

**THE TRANSFORMING ROLES OF
MANAGEMENT BOARDS IN NON-PROFIT
SOCIAL WELFARE ORGANISATIONS**

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and has not previously in its entirety or in part been submitted at any other university for a degree.

Signature:

Date:

SUMMARY

Universally social welfare organisations are under considerable pressure to perform in new and demanding ways. Continual change in one form or another is an inescapable part of both social and organisational life. After the political transformation of 1994, all South African non-profit social welfare organisations were called upon to participate in the development of an equitable, people-centred, democratic and developmental social welfare system.

The process of reconstruction and development which is currently underway in South Africa requires non-profit social welfare organisations to transform their governance structures and approach in keeping with the new social developmental approach to service delivery such as the **White Paper for Social Welfare (1997)**, the **Non-profit Organisations Act (1997)**, the **Public Finance Management Act (1999)**, the **Codes of Good Practice for South African Non-profit Organisations (2001)** and the **Code of Corporate Governance – King II Report (2002)**.

The political reforms in South Africa and the dramatic change in socio-economic policies and legislation such as the promulgation of the White Paper for Social Welfare (1997) illustrates how the external environment could impact on the provisioning of social welfare services in the non-profit sector. Social welfare organisations are therefore challenged to transform their governance structures to reflect the legislative changes in the country.

In order for social welfare service providers to implement a developmental approach to social welfare, management boards of non-profit social welfare organisations need to adopt a proactive role in facilitating the transformation process. The management board is a policy making body of the organisation with a legal duty to ensure that the organisation's actions are consistent with the its goals and objectives.

The motivation for the research study is to explore whether management boards of non-profit social welfare organisations had transformed their governance structure and practice in keeping with the transformed social welfare legislation and codes of practice.

The literature review demonstrates that management boards of social welfare organisations have clearly defined roles and responsibilities. A more progressive perspective on the roles and responsibilities is linked to the management board's ability to respond to changing environments. According to theorists on modern governance (Carver, 1990, Abels and Murphey, 1981, and Herman, 1989), management boards should initiate, plan and manage the change process in order to improve the operational effectiveness of the organisation and to strive towards **what ought to be** for the creation of a just society. The White Paper for Social Welfare (1997) describes a just society as being one that facilitates the development of human capacity and self-reliance within a caring and enabling environment.

The findings of the study conclude that the majority of management boards of social welfare organisations have transformed their governance structure however, they should be more informed about contemporary governance practices and social welfare transformation processes. Management boards need to develop an agenda for social transformation in order to respond more proactively to the call for a transformed social welfare practice in the country.

The legislative framework of the South African Government makes provision for the formulation of principles and regulations that guide transformation practices in the non-profit social welfare sector. In order to ensure that transformation takes place within the sector, the government has mandated the Department of Social Development with the responsibility to monitor the process. The challenge that exists for the Department of Social Development is to create a structure for dialogue and feedback between the various role players in order to share the responsibility for the transformation of social welfare practice.

OPSOMMING

Oor die algemeen is daar 'n redelike mate van druk op welsynsorganisasies om op nuwe en uitdagende maniere dienste te lewer. Voortdurende verandering in die een of ander vorm is 'n onvermydelike deel van beide die sosiale en organisatoriese lewe. Na die politieke transformasie van 1994 is daar 'n beroep gedoen op alle nie-winsgewende maatskaplike welsynsorganisasies in Suid Afrika om deel te neem aan die ontwikkeling van 'n gelyke, mens-gesentreerde, demokratiese en ontwikkelende maatskaplike welsynsisteem.

Die proses van rekonstruksie en ontwikkeling wat tans in Suid-Afrika aan die gang is, vereis van nie-winsgewende welsynsorganisasies om hulle bestuurstrukture en benadering in ooreenstemming te bring met die nuwe maatskaplike ontwikkelingsbenadering tot dienslewering soos vervat in die Witskrif vir Maatskaplike Welsyn (1997),

Die politieke hervorming in Suid-Afrika en die dramatiese veranderinge in sosio-ekonomiese beleid en wetgewing, soos byvoorbeeld die uitvaardiging van die Witskrif vir Maatskaplike Welsyn (1997), Wet op Organisasies sonder Winsoogmerk (1997), Wet op Openbare Finansiële Bestuur (1999), Kodes vir Goeie Praktyk vir Suid Afrikaanse Nie-Winsgewende Organisasies (2001) en die Kode vir Korporatiewe Bestuur- King II Verslag (2002), illustreer hoe die eksterne omgewing die voorsiening van maatskaplike welsynsdienste in die nie-winsgewende sektor kan beïnvloed. Maatskaplike welsynsorganisasies staan daarom voor die uitdaging om hulle bestuurstrukture sodanig te verander, dat dit 'n weerspieëling sal wees van die wetgewende veranderinge in die land.

Om die maatskaplike welsyns-voorsieners in staat te stel om 'n ontwikkelingsbenadering te implimenteer, moet bestuursrade van nie-winsgewende organisasies 'n pro-aktiewe rol speel om die transformasie proses te fasiliteer. Die bestuursraad is die beleidmaker van die organisasie en het 'n wetlike

verpligting om seker te maak dat die organisasie se optrede in ooreenstemming is met die organisasie se doelstellings.

Die motivering vir die navorsing is om ondersoek in te stel of bestuursrade van nie-winsgewende maatskaplike welsynsorganisasies hulle bestuursstrukture en praktyk aangepas het om in ooreenstemming te wees met die veranderde maatskaplike welsynswetgewing en praktyk kodes.

Die literatuurstudie toon aan dat bestuursrade van maatskaplike welsynsorganisasies duidelike gedefinieerde rolle en verantwoordelikhede het. 'n Meer progressiewe perspektief op die rolle en verantwoordelikhede is gekoppel aan die bestuursrade se vermoë om te reageer op veranderende omgewings. Volgens skrywers oor moderne bestuur (Carver, 1990, Abels en Murphey, 1981, en Herman, 1989), moet bestuursrade die veranderingsproses inisieer, beplan en bestuur ten einde die operasionele effektiwiteit van die organisasies te verbeter en om te streef na wat behoort te wees vir die totstandkoming van 'n regverdigde samelewing. Die Wit Skrif vir Maatskaplike Welsyn (1997) beskryf 'n regverdigde samelewing as een wat die ontwikkeling van die kapasiteit van die mens en sy vermoë tot selfstandigheid fasiliteer binne 'n ondersteunende en bemagtigende omgewing.

Die wetgewende raamwerk van die Suid Afrikaanse Regering maak voorsiening vir die formulering van beginsels en regulasies wat die transformasie proses in die nie-winsgewende maatskaplike welsyn sektor begelei. Om te verseker dat transformasie wel plaasvind binne hierdie sektor, het die regering 'n mandaat gegee aan die Departement van Maatskaplike Ontwikkeling om hierdie proses te monitor. Die uitdaging vir die Departement van Maatskaplike Ontwikkeling lê daarin om 'n struktuur daar te stel vir dialoog en terugvoering tussen die verskillende rolspelers sodat hulle gesamentlik verantwoordelikheid kan neem vir die transformasie van die maatskaplike welsyn praktyk.

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CHAPTER ONE

INTRODUCTION, MOTIVATION AND CONCEPTUALISATION

1. INTRODUCTION

Non-profit Organisations are governed by management committees or management boards and are traditionally viewed as being hierarchical in structure (Carver, 1990). According to Herman (1989), the role of the management board is to plan, evaluate and monitor organisational programmes and to establish standards that would ensure that the mission and vision of the organisation is accomplished.

Management boards receive their authority, legitimacy and power from various sources. Board members are trustees and they are legally and morally accountable to stakeholders to whom the board owes primary allegiance. Authors such as Mills (1985), Carver (1990), Herman and Heimovics (1991), Harris (1994), Gibelman, Gelman and Pollack (1997) and Patti (2000) agree that the traditional role of the management committee is to accept responsibility for the functioning of the organisation. Abels and Murphy (1981) introduce the normative perspective to governance and state that the role of the management board is to plan for the realisation of what *ought to be* for the creation of a just society.

The management board is thus the policy making body of the organisation with a legal duty to ensure that the organisation's actions are consistent with its goals and objectives.

1.1 RESEARCH MOTIVATION

The challenge facing non-profit management boards in South Africa is the need to transform from the traditional hierarchical model of governance to a model that embraces the demands of the changing external environment that influences and shapes social welfare practice. The political reform in South Africa during the early 1990's, and the dramatic change in socio-economic policies after the 1994

democratic elections in the country, reflect how the external environment could impact on the provisioning of welfare services in the non-profit sector.

The South African White Paper for Social Welfare (1997) emphasises social welfare as an instrument of reconstruction and development and contains key substantive issues for the restructuring of social welfare services, programmes and social security. This policy document challenges all social welfare organisations to devise appropriate integrated strategies that will address the economic and social marginalisation of the sector of the population who are living in poverty, who are vulnerable, and who have special needs. It further calls for an active redress of past disparities and fragmentation of the institutional framework in the delivery of welfare services.

The principles underpinning the White Paper for Social Welfare (1997) calls for a radical transformation process in social welfare service delivery. Midgely (1996:1) states that through the promulgation of the White Paper for Social Welfare (1997), South Africa is actively promoting a developmental approach to social services as it emphasises the promotion of a dynamic process of structural change and progress through the integration of economic and social policies. According to Midgely (1996), the White Paper for Social Welfare (1997) promotes the shift from remedial social work to a developmental model that will be more compatible with the country's new developmental approach to service provision.

The welfare sector is further directly influenced by legislation that is administered by other ministerial departments, certain of which contain specific clauses on services performed by personnel in the welfare sector. The welfare partnership between government and non-profit organisations has been consolidated by the Non-profit Organisations Act (1997), which aims to create an enabling environment and a more flexible financial framework for organisations.

In order for social welfare service providers to implement a developmental approach to social welfare, non-profit management boards should adopt a proactive role in facilitating the transformation process. Non-profit organisations are therefore challenged to transform their management structures from a traditional hierarchical

structure to a democratic structure that embraces the following transformation principles as found in the White Paper for Social Welfare (1997:8):

- basic welfare rights
- equity
- non discrimination
- democracy
- human rights
- sustainability
- quality services
- transparency and accountability
- accessibility
- appropriateness and
- ubuntu .

The literature review reveals that relatively few studies have been done on the impact of environmental change on the functioning of management boards in the non-profit sector. Authors such as Weiner (1982), Cronje (1994) and Weinbach (1998), discusses the impact of change on organisations and confirm that the understanding of change management cannot ignore the place of human service organisations within its external environment.

The motivation of the study was therefore to explore whether management boards in the non-profit social welfare sector have accepted the challenge for policy and practice reform in South Africa.

1.2 AIM AND OBJECTIVES OF THE STUDY

1.2.1 Aim of the study

- 1.2.1.2 To present guidelines for the transformation of the structure, roles and responsibilities of non-profit social welfare management boards in keeping with the transformed South African social welfare legislation and codes of practice for non-profit social welfare organisations.

In order to reach the aim of the study, the research study included the following objectives:

1.2.2 Objectives of the study

- 1.2.2.1 To discuss perspectives on the roles and responsibilities of management boards that guide the functioning of non-profit social welfare organisations towards a developmental approach to service provision.
- 1.2.2.2 To describe the implications of the White Paper for Social Welfare (1997), the Non-profit Organisations Act (1997), Public Finance Management Act (1999), Codes of Good Practice for South African Non-profit Organisations (2001) and the Code of Corporate Governance – King II Report (2002) on the functioning of the social welfare organisation.
- 1.2.2.3 To ascertain whether non-profit management boards have responded to the call for transformation in keeping with the South African social welfare legislation and codes of practice.

1.3 RESEARCH METHODOLOGY

1.3.1 Research design

The exploratory and descriptive research designs were used in the research study because of the researcher's aim to explore a subject that is relatively new and unstudied. Grinnell (1988:225) confirms that exploratory studies aim to explore and build a foundation of general ideas and theories that can be expanded upon through a more precise and complex research design. Babbie and Mouton (2001:79) reaffirms the use of the exploratory and descriptive designs and states that exploratory studies are valuable when a researcher is examining a new interest.

1.3.2 Research method

The exploratory and descriptive research design that incorporates the combination of qualitative and quantitative research methodologies was used in the study.

De Vos (1998:15) states that the direction of the research process and research methodology is determined by the choice of the researcher between a quantitative or qualitative, or combined quantitative-qualitative approach. The author favours the combination as it enables the researcher to extract data that would describe and explore complex social and psychological phenomena.

The quantitative and qualitative paradigms have distinct approaches with differing aims. De Vos (1998:241) presents a comparison between these two paradigms and asserts that quantitative designs aim to objectively measure the social world, to test hypothesis and to predict and control human behaviour. In contrast, qualitative paradigms aim to understand social life and meaning that people attach to everyday life. According to Grinnell (1988:185), quantitative methods are used to count and correlate social and psychological phenomena whereas, qualitative research methods are used to explore the essential character of these social and psychological phenomena.

1.3.3 Target group

The target group consisted of directors/chief executive officers of non-profit social welfare organisations. The non-profit organisations were identified for its location within the Western Cape Metropole, by the focus of service provision and by the year of registration. The purpose of the study was not to involve the chairpersons or members of the management boards in the study as their roles differed from that of the directors/chief executive officers.

1.3.4 Sample size

The researcher utilised the purposive sampling technique and identified social welfare organisations that the researcher was most familiar with and that represented

a range of service areas. According to De Vos (1998:198), the purposive sample is based on the judgement of the researcher in that a sample is composed of elements that contain the most characteristic attributes of the population.

According to the register of the Department of Social Services Western Cape (2001), the total population of non-profit social welfare organisations that are in receipt of government funding in the Western Province is one hundred and seventy six (**176**). The register confirms that forty (**40**) social welfare organisations are based in the Western Cape Metropole. The researcher therefore targeted 50% of the sample and identified twenty organisations for inclusion in the study. The respondents were contacted telephonically and a written request for participation in the study (**Annexure A**) followed. An agreement to participate was completed by the respondents (**Annexure B**).

Of the twenty (**20**), fifteen (**15**) respondents completed the questionnaires. The response rate indicated that not all the respondents were available or willing to participate in the study.

1.4 DELIMITATION OF THE RESEARCH AREA

1.4.1 Measurement instruments

The target group received self-administered questionnaires (**Annexure C**) that were delivered to them by hand. De Vos (1998:155) state that the hand delivered technique saves time and that the response rate is increased because of the personal touch. The researcher further studied the organisations' annual business reports for additional information about their goals and objectives.

1.4.2 Data collation techniques

A structured self-administered questionnaire that consisted of both open-ended and closed-ended questions was utilised in the study. De Vos (1998: 160-161) state that open-ended questions gives the respondents the opportunity of writing any answer in the open space and that closed-ended questions enables the respondents to

understand the meaning of the question better so that the questions can be answered within the same framework and consequently be compared better with one another.

The open-ended questions in the questionnaire were designed to permit free responses to the questions. The closed-ended questions provide the respondents with specific choices. The advantage of the fixed-alternative question technique for this study was that it elicited data on the topic that was difficult to investigate by other data gathering techniques (De Vos, 1998).

The aim of studying the organisations' annual business reports was to receive additional information that could elaborate on the responses concerning the organisational mission and vision statements.

1.4.3 Data processing procedure

The data was processed systematically through the use of tables and figures. The responses to the open-ended questions were presented in figures. The underlying similarities were summarised into themes.

1.5 LIMITATIONS OF THE STUDY

The research was limited to the non-profit social welfare sector in the Western Cape Metropole. The scope of the study did not allow the researcher to engage all the non-profit organisations in the Western Cape because of the size of the total population.

The target group was further limited to the directors/chief executive officers of the non-profit organisations that were prepared to participate. The chairpersons and members of the management boards were also excluded from the study as they fulfil a different role in the organisation.

The literature review has shown that very few studies have been done on the role and responsibilities of non-profit social welfare management boards in South Africa and on the impact of environmental change on their functioning. Current literature is

based on American and British studies and they are therefore not directly applicable to the South African situation.

Universal perspectives, principles and roles of the management board were reviewed and compared with the situation as researched in this study. South African studies are difficult to source and the research was limited to South African legislation, policy documents and codes of practice.

1.6 CONCEPTUALISATION

The literature contained sources from different countries and the terminology was therefore not consistent. The key concepts of this chapter are defined and clarified as follows:

1.6.1 Non-profit sector

The term non-profit sector is commonly used in the American and British literature. It refers to enterprises in the voluntary sector and is governed by members of the community who are elected to serve on a committee which forms the management board, or board of trustees or executive directors. In South Africa, the term non-governmental organisations was used prior to the promulgation of the Non-profit Organisations Act, 1997. Social welfare organisations in South Africa are therefore registered as non-profit organisations (NPO's) in accordance with this Act.

The non-profit sector consists of non-commercial and non-governmental organisations. It is run on a non-profit basis and have diverse purposes. The organisations depend on voluntary labour and they are often financially dependent on voluntary giving. It includes among others, developmental agencies, churches, universities, sports and cultural bodies and may be a "formal" or registered organisation. The term non-profit organisations or NPO's will be used as the generic term in this thesis.

1.6.2 Governance

Governance refers to a process that incorporates principles of management and administration. Governance is a broad term that refers to rule or control with authority. Allen, (1990:511) **The Concise Oxford Dictionary**, defines governance as “*the conduct, policy and affairs of organisations*” **The New Shorter Oxford English Dictionary** (Brown,1993:1123) defines governance as “*the action, manner or fact of governing; ... controlling or regulating influence; ... good order*”.

Lewis (1999:97) refers to Harris who state that governance is taken to include ideas about moral and legal accountability and organisational legitimacy and it is assumed that the governance structure of an institution can usually be distinguished from it's executive work system.

1.6.3 Management and administration

Management is defined as being the co-ordination of all resources through the process of planning, organising, leading and controlling. Management is task orientated and the manager engages in a number of activities related to the establishment of a plan, the development of the organisation, the provision of leadership and direction and the evaluation and control of performance (Crow and Odewahn, 1987:2).

Administration is used synonymously with management and is defined by Skidmore (1990:2), as being a process of supporting or facilitating activities, which are necessary and incidental to the giving of direct service by a social agency. The use of the term management is preferred because it includes a high level of policy and decision making in its process of goal attainment.

1.6.4 Governing boards and non-profit management boards

The governing board is used to describe a group of people who ultimately control the interests of the organisation. According to Carver (1990:2), the board is usually

positioned at the top of the organisation and its authority is matched by its accountability.

In the non-profit sector, the management board is usually governed by a constitution and comprises of a chairperson, vice-chairperson, treasurer, secretary and other committee members who are elected from a general membership at an annual general meeting. For consistency, the concept *management board* would be used in this thesis.

1.6.5 Ubuntu

The word ubuntu captures the essence of transformation and is defined in the White Paper for Social Welfare (1997:9) as follows: ***“The principle of caring for each other’s well-being will be promoted and a spirit of mutual support fostered. Each individual’s humanity is ideally expressed through her/his relationship with others and theirs in turn through recognition of the individual’s humanity. Ubuntu expresses a communal way of life, which holds that society must be run for the sake of all. It also acknowledges both the rights and responsibilities of every citizen in promoting individual and societal well-being.”***

1.7 SEQUENCE OF THE STUDY

The **second chapter** presents four perspectives on the roles and responsibilities of non-profit social welfare management boards. These perspectives aim to provide a framework for the discussion of contemporary governance practice in the non-profit sector.

In **chapter three**, a theoretical discussion on change management, strategies for dealing with change, processes of change and on the emerging role of the management board as a change agent is offered. The chapter further focuses on political and social change processes in South Africa and on the assessment of the change processes on the functioning of non-profit social welfare organisations.

Chapter four contains the findings of the empirical study. It focuses on the assessment of the roles and responsibilities of management boards of non-profit social welfare organisations. The various factors such as the structure, size and composition of the management board, the knowledge base with regard to changed social welfare legislation and codes of practice and the response to the changed legislation have been considered in the empirical study.

Chapter five concludes the study with conclusions and recommendations for non-profit management board transformation and suggestions for further research.

CHAPTER TWO

ROLES AND RESPONSIBILITIES OF MANAGEMENT BOARDS IN NON-PROFIT SOCIAL WELFARE ORGANISATIONS

2.1 INTRODUCTION

Social welfare is practised within the context of the public, private and non-profit sectors. The non-profit sector consists of non-commercial and non-governmental social welfare organisations in South Africa that has diverse functions as stipulated in the constitution of the social welfare organisation.

From a governance perspective, the factor that sets most non-profit organisations apart from private or profit organisations, is the nature of their beneficiaries. Weinbach (1998: 41-46) states that the fundamental difference between the private sector and the non-profit sector is that the private sector regard their owners or stock holders as their primary beneficiaries who have a right to the profits of the business. In contrast, social welfare organisations in the non-profit sector regard their clients, members of the organisation and the public are the primary beneficiaries. Non-profit organisations are therefore directly accountable to their beneficiaries.

Abels and Murphy (1981:8-9) concur that managers of non-profit welfare organisations differ from other managers to the extent that they are concerned with having the consequences of their actions relate to the overall goals of a **just society**. These authors believe that a unique quality of management in non-profit welfare organisations is the commitment to a vision of **what ought to be** if the goal is for the creation of a just society.

The White Paper for Social Welfare (1997:7) describes a just society as being one that facilitates the development of human capacity and self-reliance within a caring and enabling environment. The mission of the White Paper for Social Welfare (1997) refers to the promotion of conditions such as equity, sustainability, accessibility and a

people centred and developmental approach to welfare that are required for the development of ***what ought to be*** for the creation of a just society.

Non-profit organisations are therefore challenged to ensure public accountability and the creation of a just society through their management structures. Authors with varying international perspectives (Carver 1990, Herman and Heimovicks, 1991, Bradshaw, Murray and Wolpin, 1992, Gibleman, Gelman and Pollock, 1997, Kang and Cnaan, 1995, Harvey, 1998 and Oliver, 1999) state that in the non-profit sector the ultimate responsibility for the realisation of the vision and the effective functioning of a social welfare organisation is vested in the management board.

This chapter aims at presenting theoretical perspectives on the roles and responsibilities of management boards in non-profit welfare organisations

2.2 PERSPECTIVES ON THE ROLES AND RESPONSIBILITIES OF MANAGEMENT BOARDS

This chapter presents four perspectives that aim to provide a theoretical framework for the discussion of contemporary governance practice. The perspectives included in the study are the traditional perspective, the normative perspective, the strengths perspective and the developmental perspective.

Weekes (1997:15) explains that these perspectives involve the understanding of the relationship between aspects of social welfare management in an organisation and the conscious choice of the different aspects for the use in the practice of management. Cronje (1998:105) agrees with Weekes (1997) and refers to the aspects of management as being that of planning, organising, implementing and evaluating the work of the organisation.

The role of theoretical perspectives in the development of management practice in non-profit welfare organisations is affected by the diversity of the settings in which social welfare services are practised. Within both the international and the South African context, non-profit welfare services are rendered by various formal and

informal groupings of people such as community-based organisations, private welfare organisations, non-profit organisations and faith based organisations.

The first perspective, the traditional perspective will be discussed in the following section.

2.3 TRADITIONAL PERSPECTIVE

The traditional perspective on the roles and responsibilities of management boards purport a hierarchical structure and an autocratic approach to non-profit welfare management (Herman and Heimovics, 1991). The following discussion is presented as an overview of the perspective.

2.3.1 Overview

From the earliest days of organised philanthropy, interested and committed individuals have served as trustees, overseers and board members of non-profit social welfare organisations. Gibelman, Gelman and Pollack (1997) state that laws relating to the incorporation of non-profit organisations require that a management board is created to ensure the basic responsibility for the operation of the organisation. Organisational constitutions and bylaws in turn specify the responsibilities and obligations of boards and their individual members. The board is thus traditionally viewed as being the policy making body of the organisation, with a legal duty to ensure that the organisation's actions are consistent with its goals and objectives (Austin, 2000).

