

# Hong Kong NGO Governance Health Survey 2018

## Summary of Key Findings

June 2019



睿智 ExCEL3  
Excellence in Capacity Building on Entrepreneurship and Leadership for the Third Sector



# Hong Kong NGO Governance Health Survey

## Summary of Key Findings

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#### Important Notice

The research team does not assume any responsibilities arising from the use and interpretation of the report data by any parties.

# SURVEY BACKGROUND

## *Background*

The Hong Kong Council of Social Service (HKCSS) has received support from funders to partner with the Excellence in Capacity-building on Entrepreneurship and Leadership for the Third-sector (ExCEL3) at The University of Hong Kong (HKU) as well as Governance and Management Excellence (GAME) for Public Benefit to develop a self-assessment tool for measuring governance health of non-governmental organizations (NGOs), and to apply the tool to collect data for a landscape survey and analysis.

NGO governance is increasingly in the spotlight in Hong Kong's social service sector. Regarding the oversight of NGOs, stakeholders and the general public are demanding more transparency, accountability and effectiveness. At the organizational level, the board is responsible for ensuring that good governance is in place.

The current landscape survey is conducted to study the governance health of NGOs in Hong Kong's social service sector. Participating NGOs are offered an agency individual report in which they can find their self-assessment responses, and also relevant information which they could use to compare the governance health of their organizations with that of other participating NGOs of similar size, and to review various areas of governance practices. Further, group debriefing sessions tailor-made for NGOs of different sizes are organized to disseminate the landscape survey findings.

## *Survey Objectives*



## *Target Respondents*

The target respondents of the landscape survey are:

- (i) Any charitable institutions or trusts of a public character, which are exempt from tax under section 88 of the Inland Revenue Ordinance; which
- (ii) Have governing bodies such as a Council, a Board or an Executive Committee (hereafter “Board”).

# CONCEPTUAL FRAMEWORK - NGO GOVERNANCE HEALTH CHECK TOOL

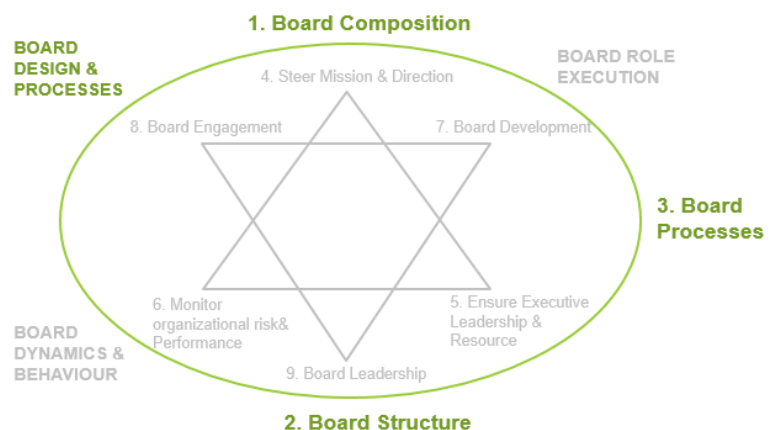
Based upon a thorough review of international references<sup>1</sup> on NGO governance, the conceptual framework of an NGO Governance Health Check Tool is constructed to suit the local context. An NGO's *health* comprises attributes, qualities and actions that help sustain the organization's performance over time. NGO governance health is measured by assessing how the board of an organization is "built", how it performs its vital functions, and also the quality of the interaction and Behaviour embedded in the governance structure; they constitute the three elements of NGO governance health.

## Adoption of Good Practices and Agreement on Perceived Relevance

Three main dimensions are constructed:

### Board Design & Processes

The set up or "built" that defines the attributes and functioning mechanisms of a board as reflected in its composition, structure and processes.



### Board Role Execution

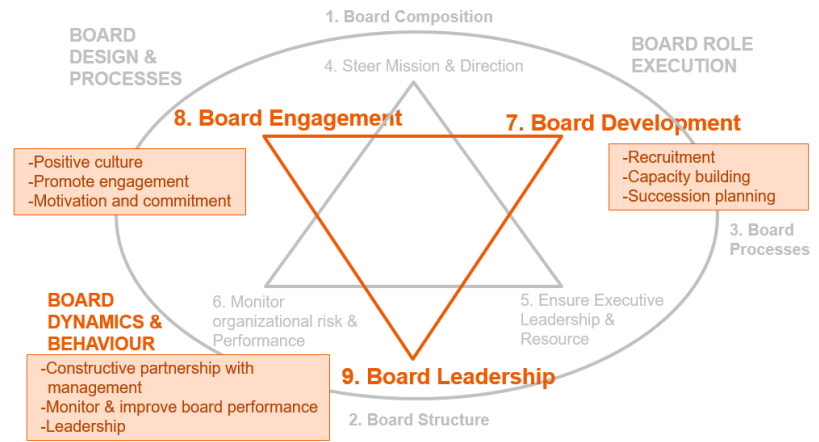
The capacity of the board to deliver its vital functions or core governance responsibilities.



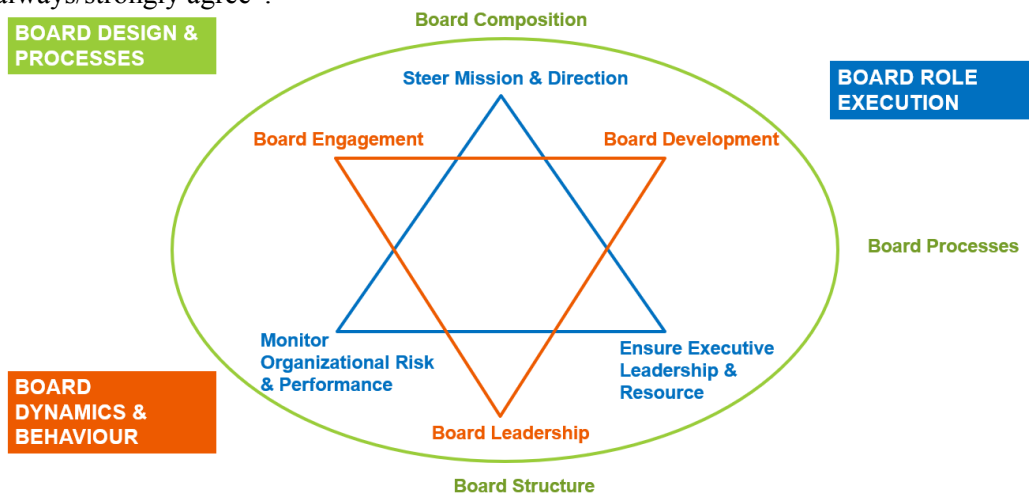
<sup>1</sup> Adapted from *Nonprofit Governance Index*, BoardSource, 2012; *Survey on Board of Directors of Nonprofit Organizations*, Stanford Graduate of Business, BoardSource and Guidestar, 2015; *The Governance Wheel - A tool to measure and support change in your governance and leadership*, National Council for Voluntary Organizations, 2015; *Leading with Intent: A National Index of Nonprofit Board Practices*, BoardSource, 2017; *The Dynamic Board: Lessons from High-Performing Nonprofits*, McKinsey & Company; *Charity Governance Code*, Charity Governance Code Steering Group, 2017; *Survey on Board-level Recruitment and Retention Strategies among NGOs in Hong Kong*, HKCSS and ExCEL3, 2016; *Guide to Corporate Governance for Subvented Organizations*, Efficiency Unit, 2015; *Self-Assessment of Nonprofit Governing Boards Questionnaire*, Board Source, 1999.

## Board Dynamics & Behaviour

The interaction, behavioural dynamics & culture conducive to healthy board growth and facilitating the engagement and performance of individuals & the group.



The three dimensions are further divided into nine elements and 17 aspects, with a total of 62 good practices conducive to NGO governance health. A self-assessment method is adopted in this landscape study. Board members are asked to rate the degrees to which good practices are adopted in their organizations, and also the perceived relevance of these practices to their organizations by a 5-point Likert scale, with “1” representing “never/strongly disagree” and “5” representing “always/strongly agree”.



3 Dimensions	Contextual Dimension (I) Board Design & Processes	Functional Dimension (II) Board Role Execution	Interactive Dimension (III) Board Dynamics & Behaviour
<b>9 Elements &amp; 17 Aspects</b>  ( ) = number of good practices in the element / aspect concerned.  There are 62 good practices in total.	<b>1 Board Composition (4)</b>  <b>2 Board Structure (4)</b>  <b>3 Board Processes (4)</b>	<b>4 Steer Mission &amp; Direction</b> 4.1 Shape Mission & Vision (4) 4.2 Strategic Planning (3)  <b>5 Ensure Executive Leadership &amp; Resource</b> 5.1 Support Top Tier Executive (3) 5.2 Ensure Adequate Financial Resource (4) 5.3 Provide Expertise & Access (2)  <b>6 Monitor Organizational Risk &amp; Performance</b> 6.1 Oversee Risk & Compliance (3) 6.2 Ensure Accountability to Stakeholders (3) 6.3 Monitor Performance (2)	<b>7 Board Development</b> 7.1 Recruitment (3) 7.2 Capacity Building (3) 7.3 Succession Planning (2)  <b>8 Board Engagement</b> 8.1 Positive Culture (3) 8.2 Promote Engagement (2) 8.3 Motivation & Commitment (3)  <b>9 Board Leadership</b> 9.1 Constructive Partnership with Management (3) 9.2 Monitor & Improve Board Performance (2) 9.3 Leadership (5)

## A CONCEPTUAL FRAMEWORK - LEVEL OF SATISFACTION AND AREAS FOR IMPROVEMENT

A total of 11 broad areas in relation to governance health and performance are listed for the surveyed NGOs to indicate their general level of satisfaction, and their perception of the need for improvement.

