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THE IMPLICATIONS OF CORPORATE GOVERNANCE PRINCIPLES ON LOCAL NGO'S FUNDING IN ZIMBABWE.

BY

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Abstract

Corporate Governance plays a pivotal role in promoting the image and performance of Non-Governmental Organisations (NGOs) as they discharge their duties. It sets out the parameters through which transparency and accountability can be enhanced. In the context of limited resources, upholding corporate governance, thus, allows effective collaborations between NGOs and their internal and external stakeholders which is crucial for their growth and sustainability. The purpose of this study was to assess the implications of corporate governance principles on local NGOs funding with reference to Zimbabwe. The study was underpinned by the main objective to establish the factors compromising the effective adoption of corporate governance principles and implementation of frameworks by local NGOs to secure sustainable funding opportunities. Thus, the study sought to establish the nexus between corporate governance and local NGOs funding in the Zimbabwean context. A pragmatic paradigm was adopted to allow the use of mixed methods in data collection and analysis of both qualitative and quantitative data. Simple random sampling was utilised as a sampling technique to select the study's respondents The study findings revealed that corporate governance fosters transparency and accountability in organisations which are critical conditions for securing funding for local NGO operations in Zimbabwe. However, upholding these corporate governance principles such as transparency and accountability was the major challenge in most local NGOs as they discharge their complementary role in poverty alleviation. Corruption, nepotism, lack of effective communication, limited skill base, and inadequate financial resources were observed as some of the major challenges undermining corporate governance principles within local NGOs in Zimbabwe. The above scenario compromises the image of local NGOs, and their funding opportunities are severely threatened culminating in the closure of their operations due to funding gaps. The local NGOs' closure entails a serious burden on the government to deal with all development challenges in the country. It also emerged that the existence of proper governance structures is often dampened by the lack of financial resources and weak technical skill sets to support accountability and transparency within the organisation. The study recommended that addressing the above-mentioned challenges is crucial for local NGOs to restore corporate governance which is key for effective funding. Part of the solutions include the imperative for building strong relationships and improving communication with donors to restore confidence and mutual respect among each other. There is also a need to strengthen various institutional frameworks governing NGO operations such as auditing, accounting, and Board oversight to restore transparency and accountability in these organisations.

Key Words: Accountability, Governance, Non-Governmental, Funding,

Declaration Page

I declare that this dissertation is my original work except where sources have been cited and acknowledged. The work has never been submitted, nor will it ever be submitted to another university for the award of a degree.

Nobuhle Mutengo | 29/04/2024

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(Date)

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Dedication

To my children MTM – always remember that it only seems impossible until it is done!

List of Acronyms and Abbreviations

CG	Corporate Governance
CSR	Corporate Social Responsibility
NANGO	National Association of Non-Governmental Organizations
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PVO	Private Voluntary Organization
RAFT	Responsibility, Accountability, Fairness, Transparency

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CHAPTER 1 INTRODUCTION

1.1 Introduction

Corporate governance is the system by which companies are directed and controlled (Cadbury, 1992). Whatever the type of organization, governance is the set of organizational mechanisms that determine the behavior of the various actors and define their powers and discretionary space, based on the goals assigned to the organization by the various stakeholders, to ensure a transparent management of the organization and balance of power between the owners and management. This study examines the implications of corporate governance on local Non-Governmental Organisation’s funding in Zimbabwe. As such, the chapter presents the introductory sections such as the historical background, statement for the problem, and significance of the study to put the guiding research objectives and questions into context. A brief review of relevant literature and theoretical framework are also presented to put the study into proper perspectives. The research methodology to be utilised is presented briefly. The assumptions, delimitations, and limitations of the study are also outlined.

1.2 Background of the study

Non-Governmental Organizations (NGOs) are non-profit making organizations. As Chatain and Plaksenkova (2019) note, NGOs are organisations that do not seek profits and ones whose work is based on volunteerism. Local NGOs engage in a variety of activities that relate to social transformation, social development, and sustainable development. Vakili (2016) observes NGOs play a major role which can be developmental, civic, and human rights based. The number and influence of NGOs has been growing globally over the recent decades and most of them are concentrated in developing and emerging economies in Africa, Asia, and Latin America (Ebrahim, 2010). Their influence means that NGOs have become significant participants in both socio-economic and political spheres. Giroud and Mueller (2010) indicate that local NGOs occupy some institutional space that lies between the market and the state. As non-profit organisations by nature, local NGOs usually obtain funding from governments and donor agencies from around the world. This funding is often intended to benefit identified beneficiaries facing different social challenges. The growing reliance of local NGOs on public funds has also resulted in increased scrutiny of these organisations.

In this regard, entities availing funding for organisations require proper information about the application and management of their funds (Glaeser, 2015). In other words, the obligation to account for funds provided by benefactors has become relevant as donors have become more selective when it comes to where to channel their contributions, especially given the growth in the number of private non-profit organisations. For most donors, the idea is to have their donations reach the intended beneficiaries as opposed to being used up in heavy administration, hence how their donations are utilised is very important. More specifically, paralleling developments noted in other sectors, attention has been paid to corporate governance arrangements as well as whether these are sufficient to ensure effectiveness, accountability, and responsibility amongst NGOs (Freeman, 2011). There has been a resurgence of interest in matters relating to accountability and governance amongst local NGOs. This is an important aspect given the important role that such organisations play in society. Further, the emergence of websites like *charitynavigator.org* and *charitywatch.org* has made it easy for benefactors to track the activities of certain registered non-profit organisations. The same explains the growth in the body of literature on corporate governance for for-profit and not-for-profit organisations. Governance in local NGOs has thus become increasingly relevant and important. However, the focus has been mainly on boards in various prior works including how boards function. Literature from North America for instance works on health and human services have been dominant. Tonin and Vlassopulous (2015) note that body composition, relationship with other internal stakeholders, board effectiveness and the link with organisational effectiveness have been considered widely in literature on NGOs.

Existing corporate governance literature has a myriad of definitions of corporate governance and their applications vary according to various contextual backgrounds under which these organisations operate. However, the current study conceptualizes corporate governance in line with Flammer, Hong, and Dylan (2019) who define the same as the system by which organizations, including Non-Governmental Organizations (NGOs), are directed, controlled, and held to account. It focuses on policy, systems, and direction, which is the primary role of the Board (Flammer et al., 2019). Effective corporate governance serves as a standard of rules that allow organizations to ensure that they are serving the needs of their shareholders, stakeholders, management team, and customers / clients effectively and responsibly. This requires that those tasked with running local NGOs should do so in a way that meets the entity's short and long-term goals (Robert, Ioannou, & Serafeim, 2014). As noted earlier in the section, those who fund local NGOs expect them to do their businesses per corporate governance best practices such as competent selection of board members, aligning strategies with goals, being accountable, evaluating performance, making principled compensation decisions, having systems for managing risks effectively, displaying a high level of ethics, honesty, and integrity, and having well-defined roles and responsibilities.

In this regard, the board wields the influence of the higher order in directing the organisation. The responsibility involves accountability for relations with other stakeholders including regulators and beneficiaries (Gallus & Frey, 2016). Such a responsibility implies accountability for interactions with stakeholders. This is also applicable to the sums of funds involved which are both private and public with various beneficiaries and the government relying on local NGOs. In the UK, aspects like ridiculously high executive remuneration have seen local NGOs come under scrutiny by the National Council for Voluntary Organisations. In the United States, like what has been witnessed in the corporate world, charities have come under scrutiny for high levels of executive pay, misconduct, and unethical fundraising techniques (National Council for Voluntary Organisations, n.d.). Closer home in South Africa, governance issues have also been noted in cases like that of the Foundation for Peace and Justice under which donated funds disappeared from the Foundation for Peace and Justice culminating in the imprisonment of certain executives. These cases have had funding, performance, and regulatory implications on NGOs in the wake of corporate governance issues.

Local NGOs in Zimbabwe have not been spared and in Zimbabwe, these non-state actors are registered under the Private Voluntary Organizations Act [Chapter 17:05] as amended in 2021. The key role of local NGOs is largely philanthropic and the bulk of these institutions are registered to work towards delivering emergency help, developing communities, offering advocacy on various issues such as human rights, HIV and AIDS, gender parity, good governance, good health practices, disease surveillance, eradication of poverty, access to education, food relief, achieving SDGs and rendering other services that assist the government's efforts to improve livelihoods in communities (Gune & Bhebhe, 2020). NGOs operating in Zimbabwe are categorized as local, national, or international and such categorization emanates from the source of their funding, registration and equally, the scope of operation (Gune & Bhebhe, 2020). Therefore, it is unequivocal that local NGOs play an important role in the economy of any country, especially developing countries because they concern themselves with the betterment of society.

This is more so considering the unstable economic environment and worsening poverty levels in the Zimbabwe crisis. Suffice it to say the viability and sustainability of NGOs has become imperative. Yet the same has faced an existential threat from various issues chief amongst these being a shrinking funding pool (Chikoko, 2017). Particularly in Zimbabwe, the impact of this funding gap in pursuit of the Sustainable Development Goals (SDGs) and there has been widespread concern from the government, development community, donor agencies, and the general public as to why local NGO funding is drying up (Gune & Bhebhe, 2020). The funding challenges have manifested coincidentally at a time when corporate governance issues have hogged the limelight lately in Zimbabwe. This is due to the identification of poor corporate governance as the main reason for corporate failure and related scandals mostly in the state-owned enterprises including Public Service Medical Aid Society (PSMAS), Air Zimbabwe, and Zimbabwe Broadcasting Corporation (Siwadi, 2015). These entities have drawn great media attention with a lot of negative publicity being noted. In the private sector, entities like Renaissance Bank collapsed owing to poor governance. The corporate governance issues have been noted despite the government of Zimbabwe having adopted numerous corporate governance reform measures that sought to strengthen public sector corporate governance practices in Zimbabwe (Matambo, Moyo, Chigova, & Mukonza, 2022).

Local NGOs in this context have not received much publicity with regards to scandal though it would be inaccurate to say the local NGOs in Zimbabwe have been unblemished in this regard. Cases of Batsirai Group in Chinhoyi and the Girl Child Network stand out as the organisations were involved in scandals relating to poor governance with the United Nations Emergency Fund halting funding for Batsirai Group and impounding vehicles citing embezzlement of funds (Newsday, 2012). More recently United States Agency for International Development cut funding to various local NGOs in Zimbabwe including the Election Resource Centre and Zimbabwe Human Rights Association citing fund embezzlement. While the issues may not explicitly speak to corporate governance failure in the local NGOs concerned, they certainly interact with corporate governance. Good corporate governance is a compelling need for NGOs in Zimbabwe through adoption of the systems of checks and balances that decentralize authority between management and the governing body to facilitate public service delivery (Ngwenya, 2013).

Even though corporate governance has been touted as a panacea to issues bedeviling entities, there remains little on the funding implication of corporate governance particularly in the context of NGOs (Flamer & Luo, 2017). To the best of the researcher’s knowledge, there seems a dearth of evidence on how corporate governance principles impact funding for NGOs. Most of the works of literature have focused on how corporate governance interacts with performance of entities (Chatain & Plaksenkova, 2019). Thus, such an understanding is important given that the empirical evidence base isn't clear-cut. Nonetheless, in this era of great scrutiny in all sectors, the implication of corporate governance for NGO funding must be well understood. The study further considers the controversies around the new regulatory framework for local NGOs in Zimbabwe to necessitate such an understanding.

1.2 Statement of the Problem

NGOs play an important role in modern society and these subsist across the globe albeit with various mandates and goals. By nature, these organisations rely on funding from donors and other well-wishers as they are not-for-profit entities. They have, however, come under great scrutiny in recent times in the wake of various governance malpractices. Whilst most NGOs have the idea that good governance is about accountability to the government, they at times miss the broader picture of accountability to stakeholders including donors. These issues have been a great concern, especially in local NGOs whose common failure is financial instability resulting in the closure of programs before completion, downsizing, or cessation of operations. Corporate governance in the context of these organisations has attracted a lot of attention in both academia and practice and there is little evidence in extant literature linking corporate governance to funding for NGOs. Most of the extant literature has been on the performance implications of corporate governance in NGOs. This study is therefore undertaken to acquire evidence-based insights about the nexus between corporate governance principles and NGO funding which is critical to sustain their operations in pursuit of sustainable development in Zimbabwe.

1.3 Main Research Objectives

The broad research objective is to examine the implication of corporate governance on local NGO funding in Zimbabwe.

1.3.1 Specific Research Objectives

The following research objectives will be utilized for the purposes of completing this study:

1. To conceptualize and contextualize corporate governance in the NGO community.
2. To establish and assess the corporate governance principles and frameworks in Zimbabwe's local NGO operations.
3. To establish the effectiveness and nexus of these principles for NGO funding in Zimbabwe
4. To suggest alternative ways of improving corporate governance for NGO funding in Zimbabwe.

1.4 Main Research Questions

What is the impact of corporate governance on local NGO funding in Zimbabwe?

1.4.1 Specific Research Questions

The study seeks to address the following research questions.

1. What does corporate governance in NGO funding entail?
2. Which governance principles are adopted for NGO funding in Zimbabwe?
3. How effective are these governance principles for NGO funding in Zimbabwe?
4. What measures can be adopted to improve corporate governance for NGO funding in Zimbabwe?

1.4.2 Research hypothesis

Corporate governance has a significant impact on funding for local NGOs in Zimbabwe.

1.4.3 Assumption of the Study

The organisations under review will not discontinue operations during the period of study.

- Information that will be provided is correctly presented without restrictions.
- Organisation key staff and management will be willing to provide information and data that can allow the evaluation and analysis of the problem identified.
- The study will unearth the most significant challenges and the coping strategies that have been adopted to manage the challenges.
- Management will be able to take into consideration the recommendations for their enhancement towards a sustainable funding position.
- The purpose of the study will not be misinterpreted by the participants.

1.5 Significance of the Study

The research is significant in affecting the identified institutes, organizations, and individuals. The implementation of the study's findings will impact in different ways as discussed below. The basic principles of corporate governance apply equally to nonprofit entities as they do to public or for-profit entities.

To the University

This research will add to the university's body of knowledge on the implication of good corporate governance in the third sector. This could trigger an urge on the

University to publish journals and publications that will attract charity organizations to learn more about good corporate governance.

To the researcher

The researcher is an accounting professional currently attached to a nonprofit organization and interacts with local NGOs as partners thus can contribute to the growth of such organizations on their thrust to attract more sustainable funding.

To the organization

Most local nonprofit organizations desire to grow and build capacity and impact in the work that they are doing in Zimbabwe. Local organisations with sound systems are likely to be approached by International Local NGOs for strategic partnerships and this may cause them to consider other recommendations that the research will bring. This may open opportunities to attract larger donor funding streams.