In South Africa, registered non-profit organisations are regulated by the White Paper for Social Welfare (1997), the Non-profit Organisations Act (1997) and the Public Finance Management Act (1999), it is required of all non-profit welfare organisations to comply with the regulations in order to receive financial support from the government.

According to the traditional perspective as stated by Herman and Heimovics (1991), non-profit welfare organisations are viewed as being hierarchical in structure with a

management board in the most senior position. The management board is expected to oversee the implementation of programmes and to establish standards that ensure the accomplishment of the organisation's mission. The management board is ultimately responsible for the achievements of objectives and for the failures in the operational processes. These authors use the term **managed systems** theory to characterise this traditional hierarchical structure of non-profit welfare organisations (Herman and Heimovics, 1991:38).

The managed systems theory implies that organisations are systems in which actions in one part are rationally connected to actions in another in order to achieve a system goal. The organisational system is managed, created and directed by management board members who make decisions and implement strategies that will result in goal attainment.

Herman and Heimovics (1991:38) assert that the following propositions underpin the managed systems theory i.e. non-profit welfare organisations should have goals and objectives; organisations should consist of various parts which operate as unitary, rational actors; that the mechanism to achieve rational unity of action is hierarchical control and that those at the top of the hierarchy are responsible for managing the operations of the organisation so that the achievement of goals is maximised.

Harris (1994: 4-5) concurs with Herman and Heimovics (1991) about the propositions underpinning the traditional perspective and state that the management structure in the traditional perspective is linear in nature as the management board is the crucial link in a clear chain which connects organisational guardians and primary beneficiaries. This link gives credibility and legitimacy to the management board's position in its relationships to the professional staff. The authority of the management board is further enhanced because of its position as the final point of accountability.

The traditional perspective implies a high degree of board power and control over the functioning of the organisation. It further implies unilateral decision-making and the enforcement of policies on the staff. The hierarchical structure does not facilitate consumer participation in decision-making and services are planned according to the perceived needs of the management board (Harris, 1994).

Historically, the traditional perspective has been widely practised in non-profit welfare organisations in South Africa. Non-profit organisations were regulated by social policies and political legislation that promoted hierarchical control and power. Van Eden, Ryke and Necker, 2000, state that the political dispensation in South Africa, prior to the democratic elections during 1994 formulated social welfare policies and practice along racial lines and that the provision of social welfare services were fragmented and discriminatory. With the promulgation of the White Paper for Social Welfare (1997), non-profit welfare organisations are legislatively obliged to transform their management practice to reflect the democratic principles of equity, non-discrimination, accountability, accessibility and participation.

The traditional perspective provides a framework that guides the following roles and responsibilities of the management board.

2.3.2. Roles and responsibilities of management boards

Skidmore (1990:115) refers to Schmidt (1959) who proposed the following roles of a management board within a traditional perspective:

- To attain the goals and or purposes of the agency.
- To create the structure.
- To provide the necessary facilities.
- To employ the executive.
- To fix the policies.
- To set the budget and providing the finances.
- To check the operations.
- To interpret the services.
- To participate in community planning.

According to these roles, the main focus of the management board is to constitute a legal entity that assumes the responsibility of the functioning of the organisation.

Gibelman *et al* (1997:22) concurs with Schmidt (1959) and offers an expansion on the roles and responsibilities of the board as follows:

- To develop policy through providing direction and control.
- To develop programmes through short-term and long-term planning.
- To manage personnel through hiring and evaluating staff.
- To manage finance through accessing necessary resources.
- To represent the organisation in the community.
- To build capacity through strengthening it's own effectiveness.
- To evaluate programmes for accountability.

These roles and responsibilities as discussed by Gibleman *et al* (1997) are an expansion of the traditional perspective of governance. In comparison with the roles as quoted by Skidmore (1990), it elaborates on the development of process management through the provision of direction and control, strategic planning and capacity building. These roles supports the theory that the management board carries the final accountability and that a high degree of power and control is vested in the management board (Austin, 2000).

From the above, it is clear that the traditional perspective could be viewed as being a ***taken for granted*** image of how an organisation should be run. People will enter in their roles as guardians, board members, staff or beneficiaries, assuming not only that this is how an organisation is run, but also how an organisation should be run. The traditional perspective reflects not only formal constitutional statements, but also the historical start of many older philanthropic organisations.

Authors such as Carver (1990) challenges the traditional perspective in that he states that the management board should not have hierarchical control over the operational functioning of the organisation. Carver's framework separates the strategic management function from the operational functioning of the management board. The author stipulates that the primary responsibility of the management board is to determine policies, strategies and outcomes that the organisation must achieve i.e. what it is that the organisation is to achieve, what are the benefits and needs and at what costs for the organisation. As such, Carver (1990) argues that boards should

shift from the traditional hierarchical model of control and management and move towards contemporary governance models that separate policy determination and operational functions. Carver's distinction between the means and ends as two separate functions introduces the contemporary approach to governance.

An example of a contemporary model of governance is presented in Figure 2.1.

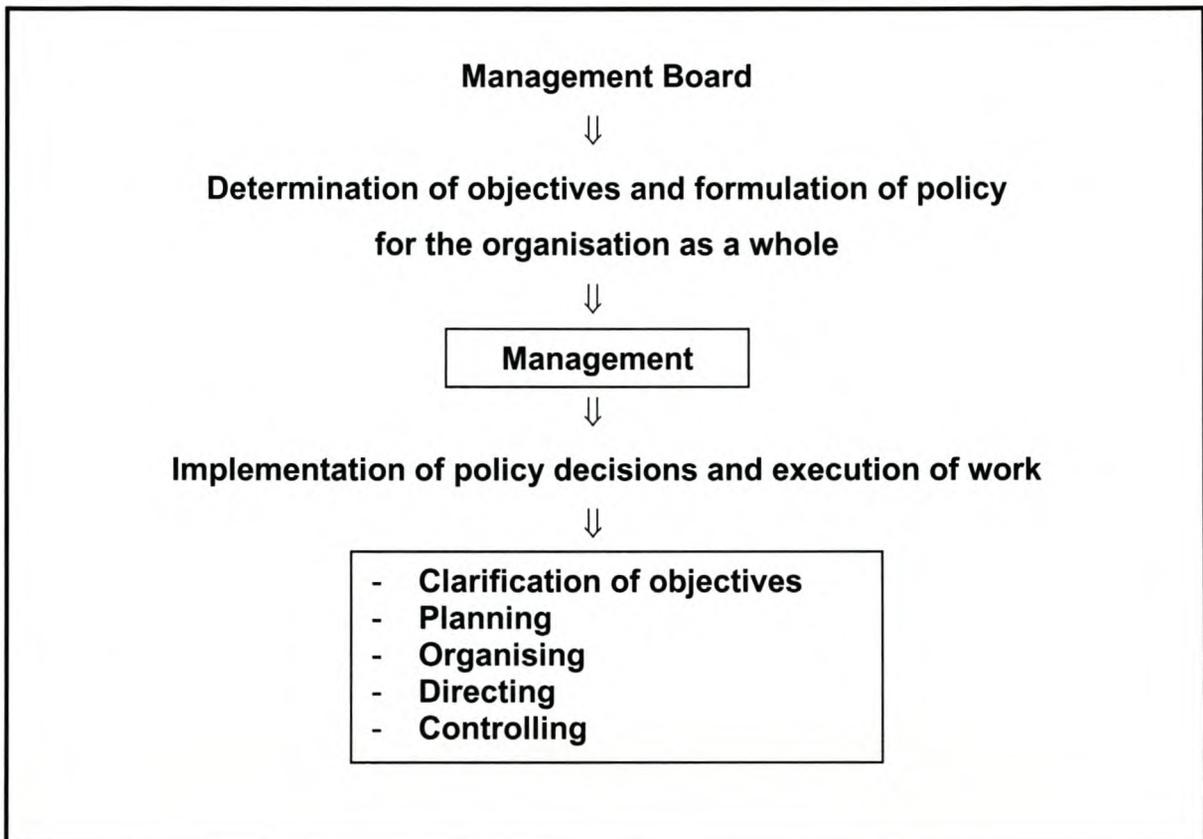


Figure 2.1: Governance model

Source: Mullins (1993:373)

This figure distinguishes between the functions of **policy formulation**, functions of **management** and functions of **implementation**. This figure compares with Carver's (1990) framework where he recommends a separation of functions within the governance structure of non-profit welfare organisations. This model could be used by non-profit welfare organisations to replace the traditional hierarchical structure of governance. Henochsberg (1996) concurs with Carver (1990) and states that the functions should be clarified and defined into functions of the management board and functions of the director/CEO.

2.4 THE NORMATIVE PERSPECTIVE

The second perspective that will be discussed is the normative perspective. This perspective builds on the distinction between the means and the ends as stipulated by Carver (1990). It further elaborates on the role of the management board in the formulation of organisational objectives and policy (Mullins, 1993) and introduces the concept of norms and values in the management practice.

2.4.1 Overview

According to Abels and Murphy (1981:7-12), the normative perspective is strongly oriented in a value base that requires an ethical morality and an understanding that all people are worthy of respect and need to be treated in a manner that ensures their freedom and provides dignified consideration. The following statement summarises the purpose of human service management: “...**to provide the resources and structural and psychological supports necessary to ensure that the organisation will function in a manner that leads to positive consequences for the client and ultimately to a more just society**” (Abels and Murphy, 1981:9).

In South Africa, the Constitution of the Republic of South Africa (1996) recognises the principles of value and rights for all citizens of the country. The Constitution of the Republic of South Africa is founded on the values of human dignity, the achievement of equality and the advancements of human rights and freedoms and specifies the role of Government to respect, protect, promote and fulfil the rights of all citizens in the country.

The Constitution of the Republic of South Africa (1996) further provides for a Bill of Rights. The Bill of Rights is regarded as being the cornerstone of democracy as it enshrines the rights of all people in the country and affirms the democratic values of human dignity, equality and freedom. The Bill of Rights also introduces a new paradigm for non-profit welfare as it calls for the provision of fundamental welfare and economic rights for all citizens. This places an obligation on the Government to protect and to provide for the rights.

In keeping with the normative perspective as outlined by Abels and Murphy (1981), the principles as outlined in the Constitution of the Republic of South Africa (1996) must be incorporated into social welfare practice in South Africa in order to create a just society for all. The White Paper for Social Welfare (1997) emphasises that all South Africans should be afforded the opportunity to play an active role in promoting their own well being and in contributing to the growth and development of the nation. The Social Welfare Action Plan (1998) stresses participation in decision making and also expects non-profit welfare organisations in the non-profit sector to ensure that their decision-making structures are representative of consumers of services, members of communities being served, and other role players.

Both the Constitution of the Republic of South Africa (1996) and the White Paper for Social Welfare (1997) refers to the development of an ethical morality as described by Abels and Murphy (1981) and a respect for people's inherent value and ability to contribute meaningfully towards the creation of a just society for all. According to the authors, the normative perspective is guided by a set of principles.

2.4.2 Principles underpinning the normative perspective

The normative perspective requires value guidelines within which the non-profit welfare organisation functions (Paton, 1999). Abels and Murphy (1981:13-16) concur with Paton (1999) and propose the following principles which can guide the operation of the management board of a non-profit welfare organisation:

□ *Administrative actions should lead to just consequences*

The goals of the administrative process followed by the management board are closely related to what the functions and the purposes of the non-profit welfare organisation ***ought to be***. Organisations should be interested in evolving sound, effective, moral solutions to the problems facing society in which they render non-profit welfare services and that the management board should offer leadership in these areas. Goals of the non-profit welfare programmes of the organisation need to be seen in the context of a restructuring of society towards social justice.

- ***The agency structure should ensure a democratic, minimally stratified environment***

The structures and patterning of the interactions within the non-profit welfare organisation, as well as its relations with other organisations, should be structured within a framework of democratic processes and moral behaviour that ensures dignity and respect for all. The hierarchical structure of the management board in a non-profit welfare organisation as proposed in the traditional perspective, is of concern as it is contrary to the principle of the creation of a **just** community wherein the participation of all clients are encouraged. The rigid structure does not permit and encourage a democratic process of participation.

- ***Decisions should be based on rational inquiry***

The knowledge base of the non-profit welfare organisation should be grounded in human service practice such as social work, and the management board should utilise applicable research in the fields of non-profit welfare services and management in order to facilitate decision-making. The power and status of the management board should not be the catalyst for a decision. Consultation should occur when there are contradictory opinions and evidence.

- ***Interactions within and among non-profit welfare organisation should be synergistic***

The synergistic process implies the melding of two elements into a greater unit. The establishment of a pattern of synergistic relationships between the director and the management board, the director and the supervisor, the supervisor and social worker and the social worker and the client permits mutual problem solving without contest strategies. The challenges presented at all levels in the non-profit welfare organisation are not differentiated and attached to a particular individual or group. Because of the interactions between the various levels, the challenges are dealt with as a totality by all the role-players.

- ***Administration should foster independence for staff and clients through mutual support and growth***

The management board has a responsibility to encourage staff autonomy and to permit clients to develop their own self-help resources. Within a non-profit welfare organisation, this would imply the flattening of hierarchical structures and shared decision making, ongoing staff development programmes and the development and support of inter-organisation and community social networks.

- ***Administration should promote mutual accountability to insure the highest ethical level of practice***

Within the normative perspective, accountability is not necessarily to a hierarchical structure but to peers, clients and the moral community within which it functions. The development of administrative practice that includes knowledge of the appropriateness of objectives and consequences also has implications for accountability. As a consequence, there will be less dependence upon a hierarchical structure of social authority for accountability.

- ***The director should be a guide***

The director should help staff see the merits of a desired project rather than force a proposal acceptance simply because it is desired. The vision of what it can offer people should be stressed.

As can be seen from the above principles, the normative approach stresses the inter-relatedness of the non-profit welfare organisation and the community, the social worker and the client, the director and the staff and the director and the management board. It holds that each has due respect and dignity as individuals (Abels and Murphy, 1981). The democratic morality must attempt to minimise the statuses and stratification and subsequent alienation that the hierarchical organisation often creates (Paton, 1999).

The principles underpinning the normative perspective guide management boards in determining objectives and policies for non-profit welfare organisations. In order to ensure the effective implementation of the objectives and the policies, certain standards are required. Herman (1989) outlined what he views as being widely prescriptive standards for management boards for the realisation of what **ought to be** for the creation of a just society. In the author's review, he covered issues of management board composition, recruitment, orientation and commitment. These prescriptions constitute what has been called the **heroic** ideal of board leadership and postulates what should be done in order to ensure effective governance.

2.4.3 Standards required for effective governance

Herman (1989:193) recommends the following standards for effective governance:

□ *Use of systematic processes*

Management boards should use a systematic process to assess the strengths and weaknesses of the board's composition.

□ *Identification of desired skills and characteristics*

The management board profile should identify the characteristics and skills desired in new members.

□ *Systematic recruitment of board members*

Recruitment of potential members should be systematic and rigorous.

Candidate members should be thoroughly informed about the organisation's mission, goals and financial condition and the time, effort and level of contributions expected from them.

□ ***Orientation and training of board members***

New members should receive orientation and training, not only from the director but also from other board members.

□ ***Active participation of board members***

Board members should commit significant time and effort to their duties, not only attending committee and board meetings, but also preparing for meetings and undertaking other activities.

□ ***Team work***

Meetings should be characterised by a process through which all are encouraged to participate and disagreement is welcomed, while relationships are collegial and decision making consensual. The management board should work as a team.

□ ***Assessment of board performance***

The management board should assess the performance of the management board as a whole as well as of individual members.

□ ***Evaluation of the mission***

The management board's chief tasks should be to define and periodically re-evaluate the organisation's mission and programmes, to develop a strategic plan, to approve budgets and policy statements consistent with the plan, to ensure that the resources necessary to achieve the plan are obtained and to establish and carry out appropriate financial control, including an annual independent audit.

□ ***Appointment of the director***

The management board should select, evaluate and if necessary, dismiss the director. Of all the decisions that give the management board power over the

organisation, it is the control over the director's hiring and firing that constitutes its final authority.

The above-mentioned prescriptions as espoused by Herman (1989), introduces standards for the improvement of non-profit welfare organisations. Values such as the recognition of strengths and experiences of the individual board members, participation in decision making, training and development for improved efficiency, process driven activities such as planned meetings, consensus reaching and teamwork, help make these standards more achievable.

Bradshaw, Murray, and Wolpin (1992:228) assert that according to the normative perspective, management boards should focus to a great extent on the dynamics and characteristics of what are believed to be high-performing management boards. The authors strongly suggests that by following the above prescriptions as summarised by Herman (1989), will enable the management board to have direct impact on the performance of the non-profit welfare organisation it governs. The impact will however differ in the manner in which non-profit welfare organisations apply the prescriptions.

The normative perspective focuses on the impact of internal structures on the functioning of non-profit welfare organisations. External factors such as the community, funders and socio-political factors could further impact on the manner in which the above prescriptions are applied by the management board.

The following perspective that will be discussed, the strengths perspective, refers to the strengths and capacities that individuals bring to organisations.

2.5 STRENGTHS PERSPECTIVE

As referred to in the previous section, the management board of non-profit welfare organisations consists of individuals who by virtue of their differing skills and expertise add value and direction to the governance of non-profit welfare organisations. The following overview of the strengths perspective will elaborate on the value of individuals in any system or society.

2.5.1 Overview of the strengths perspective

The strengths perspective holds that individuals and groups have vast reservoirs of physical, emotional, cognitive, interpersonal, social and spiritual energies, resources and competencies (Saleebey 1992:6). The author claims that these resources are invaluable for the implementation and management of change, transformation and hope. Individuals who serve on management boards have resources that add collective value to the functioning of non-profit welfare organisations. As individuals, they are part of various systems in their communities and as such, represent a myriad of experiences and expertise.

As discussed in the previous sections, non-profit welfare organisations are viewed as being an open system that consists of many parts. With reference to the systems theory as stated by Herman and Heimovics (1991), the environment that contains resources and possibilities also impacts on the functioning of the organisation. Saleebey (1992:7) agrees with the statement that in every environment, there are individuals and institutions who have something to give and something that others may need. The management board as a group of individuals interact with their own environment and bring a collective experience to the organisation.

Social work practice has been guided by the *person-in-environment* perspective (Sullivan 1992:148). This perspective recognises the interdependence of people with their environment. An appreciation of the influence of the social environment on individual functioning is therefore crucial. The strength perspective promotes matching the inherent strengths of individuals with naturally occurring resources in the social environment. Recognising, recruiting and using the strengths can help maximise the potential of the management board.

2.5.2 Principles underpinning the strengths perspective

According to Saleebey (1992), the strengths perspective differs from other social work perspectives in that it recognises and values the strengths of individuals within society. With reference to social welfare management, the traditional perspective of governance is described as being hierarchical and autocratic while the principles

underpinning the strengths perspective is founded on empowerment, membership, regeneration, synergy, dialogue and collaboration.

These principles are in keeping with the democratic principles as outlined in the South African White Paper for Social Welfare (1997) and should be embraced in contemporary non-profit welfare management practice in South Africa.

Saleebey (1992) elaborates on the following principles of the strengths perspective.

□ ***Empowerment***

The empowerment principle holds that every individual has power and that the empowerment agenda should serve to discover the power from within people. Saleebey (1992:8) refers to Rappaport (1990) who suggests that contexts should be created for people to voice and influence decisions that affect their lives. The need for empowerment is often critical for those vulnerable and excluded populations whom are served.

The empowerment agenda requires recognition that people have capacity to participate in decisions and actions that define their world. The White Paper for Social Welfare (1997) calls for community membership and participation in service delivery and as such, challenges the traditional perspective to non-profit welfare governance.

□ ***Membership***

The strengths orientation recognises that that all people are entitled to dignity, respect and responsibility that comes with membership. According to Walzer (1983) as referred to by Saleebey (1992:9), membership and identity is the absolute requisite for the realisation of distributive justice.

□ ***Regeneration and healing from within***

This principle holds that people have the power and ability to heal from within. Given a caring and supportive environment, people can develop a sense of wellbeing through the creation of their own resources. Saleebey (1992) believes that people have inherent powers of transformation that are often ignored by social institutions.

□ **Synergy**

The synergistic principle assumes that when people are brought into relationships with others, they are capable of creating and developing resources and alternative patterns of behaviour that exceeds their own capabilities. A synergistic community will develop certain qualities, which includes a sense of generating resources within that community and a sense that any individual or family is part of a larger community that ensures the equitable distribution of the resources.

□ **Dialogue and collaboration**

The principle holds that people can only come into being through a creative relationship with the external world and with others. Without the interaction, people would not be able to discover and test their own powers. Dialogue with others confirms the importance of the other.

From the above, it is clear that through creative dialogue and collaboration with the community and other role players such as the professional staff of the organisation, non-profit welfare organisations could become more relevant and effective in the planning and delivery of social welfare services. Management boards of non-profit welfare organisations are therefore challenged to consult and involve all stakeholders in the decision making. The conceptual core of the strengths perspective urges social welfare practitioners and managers towards a different attitude about the profession and those with whom they work. The shift is away from professional work as the exertion of power of knowledge to professional work as collaborating with the power within the individual towards a life that is better and in the client's own terms.

The interpretation and application of the strengths perspective to welfare governance is useful in that it provides a framework of principles, philosophies and practice that emphasises the resourcefulness of all people. Through the process of collaboration and empowerment, management boards of non-profit welfare organisations should use the collective strengths of all the stakeholders for the creation and development of a just society for all.

2.6. DEVELOPMENTAL PERSPECTIVE

The following perspective that will be discussed is the developmental perspective. This perspective follows the strength perspective in that it shares the principles of inclusion and participation in decision making. The developmental perspective encourages participation in development and provides a framework for the emergence of welfare policy options that comes from grassroots rather than being imposed from the top.

2.6.1 Overview

The primary feature of the developmental perspective is its concern with development and the impact of development on the entire community. Taylor (1998) states that development should be recognised as being an innate and natural process that evolves through a process of participation and collaboration. These primary principles underpin the developmental perspective as it emphasises community development, inclusion of all stakeholder and commitment through collaboration.

Midgely (1995:23) defines social development as “...***a process of planned social change designed to promote the well-being of the population as a whole in conjunction with a dynamic process of economic development***”. According to the definition, the social developmental model of social welfare is distinguished from the residual and incremental models through its focus on a comprehensive and universalistic approach to social and economic development. The social developmental theory holds that a dynamic process of growth, change and progress should occur through the integration of economic and social policies.

According to Midgely (1995), remedial social work practice focuses on the concerns of needy individuals whilst the developmental approach is less concerned with transferring resources from the productive economy to non-profit welfare services than with ensuring that social policies contribute towards development. The attempt to integrate social and economic policies and programmes in order to promote people's welfare distinguishes social development from the other approaches.

In South Africa, new legislation was promulgated with the view to transform social welfare services (Van Eden *et al*, 2000). The White Paper for Social Welfare (1997) calls for an integrated and comprehensive system of non-profit welfare services and programmes that would promote social development and social justice.

According to Patel (1992), grassroots social development initiatives in South Africa began emerging during the early 1990's in protest against the formal, traditional welfare system. The initiatives were aimed at the development of more equitable, democratic and appropriate alternatives to the provision of social welfare services.

The political transition that took place in South Africa during the early 1990's was accompanied by a commitment on the part of the new democratic government to give high priority to development and to ensure that developmental policies are directed at the achievement of social as well as economic objectives. The promulgation of the White Paper for Social Welfare (1997) attests to the commitment of the national government to transform.

According to Cronje (1998:104), the greatest challenge facing non-profit welfare organisations in South Africa, is the ability to democratise or to transform from the traditional, bureaucratic, authoritarian management models to an approach that embraces participation, empowerment and capacity building. Empowerment and capacity building have become the two most important components of social work intervention within non-profit welfare organisations and in relation to the principles and practice of social work management.

