# AN ASSESSMENT OF THE IMPLEMENTATION OF CORPORATE GOVERNANCE VALUES IN NON-GOVERNMENTAL ORGANISATIONS (NGOs) IN ZAMBIA

**By**

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## DECLARATION

I hereby declare that I am the sole owner of the study and that it was not submitted to any other institution before. The report was conducted under all ethical guidelines and principles.

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**(Supervisor)**

## DEDICATION

This study is dedicated to my son, Asa Twashoma Namachila, for his patience and understanding of my time away from him the whole time of my research and report compilation. My prayer is that he gets inspired by this process and strive to aim high in all his life endeavors.

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Firstly, I thank His Almighty God for the gift of life, strength and determination extended to me without which the completion of the course would have been impossible.

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Her contribution to this work is highly appreciated.

**TABLE OF CONTENTS**

## LIST OF TABLES



## LIST OF FIGURES

**ABSTRACT**

The overall objective of this study was to assess the implementation of corporate governance values in network NGOs in Zambia. It was principally based on three (3) specific objectives and these were: 1) To evaluate the implementation process of corporate governance values in NGOs; 2) To establish the corporate governance values being implemented in NGOs; and 3) To determine the extent to which corporate governance values have been implemented in network NGOs.

The study adopted a concurrent mixed approach using descriptive research design through which involving both qualitative and quantitative data collected using interview temples and questionnaires. The sample size of 46 respondents was used from which the heads of departments were picked using purposive while subordinate staffs were selected using simple random sampling techniques. Analysis and interpretation of qualitative data was done using thematic analysis whereas Statistical Package for Social Science (SPSS) version 20, and Microsoft Excel applied on quantitative data analysis in which Chi-square test to determine the relationship between variables was used.

Findings from the study revealed that several processes were used in implementing corporate governance values in NGOs in Zambia. However, most of the organisations implemented corporate governance values through established policies and guidelines that existed at the time of the study. Among the corporate governance values implemented included financial reporting, transparency, and accountability, board existence with proper stipulated term of office. They also ensured good board culture, and safeguarding the environment and work place, adherence to professionalism and engaging participation of various stakeholders in the operations of the organisation. These stakeholders included funders, directors, employees and the community members from which the projects were implemented. Further, the NGOs upheld such corporate values as moral integrity and commitment in running of their affairs. In determining the extent to which corporate governance values have been implemented in network NGOs, it was found from the Pearson's Correlation Coefficient test that board size, financial reporting, transparency, and accountability as well as board culture positively influenced the implementation of cooperate government in NGOs to a higher extent, whereas board size to a lower extent.

To this effect it was recommended that the organisations must consider reviewing the laid down regulatory framework or policies and rules often to amend the ones not functioning to enhance the process of implementing corporate governance values. The Non-Governmental Organizations should put in place a governance framework that stipulates clear guidance to the function of the organization governance body. They need to consider putting in robust systems for recruitment of qualified board members and further enhance communication and information flow among the board, management, staff, donors and other key stakeholders to enhance the implementation of corporate governance values.

Key Words: Corporate governance

# CHAPTER ONE

# INTRODUCTION

## 1.0 Introduction

During the past decades, corporate governance has received growing attention at both the national and international levels. This is mainly due to the increasing corporate financial scandals and the growing acknowledgement that improved corporate governance is crucial for economic growth and development (Ashman, 2015). In Zambia, the enactment of the corporate governance code has resulted in numerous interpretations regarding codes of best practices. However, due to unethical governance activities and decisions, compliance with the codes and enforcement of corporate governance and other regulators has become an issue of growing concern. This study presents an assessment of the implementation of corporate governance values in network NGOs in the case of Non - Governmental Gender Organizations' Coordinating Council (NGOCC) in Zambia.

Chapter one gives a synopsis of the study and includes the background, statement of the problem, research objectives, scope of the study, significance of the study, the overall organization of the study and operational definitions as a further attempt made to define key concepts that are used in the study in order to make them clear to the reader.

## 1.1 Background of the Study

### 1.1.1 Developed Economies

Corporate governance refers to 'the system by which companies are directed and controlled (Daryaei and Nejad 2012). At its narrowest, this covers the internal dynamics of a company, and the roles of directors, company secretaries and other key figures to ensure that companies are well run. Corporate Governance became an issue attracting international concern and debate in the early 1980s, and through the 1990s, and this continued into the twenty-first century (Daryaei and Nejad 2012). A combination of political factors and high-profile corporate scandals in the 1990s led to a broadening of the focus beyond internal governance and accounting-sheet performances. Interest in the subject of corporate governance is internationally widespread, which is an indication of its importance for business development and for society as a whole (Okeahalam 2014). Good corporate governance can result in many benefits that include improved company performance, an improvement in strategic planning providing market discipline and transparency. It also acts as a deterrent to corruption, providing assurance of integrity of financial reports and creating a reputation among internal and external stakeholders (Pandya 2011). The African Development Bank (AfDB) (2013) resonate with this and added that good corporate governance attracts investment, sustains growth and stimulates production and innovation. On the contrary, poor corporate governance practices contribute to the poor financial performance of companies (Kabaila 2014; Udoh 2013).

However, a large body of knowledge currently available addresses this phenomenon of corporate governance from the perspective of the United States and Europe. The implementation of cooperate governance and creation of corporate regulation in developed countries is often linked to perceived failures of corporations and their management to behave in the way society expect them to (Carlin et al. 2014). Corporate governance in NGOs is not an exception to this trend, and, as with accounting, different countries may well experience difficulties at different times. For example, Williams (2016) reported in his study that the development of British codes of best practice, which began with the Cadbury Committee, was related to governance scandals such as Polly and Coloroll in the late 1980s and early 1990s. However, the wave of corporate scandals, mostly in the USA, at the turn of the 20$^{th}$ century was marked not only by the number of cases but also by the effect they have had on investor confidence and market values worldwide. To stop the rapid erosion of investor confidence, the United States took drastic action in record time with the Sarbanes-Oxley Act in 2002. The combined impact of various US corporate scandals in corporate governance wiped out trillions of dollars in market value. The investor confidence in the fairness of the system and the ability of corporations to act with integrity was ebbing.

### 1.1.2 Developing Countries

In developing countries, the knowledge base about this phenomenon appears to be limited, but is currently growing. The International Federation of Accountants (IFAC) claims that while there has been a lot of strategic guidance for business, there has been too little said about the need for good corporate governance. However, even with the strategic guidance on well-run corporations given by books done by scholars like Collins and Porras (1994) and Collins (2001) that if followed would prevent the worst abuse in organizations, the implementation of corporate governance values in many organizations still leaves much to be desired.

Many Sub-Saharan countries such as South Africa and Zambia, have implemented economic reforms requiring adoption of good corporate governance practices to foster sustainable economic growth (Munisi and Randoy 2013). Despite this development, some scholars have focused on corporate governance practices but with little focus on the implementation of corporate governance structures and financial performance in NGOs (Mulenga 2013).

### 1.1.3 The Zambian Perspective

Implementation of corporate governance in Zambia and NGOs in particular, is a fairly new development representing a topical research area. According to Chisanga (2017), corporate governance practices are being appreciated in both public and private companies. Furthermore, there has been limited research on the implementation of corporate governance in Zambia, particularly, in the NGO sector. The limited research on corporate governance has focused on financial institutions and on establishing the presence and quality of corporate governance practices in the public sector in Zambia.

The Zambian society is characterized by the existence of a large number of Non-Governmental Organizations (NGOs) that work hard to provide much needed high quality services for the Zambian needy communities. For decades, Non-Governmental Organizations in Zambia have performed a critical role in delivering economic and social services to the poor and marginalized in both the urban and rural communities. NGOs in Zambia are thus capable of serving as full partners in the overall country's development efforts, working along with the international donor community (Chanda, Burton and Dunne 2017).

Non-governmental Gender Organizations' Coordinating Council (NGOCC) is an umbrella network for Non-Governmental Organizations and Community Based Organizations active in championing women's empowerment and gender equity and equality. NGOCC has grown to be the focal point of the women's movement in Zambia in 30 years of its existence, with a total membership of 98 organizations out of over 9000 NGOs, and has presence in 58 districts across the 10 provinces in Zambia (NGOCC 2019). In addition to limited research on the implementation of corporate governance values in NGOs, calls have been made about investigating corporate governance practices in Zambian NGOs (Kabaila 2014). Hence, this study is focused on investigating the implementation of corporate governance principles in NGOs of Zambia.

## 1.2 Statement of the Problem

Corporate governance, which hinges on integrity, transparency, and accountability, has been globally recognized. In the case of Zambia, despite this recognition, corporate scandals, corporate failures, and poor financial performance of public and private sector have continued to affect the corporate and non-corporate world and NGOs are not exceptional. Chisanga (2017) promoted the above verdicts when he concluded in his study that corporate governance in NGOs has been characterized by lack of proper financial procedures, accountability, transparency, separation of functions of governing bodies and management, record keeping and communication.

A few studies that have been done in Zambia on corporate governance do not focus on the implementation of corporate governance values. For instance, Banda (2017) conducted a study on corporate governance structures on the performance of Zambian listed companies. The study investigated the relationship between corporate governance structures and the financial performance of the selected Lusaka Stock Exchange (LuSE) listed companies for the period 2009 to 2017 and not NGOs. It only focused on the relationship between corporate governance structures and did not look at the implementation of corporate governance values. Also, the study by Mwenda (2015) only highlighted some common challenges that affect corporate governance in NGOs such as poor attendance by board members at meetings, poor understanding of the board's mandate and responsibilities and that of staff, lack of experience amongst board members. Therefore, it is not clear on the extent to which NGOs in Zambia have implemented corporate governance principles. Zambia has over 9000 NGOs which are in different sectors, ranging from Health, Education, Safe Housing, and Gender rights among others (NGOCC 2019).

Thus, this study looks at ideal ways in which corporate governance is being executed, and what kinds of corporate governance values are being implemented. Specifically, the study shall attempt to assess the implementation of corporate governance values in network NGOs in Zambia. Non – implementation of corporate governance values negatively affects donor funding and will continue to affect the NGOs if left unattended to as it creates low donor confidence and trust, which results in NGOs struggling to implement programs in target communities due to low financial base. The other effect is organisations collapsing due to management failures, which results in people losing employment which in turn increase poverty.

### 1.3 Research Objectives

#### 1.3.1 General Objective

The primary objective of the study is to assess the implementation of corporate governance values in network NGOs in Zambia.

#### 1.3.2 Specific Objectives

1. To establish the corporate governance values being implemented in NGOs,
2. To evaluate the implementation process of corporate governance values in NGOs, and
3. To determine the extent to which corporate governance values have been implemented in network NGOs.

### 1.4.0 Research Questions

1. What are the corporate governance values being implemented in network NGOs?
2. How are NGOs implementing the corporate governance values?
3. To what extent has corporate governance values been implemented in network NGO?

### 1.5.0 Scope of the Study

The research focuses on assessing the implementation of corporate governance values in network NGOs in Zambia. The study targets Non-Governmental Organisations Coordinating Council and two other member organizations affiliated to it, that is, Habitat for Humanity and Young Women's Christian Association (YWCA). The NGOCC has been chosen because it is the largest networking institution which is in charge of NGOs which promote women’s rights. Additionally, the NGOs are accessible and easier to research from as they are all located in Lusaka. The data will be collected from the middle and senior management employees from NGOCC and the three selected member organisations in Lusaka.

### 1.6.0 Significance of the study

The findings of the study are of significance to improving the operations of the NGOs. The results of the findings could be used in workshops and seminars on improving implementation of corporate governance values and the effects of non-implementation or non – effective implementation process. The study may as well be important to policy makers in their hunt for corporate governance application strategies in the Zambia NGO sector. The findings will also contribute to the body of knowledge on implementation of corporate governance values in NGOs. As a result, other scholars may find this study useful and a basis for further research in this area.

### 1.7 Outline of the Dissertation

The second chapter reviews significant literature and documents on the implementation of corporate governance values in network NGOs and in other sectors of the economy. Chapter three reviews the theories related to the chapter under study from which a conceptual framework is drawn. Then Chapter four outlines the research philosophy of the study, research design, study population, sample size, sampling techniques, research instruments, data collection procedures, data analysis, limitations of the study, validity and reliability of the instruments and ethical considerations. Chapter five presents the findings of the study, while chapter six will highlight the detailed discussion of the results or findings. The seventh chapter will deal with the conclusion and recommendations. This chapter ends with suggestions for future research. The subsequent pages consist of the references and appendices.

### 1.8 Chapter Summary

This Chapter introduced the study with the background, highlighting the problem being solved. The objectives and the significance of the study have been stated and eventually provided an outline of the study. The next chapter reviewed available literature in relation to this study.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1.0 Introduction

This chapter provides literature review on the implementation of Corporate Governance Values. The chapter also highlights which of the corporate governance values are being implemented in NGOs, the extent to which corporate governance values have been implemented. Thereafter, provides the research gap and the lesson learnt from the studies reviewed.

## 2.1.1 The Concept of Corporate Governance

The word corporate governance was first used by Richard Eells (1960) to mean a set of customs, policies and laws used to direct and control a corporation. Corporate governance was initially centered on board of director independence and effectiveness. Following a series of corporate collapses that occurred in early 2000s, the roles played by supervisory committees and auditors as mechanisms of corporate governance, along with management ethics, have increased in importance (Ramdani and Witteloostuijn 2010). The report by Rwegasira (2010) regarding the voluntary regulation of corporate governance, was a milestone report that led to many countries issuing best practice codes for corporate governance.

Corporate governance refers to the system by which companies are directed and controlled (Bhuiyan 2010). At its narrowest, this covers the internal dynamics of a company, and the roles of directors, company secretaries and other key figures to ensure that companies are well run (Bhuiyan 2010). Well run has traditionally meant 'profitable to a company's shareholders, summed up in the famous quotation from the right-wing economist Milton Friedman that 'the business of business is to do business.' Well before the 1990s however, this definition of a 'well-run' company and good 'corporate governance' was considered narrow. A combination of political factors and high-profile corporate scandals in the 1990s led to a broadening of the focus beyond internal governance and accounting-sheet performances. It is now generally accepted that companies owe duties not just to their shareholders, but also to the wider stakeholders in society who are affected by their products, employment practices, environmental management or supply-chain policies (Pound 2015). This raises questions which are now hotly debated: who is a stakeholder; and how far, among categories of stakeholder, do such duties extend? Even more controversial are questions of enforcement of such duties. Some argue for strict legal sanctions, others for voluntary codes, and others for some degree of triple bottom line accounting. These issues lie behind the debates on corporate governance and corporate social responsibility (Ke and Isaac 2017).

Corporate governance is a set of processes, customs, policies, laws, and institutions affecting the way a corporation (or organization) is directed, administered or controlled (Andres et al. 2015). Corporate governance also includes the relationships among many stakeholders involved and the goals for which the corporation is governed, the principal stakeholders being the shareholders, management, and the board of directors. Other stakeholders include employees, customers, creditors, suppliers, regulators, and the community at large (Andres et al. 2015).

The International Chamber of Commerce (2016) provided a corporate-specific definition of corporate governance: Corporate governance is the relationship between corporate managers, directors and the providers of equity, people and institutions who save and invest their capital to earn a return. Corporate governance also ensures that the board of directors is accountable for the pursuit of corporate objectives, and that the corporation itself conforms to the law and regulation.

The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company. Corporate governance is the system by which companies are directed and controlled. Boards of directors/trustees are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors/trustees and the auditors and to satisfy themselves that an appropriate governance structure is in place (Dobbin and Jung 2011).

The responsibilities of the board include setting the company's strategic aims, providing the leadership, supervising the management of the business and reporting to shareholders on their stewardship. Corporate governance is therefore about what the board of a company does and how it sets the values of the company, and it is to be distinguished from the day to day operational management of the company by full-time executives (Dobbin and Jung 2011).

Governance has become a term used for describing the institutional arrangements affecting organizations and nations. According to Huffy (2011), it relates to "the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions. Thus, governance affects procedures and outcomes at many levels of political and economic activity.

In summary, there are various definitions of corporate governance by different scholars. However, from these definitions, it can be asserted that corporate governance is the system by which companies are directed and controlled.

### 2.2.The corporate governance values being implemented in NGOs.

Corporate governance values refer to mechanisms that are used to govern or manage and to ensure that actions taken are consistent with the interests of key stakeholder groups (Ayandele and Isichei 2013). There are various corporate governance values that have been implemented in both public and private sector organisation. These include participation of stakeholders in operation of the organisation, the structure of the board and its committees, promotion of fairness, transparency, accountability, independence, social responsibility, integrity and trust. However, this study only reviewed corporate governance values such as included participation of stakeholders in operation of the organisation, promotion of fairness, transparency, accountability, integrity and trust as these were covered by most of the studies.

#### 2.3.1 Participation of Stakeholders

Stakeholders are individuals or group of individuals who will be affected from an organisation's activities. In the traditional view of the corporate governance according to stakeholder theory, the shareholders or stakeholders are the owners of the company, and the management of the corporation has a binding fiduciary duty to put their (shareholders') needs first, to increase their wealth (Freeman, 2008).

The primary stakeholders are the most important type of stakeholders because without them, the organisation would not be in existence or cannot survive. The primary stakeholders are the shareholders, board of directors and management and secondary stakeholders are the other groups who can be affected by the organisation or indirectly affect the organisation objectives (Robins and Vohra, 2010).

These stakeholders play a critical role in corporate governance and to a great extent a factor in the managerial decision making of the firm. Stakeholders are not just there for the show but they are there because they have a claim or demand for something from the organisation, which may be a change, increase or decrease in the way the organisations operations affect them directly or indirectly. Direct stakeholder claims are made by stakeholder who have a voice, typical examples are trade union, local communities, customers, shareholders, employees and a lot more while indirect stakeholder claims are made on behalf of stakeholders unable to make their claim directly because they are 'voiceless' but this doesn't mean their claims are invalid.  The problem of indirect stakeholder claim is lack of clarity and reliability by interpreter of their claims and this makes it difficult for management to make proper decisions (Johnson et al. 2017).

The decision process of an organisation is made by the board of directors and how this board is structured affects the management and expression of conflicting interest. Corporate governance aims to protect shareholders interest, increase transparency and disclosure to all stakeholders, enable effective running of the board and so on. For the board of directors, corporate governance ensures there is suitable balance of power on the board, the board is able to control and manage risk and run the organisation effectively. Different countries have different corporate governance practice and different board structures such as USA, UK, Germany, Japanese, South Africa, Singapore code and others, although the public market seeks for globalization in order to increase cross-border transactions (Legge, 2015). However, the voices of different stakeholders are fundamental in the successful implementation of corporate governance in an organisation.

Shareholders and other investors are considered to be the most important external actors in the relationship that exists between the board of directors and the shareholders. Shareholders can be divided into two types: small investors and institutional investors. Small investors are those who hold a single unit. They buy only small amounts and usually do not have sufficient sources of information, resulting in a portfolio that is less robust. Institutional investors make the largest investments in organisations such as pension funds, mutual funds, insurance companies and financial institutions and are the world's leading stock market investors, each controlled by a manager who either buys, sells or holds on behalf of the company and helps to closely monitor the funds invested to help them to do so (Benedicte and Ronald, 2010).

The role and influence of investors, particularly institutional investors, is that they have the right to interfere in the management of an organisation when it is not performing its duties well, when the strategy agreed by the board fails in terms of strategic positioning, growth and market strategy, when internal controls continue to fail, when executive directors are not properly scrutinised by non-executive directors etc. It can also provide a mechanism for disseminating information to the financial markets or act as an activist to influence the business by allowing shareholders to exercise their rights as owners of the organisation. They have the rights to ask shareholders to meet, recommend shareholders resolutions, voting campaigns, vote in new directors and replace the whole board of directors; engage in either public or private discussions with the board of directors as was the case with Boeing corporation. This is basically to put the board of directors under pressure to perform by enhancing the value of the firm and ensure effective governance (Cheng, et al. 2016).

The role of the board of directors is very important in that they are collectively responsible for the conduct, performance, control, compliance and behaviour of the organisation. They must also develop strategies on how to improve the performance of the organisation and the return on investment for shareholders. They must also ensure that the organisation complies with relevant regulatory requirements, including accounting, legal and governance frameworks. The duties of the company secretary are to ensure that the organisation complies with the relevant legal and regulatory framework. The company secretary is often required to advise the directors on their legal and regulatory responsibilities and duties. Other duties include maintaining statutory registers such as the share register, taking minutes of AGMs and other important meetings, and ensuring that audited accounts and other documents are filed properly and on time. Trade unions, also known as employee representatives, are essentially groups that represent employees to the board of directors (Ferrell, Fraedrich and Ferrell, 2015).