To the existing body of literature

There has been no systematic research that has been done to link corporate governance and funding sustainability. Many researchers have focused on the impact of corporate governance on organization performance Chikumba (2014) and an MSC study by Chinembiri (2014) focused on governance structures and systems of NGOs but did not link it to the funding levels of these local NGOs. The NGOs remain a very understudied sector and this research will enhance an understanding of how to link corporate governance to funding. Utilized methodologies and theories will guide future researchers in relatively similar fields. This can inform researchers to compare their research findings based on the use of similar or dissimilar methodological and theoretical orientations.

To the policy community

This study will clarify ways in which policy makers, Government, and Development Partners can contribute towards instituting corporate governance in charity organizations. The conclusions and recommendations of the study will provide empirically sound policy frameworks to sustain local NGO funding which is critical for their philanthropic roles within marginalized communities.

In the practical field

The study also seeks to unpin what donors would require as minimum standards for their funding interests. This will ensure that donors and funding partners can capacitate partners in one way or the other the implementing partners to have certain structures which will be accountable for resources that are provided.

1.6 Delimitations of the study

- The study focused on local NGOs despite there being several NGOs that could have been included to augment the study. Focusing on local NGOs will help ensure the objectives of the study are met.
- The study will be carried out in Harare because the researcher is based in this town and most of the main offices of these organisations are based here.
- Data collection may therefore be simplified while keeping the costs of carrying out the study relatively low.

- The study focuses on the concepts of corporate governance and funding. Focusing on these will ensure that the study's objectives are addressed with little deviation. Reference may however be made to other related issues.
- The research also considered a period from 2012 to 2022 and this is the period during which corporate governance matters and funding challenges intensified and became more pronounced.

1.7 Limitations of the study

- The time available for the study is limited and the researcher will strive to work with efficiency and adopt time-saving measures to ensure the successful completion of the study.
- The research anticipates challenges relating to access to research data and the researcher will leverage the necessary documentation including a letter from the university to gain access to the respondents selected for the study.
- The researcher anticipates that not all the distributed instruments or scheduled interviews may be returned or held respectively. A minimum acceptable response rate threshold of 60% will be set based on the recommendation by Biklen and constant follow-up with participants will be utilized to ensure that the threshold is surpassed.

CHAPTER 2 REVIEW OF RELATED LITERATURE

2.1 Introduction

The previous chapter presented the general introduction to the present research study. In the current chapter, the researcher undertakes a review of relevant available literature concerning the subject matter. Existing works by different scholars in the study area are considered with a view to familiarizing with the ongoing debates as well as identifying existing knowledge gaps. By reviewing both empirical and theoretical literature, the researcher seeks to gain important insights into the study area; and at the same time, be able to effectively locate the present research into perspective. Therefore, the chapter comprises systematic s sections; starting with a brief discussion of the underpinning theories as well as conceptualization of relevant concepts as applied in the context of the study. The subsequent sections comprise a systematic presentation of unfolding scholarly debates on corporate governance as applied to NGOs and its utility in funding opportunities for these organisations. Consequently, the chapter presents the proposed conceptual framework aimed at showing the linkages between corporate governance and NGO funding.

2.2 Theories of Corporate Governance

In accordance with Costello (2013), a theoretical framework is loosely defined as a foundational review of extant theories that serves as a roadmap for developing systematic arguments that the researcher will utilize in their work. Essentially, researchers develop theories to understand and explain phenomena, establish relationships, and make predictions. In this case, the researcher can explain the existing theories that support the current study, demonstrating its relevancy; and that it is well grounded in coined ideas. For this study, a theoretical framework is crucial to provide a firm basis against which issues of corporate governance can be related to NGO operations, particularly on the funding sources and sustainability. Ngoc and Dang (2021) argue that there are three popular theories of corporate governance widely applied in the field of jurisprudence worldwide. These theories are Agency Theory, Stewardship Theory, and Stakeholder Theory. However, for the purpose of this study, the research will focus mainly on the Stewardship, Resource Dependency and Stakeholder theories. The complementarities of these theories will be helpful in demonstrating the nexus between corporate governance and NGO funding in Zimbabwe.

2.2.1 Stewardship Theory

According to Castrillon (2021) the Stewardship Theory also known as Management Theory presupposes that there is no conflict of interest between the owners and the managers and that it seeks to find an organizational structure that allows coordination to achieve greater efficiency. Accordingly, to this theory, managers are non-opportunistic agents, but good managers (Lex & Herbert, 1991). This research will pursue the Stewardship theory which articulates that a steward protects and maximizes shareholders' wealth through firm performance. The stewardship theory reflects classical thoughts underpinning corporate governance, trusting that directors act dependably and dutifully with integrity and independence (Tricker, 2012). Proponents of this theory advance the argument that a director's legal duty is strictly to the best interest of their shareholders and not to themselves (Tricker, 2012). Bloom, Propper, Seiler, and Van Reenen (2015) concur that the stewardship theory takes a positive view of managers considering them to be "stewards" whose interests are aligned with those of the shareholders or stakeholders. In corporate settings, stewards are company executives and managers working for the shareholders, to generate profits for the shareholders.

In the non-profit sector, the stewards are the organisations that have been provided with funding by the donors and work to ensure that they use it to achieve the objectives they set out to access funding for the operations. In this study, the theory will be reflected through the expectations of donors and funders that the NGO management will carry out their mandate by the confines of the contractual obligations ensuring financial prudency and that their operations benefit the intended recipients. The theory will be tested to confirm whether the actions of the Executives within local NGOs seek to increase the credibility of their organisations, which in turn has a positive impact on funding accessibility. However, the theory is dependent on trust in management that they will always act on behalf of the organization and not for personal gain. In that vein, the Resource dependency theory seems to circumvent this drawback as the Board is tasked with the responsibility of securing funding through their skills, influences, and diversity.

2.2.2 Resource Dependency Theory

Resource dependency theory (RDT), as being drawn from both sociology and management, states how the external resources of the firm affect the behavior of the firm and takes a strategic view of corporate governance as a necessity for their funding sustainability (Pettigrew, 1992). In exploring the resource dependency theory, Hillman, Withers, and Collins (2009) reiterate that to acquire effective resources for business processes, organisations largely depend on their external environment, and this means that they need to establish and maintain good relationships with stakeholders in the long run as a way of facilitating the requisite resource movement in and out of the organisation. The resource dependency perspective suggests that management also represents a resource given that their practices influence the success of the organisation. Further, the theory states that by expanding the duties of the board, opportunities may be increased thereby enhancing accessibility to resources.

George, Howard-Grenville, Joshi, and Tihanyi (2016) note that a supportive organisation environment is critical in the implementation and maintenance of corporate governance practices. The focus of the theory is on various elements over and above organisational features like public concerns and social aspects relating to the business. There are three ideologies at the center of the theory; and these are organisational strategies for bolstering autonomy and pursuing stakeholder interests, social context, and delegation of power for the functioning of the organisation internally and externally (Karabreh, 2014). Various business functions within an organisation are interlinked and there is a clear interdependence amongst them. The application of resources amongst departments within an organisation is evidence of such resource dependence. When this dependence in an organisation exhibits inequality, power differentials may result and equal dependence amongst stakeholders and managers culminates in proper power delegation (Xiao & Shailer, 2021). The study thus seeks to broaden the view of the effect of resources on how the local non-profit organisations establish corporate governance principles in their operations for their existence, growth, and sustainability. To complement the relevance of basic assumptions of the above two theories, the stakeholder theory is also briefly highlighted below.

2.2.3 Stakeholder Theory

The development, as well as growth of the stakeholder approach, has its roots in the emerging need to address concerns by non-shareholder groups whose interests are significant to the very existence and growth of organisations. The stakeholder paradigm can be summed up as a growing culture in corporate governance that places emphasis on the broader social responsibilities of an entity. The term stakeholder refers to "any person or group that is able to make a claim on an organization's attention, resources or output or who may be affected by the organization" (Lewis, 2007). Unlike traditional management, which focuses on internal affairs, stakeholder management focuses on the explicit management of those actors who may be internal, external or interface with an organization (Bhaduri & Selarka, 2016). The research will highlight the various stakeholders to which the local NGOs are accountable and present how their interaction among each other impacts on the funding sources and sustainability to effectively operate in their respective jurisdictions. With the above theoretical orientation, it is imperative to conceptualize corporate governance which forms the core of this study.

2.3 Corporate Governance -A conceptualization

Corporate governance is an old phenomenon that has attracted a lot of interest in both practice and academia. This points to the diverse perceptions as well as contextual connotations of corporate governance which makes the task of defining the term rather a difficult, albeit, crucial one. However, it is important in the context of the current study that a working definition of corporate governance is determined and operationalized particularly given that local NGOs offer a unique setting in which corporate governance is relevant. Wilson (2016) views corporate governance as the manner and way in which a corporation is directed, controlled, and governed with a special focus on leadership, sustainability, and value creation. On the other hand, Barnes and Howson (2014) conceptualize corporate governance as a system utilised in making directors accountable to shareholders for the optimum management of entities in the interest of shareholders with focus being on values and ethics. While the definitions may differ semantically, they all have a commonality in the most fundamental of their thrust and focus areas with optimization of management and value creation for shareholders being at the core. Shareholder primacy, however, makes the definition fraught in the context of the current study.

A different but comprehensive definition is brought in by Bowles (2016) who defines corporate governance as a formal system that is established by entities to ensure that processes of control, accountability, and adequate management through the oversight function are observed. This view is buttressed by Bateman and Snell (2006) who define corporate governance as the way corporate executive staff and respective boards of directors ensure that an entity's activities are in line with the goal of stakeholders. The definitions differ from the foregoing in that they emphasize the primacy of stakeholder thereby taking a stakeholder approach to corporate governance. This observation is also shared in the definition advanced by the Organisation for Economic Corporation and Development (OECD, 2015) which defines corporate governance as a system that specifies the distribution of rights and responsibilities amongst different participants in an organisation including shareholders, boards and other stakeholders while guiding how organisations are directed and controlled.

The current study adopts the definition by (OECD, 2015) based on its comprehensiveness to adequately encapsulate all the important elements of corporate governance while, at the same time, emphasizing stakeholder primacy as opposed to shareholder primacy. In this regard, corporate governance spells out the procedures and rules relating to how decisions are made regarding the affairs of an organisation.

Gottlieb (2015) notes that corporate governance serves as a structural system relating to institutional rules, policy implementation and business controls all of which make up a framework for the management of an organisation. Emerging from the above definitions is that corporate governance also serves to establish a mechanism which ensures that organizations are directed and managed in manner that ensures that the responsibilities and demands of stakeholders are satisfied; and this points to governance considerations Some works in nonprofit sphere hold governance to be a set of external and internal mechanism that are established to ensure that management minimizes the misuse of assets while working to fulfill their fiduciary responsibilities and mission (Harris, Petrovits, & Yetman, 2014).

The main area of contention has, however, been the overemphasis on board characteristics which has narrowed the conceptualization in non-profit organisations context (Berardi, Rea, & Giulia Berlante, 2016). Other scholars have focused on the boards' role and its composition as well as how they interact with management (Flamer & Luo, 2017) . Such focus has largely left out the interactions with other players including regulatory groups, auditors, and donors. Thus, the current study adopts a conceptualization that extends beyond boards to include all stakeholders. At this juncture, it is instructive to extend the discussion on the main pillars of corporate governance to establish how in practical sense NGO's governance systems and processes have a bearing on their funding sources and levels.

2.3.1 Pillars of Corporate Governance

The theories reviewed earlier in this chapter offered a solid background for the application of corporate governance within organisations. Indeed, they all demonstrated that the application of corporate governance is one of the main responsibilities of top-level managers within an organisation. Such top leaders are responsible for securing stakeholder interests and ensuring the viability of the organisation equitably. The corporate governance concept is based on four distinct, albeit important elements (Lai & Bello, 2014). These elements are widely recognized and have been re-affirmed in different corporate governance policies in different jurisdictions. These corporate governance pillars are summarized as transparency, fairness, accountability, and responsibility (RAFT). Suffice it to say that these pillars of corporate governance are generic and that they have a universal applicability in the context of organisations. As per these principles, stakeholders have a fiduciary duty to guarantee the fulfillment of various corporate governance practices. For any form of organisation within the business process, the use of all corporate governance principles in governance is highly critical. For control, monitoring and management of the business functioning, management ought to offer advice to staff within the organisation.

The process of decision making from the perspective of the management team is also governed by the principles through securing the organisation's objectives and interests, balancing risks, and the maintenance of an organisation's competitiveness (Dhafani, 2013). Compliance with all the pillars of corporate governance is a challenge on the part of management teams. The goal of corporate governance is accomplished through the contribution of all the principles to organisational management. All the pillars work as a quality principle which defines the duty of due diligence placed on managers, their supportive role in organisations and their honesty. Under the auspices of corporate governance, organisations ought to follow the principles to promote ethics in organisations. While organisations aim to be successful and grow, they are responsible for the maintenance of all governance standards up to the highest level (Song, Tucker, Murrel, & Vinson, 2018). The current study considers the principles or pillars of corporate governance as crucial governance benchmarks with a view to contextualize their practicability in the practical world of NGO operations. The four pillars of corporate governance are discussed in the sections below.

2.3.1.1 Transparency

This corporate governance pillar serves to ensure that information is accessible in the organisation's operations. Transparency relates to the completeness and accuracy of information that is disclosed, thereby building a positive image for stakeholders within the marketplace. Transparency also ensures that all the information that the organisation reveals is presented clearly (Ferrell, Fraedrich, & Ferrel, 2015). With regards to the pillar, (Jayashree, 2014) notes that within the organisation, all stakeholders ought to be able to access full information regarding any emerging agenda through various channels including attending general meetings. At their request, shareholders and other stakeholders ought to have the requested and necessary information availed to them regarding the activities of organisations (Asfaw, Botes, & Mengesha, 2017). Transparency is located at the core of corporate governance as it serves to ensure timely and accurate disclosure of information regarding the activities of an organisation (Herbert, 2015). The process of disclosure in the context of audit and financial accounting ought to be of high quality. Transparency is mainly centered on access to information by various stakeholders and such information includes information regarding board and ownership structure, business objectives, information about stakeholders and employees and potential material risks (Ilunde, 2013). The most important board function in the context of transparency is to work harmoniously in evaluating all the activities and processes of the business on a regular basis.

In this regard, the effective functioning of corporate governance is based mainly on the internal controls that are followed by management in an organisation and the board's supervisory role. NGOs in their operations also have reporting obligation though these vary based on the regulatory and corporate governance framework followed. However, the applicability of the principle to NGOs is not in doubt (Cobb, Wry, & Zhao, 2016). For the purposes of undertaking this study, the implications of transparency (as a pillar of corporate governance) towards NGO funding will be explored. Issues of financial information accessibility to the public and funders will also be of high interest.