The White Paper for Social Welfare (1997) describes empowerment as being the full participation of people in the formulation, implementation and evaluation of decisions determining the functioning and well being of society. The document further stresses the importance of the development of skills and knowledge in planning, organising, implementing and evaluating the work of the non-profit welfare organisation. Knowledge of organisational development and skills in managing change and conflict are also important.

Empowerment management structures place a greater responsibility on staff, clients and constituencies to prove their accountability and effectiveness. According to

Cronje (1998) the empowerment of individuals, organisations and communities poses an exciting challenge to management and staff of non-profit welfare agencies who want to make a contribution to the reconstruction and development in South Africa.

Cronje (1998) asserts that the shift towards an empowering management practice requires changing the traditional autocratic structures of non-profit welfare organisations, reducing bureaucracies and dismantling power structures. This process must be done systematically and should be accompanied by a process of capacity building if the aim is to devolve power and to involve people in participation and decision making processes. People should be empowered with relevant skills that will enable them to accept the responsibility for the accomplishment of the organisations' mission.

2.6.2 Principles underpinning the developmental approach

The developmental paradigm requires a specific philosophical approach to welfare. Cronje (1998:106) quotes key principles of the normative approach as prescribed by Abels and Murphy (1981), which he views as being pertinent to the development of empowering management practices. The principles are listed as follows:

□ *Ethical stance*

The normative approach emphasises that mutual duties and responsibilities result from the interacting participatory roles of managers, social workers and clients.

□ *Professional autonomy*

Mutual accountability and high practice standards must not be compromised by political or economic pressures both within the organisation and the wider community.

□ *Protecting the public*

The introduction of elements such as transparency, participation and human rights culture is essential to protect the public from abuse. To ensure accountability, organisations must maintain record keeping and management information systems that are open to public scrutiny.

□ ***Managerial actions should lead to just consequences***

Organisations should have a clear vision of what they aim to achieve in society and organisational policy should be consistent with this vision which is then translated into practice through staff training and development

□ ***Agency structures should ensure a democratic, minimally stratified environment***

Relationships within the agency, with other organisations and with communities should be structured democratically. Representative structures should be created to involve all major stakeholders to the greatest possible extent.

□ ***Social interactions within and among agencies should be synergistic***

Synergistic relationships within the agency and between the agency and other organisations, groups and communities will permit mutual co-operative problem solving.

□ ***Management should foster independence for staff and clients through mutual support and growth***

Within the empowerment management model, management of non-profit welfare organisations have a responsibility to encourage and promote staff development. The intervention must further encourage, guide and empower communities and clients to develop their own resources for self help.

According to Cronje (1998), organisations that base its managerial philosophy on a normative approach and who functions according to these principles, has greater potential to enhance its human resource capacity and to provide structural and psychological supports to ensure the empowerment of staff, clients and the community.

In order to implement the transformation process as stated above, Cronje (1998) presents an Empowerment Management Model (EMM) which he believes has the potential to transform organisations into ***consumer friendly*** and ***employee friendly*** organisations and which has the most chance of ensuring that organisations become and remain responsive to their context.

According to Gray (1998:3), this model is consistent with the developmental welfare paradigm and social work's increased involvement in community development.

The Empowerment Management Model as described by Cronje (1998) encompasses the following assumptions, principles, pre-requisites, techniques and steps that are required for organisational transformation. The model is presented as follows:

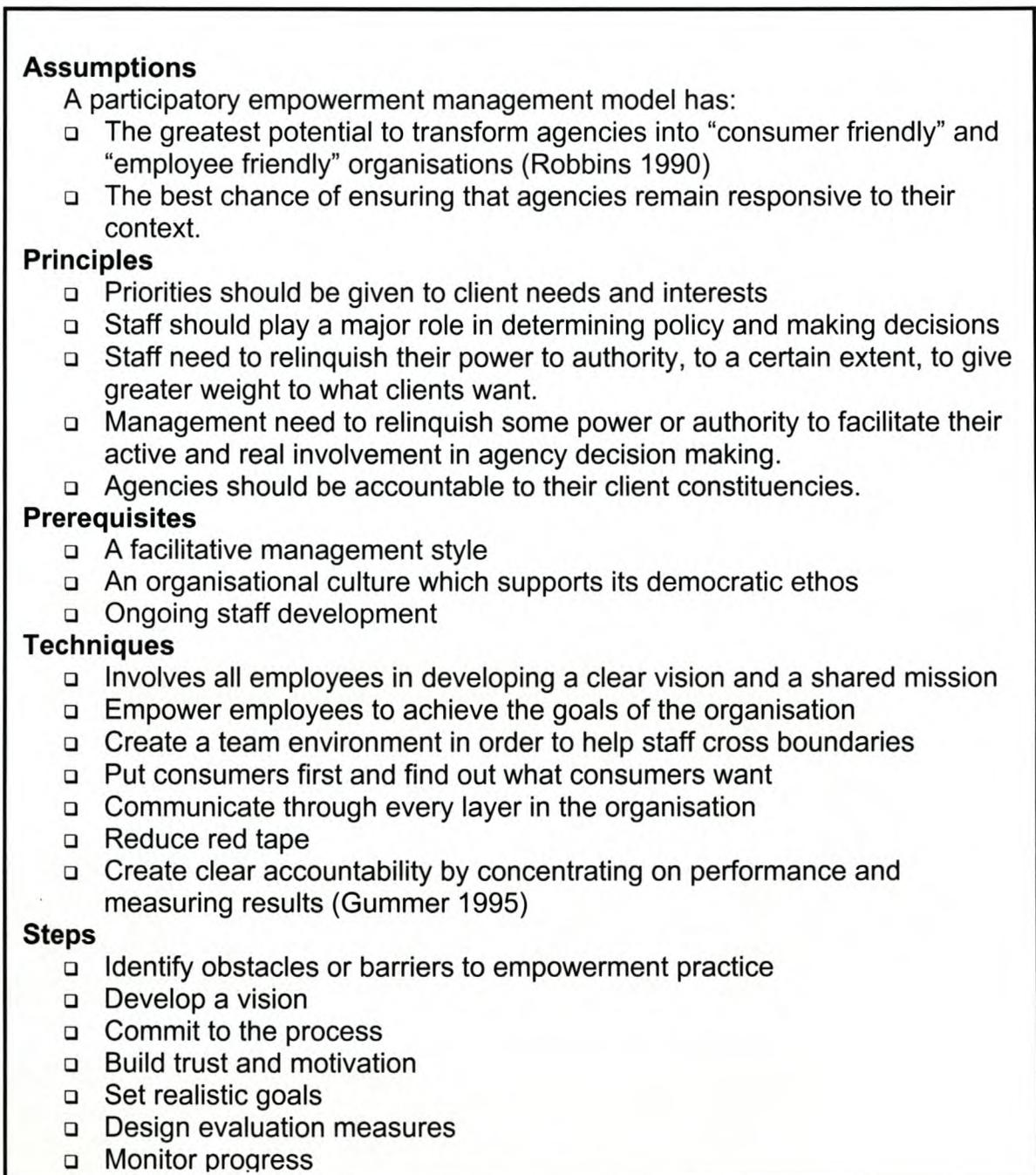


Figure 2.2: The Empowerment Management Model (EMM)

Source: Cronje (1998:114)

Cronje (1998) states that non-profit welfare organisations should be more responsive to their social context and to social pressures for participation, transparency, accountability and empowerment. The author also states that there should be a greater recognition that the foundation of a successful organisation lies in the extent to which it responds to the real needs of its clients.

Welfare organisations in the non-profit sector are increasingly challenged to rethink their intervention strategies and philosophies on which they were traditionally founded. In South Africa, it is no longer acceptable for organisations to function as a closed system that is unresponsive to its external environment. According to Cronje (1998), the present situation demands that organisations be more open to policies that emphasise participation and inclusion in decision making.

In order to implement the shift to a more inclusive model of governance, management boards of non-profit welfare organisations should have an understanding of the assumptions and principles as listed in EMM (Cronje, 1998). An in-depth assessment of the current practice of organisational management, philosophies and culture becomes a prerequisite for transformation. The model refers to three components that are required for the effective implementation of organisational transformation i.e. a facilitative management style, a democratic organisational culture and ongoing human resource development.

According to the contemporary governance theories as discussed by Abels and Murphy (1981), Herman (1989), Carver (1990) and Mullins (1993), management boards of non-profit welfare organisations have the responsibility to implement the transformation process. Transformation however refers to a much more profound and fundamental change of form that requires a breaking of the old in order to adopt the new (Taylor, 1998).

Cronje (1998) argues that most established organisations are resistant to change their organisational culture that has been built up over the years and reinforced by those employees and management board members who originally joined the organisation because they support its shared culture. Change could be viewed as being disruptive and as such, management boards of non-profit welfare organisations

could be resistant to change. Cronje (1998) therefore offers management boards of non-profit welfare organisations techniques and steps in his EMM as a means of implementing a smooth process of transformation through planned change.

Change is however inevitable. Non-profit welfare organisations who desire to play a role in the people driven process of transformation and empowerment, should change the organisational culture to meet the requirements of the Constitution of the Republic of South Africa (1996) and relevant legislation such as the White Paper for Social Welfare (1997).

CONCLUSION

The chapter presented four social work perspectives on the roles and responsibilities of management boards in non-profit welfare organisations. These perspectives aim to provide a framework for the discussion of contemporary management practices in the non-profit sector.

Within the South African context, management boards and management structures of non-profit organisations have been challenged to transform from the traditional hierarchical and autocratic model of governance to a democratic and social developmental approach. The democratic approach embraces normative principles that demands respect, dignity and value for all citizens in the country.

The theoretical overview of the strengths and developmental perspectives will inform the discussion of the need for transformation in non-profit welfare organisations. The principles underpinning both perspectives are found in the Constitution of the Republic of South Africa (1996) and the White Paper for Social Welfare (1997) and as such, non-profit social welfare organisations are legislatively obliged to change.

As discussed earlier, traditional welfare organisations could be seen to be resistant to change. An understanding of why people are resistant to change and how different kinds of change processes can influence the transformation of the non-profit welfare organisation will be introduced in the next chapter.

Chapter three will include a discussion on the change perspective and the role of the management board in response to change. The focus of the chapter will be on the implication of policy change and its influence on non-profit welfare management practice in the non-profit sector in South Africa. The chapter will include a discussion on legislation relevant to non-profit welfare management practice in South Africa. Legislation such as the Constitution of the Republic of South Africa (1996), the White Paper for Social Welfare (1997), the Non-profit Organisations Act (1997) and the Public Finance Management Act (1999) will be applied to the discussion on the role and responsibilities of management boards of non-profit welfare organisations.

CHAPTER THREE

THE TRANSFORMING ROLES OF MANAGEMENT BOARDS IN RESPONSE TO SOUTH AFRICAN LEGISLATIVE CHANGES

3.1 INTRODUCTION

Universally social welfare organisations are under considerable pressure to perform in new and demanding ways. Continual change in one form or another is an inescapable part of both social and organisational life. After the political transformation of 1994, all South African non-profit social welfare organisations were called upon to participate in the development of an equitable, people-centred, democratic and appropriate social welfare system.

The National Constitution of the Republic of South Africa (1996) is the supreme law of the country and calls for the recognition of political injustices of the past. It further lays the foundation for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law. These guiding principles are entrenched in all legislation impacting on the development and provision of social welfare services in the country.

The White Paper for Social Welfare (1997) was promulgated in response to the need to radically transform social welfare services to reflect the government's commitment for the creation of a better life for all. The White Paper for Social Welfare (1997) contains prescriptions that demand that social welfare services be delivered in a manner that protects and respects the inherent dignity of all citizens. The changed legislation has therefore challenged all social welfare organisations to adapt their management styles and practice in keeping with the content and spirit of the laws.

This chapter will focus on the legislative changes and its influence on non-profit welfare management practice in South Africa. As stated above, social welfare organisations are continuously challenged to transform their practices. In South Africa, the changed political environment has had a profound impact on civil society

and in particular on the social welfare sector. The following discussions of various authors on the influence of the environment on social welfare organisations will provide a theoretical framework for the discussion on the role of social welfare management boards in the process of social transformation.

3.2. ENVIRONMENTAL INFLUENCES ON SOCIAL WELFARE ORGANISATIONS

Social welfare organisations exist in differing environments and are influenced by various external factors. These external factors include social ethics and values, current political practice, the current state of economic activity and the influence of the client groups. All these external factors are interrelated and an understanding of how each factor impacts on the organisation is required to cope with the external environment (Crow and Odewahn, 1987:21).

Cronje (1994:248) agrees with Crow and Odewahn (1987) and states that social welfare organisations are inextricably part of the political, economic and other social institutions and that they should be responsive to the outside forces. In order to ensure the survival and future success of welfare organisations, the management and staff of organisations must be prepared to face the demands of the changing environment.

In the South African context, the challenge for social welfare organisations is to transform their governance structures to reflect the constitutional change in the country. The management boards of social welfare organisations have the ultimate responsibility for the management of social welfare organisations and as such should identify and define the nature of change and manage the process of change. Management boards should therefore assume the role of change agent and initiate the change process in social welfare organisations (Lorsch 1998 in Hambrick *et al*).

3.3. CHANGE MANAGEMENT

Cronje (1994), states that change is inevitable and will impact on the functioning of non-profit welfare organisations. The challenge for organisations is to determine how

the change process will be managed in order for them to achieve their goals. Seeley (2000) states that the change management process can be used for planning, guiding and executing the process of changing from where the management board is, to where the management board wants to be.

To enable transformation to occur, management boards should be empowered with various skills and knowledge to manage the change process as described above. Weinbach (1998:21-22), confirms that the understanding of change management should include the understanding of the impact of the external environment on social welfare organisations. The author states that the specific nature of management activities and their potential for success are determined by the kind of interaction that exists between the social welfare organisation and those persons and forces that exist outside its boundaries.

Organisational management systems therefore need to have a good understanding of the dynamic relationship between the social welfare organisation and its external environment (Weiner 1982:131). Schmid in Patti (2000:133) defines the external environment as ***“all external conditions that actually or potentially affect the organisation, or as conditions and constraints outside of the organisation that affects its functioning”***.

According to Schmid (2000), the external environment includes individuals, groups, and organisations as well as state and institutional systems. It encompasses social, economic, cultural, political, religious, technological, military, legal demographic, geographic, ecological and physical elements representing ethics, beliefs, and behaviour and norms that influence the goals and functioning of the social welfare organisation. The challenges facing the manager of non-profit social welfare organisations are to a large extent the management of the consequences of the complicated relationship between the non-profit organisation, the government, the funders and the community.

Herman and Heimovics (1991: 24-29) refers to social welfare organisations as being ***open systems*** that interacts with its environment. Non-profit social welfare organisations are part of a system of interacting components in which a change in

one component affects others. The open system approach recognises that all systems have a boundary that differentiates and serves to separate one system from another. Non-profit organisations must therefore engage with the various elements of the environment to secure the inputs necessary for its operation.

Cronje (1994:250) concurs with the above noted authors and elaborates on the concept of organisations as an open system that has potential to grow, change and develop. Social welfare organisations function in fast-changing environments that require of managers to have specific knowledge and skills to cope with the changes.

Change however also occurs from within the social welfare organisation itself. Management boards should take cognisance of internal change producing elements that impacts on the functioning of the organisation (Cronje, 1994). Elements such as the size of the organisation, the formal authority relationships and system of control, the changing nature of the organisation's goals, value system and intervention strategies and the organisation hierarchy are crucial for the functioning of the organisation. These elements reflect the organisational politics, culture and the ability to transform and should be considered by the management board in their transformation plans.

Weiner (1982:141) discusses the impact of the environment on social welfare organisations and describes the interactions between the external and the internal environment as being dynamic and interrelated. The author introduces the reactive-proactive process that postulates that change could precipitate a reactive or proactive response from social welfare managers. The author claims that any form of change could cause tensions in an organisation but that the strategies for dealing with change would however determine whether the organisation would respond proactively or reactively.

The author (Weiner,1982: 583) presents various forms of coping mechanisms for dealing with organisational tensions .

3.4. COPING MECHANISMS

The following two strategies of radical and planned change are available for management boards when attempting to cope with the inherent tensions in social welfare management.

3.4.1 Radical change

The first kind of change discussed by Weiner (1982:584), is radical change. Radical change processes refer to the tensions that exist when social welfare management is faced with having to implement or maintain policies and procedures that may be contrary to the organisation's fundamental values or best interest of the organisation. With the transformation of social welfare services in South Africa, specialised non-profit social welfare organisations were challenged to transform their specialised practice to a comprehensive approach that impacts on entire communities. For specialised organisations, the change in approach challenged the organisational policies and practice and was therefore perceived as being contrary to the interest of the organisation. Weiner (1982) however confirms that the manner in which the social welfare management copes with the changed environment could lead to radical change.

Radical change occurs when social welfare organisations experience a phase of upheaval and disequilibrium that is generally precipitated by a destabilising event, or series of events. These events include the emergence of new social, economic and political forces, changed policy and legislation or new stakeholders who alter the basis of competition. Hambrick *et al* (1998) argues that disequilibrium occurs as a result of legislative and judicial change and that the change has fundamental and far reaching consequences for the organisation.

In contrast to radical change, the change management process proposes that organisations that make the appropriate fundamental change in strategy, formal organisations and operating environments through a process of planned change, would be able to cope and transform in keeping with the changing demands of the external environment.

The second kind of change that Weiner (1982) refers to is planned change.

3.4.2 Planned change

According to Weiner (1982) a process of planned change occurs when social welfare organisations anticipate the change, identify what it is to be changed and implement strategies that would bring about a systematic process of change. Sheafor, Horejsi and Horejsi (2000:125) confirm that a process of change typically moves through several sequential phases with each phase building on the previous one.

Weiner, (1982:584) states that managers in social welfare organisations should be aware of the impact of change on individuals as well as for the organisations. The author however confirms that although change could be viewed as being initially disruptive for the organisation, the long-term impact could however be positive as it represents the entering of a new period of growth and improvement for the organisation.

Change must be planned and managed in order to impact positively on the functioning of the organisation. Abels and Murphy (1981), Herman and Heimovics (1989) and Sheafor, Horejsi and Horejsi (2000) state that planned change represents an intentional attempt to improve the operational effectiveness of the organisation in order to strive towards *what ought to be*.

Cronje (1994) agrees with the concept of planned change as discussed by the above stated authors. According to Cronje (1994:251), it is only when there is a methodical plan that people perceive change as an opportunity and not as a threat. The planned change process has two main objectives i.e. to modify the behavioural patterns of members of the organisation and to improve the ability of the organisation to cope with changes in the future.

In order to modify behavioural patterns within organisations and to improve the ability to cope with future change, social welfare organisations could follow the following phases in the implementation of the planned change process.

The following figure represents the phases in the planned change process.

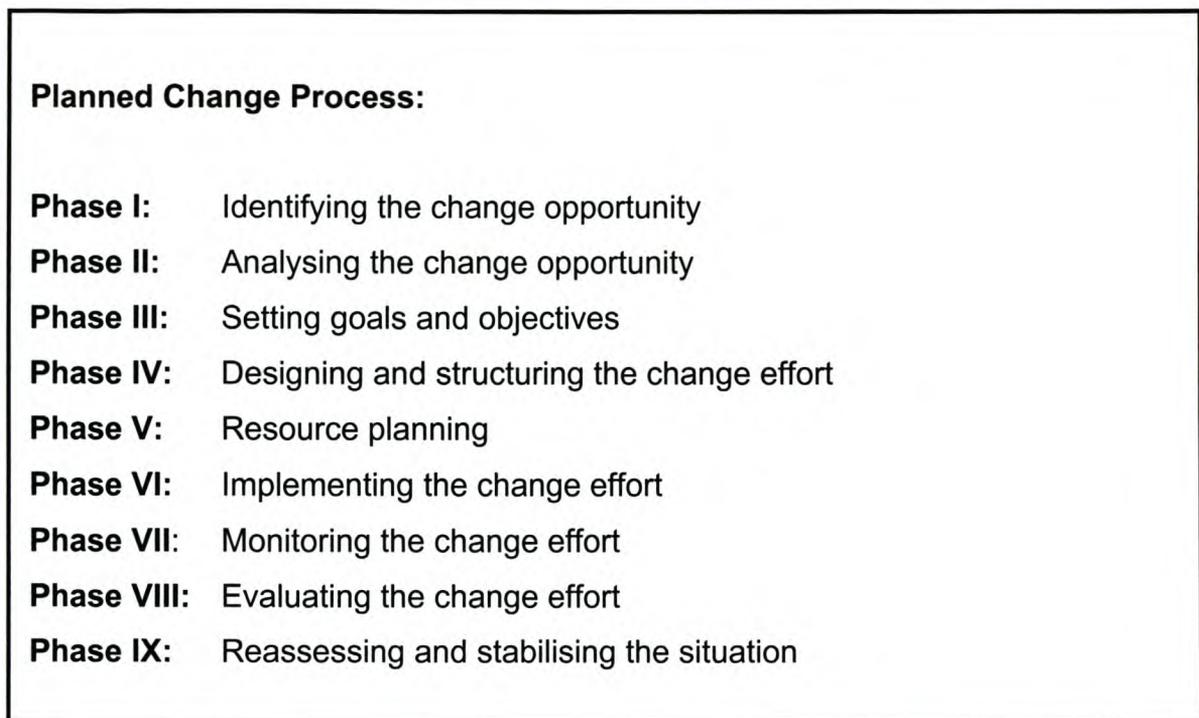


Figure 3.1: Process of planned change

Source: Cronje (1994:251)

As can be seen from figure 3.1, these phases represent a cluster of activities that are meant to achieve a set of desired changes. According to Cronje (1994:252), it includes the basic components of the management process, viz. planning, organising, activating, controlling and decision making. The role of the management board is to plan **what ought to be** for the effective management of change.

Nadler and Heilpern in Hambrick *et al*, (1998) concurs with Weiner (1982) and Cronje (1994) and emphasises that change should be carefully planned and that the plan should include an **integrated change agenda** that provides a **road map** for change. The content of the plan would vary from each organisation however the basic ingredients are fairly constant.

According to Nadler and Heilpern (1998:7-8) the agenda for planned change should consider various aspects of organisational functioning such as the purpose or philosophy of the organisation, a description of the core values and principles, the

strategic objectives, governance structures, the operating environment, the actions that would be taken to improve the effectiveness of the core operations and the talents or skills that are available and required to execute the new strategies.

The agenda presented by Nadler and Heilpern (1998) refers to an integration of events that should be followed in a systematic manner. Seeley (2000:25) concurs with Nadler and Heilpern (1998) about the process of planned change and argues that the change agenda should be carefully considered and planned. The integrated change agenda emerges from a deliberate, disciplined and participative process that involves all role players and stakeholders.

The process of planned change must be driven by people with insight and the understanding about the impact of change on individuals and organisations. Sheafor, Horejsi and Horejsi (2000:127-129) state that critical thinking is required for the implementation of planned change as a critical thinker understands that perceptions and ways of understanding change are always incomplete and likely to shift as you acquire more information and experiment with new ways of interpretation.

People initiating change are viewed as being change agents (Lorsch,1998 in Hambrick *et al*). As the management boards of welfare organisations have the ultimate responsibility for ensuring the realisation of the vision of the organisation, the board should assume the responsibility for initiating and managing change.

3.5. THE MANAGEMENT BOARD AS A CHANGE AGENT

Lorsch (1998) state that management boards should act as agents of change. The author claims that while directors of organisations should be vigilant about the need for change and should stimulate the management board to bring about change, it is ultimately the responsibility of the management board to ensure that change management processes are in place to prevent the decline or stagnation of the organisation. Change agents could therefore be defined as being those persons involved in the planning and execution of the change initiative.