Employees share the same goals as the organisation and maintain professional and ethical values in the implementation of the organisation's strategy. Employees have a duty to unite and to ensure compliance with and commitment to the organisation's strategy, which means that employees 'agree' with the strategy. Trade unions have a responsibility to ensure that a reciprocal relationship is formed between employers and unions, and that optimally efficient industrial relations are established, so that the productivity of human resources in the organisation is strengthened, employees are able to work under good working conditions, and the interests of members are protected and conditions are negotiated for maximum efficiency and effectiveness. Trade unions play a role of checks and balances within the corporate governance structure. When misconduct by management occurs, trade unions are the first to react and actually work in favour of shareholders, especially when incompetence, fraud, greed, waste and other forms of misconduct affect productivity (Bello-Osagie, 2016).

Further, stakeholder like the regulators and Government play a role in corporate governance through imposing legislation and enforcing law and order. They go the extra-mile to impose further control to a corporation they consider as politically and strategically important, for instance energy, oil and gas, and water. They control the supplies and monopolies of these products. The Government rely heavily on tax proceeds levied on organisations profits. The interest of other stakeholders should not be overlooked but the most important thing to realise is what they want. To this end, it is essential that the organisations ensure that its stakeholders are satisfied (Black, et al. 2016).

### 2.3.2 Public participation

Public participation is another key concept underpinning the principles and practice of corporate governance (OECD 2015). Participation by stakeholders in society is a key cornerstone of corporate governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

The stakeholder and the society should have the opportunity to participate in the decision making process and formulation of development strategies of the government as the community is directly and indirectly affected by them. Good governance is about the equal participation of all citizens; men and women, young and old, in public and political life. According to UNDP (2012), all men and women affected should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Equality between men and women constitutes an indicator of success in corporate governance (UNDP 2012).

Equal participation of relevant community can increase the effectiveness and efficiency of the governance. According to the International Fund for Agricultural Development (IFAD) (2016), processes and institutions should produce results that meet needs while making the best use of resources. To be effective in demanding government accountability, there should be credibility. Without political credibility, a government cannot establish its reputation, and its policies will not have appeal among community (Guo and Hickey, 2012). Coherence is also important for good governance. It means using incentives and rewards just as much as the threat of tough action and it means ensuring that legislation is appropriate in the first place (John, 2015). After all, the process of governance should focus on sustainability, especially the environmental sustainability to achieve sustainable development.

### 2.3.3 Accountability

According to Licht et al. (2013), accountability is a form of liability that refers to who and for what and what is accountable, which is understood as the obligation of the holder of the trust to provide accountability, presenting and reporting all activities that are his responsibility to the party who provides the trust and has the authority to hold such accountability.

The form of liability depends on the type of organization concerned. Accountability basically provides a very important role in creating a good governance activity as a part of improving public confidence in government performance (Licht et al. 2013). The conception of accountability can be seen through officials in both public and private organisations who are not only accountable to higher authorities in the institutional chain of command but also accountable to the general public, non-governmental organizations, mass media and many other stakeholders. Public accountability consists of two kinds, namely vertical accountability and horizontal accountability. Vertical accountability is accountability for the management of funds to higher authorities, such as accountability of work units to local governments, regional accountability to the central government, and etcetra. And then horizontal accountability is the responsibility that is conveyed to the general community.

Better accountability is generally seen throughout the world as the key to better corporate governance, Mahnood (2010). A norm of accountability provides that the party holding power owes certain duties to the people subject to this power, Licht et al. (2013). Accountability ensures actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance, Draiman (2013). The public also is demanding increased visibility into government decision making.

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law, (United Nations 2018)

### 2.3.4 Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. United Nations (2015)

As IISD (2013) pointed out, 'Transparency is a necessary precondition for the exercise of accountability since without access to clear, accurate and up-to-date information, it is impossible to judge whether the standard promised has been met'. According to United Nations (2015), transparency refers to the openness of procurement policies and practices. If there is information and transparency, the Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

### 2.3.5 Integrity

Integrity refers to consistency between what a director says, writes and does. It means authenticity, candor, reliability, confidentiality, solidarity, and a willingness to accept personal accountability and be bound by board decisions and a director's own role within them. Most importantly, integrity in corporate governance means putting the interests of the organization above individual interests (UNDP, 2014). Managers should have the courage to take significant principled action when necessary, for the ultimate good of the organisation. Integrity involves using power appropriately and always acting in a way that withstands the harshest scrutiny. Integrity is one of the highest bars in corporate governance because the opportunities for self-interest and enrichment are so plentiful. If a manager or director has defects in integrity, in any of the above examples, others will not trust them, (Gompers, et al., 2014); Bisschop 2020)

### 2.3.6 Fairness

Fairness refers to equal treatment, for example, all shareholders should receive equal consideration for whatever shareholdings they hold. In the UK this is protected by the Companies Act 2006 (CA 06). However, some companies prefer to have a shareholder agreement, which can include more extensive and effective minority protection. In addition to shareholders, there should also be fairness in the treatment of all stakeholders including employees, communities and public officials. The fairer the entity appears to stakeholders, the more likely it is that it can survive the pressure of interested parties.

From the study done by Ayandele and Isichei (2013), it was found that corporate governance values implemented by private and public sector included the relationship of a company with its stakeholders and the society; the promotion of fairness, transparency and accountability. Similarly, Young (2014), observed that the key points of interest in corporate governance include issues of transparency and accountability, the legal and regulatory environment, appropriate risk management measures, information flows and the responsibility of senior management and the board of directors. These studies for Ayandele and Isichei (2013) and Young (2014) mostly empathized on the promotion of fairness, transparency and accountability as key values that organisations needed to put in place. Further, it can be observed that with effective corporate governance based on core values of integrity and trust (reputational value), organisations will have competitive advantage in attracting and retaining talent and generating positive reactions in the delivery of service in areas of operations or marketplace.

According to Haat (2017), the structure, processes, cultures and systems engender the successful operation of organizations. Corporate governance is concerned with the establishment of an appropriate legal, economic and institutional environment that would facilitate and allow organisations to grow and strive in order to maximize shareholders' value while being conscious of the interests of other stakeholders and the society (Ademba 2016). These findings corresponded with those of Claessens (2013) who opinioned that corporate governance values involved the relationship between shareholders, creditors, and corporations; between financial markets, institutions and corporations; and between employees and corporations. Corporate governance values also encompassed the issue of corporate social responsibility, including aspects such as dealing with the firm with respect to culture and the environment.

In many developing countries, systems of corporate governance are frequently 'relationship-based' which can foster insider trading and corruption. In ensuring better governance of corporations, financial institutions and markets have increasingly recognized the benefits which can be linked to higher corporate governance standards (Oman and Blume 2015). Mwongera (2014)

The Cadbury report of 1992 cited three fundamentals of good corporate governance as openness, integrity, and accountability relevant to both private and public sector. The report of Nolan committee of May 1995 stipulated seven principles that guide good corporate governance as selflessness, integrity, objectivity, accountability, openness, honesty and leadership. In all fields of human endeavor, good governance is founded upon the attitudes, ethics, practices and values of the wellbeing of the society (Hassan and Halbouni 2015).

Several workshops have been held in Kenya regarding corporate governance. Workshops organized by the private sector corporate governance trust, NSE, CBK, ICPAK, and ACCA. Kenya chapter have stressed the importance of corporate governance practices such as board composition and audit committees (Hassan and Halbouni 2015). Khemani and Leecher (2011) argued that competition is needed for a culture of good corporate governance to thrive. Competitive policy helps bring about efficiency, promote greater accountability and transparency in business decisions and lead to better corporate governance. Zingales (2010) discussed how the new types of firms that are emerging demand a re-evaluation of corporate governance.

The World Bank (2013) reported that the principle of corporate governance in many developing countries demonstrated that implementation has not shown sufficient concern for running of NGOs to improve decision making process. This has challenged the importance of implementing corporate governance, especially with certain socio political, and economic features of developing countries which lead to degradation of governance.

From these studies above, it was asserted that there are several corporate governance values implemented in the public and private sector. It was further found that unlike in developed economies where several corporate values are considered in implementation process, in many developing countries, the implementation of corporate governance values is selective. A company or organisation which applies the core principles of corporate governance; accountability, transparency, fairness, integrity, stakeholder and society participation will usually outperform other companies and will be able to attract investors, whose support can help to finance further growth. Moreover, strong corporate governance values maintain investors' confidence, whose support can help to finance further growth of organisations. The organisations that implement the principles of good corporate governance into working environment life will ensure corporate success and economic growth. They are the basis on which companies can grow.

### 2.2 Implementation process of corporate governance values in NGOs

This section looks at the implementation process of corporate governance in private and public sectors from countries with developed economics such as USA, UK, China, Germany, Malaysia, and New Zealand which recorded some prominent studies on corporate governance. The researcher then reviews some studies done in East Asia and Pacific Region such as Vietnam that have also reported corporate governance aspects, and then focused on African countries and consequently Zambia. The countries under study have been selected because of the availability of research studies on corporate governance covered below which was useful to the topic under discussion.

#### 2.2.1 Developed Economies

Corporate governance failures have a negative effect on the operation of NGOs. Corporate failures in dubious circumstances in the developed world triggered and reinvigorated debates regarding the manner in which companies are directed and controlled (Allen, 2015). There are many studies that have been done on implementation of corporate governance in countries with developed economies. Much of the studies have shown that corporate governance is implemented using frameworks that guides the institutions. In China, a study by OECD (2014) reported that frameworks have recently become a critical tool in that country and often provide legal ramification to maximize potentially positive impacts in governance.

A study by International Federation of Accountants (IFAC) (2013), examined a number of cases on the implementation process of corporate governance. Some of the better known cases of corporate governance included Ahold in New Zealand which (reported earnings overstated), Parmalat in Italy (false transactions recorded). Some studies done in USA included the one conducted on Enron (reported inflated earnings, high debt in special purpose entities-SPEs), Tyco in USA (looting by CEO, improper share deals, evidence of tampering and falsifying business records), WorldCom case in USA, as well as Xerox case all in USA which found that the company had accelerated revenue in its operations.

It can be deduced from these studies that, in terms of corporate governance issues, Ahold, Enron and WorldCom all suffered from questionable ethics and behaviour at the top, aggressive earnings management, weak internal controls and risk management and, of course, shortcomings in accounting and reporting. Enron was an excellent example where those at the top allowed a culture to flourish in which secrecy, rule-breaking and fraudulent behaviour were acceptable. It appears that performance incentives created a climate where employees sought to generate profit at the expense of the company's stated standards of ethics and strategic goals (International Federation of Accountants 2013). Yet, Enron had all the structures and mechanisms for good corporate governance. In addition, it had a corporate social responsibility task force and a code of conduct on security, human rights, social investment and public engagement. Yet no one followed the code. The board of directors allowed the management openly to violate the code, particularly when it allowed the Chief Financial Officer to serve in the special purpose entities (SPEs); the audit committee allowed suspect accounting practices and made no attempt to examine the SPE transactions; the auditors failed to prevent questionable accounting.

The use of questionable accounting and disclosure practices, their approval by the board and their verification by the auditors arose from a variety of forces, such as pressure to meet quarterly earnings projections and maintain stock prices after the expansion of the 1990s; executive compensation practices; outdated and rules-based accounting standards; and complex corporate financial arrangements designed to minimize taxes and hide the true state of the companies, and the compromised independence of public accounting firms (United Nations Conference on Trade and Development 2013).

The International Corporate Governance Network (ICGN) is a worldwide multi-stakeholder coalition within the investment community. It seeks to develop a global consensus on capital market, corporate governance process and, above all, to lay down best practice for both issuers and investors. It promotes best practice through its studies, toolkits, annual meetings and awards programme. International Corporate Governance Network (ICGN) (2012) undertook a study on cross-border process of implementing corporate governance practices and found that ‘Global standards of corporate governance have gained widespread acceptance in recent years, but the mechanism of governance have not kept pace’. Share voting is a primary governance mechanism, and this study reveals that accountability is far from assured.

In promoting the implementation processes of corporate governance, some European countries, developed a number of rating agencies, including credit rating agencies which have developed indices to measure corporate governance performance. Among the more well-known indices are FTSE-Institutional Shareholder Services (ISS) Corporate Governance Index, Standard and Poor's Corporate Governance Scores, Dow Jones Sustainability Index and Business in the Community Corporate Responsibility Index (IFC and The State Securities Commission 2010). According to IFC and The State Securities Commission (2014), rating agencies can act as catalysts for corporate governance by either directly factoring corporate governance into their scoring systems, or complementing their financial scoring systems with corporate governance ones. Of the 30 largest European asset managers, 20 factor governance into their investments. Some commentators believe that this is starting to change the dynamics of the investor side in the corporate governance game. If the analysts do their homework properly, an index can give a thumbnail sketch of a company and how it is improving. The indices make it easier for investors to assess the quality of corporate governance. They highlight the significance of good governance and, through publicizing it, put pressure on companies to respond.

The FTSE-ISS index series for the UK, USA, Europe and Japan rank over 2000 companies using the following five areas of comparison: board composition and independence, compensation, ownership, audit process, and shareholder rights or takeover defenses (Williams 2016). In relation to this, Pound (2015) in his study revealed that the index is designed to incorporate the corporate governance rating into the financial index by tracking financial performance against the corporate governance variables. Supposedly, it offers a way of assessing the impact on portfolio performance.

This also corresponded with findings of Hassan and Halbouni (2015) who postulated that Standard and Poor's (S&P's) corporate governance score gives an assessment of a company's policies and practices benchmarked against international codes and guidelines and governance best practices in corporate governance. S&P scores are based on ownership, structure and influence, financial stakeholder rights and relations, financial transparency and information disclosure, and board structure and process. Unique to the S&P index is an interactive assessment with the company officials to capture how they work together. S&P evaluates companies only upon their request, and hence the companies pay for the rating. S&P's governance scoring and its credit ratings are different forms of analysis that complement each other.

According to a study by Vintila and Gherghina (2012), in Canada, ownership concentration is mostly taken as a major element of the corporate organization which has a substantial force on the implementation of corporate governance values in organizations. The results support the fact that large corporations' shareholders were encouraged to collect more internal information to avoid the free rider problem. They found that agency theory does propose that ownership concentration can anyway improve the implementation of corporate governance values by reducing the agency's governance to a desirable level.

These results of Vintila and Gherghina (2012), conquered with findings by Ke and Isaac (2017) whose study tested how ownership was interrelated to firm corporate governance. The research was also designed to investigate the relationship between ownership concentration and corporate governance performance among the listed property companies. Their outcome showed a significant relationship between ownership concentration and corporate governance implementation. In a similar study by Vein Sheikh, Wang and Khan (2013) in China, they examined the relationship between the role of ownership structure and concentration on corporate performance. Their findings showed a positive relationship between ownership concentration and firm performance, which is measured using accounting profit indicated by ROA.

Furthermore, according to Manawaduge, Zoysa and Rudkin (2016), they found a positive relationship between ownership concentration and firm performance from the investigation the impact of ownership concentration and structure on firm performance. These finisngs were supported by Sheikh, Wang and Khan (2016) who investigated on how ownership concentrations affect the firm performance. Their research showed that there is a significant positive relationship between ownership concentration and ROE as well as ROA which represent on behalf of corporate performance. On another hand, results found by Leung, Richardson and Jaggi (2014) are contrasted. They found that no significant relationship between the independent board committees and firm performance in family ownership concentration. Their sample based on Hong Kong firms. The findings by Omran, te al. (2018)

also conquered with Sheikh, Wang and Khan (2016), they stated that ownership concentration has no significant relationship to corporate performance. Their study was based on different sectors from the Arab country group (Egypt, Jordan, Oman and Tunisia).

In the study of Zulkafli and Samad (2015), it was found that larger audit firms tend to protect their image and reputation because of the size of the organization and the resources available to them. Thus, they will always furnish a better audit quality which may result in good corporate governance and ultimately push the corporate performance upwards. According to Lin and Hwang (2017), the quality audit is required to cut down the danger of material mis-statement or omission and the stage of creative accounting and earning management. Their results show that the quality of audit is determined by audit independence, professional care exercised, and competency. This was supported by the study by Sarens, et al., (2012) that investigated the relationship between internal audit function and role in corporate governance. They found that a significant relationship between internal audit function and role in corporate governance led to good audit quality.

In addition, Haat, et al., (2018) investigated the relationship between corporate governance practices and corporate transparency and performance among Malaysian PLCs. The results show a negative association between audit quality and performance of Malaysian companies. In the survey of AlAjmi (2014), 300 credits and financial analysts were studied, it was revealed that that effective audit committees and Big 4 auditing firm providing best quality led better corporate performance.

In another study by Bhuiyan, et al. (2019), the findings showed that the existence of corporate governance regulations has a positive influence on corporate governance practice. Further, firm specific characteristics like NZX listing tenure and ownership concentration also have an influence on corporate governance. Business operation tenure was found to have an insignificant relationship to corporate governance compliance over the pre and post-regulation regime. Considering four specific characteristics, business operating tenure was found not to be significant but corporate governance regulation, New Zealand Stock Exchange listing tenure, and ownership concentration, were positively significant to governance compliance. In essence, this research supports the contention that the existence of a regulatory framework will increase the quality of corporate governance. The Stock Exchange is one of the main promoters of corporate governance compliance. Cormier and Martinez (2016) evidenced a positive association between corporate governance compliance and stock market listing. The New Zealand (Stock) Exchange (NZX) has prepared and published the Corporate Governance Best Practice Code 2013, based on principles and guidelines of corporate governance as issued by the Securities Commission of New Zealand. Listing on the New Zealand Exchange requires companies to comply with all the regulations of government and the Securities Commission. It is therefore anticipated that companies that have been listed for a long period of time will have a greater degree of compliance with the corporate governance best practice code as compared to companies that have only been listed for a short period of time.

The findings of study by Eunice (2017), on the determinants of corporate governance compliance reveal that the existence of corporate governance regulation is indeed a significant factor in firms compliance levels. In fact, the results suggest that firms comply with regulation even in the absence of mandatory obligation to comply. Long term business operation and listing tenure have significant effects on corporate governance compliance, which implies that corporate governance practices increase with the maturity of the firm. In addition, concentrated ownership also correlates with better corporate governance practices with regulation.

Other studies like that of Fasterling (2015), and Zattoni and Francesca (2017), found that the external regulation and monitoring had a bearing on corporate governance implementation in NGOs. A review of the literature showed that organizational performance is enhanced when corporate governance regulations or guidelines have been complied with. Investors, regulators and other stakeholders clearly consider compliance to be important (Fasterling, 2015). In addition to regulation, governance practices are also reflected in different factors such as culture, traditional financial options, corporate ownership patterns and legal origins. It is generally accepted that the purpose of regulations concerning corporate governance is not to increase the value of a firm but to enhance the safety of investors. Consequently, pressure from the regulatory authorities will encourage organizations to comply with voluntary codes of best practice. Bozec and Bozec (2012) suggested that regulations and governance act in a complementary manner to resolve the agency problem associated with absentee owners. Regulations reduce management dominance in the firm by increasing the influence of external parties such as auditors and shareholders. Conversely, deregulation increases the influence of management.

It is a fact that business should not be over regulated. The reason was due to recent experiences that without a regulator that monitors compliance of business to specified rules of engagement by society, such business will not behave responsibly. The organization deploys its governance process as described above, the regulatory environment can further compel companies to stick to high levels of corporate governance. It is important to have a regulatory environment in place which can compel companies to stick to high levels of corporate governance. It is also important where extant laws are lagging behind ethical or governance challenges of corporations (Kole and Lehn 2014).

As discussed above, corporate governance evolved due to the existence of the agency problem associated with the separation of owners and managers, and regulation can mitigate the conflicts that arise as a result (Drobetz 2012; Kirkbride and Letza 2014). It is generally assumed that a regulatory environment would result in enhanced corporate governance because companies are meant to comply with the relevant regulations, and the literature shows that regulation has a positive impact on corporate governance compliance (La-Porta, Lopez-de-silanes, and Shleifer 2013; Hermalin 2015). Indeed, regulation has always had an impact on general financial reporting and disclosure practices. Regulation also enhances the quality of audited reports followed by organizational performance. Conversely, companies operating in the market have a minimum corporate governance practice, but compliance is always questionable in the absence of mandatory regulation and guidelines.