2.3.1.2 Accountability

Under this pillar, managerial bodies become responsible for the effective implementation and operationalization of accountability processes and systems to ensure full compliance with relevant laws. Under the guidelines relating to this pillar of corporate governance, management ought to act in good faith and exercise due diligence all in the best interest of the organisation (Cornforth, 2014). In the same context Nivia and Sardar (2017) postulate that accountability as a concept ensures that all individuals as well as groups within an organisation are responsible for their activities and actions. This is a major incentive for organisations to maintain optimum reporting. Financial managers are charged with accurately presenting an organisation's financial position in terms of how they use and manage funds for the purposes of fulfilling predetermined objectives. As such, presenting and disseminating inaccurate information in this regard may have implications including misleading all the relevant stakeholders. This would also constitute unethical practices by management. Additionally, Archambeault, Webber, and Greenlee (2014) underscore the importance of presenting accurate information and note that project managers have a responsibility to disclose material information about these including to beneficiaries.

The concept of accountability may not be applied without transparency. Tacon, Walters, and Cornforth (2017) argue that the idea of accountability culminates in an institutional framework which facilitates proper interactions amongst stakeholders. Accountability is therefore a process that induces personnel in an organisation to always account for their actions and the respective consequences. Organisational accountability may only materialize through the fulfilment of all the four corporate governance pillar practices. This emphasizes the need for organisations to enhance these corporate governance practices (Ngwenya, 2013).

In the context of NGOs, Barnes and Howson (2014) postulates that an explicit structure for governance is the first step in establishing a predictable and stable framework for accountability within the organisation. An organisation exercises good corporate governance if it has a robust internal system for checks and balances which serves to ensure that the public interest is served. Coule (2015) argues that the prototype constitutions that are provided by regulators for NGOs typically lack any in-built mechanisms for ensuring accountability amongst officials. This is important especially given that in the absence of any transparency mechanisms to scrutinize the accountability of NGOs, such organisations become immune to public scrutiny. Instead, organisations often become donor-centric in their activities and accountability. NGOs are also expected to be accountable to the government and its agencies that are relevant to the activities and their regulation. In the context of this study, local NGOs in Zimbabwe register either with the Ministry of Public Services, Local Government and Social Welfare under the Private Voluntary Act or Registrar of Deeds as Trusts. They are expected by the Ministry to generate annual reports that detail their annual activities supported by audited financial statements. Analysis of these documents is crucial to address the accountability issues related to these organisations.

2.3.1.3 Fairness

Fairness relates to the process under which organizational activities are undertaken without any detriment to the interests of stakeholders. In an endeavor to maintain fairness, organizational ethics play a key role in corporate governance practices (Aldamen, Duncan, Kelly, McNamara, & Nagel, 2014). Suffice it to say that, in business activities, fairness is held to be an ethical code. Heads and Date (2017) aver that fairness is also central to corporate governance practices. This is underpinned by two paramount qualities which are ethical practices and value systems. The pillar places on management the responsibility to act ethically. Ethical practices therefore ought to be inculcated into the organisation's culture and percolated to the different levels of the organisation to maintain overall best practices. This necessitates the development of a Code of Conduct by management which defines all the essential aspects of the maintenance of high integrity levels. Fairness in this regard is equally important in the maintenance of the concept of trusteeship within an organisation.

Under the fairness pillar, organisational functioning ought to be balanced fully to offer an equal degree of recognition to all the relevant parties that are involved in the activities of the organisation. The principle of fairness makes it incumbent on the management personnel to always be unbiased and respect the independence of all individuals within the organisation. Bashir, Afzal, and Azeem (2015) states that management ought to give due consideration to the entirety of stakeholders relating to a particular organisation. To this end, management needs to ensure equitable protection of the rights of stakeholders. The principle also guides management to accord equitable treatment to minorities and address any arising problems fairly. Compliance with the aspects of fairness interacts with ethical behavior which makes it close to corporate governance practices. The related practices alert management to their legal liability towards the staff and other stakeholders of their organisations, which makes securing the interests of these entire stakeholders highly important and paramount. The application of fair practices is in harmony with and fits well into the best practices in business that favor stakeholders (Aguilera, Florackis, & Kim, 2016). In the context of this study, fairness will be explored to establish the extent to which local NGOs are discharging their mandates with a high level of fairness to ensure distributional equity amongst target beneficiaries.

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2.3.1.4 Responsibility

This key pillar underscores the duty of the board of directors or any other governing bodies in an organisation to safeguard its assets while, at the same time, ensuring that organisational goals and objectives are met. The focus of this corporate governance pillar is to optimize outcomes at all levels (OECD, 2015). In the context of for-profit organisation, maximizing return on investment is also important in this regard.

However, in the current context, emphasis is placed on outcomes as these may vary across programs and projects that different NGOs are engaged in. The operationalization of accountability and responsibility makes them intertwined. Further, an organisation is held to be a responsible entity within which management shouldn't just secure stakeholder interests but rather also interests of the society on an equitable basis (Brown & Sullivan, 2013). This aspect of corporate governance is reflective of the importance of ethics in the contemporary society where members are challenged to actively participate in a manner that ethical.

Under the responsibility principle, any misconduct or negligence requires that management pursues corrective measures to demonstrate that the organisation values and upholds responsible behavior (Durand & Huysentruyt , 2022). Adeoye (2015) adds that another important and major responsibility in this regard is to cultivate and structure organisational culture that is supportive of all staff in an organisation. This responsibility falls on the shoulders of management. Such a culture ought to be developed so that all individuals in an organisation may be governed in the context of the culture. Matei and Apostu (2014) note that corporate social responsibility practices are important and requires business management staff to keep environmental impact of their activities at a minimal level. Business processes may negatively impact the environment which has implications for the health and wellbeing of people in the community. It, therefore, becomes imperative that management minimizes the negative impact of their organisation on the surrounding environment (Agbodzakey, Kumah-Abiwu, & O'Flanner, 2018). Management is also required to consider the interests of stakeholders equitably under these corporate social responsibility (CSR) practices.

CSR and corporate governance functions are intertwined as they both uphold sustainable organisational practices with a view to secure the interests of society. The former signifies that organisational leadership ought to undertake collaborative initiatives meant to address any social problems arising from their immediate environment (Cabral, 2019). Defourny, Hulgård, and Pestoff (2014) weigh in on the intertwined nature of the two and argue that CSR also makes the former of a stakeholders-based approach in the context of corporate governance frameworks; thereby making organisations to expand their practices relating to responsibility through encouraging participation in different activities. All the four pillars of corporate governance offer a solid foundation for corporate governance practices. Organisations that consider these elements of corporate governance in their practices are held to be socially responsible (Aguilera et al., 2016). Even though the four pillars provide varying guidelines for socially responsible and ethical behavior, there are alternative suggestions that organisation cannot operate sustainably in the eyes of stakeholder without compliance with the elements of corporate governance. Thus, the alignment with the principles of corporate governance allows management to safeguard the organisation from any detrimental legal and ethical issues as well as to improve the organisation's image from the perspective of all stakeholders.

The foregoing shows the importance of the pillar of corporate governance. These are applicable to local NGOs which are of interest to the current study particularly given that these entities need to be effective and efficient in their activities. The current study leans on the foregoing understanding and assessing the implications of CG for NGO funding in Zimbabwe.

2.4 An Overview of Non- Governmental Organisations (NGOs)

The term “non-governmental organisation” gained prominence and wide usage with the establishment of the United Nations in 1945 (Ashraf, Bandiera, & Jack, 2014). The widespread application of this term dates to the mid-nineteenth century. Today, the term is used with a wide array of organisations which are known in some cases as private voluntary organisations. Fernando and Heston (1997) identify voluntarism as the main distinguishing feature of NGOs from the government and private sectors. Voluntarism is viewed as the source of NGO sustainability given that any individual may do voluntary work at any given time and place. NGOs may be defined as organisations that are not related to the private or public sector of the economy (Smith & Phillips, 2016). Similarly, Fukuyama (2013) characterizes NGOs as being organisations that are created for and from society with no intervention of the government. The definitions, however, suffer from deficiencies relating to its reference to lack of government intervention. This is extreme given that in most countries, there are pieces of legislation that regulate the registration and operation of local NGOs.

Therefore, the lack of intervention mentioned renders the definition defective, particularly given that nothing is mentioned regarding the operation of these institutions within the bounds of the relevant regulations and laws. For instance, in China, the Foreign NGOs law that was enacted in 2017 controls local NGOs’ field work in China while setting tough conditions for accepting foreign funding (Lang & Holbig, 2022). In the current context, the mulled PVO bill also reflects tighter regulation for NGOs operating locally. The European Commission Discussion Paper as argued by (Zeleke, 2016) provides a more comprehensive definition that exhibits balance as it defines local NGOs as voluntary organisations which do not seek personal profits for managers and staffs, independent of governments, have formal status in aims and missions and which aim to create a reflection of public needs albeit with no professions or financial interest to its members. Despite being judicial-oriented by nature, the definition encapsulates all the important aspects of local NGOs devoid of any exaggerations. Therefore, the definition is adopted to guide discussions and interrogations related to the current study. Just as local NGOs have been defined in different ways and context, they have also been referred to differently across jurisdictions.

In the United State of America, the NGO sector is known as not-for-profit sector or the third sector which means the same is held to be neither part of the private sector nor the government sector. On the other hand, in the United Kingdom, these are referred to as charitable organisations and this is a frequently used term (Gnan et al., 2013). However, considering the wide consultation and development work of NGOs, the characterizations are judged to be deficient in terms of its scope. NGOs are referred to as civil society organisations in Africa, the Arab World and South America. This is the categorization that the current study adopts. NGOs can be found in various forms and spheres of civil society though they cannot be for-profit organisations. NGOs, however, depend on the private, international, and governmental sources for donation and funding (Lewis, 2007). In terms of size and scope, Berardi et al. (2016) advise that NGOs can be international, famous organisations like Human Rights Watch or Oxfam which operate on a global level with massive budgets. Such organisations serve different purposes including economic, social, cultural and charity roles and thrive to solve problems as well as improving the quality of life of communities in which they operate.

Karabreh (2014) noted that local NGOs have become a powerful force owing to the dramatic proliferation in the number of these organisations and the growth of the private and public grants and contracts that flow to them. The growing reach and influence of these organisations has seen some in the field of international relations referring to them as non-state actors, which is a category that may include transnational corporations. They have emerged as a powerful player in the internal policy sphere hitherto dominated by states. For instance, the World Bank and United Nation have both consulted technical local NGOs on relevant issues prior to implementing policies and drafting treaties (Callen & Tinkelman, 2014). NGOs are bound by the regulations and laws that are specific to their industry and, therefore, ought to operate within the bounds of these governance parameters. Considering this, the important role that NGOs play and the various stakeholders (including corporate entities, trusts, individuals, and beneficiaries) call for such organisations to operate effectively and efficiently. This is what makes corporate governance in local NGOs crucial. The current research considers the funding implications of corporate governance in local NGOs.

2.4.1 Roles of the NGOs in the contemporary world

By virtue of their existence, local NGOs are inherently gap-fillers to government developmental efforts. They play a complementary role where the government and private sector has failed or has been unable to accomplish their mandates (Banks & Hulme, 2012). The governmental sector is responsible for drafting and execution of the country’s constitution to accommodate diverse values and interests of the public. On the other hand, the role of the private sector is essentially to make a profit through its investments. NGOs have more flexibility than the government and private sectors in terms of changing their roles in society, especially there are new situations or social phenomena (Bryman, 2016). The NGO roles vary in different contexts and the services provided by the NGO sector can be categorized in different ways. Unerman and O'Dwyer (2016) classify NGO activities into development, welfare, advocacy, research, and education services. They argue that some NGOs work under only one type of activity, whereas other NGOs combine several roles. There are different categories (typologies) for NGOs based on their operational location, nationality, and activities provided. Anheier, Salamon, Sokolowski, and Haddock (2017) categorize NGOs according to eleven activities or roles:

- Conflict management.
- Implementation of global agreements for the country.
- Participation in corporate social responsibility of organisations.
- Delivery of neglected goods and services to society.
- Enabling a balance of the standard of living between the rich and poor people in society.
- Evaluating and highlighting social gaps and needs.
- Empowerment to reduce the unemployment rate.
- Humanitarian support and aid.
- Protection of the environment
- Provision of educational services.
- Improvement of human capacity.

It can be concluded that local NGOs can perform many roles in a society based on the needs and the organisational size or capacity. With the above, it is important to discuss the principles of corporate governance in NGOs and their implications for access to funding.

2.4.2 Role of corporate governance in NGO operations

Just like other organisations, NGOs are founded with the well-being of the public in mind, and they serve to accomplish a mission that is well-defined and articulated (Bloom et al., 2015). In pursuit of these missions and goals, local NGOs are governed by appointed or elected volunteer boards of directors who commit to the set goals and mission of the respective organisation. For example, an NGO board determines the mission, future programming, and strategic direction of the NGO. These boards therefore serve as custodians of financial and human resources by actively monitoring and evaluating the actions of executive management in relation to the application of the resources towards set goals (Roth, Tucker, & Venkataraman, 2019). Further, boards in NGOs approve and implement policies for ensuring the achievement of the set goals to prevent any apparent or real conflict of interest. In this present context, good corporate governance becomes a necessity. The accountability and efficiency of an organization is a matter of public and private interest. This explains the positions of scholars who argue that what determines the increase in the capacity of an organization is efficiency, the same applies to local non-governmental organizations (Adam, et al., 2015). The board of trustees is a very critical agent of governance for such NGOs to attain credibility and create an impact on its constituent.

Adeoye (2015) avers that goal is to identify and safeguard the visions and missions of the organization. It has been contended that good corporate governance means being accountable to the government and not to the public (Dattilo, 2013). This view is anachronistic because the reality of good governance is better measured by stakeholders at large. Business investors seek to protect their investments as a channel of generating returns on investment. Consequently, there must be corporate governance for efficiency, accountability and for investors to re-invest. It is observed that many NGOs particularly in Africa and other developing regions lack accountability yet, in practice; they are not sanctioned for failure to use their budget and investments for the purposes intended particularly when funding does not come from the government.

Olarinmoye (2014) concurs and adds that any attempt to question how the funds are used by the government is often resisted by founders or managers who have huge control over members of the board of trustees and the organization. Among some local NGOs, most of these funds come from international organizations, founders of the organization, board of trustees, the government, members of the society and civil organizations (Harding & Whitehead, 2016). These are various stakeholders, and it is expected that these monies are legitimately channeled towards the achievement of the goals for which the organization is formed. These persons and entities should openly question managers of these organizations where there are suspicions of fraud or lack of transparency in the management of these corporate institutions (Keating, 2017). To ensure adequate administration of local NGOs, various regulatory bodies have moved to ensure that the extant corporate governance frameworks include local NGOs operations. Ngwenya (2013) concurs that, for example, the Financial Reporting

Council of Nigeria (FRC) affirmed that the inclusion of 'not-for-profit Non-Governmental Organization' in the National Code of Corporate Governance (NCCG) is not for the purposes of taxation but rather entrenching good corporate governance.