The following quotations are presented by the author to substantiate and support his view of the role of the management board as change agents (Lorsch 1998: 212-213).

- *“I believe the board of directors bears a unique responsibility and must play a unique role in trying to ensure that the company’s management and its culture are able to adapt to change”.*

- *“In my eyes the main reason for corporate failure is the inability of management to adjust to changing conditions and to implement the necessary change”*

- *“Outside directors (board members) should function as active monitors of corporate management, not just in a crisis, but continually; they should have an active role in the formulation of the long term strategic, financial and organisational goals of the corporation and should approve plans to achieve the goals”.*

The statements as quoted by Lorsch (1998) emphasise the responsibility that the management board has in the change process. The author claims that the management board has the ultimate responsibility of ensuring a culture change in the organisation and that the management board should initiate the change process through goal setting, planning, monitoring and evaluating the change process.

The following recommendations are presented by the author as a means of ensuring effective change management:

- The board must agree with management on a strategic plan and on what specifics such plans will cover.
- The board should review how well the annual plan is being executed and of the results achieved.
- The board should review the organisations’ performance against both the annual and longer term plans to monitor how well the plans are being executed.
- The board should discuss, revise and approve management’s strategic plan for subsequent years with special attention to the match between this plan and any changes in the organisations environment.

These functions emphasise the critical roles of planning, directing, managing and evaluating change within the context of the external environment. It is imperative for the management board to create the climate for proactive change that would ensure relevant service provision and long term sustainability. Within the South African context, the government has set an agenda for social transformation. The agenda calls for a planned change process that promotes an integrated system of social development services and the creation of an enabling environment for all (White Paper for Social Welfare, 1997). Management boards could utilise the recommendations as offered by Lorsch (1998) as a means of ensuring that the organisation's transformation plan is in keeping with the government's national agenda for social transformation.

Because of the external social and political pressure to transform social welfare practice in South Africa, the government mandated the National Department of Social Development with legislative and policy functions that would ensure the implementation of transformation. All social welfare organisations in South Africa that are registered with the Non-profit Organisations Act (1997) are legally obliged to comply with the regulations. Failure to comply could result in the termination of government funding and the withdrawal of the registration. The following discussion will focus on the forces of legislative change as experienced in the social welfare sector in South Africa and on the transforming role of the management board in non-profit social welfare organisations.

3.6 FORCES OF CHANGE IN SOUTH AFRICA

Dramatic and radical changes in legislation and policies have transformed the approach to social welfare delivery in South Africa. According to Cronje (1994), the acceleration of change has affected the lives of individuals, families and communities and as such, the political and economic institutions are forced to act out new roles, to search for and adapt to new value systems that calls for reconciliation and peace.

The political ideology in South Africa, the structures, institutions, laws and customs of the apartheid system have been changed to reflect a society based on democracy, transparency and a bottom up approach to management (Van Eden *et al*, 2000).

To operationalise these concepts, a profound change of attitudes, values and frames of reference of welfare organisations is required. Non-profit welfare organisations are expected to agree to a set of common values by which the sector will be recognised. According to the White paper for Social Welfare (1997), these values are influenced by the need for a non-profit organisation to assist in the combating of poverty and inequality and to strive to improve the lives and circumstances of all South Africans.

The forces of change that challenge the status quo of the welfare system in South Africa are identified by Cronje (1994) as being political forces, declining resources, needs of special populations, changing nature of the workforce and a need for accountability and transparency. According to the Codes of Good Practice for South African Non-profit Organisations (2001), the non-profit welfare sector in South Africa is further challenged by global isolation, political restrictions, and inadequate relationships with other sectors.

In order to overcome these challenges it is important to address the need for political transformation, service delivery programmes for the needy populations, transparency, accountability, governance and management structures to ensure development in the country. In South Africa, the White Paper for Social Welfare (1997) and the Non-profit Organisations Act (1997) were promulgated in response to the need for transforming social welfare ideology and service programmes and to address the challenges confronted by the non-profit welfare sector.

The legislative framework of the South African Government makes provision for the formulation of principles and regulations that guide transformation practices in the non-profit welfare sector. In order to ensure that transformation takes place within the sector, the national government has mandated the Department of Social Development with the responsibility to monitor the process.

3.7. THE ROLE OF THE DEPARTMENT OF SOCIAL DEVELOPMENT IN THE PROMOTION OF SOCIAL TRANSFORMATION

The primary function of the Department of Social Development is to support the Minister of Social Development in the execution of its political responsibilities.

The following roles of the Department of Social Development are listed in the Strategic Plan (2002/03-2004/05:8):

- The drafting of policies and legislation to achieve the strategic goals set by the Minister of Social Development.
- The development of strategies and programmes to give effect to policies and legislation.
- The development of norms and standard of the delivery of the services. Providing support to the provincial departments, non-governmental organisations, community-based organisations and the implementation of strategies and programmes.
- Monitoring and evaluating the impact of policies and programmes and the expenditure of conditional grants to the provincial departments.
- Conducting research on social developmental issues.
- Advising the Minister on a range of budgetary matters pertaining to the social developmental sector and the
- Communication and dissemination of information on the social development sector.

The above stated roles serve as mechanisms for the attainment of the national welfare goals. In so doing, the Department of Social Development is responsible for the actions that would facilitate the transformation process in the social welfare sector.

The National Department of Social Development is further responsible for the administration of the following laws, which constitutes the legal framework for social development in South Africa. In addition to the laws, the work of the Department is also informed by the Constitution of the Republic of South Africa (1996) which provides for the right of access to appropriate social assistance to those unable to support themselves and their dependants:

- The Aged Persons Act, 1967 (Act No.81 of 1967)
- Fund Raising Act, 1978 (Act No. 107 of 1978)
- Social Services Professions Act, 1978 (Act No. 110 of 1978)

- Child Care Act, 1983 (Act No. 74 of 1983)
- Probation Services Act, 1991 (Act No. 116 of 1991)
- Prevention and Treatment of Drug Dependency Act, 1992 (Act No. 20 of 1992)
- Social Assistance Act, 1992 (Act No. 59 of 1992)
- The White Paper for Social Welfare (1997)
- Non-profit Organisations Act, 1997 (Act No. 71 of 1997)
- Welfare Laws Amendment Act, 1997 (Act No. 106 of 1997)
- Advisory Board on Social Development Act, 2001 (Act No. 3 of 2001)

All of the above stated laws excluding the most recent Welfare Laws Amendment Act, 1997 and the Advisory Board on Social Development Act, 2001 have been amended several times since April 1994 to reflect the spirit of the Constitution of the Republic of South Africa (1996). The Advisory Board on Social Development was developed for the consolidation of partnerships between government and non-profit organisations in the social development sector and represents a legislative milestone in the transformation of the development sector.

In addition to the laws, a Codes of Good Practice for South African Non-profit Organisations (2001) was developed by the Department of Social Development in terms of section 6(1)(b)(1) of the Non-profit Organisations Act (1997) as a tool to encourage and support non-profit organisations in their contribution towards meeting the needs of the diverse population in the Republic of South Africa.

The code of good practice was developed in consultation with a representative number of national and provincial non-profit and community based organisations throughout South Africa. It is the result of a shared vision for what constitutes good practice in leading and managing non-profit organisations of all sizes and interest sectors, with a particular focus on governance, administration, fundraising and donor community. The Department of Social Development aims at ensuring that organisations that registers with the Non-profit Organisations Act (1997) will accept these guidelines and use them to their advantage and to the advancement of the South African sector as a whole.

3.8. PRINCIPLES UNDERPINNING THE CODE OF GOOD PRACTICE

The following principles are presented as a guideline for good governance and service delivery. (Codes of Good Practice for South African Non-profit Organisations 2001: 8-9):

- Being faithful to the Republic of South Africa; honouring and abiding by its Constitution.
- Promoting the unity and wellbeing of those who comprise the South African nation.
- Being responsive to the needs and welfare of the people of South Africa.
- Respecting the rights, culture and dignity of all people within the framework of the Bill of Rights, as enshrined in the South African Constitution; enhancing race and gender equality (adhering to the spirit of ubuntu).
- Ensuring that there is no discrimination against any member of the public on account of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language.
- Acknowledging that every human being has a unique value and potential irrespective of origin, disability, ethnicity, gender, age, sexual orientation, beliefs, socio-economic and legal status.
- Believing in the dignity, equality and worth of all South Africans and in a fair and just society that protects and enhances the wellbeing of all its citizens; reflecting this wherever possible in the composition of its leadership, staff and volunteers.
- Supporting a participatory democracy.
- Co-operating, collaborating and networking with other organisations around issues of mutual concern.
- Applying people-centred development.
- Promoting voluntarism at all levels.
- Treating other organisations courteously and respectful at all times.
- Ensuring the organisation remains true to its mission and objectives.
- Ensuring that the organisation presents itself, its policies and its programme in a positive light to the public regardless of personal feelings or beliefs.
- Ensuring that the organisation is approachable, helpful and accessible in its relationships with beneficiaries, who are expecting high standards of quality.

- Striving towards the provision of excellent, efficient and effective service at all times.
- Being mindful of the circumstances and concerns of the beneficiaries when making decisions that affect them.
- Ensuring that the organisation has honest and open relationships with its supporters.
- Ensuring that the members serve the organisations in an unbiased and impartial manner, setting aside personal interest and upholding its good name, in order to create confidence in the organisation and the non-profit sector as a whole.
- Ensuring that the organisation forms associations only with organisations that adhere to similar principles.

These principles correlates with the principles as underpinned in the normative perspective (Abels and Murphy, 1981), strengths perspective (Saleebey, 1992) and developmental perspective (Midgely, 1995) as presented in chapter two of this thesis.

It is evident that the South African government incorporated the principles of value, respect, inclusion, participation and collaboration as a means of transforming the ideology and practice of the social welfare sector to reflect a social system based on democracy and justice. The code promotes the establishment of structures and processes that are conducive for what ***ought to be*** for the creation of a just society (Abels and Murphy 1981).

As stated by various authors and as found in the regulations of the Non-profit Organisations Act (1997), management boards of social welfare organisations are responsible for the establishment of structures and processes that would facilitate the process of transformation. As referred to previously in the discussion on the role of the management board as a change agent, it becomes more evident that the management boards of social welfare organisations are responsible for the promotion of a culture of change.

For a non-profit organisation to fulfil its mission and to achieve its objectives, the members of the management board have to be prepared and equipped to manage the transformation challenges.

3.9. THE TRANSFORMING ROLE OF THE MANAGEMENT BOARD

According to the Codes of Good Practice for South African Non-profit Organisations (2001), it is imperative for management boards of social welfare organisations to clarify its responsibilities in keeping with the need for transformation. A management board that meets the legal standards of its constitution and registration in terms of the Non-profit Organisations Act (1997) and in the performance of its duties as stated in the Code of Good Practice (2001), positions the organisation for success through good management and ethical practices. The effectiveness of a management board is measured by the attention it gives to care, loyalty and obedience.

The Codes of Good Practice (2001:10) defines the duty of care, loyalty and obedience of the management board as follows:

3.9.1 Duty of care

It is not expected of management boards to be experts at every thing. It is however expected of members who have special expertise to contribute that specialised knowledge in his or her activities as a board member. The standard requires that the board members should base their decisions on adequate information. Each member need not be fully involved in every action and decision of the board as the duty of care permits delegation to other members, committees, staff, or others within reason.

3.9.2 Duty of loyalty

The duty of loyalty imposes safeguards and standards of fairness in situations where there are conflicts of interests. The legal standards addresses this concern by requiring activities such as the full disclosure of information, approval by the majority and action in the best interest of the organisation.

3.9.3 Duty of obedience

The duty ensures that the organisation operates within the laws and rules governing its formation and status such as the Constitution of the Republic of South Africa

(1996) and the White Paper for Social Welfare (1997), the Non-profit Organisations Act (1997) and in accordance with its own constitution and mission. Actions taken that contradict the organisations own rules or that do not fit with the organisations purposes as described in its constitution, may be withdrawn or challenged.

The duties of care, loyalty and obedience highlights the distinct difference between the traditional perspective of the role of the management board from the contemporary perspective that focuses on inclusion and participation in decision making.

In addition to the duties of care, loyalty and obedience, the management boards of social welfare organisations are viewed as being the guardians of the organisations' resources. The management board is therefore responsible for the assets and resources held by the organisation and to make sure that they are managed properly through adequate financial management systems, accountability structures and transparency. As guardians of public assets and resources, social welfare organisations are accountable to the Department of Social Development and are subject to the regulations as stipulated in the Public Finance Management Act (1999).

3.9.4 Financial duties

Unlike businesses that earn their income by selling goods or services, and unlike government whose resources are provided through taxation, a non-profit organisation does not own the resources it raises. Non-profit organisations are expected to be careful and effective managers of their resources entrusted to them by donors, sponsors and the state. Financial management systems need to be developed and maintained by the management board to ensure the appropriate use of resources.

One of the objectives of the Non-profit Organisations Act (1997) is to encourage and support non-profit organisations in maintaining accepted accounting and auditing practices. The Public Finance Management Act (1999) was promulgated to ensure accountability in the public sector and to provide regulations that govern the use of public funds by the non-profit welfare sector.

The Public Finance Management Act (1999) makes provision for a public–private partnership agreement between the government and the non-profit organisation when funding is provided to the organisation to perform institutional functions on behalf of the government. The public-private partnership agreement ensures that the non-profit organisation accepts liability for the risks arising from the performance of the function. Risk management and the effective implementation and financial management of social welfare programmes therefore becomes the responsibility of the management board.

A non-profit organisation exists and is sustained by its ability to maintain open and productive relationships with its key stakeholders i.e. those the organisation serves, those who provide the resources to the organisation and those who create an enabling environment in which the organisation functions.

3.9.5 Duties of accountability and transparency

In keeping with the need for social welfare organisations to operate in a manner that would ensure acceptable standards of accountability and transparency, the Codes of Good Practice for Non-profit Organisations (2001:16-17) recommends the following activities that need to be fulfilled by the management board:

- ❑ A clear mission to drive the organisation and its programmes.
- ❑ Carefully selected governance, staff leadership and competent staff and volunteers in office.
- ❑ An effective strategic plan of action with controls in place to monitor and evaluate progress. Opportunities must be provided for beneficiary stakeholders and communities to be involved in the planning and evaluation of programmes.
- ❑ Policies and systems in place that ensures that optimum use is being made of all the available resources.
- ❑ Accounting systems and controls in place that ensure the transparent and effective handling of money and resources.
- ❑ An organisation that is willing and open to public scrutiny and questioning.

Non-profit organisations are further expected to conduct their operations ethically and responsibly. The above listed activities, if implemented effectively by the management board, would ensure credibility and public trust. According to the King II Code on Corporate Governance (2002), companies both private and public should embrace practices that are transparent and socially responsible to its stakeholders.

The King II Code on Corporate Governance (2002) was released in response to a need for a comprehensive guide on corporate governance appropriate to the South African context. The report is a non-legislated code that is applicable to a range of companies and corporations falling in the South African finances services sector and enterprises that perform public functions inclusive of those regulated by the Public Finance Management Act (1999). Sections of this code are therefore relevant to the non-profit welfare sector as the sector is governed by the Public Finance Management Act. According to the King II Report, a “Good Practice Guide” will be issued by the public sector in response to the recommendations of the report.

The King II Report describes additional responsibilities that are relevant to all boards including the management board of non-profit organisations. The following responsibilities refer to systems of accountability and transparency:

- ❑ To assess risk and performance management
- ❑ To establish a risk management process using recognised approaches
- ❑ To establish and maintain organisational integrity
- ❑ To develop a good culture of governance
- ❑ To ensure appropriate black economic empowerment and employment equity
- ❑ To develop a formal and transparent procedure for establishing a policy on director remuneration

The management board of social welfare organisations cannot ignore these responsibilities. The White Paper for Social Welfare (1997) requires that management boards of non-profit organisations assume total accountability for the financial, operational and risk management of the organisation. The National Department of Social Development, who is responsible for the administration of legislation that impacts on the operations of the social welfare organisation, has put

measures and systems in place to ensure compliance with the regulations of the laws.

It is thus clearly evident that the role of the management board of non-profit organisations in South Africa has radically changed in terms of their roles and responsibilities. It is required of the management board to be knowledgeable of all aspects of democratic governance, organisational development practices and social developmental welfare programmes. It is further expected from the management board to initiate and manage the change processes that have occurred since the election of the democratic government during 1994 and to develop an agenda for social transformation in the country.

The legislative changes in the country have challenged traditional social welfare organisations to transform their governance structures and welfare services and programmes to reflect the democratic ideology of the country. Despite the legislative changes, the government continues to call on Non-profit Organisations to accelerate the transformation and improvement of services to the poor. A press release dated 28 July 2002 by the Department of Social Development, is quoted as follows:

Title: Minister Urges the Non Governmental Organisations to Help Accelerate the Transformation and Improvement of Service Delivery to the Poor.

“The review of the work we have done thus far in rendering services to the poorest of the poor have confirmed that a lot of progress has been made with regard to the delivery of services particularly to the elderly persons and children over the last two years. However, we are very concerned about the pace of transformation of the services rendered. There is therefore a need for further acceleration and improvement to ensure that services really reach the poorest. The Non Governmental Organisations working with the Department of Social development nationally and provincially should play a more critical role in this direction”.

This speech was made by Minister Zola Skweyiya in response to President Thabo Mbeki's State of the Nation Address in February 2002, when the President reaffirmed

the centrality of eradicating the legacy of poverty and underdevelopment to the reconstruction and development of South Africa. In the Department of Social developments Strategic Plan (2002/03-2004/05:2), the minister reflected on the progress made since the launch of the Ten Point Plan for Social Development in January 2000, and reconfirmed his commitment to the provision of basic services and the reconstruction and development of the country.

The challenge that non-profit welfare organisations are confronted with is to accelerate the pace of transformation as called for by the Minister of Social Development. Questions that could be posed are:

- Have NPO's transformed their governance structures in keeping with the principles of democracy and social justice?
- Have NPO's formulated effective transformation plans in keeping with the agenda of the Department of Social development?
- Is the management board informed of the requirements of the new legislation?
- What role does the management board play in facilitating and implementing the transformation plans?
- What structures have they put in place to monitor and evaluate the impact of their plans?
- Has the NPO implemented programmes that is appropriate and integrated and that empowers communities towards self-reliance?

3.10 CONCLUSION

The chapter presented a theoretical discussion on change management, strategies for dealing with change, processes of change and the emerging role of the management board as a change agent. Recommendations for change management are presented.

With reference to change and the transformation of social welfare services in South Africa, the chapter discusses the forces of change as experienced since the election of the democratic government in April 1994. New legislation was promulgated to

reflect the ideological change of the country. The social welfare policy of the country was changed from the residual approach to service delivery to a developmental approach that promotes an integrated system of social and economic programmes and for the creation of social justice.

The White Paper for Social Welfare (1997) and the subsequent Non-profit Organisations Act (1997) calls for radical changes in service delivery in the social welfare sector and for more effective and transparent systems of accountability. The National Department of Social Development was mandated with the responsibility for the administration of the Laws and to ensure compliance through the monitoring and evaluation of social welfare programmes. The Advisory Board on Social Development was developed for the consolidation of partnerships between government and non-profit organisations in the social development sector.

In addition to the legislation, a Code of Good Practice for non-profit organisations was developed as a framework for effective transformation. Management boards of social welfare organisations in South Africa are therefore challenged to initiate and ensure the effective transformation of social services in the country through the adoption of the duties of care, loyalty and obedience.

Additional responsibilities such as ensuring public accountability and transparency are becoming more pronounced and regulated by the Public Finance Management Act (1999). It is also expected of social welfare organisations to comply with codes of good governance such as the code presented in the King II Report (2002). It is therefore evident that an urgency exists for management boards of non-profit organisations should be equipping themselves with technical skills and information about contemporary governance practices and social transformation practices in order for them to be relevant and sustainable in the new democratic dispensation in South Africa.

The following chapter will present the empirical study of the transforming role of management boards of non-profit welfare organisations in the Western Cape. The research aims to explore and discuss the questions as listed above and to provide recommendations as a framework for transformation.

CHAPTER FOUR

THE MANAGEMENT BOARD'S RESPONSE TO TRANSFORMATION

4.1 INTRODUCTION

Social welfare organisations exist in differing environments and are influenced by external factors. In the South African context, the political transformation of 1994 introduced a series of new legislation that impacted on the traditional nature and approach to social welfare service provision in the country.

This chapter presents the analysis, interpretation and discussion of the empirical study on the roles and responsibilities of management boards of non-profit social welfare organisations in the Western Cape in response to the changed social welfare legislation and codes of practice.

In the analysis, the following factors were considered:

- The demographic data of non-profit welfare organisations
- The governance structures of non-profit social welfare organisations
- The mission, vision and values of non-profit social welfare organisations
- The responsibilities of the management board and the director/CEO
- The functions of the management board

The study concluded with comments from the respondents in terms of their understanding of the ideal governance structures, functioning of board members and the impact of governance transformation on the nature of services currently rendered.

4.2 PRESENTATION OF THE FINDINGS

The empirical study was conducted with directors/CEOs of non-profit social welfare organisations in the Western Cape Metropole. According to the register of the Department of Social Welfare (2001), there are forty **(40)** social welfare organisations in the Western Cape Metropole. The researcher utilised the purposive sampling technique and identified fifty percent **(50%)** of the sample for inclusion in the study. According to De Vos (1998:198), the purposive sample is based on the judgement of the researcher in that a sample is composed of elements that contain the most characteristic attributes of the population.

The sample consisted of twenty **(20)** non-profit social welfare organisations that were based in the Western Cape Metropole and that were registered prior to the new political dispensation in South Africa. The respondents were contacted telephonically and a written request for participation in the study **(Annexure A)** followed. An agreement to participate was completed by the respondents **(Annexure B)**. Of the twenty **(20)** respondents, fifteen **(15)** completed the questionnaires. The response rate indicated that not all the respondents were available or willing to participate in the study.

The explorative and descriptive research design was used in order to assess the rate of transformation of management boards in terms of their structure and practice. The design further enabled the researcher to explore the respondents' understanding of their management boards' response to the transformation.

The methodology consisted of both the qualitative and quantitative paradigms. The combination of the paradigms enabled the researcher to gather data through a structured self-administered questionnaire **(Annexure C)** which contained both open and closed-ended questions. According to De Vos (1998), the open-ended questions enables a free-flow of responses while the closed-ended questions enables the better understanding of the meaning of the questions and that the questions could be answered within the same framework.

The researcher further studied the organisations' annual business resorts. The aim of the study was to receive additional information concerning the organisations' mission and vision statement.

4.3 DEMOGRAPHIC DATA OF NON-PROFIT SOCIAL WELFARE ORGANISATIONS

The following is a presentation of the nature of non-profit social welfare organisations that were included in the sample and the year in which they were registered.

4.3.1 Nature and year of registration of non-profit social welfare organisations

Non-profit social welfare organisations that were registered prior to the political transformation in South Africa were subjected to policies that favoured racial separatism and social inequality (Van Eden et al, 2000). The change in political ideology in the country necessitated dramatic structural changes within the governance structures of non-profit social welfare organisations and a shift in the practice towards development and social justice (White Paper for Social Welfare, 1997). These organisations are therefore legislatively obliged to transform their governance structure and approach to service delivery to reflect the democratic principles as found in the White Paper for Social Welfare (1997).

The following organisations were included in the sample because of their registration prior to the 1994 political transformation process in South Africa. The table illustrates that the organisations were registered between the periods 1908-1972 and therefore meets the profile of the sample.

Table 4.1 presents the nature and year of registration of the organisations in the study.