### 2.2.2 Developing economies

Recently, the worldwide financial crisis has influenced significantly Vietnam financial market. The most obvious observation is the bust of stock market bubble after the period of boom in late of 2006 and early 2007. Besides, the ongoing global financial crisis affected growth prospects of the international stock market in general and Vietnam stock exchanges in particular. The assessment of corporate governance process in Vietnam conducted in May 2006 by the East Asia and Pacific Region of the World Bank as part of the Reports on Observance of Standards and Codes Program showed that Vietnam has recently taken important steps to establish its CG Framework (IFC and State Securities Commission Vietnam, 2006). This report indicated some key issues of framework for the process of corporate governance in Vietnam such as a high degree of informality still exists in the corporate sector, an unofficial securities market that is significantly larger than the formal market, and there remains a large presence of state ownership in enterprises (IFC and State

Securities Commission Vietnam, 2006). Moreover, institutions responsible for regulation, enforcement, and development of the capital market have limited capacity and resources. This led to some bad consequences, for example investor protection is inadequate, related-party transactions are pervasive, compliance with accounting standards is insufficient, and disclosures of quality information are limited (IFC and State Securities Commission Vietnam, 2006).

A similar study was conducted by IFC and The State Securities Commission in year 2010, in which an assessment of 100 largest publicly listed companies showed that some categories of corporate governance had achieved a level of compliance but is less than 50% (IFC and The State Securities Commission 2010). From this report, mostly companies were still at the first stage of adoption and development of CG. Besides, different industries demonstrate different corporate governance performances, but also needed more improvement in the future (IFC and The State Securities Commission 2010). This report showed that firms with better corporate governance practices also demonstrated better profitability, as higher return on equity and return on assets ratios, than those in the bottom CG ranking (IFC and The State Securities Commission 2010). Despite a gradual change today on the framework of regulation in corporate governance in Vietnam, the compliance of corporate governance is not totally applied. Besides, the process of compliance CG in Vietnam was rather late compared to other countries in Asia and all over the world. Hence, process of implementing corporate governance needed to improve in the future.

Another study in Vietnam conducted by the Organization for Economic Co-operation and Development (OECD) (2004b) revealed that OECD Principles of corporate governance was first publicized in Vietnam in 2004 and then the International Finance Corporation (IFC) publicized OECD Guidelines on corporation governance of State-owned Enterprises in 2005. Those gave the guidelines for companies to be acquainted to the principles of Corporate Governance. Next, the “Corporate Governance Manual in Vietnam” was officially disclosed, also by IFC in 2010, it did not only give an explanation of Corporate Governance (CG) in an academic way but also a practical toolkit to help implement good Corporate Governance in practice (IFC and State Securities Commission of Vietnam, 2010). In Vietnam, CG principles have been brought into laws since 2007, but the compliance with CG has still been low and need to be improved gradually. Other issues in the compliance of CG in Vietnam are the cross-shareholdings and lack of transparency of information in the ownership structures, which make trouble for the process of getting companies understand the investment of outside investors. Last but not the least, the lack of experience in the field of CG and general good practice of Supervisory Board, Board of Directors or Management was also a big obstacle for the widely adoption of CG in Vietnam (Dung 2011).

In the case of Africa, more academic and corporate researchers like Padilla (2012), Kwakwa and Nzekwu (2013), Maisenbach (2016) conducted research on corporate governance in Africa and identified institutional, legal and capacity developments as pivotal to the development of corporate governance.

Some countries established policies as a legal requirement to support the implementation of corporate governance. As an example, Algeria, Burkina Faso, Gabon, Gambia, Mauritius, Nigeria, Senegal, Togo, have included the provisions in one form or another within their framework of corporate governance legislations, Betey and Godfred (2013). This implied that the corporate governance in these countries has been implemented through a framework. Same time the study by OECD (2014) reported that frameworks have recently become a critical tool to provide legal ramification to maximize potentially positive impacts in governance. However, there are many challenges and limitations for the implementation of corporate governance in developing countries. The lack of well-defined legal structure, poor quality of corporate governance reports, inadequate information and transparency in the governance process of the organisation, non-accountability of professionals spearheading organisations, inadequate public participation.

The existence of a well-defined legal framework is necessary for safeguarding effective corporate governance. As pointed by John (2013) that in order to address a legacy of an organization, a well-formed legal framework of corporate governance and respect for the rule of law is necessary.  But many developing countries lack these legal structures. Political commitment at all the levels is crucial in these countries and excessive bureaucratic requirements, inefficient and complex administrative procedures may pose hurdles to these legal reforms. Agere (2014), added that the implementation of corporate governance values has been enforced through elections, parliamentary legislative control, judicial control, ombudsmen, decentralized structure of government, public participation, the mass media and international administrative control measures.

According to the report of the AfDB Group (2013), without relevant structures or frameworks which allow for implementation processes of corporate governance and monitoring on these systems, corporate governance values become difficult to achieve, and the users of public funds cannot be held to account, thereby opening the door for wasteful spending and possible corrupt practices. In a similar vein, a number of funding agencies have also developed financial governance assessment frameworks along the areas of the mode of budget planning, execution, internal control and monitoring required of funded projects and thereby inferring the level of corporate governance as practiced by an institution based on the presence of such predefined systems.

Further a study by Rwegasira (2010) observed that the implementation of corporate governance was faced with a weak or non-existing compliance and/or enforcement of legislation system. It concluded that corporate governance values implementation in most African countries are ineffective, inefficient and has ultimately failed. The report therefore, recommended that for African countries to reap the benefits of effective corporate governance there was need to review existing legislations and to strengthen the enforcement mechanism of the regulatory institutions. While Rwegasira (2010) study covered a number of African countries, it has a limitation in that it focused on specific values of corporate governance and not in totality. There was need to investigate on all the corporate governance values beyond transparency and accountability which this study will tackle in one of the specific objectives.

In relation to this, study conducted by Carlin et al. (2014) reported that considerable activity in the implementation of corporate governance values is visible in the private sector as well. Most countries have already established governance codes. The case study showed an increasing number of initiatives among stock exchanges, governance associations and ratings agencies. The impact of these private sector initiatives is varied: rules set by stock exchanges can have the force of law. Governance codes, on the other hand, may be voluntary. Both can be effective. Business groupings in all of the countries under review have made governance a priority item on their agendas and are providing training and other services to improve governance in practice. It is probably safe to say that corporate governance has, in one form or another, been the topic of discussion for every publicly traded enterprise in the countries reviewed.

More so, it has been found that there is some evidence of increased awareness. The media and non-governmental organizations such as ratings agencies play a key role in keeping governance practices in the spotlight. Foreign investors and organizations that have been surveyed or reviewed could be important to this study for the transfer of knowledge about the disclosure requirements they expect to find on the basis of their experience in international local markets.

A study by the Centre for international Private Enterprise (2015) on “Instituting governance in developing and Transitional Economies” revealed that creating an internal structure will ensure the effectiveness process of corporate governance system implementation. There are various alternatives for such internal structures to governing the governance improvements. Rather than creating a separate entity, the approach might involve expanding the scope of responsibility for an existing body or a company official who is tasked with this function. Regardless of this approach, it is important to involve the company’s senior leaders; the board, senior management and perhaps controlling shareholders to ensure effective corporate governance. Assign clear responsibilities for monitoring governance-related actions as a way to ensure that company leaders receive relevant and timely information on progress and have sufficient opportunity to intervene and make course corrections, if needed. The study findings of Centre for international Private Enterprise (2015) are relevant to this study as they will help to review the corporate governance functions in NGOs in Zambia to ensure that they are in line with the complexity of the corporate structure.

In relation to this, the study by the UNDP (2015) in the public sector postulated that public disclosure of information and accountability are lacking due to malpractice in organizational governance. The study also revealed that there was lack of coordination between various governmental agencies, decision makers, planners and project proponents which not only cause delay in decision making but also pose hindrance in effective implementation of regulations supporting corporate governance in many countries (Kaufmann et al. 2014). These factors and governance failure has potential to encourage corruption, which may result in misuse of scarce public resources.

Another study by Kakonge (2017), revealed that in many organisations, when there is a development project, the Project proposer hire professionals to carryout works for their projects and in most cases these reports tend to be of poor quality. Especially, undeveloped political culture influence for these professionals’ work in many developing countries.

Further, lack of enough information and transparency also challenges the implementation process of corporate governance in these countries. Because of that, very little is being done to redress the unsustainable development process in many countries (Kakonge, 2017). Corporate governance has generally played a major role in identifying and ensuring that all concerned parties are accountable for their deeds in development activities (Kakonge, 2017). But because of the poor socio-political environment for executing corporate governance values, many professionals are unaccountable for their process. Conversely, with more education and awareness in developing countries, people are more conscious. The increasing public awareness, growing consciousness through Non-Governmental Organizations (NGOs), self-regulation in the sector has given more opportunities for the implementation of successful corporate governance process. And these opportunities finally improve the corporate governance towards sustainable development. Therefore, organisations in developing countries ought to encourage and facilitate public participation in the decision-making process, which coincides with the principles of corporate governance (Sahni and Medury 2018).

According to Paliwal (2016), local people are now emerging as a new range of stakeholders. Increasing awareness and growing public pressure are demanding action to enhance the application of corporate governance values in many developing countries. Better information can be derived by involving those who will be affected by the anticipated development and who might contribute to its success or failure. People are challenging the decisions of government where social and economic growth is concerned (Paliwal 2016). Education and advice can help raise awareness of these issues through providing clear information, demonstrating potential improvements through case studies, and highlighting good practice of corporate governance (John, 2016).

In a.study done by Shava and Thakhathi (2016) it was observed that although international standards exist, there is no mechanism for enforcing them, and social responsibility is largely self-defined by companies. A study by Christian Aid (2014) concluded that while a voluntary approach may be successful where there is already a significant degree of commitment to integrity and transparency, in countries where the diversion of revenues into the personal wealth of elites is seen as a prerequisite of power, the necessary commitment to openness will not materialise. In other words, the current approach is least effective in some countries that most need to combat poverty. The study concluded that the current voluntary situation has left the worst corporate abusers effectively unrestrained and the victims of their actions without adequate means of redress.

### 2.2 3 Local Perspective

For Zambia, like other developing nations, improving the economy through service delivery, reducing misapplication of donor funds via higher standards of accountability and attracting donor funds for sustainability have been proposed as the most directly relevant issues, rather than scandal-driven collapses per se (Tsamenyi and Uddin, 2012). However, according to the Roiter (2016) study, failures of high-profile companies abroad in organizations (as well as Zambia's own experiences) have had a compelling influence on the domestic corporate governance agenda suggesting that, in the absence of robust practices, governance mistakes have been inevitable.

Another study by Moore and Stewart (2014) on corporate governance for NGOs listed the problems NGOs encounter in line with corporate governance. The listed problems were: The accountability problem, the structural growth problem, the evaluation problem and the economies of scale problem. The study recommended that NGOs could form voluntary national professional associations, like the association of engineers, aimed at promoting the sector, partly through self-policing of standards. In a study conducted by Ndovu (2010) on the challenge of NGOs participation in Zambia's governance monitoring, the study indicated that the relationship between the civil society and the government has sometimes been cordial and sometimes turbulent. When civil society has criticized the government on its performance, the government perceives the civil society organization to be a tool of foreign powers or opposition parties. Cooperation, therefore, between the government and civil society has depended on the state of their relationship, especially on governance issues (Njovu 2010). However, before the launch of the 6$^{th}$ National development Plan (NDP), the civil society advocated that the government of the republic of Zambia define governance in the Zambian and not global context, expand the governance part – expending service delivery section, inclusion of governance indicators, and have independent tracking of its implementation. The study concluded that key stakeholders need to work together in issues of governance and work hand in hand to ensure that various institutions, including the civil society organization's implementation of corporate governance issues is well tracked and monitored independently.

### 2.2.3 The extent to which corporate governance values have been implemented in network NGOs.

In this section the researcher focused on such countries as New Zealand, United States of America, and German. The researcher also looked at the similar situation in the developing economies of African countries like Kenya, Tanzania, Zimbabwe and Zambia where literature on the extent to which corporate governance values have been implemented was recorded.

### 2.4.1 Developed Economies

Bhuiyan (2010), conducted a study whose objective was to measure the level of compliance of corporate governance with regulations in New Zealand listed companies. The total sample of 53 companies listed by New Zealand Stock Exchange Limited (NZX) was used. The study used regression model to examine the effect of the variables. The study found that corporate governance regulations have impacted significantly on corporate governance compliance. Although the New Zealand corporate governance systems lag behind with those of comparable countries, which may lead to a loss of confidence and a high tolerance of unfit directors (Farrar 2015), It is suggested that compliance with the New Zealand Corporate Governance Principles and Guidelines will lead to the regaining of investor confidence. The increase in the level of compliance has resulted in an increase in investor confidence as well as company performance (Brennan and McDermott 2014; Prevost et al. 2012; Weir et al. 2012; Bhuiyan et al. 2019).

In United States of America, study conducted by Solomon (2014) revealed that the fundamental controversy affected the organization implementation of corporate governance values that managers do not exercise the same degree of vigilance because they are not dealing with their own money. This affected the extent to which corporate governance was implemented. More so Berle and Means (2015), initiated the discussion on conflict of interest regarding the separation of owners and managers in large corporations. Similarly, Jensen and Meckling (2016), documented that managers may commit moral hazard merely to enhance their own personal wealth at the expense of the principles of corporate governance.

Another study by McDonough (2012) in German postulated that one challenge for directors and executive management is to find outside directors who are sufficiently independent but still knowledgeable about and engaged in the business of the company on whose board they will sit and further asserts that another challenge in selecting outside directors is how to balance general business knowledge with specific industry knowledge and technical expertise. According to Seward (2012), corporations do not operate in isolated environments or in vacuums, they are subject to state imposed rules and regulations as well as events and forces around them. As a result, corporate governance is affected by overall public governance. If economic and political governance at the country level is weak, the impact of that weakness almost invariably trickles down onto corporations operating within the country.

Organization culture was defined by Jackson (2016), as the residue of success within an organization and it is the most difficult organizational attribute to change, including outlasting founders, leadership and all other physical attributes of the organization. Cultural differences in national ideologies stand to hinder the union of corporate governance mechanisms.

On the other hand, Zahra and Pearce (2017) revealed that the size of a board in organisations influenced the corporate governance values implementation to some extent. The study pointed that board size is considered one of the determinants of board effectiveness. First, the size of the board is believed to have an impact on organisational performance. In particular, in accordance with agency theory, the number of directors frequently serves as an indicator of CEO domination of the board. Increasing the number of directors makes it more difficult for the CEO to dominate the board and hence enables the board to better monitor management and corporate performance

Additionally, the study established that the size of the board that allowed for adequate participation of all board members during board meetings is the most significant processes or system factors that support good governance. The emphasis is on the adequacy of room for participation by all board members in decision making and not the number of members in the board. This is clearly supported by the existing literature on the relationship between board size and organizational performance. Hermalin and Weisback (2014) argued the possibility that larger boards can be less effective than small boards i.e. when boards consist of too many members, agency problems may increase, as some directors may tag along as free-riders. Lipton and Lorsch (2015), recommended that the number of directors on a board to be limited to seven or eight, as numbers beyond that would be difficult for the CEO to control. Shakir (2018) argued that a large board could also result in less meaningful discussion, since expressing opinions within a large group is generally time consuming and difficult and frequently results in a lack of cohesiveness on the board. Moreover, the problem of coordination outweighs the advantages of having more directors and when a board becomes too big, it often moves into a more symbolic role, rather than fulfilling its intended function.

On the other hand, very small boards lack the advantage of having the spread of expert advice and opinion around the table that is found in larger boards. Furthermore, larger boards are more likely to be associated with an increase in board diversity in terms of experience, skills, gender and nationality (Shakir 2018). The few directors in a small board are preoccupied with the decision-making process, leaving less time for monitoring activities. Therefore, within these arguments, it is clear that both small and large boards have both pros and cons. Hence, the organization should evaluate the size based on the comparative advantage drawn from the board size.

The other key determinant of effective governance is people in the board. Effective boards ensure that board members' skills and assignments are aligned with both the organization's needs and the members' own interests. This requires a deep understanding of what the organization needs from its board and what each member can (and wants to) provide given his or her skills and interests. It also encompasses the questions of how to fill gaps when the board needs different people, how to recruit them and how to exit board members appropriately when that becomes the right thing to do (Kramer and Stid 2013). Symptoms of ineffective board include board members assuming staff responsibilities, unstructured board meetings, weak board committees, haphazard selection of new board members, ignoring financial implications of their decisions. Selection of new board members will impact on the future of the organization more than any other board decision with possible exception of selection of senior management. Always consider a new board member as an investment in the future of the organization and try to recruit new board members whose ideas are fresh and challenging and who are willing to work. Board membership comes with responsibility to assure the future of the organization not as reward for future events.

In another study done by Munisi and Randoy (2013), it was established that the size of the board that allows for adequate participation of all board members during Board meetings is the most significant processes and system factor that support good governance. This was followed by the adequacy in the board election process, sharing of a common vision by the board and management on what the organisation is trying to achieve; board members' familiarity to the Association's code of good governance; and the board and executive director being able to resolve conflict constructively and good communication between the board and executive director (ED).

Besides, the importance of board size is also recognized by resource dependency theory. The central postulate of this theory is that external parties hold resources which a business organization perceives as crucial to the realization of its internal objectives. In order to acquire and maintain these resources, a company seeks to establish links with its environment and the board of directors is a vehicle to do so. Thus, a larger board of directors is assumed to be more capable of co-opting external influences, thus obtaining valuable resources that are inevitable for corporate success. Second, from a completely different angle, boards of directors are approached as decision making groups. In this respect, board size serves as a proxy measure of directors' expertise (Levrau and Berghe 2017).

Larger boards are likely to have more knowledge and skill at their disposal and the ability of boards to draw on a variety of perspectives likely contributes to the quality of the decision making. However, expanding the number of directors might significantly inhibit the working of a board, due to the potential group dynamic problems associated with larger groups. Consequently, larger boards may be hampered in reaching a consensus on important decisions (Forbes and Milliken 2019).

On the contrary, some studies found that board size was negatively associated with board involvement in strategic decisions, concluding that when boards get too large, effective debate and discussion are limited and the interaction between individual members is lower (Levrau and Berghe 2016). As with board size, the optimal board term may as well differ between NGOs over time. If the term of board appointments is too short, this can detract from long-term thinking and board continuity. The longer the term, the more difficult it is likely to be for boards to refresh the board. Normally some degree of flexibility is desirable (e.g. the possibility of a second term), perhaps in well-defined circumstances, in order to enable valuable contributors to continue on the board for a period (Australian National Institute 2013). As the African proverb indicates "a bird that stays long in a tree will get a bullet". Diversity of experience, styles, thought, age and gender are vital for board performance (Clarke and Klettner 2010).

Boards may not pay much attention to structure, thinking that it is covered in the bylaws. Nevertheless, problems often arise from structure rather than behaviour. Agenda creation and management is vital. Since the board's deliberations are determined by the agenda, that one document relates closely to the board's effectiveness. The agenda can be organized into 3 categories: items for information, items for action, and items for strategic discussion. This agenda organization helps members know what is expected of them (Arnwin, 2012).

Arnwine (2012) also further noted that if executive committees and task forces are appropriately established and charged, the board can trust their efforts. Committee suggestions and other smaller, non-controversial action items can be grouped into a “consent agenda,” requiring only one motion and one vote. Background information on items in the consent agenda can be sent out before the meeting. Use of a consent agenda saves time and allows the board to focus on the most significant issues

Board committees can play a key role in assisting the board to fulfill its corporate governance responsibilities and provide a vehicle for enhancing the participation of nonexecutive directors. Hence effective use of sub-committees is critical (Australian Institute of Company of Directors 2013). On the other hand, continuity and turnover are essential features of good board membership practices. Continuity provides organizational memory. Turnover brings fresh perspectives and resources and keeps the board from stagnating. In general, it is good to have term limits for board members (Balder 2013).

The culture of an organisation could be thought of as its “personality”. It is represented by shared values, norms, practices and core beliefs that shape behaviour. The culture of an organisation influences what it does, its relationships with stakeholders and its reputation. It can also be an important determinant of whether the organisation is able to achieve its strategic objectives and deliver on its mission. While culture can be a complex and elusive thing to identify and improve, it can have a direct impact on the activities and success of an organisation (Australian Institute of Company of Directors 2013).

One of the key issues in the organization culture is the information flow and decision-making process. It is widely recognised that the culture of an organisation will be influenced by the conduct and actions of the board and individual directors. As the ancient Chinese say, “the fish rots from the head”. One area of particular focus has been to put in place arrangements aimed at having potential conflicts of interest dealt with appropriately, including policies and procedures concerning the identification, declaration and management of such conflicts (Australian Institute of Company of Directors 2013).