Conversely, Barnes and Howson (2014) argue that most entities which have financial difficulties suffer from weak corporate governance structures, hence, compelling the adoption of the respective corporate governance codes which has become imperative to guard against financial recklessness and poor accountability. Suffice it to say that the concept of corporate governance is vital to the corporate wellbeing of organizations and stakeholders. This foregoing underscores the importance of corporate governance in local NGOs. However, in articulating its importance, little is said regarding the current frameworks and how corporate governance in general as applied in local NGOs affects funding opportunities for these organisations. The current study contributes by examining this aspect in the Zimbabwean context.

2.4.3 Global financial crisis, donor priorities and funding of local NGOs

Tacon et al. (2017) argue that donor agencies have hitherto mostly held local NGOs to be alternative institutions that can offer public services while at the same time exercising control over government power. However, considering the changes in political power distribution, the ability of local NGOs to contribute to policy change and democratisation has also remained formless and dynamic, varying across jurisdiction. The expectation is that donor perspective of local NGOs may have also been equally dynamic. Smith and Phillips (2016) discussed the changing donor perspective of NGO activities. They note a shift from the situation where local NGOs have been largely regarded as donors' 'favourite child' to one where donors have been also critical of local NGOs in certain cases. Several studies also revealed that as developing countries went through economic development and political changes, international donors reduced their funding to local NGOs. Hendrickse (2008) note that direct external donor funding to local NGOs in South Africa drastically decreased in 1994 due to prospects of democratic post-apartheid political dispensation and external donors preferring to fund government directly. Similarly in Zimbabwe during the coalition government between 2009 and 2015, donors channeled most of their funds through Government rather than NGOs (USAID.GOV, 2010).

In this regard, Bateman and Snell (2006) argue that donors have shown interest in various important areas for improvement amongst local NGOs. Key amongst these areas is governance which includes decision making as a process, establishment of mechanisms for accountability, division of role between executives and the board as well as issues around articulation of a clear mission, vision, and objectives (Aggarwal, Evans, & Nanda, 2014). Another important area is accountability to government and the public. This underscores the importance that donors have placed on governance of local NGOs which is the umbrella for accountability. In addition to the changing conditions and donor perspective towards local NGOs, donor priorities have exhibited fluidity that has changed the NGO funding landscape. It is a reality that certain developed countries target some developing countries as part of the latter's development efforts (Olarinmoye, 2014). In this regard, donor funding is allocated at different levels and some of this is channeled towards local NGOs which are involved in various interventions causes or it is allocated to development agencies like USAID for use in different projects based on priority areas and countries. Such changes have proven to be a challenge to resource mobilizations for certain initiatives. In the context of non-government organisations, Shava and Thakhathi (2016) notes that they may sometimes face spending cuts as donor priorities shift in response to various changes in the market.

Such changes vary in nature and impact on various aspects of the global market. Notably, the global financial landscape has gone through some changes and shocks over time. For instance, in 2020, the International Monetary Fund forecasted that the global economy would shrink by 4.9% during 2020 in the wake of the COVID-19 pandemic. Various important indicators painted a gleam picture of the global economy prompting nations to take different measures with a view to optimize outcomes. This has been the case in time of crisis including the global financial crisis. This may be expected to have implication for NGO funding and donor funding in general. Moore and Stewart (1998) note that during crisis times, the donor community have largely taken an inward-looking approach and prioritized the needs of their own people thereby reducing development assistance. This may suggest that there has been an amplification of the classic prioritization dilemmas which have compelled states to make the difficult choice thereby cutting aid to areas of needy recipients. Moreover, Aguilera et al. (2016) postulate that although aid and donor funding remained, criteria for choosing areas to fund changed given the meagre budgets earmarked for donor funding.

The above quote is buttressed by Harris et al. (2014) who argue that allocation patterns do not align well with needs, and this may be due to donor preferences and institutional rules and criteria. In the context of the global financial crisis, many donor states make new assessments with countries like the UK, Netherlands and Germany launching

White Papers for vulnerability assessment. The OECD (2015) noted that there was a 34% rise in donor funding in 2008 which was followed by a 7% decline in 2009 and the decline was expected to increase over the coming years to peak 34% in 2013. However, the OECD did not attribute the trend fully to the crisis and rather indicated that it was not clear whether the reductions were due to short term uncertainties in programming or were reflective of the durable impact of the financial crisis on aid budgets. However, the trends were coupled with a decrease also in budget support to African countries with 20% being cut from the budgeted support (Berry & Tucker, 2016). This may be attributable to noted aid budget cuts by countries like Ital (56%), Ireland (24%) and the UK (38%).

The above evidence shows that NGO funding has changed in both its forms and magnitude over time and these changes have been influenced largely by changes in the global market. The global financial crisis clearly had profound effects on NGO donor funding with powerhouses like the Unites States redirecting funding to deal with needs at home. It is argued in the current study that the dwindling pool of funding necessitates optimisation of governance. And this is also predicted on the main line of argument in the current study that lack of corporate governance has far-reaching implications on NGO funding.

2.5 Implications of corporate governance on NGO funding

Olarinmoye (2014) indicates that the donations market in the third sector mimics the capital market in traded companies in its role as the external governance mechanism. More specifically, capital markets reflect, through the share value on stock exchanges, the current performance of a company as well as expectations held by investors concerning future performance. This incentivises the effective monitoring of managers' action by owners in companies with concentrated on capital and boards in companies with dispersed capital (Kuruppu & Lodhia, 2019). Thus, this incentivises value creation by managers. The authors in this regard therefore acknowledge that there exists no possibility of hostile acquisitions in the donation market given the lack of shareholders though they argue that there are two elements that regulate the donations market and are important in the context of NGO management. One of the elements is the freedom of donors to invest in what is to them the most appropriate NGO operations (Kuruppu & Lodhia, 2019). The other critical issue is the risk of local NGOs suffering from reputational damage in cases where improper management is noted.

With regards to the freedom of donors to invest in resources, the argument advanced widely in literature is plausible in a market where there are untied donations. Cassar (2019) notes that in the context of a tied donation market, the discretion of donors is limited usually by an instrument of public call for project support. In analogy to the aforementioned capital market, the tied market is composed on different "stock markets" that represented by public notices for project support, which shape a market that is totally fragmented and with little standards which allow a priori comparison amongst local NGOs in a single market (Smith & Phillips, 2016). Considering both arguments in retrospect, the second argument seems better aligned with an untied market as opposed to the tied market dimension. Kelly (2019) also addressed the two dimensions by discussing the role of the market as a mechanism for external control of organisations in the same manner that (Fama, 1980) did on the separation of ownership and control. Regarding the actual influence of corporate governance on the decisions by donors regarding contribution to NGOs, Kitching (2009) argues that there is a positive correlation between local NGOs audited by large audit firms and the volume of donation availed.

Aggarwal et al. (2014) established a positive relationship between local NGOs' board relevance and the volume of donations provided. In the same vein, Saxton et al. (2014) also reported a positive association between transparency as measured by local NGOs disclosures on the internet and donations. Harris et al. (2014) on the other hand showed that the quality of corporate governance in an NGO (based on seven dimensions of management, policies, board, minutes, audit, executive compensation, and access) is positively correlated with donations volume. Additionally, de Andrés-Alonso, Cruz, and Romero-Merino (2006) analyzed the influence of public institutional donors' participation on Spanish local NGOs' efficiency. They note that the presence of activities of the institutional donors positively influences allocation and technical efficiency in an entity. Similarly, Yetman and Yetman (2011) revealed that NGOs whose donors imposed more restrictions generated more accurate reports. Based on the foregoing, donors' influence on monitoring of the activities of an entity on top of the role of the donations serve as a governance mechanism.

Thus, the funding implications of corporate governance in local NGOs have been widely considered in extant literature. However, this has been largely generic or in contexts other than that of the current study. The aspects remain understudied in the Zimbabwe NGO context and contextual examination is important given the apparent effect of different country-specific factors like regulation. The current study contributes by examining the implication of corporate governance in Local NGOs for funding in these organisations.

2.6 Effectiveness of Codes on Local NGOs Corporate Governance frameworks

Governance frameworks can often be overlooked, whilst, they are the bedrock of how a company/organisation is governed and should be designed so as to ensure effective board administration, transparency around roles and responsibilities, accountability to, and engagement with stakeholders, and driving sustainable business practices (PWC, n.d.). Aguilera et al. (2016), defined corporate governance codes as sets of best practice recommendations regarding the behaviour and structure of the board of directors. According to (Tricker, 2012), corporate governance codes are intended to provide guidance at the frontier where law ends, and market practice begins. Common codes on corporate governance include King Reports (I – IV), UK Code, Cadbury and Greenbury reports and Organization for Economic Co-operation and Development (OECD) Principles of Corporate governance. In Zimbabwe, The National Association of Non-Governmental Organisations (NANGO) developed the Zimbabwe NGO Corporate Governance Manual published in 2006 which embraces corporate governance practices for not-for-profit organisations.

There are six main common practices advocated by the codes (O'Shea, 2005). This research seeks to determine if these practices exist within local NGOs.

1. Board composition: a balance of executive and non-executive directors, such as independent, nonexecutive directors.

2. Board leadership: a clear division of responsibilities between the chairman/owner and the director

3. Information: the need for timely and quality information provided to the board.

4. Nominations: formal and transparent procedures for the appointment of new directors.

5. Reporting: balanced and understandable financial reporting; and

6. Risk: maintenance of a sound system of internal control.

2.7 Measures for improving funding through Corporate Governance practices.

Corporate governance is important in pursuit of various set objectives in local NGOs operations and sustainability. Tomo, Scarozza, Hinna, De Nito, and Mangia (2016) underscores that governance is only one dimension through which local NGOs can improve their social impact. Additionally, donors can provide financial subsidies to local NGOs. Funding is essential in the context of Local NGOs as it assists with alleviating financial constraints and investing in human capital optimisation, equipment upgrades and extending the scope of services offered. In assessing the possible implication of corporate governance for NGO funding, a different perspective is given which relates to the application of available funds and outcomes as opposed to availability of such funds. Zeleke (2016) indicates that the availing of funding for local NGOs if met with implementation of strong governance mechanisms which may lead to improvements in the scope of operation as well as the efficiency within which local NGOs operate. This speaks to the implications of corporate governance for the application and impact of funding available to local NGOs. In this regard, as Shava and Thakhathi (2016) note, financial grants and subsidies and governance mechanisms are likely to serve as complements towards the set objectives relating to increasing the overall social impact of NGOs.

Conversely, Ballesteros and Gatignon (2019) are of the view that availing of financial subsidies in the absence of any meaningful and robust governance mechanisms may not yield the same enhancement along this dimension. Gubler, Larkin, and Pierce (2016) concur with the above observation, arguing that while NGOs may scale up the scope of their operations without proper corporate governance, they may fail to achieve the necessary efficiency and social performance. Carnahan, Kryscynski, and Olson (2017) sum up by indicating that considering the challenges and unique nature of NGOs, the implementation of the necessary corporate governance mechanisms which mitigate agency conflicts, enhance competence building amongst managers and employees and foster knowledge transfer may serve to enhance the social performance and operation efficiency of NGOs. Based on this, it can be argued that by implementing robust governance mechanisms, funding can be unlocked for the benefit of different causes.

Bhaduri and Selarka (2016) postulates that the provision of "pro-social" incentives may aid efforts to ensure that the resources allocated to local NGOs are applied effectively and efficiently. This entails provision of additional funding to local NGOs subject to meeting a certain social criterion. Pro-social incentives in this regard are different from the traditional financial incentives particularly in two ways. One of these is that the additional funding is tied to social criteria as opposed to financial criteria. Secondly, the direct beneficiary in this regard is the local NGOs and not management thereof. The provision of these incentives according to Imas (2014) can be expected to motivate employees and managers in local NGOs thereby addressing potential agency problems. Asaduzzaman (2017) concurs and argues that this materializes through acting as an intrinsic motivator to management and employees who may exert greater effort in pursuit of the utility that they drive from the social impact (pure altruism) as well as the prestige derived from having financially contributed to the social cause of their local NGOs. This argument fits well in most extant literature as many studies have shown that employees in various occupations are always ready to forego financial compensation in pursuit of meaningful work (Bode & Singh, 2018; Burbano, 2016; Carnahan et al., 2017).

Further, evidence from various experiments indicates that pro-social incentives that are in the form of charitable contributions that are linked to the work of participants may enhance their work effort (Imas, 2014; Tonin & Vlassopulous, 2015). In the same vein, on top of the direct benefits, Rizki and Desi (2022) note that provision of pro-social incentives may offer direct benefits for managers and employees. This is so given that the additional funding serves to allow organisations to offer training to employees, pay competitive wages, extend their operations scope, and upgrade equipment. In addition to the provision of training to employees and managers, upgrading of equipment may also empower them in their quest to further increase their productivity (Adeoye, 2015). In sum, pro-social incentives can be expected to enhance the motivation and productivity of NGO managers and employees; thereby enhancing the social performance and operating efficiency of local NGOs.

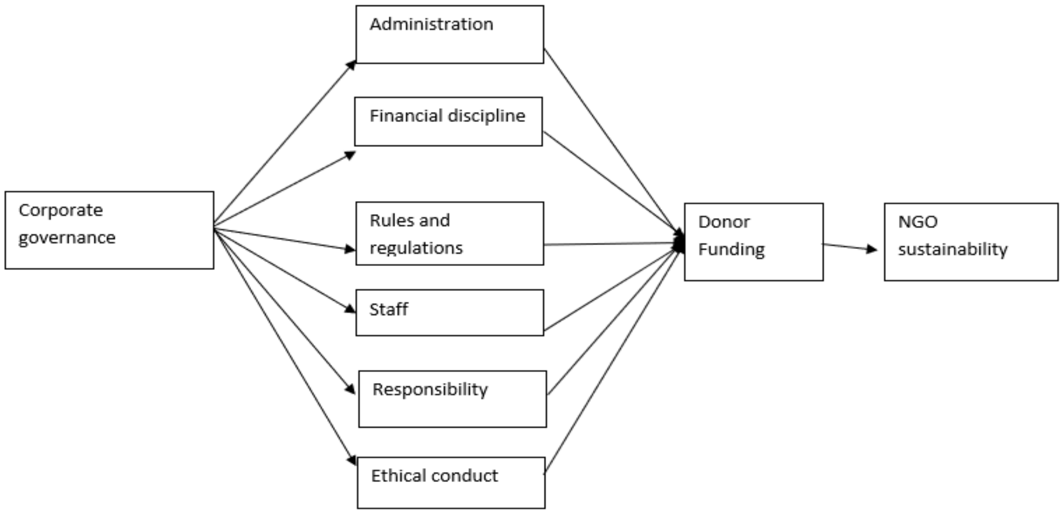
The current study further argues that auditing may enhance social performance and operational efficiency. More specifically, through undertaking of regular audits, independent auditors may help verify that protocols and best practices are followed and that there is a strategic and managerial plan in place, that performance and practices in an organisation are documented and that there is a setting of adequate priorities. The same is noted by Metin (2017) who argues that that such audit would allow local NGOs to harness the expertise of auditors which in turn will allow them to provide important recommendations and feedback to Local NGOs management and employees. It is important to mention at this point that the challenge of lack of competent and well-trained personnel may present challenges for local NGOs which makes such recommendation important. It is against this background that auditors may serve to transfer best practices and enhance effectiveness in local NGOs.