Table 4.1: Nature and year of registration

No	Nature of organisation	Year
01	Child welfare services	1908
02	Crime prevention	1910
03	Mental Health services to persons with intellectual and psychiatric disabilities	1913
04	Fundraising, resource development, community investment and capacity building	1928
05	Social services to persons with disabilities	1936
06	Social developmental welfare organisation focussing on youth development, adult day care services, community centres and health services	1943
07	NPO- Prevention and care for the terminally ill	1947
08	NPO- Relationship counselling	1948
09	Developmental social welfare services to people with disabilities	1949
10	Day care, residential and workshop facilities for people with intellectual disabilities	1952
11	NPO- Prevention of alcohol and drug abuse	1953
12	NPO- Association for persons with cerebral palsy	1953
13	NPO- Lifeline/Childline	1967
14	Organisation for people with physical disabilities	1968
15	Early childhood education, development and empowerment, family care and community in schools	1972

n = 15

Table 4.1 shows that the sample consisted of a range of social welfare organisations that renders services to various target populations such as child welfare services, crime prevention, mental health, the terminally ill, family counselling and drug and alcohol abuse. Five organisations render services to people with physical and intellectual disabilities.

Respondents **4** and **6** in Table 4.1, are described as being developmental and capacity building organisations and not social welfare organisations as could be

noted for the thirteen other organisations in the sample. These two organisations were included in the sample as they are registered in terms of the Non-profit Organisations Act (1997) and therefore need to comply with the regulations of the Act.

The inclusion of the two developmental and capacity building organisations is relevant for the study because the non-profit sector refers to enterprises in the voluntary sector and is governed by members of the community who are elected to serve on a management board. It includes among other, developmental agencies, churches, universities, sports and cultural bodies and may be formal or registered organisations (Herman, 1989).

The year of registration of the non-profit organisations ranges between 1908 to 1972. All of the organisations in the study were founded and registered prior to the 1994 democratic elections in South Africa. The researcher therefore deduces that the organisations were formed in response to needs as determined by the government of the day and that the services were focussed on the promotion and improvement of specific target groups. Van Eden *et al* (2000:1) confirms that the social welfare system in South Africa during the period 1902-1948 reflected an ideology of re-unification and upliftment for the white population group. The predominant focus was a residual welfare approach to social welfare delivery.

After the 1948 apartheid elections in South Africa, the government entrenched the "Cinderella-focus" regarding social welfare. Van Eden *et al* (2000:7) states that this new government established services along racial lines. Racial diversification was influential on the Government's ideologically initiated philosophy of life and that this was a process that was accomplished over many years.

With the promulgation of the White Paper for Social Welfare (1997), non-profit social welfare organisations are legislatively obliged to transform their structures and nature of services rendered in order to reflect the democratic principles of equity, non-discrimination, accountability, accessibility and participation that underpin the social welfare policy as stipulated in the White Paper for Social Welfare (1997).

4.3.2 Sources of funding

In order to qualify for funding from the Department of Social Services, non-profit organisations must be registered in terms of the Non-profit Organisations Act (1997) and should incorporate the principles of developmental social welfare as stipulated in the White Paper for Social Welfare (1997).

The respondents were asked to list their sources of funding and to indicate whether the organisation receives funding from the government. All the organisations reported independent sources of funding received through grants, donors, trust funds, international donors, fund raising, bequests, fees and trading. Of the fifteen (**15**) respondents, fourteen (**14**) reported that their organisations are in receipt of funding from the Department of Social Services in the Western Cape. One (**1**) organisation serves to raise funds for community investment and capacity building and therefore generate its own income.

The regulations of the Non-profit Organisation's Act (1997) stipulates that non-profit organisations should be financially accountable to its donors and funders. As such, fourteen of the respondents are directly accountable to the Department of Social Services in terms of their service practice.

4.3.3 Governance structure

According to the regulations and principles as found in the White Paper for Social Welfare (1997) and the Codes of Good of Good Practice for South African Non-profit Social Welfare Organisations (2001), social welfare organisations should be governed by a group of people who are not employed by the organisation and who identify with and support the mission of the organisation.

The respondents were asked to list the number of management board members, to state whether they are volunteers and whether they are in receipt of an honorarium or retainer. The respondents were further asked to elaborate on the frequency of meetings held. These questions aimed to assess compliance with the social welfare legislation and codes of practice.

Table 4.2 summarises the data and shows the number of members on the management board. The frequency of meetings held is also reflected.

Table 4.2: Number of board members and frequency of meetings held.

Respondents	No of members	Frequency of meetings
01	12	Monthly
02	07	Monthly
03	12	Bi-monthly
04	12	Monthly
05	13	Bi-monthly
06	18	Quarterly
07	12	Monthly
08	10	Monthly
09	07	Monthly
10	12	Bi-monthly
11	08	Monthly
12	18	Monthly
13	20	Bi-monthly
14	10	Monthly
15	10	Bi-monthly

n =15

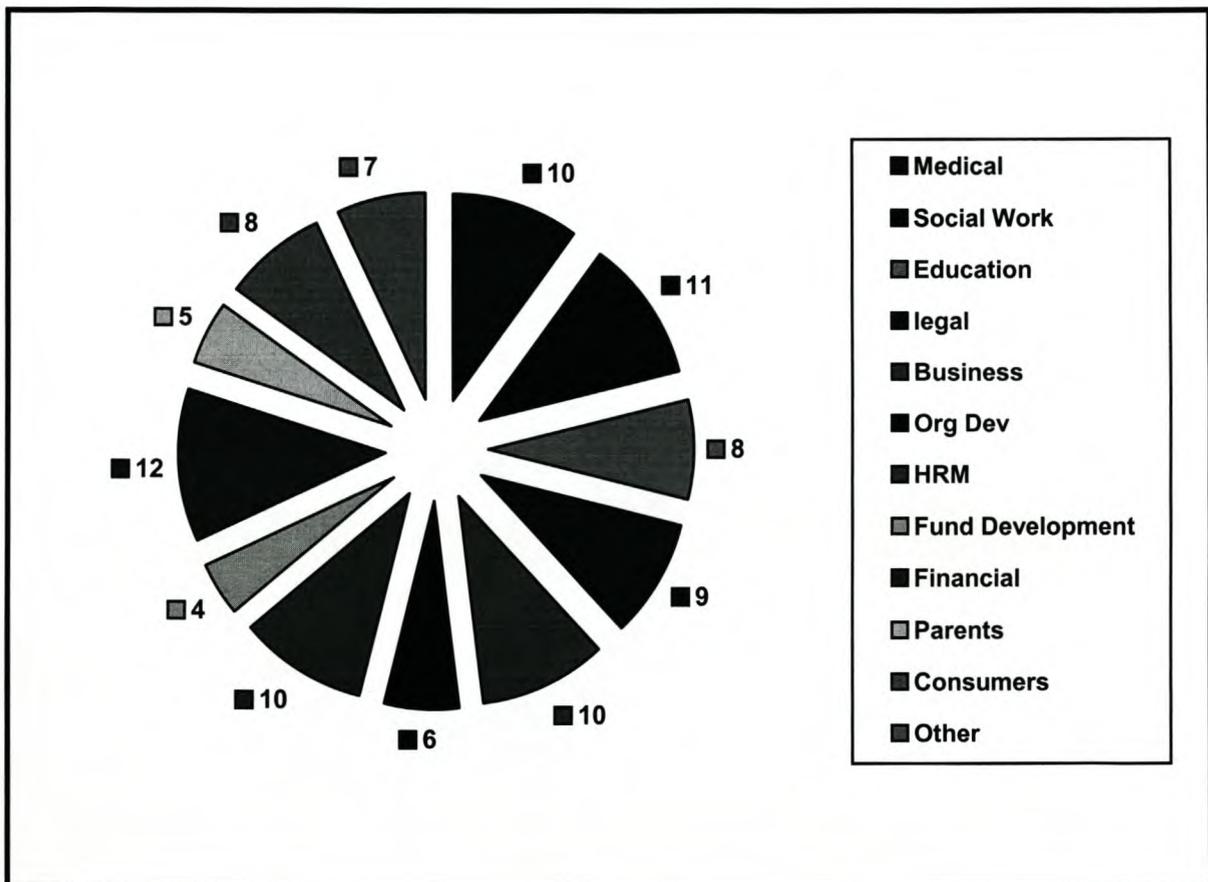
The number of members on the management boards range from seven (**7**) to twenty (**20**). The size of the management board could not be viewed as being an indicator of efficiency or effectiveness, however the variable becomes relevant when analysing the composition in terms of representivity.

The frequency of meetings held are regulated in the organisation's constitution. The findings show that nine (**9**) of the management boards meet on a monthly basis, five (**5**) meet bi-monthly and two (**2**) meet quarterly. The regularity of meetings held are in accordance with the norms of good governance as discussed in the Codes of Good Practice for South African Non-profit Social Welfare Organisations (2001). Nine (**9**) of the respondents reported that their management boards meet on a monthly basis.

These findings correspond with Carver (1990) who confirms that management boards need to meet regularly in order to improve the efficiency and effectiveness of the organisation.

4.3.4 Expertise of the management board members

Herman (1989) discusses standards that are required for effective governance. According to the author, the management board should use a systematic process to assess the strengths and weaknesses of the board's composition. The development of a board profile helps to identify the characteristics and skills desired in new members. The respondents were asked to list the personal and professional expertise of the management board members in order to formulate a profile of the management boards in the study. Figure 4.1 presents a description of the profiles.



n =15

Figure 4.1: Composition of the management board

Figure 4.1 presents an analysis of the different areas of expertise found in the management boards of the organisations in the study. Twelve (12) of the organisations have members with **financial** skills; eleven (11) with **social work** expertise and ten (10) have **medical, business management** and **human resource**

management skills respectively. Nine (**9**) organisations have members with **legal expertise** and eight (**8**) have **educators** and **consumers**. Six (**6**) organisations have specialists in **organisational development** ; five (**5**) organisations have **parents** represented on the board and four (**4**) have **fund developers**. Seven (**7**) organisations reported additional areas of expertise such as **civil engineering**; **labour law**; **marketing** and **students** from different disciplines.

The management board members in the study represent a wide range of experiences. On reflection of the expertise, some management boards tend to emerge from circumstances that gave rise to the organisation they serve. For example, an organisation that renders services to people with physical disabilities has a member with civil engineering skills. This is relevant for the organisation as expertise is required for the development of assistive devices and wheelchairs. A social developmental organisation that focuses on youth development and health care services has students from various disciplines on its management board. The involvement of students on the governance structure is appropriate because of its focus on capacity building and action learning.

The findings therefore correspond with the Codes of Good Practice for South African Non-profit Organisations (2001) which stipulates that office bearers of management boards should be prepared, skilled and equipped to manage a range of responsibilities in order to fulfil its mission and objectives. A management board that meets its legal standards of its constitution and registration, in the performance of its duties, also positions the organisation for success through good governance and ethical practices.

The profiles presented in this analysis shows that only eight (**8**) organisations have consumers on their management board and five (**5**) have parents. This finding is contrary to the democratic principles of governance as found in the White Paper for Social Welfare (1997). According to Abels and Murphey (1981), it is also contrary to the principle of the creation of a **just society** wherein the participation of clients is encouraged. Cronje (1998) supports the statement made by Abels and Murphey (1981) and reports that the greatest challenge facing non-profit organisations in South Africa, is the ability to transform from a traditional bureaucratic management

model to an approach that embraces participation, empowerment and capacity building. The findings highlight the need for these management boards to transform their composition and to engage representatives of the community that the organisation serves.

4.3.5 The directors/CEOs status on the management board

According to Carver (1990), the constitution of a social welfare organisation makes provision for the election of members who are mandated to vote and authority to contribute towards decision making. As the members are unpaid volunteers of the organisation, staff members of the organisation are not constitutionally entitled to serve on the board.

In order to assess the status of the director/CEO on the board, the respondents were asked to distinguish between various categories such as ex-officio, secretary, staff representative and other. Eleven **(11)** respondents reported that the director/CEO serve as ex-officio's, five **(5)** as secretary, two **(2)** as staff representatives, and three **(3)** reported other roles such as member, director and ex-officio with voting rights.

These findings show that most of the directors/CEOs are neither office bearers nor are they entitled to a vote. Ex-officio status implies that the member has the right to participation in decision making but do not hold the authority to cast a vote.

According to Harris (1994), the management structure of the traditional social welfare organisation is linear in nature with a high degree of board power and control over the functioning of the organisation. The findings of the study correlates with the literature as the director/CEO by virtue of the ex-officio status, do not have the mandate to impact on decision making through voting. Only two **(2)** respondents reported that they have voting rights.

4.4 MISSION, VISION AND VALUES

Non-profit social welfare organisations are expected to agree to a set of common values by which the sector will be recognised. The Codes of Good Practice for South African Non-profit Organisations (2001) state that these values should be influenced by the need to assist in combating poverty and to strive towards the improvement of quality of life and circumstances of all South Africans. Social welfare values should therefore be translated and expressed through the mission statement of the organisation.

A fundamental role of the management board is to determine the organisation's mission and vision (Carver, 1990, Harris, 1994 and Gibelman *et al*, 1997). A clearly articulated mission drives the organisation and serves as a vehicle for effective service provision.

4.4.1 Presentation of mission and vision statements

The respondents were asked to present their mission statements in order to assess the objectives and focus of service provision in keeping with the social developmental approach (White Paper for Social Welfare, 1997). The nature of the organisational objectives serves as an indicator of organisational change and commitment to the creation of a just society.

The researcher analysed the data received from the questionnaire and further utilised the organisations' business reports to extract additional information. The following themes were extracted from the findings:

- Accessibility and efficiency
- Empowerment
- Comprehensive and developmental
- Partnerships and networking
- Ubuntu

4.4.1.1 *Accessibility and efficiency*

The following quotations demonstrates the organisations' commitment to the provision of accessible and efficient services:

- ***“The provision of effective, efficient social development services to create opportunities for people.”***
- ***“To provide accessible, inexpensive and appropriate services. “***
- ***“To provide effective family and child care services “***
- ***“Our work is underpinned by a commitment to quality, excellence and professionalism.”***

These statements highlight the principles of accessibility and efficiency that are essential for impacting on communities that have been previously disadvantaged through the policies of racial separatism and exclusion. The findings therefore support the commitment to the provision of accessible and efficient services as is required by the White Paper for Social Welfare (1997).

4.4.1.2 *Empowerment*

The empowerment approach asserts that people should be empowered with relevant skills that will enable them to accept responsibility for the accomplishment of their development. The White Paper for Social Welfare (1997) describes empowerment as being the full participation of people in the formulation, implementation and evaluation of decisions determining the functioning of and wellbeing of society.

Cronje (1998) states that the shift towards an empowering practice requires changing the traditional autocratic structures, reducing bureaucracies and dismantling the power structures within organisations. The author further states that the empowerment process should be accompanied by a process of capacity building if the aim is to devolve power and involve people in participation and decision making processes.

The following quotations support the assumption that the organisations in the study have reflected an empowerment approach to service delivery, in their mission statements.

- ***“To empower people to reconstruct, build and maintain sound relationships.”***
- ***“Crime prevention that empowers and develops communities; based on the principles of restorative justice.”***
- ***“To empower people with disabilities to make decisions and take control of situations that affect their lives.”***
- ***“An organisation of and for people with special needs.”***
- ***“To be the leading provider of opportunities and skills for healing and for the transformation of people and communities.”***
- ***As a leading professional fundraiser, community investor and development organisation, we facilitate caring to a wide range of people and communities.***

The above stated quotations serve to confirm the organisations’ commitment towards an approach that empowers and enhances the capacity of people and corresponds with the empowerment principle that holds that every individual has power and that the empowerment agenda should serve to discover the power from within people (Saleebey, 1992).

4.4.1.3 Comprehensive and developmental system of service delivery

The White Paper for Social Welfare (1997) promotes the development of an integrated and comprehensive system of social service delivery. These principles underpin the social developmental approach to service delivery. Midgely (1995:23) defines social development as being a process of planned social change that is designed to promote the well being of the population as a whole. The developmental approach is therefore distinguished from the residual approach through its focus on a comprehensive and universalistic approach to social and economic development.

The following quotations are provided to illustrate the developmental focus of service the social welfare organisations in the study:

- ***“To provide comprehensive, pro-active and enabling mental health services.”***
- ***“We are committed to provide specialised developmental services to individuals and families.”***
- ***“To play a pivotal role in the provision of developmental services that impact positively on quality of life.”***
- ***“To render developmental services in accordance with accepted norms and values and national social welfare priorities.”***
- ***“To work with the community for the creation of a better life for all.”***

The findings confirm that the vision and mission statements of the organisations reflect a developmental approach to service provision. Organisations are committed to the provision of a comprehensive and inclusive service that promotes the improvement of quality of life. (White Paper for Social Welfare ,1997).

4.4.1.4 Partnerships and networking

The provision of developmental services is described in the White Paper for Social Welfare (1997) as being a national and collective responsibility of all organs of society. The Department of Social Services actively encourages the formation of linkages and partnerships with organisations that share a common mission and vision (Draft Policy Framework: Department of Social Services, 2001). Partnerships are therefore the cornerstone for the provision of integrated and holistic developmental services.

The Draft Policy Framework for Developmental Social Welfare: Department of Social Services (2001:7) describes partnerships as being a formal commitment and reciprocal relationship to advance a common vision between two or more parties. The White Paper for Social Welfare (1997) stresses repeatedly that the present service delivery system is fragmented and overspecialised and therefore collaboration with all service providers is essential

The respondents reported their commitment towards the formation of relevant partnerships in the following ways:

- ***“To actively develop networks and partnerships with other NPO’s, business and government.”***
- ***“To play a leading role in the provision of early childhood development and training programmes in partnership with strategic constituencies.”***
- ***“To promote the wellbeing of children through protecting, enhancing and networking.”***
- ***To identify and facilitate the establishment of self-sustaining community development programmes.***

The above quotations confirm that the respondents recognise the value of networking and of the formation of strategic partnerships as is encouraged in the Draft Policy Framework (2001).

The advantage of the formation of a collective programme through partnerships is that it ensures comprehensive service delivery whereby gaps are filled and the developmental needs negotiated and planned within the collective framework. The service need is identified by a group of people and the group takes ownership for the implementation of the programme. Ownership is the key principle for the development of sustainable and relevant services. A culture of joint decision making, responsibility, representation and a commitment to excellence should be established amongst partners.

4.4.1.5 *Ubuntu*

Developmental and social welfare policies and programmes are based on guiding principles such as the principle of ubuntu. The concept of ubuntu is described in the White Paper for Social Welfare (1997:10) as being the promotion of each other’s well being through a spirit of mutual support. The concept promotes a communal way of

life that holds that society must be developed in the interest of all its members. It further acknowledges the individuals humanity and the rights and responsibilities of every citizen in promoting individual and societal well being.

The ways in which the principle of ubuntu is accommodated in the organisational vision and missions were explained by the respondents in the following statements:

- ***“To facilitate services that are based on the principles of people centred development. “***
- ***To promote the involvement of students and other members of the community through voluntary community service, experiential and community service learning.”***
- ***We facilitate caring to a wide range of people and communities through the provision of structures that enables social responsibility.”***
- ***To develop a caring and compassionate society that promotes the responsibility for the well being of its members.”***

The spirit and essence of ubuntu is clearly articulated in the above statements. The emphasis of intervention is on the promotion of compassionate and caring people centred programmes through the utilisation of community resources and strengths. The findings are in keeping with the promotion of a developmental approach to service delivery as called for in the White Paper for Social Welfare (1997).

4.4.2 Values and guiding principles

The Constitution of the Republic of South Africa (1996) recognises the principles of value and rights for all citizens of the country. It further provides for a Bill of Rights that enshrines the rights of all people and affirms the democratic values of human dignity, equality and freedom.

The Bill of Rights introduces a new paradigm for non-profit welfare organisations as it calls for the provision of fundamental welfare and economic rights for all its citizens. Developmental social welfare policies and programmes should be based on

democratic principles that include respect for human rights and on the fundamental freedoms as articulated in the Constitution of the Republic of South Africa (1996). The developmental approach calls for the replacement of past policies by just and people-centred policies (White Paper for Social Welfare, 1997).

The respondents in the study were asked to list their organisational values. The findings are presented in Table 4.3 and are clustered into themes as listed in the White Paper for Social Welfare (1997) and the Codes of Good Practice for South African Non-profit Organisations (2001).

Table 4.3: Values underpinning the mission and vision of organisations

DEMOCRATIC PRINCIPLES	VALUES AS REPORTED BY RESPONDENTS
<input type="checkbox"/> Equity	<input type="checkbox"/> The promotion of equity <input type="checkbox"/> The right to equality <input type="checkbox"/> Inclusion <input type="checkbox"/> Prioritising services to people with special needs
<input type="checkbox"/> Non-discrimination	<input type="checkbox"/> The provision of services to all population groups <input type="checkbox"/> Non-racial and non-religious
<input type="checkbox"/> Democracy	<input type="checkbox"/> The right to self representation <input type="checkbox"/> The development of services in consultation with the community <input type="checkbox"/> The creation of an enabling environment
<input type="checkbox"/> Improved quality of life	<input type="checkbox"/> The provision of information and to raise awareness <input type="checkbox"/> The promotion of health family life for community well being <input type="checkbox"/> The healing and transformation of people and communities <input type="checkbox"/> The provision of knowledge and life skills to equip the youth to make responsible decisions
<input type="checkbox"/> Human rights	<input type="checkbox"/> Dignity of the people <input type="checkbox"/> Restorative justice <input type="checkbox"/> Integrity <input type="checkbox"/> Accountability <input type="checkbox"/> Social justice
<input type="checkbox"/> Partnerships	<input type="checkbox"/> The development of services in collaboration with other stakeholders <input type="checkbox"/> The formation of collaborative relationships with internal, external and collegial partners
<input type="checkbox"/> Quality services	<input type="checkbox"/> Dedicated staff <input type="checkbox"/> Future orientated <input type="checkbox"/> Appreciated by the community <input type="checkbox"/> Leader in the field <input type="checkbox"/> Innovation <input type="checkbox"/> Service excellence
<input type="checkbox"/> Ubuntu	<input type="checkbox"/> Caring <input type="checkbox"/> Concern <input type="checkbox"/> Compassion

The findings in Table 4.3 confirm that the values as reported by the respondents are representative of a transformed approach to the delivery of social welfare services and of the replacement of past policies through just and people-centred policies, as is required in the White Paper for Social Welfare (1997).

4.5 ROLES AND RESPONSIBILITIES OF THE MANAGEMENT BOARD

Authors of varying international perspectives such as Carver (1990), Herman and Heimovics (1991), Bradshaw *et al* (1992), Gibleman *et al* (1997), Kang and Cnaan (1997) and Harvey (1998), agree that management boards of non-profit organisations are ultimately responsible for the achievements of organisational objectives and for the failures in the operational process. Management boards are therefore expected to oversee the implementation of programmes and to establish standards that ensure the accomplishment of the organisation's mission.

Four perspectives on the roles and responsibilities of management boards are discussed by various authors such as Herman and Heimovicks (1991), Abels and Murphey (1981), Saleebey (1992), Midgely (1995) and Cronje (1998). These perspectives are the **traditional, normative, strengths and developmental perspectives**. According to Weekes (1997:15), perspectives involve the understanding of the relationship between aspects of social welfare management in an organisation and the conscious choice of different aspects for the use in the practice of management.

In order to assess whether the management boards had transformed their roles and responsibilities in keeping with the above-mentioned perspectives, the respondents were asked to identify the responsibilities of the management board. The responsibilities were listed in the questionnaire and options were presented for the execution of the responsibility. The responses to the responsibilities are presented in Table 4.4.

Table 4.4: Responsibilities of the management board.