### 2.4.2 Developing economies

The study by Rwegasira (2010) also observed a slow pace of corporate governance implementation in most African companies characterized by poor ethical and corporate governance practices. Therefore, the paper concluded that corporate governance practices in most African countries are ineffective, inefficient and have ultimately failed. These findings by Rwegasira were in agreement with a study conducted by Monika (2012) on corporate governance in commercial banks in Kenya. Monika found that despite the effort of government in streamlining the banking sector by introduction of statutory regulatory measures of containment on corporate governance, most banks were still collapsed due to weak internal controls and bad governance and management practices. Some of the banks that collapsed then were continental bank of Kenya and continental credit finance limited which collapsed in 1986, capital finance limited collapsed in 1987 and Eurobank in 2002. Adoption and emphasis on corporate governance by many companies was seen to become a household name as these companies strived to compete and satisfy all their stakeholders. The CMA came up with guidelines on corporate governance that was gazetted on 31st May 2002. The guidelines were prepared for companies listed in Nairobi stock exchange but companies in private sector are encouraged to practice good corporate governance as well. The weakness with this study was that it only focused on banks, and not NGOs. This meant that the findings might not reflect the situation of corporate governance in NGOs.

In another study in Kenya by Kombo and Tromp (2016), conducted in Nairobi postulated that corporate governance implementation was implemented to a lower extent. The study advanced reason that currently some network boards are not giving sufficient direction, not making policy and instead getting too involved in micro-managing non-policy issues (i.e organising workshops, consultancies, deciding who should go for training). Many board members are busy in senior posts in their own NGOs and consequently are weak in following through. The relatively frequent turnover of board members has caused delays in activity, as new board members are reluctant to implement changes until they have become better acquainted with the organisation. All in all, it is clear that CSO networks need strong leadership both within the secretariat and within the board. Weaknesses in either area are proving very inhibiting for CSO networks in Kenya to flourish.

Corporate governance and Corporate Social Responsibility are promoted as ways to increase confidence in the accountability and efficiency of corporations. The aim is to create economic conditions conducive to both Foreign Direct Investment (FDI) and local investment through clear rules and effective enforcement. Some studies have been able to draw links between the adoption of specific corporate governance practices and increased investment. Adoption of corporate governance measures also makes sense as some agencies will rate corporations without certain corporate governance practices as risky. However, other studies find no link. In some instances, the market actually rewards behaviour that is unaccountable, corrupt and socially damaging. In addition, better-run companies may remain unable to attract investment if their products continue to face tariff barriers that damage their ability to compete (Fasterling 2015).

In addition, Shava and Thakhathi (2016), conducted a study on Non-governmental Organizations and the Implementation of Good Governance Principles, that sought to assess whether Non-governmental Organizations (NGOs) indulging in poverty alleviation in Mwenezi District of Zimbabwe were implementing principles of good governance such as strategic planning, advocacy, legitimacy, transparency, accountability, monitoring and evaluation in their work. The study adopted a qualitative approach in which semi-structured interviews were conducted with ten NGO program managers who were chosen purposively. The main reason was that the researcher sought to obtain in-depth information on the way NGOs implement principles of good governance in Zimbabwe. Secondary analysis was also used to establish the existence of literature on the implementation of good governance principles in Zimbabwe. The study established that whilst some NGOs observe principles of good governance such as transparency, and information dissemination, some were not, which often led to conflicts between NGOs and the government over accountability issues. The study recommended that NGOs need to revamp their governance structures such as boards of trustees and foster close cooperation with international institutions such as World Bank, International Monetary Fund and Commonwealth to enjoy good financial relations towards funding development projects. Much as this study was focused on on-governmental Organizations and the Implementation of Good Governance Principles, it only used a qualitative approach where respondents were selected purposively to arrive at the findings. There is need to carry out a study using both qualitative and quantitative approaches as well as a simple random sampling to give the respondents an equal opportunity to take part in the study to minimize on the researcher's bias.

According to Renee (2010), the principal challenge for corporate governance is to create a system that holds decision makers accountable while according proper respect to their authority over the corporation. Managerial challenges was observed by Mutuku (2012), are a challenge for the board to effectively monitor management even if the power pattern held is reality. The challenge comes from the fact that such contracts are necessarily incomplete and it is not possible for the board to fully instruct management on the desired course of action under every possible business situation.

According to the World Bank (2010), NGOs in the world, of which Zimbabwe is no exception, have been hit by a deadly virus, which manifests itself in bad governance structures in the NGO sector, which has seen many countries and communities suffering despite the abundance of different types of NGOs. This has caused many governments in the developing world to criticize NGOs as unaccountable institutions that exist to drive their own agendas. In its report, the World Bank stipulated clearly that NGOs should practice principles of good governance in their operations such as advocacy, public participation, rule of law, transparency, accountability, equity and inclusiveness, consensus-oriented responsiveness, effectiveness and efficiency (World Bank 2010).

In the case of Malawi, a study by Rick and Malunga (2006), found that corporate governance values were not implemented to a higher extent. The study found that one of the pressing strategic challenges for NGOs networks in Malawi at the time of the study was leadership. In any small organisation in its early years of life, it is difficult to disassociate organizational performance from the performance of the leader. As such, the performance of the coordinator will be reflected in the performance of the network. In relation to this, Ashman (2015) observed that most of the NGOs networks had appointed young, dynamic activists as coordinators, often in the initial stages of network formation where there was goodwill, but no funding nor the security to lure mature NGOs leaders from established positions. This ‘youth policy’ has been good from the perspective of raising the profile and visibility of the advocacy networks.

### 2.4.3 Local Perspective

In the case of Zambia, Banda (2017) conducted a study on corporate governance structures on the performance of Zambian listed companies. The study investigated the relationship between corporate governance structures and the financial performance of the selected Lusaka Stock Exchange (LuSE) listed companies for the period 2009 to 2017. With the wide range of stakeholders of the LuSE listed companies in Zambia and the need to grow and develop Zambia’s economy, measuring the financial performance of the companies is vital. Additionally, the growth and development of the Zambian economy is at the heart of Zambia’s economic policies - aimed at eradicating poverty and gender related inequalities in income. The aim of the research was to adjust the existing framework of corporate governance structures that would enhance the financial performance of the Lusaka Stock Exchange listed companies.

The study employed a mixed research methods approach that involved the collection and analyses of secondary and primary, quantitative and qualitative data. A total of 19 Lusaka Stock Exchange listed companies was used in the descriptive and inferential statistics while 46 self-administered questionnaires were analysed. A total of 15 interviews were held with key role players comprising Chief Executive Officers of the selected key institutions. The results from the random panel regression analysis, using Tobin's revealed that the establishment of an audit committee has a statistically significant positive relationship with financial performance. The major implications are that a continued focus on the use of audit committees as well as internal and external audits can contribute positively to the financial performance of the LuSE listed companies. In as much as this study of Banda (2017) was conducted on corporate governance structures on the performance of Zambian listed companies and could help this study to information on corporate governance structures in Zambia , it only touched on the relationship between corporate governance structures and did not look at the implementation of corporate values. Worse still it was done on selected Lusaka Stock Exchange (LuSE) listed companies and not NGOs. It was imperative therefore that this gap be filled by conducting a study on the implementation of corporate governance values in NGOs by investigating the process, values, and the extent to which corporate values were implemented in NGOs in Zambia.

Another research by Mwenda (2015), indicated that common challenges faced by NGOs affecting corporate governance included poor attendance by board members at meetings, poor understanding of the board's mandate and responsibilities and that of staff, lack of experience amongst board members, weak financial fund-raising capacity and the tendency of board members to use their position on the organization's board to further external interests. There should be clarity regarding individual board responsibilities, organisational expectations of directors and the role of the board. The study by Mwenda was significant to this study as it highlighted the fundamental governance concerns that can weaken the extent of implementing corporate governance and ultimately the effectiveness of NGOs.

### 2.5 Role of NGOs in Social Corporate Responsibility

Corporate Social Responsibility (CSR) is the commitment of an organisation to consider its impact on society and the environment, and to operate in a responsible way. The need for current and future employees to protect the organisational ethics and core values is increasingly important to maintain a Brand Identity. In this context it is increasingly important for the Authority to leverage the role that internal Corporate Social Responsibility (CSR) plays in sustaining the organisations ethical climate and values. CSR can involve a range of activities and prioritized, depending on the organisation and the sector. People are increasingly concerned about how business function and it is now generally accepted that organisations have a responsibility to explain their actions and approaches, not only to their stakeholders but also to their other stakeholder the people who are affected by the organisations.

In Zambia, the concept of CSR can be termed to still be in development stage with most corporates engaged more in philanthropy than social investment whose end goal is to transform situations and lives in a way that makes the recipients sustainable. The goal of CSR in its purest form is not to hand out something for today only but to invest in something that will continue to earn a return for the beneficiary. CSR should be about elevating circumstances, creating and giving opportunities to sustain people into the future, even when that corporate is no longer present. A company's financial and commercial goals should be able to co-exist with its social goals. There has been growing concern amongst citizens in Zambia about the responsibilities and commitment of large investment companies such as the mines towards the environment and the welfare of the communities where they operate. Evidence indicates that while mining firms have made significantly large profits, the communities they operate in remain poor, underdeveloped and with a large part of the population, particularly young people, unemployed or without any means of earning a decent income, if at all (Mulenga, 2020).

There are companies that have evidently shown a CSR philosophy along the lines earlier stated. The ones that do not only give handouts but also make tangible investment in people, in contrast to the aforementioned approach widely practiced among companies in Zambia today. Among those less sung heroes of CSR is the KCM. In connection, CSR, Konkola Copper Mines (KCM) as one of the largest mining companies operating in Zambia, strives to ensure that the impact of our investment goes beyond simply paying taxes, but benefits the communities where it operates. The Corporate Social Responsibility (CSR) programmes have a rich history. KCM specifically took on significant social responsibilities from the period before the privatization of the mines, including the development of hospitals, schools and other social programmes. After the acquisition of KCM, the CSR programmes have been expanded to ensure effective and maximum outreach. Since 2005, KCM has spent over US$ 150 million on CSI programmes. The four key areas for social development cover: health, education, sustainable livelihoods, and sports development.

In line with KCM, Copperbelt Energy Corporation (CEC), has also has shone as a beacon of light and hope in equitably distributing the resources it generates. It may be known to a large number of citizens that CEC sponsors the Power Dynamos Football Club. What may not be well known is that of all the football clubs on the Copperbelt, only Power Dynamos has enjoyed consistent, high quality sponsorship from its formation in 1971 to date, by the same company. After the Zambia Consolidated Copper Mines (ZCCM), which gave a lot to sports development in this country, was privatized in the late 1990s and early 2000s, the Copperbelt Province experienced a different wave of change through football misfortune as the mine owners did away with putting financial resources into football and sporting facilities. Not so for Power Dynamos – CEC took on the responsibility and has spent millions of dollars (about $10 million in the last 5 years alone) on the club. The recent Covid-19 pandemic has brought to the fore what most companies value as their biggest priorities and significantly, the value they place on the community. On 19 May 2020, CEC donated 4,000 test kits and reagents valued at K1.7 million to the Zambian government towards the fight against Covid-19. This is not the only assistance the company has given towards the cause. In deciding to give both at national and localized level, CEC has in addition to the test kits given personal protective equipment and sanitary supplies to frontline healthcare staff and members of the public alike, and has not confined its assistance to its operational areas on the Copperbelt (CEC, 2021).

There would be no business if the health of people doing business was compromised. The aforementioned gesture, particularly in these unprecedented Covid-19 times that have shaken financial markets and resulted in most companies focusing on financial survival, undoubtedly showcases CEC's corporate values and commitment to community involvement and engagement. A testament to the company's sustainability mission of investing in education, health, sport and recreation, environmental stewardship, infrastructure development and young people, all causes and projects that make a difference to the people of Zambia.It recognize and support the passion and drive of its employees to be valued participants in their communities, providing volunteering opportunities. Additionally, CEC has demonstrated its commitment to the Zambian people in numerous ways such as having over 4000 individual Zambians as shareholders and the number increasing when those with indirect shareholding through pension funds are added, being a dependable taxpayer and making extensive social, economic and environmental investments in the community. Evidently, the Company has shown strong desire and consistency in giving back to the communities where it operates and serves, and significantly creating positive impact on these communities (CEC, 2021)

Moreover, it is worth noting that some of the local corporates in Zambia have received accolades for supporting our noble housing initiatives. Most notably, during the Corporate Social Responsibility Network Zambia's 2020 CSR and Responsible Business Awards, Stanbic Bank and Zambia Airports Corporation Limited won awards for supporting our low cost housing projects, and they came out 2nd and 6th respectively out of the 36 organizations that were identified by the network. Additionally, the leading cement manufacturer in Zambia, Lafarge Zambia Plc won the Middle East and Africa Golden Award for outstanding work in Corporate Social Responsibility for our flagship housing project in Makululu, in Kabwe district, which is one of the biggest slums not only in Zambia, but in sub-Saharan Africa (CSRN, 2020).

Further, the report by ZICTA (2021) indicated that the company is committed to acting ethically in its everyday business. It has gone much further than that, and taken opportunities to use its skills, expertise, knowledge and relationship to make a positive difference to individual, society and the environment. Building trust being open and approachable, and acting with integrity are vital to achieving this objective. The CSR activities of ZICTA create stronger relationships with customers. The internal CSR policy identified the following impact areas: Developing more dynamic and corporate social responsible employees; and developing a more inclusive organisational internal corporate social Responsibility function.

## 2.6. Research Gap

From the literature reviewed, it has been shown that the implementation of corporate governance values was influenced by both external and internal factors, and for most organizations, are likely to result from a combination of external and internal factors. Many studies examined causal connections between external factors such as country-specific legal guidance and internal factors such as reactions to organizational-specific pressures on its likelihood to disclose information about their corporate governance (Cahan et al. Staden

2016). Like other types of non-financial disclosure, these disclosures may be superficial (just providing legally required information) or may reflect deeper underlying changes to corporate governance mechanisms and internal control quality (Wang, 2010). There is need to specify the findings to which they can be applied. Additionally, the findings can be criticised for their use and measurement of multiple country-level factors to explain country and firm specific governance mechanisms, making comparisons difficult (Schiehll and Martins 2016), and for their focus on an economic rather than an institutional perspective. This study will fill this gap.

Moreover, it has been revealed that most of the studies covered in the literature review are based on other countries like New Zealand, Nigeria, Kenya, Zimbabwe and Malawi with much focus on listed companies which are profit making companies. More so that it was deduced that the large number and frequency of this research was on the relationship between corporate governance structures and the performance of companies contrary to the implementation of corporate governance values, and the research outcomes have been inconclusive and contradictory. Unlike other studies this research will focus on the implementation of corporate governance values, taking into consideration the process, values and the extent to which corporate governance values are implemented. On the other hand, in developing countries, research on corporate governance has been limited and its results inconclusive, making it difficult for the results to be applied in other developing economies like Zambia in particular. This is because of differences in economic conditions, political conditions and the infrastructure of the countries. In Sub-Saharan Africa, research on this subject has been limited (Kyereboah- Coleman 2017). In Zambia, there is limited research investigating the implementation of corporate governance values in network NGOs, despite the growth in the number of NGOs. All these gaps have necessitated the researcher to conduct this study to fill the gaps existing.

## 2.7 Lesson Learnt

From the literature reviewed it can be asserted that there are various corporate governance values being implemented in private and public sector, and these include transparency, accountability, openness, and integrity among others. Even though there is considerable consensus on what constitutes good governance, it is often said that “one size does not fit all”. Differences between countries are pointed to as barriers to the development of principles of general applicability. While differences among countries can be significant, there appears to be a fair amount of consensus on the level of principles, if not on the level of implementation. The common features of corporate governance disclosure ranges from corporate governance legislation, Enforcement problems are a commonality, listed enterprises are the primary concern of efforts on improved corporate governance and disclosure, Regulation versus voluntary approach, and Coordination among parties involved suffice to say that, it has been shown that the implementation of corporate governance values is contextual. In developed countries the implementation of corporate governance is good while in developing countries it is moderate. Unlike in developed economies where several values are considered, in many developing countries, systems of corporate governance are frequently 'relationship-based' which can foster insider trading and corruption.

There are many external and internal factors that influence corporate governance implementation. Country-specific legislation and cultural norms drive much of the corporate governance implementation but other external factors such as media interest and stakeholder activism also play a part. Within organizations, financial performance (weak or strong) may result in a desire to provide more information regarding an organization's corporate governance as can pressure to conform to the norms, demonstrate industry leadership to peers or mimic others. Firm-specific governance scandals are also very likely to result in changes to the nature of information provided by a firm (Christensen 2016). In addition, less observable factors such as organizational culture can be significant in terms of the level of transparency provided in corporate disclosures.

It has also been learnt from the literature reviewed that the implementation of corporate governance values in NGOs has been faced with such challenges as bad governance structures which has seen many countries and communities suffering despite the abundance of different types of NGOs. This has on the other hand led to many governments in the developing world to criticize NGOs. Additionally, studies have revealed accountability problem, the structural growth problem, the evaluation problem and the economies of scale problem. Further, there is lack of mechanism for enforcing international standards of corporate governance, difficulty of proving link between adherence to standards and investment.

## 2.7 Chapter Summary

This chapter reviewed some studies done by other scholars that were relevant to this study. This covered those done in developed and developing countries. The next chapter presents a theoretical review and conceptual framework of the study.

## CHAPTER THREE

## THEORETICAL AND CONCEPTUAL FRAMEWORK

### 3.1.0 Introduction

This chapter provides the theoretical review relating to the topic under study. A theoretical framework illustrates a broader relationship between things based on theories (Creswell 2007). It explains the application of a theory to offer an explanation of an event or research problem. In essence, in the case of corporate governance theories such as Institutional, stakeholders, and Agency theories can prevail to explain the reliance either on insider or outsider dominated boards.

### 3.1.1 Stakeholder Theory

This theory was originally detailed by Freeman (1984) in the book, Strategic Management: A Stakeholder Approach. The theory identifies and models the groups that are stakeholders of a corporation. It is a theory of organizational management and business ethics that addresses morals and values in managing an organization. In the traditional view of the firm, the shareholders or stockholders are the owners of the company, and the management of the firm has a binding fiduciary duty to put their (shareholders') needs first, to increase their wealth.

Stakeholder theory argues that there are other parties involved, including staffs, communities, governmental bodies, political groups, trade unions and trade associations. Even competitors are sometimes counted as stakeholders - their status being derived from their capacity to affect the firm and its other stakeholders. The nature of what is a stakeholder is highly contested (Miles 2012), with hundreds of definitions existing in the academic literature. The Stakeholder theory gauges the level of co-operation and engagement with stakeholders by the boards to successfully implement corporate governance values that will, both, harness good working relationship of Network NGOs with other stakeholder performance of NGOs. The harnessed execution of corporate governance is ploughed into the service delivery mandate of a Non-Governmental Organization which will assist it to better respond to the demands of the stakeholders.

### 3.1.2 Institutional theory

Institutional theory argues that all organizations take the shape they do because they draw from the culture around them with value-based notions of how things should be organized (Shubham et.al, 2019). Institutional theory is an increasingly important lens for studying all types of organizational phenomena (Shashank, 2019). Thus, in addition to exploring the highly tangible and explicit drivers of corporate governance adoption that stakeholders could readily articulate, Institutional Theory also is used to explore the deeper motivations and behaviours of organizations.

The central tenet of institutional theory is that organizations are primarily shaped by their desire to achieve a high level of legitimacy in the eyes of key groups of external stakeholders, rather than being driven chiefly to optimize organizational performance (Yohannes, 2015). As organizations and business units of the same type share many external stakeholders, and are subjected to the same environmental pressures, they tend to adopt strikingly similar organizational designs and behaviors. For example, it has been shown how organizations of a certain class might all adopt similar attitudes to the desirability, or otherwise, of a particular type of management (Tonkin, 2003). In a similar vein, studies have demonstrated how such institutional factors have also influenced commercial organizations to mimic one another with respect to their adoption of cooperate governance (Eikenberry and Kluver, 2004).

Consequently, institutional theory was relevant to this study in that it assumes that organizations are best understood as embedded within communities, political systems or organizations. Within the institutional environment, there are rules and requirements to which individual organizations must conform if they are to receive support and legitimacy. The theory also helped in exploring the deeper motivations and organizational behaviors that are critical to corporate governance. This applies to NGOs as they operate in an institutional environment.

### 3.1.3 Agency Theory

The agency theory is a principle used to explain and assist in resolving issues in relationships between owners of the business (shareholders also called principals) and the management of the business (company executives also called agents). The principals rely on their agents to execute the business transactions to meet their expectations of increasing the worthiness of their investment (Mitnick 2013).

Agency theory is concerned with resolving problems that can exist in agency relationships; that is, between principals (such as shareholders) and agents of the principals (company executives). The two problems that agency theory addresses are: the problems that arise when the desires or goals of the principal and agent are in conflict, and the principal is unable to verify what the agent is actually doing. Putting it differently, the agency problems arise when the principal and agent have different attitudes towards risk. Because of different risk tolerances, the principal and agent may each be inclined to take different actions.

