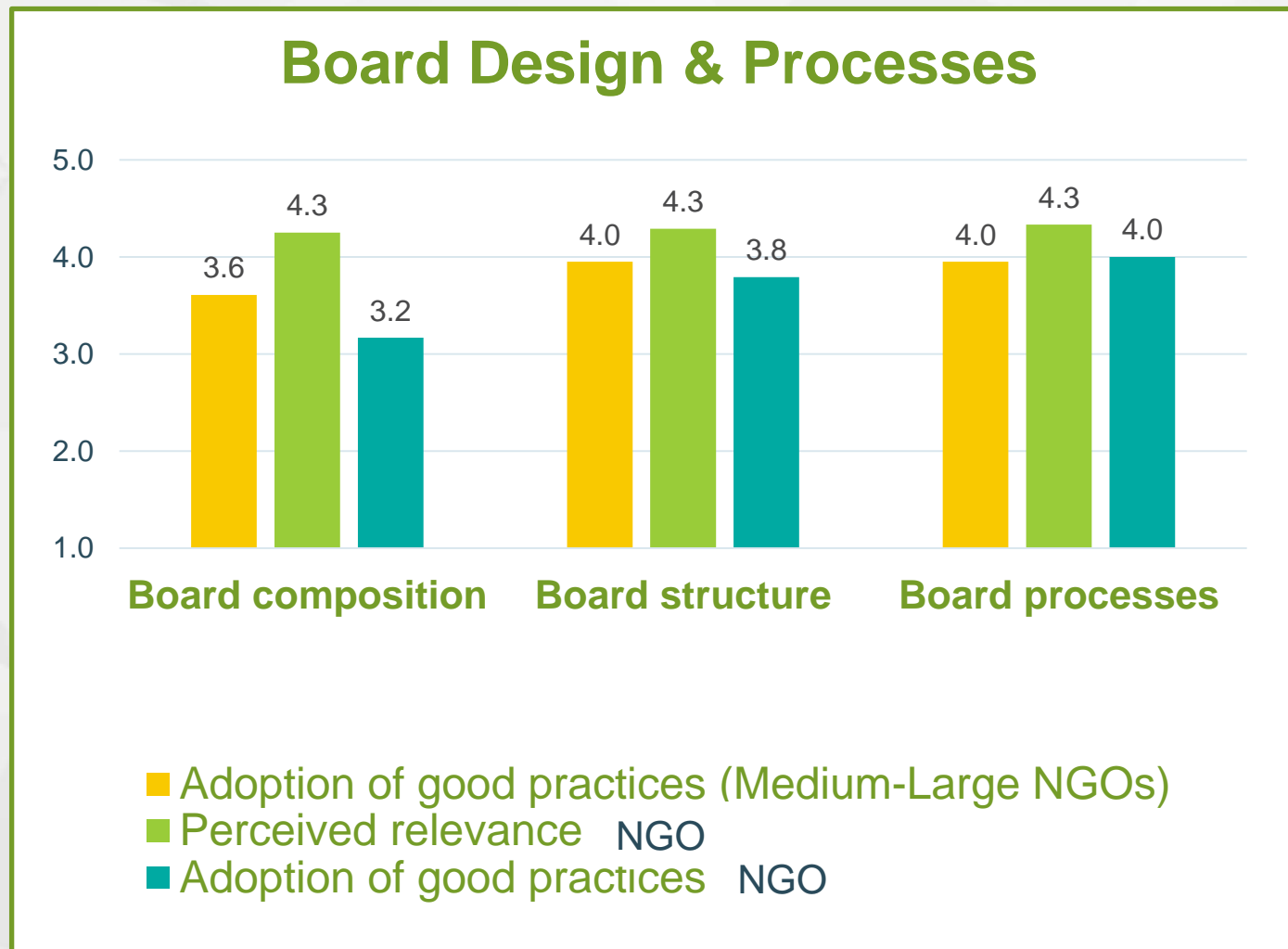




NGO Governance Health Individual Report – Example of Analysis



Good Practices (I) : Board Design & Processes



Analysis of Good Practices under a Dimension

- ❑ An **overall summary** of how your scores of adoption of the practices under the dimension is compared with the average scores of NGOs in the same budget range (“peer group”).
- ❑ Your **combined scores** of each element under the dimension.
- ❑ Perceived relevance:
 - ❖ To what extent do you consider the practices are relevant to your organisation?
(5- Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree)
 - ❖ Score > 3 : you consider the practice as at least somewhat relevant or more
 - ❖ **Benchmarking: How are your perceived relevance compared with the norms ?**
 - Your scores of perceived relevance vs. your peer group and all NGO respondents
 - ❖ **Gap analysis: Identify the practices that you consider important but have not adopted enough**
 - Scores of perceived relevance > scores of practice adoption → your organisation may improve on adoption of that practice concerned