Responsibility		Execution of responsibility			
		Board	Dir./CEO	Both	n
Recruitment and Training					
01	Recommend potential Management Board members	01	03	11	15
02	Recruit new Management Board members	02	06	07	15
03	Induct and train new Management Board members	01	11	03	15
Strategic management					
04	Determine the organisational goals and objectives	06	03	06	15
05	Formulate policy	05	03	07	15
06	Implement policy decisions	00	13	02	15
07	Monitor policy implementation	01	06	08	15
08	Evaluate operational functioning	02	09	04	15
09	Keep abreast of relevant legislative changes	00	10	05	15
Finance					
10	Take responsibility for the financial management of the organisation	01	06	08	15
11	Fundraise for the organisation	00	12	03	15
12	Market the organisation to donors and funders	00	12	03	15
13	Account to donors and funders	00	13	03	15
Personnel management					
14	Hire the Director/CEO	15	00	00	15
15	Hire the staff	02	13	00	15
16	Manage and supervise the staff	00	15	00	15
Operational management					
17	Plan organisational programmes	00	14	01	15
18	Implement organisational programmes	00	15	00	15
19	Monitor organisational programmes	00	15	00	15
20	Evaluate organisational programmes	01	10	04	15

n = 15

Table 4.4 presented a combination of responsibilities as found in the four perspectives. The findings show that certain responsibilities of the management board are executed by the directors/CEOs and differ considerably from organisation to organisation. The following responsibilities as reflected in Table 4.4 are presented and discussed.

4.5.1 Recruitment and training

The findings show that the directors/CEOs in six **(6)** of the organisations are instrumental in ensuring that new members are recruited to the board. In seven **(7)** organisations, the responsibility is shared by the director/CEO and the management board. With reference to the induction and training of new members, eleven **(11)** directors/CEOs assume the responsibility for the induction and training.

These findings are contrary to the set of standards required for effective governance (Herman, 1989). According to the normative perspective, management boards should assume the responsibility for the identification, recruitment and training of new management board members.

4.5.2 Strategic management

According to Abels and Murphey (1981), the normative perspective holds that the management board should develop a strategic plan and should periodically re-evaluate the organisation's mission and programmes.

The findings show that the management boards and the directors/CEOs are equally responsible for the strategic determination of organisational goals and objectives. Five **(5)** organisations stated that the management board formulates policy and seven **(7)** stated that policy formulation is the responsibility of both the management board and the director/CEO.

These findings do not correspond with the requirements of the normative perspective as cited by Abels and Murphey (1981). The authors report that the management board should be responsible for the strategic planning and development of effective

and moral solutions for the problems facing society and for the creation of what ***ought to be*** for the creation of a ***just society***.

Thirteen (13) respondent's agree that the director/CEO plays a key role in the implementation of policy decisions. Nine (9) respondents reported that the director/CEO is also responsible for the operational functioning and ten (10) respondents reported that the directors/CEOs are responsible for informing the management board of relevant legislative changes that impact on the functioning of the organisation. The findings clearly show that the strategic function of the organisation is executed by both the management board and the director/CEO.

4.5.3 Financial management

The traditional perspectives holds that the financial management of the organisation and the function of accountability is clearly the responsibility of the management board (Herman and Heimovics, 1991, Skidmore, 1990, Gibelman *et al*,1997, Carver, 1990 and Austin, 2000).

The findings show that in eight (8) of the organisations, the responsibility is equally vested in the management board and the director/CEO. In Six (6) organisations, the director/CEO independently manages the finances. Twelve (12) respondents reported that the directors/CEOs are responsible for fundraising and marketing and thirteen (13) are accountable to donors and funders. These findings clearly highlight the need for management boards to assume greater responsibility for the financial management and public accountability of organisations (Skidmore, 1990).

4.5.4 Personnel and operational management

Mullins (1993:373) presents a model of governance that distinguishes between the functions of policy formulation, management and implementation. According to this model, the functions of personnel and operational management are clearly vested in the management structure of the organisation.

The findings correspond with the model of governance as the directors/CEOs of all the organisations execute the functions of personnel and operational management. The findings further show that the only personnel function of the management board is the hiring of the director/CEO. All the management boards have therefore appropriately delegated the function to the director/CEO.

4.6 THE FUNCTIONING OF MANAGEMENT BOARDS

According to Lorsch (1998:221), the management board has the responsibility for initiating change processes in organisations through policy formulation leading, controlling, monitoring and the evaluation of the change process. Cronje (1998) supports the assumption and refers to the critical roles of planning, organising, activating and controlling that are required for the effective management of transformation.

The respondents were asked to rate the functioning of the management board on a scale of one to five with one being **poor** and five **optimal**. Table 4.5 presents the scores as rated by all the organisations.

Table 4.5 Management board functioning

Function	Scores					n
	1	2	3	4	5	
Policy formulation	1	5	3	6	0	15
Leading	2	5	5	2	1	15
Controlling	1	4	5	4	1	15
Monitoring	2	6	3	2	2	15
Evaluation	0	7	5	2	1	15

n =15

The scores rated for **policy formulation** reveal that one respondent rated a score of one (**1**), five respondents rated scores of two (**2**), three rated scores of three (**3**), six were rated on a scale of four (**4**) and none rated a score of five (**5**). The findings differ considerably from organisation to organisation, which implies that some of the management boards are fulfilling the function of policy formulation poorly while others are functioning near optimally. Lorsch (1998) confirms that an effective management

board should be able to formulate policies that provide a framework for transformation.

One respondent rated a score of one **(1)** for the function of **leading**, five rated a score of five **(2)**, five rated a score of three **(3)**, two rated a score of four **(4)** and one rated a score of five **(5)**. The findings show that the respondents have rated low scores, which implies that management boards do not play a decisive role in leading the organisation. This finding contradicts the statement made by Lorsch (1998) where the author states that effective leadership is a requirement for the development of a culture of change.

With reference to the scores for the function of **control** one respondent reported a score of one **(1)**, four reported scores of two **(2)**, five reported a score of three **(3)**, four reported a score of four **(4)** and one a score of five **(5)**. The findings show that the majority of the respondents, namely ten **(10)** reported scores ranging from three **(3)** to five **(5)** thus implying a general level of satisfaction with the function of control. These findings are supported by Skidmore (1990) who states that the role of the management board is to check and control the operations of the organisation.

With reference to the **monitoring** function, two respondents rated a score of one **(1)**, six rated a score of two **(2)**, three rated a score of three **(3)**, two rated a score of four **(4)** and two rated a score of five **(5)**. The findings show that eleven respondents rated scores ranging between one **(1)** and three **(3)** which confirms that the function of monitoring is not effectively executed by the management boards. These findings do not correspond with the Empowerment Management Model (Cronje, 1998), that asserts that one of the key steps required for organisational transformation, is the careful monitoring of the transformation process.

A similarity in the findings between the function of **evaluation** and **monitoring** is recorded. Seven respondents reported a score of two **(2)** for the function of evaluation, five rated a score of three **(3)**, two respondents rated a score of four **(4)** and one reported a score of five **(5)**. In total, twelve respondents rated scores between one **(1)** and three **(3)**. These findings show that the management boards are

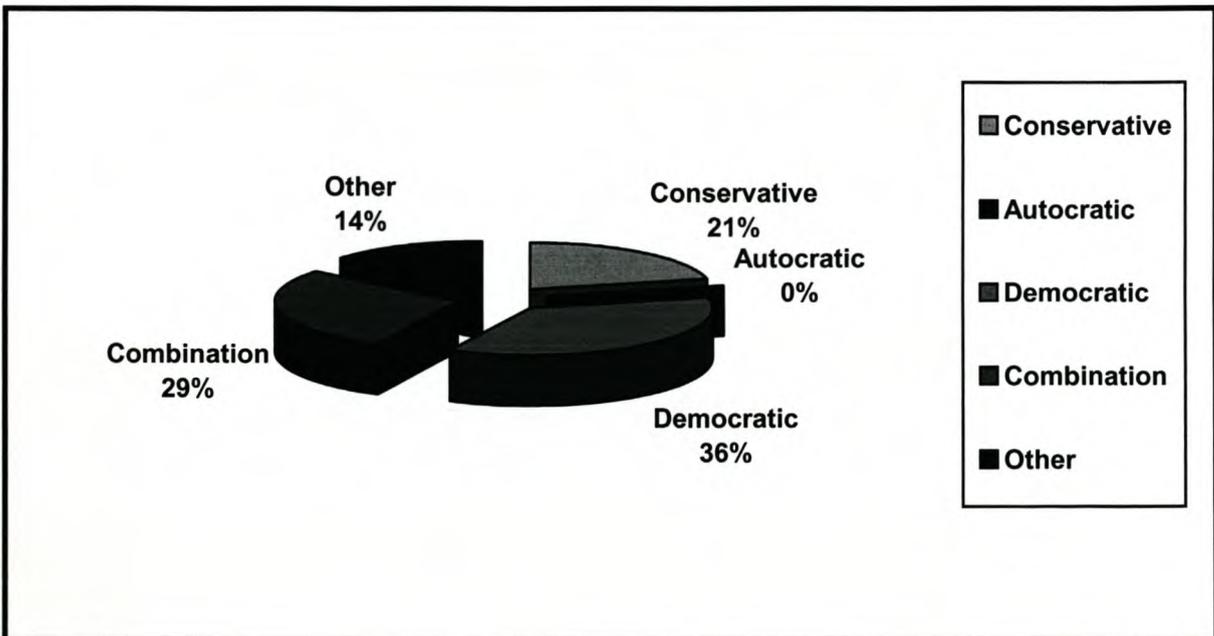
not adequately evaluating the transformation plans of the organisations as called for in the White Paper for Social Welfare (1997).

Lorsch, 1998 and Cronje 1998 confirm that the function of monitoring and evaluation are essential for ensuring that the organisational change is in keeping with the national social welfare transformation goals

4.7 GOVERNANCE STYLES

Cronje (1998) asserts that organisations that base their managerial philosophy and governance style on democratic principles have a greater potential to enhance its human resource capacity and to provide structural support to ensure the empowerment of the staff members, clients and community.

The respondents were asked to identify the governance style of the management board. The questionnaire provided the respondents with five options namely, conservative, autocratic, democratic, combination and other, to describe the governance style of the management board.



n = 15

Figure 4.2: Description of governance styles

Figure 4.2 reflects that three (**3**) of the respondents reported a conservative style. None of the respondents reported that their management boards are autocratic. Six (**6**) of the respondents reported that their management boards are democratic in nature while five (**5**) reported a governance style that includes a combination of the conservative and democratic styles.

The findings confirm that the some of the management boards have transformed to reflect a democratic style of governance as is encouraged by Cronje (1998:114) in his empowerment management model that encompasses assumptions, principles, pre-requisites, techniques and steps that are required for organisational transformation. The author states that three components are required for the effective implementation of organisational transformation i.e. facilitative management style, democratic organisational culture and on going human resource management.

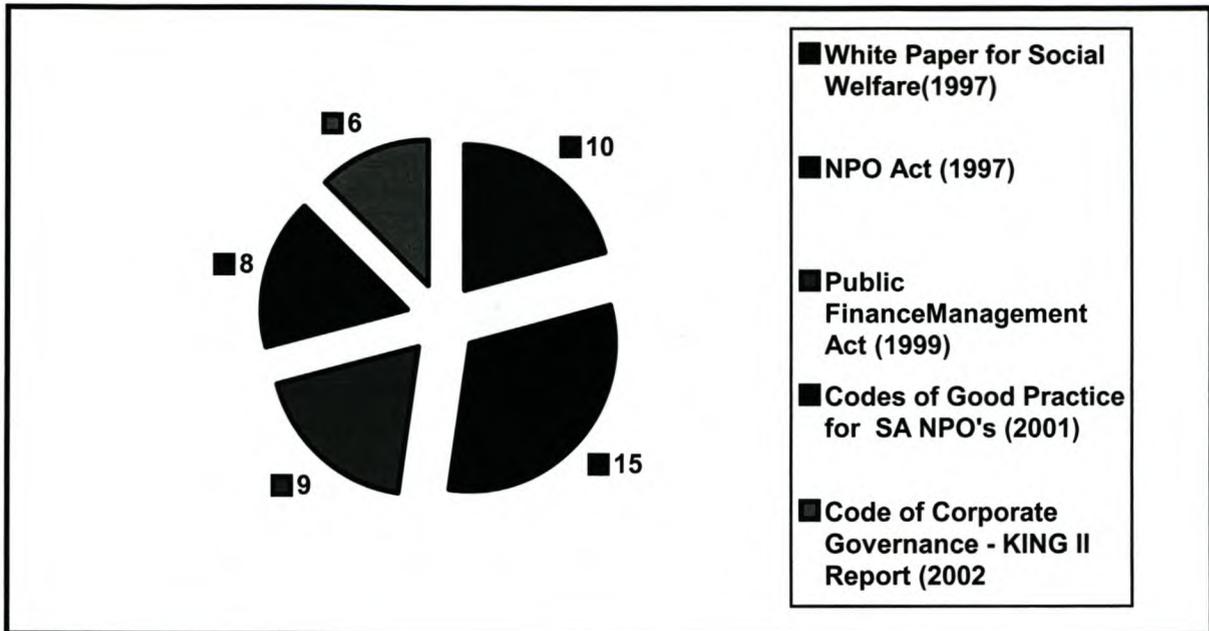
4.8 SOCIAL WELFARE LEGISLATION AND CODES OF PRACTICE

Dramatic and radical changes in the legislation and codes of practice in South Africa have transformed the approach to social welfare delivery. The respondents were asked to reflect on the knowledge base and training of the management board in terms of the White Paper for Social welfare (1997) the Non-profit Organisations Act (1997), the Public Finance Management Act (1999), The Codes of Good Practice for South African Non-profit Organisations (2001) and the Code of Corporate Governance- King Report (2002).

The findings with regard to the knowledge base and training received are presented in following two sections:

4.8.1 The management board's knowledge regarding social welfare legislation and codes of practice

Figure 4.3 presents the findings regarding the management boards knowledge about social welfare legislation and codes of good practice



n = 15

Figure 4.3: Information received on social welfare legislation and codes of practice

Figure 4.3 shows that ten (10) the respondents reported that their management boards were informed of the **White Paper for Social Welfare (1997)** which was the first legislative document that was promulgated by the democratically elected government in South Africa. This Paper dramatically impacted on the approach to social welfare delivery and called for a radical transformation in governance and social service outcomes.

In contrast, the findings for information received about the **Non-profit Organisations Act (1997)** show that all the respondents (15) were informed of the Act. The Non-profit Organisations Act (1997) which was promulgated in response to the White Paper for Social Welfare (1997) and aims to establish an administrative and regulatory framework within which non-profit organisations can conduct their affairs. These findings show an increase in awareness of the Non-profit Organisations Act (1997) in comparison to the White Paper for Social Welfare (1997). This factor could be attributed to the fact that the Paper is a legislative requirement for non-profit organisations that seek government funding, to be registered and to comply with the regulations as stipulated in the Act.

The **Public Finance Management Act (1999)** was promulgated to regulate the financial management in the national government and to ensure that all revenue, expenditure, assets and liabilities of the government are managed efficiently and effectively. The findings show that nine (**9**) respondents have received training in the Act. The Public Finance Management Act (1999) impacts on non-profit organisations that receive funding from the government and are therefore required to comply with the regulations.

The Non-profit Organisations Act (1997) made provision for the establishment of a **Codes of Good Practice for South African Non-profit Organisations (2001)**. The Code particularly focuses on governance, administration, fundraising and the donor community. Figure 4.3 shows that eight (**8**) of the management boards are informed of the regulations.

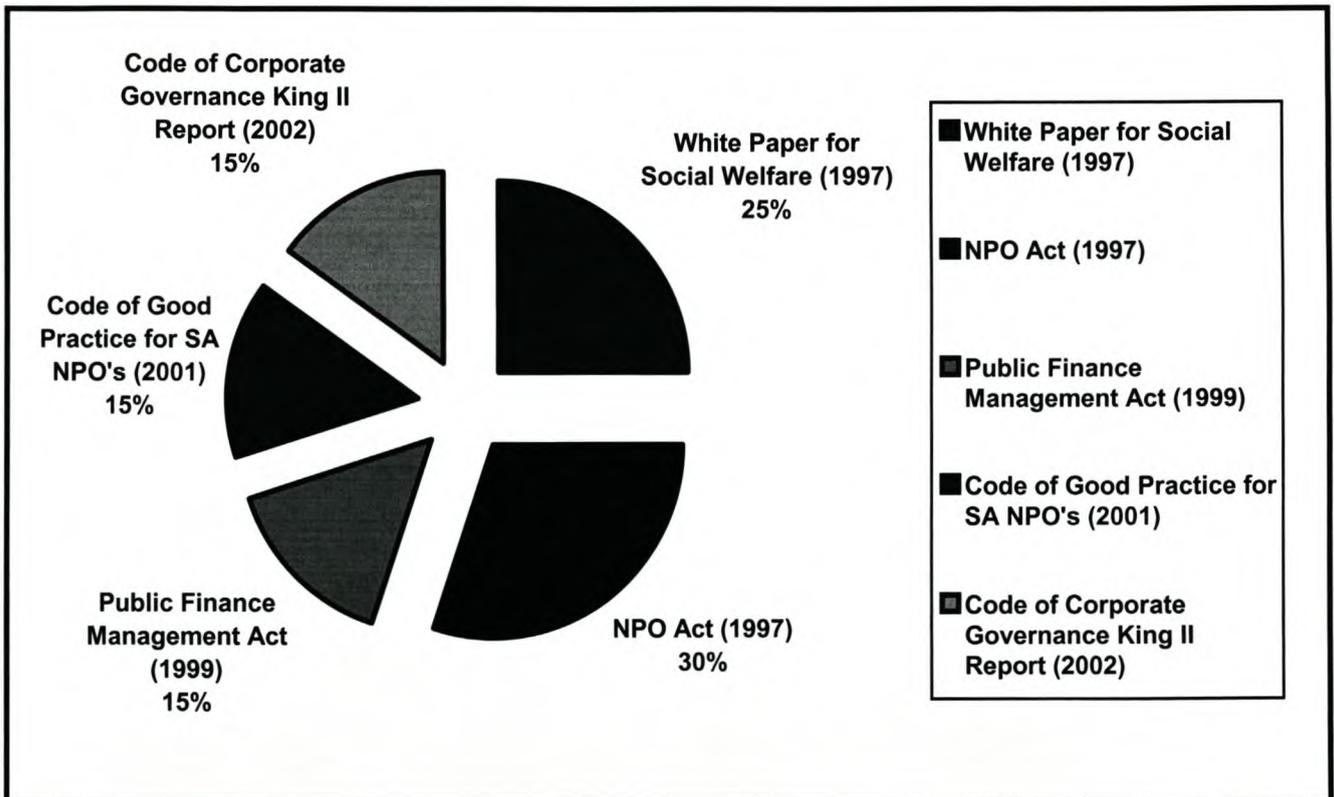
Figure 4.3 reflects that six (**6**) received information regarding **The Code of Corporate Governance – King II Report (2002) which** is a non-legislated code that applies to companies in the corporate sector. The relevance of the Code for the non-profit sector is that it provides recommendations for enterprises that perform public functions inclusive of those regulated by the Public Finance Management Act (1999). All other corporations and organisations are encouraged to adopt the principles in so far as they are applicable.

According to the above-mentioned findings, management boards of social welfare organisations are not adequately informed of the social welfare legislation and codes of practice. The findings thus support the assumption that the Code of Corporate Governance- King II Report (2002) is relevant for the improvement of non-profit governance practice.

4.8.2 Training in the application of the legislative documents and codes of practice.

Weinbach (1998) states that management boards of social welfare organisations need to be informed about legislation and codes of practice that impact on the organisations functioning. The author asserts that management boards need to

acquire knowledge in order to empower them to manage a change process. In contrast to Figure 4.3 that enquired about information received about the social welfare legislation and codes of practice, Figure 4.4 presents the findings of the management boards training in the content and application of the legislation and codes of practice.



n= 15

Figure 4.4: Management board training in legislative documents and codes of practice.

The figure shows that five (5) of the management boards received training on the **White Paper for Social Welfare (1997)** while six (6) of the management boards were trained in the **Non-profit Organisations Act (1997)**. This finding corresponds with the finding in terms of information received about the Act.

According to the Non-profit Organisations Act (1999), non-profit organisations that are in receipt of government funding are required to be registered and to comply with the regulations as stipulated in the Act.

Figure 4.4. shows a smaller percentage of training in the **Public Finance Management Act (1999)**, **Codes of Good Practice for South African Non-profit Organisations (2001)** and the **Code of Corporate Governance – King II Report (2002)** . Three (3) of the management boards respectively received training in this regard.

The respondents reported that training could not take place because of the management boards' time constraints. These findings correspond with Carver (1990) who attributes the time constraints of the management board to the fact that they are voluntary members and not employees.

Further responses received as to the reasons for the lack of training is the lack of interest, other priorities, lack of awareness of the legislation and codes, lack of direct involvement in the operational functioning of the organisation and that the management board expects the director/CEO to be trained in this regard.

The findings confirm that the management boards are not adequately trained in social welfare legislation and codes of practice and is contrary to the statement of Weinbach (1998) who state that management boards need to acquire knowledge in order to empower them to manage a change process.

4.9 SOCIAL WELFARE TRANSFORMATION

The challenge for non-profit welfare organisations in South Africa is to transform their governance structures and approach to service provision in order to reflect the political changes in the country.

Management boards of social welfare organisations have the ultimate responsibility for the management of the organisation and as such should identify and define the nature of change that needs to take place and to manage the change process (Crow and Odewahn, 1987, Cronje, 1998).

4.9.1 The Management Board's response to transformation

The respondents reported various responses to the challenge for transformation. The responses are presented verbatim in Table 4.6

Table 4.6: The Management boards' response to transformation

Respondent	Responses
01	<i>Positive</i>
02	<i>Some reservation about the "one stop service"</i>
03	<i>Initially some resistance</i>
04	<i>Members who understood the need for transformation has changed</i>
05	<i>Last five years has seen a dramatic change</i>
06	<i>Conservative approach by long standing members</i>
07	<i>Newer and younger members are open to change</i>
08	<i>No need to change as the board is representative of the population</i>
09	<i>The board has developed a strategy for transformation</i>
10	<i>The new organisational constitution ensures conformation</i>
11	<i>The principles of the national agenda for social welfare are applied to the organisation</i>
12	<i>The management board feared a loss of organisational identity</i>
13	<i>Racial integration and inclusion of other target groups</i>
14	<i>Employment of physically challenged people</i>
15	<i>Strategic plans were formulated</i>

n = 15

These findings show both positive and negative responses to the challenge for social welfare transformation. The responses are summarised and presented under the following headings:

4.9.1.1 Positive responses

According to Table 4.6 respondents **1, 4, 5, 7, 8, 9, 10, 11,13, 14,** and **15** reported positive responses from the management board to the challenge for transformation.

The findings show that transformation was expressed through the understanding of the reasons for change; that newer members were open to change; that the organisational mission ensures that the principles of the national agenda for social welfare was applied and that integration occurred through the inclusion of different racial groups and the employment of physically disabled persons. Two (**2**) of the management boards further committed themselves to the transformation process through the development of strategies for transformation.

The findings reflect that the majority of the management boards responded positively to the challenge for social welfare transformation as is proposed in the White Paper for Social Welfare (1997).

4.9.1.2 Negative responses:

Table 4.6 reflects that respondents **2, 3, 6** and **12**, reported that the management boards showed some reservation and resistance to change. Respondent **2** reported difficulty in the acceptance of the principle of a **one stop service** that is proposed in the White Paper for Social Welfare (1997). Respondent **3** reported some resistance at the outset of the process, respondent **6** attribute the resistance to the conservative approach of long standing members and respondent **12** feared the loss of the organisational identity.

These findings corresponds with Weiner (1982) who states that resistance to change could be experienced by management boards and that any form of change could cause tensions in an organisation. However, the strategies for dealing with change would determine whether the organisation would respond proactively or reactively.