The board members are asked to indicate their level of satisfaction in a 5-point Likert Scale, with “1” representing “very unsatisfied” and “5” representing “very satisfied”.

The board members are asked to indicate their view on whether their board should make improvement in the 11 areas in the coming 3 years in a 5-point Likert Scale, with “1” representing “strongly disagree” and “5” representing “strongly agree”.

Commitment to Mission and Vision
Direction and Leadership
Adequate Financial Resources and Oversight
Legal Oversight and Compliance
Monitor Programmes and Organizational Performance
Top-tier management Support to Board
Stakeholder Representation and Accountability
Disclosure and Transparency to the Public
Community Relations and Outreach Efforts
Board Composition and Structure
Board Recruitment and Development Practices

## SURVEY METHODOLOGY

### Questionnaire Design

Two questionnaires - namely Form A and Form B - are designed. *Form A* consists of 25 questions concerning organizational information (year of establishment, functions, missions, number of staff, annual total expenditure, funding sources, etc.), and board composition and structure (number and profiles of board members, number and types of board meetings, etc.). The information in Form A is provided by agency heads. *Form B* consists of 73 questions gauging the degrees to which good practices are adopted, the perceived relevance of these practices to the organizations, and the levels of satisfaction with different governance health aspects and future views. Form B is completed by agency heads and board members.

### Enumeration Results

The landscape survey was conducted in the period from 5 June to 18 November, 2018. After recruitment of and confirmation by NGOs, questionnaire invitations were sent to agency heads and board members separately via an online platform. A total of 77 NGOs participated in the landscape survey, from which a total of 389 valid questionnaires were received. The completion rate was 60.5%.

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

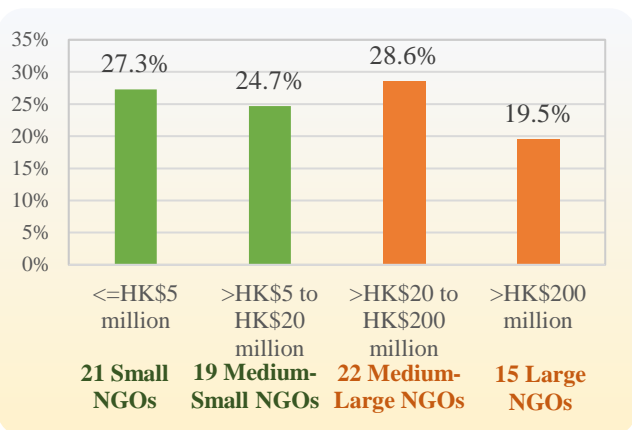
\* 1 Board Chairperson refused to participate in the survey

## PROFILE OF SURVEYED NGOS

### Annual Total Expenditure (HK\$)

The distribution of the survey NGOs in accordance with the amounts of their annual total expenditure (HK\$) is as follows:

- 21 NGOs (27.3% of the surveyed NGOs; hereafter “Small NGOs”) have an annual expenditure of HK\$5 million or less;
- 19 NGOs (24.7% of the surveyed NGOs; hereafter “Medium-Small NGOs”) have an annual expenditure in the range from more than HK\$5 million to HK\$20 million;
- 22 NGOs (28.6% of the surveyed NGOs; hereafter “Medium-Large NGOs”) have an annual expenditure of more than HK\$20 million to HK\$200 million; and
- 15 NGOs (19.5% of the surveyed NGOs; hereafter “Large NGOs”) have an annual expenditure of more than HK\$200 million.



### Years since Legal Establishment

The reported numbers of years since legal establishment varied across the 77 surveyed NGOs; the median was 36 years. For the 40 surveyed NGOs with an annual expenditure less than or equal to HK\$20 million, the median was 19.5 years. For the 37 surveyed NGOs with an annual expenditure more than HK\$20 million, the median was 49 years.

### Change of the Annual Operating Budget in the Last Financial Year

91.0% of the 77 surveyed NGOs stated that there was an increase of annual operating budget as compared to three years ago:

- 24.7% reported an increase of more than 30%;
- 11.7% reported an increase of 21% to 30%;
- 36.4% reported an increase of 11 to 20%; and
- 18.2% reported an increase of 1 to 10%.

### Primary Function

74.0% of the 77 surveyed NGOs reported that their primary function was service delivery (in areas ranging from social welfare, health, and environment, to arts and recreation, and social enterprise).

Of the 77 surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million, 62.5% stated that their primary function was service delivery; 25.0% self-help / mutual support; 7.5% advocacy / public education; 2.5% resource mobilization, and the remaining 2.5% other functions.

Of the surveyed NGOs with an annual expenditure of more than HK\$20 million, 86.5% stated that their primary function was service delivery; 8.1% advocacy / public education, and 5.4% resource mobilization.

### Funding source (median %)

Of the surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million, the major funding source was non-recurrent funding (including non-recurrent government funding, Hong Kong Jockey Club (HKJC) / Community Chest (ComChest), non-recurrent funding and donations). The median percentage of major non-recurrent funding of the total funding was 66.5%.

Of the surveyed NGOs with an annual expenditure of more than HK\$20 million, the major funding source was recurrent funding (including lump sum grant from Social Welfare Department, other recurrent government funding and HKJC / ComChest recurrent funding). The median percentage of recurrent funding of the total funding was 56.0%. The median percentages of non-recurrent funding and earned income (including membership fees, service fees or sales income and income from endowment / investment) of the total funding were 21.4% and 18.6%, respectively.

Funding Source	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Recurrent Funding	0.7%	56.0%	38.0%
Non-recurrent Funding	66.5%	21.4%	34.0%
Earned Income	5.5%	18.6%	15.0%
<b>No. of surveyed NGOs</b>	<b>40</b>	<b>37</b>	<b>77</b>

\* Median % was presented, not adding up to 100%.



## Perceived Life Cycle Stages<sup>2</sup>

Among the surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million, 42.5% perceived that their organizations were in Stage 4 - Mature (Sustaining and Producing); and 40.0% in Stage 3 - Adolescent (Growing).

Among the surveyed NGOs with an annual expenditure of more than HK\$20 million, 75.7% perceived that their organizations were in Stage 4 - Mature (Sustaining and Producing).

Life Cycle Stages	Annual expenditure		All NGOs
	<=HK\$ 20m	>HK\$ 20m	
<b>Stage 1: Idea inception (Inspiration and Incubation)</b>	0%	0%	0%
<b>Stage 2: Start-up (Founding and Framing)</b> Simple programmes or a mix of diverse and non-integrated activities / Strong commitment to service delivery	2.5%	2.7%	2.6%
<b>Stage 3: Adolescent (Growing)</b> Programmes being established in the market / Demand is greater than capacity / More consistent and focused in programme delivery	40.0%	10.8%	26.0%
<b>Stage 4: Mature (Sustaining and Producing)</b> Core programme are established and recognized in the community / Programme evaluation is regular / Long-term planning to add or delete programme(s) in response to market	42.5%	75.7%	58.4%
<b>Stage 5: Renewal / Rejuvenation / Refocusing</b> Programmes are mainly to meet funding needs / Difficulty in achieving goals and maintaining consistent service quality / Losing sight of changing market needs / Refocusing of diversified services	15.0%	10.8%	13.0%
<b>Total</b>	100.0%	100.0%	100.0%
<b>No. of surveyed NGOs</b>	<b>40</b>	<b>37</b>	<b>77</b>

## Number of Full-time Staff

The numbers of full-time staff varied across the surveyed NGOs. The median number of full-time staff for the 77 surveyed NGOs was 40.

The median number of full-time staff for the 40 surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million was nine.

The median number of full-time staff for the 37 surveyed NGOs with an annual expenditure of more than HK\$20 million was 270.

Number of Full-time Staff	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Mean	14	545	269
Median	9	270	40
<b>No. of surveyed NGOs</b>	<b>40</b>	<b>37</b>	<b>77</b>

## Significant Issues Experienced in the Last 3 Years

62 of the 77 surveyed NGOs indicated that they had experienced one or more of the significant issues we listed out in the last 3 years. The top three issues reported by most NGOs were “change of board chair” (58.1%), “change of CEO” (46.8%) and “staff turnover by more than 20%” (38.7%).

Significant Issues	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Change of Board Chair	48.5%	69.0%	58.1%
Change of CEO	51.5%	41.4%	46.8%
Staff turnover by more than 20%	39.4%	37.9%	38.7%
Recurrent deficit for more than two years	24.2%	20.7%	22.6%
Significant change in organizational structure	18.2%	24.1%	21.0%
Litigation	0.0%	13.8%	6.5%
Staff reduction by more than 20%	3.0%	0.0%	1.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>No. of surveyed NGOs</b>	<b>33</b>	<b>29</b>	<b>62</b>

<sup>2</sup> References: (1) Stevens, S. K. (2001). Nonprofit lifecycles: Stage-based wisdom for nonprofit capacity. Long Lake, MN: Stagewise. (2) Simon, Judith Sharken, and J. Terence Donovan. The Five Life Stages of Nonprofit Organizations: Where You Are, Where You're Going, and what to Expect When You Get There. Saint Paul, MN: Amherst H. Wilder Foundation, 2001.



### Profile of Board Members

Of the 77 surveyed NGOs, there were in total 990 board members.

The average number of board members was 13 (9 for the surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million, and 17 for those with an annual expenditure of more than HK\$20 million).

Annual expenditure	No. of board members (NGOs)	Average no. of board members
<=HK\$20m	355 (40)	9
>HK\$20m	635 (37)	17
Total	990 (77)	13

Among board members of the surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million, a majority of them were female (54.1%), in the age group between 40 and 60 (61.1%), and with a tertiary education (36.1%); for those of the NGOs with an annual expenditure of more than HK\$20 million, a majority of them were male (65.4%), in the age group between 40 and 60 (67.9%), and with a Master's degree or above (37.2%).

Profile	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Gender			
Male	45.9%	65.4%	58.4%
Female	54.1%	34.6%	41.6%
Age group			
Below 40	18.6%	3.3%	8.8%
40 to 64	61.1%	67.9%	65.5%
65 or above	20.3%	28.8%	25.8%
Education Level			
Master's degree or above	30.4%	40.9%	37.2%
Tertiary institution	36.1%	36.7%	36.5%
Secondary school or below	15.8%	4.9%	8.8%
No information provided	17.7%	17.5%	17.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>No. of board members (NGOs)</b>			
	355 (40)	635 (37)	990 (77)

### Board Meetings

Among the 77 surveyed NGOs, there were on average six board meetings held last year, with each lasting for 2.5 hours on average. The average attendance rate of board members was 78.5%.

Board Meetings	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Board meetings held last year (average numbers)	6	7	6
Length of board meetings held last year (average hours)	2.5	2.5	2.5
Attendance rate last year (%)	80.0%	75.0%	78.5%

### Number of Committees

For the surveyed NGOs with an annual expenditure of more than HK\$20 million, the median number of committees (including programme/service) was seven. If we exclude those committees which were focused on programme/service, the median number of committees was four. As one might expect, these NGOs have a larger average number of committees than those with an annual expenditure of less than or equal to HK\$20 million.

The most common types of committees were program/service committee, finance / investment committee, executive /management committee and human resources committee.

Number of Committees	Annual expenditure		All NGOs
	<=HK\$20m	>HK\$20m	
Number of committees (median) (including programme/service)	3	7	5
Number of committees (median) (excluding programme/service)	3	4	3

### Board Holds an "Away-day" or a "Retreat" At Least Once a Year

Boards of the surveyed NGOs with an annual expenditure of less than or equal to HK\$20 million (45.0%) were more likely to hold an "away-day" or a "retreat" at least once a year to enhance better collective understanding and/or to discuss strategic issues, than those with an annual expenditure of more than HK\$20 million (24.3%).

# KEY RESULTS OF LANDSCAPE SURVEY

## *Adoption of Good Practices*

The surveyed board members were asked to rate the degrees to which good practices are adopted in a 5-point Likert scale, with “1” representing “never/strongly disagree” and “5” representing “always/strongly agree”.

The **5** most frequently adopted good practices (*in terms of the percentage of NGOs reporting “always” or “often”*) reported by the 77 surveyed NGOs are:

### Board Role Execution

- All board members share a common understanding of your organization's mission (B13) **(90%)**
- Board works with the management to monitor financial statements regularly (B24) **(90%)**
- All major policy and strategy discussions are in line with mission and vision (B15) **(88%)**

### Board Dynamics & Behaviour

- Board members see the connection between what they do and the positive impact on the beneficiaries (B51) **(89%)**
- Board-management has a trustful and open relationship. Top-tier management actively involves the Board in leading your organization (B54) **(88%)**

The **5** least frequently adopted good practices (*in terms of the percentage of NGOs reporting “seldom” or “never”*) reported by the 77 surveyed NGOs are:

### Board Role Execution

- Board members financially support your organization (B25) **(49%)**
- Board reviews risk registers compiled by management that acknowledges potential risk and includes mitigation plans (B31) **(33%)**

### Board Dynamics & Behaviour

- Committee assignments are rotated to give board members experience and opportunity to lead, as a part of succession planning (B44) **(37%)**
- Board regularly assesses and gives feedback to all members to enhance their performance (B42) **(36%)**
- Board conducts periodical assessment to evaluate governance performance (B56) **(33%)**

## *Agreement on Perceived Relevance*

The surveyed board members were asked to rate the levels of agreement on perceived relevance of good practices to their NGOs in a 5-point Likert scale, with “1” representing “strongly disagree” and “5” representing “strongly agree”.

The **9** good practices perceived to be most relevant to the 77 surveyed NGOs (*in terms of the percentage of NGOs reporting “strongly agree” or “agree”*) are:

### Board Design & Processes

- Board / committee(s) receives agenda and quality information well in advance of meetings (B10) **(95%)**
- Board members bring range of perspectives to governance (B4) **(94%)**

### Board Role Execution

- All board members share a common understanding of your organization's mission (B13) **(96%)**
- Board works with the management to monitor financial statements regularly (B24) **(94%)**
- All major policy and strategy discussions are in line with mission and vision (B15) **(94%)**

### Board Dynamics & Behaviour

- Board members see the connection between what they do and the positive impact on the beneficiaries (B51) **(94%)**
- Board-management has a trustful and open relationship. Top-tier management actively involves the Board in leading your organization (B54) **(94%)**
- Board and management have a shared understanding of their roles and responsibilities in governing and managing your organization respectively (B53) **(94%)**
- A culture of trust, commitment, openness and transparency exists in board room (B45) **(94%)**

The **5** good practices perceived to be least relevant to the 77 surveyed NGOs (*in terms of the percentage of NGOs reporting “strongly agree” or “agree”*) are:

### Board Role Execution

- Board members financially support your organization (B25) **(49%)**
- Board works with management to set performance targets that benchmark with peer organizations (B35) **(70%)**

### Board Dynamics & Behaviour

- Board regularly assesses and gives feedback to all members to enhance their performance (B42) **(61%)**
- Committee assignments are rotated to give board members experience and opportunity to lead, as a part of succession planning (B44) **(71%)**
- Continuous and collective learning opportunities are provided to board members (B41) **(74%)**

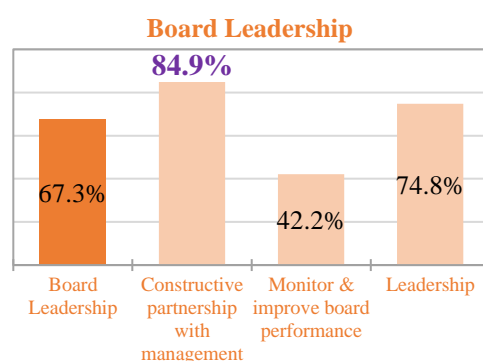
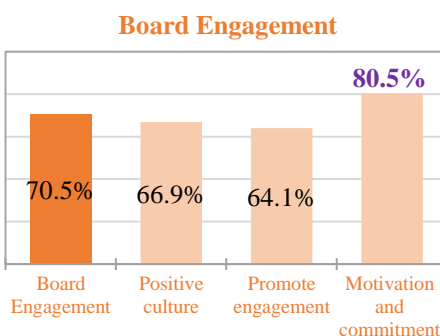
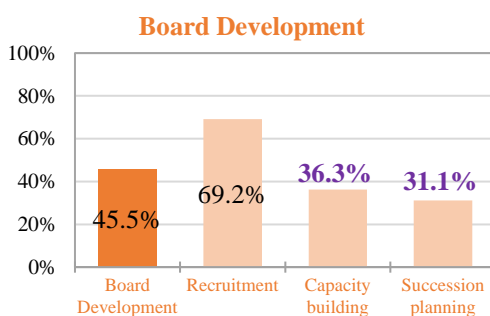
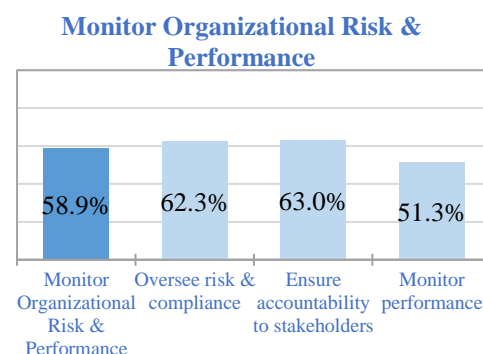
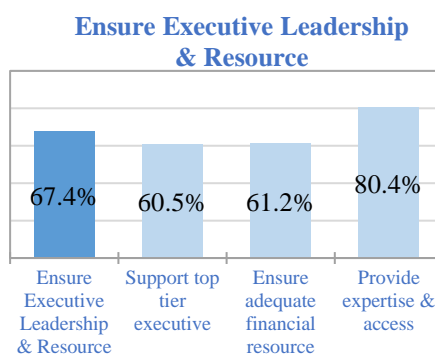
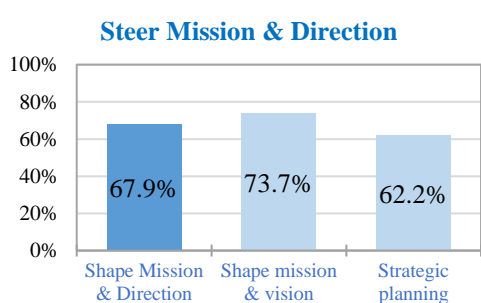
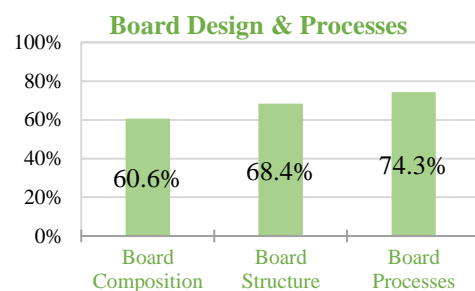
### Alignment between Perceived Relevance and Adoption of Good Practices

Alignment between the perceived relevance of good practices to the surveyed NGOs (in terms of the percentage of the NGOs reporting “strongly agree” or “agree”) and the degrees to which particular good practices are adopted (in terms of the percentage of the NGOs reporting “always” or “often”) are examined. The 5 good practices which had the least alignment between perceived relevance and adoption were:

Good Practices	% of Perceived Relevance	% of Adoption of Practices	TOP 5 Differences
<b>Board Dynamics &amp; Behaviour</b> - Succession planning is discussed and processes are in place to recruit and develop potential board leaders (B43)	79%	30%	49%
<b>Board Role Execution</b> - Board reviews risk registers compiled by management that acknowledges potential risk and includes mitigation plans (B31)	79%	35%	44%
<b>Board Dynamics &amp; Behaviour</b> - Board conducts periodical assessment to evaluate governance performance (B56)	77%	33%	44%
<b>Board Dynamics &amp; Behaviour</b> - Continuous and collective learning opportunities are provided to board members (B41)	74%	35%	39%
<b>Board Dynamics &amp; Behaviour</b> - Committee assignments are rotated to give board members experience and opportunity to lead, as a part of succession planning (B44)	71%	33%	38%

### Analysis of Adoption of Good Practices (% of NGOs reporting “always” or “often”) by 17 Aspects

Focusing on the 17 aspects which constitute the three dimensions, the two aspects with the highest levels of adoption were “Board Leadership - Constructive partnership with management” (84.9%) and “Board Engagement - Motivation & commitment” (80.5%); the two aspects with the lowest levels of adoption were “Board Development - Succession planning” (31.1%) and “Capacity building” (36.3%).



### Level of Satisfaction and Areas for Improvement

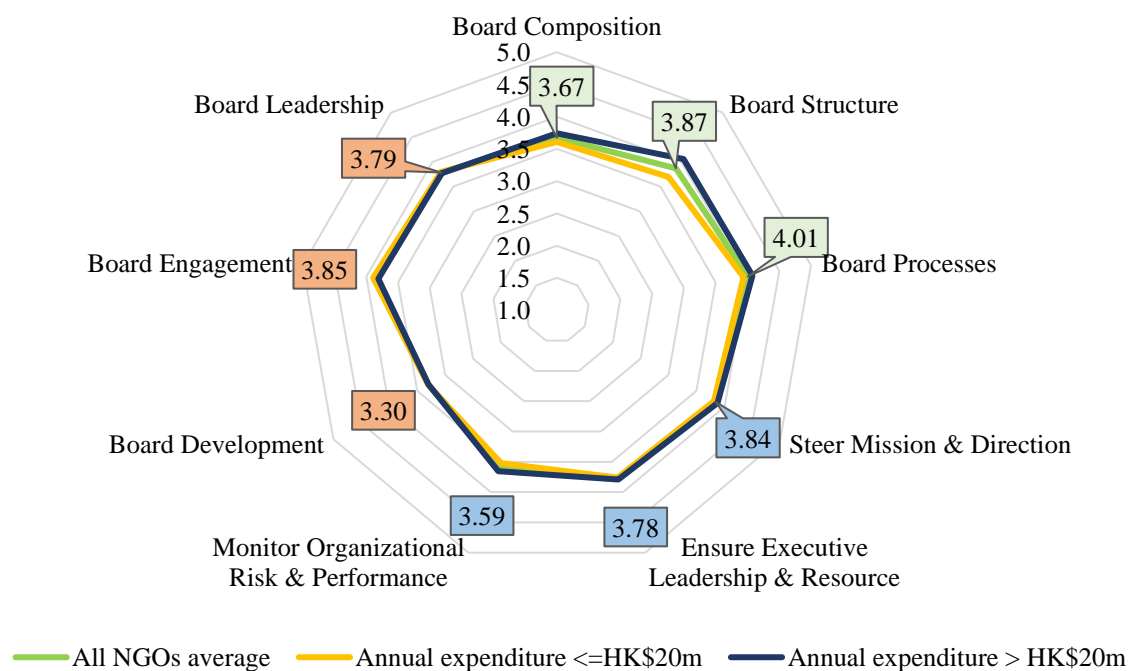
Over three quarters of the surveyed NGOs were satisfied with their governance in terms of the commitment to mission and vision (84.7%), top-tier management support to board (84.2%), disclosure and transparency to the public (79.4%), legal oversight and compliance (77.4%), community relations and outreach efforts (77.0%) and direction and leadership (76.5%). Of the 11 areas, the least satisfactory ones were board recruitment and development practices (53.4%) and stakeholder representation and accountability (54.7%).