- ❑ Adoption of good practices and benchmarking:
 - ❖ How often / to what extent do you adopt the practices under each element of the dimension?
(5- Always, 4-Often, 3-Sometimes, 2-Seldom, 1-Never)
 - ❖ Score > 3 : you adopt the practice at least sometimes or more
 - ❖ **Benchmarking: How are your practice adoption compared with the norms ?**
 - Your scores of adoption vs. your peer group and all NGO respondents
 - ❖ **Lowest / Highest: Identify the practices that have the highest or lowest score in your assessment**

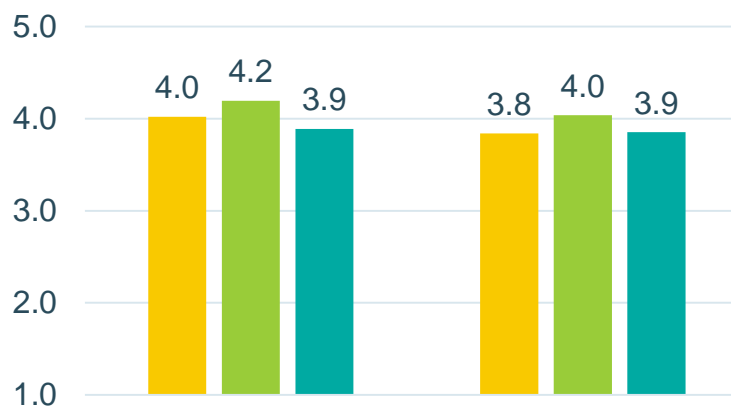


NGO Governance Health Individual Report – Example of Analysis



Good Practices (II): Board Role Execution

Steer Mission and Direction



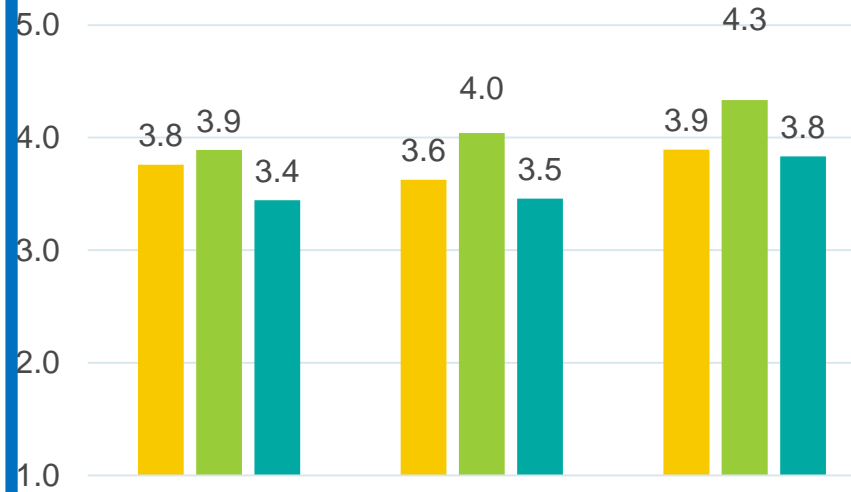
Shape mission and vision Strategic planning

■ Adoption of good practices (Medium-Small NGOs)

■ Perceived relevance NGO

■ Adoption of good practices NGO

Ensure Executive Leadership and Resources



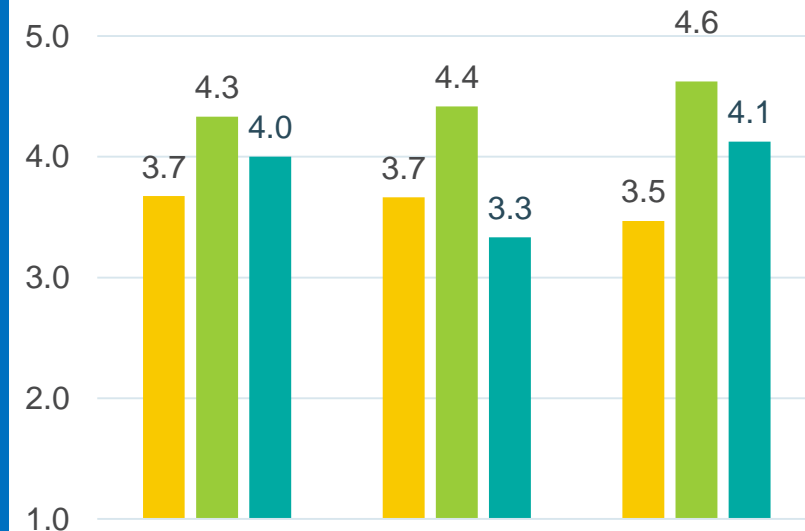
Support top tier executive Ensure adequate financial resources Provide expertise and access