4.9. 2 Plans for social welfare transformation

The respondents were asked to respond to whether the management boards had formulated plans to ensure the transformation towards the developmental approach to service delivery as is proposed in the White paper for Social Welfare (1997).

Thirteen (**13**) of the respondents reported that the management boards were instrumental in the development of strategic plans for transformation. Strategic planning and review workshops were reported to occur on an annual basis and that the planning process enabled the organisations to implement the change in a systematic way.

Two (**2**) respondents reported that the management board has not formulated transformation plans. One (**1**) of the respondents however reported commitment to transformation as the board planned to facilitate a strategic planning workshop in January 2003.

These findings correspond with the theories on planned change (Weiner, 1982, Lorsch, 1998 and Sheafor, Horejsi and Horejsi, 2000). According to Weiner (1982), a process of planned change occurs when social welfare organisations anticipate the change, identify what it is to be changed and implement strategies that would bring about a systematic process of change. Lorsch (1998) agrees that the management board has the ultimate responsibility for ensuring a culture of change in the organisation. According to the author, the management board should initiate the change process through goal setting, planning, monitoring and evaluating the change process. Lorsch (1998) believes that management boards should act as agents of change.

Cronje (1994) agrees with the concept of planned change and asserts that it is only when there is a methodical plan that people perceive change as an opportunity and not as a threat. The author recommends that planned change process should occur in systematic phases. The phases that are suggested by the author represents a cluster of activities that are meant to achieve a set of desired changes. It includes processes of planning, organising, activating, controlling and decision making. The

role of the management board is to plan for what ***ought to be*** for the effective management of change.

The organisations that reported that the management boards were resistant to change further reported that a planned change process enabled them to transform in a positive manner.

4.10 WHITE PAPER FOR SOCIAL WELFARE (1997)

The respondents were asked to comment on the manner in which the management boards had transformed to reflect a democratic structure as called for in the White Paper for Social Welfare (1997). The responses received from the respondents were summarised and clustered into themes.

4.10.1 Response to the White Paper for Social Welfare (1997)

Both positive and negative responses were extracted from the findings. The statements are presented as follows:

4.10.1.1 *Positive responses*

Thirteen (**13**) of the respondents, reported that the management boards had transformed to reflect a democratic structure as called for in the White Paper for Social Welfare. According to the White Paper for Social Welfare (1997:25) organisations in civil society delivering social services and developmental programmes should ensure that the decision-making structures of the organisation are representative of consumers of services, members of the communities being served and other role players. The following statements are presented in support of the findings:

- ***“The constitution was updated to include consumers on the management board.”***
- ***“A non-discriminatory clause was included in the constitution.”***
- ***“The board structure was democratically elected.”***

The findings confirm that the majority of the respondents have shown a positive response to the White Paper for Social Welfare (1997).

4.10.1.2 Negative responses

Two (2) of the respondents reported that their management board had not transformed adequately in terms of their representivity and governance style. The respondents made the following statements:

- ***“Change is still needed as the board is not representative of the community”***
- ***“The management board must engage all relevant role players in decision making”.***

The White Paper for Social Welfare (1997) provides guidelines and principles that governs the transformation process and stipulates that social welfare organisations that are in receipt of government funding are compelled to comply with the regulations. These two organisations are therefore legislatively obliged to conform in order to receive funding from the Department of Social Service.

4.11 CODES OF GOOD PRACTICE FOR SOUTH AFRICAN NON-PROFIT ORGANISATIONS (2001)

An objective of the Codes of Good Practice for South African Non-profit Organisations (2001) is to encourage non-profit organisations to accept responsibilities of ensuring that they respond to and maintain high standards of practice in good governance, effective management and ethical behaviour.

The respondents were asked to comment on the manner in which the management board had transformed to reflect the principles and practice as called for in the Codes of Good Practice for South African Non-profit Organisations (2001). The responses were summarised and clustered into themes.

4.11.1 Response to the Code of Good Practice

Thirteen (13) of the respondents responded positively to the question. The statements are presented as follows:

- ***“The management board has transcribed the code into values as well as designed a charter for service excellence.”***
- ***“The constitution was amended to include the principles of the Code. “***
- ***“The management board shows a greater awareness and a departure from the legacies of the past.”***
- ***“The management board is more representative of the community”.***

These responses are in keeping with the operating principles of the Codes of Good Practice for South African Non-profit Organisations (2001) as it promotes service excellence, awareness of the need to reflect a participatory democracy and ensures that the management board is representative of the community and acts in the interest of the community it serves.

Two (2) respondents reported negative responses. The following statements are presented in support of these findings:

- ***“The management board has transformed in terms of the vision of the organisation but not in practice. The management board is not representative of the community it serves.”***
- ***“It is a future vision of the organisation to reflect on the Code and it’s impact on the functioning of the management board.”***

The Codes of Good Practice for South African Non-profit Organisations (2001) was developed in response to the requirements of the Non-profit Organisations Act (1997) and as such promotes the advancement of the South African non-profit sector. The organisations that have not complied with the principles are obliged through the regulations of Non-profit Organisations Act (1997) to conform.

4.12 CODE OF CORPORATE GOVERNANCE – KING II REPORT (2002)

The respondents were asked to comment on the manner in which the management board has responded to the practice as called for in the King II Report. The King II Report is a non-legislated document that is applicable for the corporate sector.

The majority of the respondents ten (**10**) have not considered nor applied the principles of the King II Report in their organisational functioning. This finding could be attributed to a lack of awareness of the report or to the relevance of the recommendations for the non-profit sector. One (**1**) respondent reported that they do not see the relevance of the King II Report for the non-profit sector and another reported that the King II Report is overwhelming in terms of the responsibilities and accountabilities of the management board. Five (**5**) respondents reported the inclusion of the principles in their governance functioning.

The King II report however strongly recommends that organisations that perform public functions such as non-profit organisations should comply with the principles of governance in order to enhance their credibility and accountability to the various role-players.

4.13 CONSULTATION WITH STAFF AND CONSUMERS IN THE PLANNING OF ORGANISATIONAL CHANGE.

Democratic governance calls for the active participation and thorough consultation with all role-players in the decision making process. Nadler and Heilpern (1998) and Seeley (2000) refer to an integration of events that should be followed in a systematic way when contemplating change within an organisation. The authors confirm that the process of planned change should be integrated and should emerge from a deliberate, disciplined and participative process that involves all role-players and stakeholders.

The respondents were asked to comment as to whether the management board had consulted with staff and consumers in the planning of organisational transformation. The findings show that nine (**9**) of the respondents reported that their management

boards had consulted with staff members about proposed changes in organisational functioning.

Six (6) of the respondents reported that the management board had very little or no consultation with staff members. It was also reported that it was expected of the director/CEO to convey information to the staff members. One (1) of the respondents claims that the management board remains resistant to change and therefore do not believe that there should be dialogue with the staff members.

These findings are contrary to the statement made by Saleeby (1992) wherein he confirms that dialogue and collaboration is essential for the planning and delivery of services. These principles of dialogue and collaboration underpin democratic governance. The management boards that have not consulted with the relevant role players cannot claim to be transformed in terms of the social welfare legislation and codes of practice.

4.14 CONCLUDING COMMENTS RECIVED FROM THE RESPONDENTS

The respondents were asked to comment on the following aspects that would promote the transformation of the management board:

- Training in social welfare legislation and codes of practice.
- The structuring of the ideal management board
- The roles and responsibilities of the board members.

The section was concluded with questions regarding to the respondent's impression of whether the organisation has changed to reflect a value system that is based on democracy and social justice and whether they believe their organisation renders services that are relevant and in keeping with the developmental needs of communities.

4.14.1 Training in social welfare transformation

All the respondents (15) agree that management boards should be trained in the relevant social welfare legislation and codes of practice. The respondents reported that the training should be formalised and should be co-ordinated by either the non-profit sector or by the Department of Social Services. One (1) respondent holds the opinion that the business sector should be included in the training partnership. The following statements reflect the response received:

- ***“The Department of Social Services could convene a workshop specifically for management boards or that the funding for training should be made available by the government”.***
- ***“Non-profit organisations should take the initiative and arrange joint training opportunities for management boards”.***
- ***“The State and business should have inputs in the training of management boards in terms of their roles and responsibilities”.***
- ***“There should be incentives and benefits for management board members who attend the training”.***

It can therefore be concluded that the management boards should receive training in the relevant legislation in order for them to be more effective in their governance practice.

4.14.2 The ideal composition and structure of a management board

The respondents were asked to comment on their understanding of the ideal composition and structure of the management board.

The White Paper Social Welfare (1997), the Codes of Good Practice for South African Non-profit Organisations (2001) and the Code of Corporate Governance-King II Report (2002) calls for a governance structure that is skilled, representative, unbiased and impartial in order to create confidence in the organisation and the non-profit sector as a whole.

All the respondents (15) concluded that the management board should consist of highly specialised people who add value to the organisation by virtue of their expertise. The respondents further agree that the management board should be representative of the community and there should be an equal representation of race and gender. The following statement reflects the opinions of the respondents:

- ***“The members should be elected on skills and expertise required for the functioning of the organisation.”***
- ***“About 10-15 people with a mixture of skills in finance, marketing, fundraising, social work, legal, community service and business.”***
- ***Ideally the members should be from the communities where services are rendered.***
- ***There should be an equal reflection of race and gender.***
- ***A good mix of business acumen, relevant experience in the core service areas of the NPO, availability, interest in the specific service provision are, no tokenism or “lending their name and status to the organisation”.***

The findings correspond with the requirements of the social welfare legislation and codes of practice. All the respondents agreed on the principles of representativity and relevance for the effective and efficient functioning of the organisation.

4.14.3 The roles and responsibilities of the management board

According to Mullins (1993), the management board has clearly defined roles and responsibilities. The author presents a contemporary model of governance that distinguishes between functions of policy formulation and functions of management. In addition to these functions, the Codes of Good Practice for South African Non-profit Organisations (2001) refers to duties of care, loyalty and obedience. The Code of Corporate Governance-King II Report (2002) further refers to the strategic function of risk management.

The respondents were asked to provide additional roles and responsibilities of the management board. The following two roles were reported:

- **Ceremonial**
- **Information and research**

These two roles are supportive roles and do not impact on the strategic function of the management board.

All the respondents (15) agreed that the management board should be responsible for the strategic function of the organisation. These findings correspond with Mullins (1993) who state that management boards should fulfil a strategic and developmental function.

4.14.4 Transformation process in organisations

The respondents were asked to comment on whether their organisation has transformed to reflect a value system that is based on democracy and social justice.

All the respondents (15) reported that their organisations have transformed their focus of service provision to reflect the principles of the White Paper for Social Welfare (1997) and the Codes of Good Practice for South African Non-profit Organisations (2001). The following responses were given by the respondents:

- ***“The management style of the organisation is based on process management which is a participative democratic model.”***
- ***“The values around social justice is underpinned in our mission statement.”***
- ***“We have expanded relationships and formed new alliances.”***
- ***“We have moved from a middle class white organisation to an organisation truly representative of South Africa.”***
- ***“Through the promotion of a culture of human rights in service provision.”***
- ***“Being a “one stop service provider”.***
- ***“The management board is more consumer representative”.***
- ***“Promoting self advocacy through empowerment programmes.”***
- ***“Organisation has a restorative justice and human rights commitment.”***

The principles of participation, social justice, partnerships, representation, comprehensive, empowerment and human rights are strongly emphasised in the responses. These principles underpin a democratic practice of governance and therefore support the assumption that the organisations have transformed as is proposed in the White Paper for Social Welfare (1997) and the Codes of Good Practice for South African Non-profit Organisations (2001).

4.14.5 The provision of services in response to the developmental needs of the communities.

The respondents were asked to elaborate on whether their services are relevant and in keeping with the developmental needs of the community. The following statements received from the respondents, reflect the shift in service provision towards a developmental approach to service delivery:

- ***“The services are based on a needs assessment and a scan of the internal and external worlds.”***
- ***“We include and acknowledge the value of volunteers.”***
- ***“We pioneered a capacity enhancement programme over the past ten year with CBO’s in both rural and urban areas.”***
- ***“We deliver services in a manner that equity is ensured and enable people to take control of their circumstances.”***
- ***“Every attempt is made to promote independence, economic empowerment and the reaching of people’s full potential.”***
- ***“We have moved away from the specialised client centred approach to one that focuses on the development of the whole community.”***

All the respondents reported a shift in focus towards a social developmental approach to service provision that embraces the principles of relevance, value, consultation, capacity building, equity and quality of life. The findings corresponds with Midgely’s (1995) statement that the developmental approach is designed to meet the needs of the community and to promote the well being of the population as a whole.

The following comments by two (2) respondents reflect on the organisations capacity to implement the social developmental approach to service delivery.

- ***“We try to but resources are a major problem when you serve people who lack wealth and who are trapped in disadvantaged situations due to social injustices of the past and societal prejudice.”***
- ***“Of course we do. It is the degree to which this is the case that is under debate. We provide a mix of developmental work. We think that we have a long way to go.”***

The respondents reported that they have changed their approach to service provision however financial and other organisational factors such as organisational capacity as stated by Bradshaw *et al* (1992), could impact on the degree to which it is implemented

4.15 SUMMARY

This chapter focussed on the assessment of the transforming role and responsibilities of management boards of non-profit social welfare organisations.

The study demonstrates that all the social welfare organisations in the study were registered prior to 1994 democratic elections in South Africa, which implies that they were formed in response to needs as determined by the previous governments. The challenge for social welfare organisations was therefore to transform their governance structures to reflect the constitutional changes in the country.

The study assessed the organisations' mission and vision statements as it serves to articulate the aims and objectives and focus of service provision. The mission statements through its values further reflected the management's boards commitment to social welfare transformation.

The literature confirms that management boards have clearly defined roles and responsibilities. It is evident from the study that the roles of the management boards were not clearly defined and that they were not adequately fulfilling their responsibilities.

With reference to the management boards' knowledge about the post democratic social welfare legislation and codes of practice, the findings clearly reveal that the majority of the management boards have not received adequate information or training in this regard. This lack of information has clearly impacted on the response to governance transformation. Despite these finding, the directors/CEOs' reported that their organisations indeed render appropriate social developmental services as called for in the White Paper for Social Welfare (1997).

Chapter five deals with the conclusions reached by the researcher and the recommendations with regard to further research.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The conclusions and recommendations are based on the findings of the study. The objectives of the study are also taken into consideration when formulating the conclusions and recommendations.

5.2 CONCLUSIONS

The conclusions have been drawn and are presented as follows:

5.2.1 Demographic data of non-profit social welfare organisations

The sample consisted of South African social welfare organisations that were founded and registered prior to the 1994 political transformation process. The findings confirm that all the organisations that participated in the study were registered during the periods 1908 –1972 and therefore meet the profile of the study.

In South Africa, social welfare organisations were historically regulated by governments that practised racist ideology and a residual approach to social welfare services. The current democratic government calls for the transformation of social welfare services from the residual to a developmental approach to service delivery. ***It could be concluded that the majority of the organisations in the sample are legislatively obliged to transform their governance structure and approach to service provision to reflect the democratic principles as found in the Constitution of the Republic of South Africa (1996) and the White Paper for Social Welfare (1997).***

5.2.2 Governance structure

According to the legislation and codes of practice as cited in this study, the management boards of social welfare organisations should consist of a diverse group of individuals who are skilled and equipped to manage a range of responsibilities.

5.2.2.1 *Representation*

The majority of the respondents reported that the management board should consist of a group of people who are representative of all the stakeholders, who are committed, effective and who are capable of making informed decisions. The number of people required on the management board would differ in keeping with the nature and needs of the social welfare organisation.

The White Paper for Social Welfare (1997) and the Codes of Good Practice for South African Non-profit Social Welfare Organisations (2001) calls for the appropriate representation of consumers and stakeholders on management boards of social welfare organisations.

It is concluded that some of the boards are not representative in terms of the inclusion of parents and community members. The management boards are therefore challenged to transform to reflect the diversity as called for in the legislation.

5.2.2.2 *Regularity of meetings*

It can be concluded that through regular meetings, the management board ensures effective organisational planning and sees to it that the organisation's resources are managed efficiently. The conclusion is based on the findings that reveal that the majority of the management boards meet on a monthly basis, which according to the literature could be compared with the efficiency of their functioning.

The regularity of meetings further ensures that the board members are provided with feedback, which improves their accountability to their stakeholders.

5.2.2.3 **Skills and expertise**

It is concluded that the management boards in the study consist of groups of individuals who have varied skills and experience. Management boards of social welfare organisations are responsible for the development of business plans, policy objectives and business strategies. As the organisation transforms, the management boards should evolve to meet the changing needs and circumstances of the organisation.

5.2.3 **Mission, vision and values**

5.2.3.1 **Mission and vision**

A statement of mission and vision should articulate the organisation's goals, means and primary constituents served. It is the management boards' responsibility to create the mission statement and to review it periodically for accuracy and validity.

It is concluded that all the mission and vision statements of the organisations in the study reflect principles as found in the White Paper for Social Welfare (1997).

5.2.3.2 **Values**

The organisational values as presented in the study are reflective of the democratic values as found in the legislative documents and codes of practice. The values of equity, non-discrimination, democracy, improved quality of life, human rights, partnerships, quality services and ubuntu underpin the organisations' mission and vision statements. ***The conclusion is drawn that the majority of the management boards have articulated goals and objectives that reflect a commitment to social welfare transformation.***

5.2.4 The roles and responsibilities of the management board.

5.2.4.1 *Responsibilities*

Management boards should share a set of general responsibilities that the members should be prepared to assume when they serve on the board. The responsibilities of recruitment and training, strategic management, finance, personnel management, and operational management were analysed. ***It is concluded that the majority of the management boards do not adequately fulfil the responsibilities as listed in the study.***

5.2.4.2 *Standards of conduct*

It could be concluded that established principles of non-profit governance require that members of management boards should meet certain standards of conduct and attention in carrying out their responsibilities. These standards as described in the literature are the duty of care, the duty of loyalty and the duty of obedience. These duties refer to the board members' competencies, standards of faithfulness and commitment that determines the effectiveness of their duties.

The responsibilities could be summarised into three roles that are important for the effective functioning of the organisation. These roles are defined as service roles, resource roles and control roles.

5.2.4.2.1 *Service roles*

The management board fulfils the service role through the quality of counsel and advice given to the director/CEO. In the study, the respondents rated the management board's function of leading as being poor. ***It could be concluded that the management boards were not effectively fulfilling this service role.***

5.2.4.2.2 *Resource roles*

The resource role is provided by the management board through the acquisition of resources for the organisation. ***It is concluded that management boards should consist of individuals who represent various sectors and who have varied contacts and relationships in order for them to acquire resources for the organisation.***

The study shows that the majority of the management boards are not adequately fulfilling the resource role as the directors/CEOs of some of the organisations are responsible for the marketing of the organisation, acquisition of funding and for being accountable to the donors and funders. ***It is concluded that management boards should play a more decisive role in the acquisition of funding.***

5.2.4.2.3 *Control roles*

The control role refers to the management boards monitoring function. This is the most critical of the roles as it includes the function of evaluation. The findings show that the management boards were rated poorly for the monitoring function and that they were not adequately evaluating the transformation plans of the organisations. ***It can be concluded that the majority of the management boards were not performing optimally in terms of the function of control, monitoring and evaluation.***

5.2.5 Social welfare legislation and codes of practice

5.2.5.1 *Knowledge of legislation and codes of practice*

It can be concluded that the majority of the management boards were not informed nor trained in the social welfare legislation and codes of good practice for non-profit organisations. It is further evident that the management boards were neither aware of nor informed of the relevance of the King II Report on non-profit governance.

Because of the increased focus on management boards to assume the ultimate responsibility for the actions and functioning of social welfare organisations, ***it can be further concluded that social welfare organisations should be informed of relevant social welfare legislation and codes that promote accountable governance practice.***

The organisations in the study that have engaged in training have shown that their governance structures are more responsive to transformation. The level of training could be positively linked with the management board's willingness to transform and to implement innovation in service practice.

5.2.5.2 Response to the legislation

It is concluded that management boards that have been adequately informed about the various legislative documents and codes of practice, have responded positively to transformation and have further implemented democratic governance practice and developmental service provision.

A comparative assessment of the percentages shown in Figures 4.3 and 4.4 ***concludes that a larger percentage of the management boards received information and training on the Non-profit Organisations Act (1997).*** The finding could be attributed to the legislative requirement for non-profit organisations to be registered in order to qualify for funding from the government and other donors.

5.2.6 Social welfare transformation

5.2.6.1 Responses and plans for transformation

It is concluded that the majority of management boards have responded positively to the call for transformation in service provision. Most of the management boards had implemented strategic plans that were used to drive the transformation process. The factor of active participation and consultation with staff members adds value to the transformation process. Those organisations that have

engaged staff members and other stakeholders in the planning process have indicated positive responses towards transformation.

Consultation and participation are the cornerstones of a democratic governance practice and ***the study concludes that the majority of the management boards had incorporated the principles in their transformation process.***

The factors that sets the organisations aside that displayed resistance to transformation is the conservative and formal governance structures and the lack of training in the new social welfare legislation and codes of practice.

5.2.7 Concluding comments from the respondents

5.2.7.1 *Training in social welfare legislation*

A conclusion can be drawn that the respondents believe that management boards should receive training in the relevant legislation and codes of practice.

Varied recommendations as to the nature of the training and the responsibility for the provision of training were presented by the respondents. A few respondents strongly recommended that the Department of Social Services should either facilitate the training programmes or provide the funding to the non-profit organisations for the co-ordination and provision of the training.

5.2.7.2 *The composition of the management board*

An effective management board should consist of a collective of individuals who are skilled in various aspects of management such as organisational, financial and risk management. As social welfare organisations are required to be financially sustainable, management boards should serve as a resource for the organisation through the provision of specialised skills and knowledge.

The conclusion is drawn that a transformed governance structure consists of appropriately skilled people who have the expertise to manage the

organisation and who through appropriate community representation on its management board, acts in the interest of the community it serves.

5.2.7.3 *The roles and responsibilities of the management board*

Management boards should assume the ultimate authority and responsibility for the actions of the organisation and should be accountable to the community and donors. ***It is concluded that the management boards do not adequately fulfil their responsibilities and that the directors/CEOs fulfil many of the strategic functions.***

5.2.7.4 *Transformation towards democracy and social justice*

It could be concluded that all the organisations in the study have transformed their practice in accordance with the principles of the developmental approach to service delivery. The respondents reported that they have reviewed the various components of the organisation and have incorporated democratic values and principles that promote community development and social justice.

5.2.7.5 *Provision of developmental services*

The conclusion is drawn that organisations have demonstrated a shift in service provision towards a developmental approach to social service delivery. However the manner in which the service is implemented is dependent on organisational factors such as finance and capacity.

The challenge is for the acceleration of developmental services to the poorest of the poor and for non-governmental organisations that work with the Department of Social Development to play a more critical role in this direction. Non-profit social welfare organisations are challenged to ensure that the pace of delivery is accelerated however, as concluded by the organisations in the study, adequate financial and human resources are required for the effective implementation and delivery of developmental social welfare services.

5.3 RECOMMENDATIONS

The recommendations of the study are presented in two sections. The first section focuses on the recommendations for the transformation of management boards and the second, recommendations for further research.

5.3.1 Recommendations for the transformation of management boards

The following recommendations are provided to facilitate governance transformation and effective practice.

5.3.1.1 Governance structure

- The governance structure of non-profit social welfare organisation should consist of a group of individuals who are mandated by the community to serve on the management board. The organisational constitution should identify the community and provide guidelines for the requirements of individuals who should serve on the board.
- The management board of non-profit social welfare should be representative of the community it serves and should be balanced with individuals who have specialised skills in organisational and business management.