Adams (1994), in his article stated that Agency theory can provide for richer and more meaningful research in the corporate governance in NGOs. Agency theory, which dominates corporate governance research, is concerned with the conflicts of interest that may occur between the shareholders (principals) and the managers (agents). Separation of ownership and control provides the potential for managers to pursue actions which maximize their self-interest at the expense of the shareholders. The board of directors serves as an internal control mechanism in order to monitor management and to ensure shareholders' welfare. In an agency perspective, effectiveness is presumed to be a function of board independence from management. Applied to the composition of the board of directors, agency theory prescribes a preponderance of independent outside directors (Levrau and Berghe, 2012).

From board task perspectives, the boards of Non-Governmental Organisations are expected to perform control and advisory tasks. The control tasks follow predictions of agency theory, suggesting that the primary responsibility of corporate boards is to safeguard the shareholders and the reputation of organisation from misappropriation through transparency and accountability as well as fairness and openness among others. The attention to board control tasks is regaining interest in light of the current global financial crisis. As such, board control is increasingly considered a primary measure of boards' effectiveness (Minchilli, Zattoni, Nelsen and Huse 2012).

The agency theory was the anchor theory for this study which served as a basis for the conceptual framework provided below.

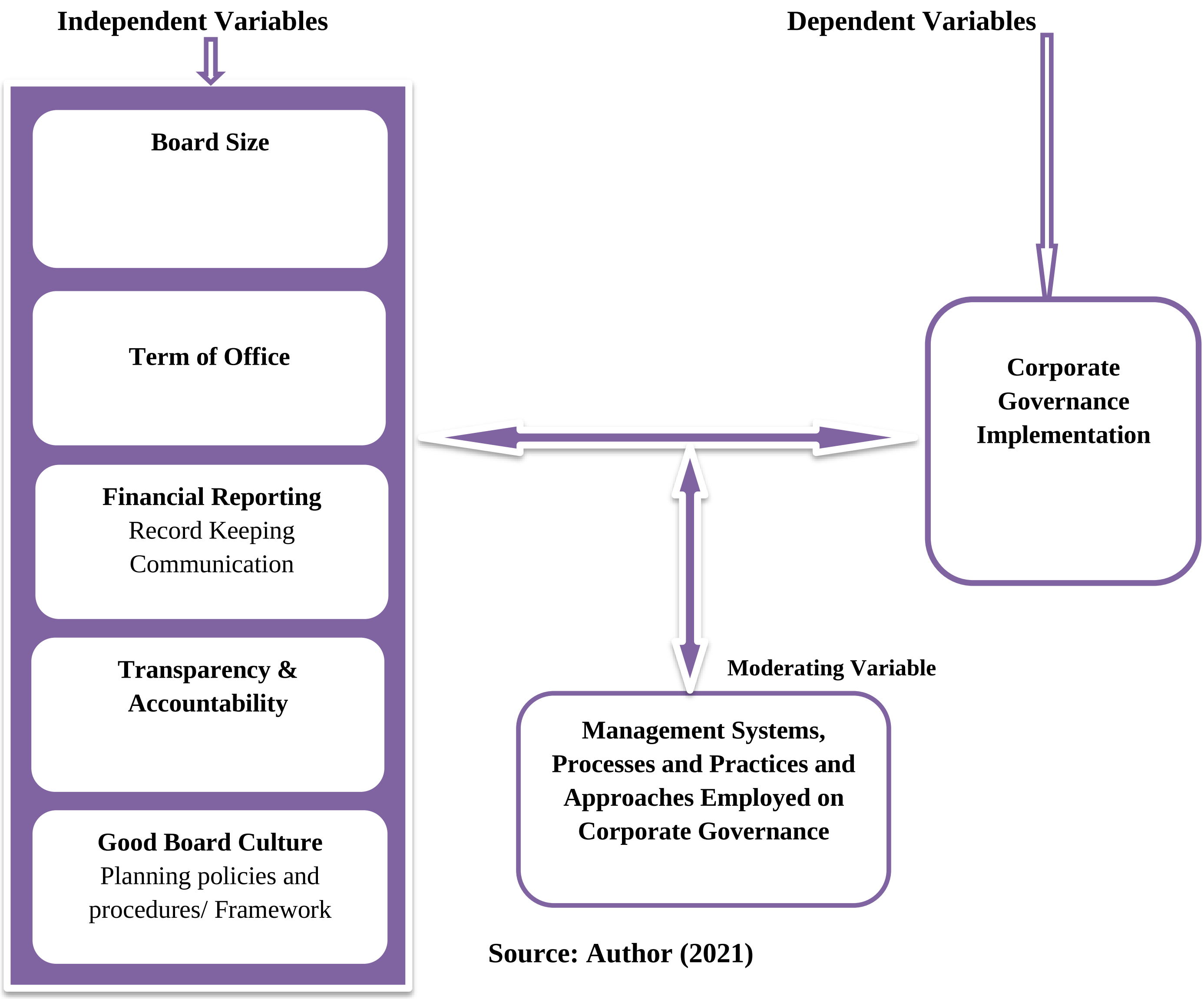
### 3.2.0 Conceptual Framework

A conceptual framework can be defined as an assertion of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation (Arshida and

Agil 2012). The conceptual framework below illustrates the relationship between the independent variables and the dependent variables under this study.

Figure 3.2.1 below shows board size and term of office, good board culture, financial reporting, transparency and accountability as independent variables, while management systems, processes and practices and approaches employed on corporate Governance are moderating variables, and the dependent variable being good corporate governance implementation.

**Figure 3. 2.1: Conceptual Framework**




**Source: Author (2021)**

### 3.3.0 Hypothesis

1. **Ha:** Board size has a significant influence on the implementation of corporate governance values.

   **Ho:** Board size has no significant influence on the implementation of corporate governance values.

2. **Ha:** Term of office has a significant influence on the implementation of corporate governance values.

   **Ho:** Term of office has no significant influence on the implementation of corporate governance values.

3. **Ha:** Financial reporting has a positive influence on the implementation of corporate governance

   **Ho:** Financial reporting has a negative influence on the implementation of corporate governance

4. **Ha:** Transparency and accountability influence the implementation of corporate governance to a greater extent.

   **Ho:** Transparency and accountability do not influence the implementation of corporate governance to greater extent.

5. **Ha:** Good board culture has a significant influence on the implementation of corporate governance values.

   **Ho:** Good board culture has no significant influence on the implementation of corporate governance values.

### 3.4.0 Operationalization of Variables or Values

**Board size:** The size of the board may determine whether or not adequate participation of all board members in strategic decisions during board meetings is the most significant processes or system factors that support implementation of corporate governance. Larger boards are more likely to be associated with an increase in board diversity in terms of experience, skills, gender and nationality (Zahra and Pearce, 2017).

**Term of office:** A term of office is the length of time a person serves in a particular elected office. In many jurisdictions, there is a defined limit on how long terms of office may be before the officeholder must be subject to re-election. Some jurisdictions exercise term limits, setting a maximum number of terms an individual may hold in a particular office.

**Transparency and accountability:** The highest level of transparency and accountability in an organization are essentially required in the quest to maximize the efficient use of resources to ensure long-term economic success of the organization.

**Organisation culture:** The culture of an organisation is represented by shared values, norms, practices and core beliefs that shape behaviour. It influences what the organisation do, its relationships with stakeholders and its reputation. It can also be an important determinant of whether the organisation is able to achieve its strategic objectives and deliver on its mission (Shakir 2018). Bridgespan (2019) indicated that the culture of effective boards allows for meaningful participation among its members which are characterized by open debate and questioning, and an atmosphere of mutual trust and respect among the members.

The researcher's assumption behind this conceptual framework is that the efficient and effective implementation of corporate governance (dependent variables) in NGOs depends on the availability of independent variables which are factors such as board size and term of office, good board culture, financial reporting, transparency and accountability. The extent to which the corporate governance implementation is achieved depends on the extent to which they take advantage of or interact with the independent variables that they have to process. In other words, at the center of the independent and dependent variables are moderating variables which are management systems, processes and practices and approaches employed in implementation of corporate governance, that board require to undertake or consider to attain an efficient and effective implementation of corporate governance.

### 3.5.0 Chapter Summary

This chapter has reviewed the different theoretical frameworks researched on corporate governance implementation in public and private sector organisations and has shown a conceptual framework. This chapter also made a literature review of the implementation of corporate governance in the NGOs. The next chapter discusses the research methodology employed to conduct the study in order to answer the research questions.

# CHAPTER FOUR

# RESEARCH METHODOLOGY

## 4.1 INTRODUCTION

Creswell (2003) defines the term methodology as a general research strategy that outlines the way in which research is undertaken and, among other things, identifies the methods used in it. Similarly, Berg (2009) delineates that these methods describe or define the means or modes of data collection or, sometimes, how a specific result is calculated. It is a process that the researcher uses to collect data for the purpose of making an informed opinion on a particular study as guided by philosophical perspectives on the choices and methods. This chapter starts with establishing the philosophical basis of research and provides the choice on selection of the study population, sample size, sampling techniques, It further explains how the data was collected, analyzed to get best results, the validity and reliability of the instruments used and ethical considerations.

## 4.2 THE PHILOSOPHICAL BASIS OF THE RESEARCH

In order to apply discipline to this study, it is important to root the methods in philosophical thinking. According to Saunders, et al. (2007), research philosophy relates to the development and nature of that knowledge. It contains important assumptions about the way in which the world should be viewed. A research philosophy is very critical to the study of this nature because it forms a basis of the belief about the way in which data about the phenomenon under study in this case, the assessment of the implementation of corporate governance values, would be gathered, presented, analyzed, and interpreted to support the assumption and conclusions of the researcher.

In terms of the core branches of Philosophy, Epistemology is basically one of three (3) fundamental philosophical foundations underpinning social science research. This study employs aspects of epistemology to decide on the topic of study. Epistemology is concerned with providing a philosophical grounding for deciding what kinds of knowledge are possible and how the researcher can ensure that they are both adequate and legitimate (Crotty: 2003).

### 4.2.1 Epistemology

Epistemology is the study of knowledge that is concerned with all aspects of validity, scope and methods of acquiring knowledge. The term epistemology discusses what is known to be true about the research topic or phenomenon and it encompasses the various philosophies of research approach and leads the researcher to seek for what is true and not mere beliefs as the matter is clearly very critical to governance. There are several types of epistemology which include objectivism, constructionism and subjectivism (Moon and Blackman, 2014).

The Epistemological stance that was used in this study is objectivism epistemology which holds that meaning, and meaningful reality, exists as such apart from the operation of any consciousness. It means that the mind of the investigator or researcher is thought to be separate of the world of objects, of what is investigated (Moon and Blackman, 2014). Epistemological standpoint was relevant to this research in that the researcher ensured objectivity in the study by separating herself from the respondents to allow them to express their views on how they perceive things or matters related to this study based on their experiences without intervening. This was done using simple random sampling techniques; self-administered questionnaire to avoid researchers' bias. The researcher further used triangulation in data collection on various players involved in the implementation of corporate governance, for instance the use of quantitative and qualitative approaches to get the exact view of the respondents to ensure objectivity.

## 4.2 RESEARCH DESIGN

A research design constitutes the blueprint for the collection, measurement and analysis of data. It is a plan and structure of investigation so conceived as to obtain answers to the research questions (Cooper and Schindler, 2000). The study used descriptive research design. The descriptive research design is a research design concerned with finding out or answering research questions related to who, what, when, where, how or how much. Descriptive studies are also concerned with the discovery of association among different variables (Cooper and Schindler, 2000). The benefits of this type of study are that it describes various characteristics associated with the population under study. The use of the research design allowed the researcher to develop a detailed, intensive knowledge about a single case or of a small number of related cases. This design was also flexible and enabled the researcher to use a method of collecting data and information suitable for a mixed design approach.

## 4.3 RESEARCH APPROACH

There are various types of methodology that could have been used by the researcher and these are: Quantitative, qualitative and mixed method. This study used a mixed method and in particular concurrent mixed method approach.

### 4.3.1 CONCURRENT MIXED APPROACH

The concurrent mixed approach involves the simultaneous but separate collection and analysis of quantitative and qualitative data for the researcher to have best understand of the research problem. In other words, it is a one-phase approach in which the researcher implements the quantitative and qualitative methods during the same timeframe and with equal weight (Creswell, 2003).

The use of concurrent mixed approach enabled the researcher to acquire a breadth and depth of understanding and corroboration, while compensating for the weaknesses inherent in the use of the quantitative or qualitative approach by itself. The other reason for using this approach was the possibility and assurance to triangulate the findings, that is, the use of various means (methods, data sources) to examine the same phenomenon (Crotty, 2003). The concurrent mixed approach allowed the researcher to identify aspects of the topic under study more accurately by approaching it from different points of view using triangulation (Hennink and Bailey, 2014).

## 4.4 TARGET POPULATION

Target population refers to the entire group of individuals to which the researcher is interested in generating conclusions (Kirk and Miller, 2016). In the case of this study, the total population was 53, that is, 25 NGOCC, 16 Young Women Christian Association, and 12 Habitat for Humanity) as obtained from the management of these organisations. These sites were chosen because they are major institutions and that they are in a good position to provide the information required for this study.

## 4.5 SAMPLE SIZE

A sample refers to a list of selected items from the target population that is representative enough from which information is collected. In effect, the universe constitutes a sample. Preferably, the sample size should be small but representative and reflect the resources available (Strauss and Corbin, 2017). To calculate the sample, the researcher used TARO YAMANE FORMULAR shown below:

Where N = Population size

n= Collected sample size

e= Margin of error (moe) = 0.05

$n=N / (1 + N (e^2) / N (1 + Ne^2)$

n=53 / 1+53 (0.0025)

n= 53/ 1 + 0.135

n = 53/ 1.1325

n= 46

From the calculation above, the study used 46 respondents to participate in the study. From this number, an interview template was used, and responses collected from a total of 6 people who comprised of 2 senior staff from each institution. Whereas subordinate staff answered the structured questionnaires. The number was divided as follows:

**Table 4.5: Division of sample size**

| INSTITUTIONS | NUMBER |
|---|---|
| NGOCC | 23 |
| Young Women Christian Association | 15 |
| Habitat for Humanity | 11 |
| **TOTAL** | **46** |

## 4.6 SAMPLING TECHNIQUES

There are two types of sampling techniques; probability sampling and non-probability sampling. Purposive sampling is a type of sampling where the element has no equal or predetermined chance of being selected as a subject, whereas simple random sampling is the situation whereby each element in the population has an equal chance or probability of being selected as a sample subject (Sekaran, 2006). In the case of this study, both purposive and simple random sampling was used to select respondents. Purposive random sampling was used on senior management staff of NGOs who responded to the interview template, while simple random sampling was used on subordinate staff from NGOs who responded to the semi-structured questionnaire. (Cohen, et al. 2007) stated that simple random sampling ensures that all the respondents have equal chance of being selected in the study so as to avoid researcher's bias, while purposive sampling was used to ensure that certain information is collected from the right audience.

## 4.7 DATA COLLECTION INSTRUMENTS

There are various data collection tools used in research. However, this study used an interview template and a semi - structured questionnaire comprising of both closed and open-ended questions. The interview was conducted on senior respondents from NGOs while the semi-structured questionnaires were administered to other respondents in NGOs. Both the interview and the semi - structured questionnaires allowed the respondents to respond to the questions objectively at their convenient time, thereby minimizing the researcher's bias. Both documents were pre-tested before the actual data collection exercise to check for consistence, accuracy and ambiguity. Three (3) Interview Templates and three questionnaires were distributed to the respondents of the population of study who were not part of the main research.

## 4. 8 DATA ANALYSIS

Data analysis is the process of inspecting, cleaning, transforming and modelling data with the goal of highlighting useful information, suggesting conclusions and supporting decision making (Ader and Mellenbergh, 2008). Quantitative data collected was entered in SPSS computer software program (SPSS version 20.0) which served as a data source for interpretation using the Microsoft excel template. This statistical software helped the researcher to establish the relationship between variables as well as testing the hypothesis of this study through Pearson's Correlation Coefficient, the mean and standard deviation. Quantitative data was presented in descriptive statistics such as tables and graphs for easy interpretation. The descriptive statistics enabled the researcher to describe and compare variables numerically. On the other hand, qualitative data collected from the interview template was analyzed using thematic analysis based on the content or meanings expressed through words to give a clear picture.

## 4.9 VALIDITY AND RELIABILITY

These are the criteria for evaluating research tools (Bichanga and Aseyo, 2013). Reliability is defined as the quality of consistency or explicability of a study or measurement. Kothari,

(2004) asserts that a measuring instrument is reliable only if it provides consistent results. The methodological research design needs to be reliable, valid and rigorous. Reliability was achieved through the use of different procedures of sampling, data collection tools i.e interviews and questionnaires to collect data from different groups of respondents in the same organisation as well as using of chi-square Pearson correlation coefficient test to analyze data and arrive at the findings for interpretation purposes. It allowed results to be replicated with some satisfactory degree of precision and confidence within other settings.

Validity, on the other hand, is the most critical in a study as it indicates the degree to which an instrument measures what is supposed to be measured (Sekaran, 1992). To ensure validity, the researcher carried out consultations with the supervisor in the field of study. The researcher further carried out a pilot test of the interview and the questionnaire by administering 3 of each document from the population of study who were not part of the main research. This helped to establish any errors incorporated in the measurement of the interview template and the questionnaire and the removal of unnecessary questions.

## 4.10 ETHICAL CONSIDERATIONS

Ethical concerns are a very important component to any social or educational research (Cohen, et al, 2000). The ethics of research implies requirements in the research work, protection of the dignity of the subjects and publication of information in the research. They imply informed consent, clarity, do not harm, respect for anonymity and confidentiality and respect of privacy (Ford and Reutter, 2016). Therefore, to ensure ethical consideration in this study, the researcher obtained ethical approval and clearance from the University of Zambia and from the relevant institutions from which the study was carried out. On the part of the respondents, informed consent was obtained from all participants prior to the research to ensure that they participate voluntarily. The respondents were notified and were briefed on the objectives of the research and asked for permission before the research begun. The respondents were assured of strict confidentiality of the information they would disclose. All the data collected during the study was kept strictly confidential and was not used for any other purpose other than the intended one. The researcher also maintained a privacy and honest approach and ensured that names of the respondents involved were protected by not revealing them, and moreover the responses were presented in the tables and charts altogether and not individually. Confidentiality of responses was further enhanced by ensuring that ethical issues were highly upheld and strictly adhered to during the research process.

## 4.11 LIMITATIONS OF STUDY

There were several limitations regarding this research study. Primarily, it was difficult to investigate a broad topic that required deep investigation, associated with a large number of factors within the budgeted funds, and allocated time. Secondly, the research results obtained in this research may not have represented the perception of all the institutions, since it was confined to the viewpoints of the NGOs only excluding others from the public sector in Zambia. Thirdly, this research relied mainly on the primary data. Moreover, the result obtained in this research may not represent the whole country (Zambia), since it was confined only to Lusaka District.

## 4.12 CHAPTER SUMMARY

In conclusion, the study employed descriptive study design in which qualitative and quantitative data was collected. Additionally, Interviews and semi- structured self-administered questionnaires were used in collecting data for this research and later the data was checked for uniformity, consistency, accuracy, and completeness. Data analysis and interpretation was done with the help of the computer software and statistical tools which are Microsoft Excel, and Statistical Package for Social Science. Finally, ethical considerations were taken into consideration to ensure that the views of respondents were kept in confidentiality.

# CHAPTER FIVE

# PRESENTATION OF FINDINGS

## 5.0 Introduction

This chapter first presents the findings from the research questionnaire based on the research questions. It also included the demographic characteristics. It then proceeded to present the results obtained from an in-depth interview that was conducted on the senior staff through the use of an interview template. These findings were based on a total of 40 respondents (35 questionnaires and 5 interview templates). Thereafter, a summary of the chapter is given.

## 5.1 PART A- QUANTITATIVE PRESENTATION OF FINDINGS

### 5.1.1 Demographic Characteristics

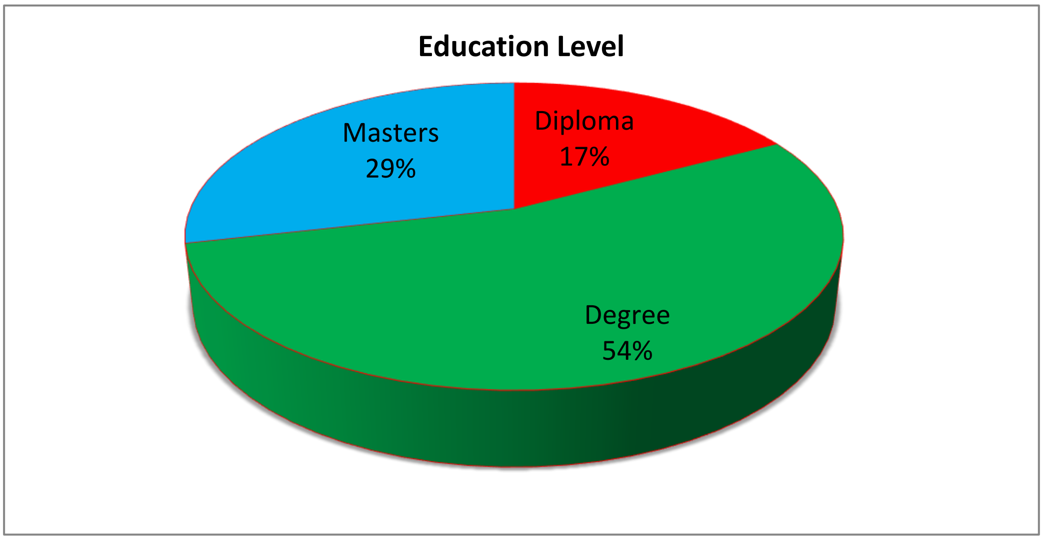



**Figure 5. 1: Percentage distribution of highest level of education**

In figure 5.1 above, respondents were asked on the highest level of education attained. The results showed that out of 35 total respondents who took part in the study, 19 representing 29% were at the undergraduate degree level of education, 10 (15%) had Masters degrees, whereas 6 representing 9% were at diploma level. These results implies that majority of the respondents had undergraduates degree meaning they were able to read and understand what was required of them in this research.

## 5.2 Work Department

Table 5.1 shows information on the department of work in which the respondents belonged.

| Department | Frequency | Percent |
|---|---|---|
| Finance | 2 | 6% |
| Programme Development and Implementation | 10 | 29% |
| Human Resource and Administration | 4 | 11% |
| Communication, Advocacy and Networking department | 9 | 26% |
| Grants Management | 1 | 3% |
| Monitoring, Evaluation and Research | 1 | 3% |
| Social economic department | 2 | 6% |
| Institutional Governance | 6 | 17% |
| Total | 35 | 100% |

**Table 5. 1: Distribution of work department**

Table 5.1 above shows the results obtained on respondents' department of work in their respective organisations. it can be seen that 10 representing 29% worked from the programme development and implementation department, 9 representing 26% were from the communication, advocacy and networking department, and 6 (17%) were from institutional governance. Additionally, 4 (11%) worked from the human resource and administration department, 2 (6%) indicated social economic department whereas 1 presenting 3% of the respondents, each were from grants management; and monitoring, evaluation and research respectively.

### 5.3 Years of Existence

Figure 5.2 below shows number of years the organisations that participated this study were in existence

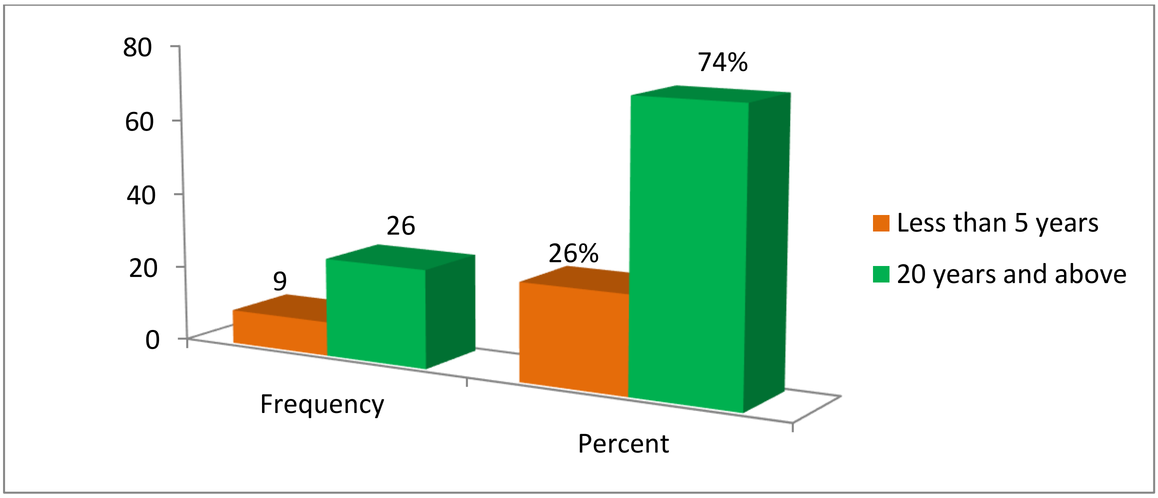



**Figure 5. 2: Distribution on years the institution has been in existence**

Figure 5.2 above shows the number of years the organisations under study have been in existence. It was deduced that majority of the respondents represented by 26 (74%) indicated that their organisation has been in existence more than 20 years whereas only 5% indicated less than 5 years.

### 5.4 Corporate Governance Values Implemented

Figure 5.3 below shows the results obtained on knowledge on corporate governance values

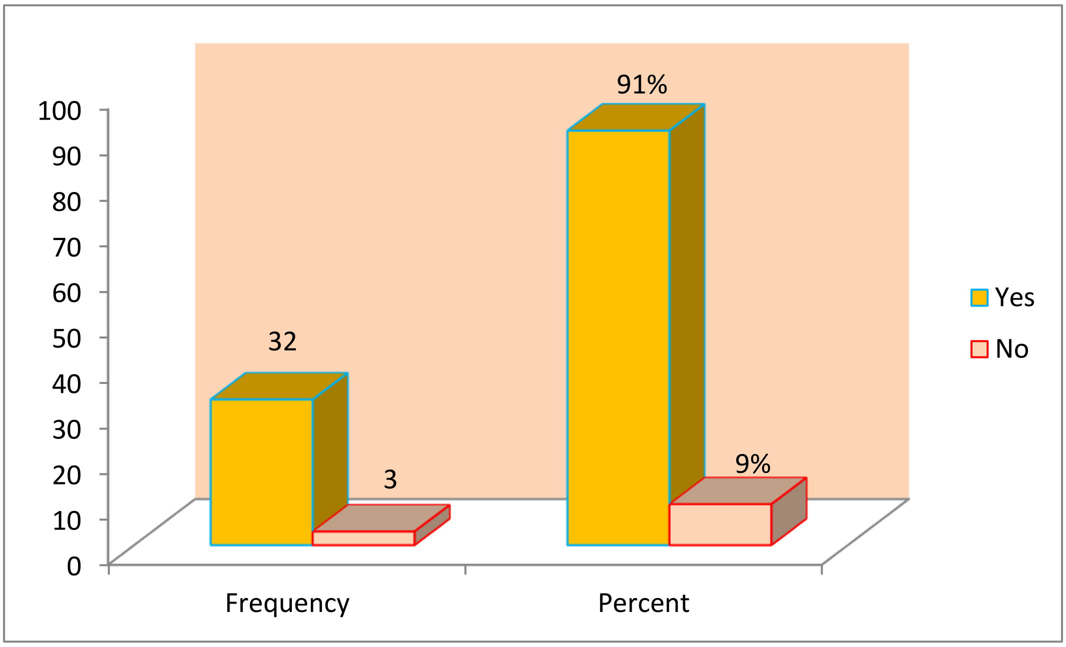



**Figure 5. 3: Percentage distribution on knowledge on corporate governance values**

In figure 5.3 above, respondents were asked on their knowledge on corporate governance values. It was shown that 32 representing 91% of the respondents agreed that they knew some corporate governance values, while only 3 representing 9% said otherwise. These results entails that majority of the respondents who participated in the study had knowledge on corporate governance, and thus the data was collected from the right audience.

### 5.5 Use of Corporate Governance Values

The figure below shows the results on whether or not organisations used corporate governance values in their operations

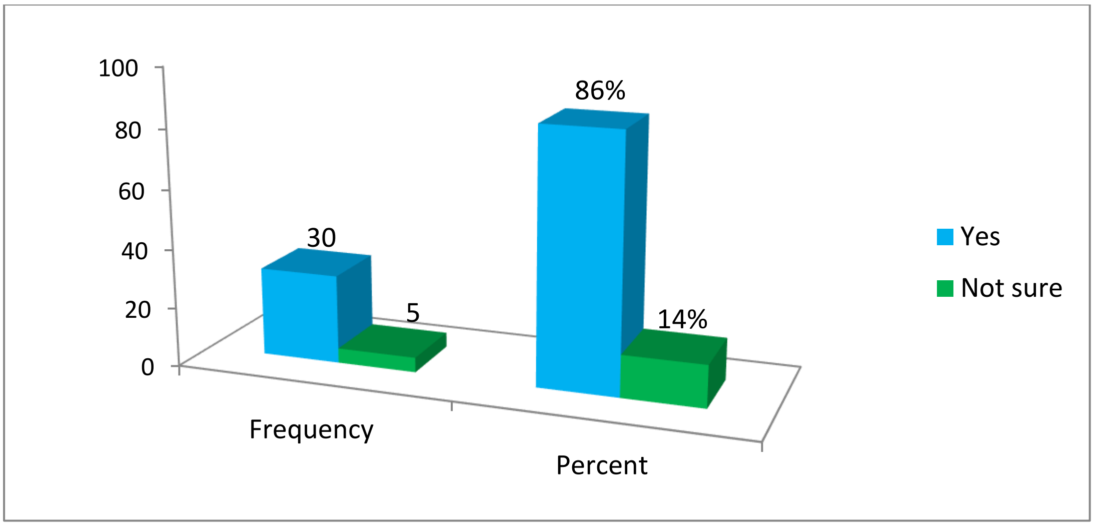



**Figure 5. 4: Distribution on the use of corporate governance values**

In figure 5.4 above, respondents were asked on whether their organisation used corporate governance values in the running of the affairs. It was found that 86% of the respondents attested that their organisation used corporate governance values in their operations, whereas 14% said that they were not sure. It can be deduced from these results that majority (86%) of the respondents agreed that their organisations used corporate governance values in the running of affairs.

### 5.6 Implemented Corporate Governance Values

Table 5.6 below shows the Corporate Governance Values that were implemented the organisations under study

| Corporate governance values | Frequency | Percent |
|---|---|---|
| **Transparency** | 34 | 12% |
| **Accountability** | 32 | 11% |
| **Board existence and size** | 29 | 10% |
| **Board Term of Office** | 29 | 10% |
| **Good Board Culture** | 28 | 10% |
| **Financial reporting** | 34 | 12% |
| **Safeguarding and my safe work place** | 29 | 10% |
| **Participation** | 23 | 8% |
| **Commitment** | 13 | 5% |
| **Professionalism** | 22 | 8% |
| **Integrity** | 16 | 6% |
| **Total** | **289** | **100%** |

**Table 5. 2: Distribution on corporate governance values implemented**

In table 5.2 above, respondents were asked to state corporate governance values that were implemented in their organisation. Findings showed that out of 289 total responses scored, 12% each indicated financial reporting; and transparency respectively. This was followed by those who indicated accountability represented by 11%, further, 10% each indicated that the organisation ensured the existence of board, board term of office, good board culture, and safeguarded the environment and work place respectively. 8% each said that the organisation ensured professionalism and engaged participation of various stakeholders in the operations; 6% pointed to moral integrity, whereas only 5% of the responses pointed to commitment.

### 5.7 Implementation Process of Corporate Values

The table below shows the process through which organisations implemented corporate values.

| Implementation | Frequency | Percent |
|---|---|---|
| **Through a regulatory framework** | 25 | 25% |
| **Through corporate governance manual** | 20 | 20% |
| **Through established policies and guidelines** | 30 | 30% |
| **Through a conceptual model** | 25 | 25% |
| **Total** | **100** | **100%** |

**Table 5. 3: Methods with which the organisation implemented corporate governance values**

Table 5.3 shows the results of a multiple response question where respondents were asked to indicate methods with which the organisation implemented corporate governance values. It can be seen that 30% of the responses indicated that the organisation implemented corporate governance values through established policies and guidelines, whereas 25% of the responses each indicated a regulatory framework, and conceptual model, and 20% said through the corporate governance manual. From these results it can be deduced that most of the organisations that were sampled in this study implemented corporate governance values through established policies and guidelines.

### 5.8 Extent of Implementation of Corporate Governance Values

The table shows the extent to which corporate governance values were implemented

| CG Values | Mean | Std. Deviation |
|---|---|---|
| Transparency | 3.34 | 0.968 |
| Accountability | 4.03 | 1.071 |
| Board Existence & Size | 3.57 | 1.335 |
| Board Term of Office | 1.89 | 1.255 |
| Good Board Culture | 4.09 | 1.222 |
| Financial Reporting | 3.89 | 1.183 |
| **Total** | | |

**Table 5. 4: Extent to which CG values were effectively implemented in NGOs**

The table 5.4 above shows results on the extent to which the Non-Governmental Organisations effectively implemented Transparency; Accountability; Board Existence and Size; Board Term of Office; and Good Board Culture, as well as Financial Reporting in their operations. It was found that transparency was implemented to a moderate extent as indicated from the mean that was at 3.34 and the standard deviation of 0.968. Additionally, accountability scored a mean of 4.03 and a standard deviation of 1.071 which implied that majority of the responses pointed to that it was implemented to a very high extent. On the other hand, results on the implementation of board existence and size showed a mean of 3.57 with a standard deviation at 1.335 which technically entailed that most of the responses were of the view that board existence and size as a value of corporate governance was implemented to a higher extent.

Further the results from the table indicated that board term of office was executed to a lower extent as derived from the mean of 1.89 and standard deviation of 1.255. More so, it was revealed that good board culture was implemented to a higher extent as deduced from the mean of 4.09 and standard deviation of 1.222. The other corporate governance value that was computed was financial reporting which scored a mean of 3.89 and standard deviation of 1.183, implying that it was executed to a higher extent.

## 5.9 Extent of Corporate Governance Values implementation in Organisations

The figure below shows the overall extent of implementation of corporate governance values implementation in organisations

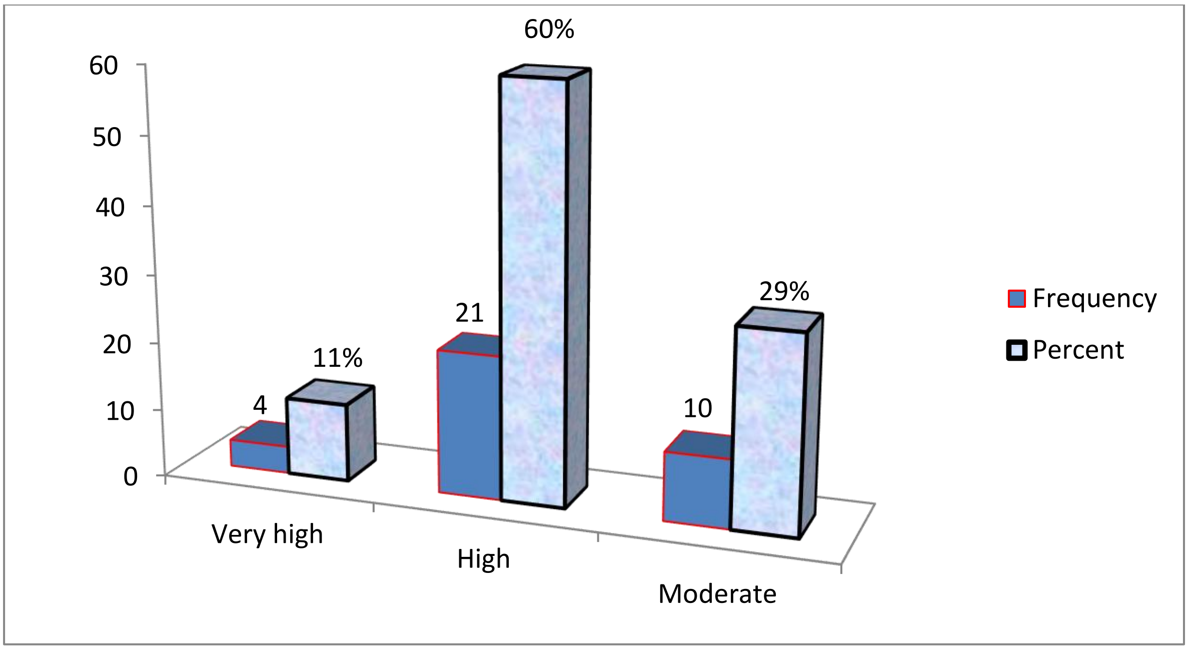



**Figure 5. 5: Percentage distribution on overall extent to which the organisations have implemented corporate governance values**

Figure 5.5 shows that most of the respondents represented by 60% indicated that the organisation applies corporate governance values to a higher extent, where as 29% indicated moderate and only 11% indicated very high. These results meant that the organisations implemented corporate governance values to a higher extent.

### 5.10 Factors influencing implementation of corporate governance values

The table below shows factors that influenced the implementation of corporate governance values in NGOs

| Influence | Frequency | Percent |
|---|---|---|
| **Board size influence the implementation of corporate governance values** | 23 | 18% |
| **Board Term of office influence the implementation of corporate governance values** | 18 | 14% |
| **Financial reporting influence the implementation of corporate governance values** | 30 | 23% |
| **Transparency and accountability influence the implementation of corporate governance values** | 28 | 22% |
| **Good board culture influence the implementation of corporate governance values** | 30 | 23% |
| **Total** | **129** | **100%** |

**Table 5. 5: Distribution of factors influencing the implementation of corporate governance values**

Table 5.5 above shows the percentage distribution of board size, board term of office, financial reporting, board culture, transparency and accountability as factors influencing the implementation of corporate governance values. It can be seen from the table above that 23% of the responses each indicated that good board culture, and financial reporting are the major factors that influence the implementation of corporate governance values respectively. This was followed by transparency and accountability representing 22%. Further, 18% pointed to board size, and 14% indicated board term of office to have influence in the implementation of corporate governance values.

### 5.11 Level of Agreement

This part covered the results obtained from the 5 points likert scale on the level of agreement on how various factors which are Board size, board term, financial reporting, transparency and accountability as well as board culture influenced implementation of corporate governance values. The mean was significant from strongly disagree=1-1.8, disagree=1.9-2.6, neutral = 2.7-3.4, agree = 3.5-4.2, and strongly agree = 4.3-5.00.

#### 5.11.1 Board size

**Board size influencing the implementation of corporate governance values**

The figure below shows the level of agreement on board size influencing the implementation of corporate governance values to a greater extent

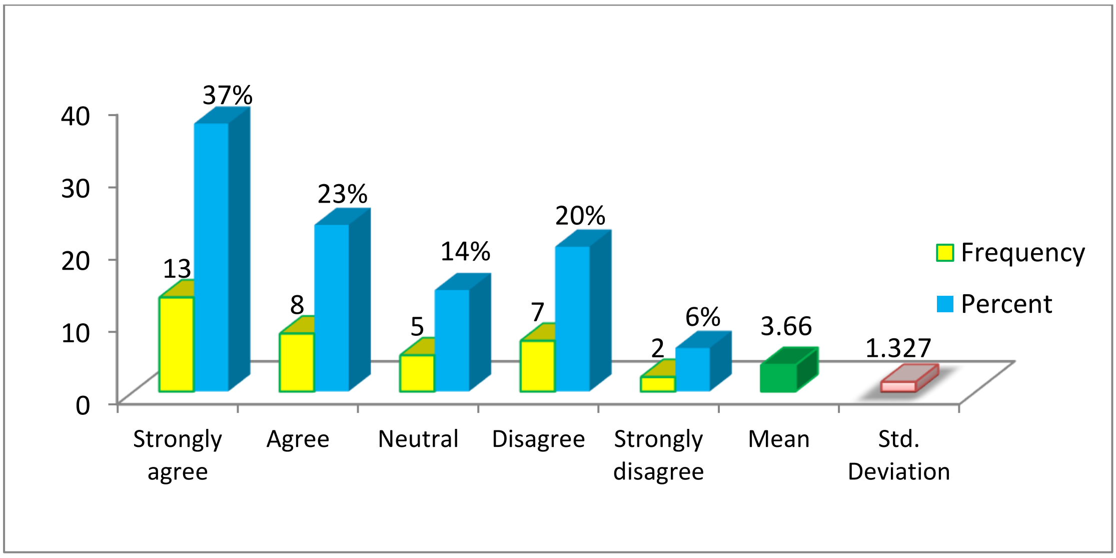



**Figure 5. 6: Level of agreement on board size influencing the implementation of corporate governance values**

From figure 6.12 above, it was shown that 37% of the respondents strongly agreed, 23% agreed, 14% of the respondents were neutral, whereas 20% disagreed while 6% were strongly disagreed. The results further showed a mean of 3.66 and standard deviation of 1.327. With the mean at 3.66 the results implied that majority of the respondents agreed board size influencing the implementation of corporate governance values.

### 5.11.2 Board term of office

The figure below shows the level of board term of office influencing on the implementation of corporate governance values.

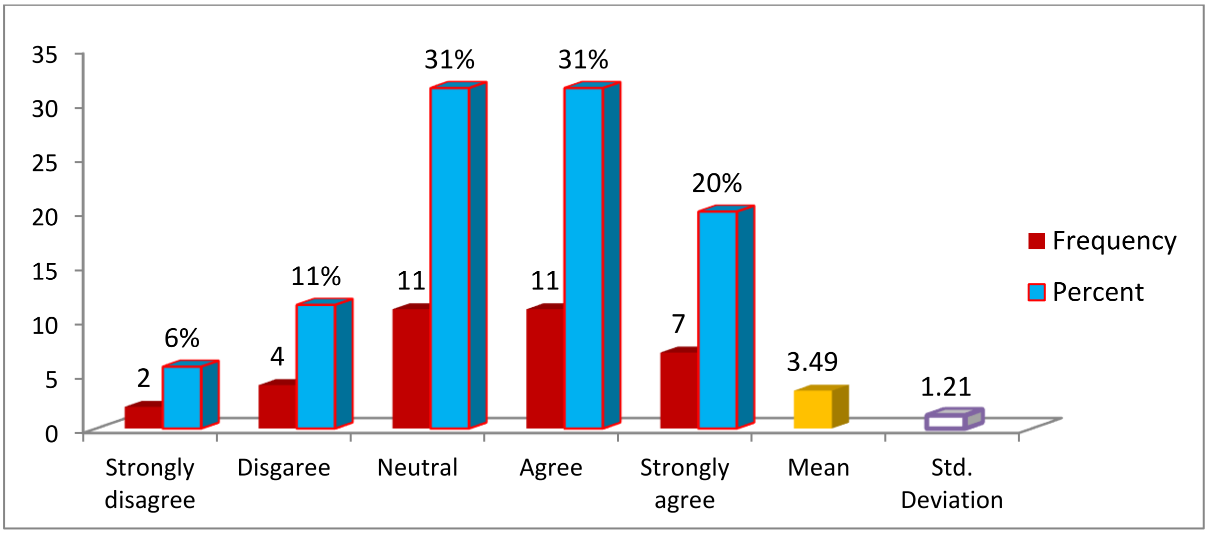



**Figure 5. 7: Board term of office influencing on the implementation of corporate governance values**

Figure 5.7 shows the level of agreement on board term of office having significant influence on the implementation of corporate governance values to a greater extent. It can be seen that 31% of the respondents were neutral, while the other 31% of the respondents agreed, with 20% of the respondents strongly agreed, and only 11% disagreed, and 6% strongly disagreed. Additionally, the mean was at 3.49 and a standard deviation of 1.21. From the Likert Scale interval a mean of 3.49 and a standard deviation of 1.21 means that data was spread towards those that were neutral to the statement that board term of office had significant influence on the implementation of corporate governance values.

### 5.11.3 Financial reporting

The figure below shows results on financial reporting influences the implementation of corporate governance values

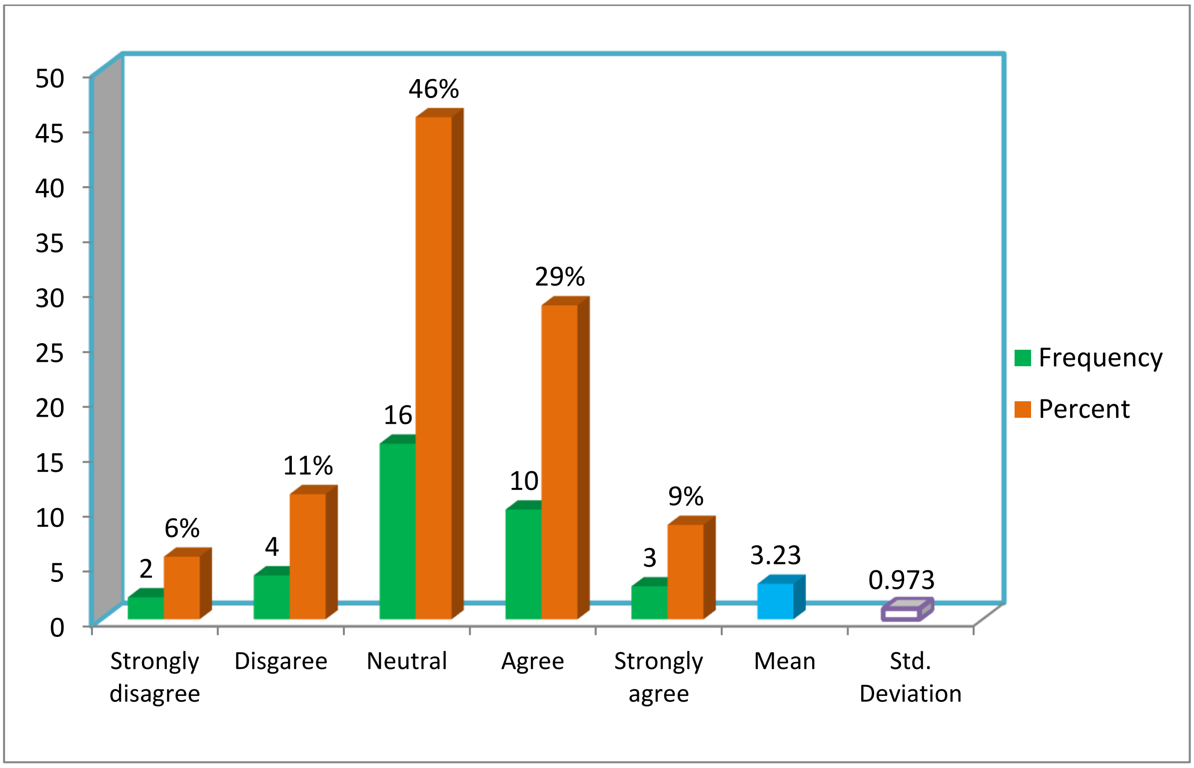



**Figure 5. 8: Financial reporting influencing the implementation of corporate governance values**

Figure 5.8 shows the level of agreement of financial reporting influencing the implementation of corporate governance values to a greater extent. It was found that 46% of the respondents were neutral, whereas 29% of the respondents agreed. Meanwhile, 11% of the respondents disagreed and 9% the respondents were strongly agreed, while 6% of the respondents strongly disagreed. The findings indicated a mean of 3.23 and standard deviation of 0.973. This implied that most of the respondents neither agreed nor disagreed that financial reporting influenced the implementation of corporate governance to a greater extent.

### Transparency and accountability

The figure below shows Transparency and accountability influencing the implementation of corporate governance values to a greater extent.

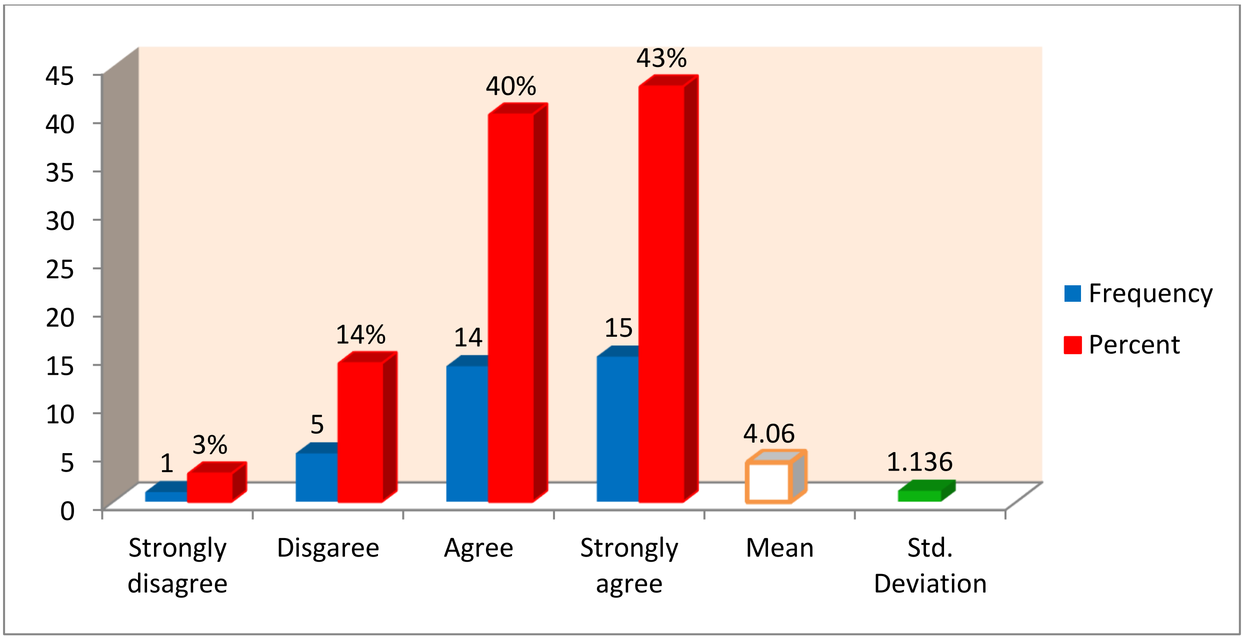



**Figure 5. 9: Transparency and accountability influencing the implementation of corporate governance values**

From the figure 9 above, it can be seen that 43% of the respondents strongly agreed that transparency and accountability influences the implementation of corporate governance values, 40% agreed, whereas 14% disagreed, and 3% of the respondents strongly disagreed. The results also found a mean of 4.06 and a standard deviation of 1.136 implying that majority of the respondents agreed that transparency and accountability influences the implementation of corporate governance values.

**Board culture influencing the implementation of corporate governance values**

The table below shows results on board culture influencing the implementation of corporate governance values

| Level of Agreement | Frequency | Percent | Mean | Std. Deviation |
|---|---|---|---|---|
| **Strongly agree** | 18 | 51% | 4.26 | 1.039 |
| **Agree** | 13 | 37% | | |
| **Disagree** | 3 | 9% | | |
| **Strongly disagree** | 1 | 3% | | |
| **Total** | **35** | **100%** | | |

**Table 5. 6: Level of agreement on good board culture influencing the implementation of corporate governance values to a greater extent**

In table 5.7 above, respondents were asked to show their level of agreement on the statement that good board culture influence the implementation of corporate governance values. It was revealed that 51% of the respondents strongly agreed, and 37% of the respondents agreed. On the other hand, 9% of the respondents disagreed and 3% strongly disagreed. The mean obtained was 4.26 with the standard deviation at 1.039. This mean of 4.26 implied that the majority of respondents strongly agreed that good board culture influenced the implementation of corporate governance values to a greater extent.

### 6.3 Testing Hypothesis

The researcher computed a Pearson Correlation Coefficient whose results were shown below:

| | | Board size influence the implementation of corporate governance values | Board Term of office influence the implementation of corporate governance values | Financial reporting influence the implementation of corporate governance values | Transparency and accountability influence the implementation of CG | Good board culture influence the implementation of corporate governance values |
|---|---|---|---|---|---|---|
| **Whether organisation used corporate governance values in the running of its affairs** | **Pearson Correlation** | **0.424*** | **0.111** | **-0.125** | **0.612**** | **0.750**** |
| | **Sig. (2-tailed)** | **0.011** | **0.526** | **0.474** | **0.000** | **0.000** |
| | **N** | **35** | **35** | **35** | **35** | **35** |

**Table 5. 7: Pearson's correlation coefficient test on the implementation of corporate governance values**

1. **Ha:** Board size has a significant influence on the implementation of corporate governance values.

   **Ho:** Board size has no significant influence on the implementation of corporate governance values.

2. **Ha:** Term of office has a significant influence on the implementation of corporate governance values.

   **Ho:** Term of office has no significant influence on the implementation of corporate governance values.

3. **Ha:** Financial reporting has a positive influence on the implementation of corporate governance

   **Ho:** Financial reporting has a negative influence on the implementation of corporate governance

4. **Ha:** Transparency and accountability influence the implementation of corporate governance to a greater extent.

   **Ho:** Transparency and accountability do not influence the implementation of corporate governance to greater extent.

5. **Ha:** Good board culture has a significant influence on the implementation of corporate governance values.

   **Ho:** Good board culture has no significant influence on the implementation of corporate governance values.

Table 5.7 above shows the results obtained from computation of the Pearson’s correlation coefficient test on factors influencing the implementation of corporate governance values. It was based on board size, Board term of office, financial reporting, transparency, and accountability as well as board culture. The test was calculated at the P-Value of 0.05 and Pearson Correlation Coefficient of -1 to 1.

It was found as shown in table 5.17 above that board culture influenced the implementation of corporate governance values (P-Value=0.000 and Pearson Correlation Coefficient=0.750**). Additionally, transparency and accountability influenced the implementation of corporate governance values (P-Value=0.000 and Pearson Correlation Coefficient=0.612**). It was also found that Board size influenced the implementation of corporate governance values to a lesser extent as shown from the P-Value=0.011 and Pearson Correlation Coefficient=0.424*.

On the other hand, it was revealed that Board Term of office, and Financial reporting had no significant influence in the implementation of corporate governance values as evidenced from the results in which a P-Value=0.526 and Pearson Correlation Coefficient=0.111 for board term of office, and financial reporting having a P-Value=-0.474 and Pearson Correlation Coefficient=0.125.

## 5.2 PART B – QUALITATIVE PRESENTATION OF FINDINGS

### 5.2.1 Years of Institutional Existence

The respondents were asked to indicate the number of years their organisations had been in existence. Results showed that out of 5 respondents who took part in the interview, 2 representing 35% each indicated that their organisations at the time of the study clocked 37 years of existence, while others indicated 25 years, and 63 years

Respondent number 1 and 2 indicated that the organisation existed for 37 years.

Respondent number 3 said that "Our organisation has now existed for over 25 years".

Respondent 4 said: Currently, we have been in existence for 35 years.

Respondent 4 said that: The organisation has clocked 63 years of existence.

### 5.2.2 Corporate Governance Values Implemented in the Organisation

From this question all the respondents testified that they were aware of the corporate governance values.

Respondent number 1 said that: "*Our organisation implements transparency, accountability and financial reporting".*

Respondent number 2 stated board existence and size; board term of office; good board culture; financial reporting; transparency; accountability. The organisation also held quarterly meetings and national organisation budget review and approval.

Respondent number 3 said that: The corporate governance values implemented are transparency, financial reporting, accountability, board existence and size, and supportive board culture to the employees.

Respondent number 4 pointed to board existence, board term of office at 3 years, and board culture as well as accountability.

Respondent number 5 said that: *"Transparency, accountability, stipulated term of office for the board, and good culture to support the staff work were the major corporate governance values implemented in the organisation"*

From the results obtained above, it can be deduced that all the respondents were aware of corporate governance values implemented in their respective organisations, with majority of the respondents pointing to accountability which scored 5 reprinting 22% , followed by transparency, and good board culture which both scored 4 representing 18% each, then 3 respondents representing 14% indicated financial reporting, board existence and size, and stipulated term of office for the board respectively.

### 5.2.3 Corporate Governance Values Frequently Implemented In Your Organisation

Respondent number 1 said that: "*Financial reporting is the one that is implemented mostly in our organisation".*

Respondent number 2 said that: "*Accountability and transparency are most implemented corporate governance values in our organisation".*

Respondent number 3 said that: *"Mostly it has been the existence of the board as the organisation ensures that there is a board in place, and we also implement transparency, and accountability followed by financial reporting".*

Respondent number 4 said that: *"We have been implementing much of accountability in ensuring prudent use of resources in serving the intended purpose, as well as seeing to it that there is a board in place".*

Respondent number 5 said that: *"As an organisation we implement frequently accountability, transparency and lastly good organisation culture".*

From the results obtained in this question, it has been seen that most of the respondents, 4 (33%) indicated that accountability was the most implemented corporate governance value in the NGOs from which the study was conducted, followed by 3 (25%) transparency, 2 (17%) financial reporting, and boards existence and lastly 1 (8%) good organization culture. This implies that the organisation from the mostly implemented accountability.

### 5.2.3 Corporate Governance Values Implementation Process

From this question it was found that 65% majority of the respondents indicated that corporate governance values were implemented through policies and guidelines formulated at the institution level, followed by 25% who pointed to regulatory framework, 13% attributed to corporate governance manual. This can be evidenced from the results shown below where:

Respondents 1 said: *"Our organisation implements corporate governance values through a regulatory framework as well as policies and guidelines formulated at the institution level to support the operations".*

Respondents 2 said: *"The values are implemented through corporate governance manual, and established policies and guidelines".*

Respondent 3 said: Through established policies and guidelines

Respondent number 4 said that: *"We have regulatory framework and established policies and guidelines which enables the staff to implement these corporate governance values".*

Respondent 5 said: "*The values are executed by way of polices and guidelines formulated".*

### 5.2.4 Policy changes made in enhancing implementation of corporate governance values

Respondents were asked on whether there were any policy change that have been made in the organization to enhance implementation of corporate governance values. From this question the following results were obtained:

Respondent 1 said: *Yes, there are some policy changes that have been made in enhancing implementation of corporate governance values. These include: Risk Management, and Fraud Management Policy, formulation of committees to support the board.*

Respondents 2 and 3 said that: There has been a change to the board size and composition

Respondent number 4 said that: "*Yes, in the organisation we have made some changes such as establishing of Board Committees; the size of the Board in place has been reduced, and there is a policy of updating the Board Charter periodically. Also safeguarding policy has been taken into consideration"*

Respondent 5 said: *Yes, there has been some policy changes like conflict of interest policy, whistleblowing policy and timely management of risks perceived to endanger the function and purpose of the organization's existence.*

It can be realized from the results that 80% of the respondents attested to the fact that the organisations have made some policy changes meant to enhance the implementation of corporate governance values, and only 20% said they were not sure. Of those who agreed that there were some changes, they stated that the organisation formulated the risk management, and fraud management policy, formulation of committees to support the board. They said that the organisations changed the composition of the board size by way of reducing the members.

**Measures on enhancing effectiveness in implementation of corporate governance values**

The respondents were requested to indicate what steps should be taken to enhance the efficiency and effectiveness in implementation of corporate governance values in NGOs.

Respondent 1 said: The organization should be able to engage with staff at the grassroots on corporate governance issues as they also implement corporate governance through the execution of their day to day duties, this will provide more information as the staff are the mirror and reflect how the organization operates.

Respondent 2 stated that:

- There should always be a review of the laid down Regulatory framework or policies and rules to make necessary amendments to that which is not working
- There should be a clear chain of command and communication

Respondent 3 said that: *"The non-governmental organizations should put in place a governance framework that stipulates clear guidance to the function of the organization governance body. The roles and responsibilities should be clear and distinct from the roles of the programmes and project implementing staff".*

Respondent 4 said that: Management should be involved in the recruitments and formulation of TORs for Board recruitments.

There is need to ensure robust systems are put in place for the recruitment of qualified board members with a good standing in society as this is of paramount importance to ensure the respective NGO grows stronger from both a corporate governance perspective as well as from a programming perspective. The provisions of the Board Charter need to be strictly observed.

Respondent 5 said that: *"There is need to enhance effective communication and information flow in the organization such as among the board, management, staff, donors and other key stakeholders. Establish a strong Board of Directors comprised of diverse, skilled and experienced individuals who are capable of ensuring checks and balances in the organization. There should always be a review of the laid down regulatory framework or policies and rules to make necessary amendments to that which is not working".*

From these results obtained, it can be realized that to enhance the efficiency and effectiveness in implementation of corporate governance values, there is need to ensure robust systems are put in place for the recruitment of qualified board members with a good standing in society as this is of paramount importance to ensure the respective NGO grows stronger from both a corporate governance perspective as well as from a programming perspective. The provisions of the Board Charter need to be strictly observed e.g. Frequency of meetings and term of office to ensure the organization operates with high levels of integrity.

The NGOs need to enhance effective communication and information flow in the organization such as among the board, management, staff, donors and other key stakeholders. Establish a strong Board of Directors comprised of diverse, skilled and experienced individuals who are capable of ensuring checks and balances in the organization. Additionally, the non-governmental organizations should put in place a governance framework that stipulates clear guidance to the function of the organization governance body. The roles and responsibilities should be clear and distinct from the roles of the programmes and project implementing staff. More so, the organisations must ensure that they review the laid down regulatory framework or policies and rules often to amend the ones not functioning. Further, the boards must be instituted through a competitive process, for instance advertising for the position of board members to ensure that appropriate and qualified people lead the board.