The reviewed literature also points to the centrality of governance mechanisms in the proposed measures and the impact of the measures is shown largely to be likely to materialize through stronger governance mechanisms being in place.

2.8 Conceptual framework

The following figure is a diagrammatic depiction of the study's conceptual framework. Based on the reviewed literature, it is conceptualized that corporate governance is expected to have the implication on NGO funding and ultimately their sustainability. The implications of corporate governance in this regard are built based on critical elements which must be observed in the operations of local NGOs. These key elements are administration, financial discipline, rules and regulations, staffing, ethical conduct, and responsibility. All these elements constituting the governance framework can be evaluated as mechanisms of enhancing corporate governance in NGOs' operation. The current study aims at establishing the link between optimization of these governance principles and local NGOs funding opportunities which ultimately enhances their sustainability.

Figure 1: Conceptual Framework for Corporate Governance on NGO Funding



Source: Own construct

2.8.1 Research gap

The literature review was wide in scope as it considered issues the researcher deemed important in the context of the study. While corporate governance is conceptualized differently across contexts, the study was able to conceptualize it and establish a working definition for the purposes of the current analysis. A lot of attention has been given to corporate governance as is evident in the sections presented above. However, literature on corporate governance in local NGOs remains infantile which may suggest that the aspect is understudied. More specifically, there is a dearth of empirical evidence on the implications of corporate governance for NGO funding. This is the case in both local and global stock of literature with a few studies having focused on this aspect. Other related issues including the current local NGO's governance frameworks and the effectiveness thereof which also remain understudied in the Zimbabwean context. There remain knowledge gaps in the existing literature and therefore, the current study seeks to fill these gaps by exploring the governance implications on funding in Zimbabwean local NGOs.

2.9 Summary

The chapter reviewed literature that was relevant for the study. The literature reviewed provided both empirical and theoretical grounding to put the current study into perspective. Importantly, review of literature sought to provide the researcher with a better understanding of the current discourse, including emerging issues and debates on the subject topic. Identified knowledge gaps enable the research to come up with a proposed conceptual framework as a guideline to explore this study further. The next chapter provides the research methodology that the research adopted for the purposes of completing this study.

CHAPTER 3 METHODOLOGY

3.1 Introduction

The previous chapter was the literature review chapter in which relevant literature on the subject matter was reviewed. The current chapter provides an explanation of the research methodology that was applied in the present research study. Dawson (2019) describes research methodology as the primary principle that guides the research. In this regard, the researcher provides a detailed explanation of the various methodological aspects that were deemed important in the context of the current study. These include the research philosophy, research approach, research design, population, sampling, data collection and data analysis amongst others. These are addressed in the various constitutive sections of the third chapter.

3.2 Research Philosophy

Bryman (2016) describes a paradigm as a cluster of beliefs and dictates which, for scientists in a particular discipline influence what should be studied, how research should be done and how results should be interpreted. The present study utilised a pragmatic paradigm and according to this paradigm, the process of investigation under pragmatic orientation places the focus on the research problem as determinant for the epistemology, ontology, and axiology of the research rather than the method (Parvaiz, Mufti, & Wahab, 2016). The objectives in the study were mixed in their orientation and to effectively address the objectives, it was necessary that little methodological restrictions are placed on the researcher. By adopting the pragmatic paradigm, the researcher was able to adopt any procedures or methods that ensured that the study objectives were attained. The study was therefore not compromised by traditional paradigm wars.

3.2.1 Research Design

Research design is defined as a basic plan which guides important research processes including data collection and analysis. A research design provides a framework which specifies the kind of data that is to be collected, data collection procedure as well as data sources (Churchill & Iacobucci, 2018). The study adopted a descriptive survey research design. This design involved direct exploration, analysis as well as description of corporate governance implications on local NGO funding and the involved processes were as free as possible from any unexplained presuppositions. The researcher was able to achieve maximum intuitive presentation. The researcher was also able to describe the corporate governance in the local NGOs under study. In the same vein, the research adopted this design intending to effectively document the subject matter in the context of the current study. It is important to note that contrary to exploratory research, descriptive research is very systematic, structured, and fixed format (Kinnear, Taylor, & Feiberg, 2013). Lastly, descriptive research allowed the researcher to make use of statistical tools. The foregoing shows that descriptive research is a good fit for the current study.

3.2.2 Research Approach

The study adopted a mixed research approach. Such an approach includes both qualitative and quantitative data gathering and analysis in a parallel manner-concurrent mixed methods (Saunders, Lewis, & Thornhill, 2012). Such an approach is an alternative to the use of traditional quantitative or qualitative research methods in isolation. The research opted for this approach as mixing of quantitative and qualitative research methods helps a study to yield a more complete analysis as the two complement each other (Creswell, 2014). The combination of two approaches was deemed advantageous in the study as the two share a single goal of understanding the world. Further, use of the two methods together provided variety in perspectives from which the current study could be undertaken. Both approaches also helped research by providing for cross validation or triangulation. The research also wanted to achieve complementary results using strength attributed to one approach to enhance the other.

3.3 Study population

A study population is a collection of subjects, elements or individuals that meet the set inclusion criteria (Cohen, 2016). The current study population was all local NGOs in Zimbabwe. However, it is difficult to precisely determine the exact number of local NGOs as the NANGO profile of 2022 estimates these to be about 1 232. The current study targeted local NGOs operating in Harare which are approximately 150. The selection of NGOs in the context of the study is informed by their exposure to matters of corporate governance and funding.

3.3.1 Sample size

As noted above, the target population of participants from local NGOs in the current study was 150. In determining the sample size, the researcher utilised Taro Yamane’s formula for determining sample size for a clearly defined population. The following are the computations undertaken:

Figure 2: Taro Yamane formula.

$$n = \frac{N}{1 + N(e)^2}$$

Source: Internet

Where

e= precision level (in this case 5%)

N= population size

n= sample size

$n = 150/1+150(0.05)2$

$= 113$

3.3.2 Sampling technique

Sampling is the process of drawing a small portion from a given population to study the sample and generalize findings to the population (Dawson, 2019). The researcher drew a sample that they viewed as being fairly representative of the target population. The current study thus aimed to draw a sample to ensure that results can be generalized to the population with accuracy. The research made use of a probability sampling technique with simple random sampling being the actual sampling technique utilized in selecting NGOs to be studied. The technique saw the researcher select NGOs randomly from a list of local NGOs. Simple random sampling was utilised at two stages: firstly, by selecting 113 organisations from a population of 150, and secondly, by choosing 13 organisations for quantitative assessment. This approach was informed by the similarity in characteristics within the study population. By employing triangulation (a mixed methods research approach), researchers gain several advantages, including enhanced generalizability, contextualization, and credibility. The convergence of qualitative and quantitative data bolstered the validity of conclusions, thereby mitigating the inherent limitations associated with small sample sizes.

3.4 Data sources

According to Anderson and Corneli (2018), data collection refers to the collection of important and relevant information systematically based on the questions a study seeks to address. This is undertaken using various tools including questionnaire and interview (Ibid). Both primary and secondary data were utilised.

3.4.1 Primary data collection

Primary data refers to data collected specifically for use in the current study primary data was obtained from the selected sample. Primary data was gathered through key informant interviews and a structured questionnaire. The use of primary data was motivated by the need to learn through the experiences, opinions and beliefs of the participants included regarding the funding implications of corporate governance amongst local NGOs in Zimbabwe. Further, primary data allowed the researcher to effectively obtain information tailored to the study and in full detail.

3.4.1.1 Questionnaire

As indicated above, the study utilized a questionnaire in collecting research data for the study. A questionnaire is a form that is specially designed to solicit respondents' views regarding a certain subject matter and the same contains specially crafted questions to which responses are provided by research subjects (Saunders et al., 2012). The questionnaire in the current study was a structured questionnaire that contained structured questions. In these questions, the researcher made assertions based on the literature reviewed and the respondents were required to provide responses relating to the extent to which they agreed with the researcher. The responses were to be provided on a 5-point Likert scale. The questionnaire was made up of various sections with the first section addressing respondents' demographic profiles. The subsequent sections of the questionnaire dealt with questions relating to each of the research objectives stated in the first chapter of the study. The researcher opted for a questionnaire as they are more cost effective and efficient as a data collection instrument. Further, they allow for the objectivity that is necessary in this kind of research as there is little interference by the researcher with the data collection process.

3.4.1.2 Key informant interviews

Key informant interviews were utilised with management from the selected Local NGOs. These are important where there is a desire to identify other potential problems over and above the problem already known and under study. Key informant interview guides are opted for owing to their capacity to yield detailed and rich textual data. The research also enjoyed some flexibility with regards to the way questions are posed and following up on any arising matters of interest.

3.4.2 Secondary data

Secondary data is data collected for a different purpose than the one it is being used for (the current study). Secondary data was obtained from different secondary sources including reports, journals, books, and other publicly available documents. On the other hand, secondary data was included as a part of triangulation of data types and sources, and this was important for the validation of outcomes as the researcher could check for convergence. Secondary data was also important with regards to completeness as it complemented primary data and provided the researcher with a full understanding of the subject matter. In collecting such data, the researcher sifted through the various sources and all relevant data was drawn in respect of the study. Desk analysis of the various sources was therefore applied in this regard.

3.5 Data Collection Procedures

The research was first granted permission by the university as well as the relevant local NGOs to carry out the study and a letter was granted in that regard. The researcher sought the consent of participants that they sought to include in the study. Numerous calls and visits to the area of study and offices of the selected 13 different key informants from 13 NGOs. Once permission and consent were secured, the research scheduled 13 interviews. Further, 100 questionnaires were distributed electronically through Google forms to the selected NGOs. A week was the time provided for the completion of the questionnaire. Responses were sought at the expiration of the one-week period.

3.6 Reliability and Validity

Validity relates to the degree to which a given research instrument measures what it is required to measure and reliability in research has to do with the consistency with which a research instrument measures what it is required to measure (Heale & Twycross, 2015). Suffice it to say an instrument is deemed to be reliable if it produces consistent results under similar circumstances. The current study piloted the questionnaire before it was deployed in the actual study. This saw the researcher distributing the questionnaire to a small replica sample. The researcher watched out for certain aspects of the instrument which needed to be addressed prior to its use in the study. Matters relating to question crafting, semantic barriers and completion times were all considered and addressed where necessary. A sample of 20 was utilized in the pilot test of the questionnaire.

3.7 Data Presentation and Analysis

Data presentation is defined as the process of using various graphical formats to visually represent the relationship between two or more data sets so that an informed decision can be made based on them (Dawson, 2019). The study, being a descriptive study as noted earlier in the section, utilised mixed data analysis methods. Upon collecting data, quantitative data was cleaned and checked for any cases of missing data. The data was analyzed using descriptive and inferential statistical analysis. The former was employed to summarize and give meaning to the data. Descriptive statistics in the form of the mean responses and standard deviations will be of interest. On the other hand, correlation analysis as well as multiple regression analysis were undertaken, and this was meant to show the relationships between variables as well as the precise impact of corporate governance principles on funding for local NGOs. The main tool for data analysis will be Statistical Package for Social Science (SPSS). Tables will be utilized in presenting the study results.

3.7.1 Content Analysis

Content analysis falls under document analysis as well as observation and it entails analysis of existing communication without taking the initiative through asking questions (Kerlinger, 1973). This was utilized with documentary analysis with the researcher seeking to draw conclusions based on the data analyzed from the selected secondary sources. The method was utilized as it ensured that the researcher got a central view of interactions and all the relevant information and provided strong insights through available information. Data collected was read thoroughly by the researcher and topics were developed based on the patterns identified. The topics were used as categories and the categories were combined into broader topics.

3.7.2 Thematic Analysis

Braun and Clarke (2013) assert that thematic analysis is minimally organized and describes research data in rich and deep detail. Thematic analysis also goes beyond the above and interprets various aspects of the research topic (Boyatzis, 1998). The following Owen's criteria for thematic analysis was utilized in identifying emerging themes:

- Recurrence which relates to two or more parts of a given text carrying the same meaning despite being differently worded,
- Repetition which refers to where words, phrases or even sentences are repeated in two different parts of text being studied.

- Forcefulness, which applies in cases where the information is presented in oral form, changes in tone or use of different acoustics can indicate forcefulness.

The researcher thus identified all major themes in accordance with their frequency as well as their relationship with other identified themes.

3.8 Ethical Considerations

According to Halai (2006), sound research is a moral and ethical endeavor and should be concerned with ensuring that the interests of those participating in a study are not harmed because of the research being done. The research aims to promote authentic, original, and true knowledge by avoiding error. Data was collected and used without distortion or falsification. Plagiarism was avoided at all costs through citations. During data collection, all participants were subject to voluntary participation without coercion or pressure. The researcher ensured that there was informed consent by participants through availing all necessary information regarding the purpose of the study, how their data was to be used and contact details of the institution of learning in case they may need to verify. Consent forms were used in the questionnaire pack. The researcher ensured that data privacy is maintained by establishing a backup platform for the information on cloud and restricting access through password creation. Confidentiality was maintained by removing identifying information and ensuring anonymity. Where requested, results were shared to maintain transparency and allow the participants to learn trends from the research.

3.9 Summary

The researcher provided a detailed explanation of the research methodology that they employed in the study. Care was taken to cover all the important methodological aspects including the philosophical framework, research design, population, sampling, and data collection procedure leading up to the ethical considerations. The research was a descriptive study undertaken within a pragmatic philosophical framework. Further, the study utilised mixed research methods and targeted local NGOs in Harare. Data was collected using a structured questionnaire and key informant interviews. Steps were also taken to ensure validity and reliability. Data was analyzed using both quantitative and qualitative data analysis methods. The next chapter focuses on presentation, data analysis and discussion.

CHAPTER 4 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

The previous chapter of the current research study dealt with the research methodology that was adopted for the current study. This chapter focuses on the analysis, presentation, and discussion of the findings from the current research. This chapter presents and analyses the findings of the study. It analyses and evaluates the research data with the primary aim of fulfilling the following main research objective: “To examine the implication of corporate governance on local NGO’s funding in Zimbabwe.” In this chapter, the research findings were derived from the qualitative data collection tools adopted. These research instruments include a document search, key informant interviews and survey questionnaires from the field. A thematic approach was used to present the major findings that emerged from the study. The analysis of the findings is premised on the thematic, conceptual, and content analyses. The Chapter begins with a presentation of the participants’ response rate and demographic information.