5.3.1.2 Roles and responsibilities

The following roles and responsibilities of the management board are recommended to ensure compliance with the constitutional and legislative requirements of social welfare organisations:

Management boards should:

- determine the organisation's mission and purpose
- ensure effective organisational planning
- ensure adequate resources
- manage resources effectively

- ❑ determine, monitor and strengthen the organisation's programmes and services
- ❑ enhance the organisation's public standing
- ❑ ensure legal and ethical integrity and maintain accountability
- ❑ recruit and orient new management board members and assess board performance
- ❑ select and appoint the director /CEO
- ❑ support the director/CEO and assess his/her performance

It is recommended that management boards of social welfare organisations should assume the ultimate responsibility and accountability for the functioning of the organisation.

5.3.1.3 *Training and development*

Management boards should be responsive to the external environment in which it operates and should be aware of the impact that the environment has on the functioning of the organisation because. Management Boards are inextricably part of the political, economic and social environments and they are therefore affected by changes in these environments.

It is therefore recommended that management boards under the guidance of the director/CEO should take cognisance of the following factors to ensure their effective transformation:

- ❑ Communities should be regarded as dynamic systems that are continually evolving.
- ❑ Programmes to address the needs of the communities should be comprehensive and sustainable and should respond to the diverse needs of the communities.
- ❑ Training in the appropriate social welfare legislation and codes of practice should be provided to the management board members in order to ensure their optimal functioning.

5.3.1.4 *The management board's role in the transformation of social welfare services*

It is recommended that the management board should assume the role of change agent and should facilitate organisational transformation through the following processes:

- Ensuring that the organisation has at least the minimum number of representative members on its management board as required by the constitution.
- Ensuring that the management board consists of appropriately skilled individuals who could add value and sustainability to the functioning of the organisation.
- Formulating policies in response to the changing legislation.
- Reviewing the relevance of the policies in keeping with the changing needs of the external environment.
- Supporting and guiding the organisation in the transformation process.
- Acting as a resource for the development of the organisation.

5.3.1.5 *The role of the Department of Social Development in the transformation of non-profit social welfare organisations*

It is recommended that the Department of Social Development should:

- Support the transformation efforts of the non-profit sector through the provision of training in the social welfare legislation for the management boards and staff of non-profit organisations.
- Create a structure for dialogue and feedback between the non-profit sector and the Department of Social Development.
- Develop appropriate norms and quality standards required for the financing of services and programmes.

- Develop measurement tools to evaluate the programmes in terms of national and provincial service benchmarks.
- Implement a welfare-funding programme that supports the developmental efforts of the non-profit organisations.

The legislative framework of the Department of Social Development makes provision for the formulation of principles and regulations that guide transformation practices in the non-profit welfare sector. It is therefore recommended that the Department of Social Development should play a more proactive role in this regard.

5.3.2 Recommendations with regard to further research

The scope of the research study was limited to the assessment of the transforming roles and responsibilities of non-profit social welfare management boards in response to the changing social welfare legislation and codes of practice.

It is therefore recommended that:

- A comprehensive study consisting of a larger sample size is embarked upon in order to assess the extent of transformation of the management boards of non-profit social welfare organisations.
- Further research should be carried out to assess the degree to which non-profit social welfare organisations have transformed their practice to reflect a developmental approach to service delivery.
- Studies should be undertaken to assess the communities' response to the changed developmental approach to service delivery and the effectiveness of the approach in addressing poverty and social justice.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The conclusions and recommendations are based on the findings of the study. The objectives of the study are also taken into consideration when formulating the conclusions and recommendations.

5.2 CONCLUSIONS

The conclusions have been drawn and are presented as follows:

5.2.1 Demographic data of non-profit social welfare organisations

The sample consisted of South African social welfare organisations that were founded and registered prior to the 1994 political transformation process. The findings confirm that all the organisations that participated in the study were registered during the periods 1908 –1972 and therefore meet the profile of the study.

In South Africa, social welfare organisations were historically regulated by governments that practised racist ideology and a residual approach to social welfare services. The current democratic government calls for the transformation of social welfare services from the residual to a developmental approach to service delivery. ***It could be concluded that the majority of the organisations in the sample are legislatively obliged to transform their governance structure and approach to service provision to reflect the democratic principles as found in the Constitution of the Republic of South Africa (1996) and the White Paper for Social Welfare (1997).***

5.2.2 Governance structure

According to the legislation and codes of practice as cited in this study, the management boards of social welfare organisations should consist of a diverse group of individuals who are skilled and equipped to manage a range of responsibilities.

5.2.2.1 *Representation*

The majority of the respondents reported that the management board should consist of a group of people who are representative of all the stakeholders, who are committed, effective and who are capable of making informed decisions. The number of people required on the management board would differ in keeping with the nature and needs of the social welfare organisation.

The White Paper for Social Welfare (1997) and the Codes of Good Practice for South African Non-profit Social Welfare Organisations (2001) calls for the appropriate representation of consumers and stakeholders on management boards of social welfare organisations.

It is concluded that some of the boards are not representative in terms of the inclusion of parents and community members. The management boards are therefore challenged to transform to reflect the diversity as called for in the legislation.

5.2.2.2 *Regularity of meetings*

It can be concluded that through regular meetings, the management board ensures effective organisational planning and sees to it that the organisation's resources are managed efficiently. The conclusion is based on the findings that reveal that the majority of the management boards meet on a monthly basis, which according to the literature could be compared with the efficiency of their functioning.

The regularity of meetings further ensures that the board members are provided with feedback, which improves their accountability to their stakeholders.

5.2.2.3 **Skills and expertise**

It is concluded that the management boards in the study consist of groups of individuals who have varied skills and experience. Management boards of social welfare organisations are responsible for the development of business plans, policy objectives and business strategies. As the organisation transforms, the management boards should evolve to meet the changing needs and circumstances of the organisation.

5.2.3 **Mission, vision and values**

5.2.3.1 **Mission and vision**

A statement of mission and vision should articulate the organisation's goals, means and primary constituents served. It is the management boards' responsibility to create the mission statement and to review it periodically for accuracy and validity.

It is concluded that all the mission and vision statements of the organisations in the study reflect principles as found in the White Paper for Social Welfare (1997).

5.2.3.2 **Values**

The organisational values as presented in the study are reflective of the democratic values as found in the legislative documents and codes of practice. The values of equity, non-discrimination, democracy, improved quality of life, human rights, partnerships, quality services and ubuntu underpin the organisations' mission and vision statements. ***The conclusion is drawn that the majority of the management boards have articulated goals and objectives that reflect a commitment to social welfare transformation.***

5.2.4 The roles and responsibilities of the management board.

5.2.4.1 *Responsibilities*

Management boards should share a set of general responsibilities that the members should be prepared to assume when they serve on the board. The responsibilities of recruitment and training, strategic management, finance, personnel management, and operational management were analysed. ***It is concluded that the majority of the management boards do not adequately fulfil the responsibilities as listed in the study.***

5.2.4.2 *Standards of conduct*

It could be concluded that established principles of non-profit governance require that members of management boards should meet certain standards of conduct and attention in carrying out their responsibilities. These standards as described in the literature are the duty of care, the duty of loyalty and the duty of obedience. These duties refer to the board members' competencies, standards of faithfulness and commitment that determines the effectiveness of their duties.

The responsibilities could be summarised into three roles that are important for the effective functioning of the organisation. These roles are defined as service roles, resource roles and control roles.

5.2.4.2.1 *Service roles*

The management board fulfils the service role through the quality of counsel and advice given to the director/CEO. In the study, the respondents rated the management board's function of leading as being poor. ***It could be concluded that the management boards were not effectively fulfilling this service role.***

5.2.4.2.2 *Resource roles*

The resource role is provided by the management board through the acquisition of resources for the organisation. ***It is concluded that management boards should consist of individuals who represent various sectors and who have varied contacts and relationships in order for them to acquire resources for the organisation.***

The study shows that the majority of the management boards are not adequately fulfilling the resource role as the directors/CEOs of some of the organisations are responsible for the marketing of the organisation, acquisition of funding and for being accountable to the donors and funders. ***It is concluded that management boards should play a more decisive role in the acquisition of funding.***

5.2.4.2.3 *Control roles*

The control role refers to the management boards monitoring function. This is the most critical of the roles as it includes the function of evaluation. The findings show that the management boards were rated poorly for the monitoring function and that they were not adequately evaluating the transformation plans of the organisations. ***It can be concluded that the majority of the management boards were not performing optimally in terms of the function of control, monitoring and evaluation.***

5.2.5 Social welfare legislation and codes of practice

5.2.5.1 *Knowledge of legislation and codes of practice*

It can be concluded that the majority of the management boards were not informed nor trained in the social welfare legislation and codes of good practice for non-profit organisations. It is further evident that the management boards were neither aware of nor informed of the relevance of the King II Report on non-profit governance.

Because of the increased focus on management boards to assume the ultimate responsibility for the actions and functioning of social welfare organisations, ***it can be further concluded that social welfare organisations should be informed of relevant social welfare legislation and codes that promote accountable governance practice.***

The organisations in the study that have engaged in training have shown that their governance structures are more responsive to transformation. The level of training could be positively linked with the management board's willingness to transform and to implement innovation in service practice.

5.2.5.2 Response to the legislation

It is concluded that management boards that have been adequately informed about the various legislative documents and codes of practice, have responded positively to transformation and have further implemented democratic governance practice and developmental service provision.

A comparative assessment of the percentages shown in Figures 4.3 and 4.4 ***concludes that a larger percentage of the management boards received information and training on the Non-profit Organisations Act (1997).*** The finding could be attributed to the legislative requirement for non-profit organisations to be registered in order to qualify for funding from the government and other donors.

5.2.6 Social welfare transformation

5.2.6.1 Responses and plans for transformation

It is concluded that the majority of management boards have responded positively to the call for transformation in service provision. Most of the management boards had implemented strategic plans that were used to drive the transformation process. The factor of active participation and consultation with staff members adds value to the transformation process. Those organisations that have

engaged staff members and other stakeholders in the planning process have indicated positive responses towards transformation.

Consultation and participation are the cornerstones of a democratic governance practice and ***the study concludes that the majority of the management boards had incorporated the principles in their transformation process.***

The factors that sets the organisations aside that displayed resistance to transformation is the conservative and formal governance structures and the lack of training in the new social welfare legislation and codes of practice.

5.2.7 Concluding comments from the respondents

5.2.7.1 Training in social welfare legislation

A conclusion can be drawn that the respondents believe that management boards should receive training in the relevant legislation and codes of practice.

Varied recommendations as to the nature of the training and the responsibility for the provision of training were presented by the respondents. A few respondents strongly recommended that the Department of Social Services should either facilitate the training programmes or provide the funding to the non-profit organisations for the co-ordination and provision of the training.

5.2.7.2 The composition of the management board

An effective management board should consist of a collective of individuals who are skilled in various aspects of management such as organisational, financial and risk management. As social welfare organisations are required to be financially sustainable, management boards should serve as a resource for the organisation through the provision of specialised skills and knowledge.

The conclusion is drawn that a transformed governance structure consists of appropriately skilled people who have the expertise to manage the

organisation and who through appropriate community representation on its management board, acts in the interest of the community it serves.

5.2.7.3 *The roles and responsibilities of the management board*

Management boards should assume the ultimate authority and responsibility for the actions of the organisation and should be accountable to the community and donors. ***It is concluded that the management boards do not adequately fulfil their responsibilities and that the directors/CEOs fulfil many of the strategic functions.***

5.2.7.4 *Transformation towards democracy and social justice*

It could be concluded that all the organisations in the study have transformed their practice in accordance with the principles of the developmental approach to service delivery. The respondents reported that they have reviewed the various components of the organisation and have incorporated democratic values and principles that promote community development and social justice.

5.2.7.5 *Provision of developmental services*

The conclusion is drawn that organisations have demonstrated a shift in service provision towards a developmental approach to social service delivery. However the manner in which the service is implemented is dependent on organisational factors such as finance and capacity.

The challenge is for the acceleration of developmental services to the poorest of the poor and for non-governmental organisations that work with the Department of Social Development to play a more critical role in this direction. Non-profit social welfare organisations are challenged to ensure that the pace of delivery is accelerated however, as concluded by the organisations in the study, adequate financial and human resources are required for the effective implementation and delivery of developmental social welfare services.

5.3 RECOMMENDATIONS

The recommendations of the study are presented in two sections. The first section focuses on the recommendations for the transformation of management boards and the second, recommendations for further research.

5.3.1 Recommendations for the transformation of management boards

The following recommendations are provided to facilitate governance transformation and effective practice.

5.3.1.1 *Governance structure*

- The governance structure of non-profit social welfare organisation should consist of a group of individuals who are mandated by the community to serve on the management board. The organisational constitution should identify the community and provide guidelines for the requirements of individuals who should serve on the board.
- The management board of non-profit social welfare should be representative of the community it serves and should be balanced with individuals who have specialised skills in organisational and business management.

5.3.1.2 *Roles and responsibilities*

The following roles and responsibilities of the management board are recommended to ensure compliance with the constitutional and legislative requirements of social welfare organisations:

Management boards should:

- determine the organisation's mission and purpose
- ensure effective organisational planning
- ensure adequate resources
- manage resources effectively

- determine, monitor and strengthen the organisation's programmes and services
- enhance the organisation's public standing
- ensure legal and ethical integrity and maintain accountability
- recruit and orient new management board members and assess board performance
- select and appoint the director /CEO
- support the director/CEO and assess his/her performance

It is recommended that management boards of social welfare organisations should assume the ultimate responsibility and accountability for the functioning of the organisation.

5.3.1.3 *Training and development*

Management boards should be responsive to the external environment in which it operates and should be aware of the impact that the environment has on the functioning of the organisation because. Management Boards are inextricably part of the political, economic and social environments and they are therefore affected by changes in these environments.

It is therefore recommended that management boards under the guidance of the director/CEO should take cognisance of the following factors to ensure their effective transformation:

- Communities should be regarded as dynamic systems that are continually evolving.
- Programmes to address the needs of the communities should be comprehensive and sustainable and should respond to the diverse needs of the communities.
- Training in the appropriate social welfare legislation and codes of practice should be provided to the management board members in order to ensure their optimal functioning.

5.3.1.4 *The management board's role in the transformation of social welfare services*

It is recommended that the management board should assume the role of change agent and should facilitate organisational transformation through the following processes:

- Ensuring that the organisation has at least the minimum number of representative members on its management board as required by the constitution.
- Ensuring that the management board consists of appropriately skilled individuals who could add value and sustainability to the functioning of the organisation.
- Formulating policies in response to the changing legislation.
- Reviewing the relevance of the policies in keeping with the changing needs of the external environment.
- Supporting and guiding the organisation in the transformation process.
- Acting as a resource for the development of the organisation.

5.3.1.5 *The role of the Department of Social Development in the transformation of non-profit social welfare organisations*

It is recommended that the Department of Social Development should:

- Support the transformation efforts of the non-profit sector through the provision of training in the social welfare legislation for the management boards and staff of non-profit organisations.
- Create a structure for dialogue and feedback between the non-profit sector and the Department of Social Development.
- Develop appropriate norms and quality standards required for the financing of services and programmes.

- Develop measurement tools to evaluate the programmes in terms of national and provincial service benchmarks.
- Implement a welfare-funding programme that supports the developmental efforts of the non-profit organisations.

The legislative framework of the Department of Social Development makes provision for the formulation of principles and regulations that guide transformation practices in the non-profit welfare sector. It is therefore recommended that the Department of Social Development should play a more proactive role in this regard.

5.3.2 Recommendations with regard to further research

The scope of the research study was limited to the assessment of the transforming roles and responsibilities of non-profit social welfare management boards in response to the changing social welfare legislation and codes of practice.

It is therefore recommended that:

- A comprehensive study consisting of a larger sample size is embarked upon in order to assess the extent of transformation of the management boards of non-profit social welfare organisations.
- Further research should be carried out to assess the degree to which non-profit social welfare organisations have transformed their practice to reflect a developmental approach to service delivery.
- Studies should be undertaken to assess the communities' response to the changed developmental approach to service delivery and the effectiveness of the approach in addressing poverty and social justice.

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ANNEXURE A

Wendy M NEFDT

Social Worker

Registration No: 10-12617

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Cape Town

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The Director

Dear Sir/Madam

RESEARCH QUESTIONNAIRE

I am a registered postgraduate student at the Department of Social Work, University of Stellenbosch. A partial requirement of the MA degree in Social Welfare Programme Management, is the completion of an empirical study.

I am currently researching the transforming role of Management Boards in non-profit welfare organisations in the Western Cape. The study aims to explore whether Management Boards of non-profit welfare organisations have transformed their roles in keeping with the requirements of changing social welfare legislation and codes of governance.

I have selected directors of various organisations and ask of you to assist me through the completion of the attached questionnaire. The questionnaire is structured and consists of both open and closed-ended questions. I will require 30 minutes of your time for the completion thereof. Please be assured that your name as well as that of your organisation will remain confidential. As a respondent, you will in due course receive a summary of the results and recommendations of the study.

As discussed with you telephonically, I will arrange to collect the questionnaire personally.

Please complete the following agreement to participate in the research study and fax it back to me at your earliest convenience. The fax number is stated below.

Your co-operation would be valued.

Yours sincerely

Wendy M NEFDT

Study Leader: Professor Sulina Green

Date: 27 September 2002

ANNEXURE B

AGREEMENT TO PARTICIPATE IN THE RESEARCH STUDY

For Attention: Ms W M Nefdt
Fax No: 447 0430

The Director

Please complete this agreement and fax it back to me.

I (Full name) _____

Position _____ of

Organisation _____

Agree to voluntarily participate in the study being conducted by Wendy Nefdt as part of an MA (Welfare Management Programme) thesis at the University of Stellenbosch.

I understand and accept the undertaking that the individual results would be confidential.

I confirm that I have received the questionnaire.

Signed: _____

Date: _____

ANNEXURE C

UNIVERSITY OF STELLENBOSCH DEPARTMENT OF SOCIAL WORK CONFIDENTIAL QUESTIONNAIRE

THE TRANSFORMING ROLES AND RESPONSIBILITIES OF MANAGEMENT BOARDS IN NON-PROFIT SOCIAL WELFARE ORGANISATIONS

INTRODUCTION:

The following questionnaire is divided into seven sections. Guidelines for the completion of each section are provided. Please note that the demographic data required in Section A is confidential and will not be reflected in the analysis of the questionnaire.

SECTION A:

DEMOGRAPHIC DATA

1. Nature of social welfare organisation

2. Date of registration/Year founded

3. Funding:

3.1 Describe your sources of funding (donors/funders/events)

3.2 Do you receive funding from the Department of Social Services? (Please tick the appropriate box)

Yes	No
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SECTION B:

GOVERNANCE STRUCTURE

4. Number of Management Board members. (Please fill the number in the column provided)

Number	
---------------	--

5. Number of executive members. (Please fill the number in the column provided)

Number	
---------------	--

6. Composition of the Management Board. (Please tick the appropriate columns)

Composition	Yes	No
Volunteers		
Paid members :Honorarium		
Retainer		
Other (Please specify)		

7. Professional /personal expertise of the Management Board members. (Please tick the appropriate columns)

Areas of expertise	
Professional: Medical	
Social work	
Education	
Legal	
Business management	
Organisational development	
Human resource development	
Fund development	
Financial	
Parents	
Consumers	
Other (Please describe)	

8. Frequency of Management Board meetings. (Please tick the appropriate column)

Frequency	
Monthly	
Bi-monthly	
Quarterly	
Other (Please specify)	

9. The Director's / CEO's status on the Management Board (Please tick the appropriate column)

Status	
Ex-officio	
Secretary	
Staff representative	
Other (Please specify)	

SECTION C:

MISSION, VISION AND VALUES OF THE ORGANISATION

10. State your mission statement

11. Describe your organisational vision

12. What are your most important guiding principles/values that underpin your vision?

**SECTION D:
RESPONSIBILITIES**

13. Please tick the appropriate column(s) to indicate responsibilities of the Management Board and Director /CEO:

Responsibility		Board	Director / CEO
Recruitment and Training:			
1	Recommend potential Management Board members		
2	Recruit new Management Board members		
3	Induct and train new Management Board members		
Strategic Management:			
4	Determine the organisational goals and objectives		
5	Formulate policy		
6	Implement policy decisions		
7	Monitor policy implementation		
8	Evaluate operational functioning		
9	Keep abreast of relevant legislative changes		
Finance:			
10	Take responsibility for the financial management of the organisation		
11	Fundraise for the organisation		
12	Market the organisation to donors and funders		
13	Account to donors and funders		
Personnel management :			
14	Hire the Director/CEO		
15	Hire the staff		
16	Manage and supervise the staff		
Operational Management			
17	Plan organisational programmes		
18	Implement organisational programmes		
19	Monitor organisational programmes		
20	Evaluate organisational programmes		

Functions of the Management Board

14. On a scale of **one to five**, please rate the Management Board on the following areas of functioning with **1 being poor and 5 excellent**:

Areas	1	2	3	4	5
Policy formulation					
Leading					
Controlling					
Monitoring					
Evaluation					

Governance Styles

15. How would you describe the style of your Management Board? (Please tick the appropriate column)

Governance style	
Conservative	
Autocratic	
Democratic	
Combination of the above	
Other(Please specify)	

SECTION E:

SOCIAL WELFARE LEGISLATION AND CODES OF PRACTICE

General information

16. About which of the following legislation and codes of practice has the Management Board received information? (Please tick the appropriate columns)

Legislation/Codes	
White Paper for Social Welfare (1997)	
Non-profit Organisations Act (1997)	
Public Finance Management Act (1999)	
Codes of Good Practice for South African Non-profit Organisations (2001)	
Code of Corporate Governance – King II Report (2002)	

Training

17. Has the Management Board received training in the content and application of the following legislative documents and codes of practice? (Please tick the appropriate columns)

Legislation/Codes	Yes	No
White Paper for Social Welfare (1997)		
Non-profit Organisations Act (1997)		
Public Finance Management Act (1999)		
Codes of Good Practice for South African Non-profit Organisations (2001)		
Code of Corporate Governance – King II Report (2002)		

18. In what form has the training occurred? (Please tick the appropriate column)

Form of training	
Informal discussions	
Workshops	
Lectures	
Combination of the above	

19. Who provided the training? (Please tick the appropriate columns)

Trainer	
Director	
Board members	
Consultants	
Other (Please describe)	

20. If no training was provided, please explain why not?

SECTION F:

SOCIAL WELFARE TRANSFORMATION

Response to transformation

21. How did the Management Board respond to the need for transformation as called for in the legislation and codes of practice for non-profit social welfare organisations?

Transformation plans

22. Has the Management Board formulated plans to ensure the organisation's transformation towards a developmental approach to service delivery?

Response to the White Paper for Social Welfare (1997)

23. How has the Management Board transformed to reflect a democratic governance structure as called for in the White Paper for Social Welfare (1997)?

24. In which way has the White Paper for Social Welfare (1997) changed the direction of the organisational programmes?

Response to Codes of Good Practice

25. How has the Management Board transformed to reflect the principles and practice as called for in the Codes of Good Practice?

Response to King II Report

26. How has the Management Board responded to the practice as called for in the King II Report?

Consultation with staff and consumers

27. In which ways have the Management Board consulted with staff and consumers in the planning of organisational transformation?

SECTION G:

CONCLUDING COMMENTS

General

28. In your opinion, what should be done to ensure that Management Boards of non-profit organisations are informed and trained for social welfare transformation in South Africa?

29. Explain what you believe should be the ideal composition and structure of a Management Board.

30. Which other roles and responsibilities should Management Boards of non-profit organisations fulfil?

31. How has your organisation transformed to reflect a value system that is based on democracy and social justice?

32. In your opinion, does your organisation render services that are relevant and in keeping with the developmental needs of communities? (Please elaborate on your response)

Thank you for completing the questionnaire.

Wendy M NEFDT

27 September 2002