## 5.3 Chapter Summary

This summary presented the findings from the research questionnaires distributed to respondents from the subordinate workers and interview templates which were distributed to the senior staff. The data represented ranged from the background information of the respondents and other findings related to the research questions of the study. It also provided the analyses from cross tabulations and correlations analyses of the cross tabulation and

Pearson's correlation of variables computed on SPSS, which set a basis for a detailed discussion of findings. The next chapter provided a detailed discussion of findings.

# CHAPTER SIX

# DISCUSSION OF FINDINGS

## 6.0 Introduction

This chapter provides a detailed discussion of findings with particular focus on the specific objectives. It also gives a detailed analysis of the correlation of variables computed using mean and standard deviation as well as Pearson Correlation Test, and eventually relates the findings to those of other scholars. Thereafter a conclusion was drawn.

## 6. 2 Detailed Analyses and Discussion of Findings

The overall objective of this study was to assess the implementation of corporate governance values in network NGOs in Zambia. It was principally based on three (3) specific objectives and these were: 1) To establish the corporate governance values being implemented in NGOs; and 2)To evaluate the implementation process of corporate governance values in NGOs; and 3) To determine the extent to which corporate governance values have been implemented in network NGOs.

### 6.2.1 Establishing the corporate governance values being implemented in NGOs

The first objective endeavored to establish the corporate governance values that were being implemented in NGOs. It was found from the study that 86% of the respondents attested that the Non-Governmental Organisations used corporate governance values in their operations. These corporate governance values that were implemented according to the order of ranking included financial reporting, transparency, and accountability. Additionally the organisations ensured there was board existence with proper stipulated term of office. They also ensured good board culture, and safeguarding the environment and work place, adherence to professionalism and engaging participation of various stakeholders in the operations of the organisation. These stakeholders included funders, directors, employees and the community members from which the projects were implemented. Further, the NGOs upheld such corporate values as moral integrity and commitment in running of their affairs.

Similarly, results from the interview template showed that there were some policy changes that the organisations made in enhancing implementation of corporate governance values. These include: timely risk management perceived to endanger the function and purpose of the organization's existence, and fraud management policy, formulation of committees to support the board. They also made some change in the board size and composition, introduced conflict of interest policy, and whistleblowing policy.

These findings were related to the studies done by Ayandele and Isichei (2013) and Young (2014) which revealed that the promotion of fairness, transparency and accountability were the key values that organisations implemented.

### 6.2.2 Evaluating the implementation process of corporate governance values in network NGOs

From the first specific objective, the study found that majority of the respondents representing 74% indicated that their organisation has been in existence more than 20 years, and most of the respondents who participated in the study had knowledge on corporate governance values. It was revealed that several processes were used in implementing corporate governance values in NGOs in Zambia. The results showed that most of the organisations that were sampled in this study implemented corporate governance values through established policies and guidelines that existed at the time of the study. This can be evidenced from the results where 30% of the responses indicated that the organisation implemented corporate governance values through established policies and guidelines, whereas 25% of the responses each indicated a regulatory framework, and conceptual model, and 20% said through the corporate governance manual. The results from questionnaires agreed with those obtained from interview template, where 65% majority of the respondents indicated that corporate governance values were implemented through policies and guidelines formulated at the institution level.

These findings were in contrary to a study done by OECD (2014) which postulated that many countries implemented corporate governance through the use of frameworks that guides the institutions. The OECD (2014) further reported that frameworks have recently become a critical tool in various countries and often provide legal ramification to maximize potentially positive impacts in governance.

### 6.2.3 Determining the extent to which corporate governance values have been implemented in network NGOs

The third specific objective was focused on determining the extent to which corporate governance values have been implemented in network NGOs. In determining the extent of implementation of corporate governance values, the five points Likert Scale was used, in which the mean was significant at 1-1.8= strongly disagree, 1.9-2.6= disagree, 2.7-3.4= neutral, 3.5-4.2= agree, and 4.3-5.00= strongly agree. The study found that transparency was implemented to a moderate extent as indicated from the mean that was at 3.34 and the standard deviation of 0.968, whereas, accountability scored a mean of 4.03 and a standard deviation of 1.071 which implied that it was implemented to a very higher extent. Further, it was found that board existence and size was implemented to a higher extent as shown from the mean of 3.57 and a standard deviation at 1.335.

On the other hand, it was revealed from the study that board term of office was executed to a lower extent as derived from the mean of 1.89 and standard deviation of 1.255. More so, it was discovered that good board culture was implemented to a higher extent as deduced from the mean of 4.09 and standard deviation of 1.222. The other corporate governance value that was computed was financial reporting which scored a mean of 3.89 and standard deviation of 1.183, implying that it was executed to a higher extent.

These findings were related to a study done in Kenya by Kombo and Tromp (2016) which found that corporate governance implementation was done to a lower extent. The study advanced reason that some network boards are not giving sufficient direction, not making policy and instead getting too involved in micro-managing non-policy issues like organising workshops and consultancies.

Moreover, the researcher developed some hypothesis to establish how the variables in the conceptual framework influenced the implementation of corporate governance values.

Thus from first objective which stated that:

**Ha:** Board size has a significant influence on the implementation of corporate governance values.

**Ho:** Board size has no significant influence on the implementation of corporate governance values.

The results from the table showed the P-Value of 0.011 and Pearson Correlation Coefficient of 0.424* implying a significant but not perfect relationship. To this effect the researcher rejected a null and accepted the alternative hypothesis and from this it can be concluded that board size influenced the implementation of corporate governance values to a lesser extent.

These results complimented a study by Zahra and Pearce (2017) in which it was revealed that the size of a board in organisations influenced the corporate governance values implementation to some extent. The study pointed that board size is considered one of the determinants of board effectiveness and had an impact on organisational performance.

From the second objective that stated that:

**Ha:** Term of office has a significant influence on the implementation of corporate governance values.

**Ho:** Term of office has no significant influence on the implementation of corporate governance values.

The researcher rejected the alternative hypothesis and accepted the null hypothesis that term of office has no significant influence on the implementation of corporate governance values. Thereby, concluded that term of office had no significant influence on the implementation of corporate governance values.

The third hypothesis stated that:

**Ha:** Financial reporting has a positive influence on the implementation of corporate governance

**Ho:** Financial reporting has a negative influence on the implementation of corporate governance

The results showed a P-Value of -0.474 and Pearson Correlation Coefficient=0.125, hence, the researcher rejected the alternative hypothesis and accepted null hypothesis and concluded that term of office has no significant influence on the implementation of corporate governance values.

The fourth hypothesis stated that:

**Ha:** Transparency and accountability influence the implementation of corporate governance to a greater extent.

**Ho:** Transparency and accountability do not influence the implementation of corporate governance to greater extent.

The computation found a P-Value of 0.000 and Pearson Correlation Coefficient of 0.612**. This meant that there was perfect positive relationship between transparency and accountability and the implementation of corporate governance values in organisations. Hence, the researcher rejected a null hypothesis and accepted an alternative hypothesis.

The firth hypothesis which stated that:

**Ha:** Good board culture has a significant influence on the implementation of corporate governance values.

**Ho:** Good board culture has no significant influence on the implementation of corporate governance values.

The computation on board culture influencing the implementation of corporate governance values showed the P-Value of 0.000 and Pearson Correlation Coefficient of 0.750**.

The researcher rejected the null hypothesis and accepted the alternative hypothesis that "Good board culture has a significant influence on the implementation of corporate governance values. Therefore, the researcher concluded that good board culture influences the implementation of corporate governance values in organisations.

## 6.6 CHAPTER SUMMARY

This chapter presented the detailed analysis and discussion of findings from the study according to the specific objectives, in which the mean and standard deviation were computed to help explain the relationship of variables. The chapter also tested the hypothesis through a Chi-square Pearson Correlation Coefficient test. The next chapter draws a conclusion and provides some recommendations with regards to the study findings and the literature reviewed.

# CHAPTER SEVEN

# CONCLUSION AND RECOMMENDATIONS

## 7.1 Introduction

This chapter presents the researcher's conclusion on the research conducted, limitations of the study and recommendations being drawn from the detailed discussion of the findings with regards to the specific objectives of the study.

## 7.2 Conclusion

From the study it has been asserted there were various corporate governance values that Non-Governmental Organisations implemented. These included financial reporting; and transparency, and accountability. Additionally the organisations ensured there was board existence with proper stipulated term of office. They also ensured good board culture, and safeguarding the environment and work place, adherence to professionalism and engaging participation of various stakeholders in the operations of the organisation. These stakeholders included funders, directors, employees and the community members from which the projects where implemented. Further, the NGOs upheld such corporate values as moral integrity and commitment in running of their affairs. These corporate governance values were implemented through several processes being established policies and guidelines.

Additionally, it was established that corporate governance values such as accountability, financial reporting, board culture, board existence and size were implemented to a higher extent. On the other hand, transparency was implemented to a moderate extent, whereas board term of office was executed to a lower extent. It was further found from the Pearson's Correlation Coefficient test that board size, financial reporting, transparency, and accountability as well as board culture positively influenced the implementation of corporate governance in NGOs.

## 7.3 Recommendations

Based on the findings and the literature reviewed, to enhance the effectiveness in implementation of corporate governance values in NGOs, the study made the following recommendations:

- The organisations must consider reviewing the laid down regulatory framework or policies and rules often to amend the ones not functioning to enhance the process of implementing corporate governance values.
- The Non-Governmental Organizations should put in place a governance framework that stipulates clear guidance to the function of the organization governance body.
- NGOs need to consider putting in robust systems for recruitment of qualified board members with a good standing in society as this is of paramount importance to ensure the respective organisations grow stronger from both a corporate governance perspective as well as from a programming perspective.
- The NGOs need to enhance communication and information flow among the board, management, staff, donors and other key stakeholders to enhance the implementation of corporate governance values.

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**APPENDICES**

**A. INTERVIEW TEMPLATE**

# UNIVERSITY OF ZAMBIA

## GRADUATE SCHOOL OF BUSINESS

### AN ASSESSMENT OF THE IMPLEMENTATION OF CORPORATE GOVERNANCE VALUES IN NETWORK NGOs IN ZAMBIA

Dear respondent,

I am a student at the University of Zambia, carrying out an academic research on "The implementation of corporate governance values in network NGOs in Zambia" in partial fulfillment of the requirements of award of the Master Degree of Business Administration – Management Strategy.

You are selected to help me in the investigation by providing data pertaining to this study. This research is purely academic and the information obtained will be treated and handled with utmost confidentiality.

**Instructions**

Kindly respond to the following questions as truthfully as possible. Where there are options, select the appropriate response by putting a cross **[**×**] or [**√**]** in the box of your choice.

Note: (1) Kindly be objective

(2) You are not required to disclose your name.

Your cooperation will be highly appreciated

1. How long has your institution been existence?

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2. What are some of the corporate governance values being implemented in your organisation?

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3. Among the corporate governance values stated in question 4 which ones are frequently implemented in your organisation?

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4. How has your organisation being implementing the corporate governance values?

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5. Are there any policy changes that have been made in your organization to enhance implementation of corporate governance values? Kindly explain.

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6. What should be done by to enhance the efficiency and effectiveness in implementation of corporate governance values in NGOs?

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………………………………………………………………………………………………………..

**Thank for your cooperation**

**B: QUESTIONNAIRE**

**N<u>o</u>:** ………………….

# UNIVERSITY OF ZAMBIA

## GRADUATE SCHOOL OF BUSINESS

### AN ASSESSMENT OF THE IMPLEMENTATION OF CORPORATE GOVERNANCE VALUES IN NETWORK NGOs IN ZAMBIA

Dear respondent,

I am a student at the University of Zambia, carrying out an academic research on "The implementation of corporate governance values in network NGOs in Zambia" in partial fulfillment of the requirements of award of the Masters Degree of Business Administration – Management Strategy.

You are selected to help me in the investigation by providing data pertaining to this study. This research is purely academic and the information obtained will be treated and handled with utmost confidentiality.

**Instructions**

Kindly respond to the following questions as truthfully as possible. Where there are options, select the appropriate response by putting a cross **[**×**] or [**√**]** in the box of your choice.

Note: (1) Kindly be objective

(2) You are not required to disclose your name.

Your cooperation will be highly appreciated

**Section A: Background Information**

1. What is your highest level of education?

a) Secondary ( ) b ( Diploma ( ) c1) Degree d) Master ( )

b) PhD ( ) f) Other ………………………………………..

2. Name the department you work from in your organisation?

……………………………………………………………………………………………

3. How many years has your organisation been in operation?

……………………………………………………………………………………………

4. Are you aware of corporate governance values?

a) Yes { } b) No { }

5. Does your organisation use corporate governance values in the running its affairs?

a) Yes { } b) No { } c) Not Sure

**Section B: The corporate governance values being implemented and the extent to which they are implemented in NGOs**

6. Which of the corporate governance values below have been implemented in your organisation?

| | **Corporate governance values being implemented** | **Rating (Please Tick)** |
|---|---|---|
| a) | Transparency | |
| b) | Accountability | |
| c) | Board existence and size | |
| d) | Board Term of Office | |
| e) | Good Board Culture | |
| f) | Financial reporting | |
| | Others specify: ……………………………………………………………………… ……………………………………………………………………… ……………………………………………………………………… | |

7. On a scale of 1-5, ***1-Very High Extent, 2- Higher Extent, 3- Moderate Extent, 4- Lower Extent, 5- Very Low Extent,*** Indicate the extent to which your organisation has effectively implemented these corporate governance values.

| | **Extent of implementation of corporate governance values** | **Tick** | | | | |
|---|---|---|---|---|---|---|
| | | **1** | **2** | **3** | **4** | **5** |
| a | Transparency | | | | | |
| b | Accountability | | | | | |
| c | Board existence and size | | | | | |
| d | Board term of office | | | | | |
| e | Good Board Culture | | | | | |
| f | Financial reporting | | | | | |
| | Others specify: ………………………………………………………………………………………… ………………………………………………………………………………………… ………………………………………………………………………………………… ………………………………………………………………………………………… | | | | | |

**Section C: The implementation process of corporate governance values in NGOs**

8. How has your organisation been implementing the corporate governance values?

| | **za**<br>**Process of implementing Corporate Values** | **Please Tick Those applicable** |
|---|---|---|
| a) | Through a Regulatory Framework | |
| b) | Through Corporate Governance Manual | |
| c) | Through Established policies and guidelines | |
| d) | Through a Conceptual Model | |
| | Others specify: ………………………………………………………………………… ………………………………………………………………………… ………………………………………………………………………… ………………………………………………………………………… ………………………………………………………………………… ………………………………………………………………………… ………………………………………………………………………… ………………………………………………………………………… | |

9. How would you rate the extent to which your organisation applies corporate governance values in the operations of the organisation?

a) Very High { } b) High { } c) Moderate { } d) Low e) Very low { }

10. Indicate your opinion regarding the following statements.

| | | Tick | |
|---|---|---|---|
| | | **Yes** | **No** |
| a | Does board size influence the implementation of corporate governance values? | | |
| b | Does the Board Term of office influence the implementation of corporate governance values? | | |
| c | Does financial reporting influence the implementation of corporate governance values? | | |
| d | Does transparency and accountability influence the implementation of corporate governance values? | | |
| e | Does good board culture influence the implementation of corporate governance values? | | |

11. On a scale of 1-5, ***1-Strongly Agree, 2-Agree, 3-Neutral, 4-Disgree, 5- Strongly Disagree.*** Indicate the level of agreement regarding the following statements on implementation of corporate governance values in NGOs?

| | | Tick | | | | |
|---|---|---|---|---|---|---|
| | | **1** | **2** | **3** | **4** | **5** |
| a | Board size influences the implementation of corporate governance values to a greater extent | | | | | |
| b | Term of office has a significant influence on the implementation of corporate governance values to a greater extent | | | | | |
| c | Financial reporting influences the implementation of corporate governance to a greater extent | | | | | |
| d | Transparency and accountability has significant influence the implementation of corporate governance to a greater extent | | | | | |
| e | Good board culture influences the implementation of corporate governance values to a greater extent | | | | | |
| | Others specify: ……………………………………………………………………………………… ……………………………………………………………………………………… ……………………………………………………………………………………… ……………………………………………………………………………………… | | | | | |

**Thank for your cooperation**

## C: Literature Review Matrix

| Researcher | Title of Article | Methods | Findings |
|---|---|---|---|
| Shava and Thakhathi (2016). | Non-governmental Organizations and the Implementation of Good Governance Principles | A qualitative research design | The study established that whilst some NGOs observe principles of good governance such as transparency, and information dissemination, some were not, which often led to conflicts between NGOs and the government over accountability issues. |
| Banda (2019) | The relationship between corporate governance structures and the financial performance of the selected Lusaka Stock Exchange (LuSE) listed companies for the period 2009 to 2017. | Mixed research methods approach that involved the collection and analyses of secondary and primary, quantitative and qualitative data. | The result showed that internal and external audits can contribute positively to the financial performance of the LuSE listed companies. |
| James and Chirwa, 2012). | Organisational challenges facing civil society networks in Malawi. | A Case Study Research Method | African trade unions must step up their efforts to advance women's rights within unions, in the workplace and wider society |
| Rick and Malunga (2016) | Role of Union | Survey Research Methods | Leadership was found to be a critical and pressing strategic challenge in Non-Governmental organisations in Malawi. |
| Bhuiyan (2010) | Determinants and Consequences of Corporate Governance Regulation – New Zealand Evidence | The study used regression model to examine the effect of the variables. | The study found that corporate governance regulations have impacted significantly on corporate governance compliance. |
| Farrar, 2015) | Corporate Governance: Theories, Principles, and Practice | Survey on corporate governance | Although the New Zealand corporate governance systems lag behind those of comparable countries, which may lead to a loss of confidence and a high tolerance of unfit directors |

| | | | |
|---|---|---|---|
| Monika (2012) | Nigeria Economic Report | Survey on Nigeria's Economy | The study found that despite the effort of government in streamlining the banking sector by introduction of statutory regulatory measures of containment, more banks still collapsed due to weak internal controls and bad governance and management practices. |
| Kwakwa and nzekwu (2013). | International Best Practices on Corporate Governance in | Survey from South, East and West Africa | Identified institutional, legal and capacity developments as pivotal to the development of corporate governance. |
| Rwegasira (2010) | Corporate Governance in Emerging Capital Markets | Qualitative Research Method | The study found that a slow pace of adoption in corporate governance in most African companies especially with those with poor ethical practices. Therefore, the paper concluded that corporate governance practices in most African countries are ineffective, inefficient and have ultimately failed. |
| Ayandele and Isichei (2013). | Corporate Governance in Emerging Capital Markets | Research Descriptive Research Design Methods | Found that corporate governance values includes the relationship of a company with its stakeholders and the society; the promotion of fairness, transparency and accountability. |
| Ke and Isaac (2017) | Implementation of Corporate Governace in China. | Comparative Research Methods | The impact of the global economy, advanced technologies, Their outcome showed that there is a significant relationship between ownership concentration and corporate performance |
| Sheikh, Wang and Khan (2013) | The impact of internal attributes of corporate governance on firm performance: Evidence from Pakistan | Qualitative and Quantitative Approach | Finding showed that there is a positive relationship between ownership concentration and organisational performance, which is measured using accounting profit indicated by ROA. |
| Zulkafli and Samad (2015) | Factors promoting corporate Governance in Israel | Cross-Sectional Research Design | Auditing is a determinate of corporate governance. Larger audit firms tend to protect |

| | | | |
|---|---|---|---|
| | | | their image and reputation because of the size of the organization and the resources available to them. |
| Haat, Rahman and Mahenthiran (2018) | The relationship between corporate governance practices and corporate transparency and performance among Malaysian PLCs. | Survey on corporate governance practices | The results showed a negative association between audit quality and performance of Malaysian companies. |
| Abdolmohammadi and Lenz (2012), | The relationship between internal audit function and role in corporate governance | Descriptive Research Design | The Study found a significant relationship between internal audit function and role in corporate governance led to good audit quality. |
| Eunice (2017) | The determinants of corporate governance values implementation | Exploratory Research Method | Revealed that the existence of corporate governance regulation was a significant factor in corporate governance. |
| Solomon (2014) | Factors affecting organization implementation of corporate governance | Case Study Research Method | The fundamental controversy that affected the organization implementation of corporate governance that managers do not exercise the same degree of vigilance because they are not dealing with their own money |
| Moore and Stewart (2014) | Challenges encountered by NGOs in Corporate Governance | Descriptive Research Method | In Zambia Organisation in corporate governance faced the challenge of accountability, structural growth, evaluation and the economies of scale problem. |