■ Adoption of good practices (Medium-Large NGOs)

■ Perceived relevance (NGO)

■ Adoption of good practices NGO

Monitor Organisational Risk and Performance



Oversee risk and compliance Ensure accountability to stakeholders Monitor performance

■ Adoption of good practices (Medium-Small NGOs)

■ Perceived relevance (MF4)

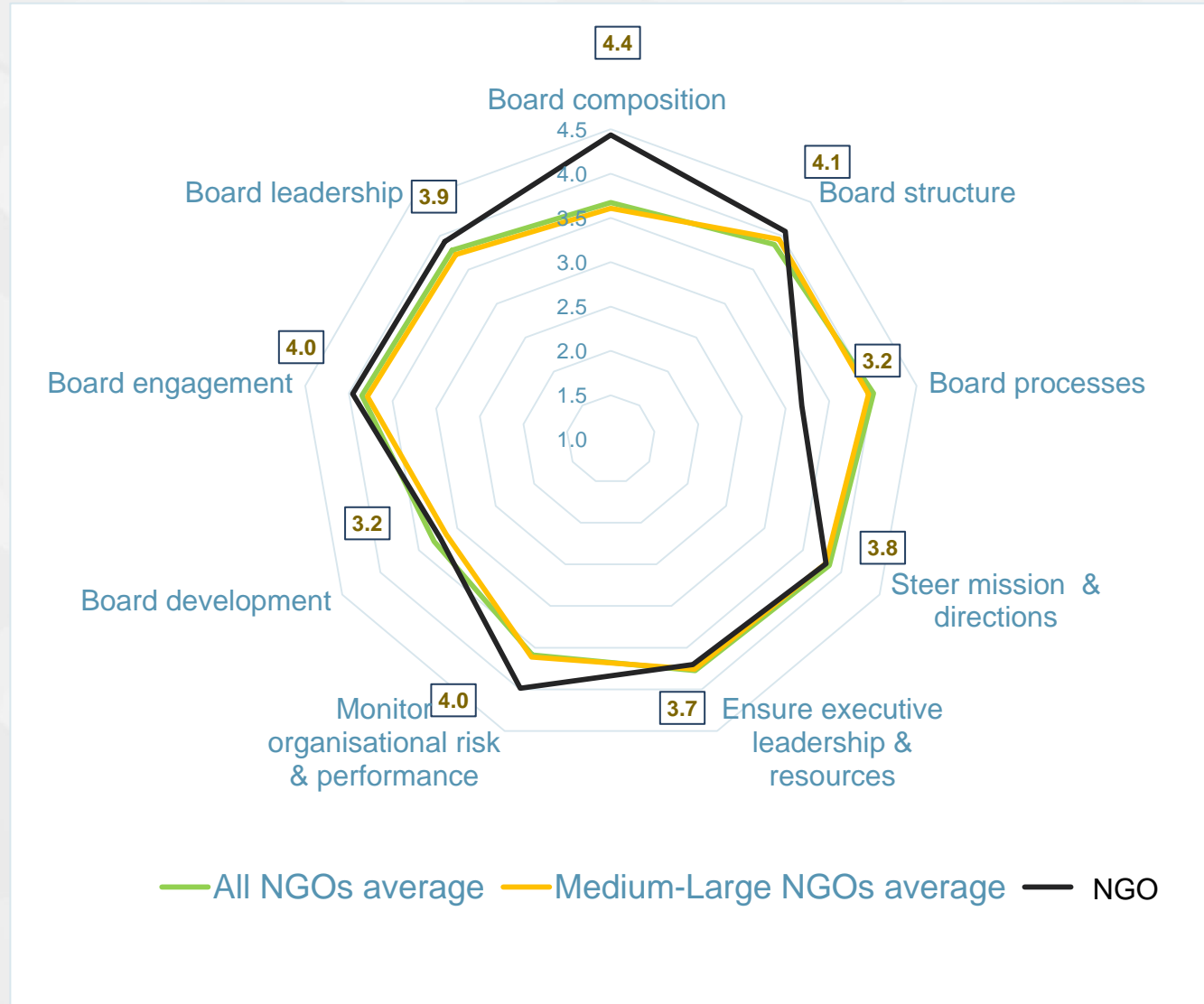
■ Adoption of good practices (MF4)