4.2 Data Presentation and Analysis

This section analyses findings from collected data with regards to the implications of corporate governance principles on funding for local NGOs. The findings are divided in line with the research objectives and were categorized as such.

4.2.1 Response rate

This is an important section that serves to make the determination as to whether the study garnered sufficient responses to inform the current study. Pursuant to this the response rate that the study attained is considered in the current section. As noted in the previous chapter, the research distributed the study questionnaire amongst 100 respondents in the study. It was anticipated that not all of these would be returned successfully though a sufficient number would be returned for purposes of the study. Table 4.1 shows the response rate that was attained in the current study, and this is expressed as a percentage of the total instruments distributed.

Table 4. 1: Response Rate

Instrument	**Distributed**	**Returned**	**Fully usable**	**Response rate (%)**
Questionnaire	100	93	83	83
Total	**100**	**93**	**83**	**83**

Source: Google Forms Output

The response rate data in Table 4.1, the researcher distributed 100 questionnaires with 93 of these being returned successfully. However, 83 were the ones deemed fully usable in the context of the current study. This means that the study response rate was 83 percent. The response rate in this regard is high and satisfactory particularly based on it surpassing the recommended 60% as per Fincham (2008). The study can be safely adjudged to have been informed by sufficient data.

4.2.2 Demographic data

The study also drew socio-demographic data from the participants in the study. The data was drawn owing to its perceived relevance and importance in the context of the current study. Suffice it to say the researcher only sought to collect data that held relevance with regards to the findings and their validity.

Table 4. 2: Respondents' Demographic Profiles

	Frequency	Percent	Cumulative Percent
Gender			
Male	47	56.63	56.63
Female	36	43.37	100
Total	83	100.0	
Age category			
<30 years	7	8.43	8.43
31-40 years	24	28.92	37.35
41-50 years	33	39.75	77.10
>50 years	19	22.90	100
Total	83	100.0	
Education level			
Certificate/diploma	11	13.25	13.25
Bachelor's degree	34	40.96	54.21
Postgraduate	26	31.33	85.54
Other	12	14.46	100
Total	83	100.0	
Position occupied in organisation			
Senior management	53	63.86	63.86
Middle management	23	27.71	91.57
Low level management	7	8.43	100
Total	83	100.0	
Years position held			
<1 year	5	6.02	6.02
1-5 years	17	20.48	26.5
6-10 years	32	38.55	65.05
>10 years	29	34.94	100
Total	83	100	
Organisation registration status			
Private voluntary organisation	36	43.37	43.37
Trust	28	33.73	77.10
Other	19	22.89	100
Total	83	100	

Gender distribution

Results from table 4.2 show that the respondents on the current study were mostly male in terms of gender. More specifically, 56.63 percent of the respondents in the study were male. The remaining 43.37 were females. While achieving balance in terms of gender distribution of the study sample was deemed ideal, the imbalance recorded is a manifestation of imbalances in the workplace. Individuals of both genders therefore informed the study.

Age category

The study also sought data relating to the age category under which an individual fell. This was important in indicating the distribution with regards to age to control for any implications of age. Findings show that 8.43 percent of the respondents were aged below 30 years while another 28.92 percent were aged between 31 and 40. Another 39.75 percent were of ages between 41 and 50 years. The remaining 22.90 percent were aged above 50 years. Individuals of various ages informed the study though most of these were of ages above 30 years.

Education level

Information regarding the education level of the respondents in the study was also sought in the current study. The information gave insights regarding the intellectual capacity of the study participants to provide the requisite data base don the questions that the researcher posed in the questionnaire. Results show that 13.25 percent of the participants were holders of certificates or diplomas. On the other hand, 40.96 percent were in possession of a bachelor’s degree while 31.33 percent had attained post graduate degrees. The remaining 14.46 percent were holders of other various qualifications. The study was thus completed based on information provided by individuals with the intellectual capacity to comprehend and respond to questions.

Position occupied in organisation.

Based on the findings presented in the table, 63.86 percent of the respondents in the study occupied senior management positions in their respective organisations. On the other hand, 27.71 percent held position in middle management within their organisations. It is also noted that there were respondents in low management position in their organisations and these constituted 8.43 percent of the sample.

Years in position held.

It was important to determine the number of years one has served in their positions as this gave an insight into their knowledge of corporate governance and funding in the respective organisation. In this regard, 6.02 percent of the respondents had served in their positions for less than a year while 20.48 percent has served for between 1 and 5 years in their positions. On the other hand, 38.55 percent has held their current positions for between 6 and 10 years with the remaining 34.94 percent having served in their positions for longer than 10 years. Most of the respondents had therefore served long enough to know the important aspects in the context of the current study.

Organisation registration status

The registration status of the organisation was also sought, and this was important in determining whether the study was based on a full spectrum of registrations. Results showed that 43.37 percent of the organisations were registered as private voluntary organisations while 33.73 percent were registered as trusts. The remainder were registered as either common law universitas or church-based organisations. Therefore, the study was based on information from NGOs with various designations at law.

4.2.3 Role of Corporate governance in the funding of local NGOs

Findings showed a mutual understanding on what corporate governance entails among the participants in the study. The general view shared by the respondents in the study was that corporate governance refers to the set of processes, principles, and values that guide the management and control of an organization. In-depth interviewees also shared the same view that while it is typically associated with for-profit corporations, the principles of corporate governance are also relevant to non-profit organizations, including NGOs. In effect, in-depth interviews also revealed that corporate governance helps to ensure that the board of directors, executive teams, and staff are accountable for the organization's actions and decisions. This casts corporate governance as providing oversight to ensure that the organisation is operating in compliance with relevant laws and regulations and that it is fulfilling its mission and objectives. In the same vein, interviewees identified board oversight, financial management, risk management and stakeholder engagement as some of the key aspects of NGO corporate governance and funding. The reference to stakeholders is consistent with the stakeholder approach to corporate governance that underpinned the current study and donors are also stakeholders thus making engagement with these incredibly important.

Based on the above, the general impression was that corporate governance helps to build trust and confidence in the organization's operations and activities and may unlock donor funding which is critical for its growth and sustainability. In support of the above, one of the participants remarked:

Corporate governance serves this purpose as it requires transparency in the organization's monetary management, decision-making processes, and communication with stakeholders, including donors, volunteers, and beneficiaries. The absence of governance may not guarantee the presence of adequate funding [Participant 1].

Given the role of perception in the context of public trust and confidence in organizations, corporate governance may set organisations on the right path regarding access to funding. It was also clear from the interview data that corporate governance has a risk management role in local NGOs. Effective corporate governance includes processes for identifying and managing risks to the organisation, such as financial risks, reputational risks, and risks related to the organization's programs and activities. Thus, the research findings show that corporate governance can enhance the management of these risks in local NGOs thereby enhancing fund utilisation and confidence in organisations. Over 70% of the interviewees concurred that corporate governance has the role of fostering transparency and accountability in local NGOs which are important aspects in the context of NGO funding. Participants from surveys also buttressed that local NGOs often rely on donations and grants to finance their activities. As such donors and other stakeholders need to be confident that their funds are being used in an appropriate manner. Strong corporate governance practices help to foster transparency and accountability, making it easier for stakeholders to understand how the NGO is expending its resources.

4.2.4 Corporate Governance and NGO funding nexus

The study's results showed that corporate governance and funding in NGOs under study are closely interrelated. One of the participants added that to attract funding, NGOs need to demonstrate good corporate governance practices particularly given that donors want to ensure that their money is being used effectively and that the NGO operations are well-managed. The foregoing is further buttressed by Participant 6 who noted that:

In the case of NGOs, good corporate governance is essential for building trust with donors and other stakeholders. It involves transparency and accountability in financial management, as well as clear lines of responsibility and decision-making.

The verbatim seem to suggest that donors are more likely to provide funding to organisations that can demonstrate sound financial management, effective risk management, and accountability for their actions. More specifically, interview results show that some donors may require local NGOs to have certain corporate governance structures in place as a condition of funding. For example, a donor may require an NGO to have an independent board of directors or a finance and audit committee to ensure that the organization is being managed effectively. This suggests that NGOs that have strong corporate governance structures are more likely to be effective in conducting their missions, which in turn will attract more funding. Conversely, poor governance practices can damage the NGO's reputation and minimise the likelihood of accessing funding to sustain its operations. If the NGO's financial management lacks transparency or accountability, donors may be reluctant to provide funding or may require more oversight and reporting, which can be costly and time-consuming for the organisation. Harris et al. (2014) also demonstrated that the quality of corporate governance in the NGO (based on seven dimensions of governance which they identified as formal policies, board oversight, absence of related parties, independent audit, executive compensation that is approved and access to financial information) is positively correlated with donations volume.

In-depth interviewees also argued that the emphasis that corporation place on large corporate governance in the private sector in Zimbabwe also necessitates corporate governance in the quest to obtain funding for local NGOs. Most key informants were of the opinion that corporate social responsibility as undertaken by the private sector corporation in where they intersect with NGOs, and they are a significant constituent when it comes to donation. One of the participants had this to say:

To secure funding from corporations, local NGOs must demonstrate good governance practices, such as transparency in financial management, clear accountability mechanisms, and effective use of resources. Local NGOs that have established strong governance structures and practices are more likely to attract funding from corporate donors, as they are seen as trustworthy and accountable partners. [Participant 5]

It suffices to state that corporate governance practices are critical for NGOs to attract and retain funding. Based on the findings reported above, the researcher accepts the hypothesis that “Corporate governance has a significant impact on funding for local NGOs in Zimbabwe.” NGOs that prioritise transparency, accountability, and ethical behaviour are more likely to gain the trust and support of donors, which can help them to achieve their mission and goals.

4.2.5 Corporate Governance frameworks

The research also examined the corporate governance frameworks in local NGOs. This was deemed crucial to the study as it aimed to unpack the corporate governance-funding nexus in such organisations. The survey included specific questions on this matter, and the collected data was analysed using a descriptive scale, like the one described earlier. Table 4.4 displays the findings concerning this topic.

Table 4. 3: Corporate Governance Frameworks in local NGOs

Item	***Mean***	***SD***
The board is balanced in composition incorporating independent, executive, and non-executive directors, such as independent, and non-executive directors.	2.482	.6212
There is clear segregation of roles in management and between top management and the board.	4.621	.8212
There are formal and transparent procedures for the appointment of new directors.	1.642	.8167
There are systems in place to ensure the timely provision of quality information to all stakeholders	2.134	.9080
The organization engages in transparent and understandable financial and activity reporting.	1.845	.7486
The organization maintains a sound system of internal controls and risk management plan.	2.421	.7931

According to the tabulated data on table 4.3, respondents disagreed with the assertion that the board is balanced in composition as it incorporates executive and non-executive directors, such as independent, nonexecutive directors. The mean response (2.482) and standard deviation (0.6212) suggest that the organisations under study do not have in place balanced boards in terms of the distribution of classes of directors.

Further, the respondents strongly agreed with the assertion that there is clear segregation of the roles in top management including the board. The mean score of 4.621 and standard deviation of 0.8212 indicate that most of the respondents concurred that indeed there was a segregation of roles in their respective organisations. This may suggest that most of the NGOs have in place different individuals in critical roles in top management. This is important in ensuring accountability in organisations. Nivia and Sardar (2017) postulate that accountability as a concept ensures that all individuals as well as groups within an organization are responsible for their activities and action in the same context. Archambeault et al. (2014) also underscore the importance of presenting accurate information and note that project managers have a responsibility to disclose material information about these including to beneficiaries.

However, respondents disagree with the statement put forward by the researcher to the effect that there is a system in place meant to ensure that timely and quality information is provided to the board (mean=2.134; SD=0.9080). The results suggest that most NGOs may not have robust reporting procedures and systems in place. Relatedly, Jayashree (2014) notes that within organizations, all stakeholders ought to be able to access full information regarding any emerging agenda through various channels including attending general meetings. At their request, shareholders and other stakeholders ought to have the requested and necessary information availed to them regarding the activities of organizations (Asfaw et al. (2017). Transparency is mainly cantered on access to information by various stakeholders; and such information includes information regarding board structure, business objectives, information about stakeholders and employees and potential material risks (Ilunde, 2013).

The study also revealed that respondents did not share the view that their organisation has formal and transparent procedures for the appointment of new directors. Most respondents disagreed that there are formal and transparent procedures applied in the appointment of directors (mean=1.642; SD=0.8167). This may point to the lack of any effectiveness systems for ensuring fairness and transparency when it comes to the appointment of directors in local NGOs. Appointments on an ad hoc basis may better explain this unfolding scenario. This interacts with fairness which is an important governance pillar. The related practices alert management to their legal liability towards the staff and other stakeholders of their organisations which makes securing the interests of these entire stakeholders important and paramount.

Data in the table 4.3 above also show that the respondents disagreed with the assertion that their organisation engages in balanced and understandable financial reporting. The aforementioned view was not held by the respondents as evidenced by the reliable mean score of 1.845 and low standard deviation of 0.7486. As noted earlier, financial reporting is a key component in terms of transparency. In this regard, Herbert (2015) states that transparency is located at the core of corporate governance as it serves to ensure timely and accurate disclosure of information regarding the activities of an organisation which is achieved through audit and financial accounting. Related results are noted with regards to the maintenance of sound system of internal control (mean=2.421; SD=0.7931). This is despite the importance of these internal controls in the context of the organisation. They are at the core of risk management and their absence may be detrimental to local NGOs. O'Shea (2005) identified six main common practices which include board composition, board leadership, information, nominations, reporting and risk. Despite these practices being considered to be important, they are suboptimal in the context of the local NGOs under study.

Interview results show that the current corporate governance frameworks in local NGOs are ineffective. The major import, in this regard, is that international NGOs have more robust and effect corporate governance frameworks in place as compared to local NGOs under study here. One of the participants stated that:

Local NGOs have corporate governance frameworks in place though these are mostly ineffective. They can be contrasted to those of international NGO who have highly effective frameworks in place. [Participant 8]

Thus, corporate governance frameworks in local NGOs are mostly ineffective. In further explaining their ineffectiveness, most interviewees noted that the frameworks have not effectively entrenched the main corporate governance principles that are expected to reign supreme in organisations. This relates to RAFT pillars of corporate governance and the general idea that was visible in the interview results was that these have not been enhanced or at least maintained under the current framework. One of the participants lamented on the issues of lack of transparency 'which is common amongst many local NGOs in Zimbabwe.' This was put forward by various participants who noted that transparency has remained elusive in many NGOs. The participant 10 remarked:

There has been a glaring lack of transparency, and this has been the application of available resources. Many local NGOs have failed to effectively produce reports relating to their activities thereby dampening transparency.