The two areas in which the surveyed NGOs feel strongly about the need for improvement were “board recruitment and development practices” (51.1%) and “adequate financial resources and oversight” (50.3%).



### NGO Governance Health Index

The data collected by this landscape survey demonstrate high degrees of reliability among the 62 question items. An NGO Governance Index was constructed, of which the scores were compiled by assigning equal weights for all aspects, elements and dimensions. We calculated the average scores for the three dimensions, nine elements and 17 aspects. The index represents a major step towards a systematic measurement of NGO governance health; data from future research could further test and corroborate the validity of the index.



## Board Design & Processes

- **Board Composition**, with an average score of 3.67, was a relatively weak element. Only about half of the surveyed NGOs always or often adopted the good practice of having a systematic process for identifying required board skills and recruiting to fill the gap, despite the fact that over three quarters of the NGOs perceived the practice to be of relevance.
- **Board Structure**, with an average score of 3.87, was the element with the second highest average score among the nine elements. About half of the surveyed NGOs ranked Board Composition and Structure among the top three areas in which improvement should be made in the following three years. The surveyed NGOs with an annual expenditure of more than HK\$20 million had relatively better Board Structure, such as having clear terms of reference and accountability reporting processes.
- **Board Processes**, with an average score of 4.01, was the element with the highest average score among the nine elements. About three quarters of the surveyed NGOs reported that they always or often adopted international good practices, such as well-planned meeting preparation and quality discussions.

## Board Role Execution

- **Steer Mission and Direction**, with an average score of 3.84, was the highest average score in this dimension. Over two-thirds of the surveyed NGOs adopted good international practices in this area. It is, however, warranted to note the rather significant misalignment between the perceived relevance and actual adoption of the practices of updating the missions and visions, and of overseeing the performance of the strategic plan.
- **Ensure Executive Leadership & Resource**, with an average score of 3.78, was ranked middle among the nine elements. About half of the surveyed NGOs reported that their organizations always or often adopted the international good practice of providing all-round development opportunities for the top-tier management. 90% of the NGO Boards always or often worked with the management to monitor financial statements regularly; only 73% of the NGO Boards supported the management to prepare and review multi-year financial planning.
- **Monitor Organization Risk and Performance**, with an average score of 3.59, was the weakest link in the board role execution dimension. About half of the surveyed NGOs indicated that improvement needed to be made in Monitor Programs and Organization Performance in the coming three years. Less frequently adopted international good practices might provide insights for improvement actions:
  - ✓ Reviews risks & mitigation plans made by the management
  - ✓ Set performance targets that benchmark peers
  - ✓ Formal processes in place to obtain feedback from stakeholders

## Board Dynamics & Behaviour

- **Board Engagement**, with an average score of 3.85, was the highest average score in this dimension. Small NGOs had a relatively higher score in Board Engagement especially in having a trustful, open and committed culture, and being more appreciative of each board member's contribution instead of being dominated by a few board members.
- **Board Leadership**, with an average score of 3.79, was ranked middle among the nine elements. Only one-third of the surveyed NGOs always or often adopted the good practice of conducting periodical assessment to evaluate governance performance.
- **Board Development**, with an average score of 3.30, was the lowest among the nine elements. Over one-third of the surveyed NGOs reported that they seldom and never adopted international good practices of rotating the assignments of board members for experience building, succession planning, conducting regular board performance assessment, and providing feedback to members to enhance their performance. Over half of the surveyed NGOs ranked Board Recruitment and Development Practices as the top area in which improvement should be made in the coming three years. Less frequently adopted international good practices might provide insights for improvement actions:
  - ✓ Rotation of committee membership and process in place for board recruitment & succession planning
  - ✓ Regular performance assessment & feedback given to individual board members
  - ✓ Continuous & collective learning opportunities for board members
  - ✓ Orientation for new board members
  - ✓ Board learning & sharing activities outside meetings