NGO Governance Health Individual Report – Example of Analysis



Overall Analysis of the NGO's Governance Health Index

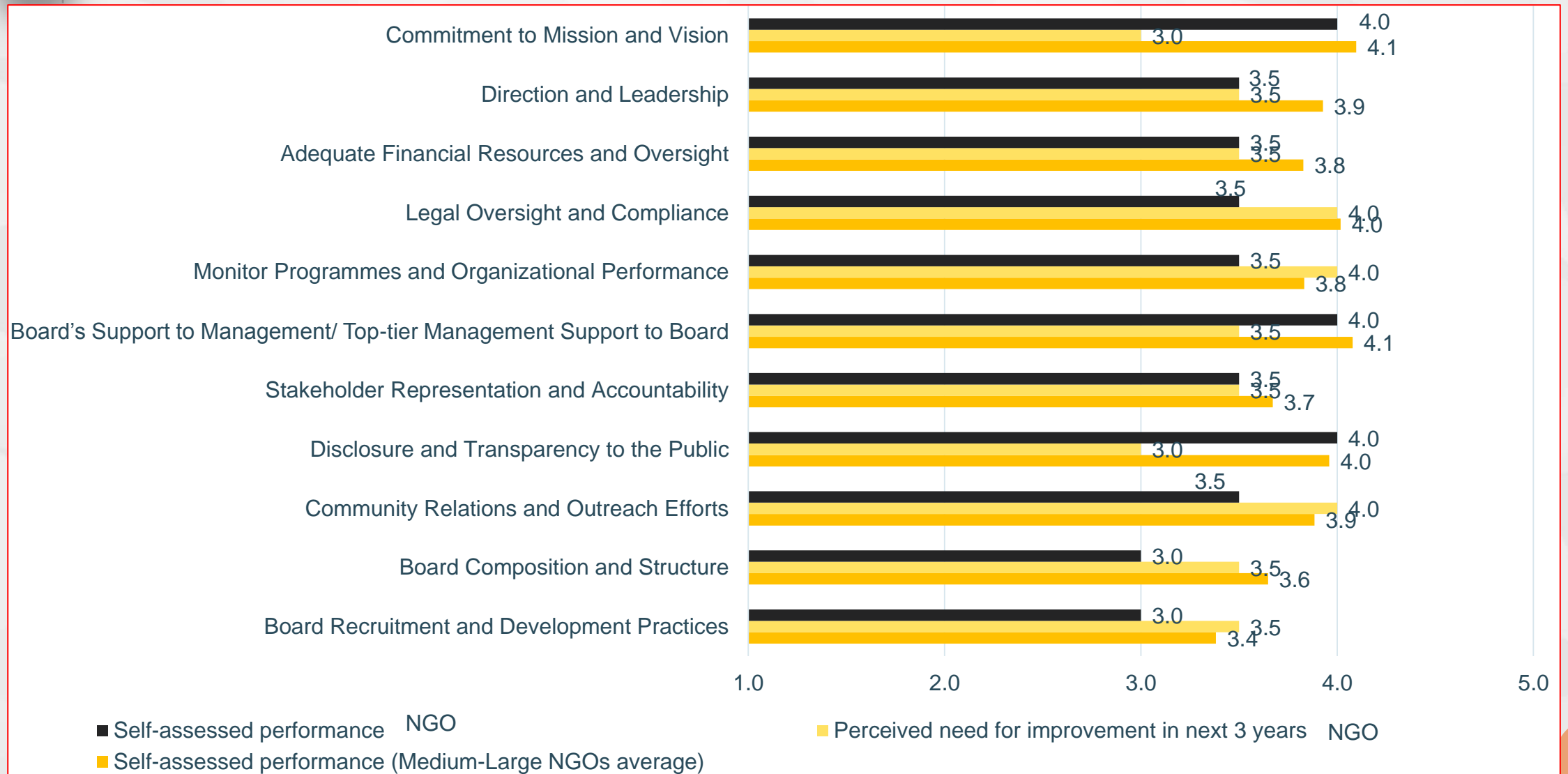




NGO Governance Health Individual Report – Example of Analysis



Overall Analysis of Level of Satisfaction with Governance Performance





NGO Governance Health Individual Report – Example of Analysis



Concluding Remarks and Recommendations

- Based on the overall analysis of the governance health index, there will be recommendations on the adoption of good practices specific to address the needs of the NGO
- A full list of good practices conducive to NGO governance health is attached in the Appendix
- Comparing the overall analysis of the self-assessed governance performance, three priority areas for improvement in the next 3 years are recommended for the NGO's consideration.