The foregoing showed that many organisations have been found wanting particularly when it comes to effectively reporting. This is an important metric in assessing transparency. Some of the interviewees attributed to lack of transparency to the way some of the organisations are founded. Transparency also ensures that all the information that the organisation reveals is presented clearly (Ferrell et al., 2015). The most important board function in the context of transparency is to work harmoniously in evaluating all the activities and process of the business on a regular basis. One of the participants indicated that some of the organisations were founded by individuals who have retained a lot of influence thereby failing to effectively build a culture of transparency. Further, most key informants submitted that accountability has also been suboptimal, and they noted that the current frameworks have failed to optimize accountability in local NGOs. The foregoing therefore casts the current corporate governance framework as being ineffective in relation to their optimization of the RAFT pillars of corporate governance.

4.2.6 Corporate Governance challenges faced by local NGOs.

It was crucial to consider the corporate governance challenges those local organisations face. This was necessary in an endeavour to come up with alternative measures for enhancing corporate governance towards enhanced funding for NGOs.

Interview results indicate that organisations under study have faced various challenges relating to corporate governance. One of the main challenges faced in this regard is the implementation of corporate governance in NGOs. One of the participants noted:

The implementation of corporate governance in NGOs is viewed as important but the actual implementation has proven difficult for many organizations. [Participant 3]

The verbatim underscores the existence of challenges in the corporate governance implementation process though it also emerged that the challenges are more pronounced for small NGOs. Probed on why this was the case, interviewees indicated that issues around funding and human resources availability have contributed to the challenges. In their submission, Participant 2 retorted:

Most small NGOs are not well funded and they in most cases have little in terms of resources which may preclude them from effectively implementing corporate governance. [Participant 2]

The verbatim indicate that small NGO have faced more challenges in their endeavour to implement corporate governance. A key informant further noted that the often-observed lack of formal governance structures compounds the issues. They add that unlike for-profit corporations, most local NGOs often lack formal governance structures such as boards of directors and formalized decision-making processes. This can lead to confusion about who is responsible for making strategic decisions and can make it difficult to hold individuals accountable. The results further indicate that lack of technical expertise with regards to corporate governance and its implementation in the context of NGOs has proven to be a challenge for organizations in trying to implement corporate governance. Corporate governance is a technical aspect that employees must effectively implement corporate governance. Lack of such expertise has been identified as one of the challenges that have been faced in the efforts to implement corporate governance.

In the same vein, interview results show that discretionary operationalisation of corporate governance due to the perceived repugnance between most corporate governance frameworks and NGOs may have been a challenge for NGOs as it leaves room for improper and inadequate application of corporate governance frameworks. One of the key informants noted that:

NGOs are non-for-profit by nature, and this may make some of the corporate governance framework difficult to use on a plug-and-play basis without modifying them. Many organizations modify these and there is a lot of discretion in the implementation process. [Participant 4]

The foregoing takes cognisance of the dominance of the for-profit organisational context in the implementation and operationalisation of corporate governance through various frameworks. This is further compounded by the variations in corporate governance framework that are available. In the effort to ensure that frameworks are suited to the realities and context of the implementing NGOs, management rely on their discretion in some cases, and this may be a challenge. Interviewees also submitted that overregulation of the NGO sector in Zimbabwe has proven to be a challenge with regards to corporate. Interviewees submitted that NGOs must comply with a range of regulatory requirements, including tax and reporting obligations. Failure to comply can result in legal and reputational risks. One of the interviewees stated:

The overregulation and the respective requirements may prove difficult to meet with proper corporate governance structures and frameworks in place.

In this regard, overregulation is shown to have been a challenge for local NGOs of corporate governance. Results also indicated that board compositions, conflict of interests and lack of transparency are familiar challenges that are faced in local NGOs in Zimbabwe. Participant 4 submitted that NGOs often have a board of directors made up of volunteers with limited experience in corporate governance. This can make it challenging to establish strong governance practices. Similarly, another participant explained the issues around conflict of interest stating that:

Local NGO board members and staff often have personal connections with the organization's beneficiaries or donors, which can create conflicts of interest. These conflicts need to be managed carefully to ensure that the organization's decisions are made in the best interests of its mission and beneficiaries. [Participant 4]

The foregoing underscores the role of board compositions and conflict of interest as a challenge in NGO corporate governance. The general idea that also emerged from the interviews is that local NGOs are often held to a higher standard of transparency than other organizations, given their non-profit status and reliance on public trust.

4.2.7 Measures to improve corporate governance within NGOs in Zimbabwe

The study sought to produce alternative measures for improving corporate governance in local NGOs. The study put forward various proposed measures based on the literature reviewed. Respondents were expected to indicate the extent to which they agreed with the researcher based on a 5-point Likert scale. Results are shown in the table below.

Table 4. 4: Measures for improving Corporate Governance in NGOs

Item	*Mean*	*SD*
Effective communication with Donors	4.482	.8457
Regular audits	4.621	.7312
Availing of funding tied to social criteria	4.134	.9102
Robust linking of funding to corporate governance compliance	4.242	.6747
Adoption of best practices in NGO corporate governance.	4.345	.8745

Source: Primary data – SPSS

The results presented in the table indicate that effective communication with donors may serve to enhance corporate governance in local NGOs. The researcher's assertion received an average response of 4.482, with a corresponding standard deviation of 0.8457. The finding suggests that corporate governance in local NGOs can be improved through effective NGO-donor communication. This may materialise through clarity on the expectation of the donors as well as their priorities in the context of the NGO corporate governance. Given the role of corporate governance in the NGO mission effectiveness matrix, donors may be ready to effectively contribute to the implementation of robust corporate governance in the beneficiary NGOs.

Furthermore, regular audits may serve to also enhance corporate governance in local NGOs. This is noted in the responses obtained on the item which saw a mean of 4.621 being recorded with a standard deviation of 0.7312. The low standard deviation speaks to the low variability of the responses provided by the respondents as well high reliability of the mean score. This means that by implementing regular audit, local NGOs may be able to strengthen their corporate governance. The findings are in harmony with assertions by Metin (2017) in literature who notes that regular audits may allow local NGOs to harness the expertise of auditors which in turn will allow them to provide important recommendations and feedback to Local NGOs management and employees. This is important considering the potential detriments of lack of well-trained and competent personnel. Auditors may serve to transfer best practices and enhance effectiveness in local NGOs.

According to the study, the availing of funding tied to social criteria will go a long way in improving corporate governance in local NGOs. The mean response for the item was 4.134 indicating that the respondents were in strong agreement with the researcher's assertion. A 0.9102 standard deviation shows low variability of responses and high reliability of the mean. Therefore, availing such kind of funding would encourage NGOs to try to implement corporate governance and optimise the same to ensure effectiveness in term of the social impact of their activities. This may include the issue of pro-social incentives as postulated by (Bhaduri & Selarka, 2016) that the provision of "pro-social" incentives may aid efforts to ensure that the resources allocated to local NGOs are applied effectively and efficiently. This entails provision of additional funding to local NGOs subject to meeting a certain social criterion. The provision of these incentives according to Imas (2014) can be expected to motivate employees' and managers in local NGOs thereby addressing potential agency problems. Asaduzzaman (2017) concurs that this materializes through acting as an intrinsic motivator to management and employees who may exert greater effort in pursuit of the utility that they drive from the social impact (pure altruism) as well as the prestige derived from having financially contributed to the social cause of their local NGOs.

Research findings also showed the robust linking of funding to corporate governance's compliance in NGOs. Most of the participants in the study agreed with the statement in this regard as shown by a mean of 4.242 and the standard deviation of 0.6747 show that the mean score was dependable, and the constituting responses were not as varied. The results indicate that corporate governance in NGOs can be improved through creation of string links between funding and corporate governance. This materialises through incentivising optimum corporate governance in pursuit of optimum funding for NGOs. NGOs in Zimbabwe may also rely on best practices in NGO corporate governance in their efforts to improve corporate governance. The researcher made a statement to this effect, and this elicited a 4.345 with a standard deviation of 0.8745 which statistically illustrates that best practices in NGO corporate governance may be the primary stroke in improving corporate governance in these organisations.

Interview results showed that corporate governance frameworks are important and developing frameworks that are comprehensive and clear may serve to enhance corporate governance in NGOs to secure funding. This was explained further by one of the participants who emphasised that local NGOs should have clear policies and procedures in place for governance, financial management, and risk management. According to the participants, this can help to improve transparency, reduce the risk of fraud or mismanagement, and ensure that the organisation is accountable to its stakeholders. Another theme that emerged is the use of diverse and skilled boards. Most interviewees indicate that local NGOs may put in place boards with the diversity of the communities that are served by the NGOs and possess a range of skills and experiences that can support the organisation's mission. Asked why this is deemed important, one of the participants responded that the same may ‘help to build credibility with funders and demonstrate the organisation's commitment to good governance.’

The importance of having in place clear procedure for reporting was also visible in the submissions by the interviewees in the current study. An interviewee retorted that:

Local NGOs can establish clear financial reporting procedures that are aligned with international best practices. This can help to improve transparency and accountability and make it easier for funders to understand the organization's financial performance and impact.

The verbatim shows how such procedure may lead to enhanced corporate governance and attract more funding for NGOs. In concurrence, Participant 7 stated that this robust reporting procedures are a first step in developing a culture of transparency and accountability across the organisation. This can include regular reporting to stakeholders, open communication with staff and volunteers, and a commitment to ethical decision-making.

4.3 Discussion and Interpretation

This section focuses on discussing the outcomes from the data collected and drawing interpretations for the study.

In line with objective one, corporate governance principles, thus, have a key role to play in the context of local NGOs. The role of corporate governance in this regard is also documented in extant literature. For instance, Olarinmoye (2014) purported that the donations market in the third sector mimics the capital market in traded companies in its role as the external governance mechanism. This speaks to the influence that the donations market exerts to internal governance of NGOs under which they must optimise corporate governance to optimise funding opportunities. This is mostly so given the freedom of donors to invest in what is to them the most appropriate NGO operations (Kuruppu & Lodhia, 2019). Equivalently, local NGOs have an incentive in the need to protect the good image and reputation of the organisation.

Research findings fit well in extant literature. Kitching (2009) argues that there is a positive correlation between NGOs audited by large audit firms and the volume of donation availed. Similarly, Aggarwal et al. (2014) established a positive relationship between NGOs' board relevance and the volume of donations provided. In the same vein, Saxton et al. (2014) also noted a positive association between transparency and the volume of donations received as measured by NGOs disclosures on their website, the more information shared, the more donors are willing to fund for their causes. It emerged that corporate governance frameworks in local NGOs are mostly ineffective with most interviewees noting that the frameworks have not effectively entrenched the main corporate governance principles that are expected to reign supreme in organisations which are the RAFT pillars of corporate governance and the general idea that was visible in the interview results was that these have not been enhanced or at least maintained to give adequate assurance of their existence.

It was evident that corporate governance in local NGOs can be improved through effective NGO-donor communication. This is critical in ensuring the NGOs are constantly aware of the needs of the funders in relation to their organisational structure, internal controls and reporting requirements.

4.4 Summary

The chapter focused on the analysis and presentation of data from the current study. The data presentation was undertaken as per procedure that was presented in the previous chapter. Findings showed the significant role that corporate governance plays in the context of NGO funding. In the same vein, the corporate governance challenges faced were also identified together with strategies for enhancing corporate governance. The next chapter provides a summary of the study, conclusions, and recommendations.

CHAPTER 5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In the developing world, most local NGOs are faced with serious financial crises arising from lack of funding support from the donor community due to poor governance systems and practices. This poses a major threat to sustainable socio-economic development efforts by these organisations. Considering the increasingly strong emphasis in practice and in the literature on the need to improve and strengthen corporate governance in local NGOs, the primary aim of this chapter is to provide a synthesis of the assumptions and research findings of all the research objectives and chapters in this thesis. Furthermore, the chapter aims to propose measures to improve and strengthen corporate governance in local NGOs in Zimbabwe. The study explored, described, explained, and interrogated several issues in respect of the theoretical and conceptual underpinnings and practical applications of corporate governance in Zimbabwe's local NGOs. This chapter will also provide new insights that will be utilized to substantiate the findings made in the previous chapters. A thematic approach and content analysis were used as data analysis tools.

5.2 Discussion

This section provides a synthesis of the study in terms of the research objectives and secondary research questions and presents a discussion of conclusions made from various important key findings that were provided in the chapters of the study. These conclusions are presented considering the research objectives presented above, as well as the secondary research questions posed in Chapter One that are presented below in terms of the relevant chapters. However, these conclusions do not necessarily always follow the sequence of all the chapters since some of the issues discussed overlap, which gave important answers for the secondary research questions for each chapter.

The study aimed to examine the implications of corporate governance for funding in local NGOs. In pursuit of this aim, the study also sought to unpack the current corporate governance frameworks in these organisations as well as their effectiveness. This was meant to allow the study to produce alternative measures for improving corporate governance in local NGOs. Findings from the study reaffirm the vital role that corporate governance plays in local NGOs funding. Corporate governance in this regard, represents aspects like accountability, risk management, monetary management, and provision of oversights in such organisations. Its role in NGO funding revolves around stakeholder trust and confidence, particularly donors and other funders. Such trust and confidence may in turn unlock more funding for NGOs. This also highlights the intersection between corporate governance and funding for NGOs. Olarinmoye (2014) characterises the donation market the same as mimicking the capital market by functioning as an external mechanism for governance. This materialises through donors exercising their freedom to invest in what they perceive to be the most appropriate organisation (Kuruppu & Lodhia, 2019). The nexus between corporate governance and funding in NGOs can be summed up as a strong one in which corporate governance has positive implications for funding in NGOs. This corroborates findings reported by (Harris et al., 2014) who showed that the quality of corporate governance in an NGO is positively correlated with donations volume.

On the other hand, local NGOs have in place corporate governance frameworks which are largely based on boards' oversight. However, the organisations under study exhibited a lack of some of the most important aspects of corporate governance. These include adoption of balanced boards (in terms of executive and non-executive directors), procedures for robust and quality reporting, formal and transparent procedures for appointing directors, and internal controls. These are important in corporate governance (Archambeault et al., 2014; Asfaw et al., 2017; Jayashree, 2014; Nivia & Sardar, 2017) and their absence may only render frameworks for corporate governance ineffective. The ineffectiveness was confirmed in the findings of the study which reflected issues around RAFT pillars of corporate governance. Thus, despite having corporate governance frameworks in place, these are shown to be ineffective. The ineffectiveness may partly be attributed to the various corporate governance challenges that local NGOs have faced. These include challenges in implementation of the corporate governance with small NGOs being disproportionately affected by these due to lack of resources to implement formal governance structures. Lack of technical knowledge relating to corporate governance, discretionary operationalisation of corporate governance, board compositions, conflict of interests, and lack of transparency have also plagued local NGOs.

Lastly, the study identified alternative measures that may serve to improve corporate governance in local NGOs. One of the measures is based on robust communication between organisations and donors and this is important in facilitating collaborative efforts to optimise corporate governance. The same goal may be achieved through regular audits which would see local NGOs benefiting from recommendations proffered by auditors to strengthen their corporate governance. Such recommendations may serve to plug skills gaps in the context of corporate governance. As Metin (2017) notes, such audits may leverage the expertise by auditors in efforts to optimize corporate governance. Provision of funding that is tied to certain social goals may also prove effective in improving corporate governance. As noted in Bhaduri and Selarka (2016), availing 'pro-social incentives' under which funding is availed based on attainment of certain social targets may incentivise effective and efficient application of organizational resources. The motivation that may result amongst staff and management can give impetus to the efforts (Imas, 2014).

The study further indicated that robust linking of funding to corporate governance compliance adoption of best practices in NGO corporate governance, developing comprehensive and clear frameworks, implementing clear policies and procedures for governance, financial management, and risk management as well as clear procedure for reporting may all serve to improve governance principles.

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5.3 Conclusions

The study concludes the following:

5.3.1 Corporate Governance frameworks

Local non-governmental organisations have boards playing the oversight role and are at the core of corporate governance. The boards are however structured differently across the organisations and bear distinct characteristics. During interviews, it emerged that in some organisations there are inadequate boards that have an imbalance between non-executive and executive and there are instances where the Board is present but lacks adequate capacity and training to provide support on governance matters. Without this capacity, Donor agencies and funders may not have confidence in these organisations and hence are not willing to extend resources to them.

5.3.2 Effectiveness of corporate governance frameworks in local NGOs

The current corporate governance frameworks in local NGOs are ineffective. These also lack the crucial elements that are at the core of the RAFT pillars of corporate governance. These gaps contribute to the ineffectiveness of the corporate governance framework in local NGOs. Lack of balance in terms of directors' status, lack of robust reporting procedures and lack of adequate nomination procedures are some of the detrimental issues.

5.3.3 Measures to improve corporate governance in local NGOs in Zimbabwe

Corporate governance can be improved through various measures. These include effective communication with donors, regular audits, availing of funding tied to social criteria, robust linking of funding to corporate governance compliance in NGOs, developing frameworks that are comprehensive and clear may use of diverse and skilled boards and clear procedure for reporting.

5.3.4 Corporate Governance and NGO funding nexus

Corporate governance and funding in local NGOs are intricately linked. Corporate governance has positive implications for funding in Zimbabwe. Organisations that have robust corporate governance systems in place enjoy greater levels of funding and are usually offered cost extensions on their projects. Conversely, NGOs that do not have strong corporate governance systems in place struggle to unlock and sustain funding resulting in serious implications on their going concern.

5.4 Implications

The study and its findings revealed important challenges in the context of corporate governance in local NGOs which has a strong bearing on funding accessibility from the donor community. In the same vein, the study brought to limelight the four ineffectiveness of corporate governance frameworks in NGOs which also served as the basis for proffering alternative measures for enhancing corporate governance in local NGOs. All these aspects may prove important from the perspective of leaders in local NGOs. By assessing the effectiveness of corporate governance frameworks, the study provides leaders with empirical evidence that they may leverage in efforts to optimise corporate governance. In this regard, the measures may be implemented to improve corporate governance. More importantly, the study showed the implications of corporate governance on funding, and therefore leadership may find this important in their quest to optimise funding and build their capacity.

5.5 Recommendations

Based on the above research findings and conclusions, the researcher proposes the following recommendations.

- Given the ineffectiveness of current corporate governance framework that the study revealed, leadership in local NGOs may need to try to address the issues that have dampened the effectiveness of the frameworks.
- Leadership in local NGOs may need to produce measures to ensure that there is a balance between executive and non-executive directors in their Boards. This is important in ensuring that no solitary group or individual has disproportionate influence in the organization considering the noted lack of such balance.

- Organisational leadership could consider tapping into different external stakeholders' expertise including auditors in the efforts to optimize corporate governance.
- Given the noted implications of corporate governance for funding, it may be important to foster collaborative efforts towards optimization of corporate governance. This would ensure the optimization of funding and effectiveness of the local NGOs as the latter has also been shown to also depend on corporate governance.
- Given the implications of corporate governance on funding in Zimbabwe, leadership may need to strengthen and optimize governance structures. This is important in enhancing funding for NGOs.

5.6 Suggestions for Further Research

The current study considered local NGOs in Harare only and future studies may consider a wide array of NGOs. In the same vein, as opposed to considering all NGOs together, future studies may address different forms of NGOs separately with a view to systematically unpack issues around the influence of certain dimensions of corporate governance on certain forms of NGO funding like grants and donations.

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APPENDIX 1: Questionnaire Survey Instrument

Corporate Governance Questionnaire

My name is Nobuhle
Mutengo, a final year Executive Master's in Business Administration student
from Africa University. I am carrying out a study on *The implications of Corporate Governance principles on local NGO's funding in Zimbabwe*. Please
note that this research is purely for academic purposes and information that
you will provide shall not be used for any other purpose without your consent
and /or the consent of the university. The information gathered will
be treated as anonymous, private and highly confidential. There are 14 questions to complete and I appreciate your
willingness to assist me in my research effort.

* Indicates required question

SECTION A: General Information

1. 1. Gender *

Check all that apply.

- [ ] Male
- [ ] Female

2. 2. Age *

Check all that apply.

- [ ] < 30 years
- [ ] 31 - 40 years
- [ ] 41 - 50 years
- [ ] > 50 years

3. 3. Please state your education level *

Check all that apply.

- [ ] Certificate or Diploma
- [ ] Bachelor's Degree
- [ ] Post Graduate
- [ ] Other: ____________

4. 4. Position Occupied in the Organisation *

____

5. 5. Years in position held *

Check all that apply.

- [ ] < 1 year
- [ ] 1 - 5 years
- [ ] 6 - 10 years
- [ ] > 10 years

6. 6. Organisation Registration Status *

Check all that apply.

- [ ] Private Voluntary Organisation (PVO)
- [ ] Trust
- [ ] Other: ____________

7. 7. Registration Year

____

8. 8. List your main intervention area(s) *

9. 9. What are your main funding streams and the % contribution? (e.g. Donors 20%....etc) *

SECTION B: Application of Corporate Governance

10. 10. To what extent do you agree on the applicability of these Corporate Governance principles in your organisation? *

Check all that apply.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Clear mission and vision statements	☐	☐	☐	☐	☐
Operational Policies and procedures are in place .	☐	☐	☐	☐	☐
The Organisation is governed by a Board of Directors.	☐	☐	☐	☐	☐
Accounting policies are in line with the International Financial Reporting Standards(IFRS).	☐	☐	☐	☐	☐
Significant transactions with related parties are extensively disclosed in the financial reports.	☐	☐	☐	☐	☐
The ownership structure is fully and readily disclosed to all interested	☐	☐	☐	☐	☐

parties including Donors.					
Internal controls are in place to aid compliance.	☐	☐	☐	☐	☐
Board committees e.g. risk management committee, audit committee are set up.	☐	☐	☐	☐	☐
The organisation has an active strategic plan.	☐	☐	☐	☐	☐
There is an Internal and/or External Audit function	☐	☐	☐	☐	☐

11. 11. Please rate your Board on each of the following: *

Check all that apply.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The role of the Board Chairperson and Executive Director are held by different persons.	☐	☐	☐	☐	☐
Board member selection is based on level of professional qualifications and experience.	☐	☐	☐	☐	☐
Board members with links and/or prior contacts with Donors are highly considered.	☐	☐	☐	☐	☐
There is gender balance in the board composition.	☐	☐	☐	☐	☐
A calendar of board meetings or	☐	☐	☐	☐	☐

key events is
key events is
available.
available.

SECTION C: Effectiveness of Corporate Governance framework

12. 12. On a ranging scale from Strongly Disagree to Strongly Agree (1 to 5), to what extent do you agree with each of the following. *

Check all that apply.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The board is balanced in composition incorporating independent, executive and non-executive directors?	☐	☐	☐	☐	☐
There is clear segregation of roles in management and between top management and the board.	☐	☐	☐	☐	☐
There are formal and transparent procedures for the appointment of new directors	☐	☐	☐	☐	☐
There are systems in place to ensure timely provision of quality information to all stakeholders	☐	☐	☐	☐	☐
The organisation	☐	☐	☐	☐	☐

engages in transparent and understandable financial and activity reporting					
The organisation maintains a sound system of internal controls and risk management plan.	☐	☐	☐	☐	☐

13. 13. To what extent do you agree or diasgree on the effectiveness of the organisations current frameworks in upholding the following Corporate Governance pillars? *

Check all that apply.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Responsibility	☐	☐	☐	☐	☐
Accountability	☐	☐	☐	☐	☐
Fairness	☐	☐	☐	☐	☐
Transparency	☐	☐	☐	☐	☐

SECTION D: Alternative ways of improving corporate governance for NGO funding in Zimbabwe

14. 14. In a bid to improve corporate governance to attract funding, how agreeable are you to these actions? *

Check all that apply.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Effective communication with Donors	☐	☐	☐	☐	☐
Regular audits	☐	☐	☐	☐	☐
Availing of funding tied to social criteria	☐	☐	☐	☐	☐
Robust linking of funding to corporate governance compliance	☐	☐	☐	☐	☐
Adoption of best practices in NGO corporate governance.	☐	☐	☐	☐	☐

APPENDIX 2: Key Informant Interview Questions

1. Please explain your understanding of the term corporate governance in the context of NGOs in Zimbabwe.
2. What in your view is the role of corporate governance in the NGOs in Zimbabwe.
3. How does corporate governance interact with funding in these organisations? Please explain.
4. How would you sum up the nexus between corporate governance and NGO funding in Zimbabwe? Please explain.
5. Please describe the corporate governance framework that is in place in your organisation.
6. How long has the framework been in place. Please explain.
7. How appropriate are these systems and structures of governance? Please explain.
8. How would you describe the corporate governance framework in terms of its effectiveness?
9. Please explain how the current corporate governance framework have fared in relation to upholding the RAFT pillars of corporate governance.
10. Has the organisation faced any challenges in its endeavour to implement corporate governance? Please explain the challenges in detail
11. Which of the challenges identified are the most detrimental to the efforts to optimise corporate governance? Please explain.
12. In your view, are the challenges that are faced in implementing corporate governance surmountable. Please explain
13. What measures can be taken to improve corporate governance in NGOs in Zimbabwe. Please explain.

APPENDIX 3: Informed Consent Form

Introduction

My name is Nobuhle Mutengo, a final year Executive Master's in Business Administration student from Africa University. I am carrying out a study on *The implications of corporate governance principles on local NGO's funding in Zimbabwe.* I am kindly asking your organisation to participate in this study by assisting me with responses to the interview questions and questionnaire in order to address the research objectives below:

1. To conceptualise and contextualize corporate governance in the local NGO community.
2. To establish and assess the corporate governance frameworks in Zimbabwe's local NGO operations.
3. To establish the effectiveness of these frameworks for local NGO funding in Zimbabwe
4. To suggest alternative ways of improving corporate governance for local NGO funding in Zimbabwe.

Purpose of the study

The purpose of the study is to unpack corporate governance principles and evaluate their impact on securing funding for NGOs particularly those locally based. You were selected for the study because you hold a management role in one of the local organisations in Zimbabwe.

Procedures and duration

If you decide to participate the expectation is that you will respond to the Questionnaire/Interview form to assist the researcher in obtaining the relevant information for the study. It is expected that this research will take about 2 months from March to May 2023.

Risks and discomforts

The information provided is of confidential manner and risks being abused or misused. The researcher wishes to confirm that she will ensure that the information is safeguarded with due care and strict confidentiality as abuse impacts her professionally and academically.

Benefits and/or compensation

No compensation will be provided for the sought information. The Researcher believes the findings of the research will benefit local organisations in their bid to build capacity and be able to compete for funding within the Donor community. The results can be shared with participants upon request.

Confidentiality

Any information that is obtained in the study that can be identified with the participant will not be disclosed without their permission. Names and any other identification documents will not be asked for during this research.

Voluntary participation

Participation in this study is voluntary. If you decide not to participate in this study, your decision will not affect the future relationship with the researcher. If you choose to participate but feel otherwise later, you free to withdraw consent and to discontinue participation without penalty.

Offer to answer questions
Before you sign this form, please ask any questions on any aspect of this study that is unclear to you. You may take as much time as necessary to think it over.

Authorisation
If you have decided to participate in this study please sign this form in the space provided below as an indication that you have read and understood the information provided above and have agreed to participate.

--(Organisation name)   ---------------------
Research Participant (please print)   Date

Name & Signature of legally authorised representative

If you have any questions concerning this study or consent form beyond those answered by the researcher including questions about the research, your rights as a research participant, or if you feel that you have been treated unfairly and would like to talk to someone other than the researcher, please feel free to contact the Africa University Research Ethics Committee on telephone (020) 60075 or 60026 extension 1156 email aurec@africau.edu

Name of Researcher **Nobuhle Mutengo**

APPENDIX 4: AUREC Approval

AFRICA UNIVERSITY
A United Methodist-Related Institution
Investing in Africa's future

AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE (AUREC)

P.O. Box 1320 Mutare, Zimbabwe, Off Nyanga Road, Old Mutare-Tel (+263-20) 60075/60026/61611 Fax: (+263 20) 61785 website: www.africau.edu

Ref: AU2739/23 6 April, 2023

Nobuhle Mutengo
C/O Africa University
Box 1320
MUTARE

RE: **THE IMPLICATIONS OF CORPORATE GOVERNANCE PRINCIPLES ON LOCAL NGO'S FUNDING IN ZIMBABWE**

Thank you for the above-titled proposal that you submitted to the Africa University Research Ethics Committee for review. Please be advised that AUREC has reviewed and approved your application to conduct the above research.

The approval is based on the following.

a) Research proposal

- APPROVAL NUMBER AUREC 2739/23
  This number should be used on all correspondences, consent forms, and appropriate documents.
- AUREC MEETING DATE NA
- APPROVAL DATE April 6, 2023
- EXPIRATION DATE April 6, 2024
- TYPE OF MEETING Expedited
  After the expiration date, this research may only continue upon renewal. For purposes of renewal, a progress report on a standard AUREC form should be submitted a month before the expiration date.
- SERIOUS ADVERSE EVENTS All serious problems having to do with subject safety must be reported to AUREC within 3 working days on standard AUREC form.
- MODIFICATIONS Prior AUREC approval is required before implementing any changes in the proposal (including changes in the consent documents)
- TERMINATION OF STUDY Upon termination of the study a report has to be submitted to AUREC.

AFRICA UNIVERSITY
RESEARCH ETHICS COMMITTEE (AUREC)
APPROVED
P.O. BOX 1320, MUTARE, ZIMBABWE

Yours Faithfully

MChinzou

MARY CHINZOU
ASSISTANT RESEARCH OFFICER: FOR CHAIRPERSON
AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE