SIGNIFICANT SHIFTS IN RELATION TO

FORMAL GOVERNANCE PRACTICE IN SOUTH AFRICA:

FROM AN ACTION RESEARCH PERSPECTIVE

A WORK IN PROGRESS:

IMPLICATIONS FOR THE VALLEY TRUST

by

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Declaration

This dissertation is submitted in partial fulfilment of the degree of

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from the University of KwaZulu Natal, and has not been submitted to any other institution of higher learning.

It is my own work, informed by the writings, work and participation of many other people; I have acknowledged the sources that I have used or quoted.

Elizabeth Green

Signed:

Date: 31 March 2006.

We encourage others to change only if we honour who they are now. We ourselves engage in change only as we discover that we might be more of who we are by becoming something different.

Margaret Wheatley and Myron Kellner-Rogers

The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

Sir Adrian Cadbury

"Are today's approaches enough to effectively address poverty and environmental degradation?"

Third generation question: www.accountability.org.za

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Abstract

This dissertation explores the relevance of corporate governance in the non-profit sector in South Africa, and asks the question "How can the application of current formal governance measures lead to positive change at The Valley Trust? ".

Significantly, in South Africa it has been a time of transformation, with the emergence of world-class strategies to enhance governance in both the public and the private sectors. Are the principles of good governance are applicable too, to non-profit organisations?

South Africa has evidence of relevant documentation both in the public and private sectors. In the private sector the King 2002 report strengthened the original King report which in turn was guided by the Cadbury report on corporate governance in the North. The King 2002 report on corporate governance is considered to be world class and emphasises risk management, leadership, direction, control and disclosure. The Public Finance Management Act, together with the subsequent Treasury Regulations and the local government's Municipal Finance Management Act, spell out the way forward for governance in the public sector with the emphasis on effectiveness, efficiency and economy as assessment criteria in terms of revenue, expenditure, assets and liabilities (REAL) with special reference to risk management and accountability.

In terms of enhancing sustainability and good stewardship, The Valley Trust, a non-profit organisation working in Primary Health Care and Development in Southern Africa, has the opportunity to use the resources available, and to apply the current thinking and principles of good governance.

SIGNIFICANT SHIFTS IN RELATION TO
FORMAL GOVERNANCE PRACTICE IN SOUTH AFRICA:
WHAT ARE THE IMPLICATIONS FOR
THE VALLEY TRUST?

Chapter One

Introduction

Can he who hates justice govern?
Job 34: 17

In the Valley of a Thousand Hills in KwaZulu Natal lies a non-profit organisation where I work. During the past fifty-two years this organisation, called The Valley Trust, has faced many challenges, including those relating to research and also to governance.

Schön (1987: 3) has written about the crisis of confidence in professional knowledge and says "*in the varied topography of professional practice there is high, hard ground, overlooking a swamp. On the high ground, manageable problems lend themselves to solution through the application of research-based theory and technique. In the swampy low land, messy confusing problems defy technical solution. The irony of this situation is that the problems of the high ground tend to be relatively unimportant to individuals or society at large, however great their technical interest maybe, while in the swamps lie the problems that are of the greatest human concern. The practitioner must choose. Shall he remain on high ground where he can solve relatively unimportant problems according to prevailing standards of rigor, or shall he descend to the swamp of important problems and non-rigorous inquiry?*" Likewise, in the Valley of a Thousand Hills there is a choice I must make as the research practitioner, in looking to add value to the organisation and communities that I seek to serve, by optimising stewardship, and hence good governance. My choice lies in the valleys, which Schön calls 'the swamps', rather than the hills or 'the high ground'.

I work as part of a support system at The Valley Trust, which has as its vision 'communities in which people take responsibility for improving their own health and quality of life in a democratic society', with the intention being 'to create processes that enable people in realising their own potential'. In defining my role, which is presently that of Finance and Administration Manager, I strive to uphold the principles expressed in the following quote from Jean McNiff (2000:37) *"I understand my work in terms of the values of individual autonomy, integrity and justice; I try to live these values in my management practice. When I evaluate my work I check whether I am living in the direction of my values, and this involves ongoing conversations with those with whom I am supporting to see if I am living out these values in terms of their own lives".*

While recognising and respecting an existential worldview, my own choice of ontology is faith based. Micah 6:8 says it well for me:
"He has shown you, O man, what is good. And what does the Lord require of you?
To act justly, and to love mercy and to walk humbly with your God;
To act justly - to live according to need, and not according to greed;
To love mercy - to recognise in every person the image of God, and grant them the same dignity, the same respect, the same opportunities that we enjoy;
To walk humbly with your God - to acknowledge that all of creation is God's gift, and that we are his stewards, called to care for the world's resources and share them with all."
(This text, quoted in Tearfund's publication *"Footsteps"* (2005: 2), describes the Micah Challenge, which is a campaign against poverty representing three million local churches worldwide.)

The Valley Trust's strategic planning exercise identified that, in terms of sustainability, the governance of the organisation required review and transformation. Significantly, in South Africa it has been a time of transformation, and the emergence of world-class strategies to enhance governance. While certainly not 'a perfect world', South Africa has evidence of

impressive documentation (in terms of the 'high ground' described by Shön), both in the public and private sectors. The Public Finance Management Act (PFMA) promulgated in 1999, and the subsequent Treasury Regulations, spell out the way forward for governance in the public sector with the emphasis on effectiveness, efficiency and economy as assessment criteria in terms of revenue, expenditure, assets and liabilities (REAL) with special reference to risk management and accountability. In the private sector the King II (2002) report strengthened the original King report which in turn was guided by the Cadbury report on corporate governance (in the developed world). The King 2002 report on corporate governance is considered to be world class and emphasises risk management, leadership, direction, control and disclosure. In my opinion the principles of good governance in these documents are applicable to non-profit organisations like The Valley Trust. This has resulted in the question for my qualitative research project being:

"**How can the application of current formal governance measures lead to positive change at The Valley Trust**", with the intention being that the findings could be used throughout the NGO sector; NPOs/NGOs are renowned for challenging formal systems. My focus will be on the complex and frequently messy human aspects of the change, rather than on the more reductionist specifics of the situation. Participatory action research and soft systems methodology will be used, in order to strengthen the sustainability of the system in a changing environment.

The purpose of this study, using the format described by Creswell (1994: 59) is to *assist in obtaining insight* in the *transformation of governance* for The Valley Trust, using *soft systems methodology*, resulting in *a report on the findings.* At this stage in the research the *formal governance measures* will be defined generally as '*governance'.*

The speed of change accelerated during the last years of the 20th Century. Both the nation of South Africa, and The Valley Trust as a microcosm of society, moved into different chapters of their histories. New boundaries have

emerged. Flood (1999: 65) quotes Churchman, who says *"to secure improvement means that over time improvement persists"* His words on "Wisdom" (*thoughts combined with a concern for ethics*) and "Hope" (*the spiritual belief in an ethical future*) give cause for reflection in terms of what Flood says is their importance and potency. Formal governance has changed significantly and Grayson & Hodges (2002: 211) indicate that the essence of the change is *"to make decisions that minimise risks and maximise opportunities for all sectors, while recognising their interdependence"*.

Chapter Two:

Literature Review

There are some people who establish a brilliance and command over a system of thought. I am not one of them. All I know seems forever to be in a state of change   *Flood (1999:76)*

My literature review will focus on both 'the swamp' and the 'high ground' as described in Chapter 1. Using a systems epistemology, the 'swamp' will imply a constructivist approach to knowledge construction – that individuals individually and collectively develop perspectives, and in this literature review I am attempting to identify major ideas that have come from particular perspectives about governance, with special reference to the non-profit sector. The 'high ground' relates to the material supporting the transformation in formal governance that has been evident in both the public and private sectors. Subsequently, non-profit organisation literature will be reviewed, and followed by a review of readings on leadership, as a cross cutting theme in my research.

2.1   Systems thinking

"The world is whole and the whole is complex. It is increasingly complex with more and more information, intense interdependency, and relentless change" comments Flood (1999: 14), regarding Peter Senge's emphasis on systemic thinking described in *The Fifth Discipline.* Flood continues, *"Senge follows the tradition of the learning organisation, which came to the fore in the 1970s, for example, through the work of Chris Argyris and Donald Schön, and the practice in Royal Dutch Shell of Arie de Geus."* Senge (1990: 7) says *"Human endeavours are also systems. They too are bound by invisible fabrics of interrelated actions, which often take years to fully play out their effects on each other. Since we are part of the lacework ourselves it is doubly hard to see the whole pattern of change. Instead we tend to focus on snapshots of isolated parts of the system, and wonder why our deepest problems never seem to get solved. Systems thinking is a conceptual framework, a body of knowledge and tools that has been*

developed over the past fifty years, to make full patterns clearer, and to help us to see how to change them effectively".

Michael Patton (2002: 123) tells a story to illustrate systems theory, and varying perspectives: "Nine blind people encounter an elephant. One touches the ear and proclaims that an elephant is like a fan. Another touches the trunk and says the elephant most surely resembles a snake. The third feels the elephant's massive side and insists it is like a wall. Yet, a fourth, feeling the solidly planted leg, counters that it more resembles a tree trunk. The fifth grabs hold of the tail and experiences the elephant as a rope. And so it goes, with each blindly touching only a part and generalising inappropriately to the whole. The usual moral of the story is that only by putting all the parts together in right relation to each other can one get a complete and whole picture of the elephant.
Yet from a systems perspective, such a picture yields little real understanding of the elephant. To understand the elephant, it must be seen and understood in its natural eco-system, whether in Africa of Asia, as on element of a complex system of flora and fauna. Only in viewing the movement of a herd of elephants across a real terrain, over time and across seasons, in interaction with plants, trees and other animals will one begin to understand the evolution and nature of elephants and the system of which elephants are a part. That understanding can never come in a zoo.
Thus we are reminded of the challenge – and importance – of bringing a systems perspective into qualitative inquiry."

From my perspective, the importance of bringing 'a systems perspective' to qualitative inquiry is to enable a holistic view of the situation, in order to add value, rather than taking a fragmented, reductionist approach.

Gordon Watson (2003: 13) quoting Ackoff, says that each stage of the world's progress from mechanistic to systems thinking is "heralded by a change in the world's collective assumptions, values and views about reality....In short, shifts

to new ways of thinking and doing things are collective perceptions rather than about tangible, physical changes to the world".

Systems thinking is a way of seeing and understanding the world around us: human and physical. All systems approaches have in common the assumption that everything is or can be connected to everything else. This is referred to as the holistic perspective. In its most general sense a system may be defined as *"a collection of interrelated components (things and/or activities) which can be regarded as a single, whole entity that has a purpose and that can adapt and survive in a changing environment such as the purpose continues to be met".* S. Luckett (2004: 1)

" There are many different ways of thinking. Logic alone is inadequate to deal with complex situations because it deals with simple, timeless cause and effect links between statements. Causal thinking underlies much of science where the tendency is to look at simple cause and effect by isolating components or parts of a whole. 'Systems thinking' tries to look at the complicated pattern of multiple causes that make up a whole, and to simplify by taking multiple partial views or perspectives. Reductionist and holistic thinking can be complementary." A. Lane (2000: 19)

"In order to understand the real world, systems thinking reduces the complexity by constructing hierarchical models in which smaller units of sub-systems are nested within large systems" (S. Luckett, 2004: 4)

"The net that contains the researcher's epistemological, ontological and methodological premises may be termed a 'paradigm' or an interpretive framework, a basic set of beliefs that guide action". Denzin and Lincoln (2000:19). So, with the paradigm of systems thinking is the implication of the another, related paradigm – the constructivist paradigm which *"assumes a relativist ontology (there are multiple realities)",* Denzin and Lincoln (2000:21)

2.2 Governance

While governance has been important throughout the ages, the emergence of new ideas and the extent of interest and concern during the last ten years makes it one of the key contemporary issues of our time. According to The Prince of Wales International Business Leaders Forum and the World Economic Forum, during this decade, "*the forces of economic globalisation, political transition and technical innovation have created new opportunities for improving the living standards of millions of people. For the first time in history most of the world's population live in democratic societies and market-based economies, with the potential for increased political participation and economic prosperity. There are wide spread concerns however, that this potential is not being met; that many people are still facing high levels of inequality, insecurity and uncertainty, as well as new sources of conflict, environmental decline and lack of opportunity. World events since September 11th have reinforced the interconnected nature of these global challenges and the inter-dependence of nations and their citizens. Leaders from all countries, sectors and levels of society need to work together to address these challenges by supporting sustainable human development.*" (2002: 2) Appropriate governance underpins this development.

The recent debacles and demise of organisations like Enron in the United States, and LeisureNet in South Africa, illustrating the result of poor governance, have increased the spotlight on corporate governance, which according to Bol, Earle and Sterling (2004: 1) affects both for-profit and non-profit boards.

Senge, Kleiner, Roberts, Ross, Roth & Smith (1999: 366) in discussing governance say that the verb "*govern*" derives from the Greek *kubernán*, "to steer a ship". In its Latin form *gubernare*, it came to mean "to guide or rule". In modern corporations governance is seen as the arrangement of power for directing and controlling other people. However, directing can also mean orientating, in the sense of setting direction, and controlling can mean adjusting, bringing 'governance' closer to the 'rudder' of its Greek roots.

Governance can be authoritarian, collective, or participatory. Grayson and Hodges (2002: 66) say that the decline of communism and the move to more open democratic societies has resulted in a plurality of views and ideas regarding governance.

The recommendation of Peter Block (1993: 5) is that "governance" is used to describe the system and process normally called "management", with the significance of purpose, power, and wealth being the important aspects of the system. He goes on to say that stewardship is a set of principles and practices that has the potential to make dramatic changes in our governance system. The different paradigms indicated by Gareth Morgan (1992: 15-28) can be applied to governance, i.e. functionalist theory, which is '*seen in principle as being able to serve management, workers, government, interorganisational networks or any client's perspective according to the orientation of its user'*, (e.g. a government with an emphasis on command and control). The second of his theories, based on a socially constructed web of symbolic relationships, is the interpretive approach '*which provides an impetus for innovation,* (e.g. an organisation where the emphasis is on creativity)'. Thirdly the radical humanist perspective '*searches for the ideological traps and blinders that lead human beings to feel powerless in dealing with contingencies of the everyday world'*, (e.g. a non-government organisation or government department that is people centred, with Batho Pele principles being an example of this approach) while lastly, the radical structuralist perspective '*emphasises the importance of self-generated change'* (e.g. a revolutionary totalitarian, Marxist approach).

The approach to governance in South Africa has been transformed in the decade following the change to democratic government in 1994. An extract from the Executive Summary of the King Report (2002: 7), compiled by the Institute of Directors quotes James Wolfensohn, the then President of the World Bank, as saying, "*The proper governance of companies will become as crucial to the world economy as the proper governing of countries",* prefacing their all embracing statement *the "Proper governance embraces both performance and conformance".*

2.2.1 The Public Sector

Significant legislation has been promulgated by the government of the day:

- ❖ The Labour Relations Act (No 66 of 1995)

- ❖ The Constitution of the Republic of South Africa (Act 108 0f 1996)

- ❖ The Basic Conditions of Employment Act (No 75 of 1997)

- ❖ The Employment Equity Act (No 55 of 1998)

- ❖ The Public Finance Management Act (No 1 and 29 of 1999) and the Treasury Regulations (2000)

- ❖ The Municipal Finance Management Act (No 57 of 2003)

These documents are world-class guidelines for government to function well in terms of good stewardship and ethics.

The Public Finance Management Act (PFMA) is the principal Act promulgated by the government (which informed the subsequent Municipal Finance Management Act for Local Government). The PFMA stipulates in detail the rules and regulations related to financial management and reporting. Englebrecht (2000: 1) says " *The Act changes the financial world in South Africa, both public and private, due to its progressive and comprehensive nature. It lays the foundation for performance management and accountability. Its object is stated as to secure transparency, accountability and sound financial management of REAL[1]. The PFMA builds on three key criteria for performance management:*

- ❖ *Efficiency (each output at least cost and according to what the community values most)*

- ❖ *Effectiveness (appropriate objectives achieved) and*

- ❖ *Economy (resources used at the right quality, quantity, and price, at the right time and place, and at the lowest possible cost)*

There is a very strong impetus on internal controls, risk management and accountability, with reference to Generally Accepted Accounting Practices."

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[1] REAL is the abbreviation for revenue, expenditure, assets and liabilities

2.2.2 The Corporate Sector

Quoting from the documents compiled by the Institute of Directors (2002: 6), the following definition is given by Sir Adrian Cadbury in his report to the World Bank in 1999 on the Cadbury Commission: *"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporation and society"*.

It is further explained that corporate governance in South Africa was institutionalised by the publication of the *King Report on Corporate Governance* in November 1994. Unlike its counterparts in other countries at the time, the King Report 1994 went beyond the financial and regulatory aspects of corporate governance in advocating an integrated approach to good governance in the interests of a wide range of stakeholders, having regard for the fundamental principles of good financial, social, ethical and environmental practice. This has resulted in a move from single to triple bottom line reporting, which embraces the economic, environmental and social aspects of a company's activities. The economic aspect involves the well-known financial aspects as well as the non-financial ones relevant to the company's business. The environmental aspects include the effect on the environment of the product or services produced by the company. The social aspects embrace values, ethics and the reciprocal relationships with stakeholders.

The Executive Summary (2002: 14) says that the significance of corporate governance is now widely recognised, both for national development and as part of international financial architecture. It is also an effective mechanism for encouraging efficiency and combating corruption. Communities and countries differ in their culture, regulation, law and generally the way in which business is done, so there is no generally applicable corporate governance model.

Nevertheless, guidelines have been developed by the Organisation for Economic Co-operation and Development (OECD), the International Corporate Governance Network, and the Commonwealth Association for Corporate Governance. The four primary pillars of fairness, accountability, responsibility and transparency are fundamental to all these international guidelines.

The characteristics of good corporate governance given in the Executive Summary (2002: 10 & 11) are:

- ❖ *Discipline: Commitment to behaviour that is universally recognised and accepted as correct and proper;*
- ❖ *Transparency: Information is made available in a candid, accurate and timely manner;*
- ❖ *Independence: Avoidance of conflicts of interest. The decisions made, and the internal processes established, should be objective and not allow for undue influence;*
- ❖ *Accountability: Mechanisms must exist that allow the means to query decisions and actions;*
- ❖ *Responsibility: This pertains to behaviour that allows corrective action and penalising mismanagement;*
- ❖ *Fairness: The systems in the organisation must be balanced, taking into account all those who have an interest in the company and its future*
- ❖ *Social Responsibility: A well-managed organisation will be aware of, and respond to, social issues, placing a high priority on ethical standards, and will be seen to be non-discriminatory, non-exploitive, and responsible with regard to environmental and human rights issues.*

In the context of the above, the King Committee considered it appropriate to review corporate governance and standards against the developments that have taken place since the advent of the King Report in November 1994. As society in South Africa has evolved since 1994 through local developments and international circumstances, it is clear that the country continues to be faced with many challenges in a complex environment of political imperatives, globalisation and increasing relevance of stakeholder interests. It is the King

Committee's unanimous view that the inclusive approach is fundamental to doing business in South Africa in order to succeed in balancing economic efficiency and society's broader objectives. Governance in any context reflects the value system of the society in which it operates. Accordingly, it would be pertinent to observe and take account of the African worldview and culture in context of governance in South Africa, and some aspects, in a perspective given by Sheperd Shonhiwa, quoted from the Executive summary (2002: 17 & 18):

"A perspective given by Shepherd Shonhiwa [2]

Spiritual collectiveness is prized over individualism. This determines the communal nature of life, where households live within an interdependent neighbourhood.

An inclination towards consensus rather than dissension helps to explain the loyalty of Africans to their leadership.

Humility and helpfulness to others is more important than criticism of them.

In the main, African culture is non-discriminatory and does not promote prejudice. This explains the readiness with which Africans embrace reconciliation at political and business levels.

Co-existence with other people is highly valued.

The essence of ubuntu (humanity) that cuts across Africa is based on the premise that you can be respected only because of your cordial co-existence with others.

There is also an inherent trust and belief in fairness of all human beings. This manifests itself in the predisposition towards a universal brotherhood, even shared by African-Americans.

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[2] These principles and philosophies were taken from an article that appeared in *Directorship* (March 2001) titled *African Imperatives and Transformation Leadership* by Shepherd Shonhiwa – a Fellow and Vice Chairperson of the Institute of Directors in South Africa. In the public comment received by the King Committee, various interpretations were attached to this piece. It is important to recognise the diversity that exists in South Africa in relation to culture, religion, and ethnicity. What this attempts to highlight, is the need for companies and boards operating in South Africa to take into account this wide range of value systems and rich diversity in defining its corporate ethos and conduct – both internally and externally

High standards of morals are based on historical precedent. These are bolstered by the close kinship observed through totem or clan names and extended to the family system.

A hierarchical political ideology is based on an inclusive system of consultation at various levels. The tradition of consultation as practised by the chiefs since time immemorial should form the basis of modern labour relations and people management practices.

Perpetual optimism is due to a strong belief in the existence of an omniscient, omnipotent and omnipresent superior being in the form of creator of mankind."

The Institute of Directors' document goes on to indicate that corporate governance is essentially about leadership:

Leadership for efficiency so that companies compete effectively in the global economy, and thereby create jobs;

Leadership for probity because investors require confidence and assurance that the management of a company will behave honestly and with integrity;

Leadership with responsibility as companies are increasingly called upon to address legitimate social concerns relating to their activities; and

Leadership that is both transparent and accountable because otherwise business leaders cannot be trusted and this will lead to a decline of companies and the ultimate demise of the country's economy.

Of the King Report 2002, PricewaterhouseCoopers (2002: 9 & 10) comment that it represents a set of guiding principles, meaning that the adherence to King Code 2002 should be based not on requirement, but on recognition of the merits of doing so. Chairman Mervyn King asserted "*Corporate governance is essentially about leadership*". He said that he would resist any attempt to have these recommendations legislated and that "*Global market forces will sort out those companies that do not have sound corporate governance*". The detail covered in the King Report pertains to the Constitution and operations of the Board, Board committees, Company Secretary, performance evaluation and reward, risk management and internal control, internal audit, sustainability, business ethics

and organisational integrity, accounting and auditing, the Audit Committee, relations with shareowners and general disclosure. In my view, this gives a sound framework for good stewardship.

Internationally, two documents from the North that have influenced the process are the Cadbury Report from Europe and the Sarbanes-Oxley Act of 2002 from the United States of America. While the Cadbury report is well known locally, the Sarbanes-Oxley Act is less familiar. PricewaterhouseCoopers (2003: 5) in their document that compares this latter Act to King 2002, say that it is a *"wide-ranging and far-reaching legal response to specific corporate abuses and its broad intent is to deal with core issues of transparency, integrity and oversight of financial markets"*. They highlight that whereas King 2002 emphasises *"disclosure as a regulatory mechanism"*, the Sarbanes-Oxley Act uses *"increased civil and criminal penalties"* for this purpose. Furthermore they say *" The King Report 2002 and the Sarbanes-Oxley Act have introduced new and varied corporate governance requirements. Some focus on increased responsibility, whereas others focus on increased accountability"*. Reference to the Sarbanes-Oxley Act in terms of non-profit organisations is made on page 19 of this review.

Grayson & Hodges (2002: 290-1) indicate that there are endeavours globally, through various codes that have been initiated, to measure performance relating to governance and triple bottom line criteria (which integrates social, environmental and economic reporting, showing their interdependence). These endeavours include those based on the CERES Principles (Coalition for Environmentally Responsible Economies) in the USA (which grew out of the Valdez Principles after the Exxon Valdez affair) and the Ethos Institute for Business and Social Responsibility in Brazil, with the Global Reporting Initiative being one of the most comprehensive. This aims to *"promote international harmonisation in the reporting of credible and relevant corporate environmental, social and economic performance information to enhance responsible decision-making"*. Grayson & Hodges (2002: 243) also say *"sustainable business*

excellence" is often used to emphasise that a company is striving to be a leading example of good practice that is built to last. Such businesses use the triple bottom line of economic prosperity, social equity, and environmental quality as a principle to aspire to, or a way of measuring and defining their success, where as other companies just use the financial bottom line. They quote John Elkington's *Cannibals with Forks (1997) "Society depends on the economy and the economy depends on the global ecosystem, whose health represents the ultimate bottom line".*

One of the current trends today is continuous improvement and another is the perceived need for cutting edge organisations to be learning organisations. Jack Welsh is quoted by Senge et al (1999: 22) as saying *"Our behaviour is driven by a fundamental core belief: The desire, and the ability of an organisation to continuously learn from any source - and to rapidly convert this learning into action - is its ultimate competitive advantage."* Senge also says that change can be *"authority driven or learning driven"* (1999: 41), with the recommendation, in terms of sustainability, being the latter, saying that *"A learning-orientated strategy aims to produce self-sustaining change in a way that continuously accelerates its own growth and development. In systems terms, it operates as a virtuous reinforcing cycle."*

So learning, preferably double loop learning, including reflecting and reframing, is an important aspect in the process. Seminal work on reflection came from Donald Shön (who is quoted in my introduction). Shön argues that professionals are seen as instrumental problem solvers who select technical means that are best suited to their particular purposes. Well-formed instrumental problems are assumed best solved through the application of theory derived from systematic knowledge. In his view, the problems of the real world do not present themselves in this way. They are messy and complex. In reality professionals have to find solutions by constructing an approach using systemic rather than systematic thinking.

In "The Fish Rots from the Head" (1997: 37) and "Thin on Top" (2003: 114), Bob Garratt says that in learning organisations it is the board's role to keep the dynamic balance between organisational effectiveness and organisational efficiency. His version of the double loop of learning is depicted below:

The Double Loop of Learning

POLICY

External environment (toward organisational effectiveness)

POLICY

Direction giving

Monitoring environmental changes

THE REFRAMING LOOP

Strategy/ Integration

Strategy/ Integration

THE BUSINESS BRAIN

Disruptions from the environment

THE BUSINESS BRAIN

Performance

Control systems

Operations loop

Deviations from plan

Operations

Operations

Internal environment (towards organisational efficiency)

Operations

2.3   Non-profit organisations (NPOs)

2.3.1 Definition

Swilling and Russell (2002: 6-12) give several definitions of non-profit organisations, after saying that the defining of NPOs in South Africa is a particularly hazardous exercise because the constructive notion of 'non-profit sector' is intimately bound up with the unresolved emotive debate about the notion of civil society. They explain that the language of the 1980s and early

1990s did not include the term NPO. Discussions were about the roles of service organisations, and then about non-governmental organisations (NGOs) and community based organisations (CBOs) and the complex relations between them. Subsequent policy-making required that a decision be made on what to call these civil society organisations, and the term 'non-profit organisation' was chosen to differentiate this sector from the private sector. The policy makers ultimately used a broad, structural-operational definition, based on that used by the John Hopkins Comparative Nonprofit Sector Study, (1999: 2) to enable comparison with other countries. The structural-operational definition uses five criteria for defining an NPO:

- ❖ **Organised:** Intuitional to some extent; relative persistence of goals, structure and activities; excludes ad hoc or temporary groups;
- ❖ **Private:** Excludes government structure; can receive financial support from government, can carry out government contracts;
- ❖ **Self-governing:** Must control its own activities in accordance with its own procedures; not controlled by outside entities, like government or for-profit business;
- ❖ **Non-profit distributing:** Profits generated are not returned to owners or directors; profits ploughed back into the basic mission of the organisation; does not exist to generate profits or other commercial gains;
- ❖ **Voluntary:** Must engage volunteers in operational management; 'non-compulsory' contributions and membership; excludes professions requiring compulsory membership.

The Department of Welfare and Population Development provides the following definition in the Nonprofit Organisations Act of 1997:
"*A trust, company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered.*"

2.3.2   Governance in the non-profit sector

Bol, Earle and Sterling (2004: 1) refer to the Sarbanes-Oxley Act in the USA, saying *"The corporate governance spotlight that has shone brightly on public companies is now beginning to illuminate non-profit boards. In the wake of external pressure to adopt the reforms outlined in the Sarbanes-Oxley Act, many non-profit organisations are taking a much more disciplined approach to building and running their boards".*

At the Alliance for Non-profit Governance in September 2003, the New York State Attorney General Eliot Spitzer said: *"Because the shareholder is absent, one of the critical voices upon which we have relied to resuscitate governance in the private sector is missing. Therefore, since that voice is missing, there is an added burden on the other pieces - the board of directors …{and} government regulators".*

Dambach (2003: 1) says *"there was a time when service on many non-profit boards was perceived as an honorary role. Today, non-profit boards are expected to govern - to determine the direction of the organisation, to make plans and policies, to employ, support and evaluate the chief executive, to approve budgets and monitor expense, to raise funds and promote the organisation's cause".*

Martha Golensky (2002) identifies six common non-profit governance issues: Board recruitment and composition: *"clarification of board roles and responsibilities; clarity of vision and mission; environmental change; funding concerns and management of both the board and the organisation".* She says that within these themes, *"the issues of succession planning for the executive position, diversity on the board, productive board meetings, evaluation of board performance and the need to adapt to new expectations are typically central concerns".*

On their website, BoardSource indicate that like their for-profit counterparts, non-profits are governed by boards with legal and ethical responsibilities that cannot be delegated. The board's responsibilities fall into the following broad categories:

- ❖ *Legal and fiduciary: The board is responsible for ensuring the organisation meets its legal requirements and that it operates in accordance with its mission and for the purpose for which it was granted tax-exemption. Individual board members must exercise duty of care (meaning they must attend meetings, be prepared to make informed decisions by reading the information provided and requesting additional information if necessary, and carry out their duties in a reasonable and responsible manner). As safeguards of public trust, board members are responsible for protecting the organisation's assets.*

- ❖ *Oversight: The board is responsible for ensuring the organisation is well run. It moderates the power of management, and has the power to hire and remove the chief executive.*

- ❖ *Fund-raising: As part of the fiduciary responsibility, many board members are actively involved in making sure the organisation has the money it needs.*

- ❖ *Representation of consistencies and viewpoints: Often, board members are chosen so they can bring to the board their experience or perspective.*

Fowler (1997: 10), writing about enhancing the effectiveness of non-government organisations in the developing world says "*Establishing a system of good governance as envisaged by the official aid community involves a shift in four factors, namely social justice, economic liberalism, political pluralism, and administrative accountability*". In his subsequent publication Fowler (2000: 147 -161) highlights the need for non-profits to regenerate, through learning, organisational change, and leadership.

Young, Hollister, Hodgkinson & Associates (1993: 7 - 13), writing on their experiences in the United States of America, emphasise that "*the effectiveness of non-profit organisations is determined to a great extent by how the organisations are organized and governed*". They state that emerging themes in the sector are:

❖ *Non-profit organisations do not yet seem to have taken the implementation of sophisticated management and governance practices completely to heart.*

❖ *Variation: A sensitivity to the differences between non-profits and other organisations, and the diversity that exists within the non-profit sector itself.*

❖ *Inclusiveness: Leaders need to recognise and respond to the diversity of their constituents.*

❖ *Values: Frances Hesselbein is quoted as saying "Nonprofits must be value based and market driven", meaning that they need to be anchored in their mission and set of values to guide their actions.*

❖ *Need for research: It is recognised that the subject is a distinct, if interdisciplinary, field of study. The complexity and nuances of the issues are gaining appreciation, but the knowledge base is thin, and what is needed is solid research to expand this resource and translate its findings into best practice.*

Jager (2003: 27), in her Position Paper on *People Centred Development and Practice at The Valley Trust*, and drawing on the work of Block (1993: 6-10) says "*The way we govern our institutions grows out of the stance we take on each of these dimensions: How we define purpose, how we create structure, how we pay people, how we set goals and measure progress – all grow out of the beliefs we have about control, and about safety, and about self-interest. These are the essential questions about governance. And they are more profound than simply asking who is at the top of our organisations or what management style enjoys popular support at the moment.* Governance choices are given as "*partnership versus patriarchy, empowerment versus dependency, and service versus self*

interest". Regarding 'service' (with the theme being 'Stewardship: Choosing service over self interest'), the following aspects are identified:

- ❖ *Antidote to self interest – cause/commitment to something outside of self;*
- ❖ *To co-create something meaningful that we care about;*
- ❖ *Results in endurance, resilience, and sacrifice;*
- ❖ *Co-creating community and enabling environments – 'we do it ourselves';*
- ❖ *Co-creating organisations we believe in;*
- ❖ *An offering, not a demand;*

Professor Haddon Storey (2002) (quoted in the document "The Valley Trust: Review of Governance Structure and Practices: Final Report March 2004", prepared for The Valley Trust by PricewaterhouseCoopers), states: "*Governance of non-profit organisations does not materially differ from the growing best practices for corporates. The primary characteristics of good governance highlighted by the King Code of Corporate Practices and conduct, namely those of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility are equally applicable to non-profit organisations, which have a unifying ethical framework based on the social purpose for which the organisation has been formed and, unlike private organisations, are not based on a profit motive".*

2.4 Leadership

This literature review would be incomplete if it excluded the topic of leadership, and aspects of this have already been covered, notably on page 14. In our rapidly changing environment, with transformation being a prerequisite, leadership is increasingly important.

The Prince of Wales International Business Leaders Forum, with the World Economic Forum (2003), in their 'Framework for Action' in respect of the

Leadership Challenge provides a template for leadership that is *"relevant for all companies, sectors and countries"*. The outline of this template is based on firstly providing leadership by articulating purpose, principles and values internally and externally, then defining the meaning, followed by implementing and finally by being transparent in terms of communication with stakeholders.

A different perspective is given by April, Macdonald and Vriesendorp in *Rethinking Leadership* (2000: 3), who are of the opinion that *"what is killing us is the illusion of control: that things can be predictable, consistent and forever under control. What is also killing us is that followers require their leaders to be in control, on top of things and to take the blame when things go wrong"* In order to cope in a proactive rather than reactive way they recommend the development of metaskills increasing awareness in a variety of aspects including awareness of paradoxes, awareness of self and others, awareness of our vision and awareness of power and group dynamics.

In *The 8th Habit* Steven Covey (2004: 352-364) quotes various authors' comments on leadership (and management) including Warren Bennis (1994) from *Leading Change: The Leader as Chief Transformation Officer"*: *"Management is getting people to do what needs to be done. Leadership is getting people to want to do what needs to be done. Managers push. Leaders pull. Managers command. Leaders communicate"*; Peter Drucker (1998) *Training and Development: "I have always stressed that leadership is responsibility. Leadership is accountability. Leadership is doing....."*; John Mariotto (1998) *Leadership Matters"." Leaders are architects. Managers are builders. Both are necessary, but without the architect, there is nothing special to build"*, and Tom Peters (1994) *Thriving on Chaos: "Developing a vision and, more important, living it vigorously are essential elements of leadership..... Vision occupies an equally important place of honour in the supervisor's or middle manager's world"*. In his literature review of leadership theories, Covey describes the theories that have emerged in the course of the last century. The final three that he outlines are given below:

Theory	Representative Authors/Year	Summary
Cultural and Holistic Leadership	Fairholm (1994); Senge (1990) Schein (1992); Wheatley (1992)	Leadership is the ability to step outside the culture to start evolutionary change processes that are more adaptive. Leadership is the ability to include important stakeholders, evokes followership, and empowers others. Wheatley's holistic approach assumes that leadership is contextual and systemic. Leaders create synergistic relationships between individuals, organisations, and the environment. Leaders promote learning organisations through adherence to the five disciplines. According to Senge leaders play three roles, designers, stewards and teachers
Servant Leadership	Greenleaf (1996); Spears & Frick (1992)	Servant leadership implies that leaders primarily lead by serving others – employees, customers, and community. Characteristics of a servant leader include listening, empathy, healing, awareness, persuasion, conceptualisation, foresight, stewardship, commitment to others growth, and community building
Spiritual Leadership	De Pree (1989); Etzioni (1993) Fairholm (1997); Greenleaf (1977); Hawley (1993); Keifer (1992); J. Maxwell; Vaill (1989)	Leadership involves influencing people's souls rather than controlling action. Fariholm believes that leadership involves connecting with others. Furthermore "as leaders commit to the care of the whole person, they must include spiritual care into their practice... Leaders in the new century must consider and actively engage in making for themselves and then helping their followers make these connections." A leaders influence stems from his or her knowledge of the organisational culture, customs, values and traditions

A slightly different, although related view, is given by Max De Pree in *Leadership is an Art* (1989: 9). He says that the first responsibility of a leader is to define reality. The last is to say thank you. In between the two, the leader must become a servant and a debtor. He goes on to say that the art of

leadership is about the leader-as-steward in terms of relationships, of assets and legacy, of momentum and effectiveness, and of civility and values.

In *The Fifth Discipline* (1990: 339 - 360), Peter Senge describes leaders in learning organisations as designers, stewards and teachers. The stewardship theme is echoed by Max de Pree above, and below by Peter Block. Subsequently in *Dance of Change* (1999:41) Senge emphasises the importance of leadership in times of change in organisations, and the resistance that is encountered in the process. He also says that (1999: 568) "*organisations will enter a new domain of leadership development when we stop thinking about preparing a few people for 'the top' and start nurturing the potential leaders at all levels to participate in shaping new realities.*"

In similar vein, Senge, co-authoring *Presence* with Scharmer, Jaworski and Flowers (2004: 190 -2) draws on the Eastern disciplines, notably the Confucian theory. "*One of the roadblocks for groups moving forward now is that they have to wait for a leader to emerge - someone who embodies the future path. But I think what we have been learning with the U process is that the future can emerge within the group itself, not embodied in a 'hero' or 'traditional' leader. I think the key is going forward - that we have to nurture a new form of leadership that doesn't depend on extraordinary individuals.*"

Peter Block (1993:19 - 32) in *Stewardship* gives a perspective that is worthy of note. He chooses stewardship as his alternative to traditional leadership and partnership as the alternative to command and control in governing. Partnership is given as having the requirements of purpose, the right to say 'no', joint accountability, absolute honesty and no abdication. He says, "*Choosing stewardship is our choice to be accountable while supporting freedom in ourselves and others. This is a risky choice and comes packaged in more anxiety than we bargained for. The choice for accountability and freedom is the essence of the entrepreneurial spirit. It forms the basis of the social contract essential to ownership and responsibility at every level of our organisation. It confronts*

self-interest and is the alternative to entitlement. It is the contract essential to democratic society (1993: 84)

Finally, relating leadership to society at large, Grayson and Hodges (2002: 68) commenting in "*Twenty First Century Leaders*" on the leadership roles of the public and private sectors as well as civil society, state that: "*In the new world order, NGOs have emerged as the institutions the public feel they can trust. After the Battle of Seattle, a survey carried out by Edelman PR in 2000 on attitudes among opinion leaders in Australia, France, Germany, the UK and the US. They found that:*

- ❖ *NGOs are trusted nearly two to one to "do what is right," compared to government, media or corporations. Nearly two thirds of respondents said corporations only care about profits, while well over half said that NGOs "represent values I believe in".*

- ❖ *NGOs ranked considerably higher as a resource of credible information than media outlets or companies on issues including: labour and human rights, genetically modified food, and environmental and health issues.*

- ❖ *NGO influence has increased significantly over the past decade, according to 64% of those surveyed.*

- ❖ *NGOs such as Amnesty International, Greenpeace, Sierra Club and World Wildlife Fund have greater credibility with the public than corporations such as Exxon, Ford, Microsoft, Monsanto, and Nike. Greenpeace is viewed by 80% of US respondents as highly effective, and the figure is 78% for Amnesty International. The findings in StrategyOne, Edelman PR Worldwide, 2000) showed that NGOs are trusted by nearly 60% versus 15% for government and media and only 10% for business.*

The consequence of loss of standing for institutions – including business institutions – is that they can no longer expect automatic deference and trust. Trust and authority have to be constantly earned and re-earned, which requires a higher degree of accountability compared to that demonstrated by most today.

2.5 Review

My literature review has focussed on both the 'swamp', relating to the systems and constructivist paradigms, and to the 'high ground' of issues and perspectives about governance and non-profits organisations with a cross cutting theme of leadership and stewardship.

Chapter Three

Methodology

The gendered, multicultural situated researcher approaches the world with a set of ideas, a framework (theory, ontology), that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology).

Denzin and Lincoln (2000: 18)

3.1   Qualitative v Quantitative Research

In considering the paradigm in which to approach the research, Creswell (1994: 4 –10) provides the following tables, based on the work of the work by Firestone (1987), Guba & Lincoln (1988) and McCracken (1988) giving an overview of the ontological, epistemological, axiological, rhetorical and methodological assumptions as a basis for informed decision-making:

Quantitative and Qualitative Paradigm Assumptions

Assumption	Question	Quantitative	Qualitative
Ontological assumption	What is the nature of reality?	Reality is objective and singular, apart from the researcher	Reality is subjective and multiple as seen by participants in the study
Epistemological assumption	What is the relationship of the researcher to the researched?	Researcher is independent from that being researched	Researcher interacts with that being researched
Axiological assumption	What is the role of values?	Value-free and unbiased	Value-laden and biased
Rhetorical assumption	What is the language of the research?	Formal. Based on set definitions. Impersonal voice Use of accepted quantitative words	Informal. Evolving decisions Personal voice Accepted qualitative words
Methodological assumptions	What is the process of research?	Deductive process Cause and effect Static design – categories isolated before study Context free Generalisations leading to prediction, explanation and understanding Accurate and reliable through validity and reliability	Inductive process Mutual simultaneous shaping of factors Emerging design- categories identified during research process Context bound Patterns, theories developed for understanding Accurate and reliable through verification

Decision making is further guided by the criteria given in the following table:

Reasons for Selecting a Paradigm

Criteria	Quantitative paradigm	Qualitative paradigm
Researchers Worldview	A researcher's comfort with the ontological, epistemological, axiological rhetorical and methodological assumptions of the quantitative paradigm	A researcher's comfort with the ontological, epistemological, axiological rhetorical and methodological assumptions of the qualitative paradigm
Training and experience of the researcher	Technical writing skills, computer statistical skills, library skills	Literary writing skills, computer text analysis skills, library skills
Researcher's Psychological Attributes	Comfort with rules and guidelines for conducting research, low tolerance for ambiguity, time for study of short duration	Comfort with lack of specific rules and procedures for conducting research, high tolerance for ambiguity, time for lengthy study
Nature of problem	Previously studied by other researchers so that body of literature exists, known variables, existing theories	Exploratory research, variables unknown, context important, may lack theory base for study
Audience for the study (e.g. journal editors and readers, graduate committees)	Individuals accustomed to/supportive of quantitative studies	Individuals accustomed to/supportive of qualitative studies

3.2 Strategies of Inquiry

Denzin and Lincloln (2000: 18) say, "*The qualitative research process involves interconnected, generic activities.... The gendered, multicultural situated researcher approaches the world with a set of ideas, a framework (theory, ontology) that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology, analysis)."*

In making my choice of paradigm, I found the following quotation thought provoking: "*Civic-minded qualitative researchers think historically, interactionally, and structurally*" (Mills, 1959: 7), quoting from Denzin and Lincloln (2000: 367). They continue saying, "*More deeply, qualitative researchers always ask how the practices of qualitative inquiry can be used to help create a free democratic society,*" and "*The researcher-as-interpretive-bricoleur is always already in the material world of values and empirical experience. This world is confronted and constituted through the lens that the scholar's paradigm or interpretive perspective provides. The world so conceived ratifies the individual's commitment to the paradigm or perspective in question. This*

paradigm is connected at a higher ethical level to the values and politics of an emancipatory, civic social science".

Strategies of inquiry connect researchers to specific approaches and methodologies for their research. I have chosen the constructivist paradigm in my qualitative approach of action research, with my choice of methodology being soft systems analysis. Checkland and Holwell (1997) say systems ideas are a strong component of much methodology which is relevant to qualitative research methods, such as action research. It seems appropriate that *Systems Practice* should extend its cover to include interventions aimed at both acquiring knowledge and to bring about organisational change.

3.2.1   Systems Thinking

Systems thinking has been discussed in Chapter 2. It forms the basis of this research.

3.2.1.1 Action Research (AR)

This approach is seen to be particularly relevant to applying systems thinking to work place challenges as indicated by Hardman (2002: 1). He continues, giving the definition by Kemmis (1983) who describes Action Research as "a form of self-reflective enquiry undertaken by participants in social situations in order to improve the rationality and justice of (a) their own social or educational practices, (b) their understanding of these practices, and (c) the situations in which these practices are carried out".

Hardman says, "*Action Research is usually traced back to Kurt Lewin (1890 - 1947, whose particular interest was in human groups and their dynamics and the process of change in society*". He continues, saying it is important to think of the work of Donald Schön, which emphasises that the problems of real world practice are messy and complex, the swamp referred to in my introduction. Greenwood and Levin (1998: 3 - 7) say, "*Action Research can help us build a better, freer society. It democratizes research processes through the inclusion of local stakeholders as co-researchers.*" They state that although there are powerful differences among Action Research practitioners, Action Research (AR) is composed of a balance of three elements:

Research: We believe in research, the power and value of knowledge, and we believe that AR is one of the most powerful ways to generate new knowledge.

Participation: We believe in participation, placing a strong value on democracy and the control of one's life situations. These values permeate the arguments and create a strong general commitment to democratizing the knowledge generation process. AR involves trained social researchers who act as facilitators and teachers of members of local communities or organizations. Because these people together establish the AR agenda, generate the knowledge necessary to transform the situation, and put the results to work, AR is a participatory process in which everyone involved takes some responsibility.

Action: AR is also participatory in a second sense because AR aims to alter the initial situation of the group, organization or community in the direction of a more self-managing, liberated state. What is defined as a liberated state varies from one practitioner to another? Some use AR to create a kind of liberation through greater self-realisation. Others emphasize more political meanings of liberation, and they vary among themselves regarding how strong a political liberation agenda they advocate. Still others believe that AR occurs in any kind of research activity where there will be some participation by the members of the organisation being studied. Although few practitioners try to link AR to revolutionary praxis, by and large, AR practitioners are reformers rather than revolutionaries.

Greenwood & Levin (1998: 75) continue, saying that AR as a form of research has the following core characteristics:

❖ AR is context bound and addresses real life problems

❖ AR is inquiry where participants and researchers co-generate knowledge through collaborative communicative processes in which all participants' contributions are taken seriously

❖ AR treats diversity of experience and capacities within the group as opportunity for the enrichment of the research process

❖ The meanings constructed on the inquiry process leads to social action as these reflections on action lead to the construction of new meanings

❖ *The credibility-validity of AR knowledge is measured according to whether actions that arise from it solve problems (workability) and increase participants' control over their own situation*

A systemic approach to problem solving that is supportive of the work, is based on the work of South American Paulo Freire and is known as participatory action research (PAR). As will be seen from the description below, this is a holistic, systemic approach as opposed to the technical and practical methods, described by Carr & Kemmis(1986) and summarised by Zuber-Skerritt (1996:4-5):

"**Technical** action research aims to improve effectiveness of educational or managerial practice. The practitioners are co-opted and depend greatly on the researcher as facilitator. **Practical** action research, in addition to effectiveness, aims at the practitioners' understanding and professional development. The researcher's role is Socratic: to encourage practical deliberation and self reflection on the part of practitioners. Action research is **emancipatory** when it aims at not only technical and practical improvement and the participant's better understanding, along with transformation and change within the existing boundaries and conditions, but also changing the system itself or those conditions which impede desired improvement in the system/organisation..."

Hardman (2002: 9 – 10) states that " *The process of reflection is fundamental to Action Research. Essentially reflection requires one to return to the experience, replaying it in the mind and describing it as factually as possible. Thereafter one has to re-interpret by ensuring that all mental models and other stereotypic interpretations are challenged and considered. One also needs to attend to the feelings which are surfaced. (1) There must be a process of conscious association between prior knowledge and the knowledge now being surfaced through reflection, (2) These ideas are put together through a process of integration as new knowledge and attitudes and (3) tested by validation to surface inconsistencies and contradictions. (4) Finally these new ideas are appropriated and become an intrinsic part of the learner's identity."* The diagram

on page 17 shows this 'double loop learning' as applied to a business situation, based on Kolb's (1976, 1984) original *sensing – understanding – deciding – action* cycle.

Peter Reason (2001: 2, 7 & 12) provides the following diagrams illustrating quality in Action Research

Characteristics of action research

Dimensions of a participatory worldview

Questions for validity and quality in inquiry
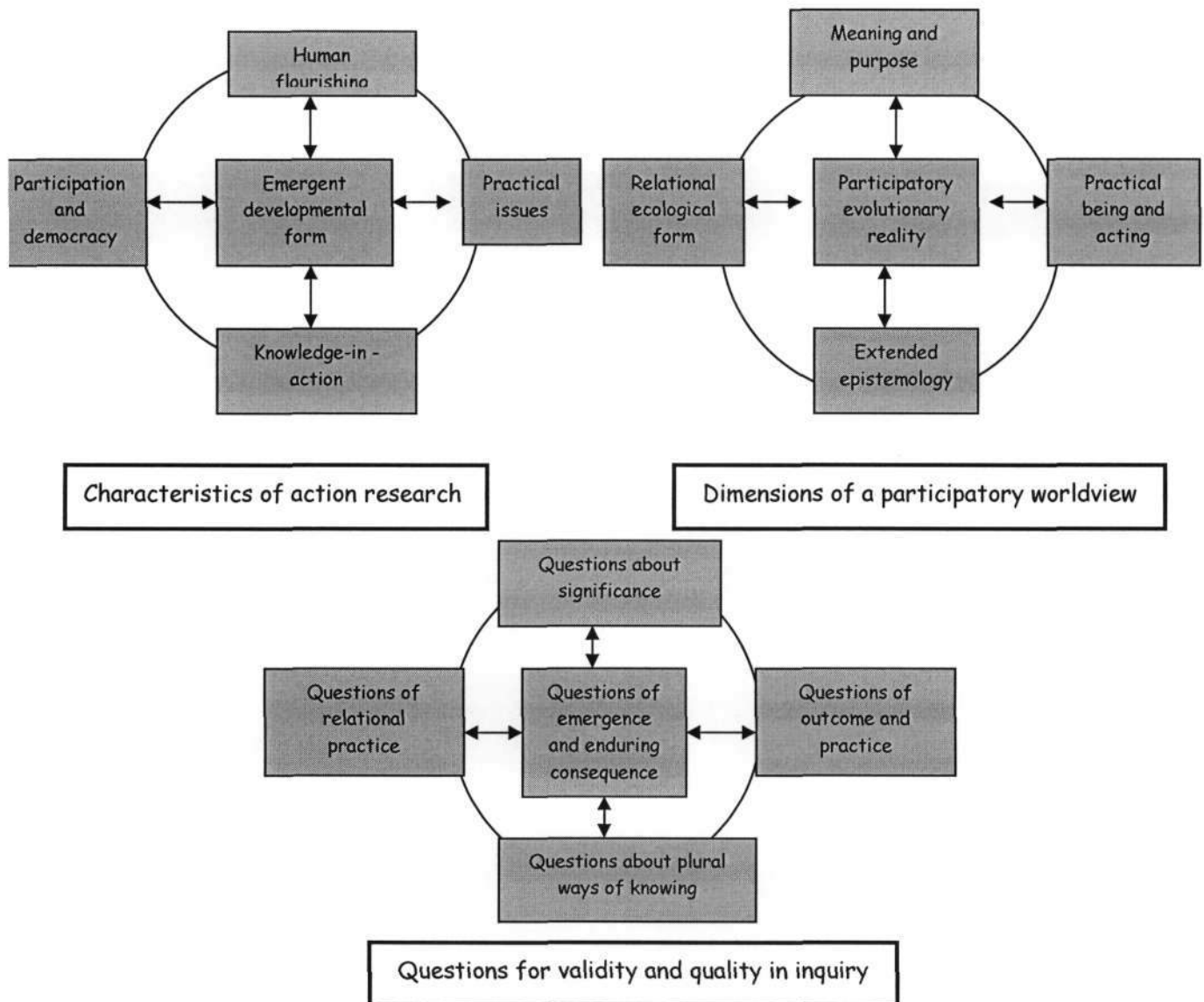
Reason and Torbert (2001: 22) in their paper entitled "*The Action Turn*" say that "*the primary purpose of research/practice is to enhance human flourishing. To do this it must generate valid information within action situations so that those involved can understand them more thoroughly and act in them more effectively*". They discuss four key dimensions of action science: "*the primacy of the practical, the centrality of participation, the requirement of experiential grounding and the importance of normative, analogical theory. Three broad*

strategies for action research are suggested: first-person research/practice addresses the ability of a person to foster an inquiring approach to his or her life; second-person research/practice engages in face-to-face group in collaborative inquiry; third person research/practice asks how we can establish inquiring communities which reach beyond the immediate group to engage with whole organisations, communities and countries. The article argues that a transformational science needs to integrate first- second- and third-person voices in ways to increase the effectiveness of our actions in real-time, and that remain open to unexpected transformation when our taken-for-granted assumptions, strategies, and habits are appropriately challenged." (2001: 1).

3.2.1.2   Soft Systems Methodologies

Soft Systems Methodology is a variant of Soft Systems Thinking. It is defined as:

"A methodology that aims to bring about improvement in areas of social concern by activating in the people involved in the situation a learning cycle which is ideally never-ending. The learning takes place through the iterative process of using systems concepts to reflect upon and debate perceptions of the real world, and again reflecting on the happenings using systems concepts" (S. Luckett, 2004: 12, quoting Checkland and Scholes, 1990)

Soft Systems Methodology is a learning system. The learning is about a complex problematical human situation and leads to taking purposeful action in the situation, aimed at improvement.   A diagram depicting the required steps, or phases, appears overleaf (page 35).

Diagram of Soft Systems Methodology

1. Observe/enter an ill-defined problem situation	**7. Act to improve the problem situation**

6. Decide feasible & desirable changes

2. Express the problem situation (rich picturing)

5. Compare systems models with problem situation

REAL WORLD

3. Generate root definitions of relevant systems

4. Construct conceptual models

SYSTEMS THINKING

Formal systems concepts

Other systems thinking

" *There are three main characteristics of SSM".* Luckett et al (2001: 524):

The first is based on Checkland's argument that " *it is useful to take the world to consist of a complex of interacting systems".* (Checkland, 1981, p214) The term *"system"* is not used to describe a part of reality but should be understood as *"a conceptual device, a Human Activity System (HAS) is an "ideal type" of sets of purposeful activities which together would bring about transformation identified as necessary. This HAS is, however not imposed on the situation as if it had some objective status, but is used to facilitate debate about possible improvements to the problem situation".*

The second characteristic is based on Checkland's view that *"human beings can always attach different meanings to the same social acts"* (Checkland, 1981, p214). *"This means that there are always multiple interpretations for any real world action, and therefore any description of an analytically employed HAS has*

to be explicit concerning the assumptions about the world which that description takes as given. To be able to consider a system of purposeful activity as meaningful, it is always necessary to declare the Weltanschauung on which it is based".

"These two lead to the third basic characteristic: SSM is a learning system. The SSM users learn by comparing pure models of purposeful activity (HASs) with perceptions of what is going on in the real-world situation. The purpose of this comparison, carried on at a later stage of the enquiry process, is to achieve a readiness to take purposeful action in the problem situation".

"An early and still widely used version of the methodology (Checkland, 1981) is a system with seven "activities" organised as a circular action researching process." (See diagram of systems methodology on page 35). *"The arrows that link the stages simply illustrate the logical structure. It is not Checkland's intention that they should be slavishly followed".*

The above methodology will be used to research my questions regarding emerging governance shifts with special reference to non-profit organisations in South Africa in general and to the non-profit organisation, The Valley Trust, with which I am associated.

Chapter Four

Review of Governance at The Valley Trust using Soft Systems Methodology

Soft Systems Methodology is a learning system. The learning is about a complex problematical human situation and leads to taking purposeful action in the situation, aimed at improvement   (Checkland, 1981)

4.   The Valley Trust and Soft Systems Methodology (SSM)

Soft Systems Methodology is described in the previous chapter. It is my intention to work through steps one to seven as depicted on page 30. In order to do so, is necessary to give firstly some background on the work and the current situation at The Valley Trust. Prior to doing so, it is necessary for me to explain that this is a reflective piece of work, drawn from a broad section of people associated with The Valley Trust. The material used is not propaganda. The process has been a collaborative one and is illustrated in my application of soft systems methodology. Collaboration and reflection have been exemplified in this research, which has been an inclusive process, with the writings of associates being included as quotations. This is in line with the organisational culture. The material quoted from The Valley Trust publications is owned by the organisation and has been prepared for public use.

4.1. Background

The Valley Trust is a non-profit organisation (NPO) situated in the Valley of a Thousand Hills (Kwadangendlala) in KwaZulu Natal, and was founded by a medical practitioner, Dr Halley Stott, in 1953. An extract from an organisational document describing the background of the organisation states: " *The organization developed as a socio-medical project for the promotion of health, taking a holistic view of health promotion, and implementing, in partnership with structures within the local community, a range of projects designed to improve their quality of life. By the nature of the situation in the country at that time, The Valley Trust, in common with many other South African NGOs, (now known as*

NPOs) found itself implementing projects which should have been the responsibility of government. Much of this work was funded by direct grants to the organization from donors, both foreign and local. With the change in government which took place in 1994, the context within which NGOs worked also changed. A new government committed to addressing the inequalities of the past was elected. In recognition of the changes happening in the country, The Valley Trust embarked on a strategic planning process, in consultation with community representatives. Flowing from this process it was decided that the work of The Valley Trust should focus on three main areas:

- The development of its educational training capacity, so that the expertise which had been accumulated over the years of implementing practical health, education and development projects could be shared to inform the changing health, education and development context in the country.

- The development of a model District Health System (DHS) as a working example of how primary health care could be implemented and managed at the district level. It is on the basis of this model that the KZN Educator empowerment initiative will be predicated.

- The phased hand-over of community projects to community management, along with the appropriate resources, and with capacity building where necessary. Ongoing support is provided where appropriate, to ensure the sustainability of projects.

This new emphasis was initiated in October 1995. The education and training targets several areas of challenge which have been identified, most recently those which have emerged in supporting formal education provision. In all areas of its engagements The Valley Trust has ensured that its staff is trained to assist with development processes in a constructive way, through focusing on "principle-centred leadership. The Valley Trust recognized that the formation of effective partnerships and collaborative initiatives is essential for the effective promotion of primary health care and sustainable development. The challenge is too great for any one group and requires synergistic approaches to be initiated."

This concept of partnerships is followed through in the article in the 2004 Annual Report of the organisation reporting on the ten years of democracy from 1994 to 2004 : "*Building on diversity through partnerships became a core principle of The Valley Trust. The most challenging partnership has been the Collaborative Group. This is an association of health focused not-for-profits (NPOs) working in KwaZulu Natal. The rationale for the existence of the association has been to endeavour to work together on health issues of common interest and to create an advocacy platform. However, trust between the members has been difficult to achieve. There has been that competitive element, which commonly plagues developmental organizations. It is the competition for resources. The partnership still exists but is watered down to an ideas exchange, at best. By way of contrast, there is the CINDI partnership or network, in which the rationale for grouping together has been the care and support of children in distress through HIV/AIDS. Here the sharing has been magnanimous and is an example of what can be achieved when individual objectives are placed secondary to those of the group. Mention must be made of two partnership projects, in which The Valley Trust is an active partner. The first is the Izingane Zethu Intervention. The partners are two early childhood education specialist NPOs, TREE and LETCEE, and The Valley Trust. The project has been funded by the Nelson Mandela's Children Fund. It provides care and support for children under the age of 9 years affected by HIV/AIDS in the Kranskop and Centocow areas of KwaZulu Natal. The philosophy of the project has been a holistic, household based approach to the problem of caring and supporting vulnerable children. It is another example of best practice, in which collective strengths have been merged to develop an intervention more comprehensive than anticipated at the inception of the project.*

The second partnership is one with the KwaZulu Natal Progressive Primary Health Care organization. The partnership was contracted by the Department of Health of KwaZulu Natal in 1999 to facilitate the selection by communities of 2484 community health workers throughout KwaZulu Natal and, thereafter, to train, mentor and supervise them. The contract continues today. The national Minister of Health, Dr. Tshabalala-Msimang announced in February 2004 that

this model of partnership between the Department of Health and not-for-profits was to be followed in all the other provinces of the country for the expansion of the community health worker programme. The most significant impact of these partnerships on The Valley Trust was the widening of the geographic area, in which it worked. It was these partnerships which initiated the strategic intent, identified during the reflection process, namely to move out of 'the valley' and to become regional."

As a metaphor, in a brief item prepared for the organisation's writing support group, I have likened the Trust to the Erythrina:

"THE ERYTHRINA and THE VALLEY TRUST"

"*You are the whisper of our stories in the wind that has forgotten its heritage*"
(Credo Mutwa in CDRA Annual Report 2003/2004)

'The erythrina is an indigenous tree which a hundred years ago set the coastal forest belt ablaze with colour every winter. The Zulu name "imSinsi" refers to the decorative red seed pods. The coastal tree is taller and generally more terra cotta than the erythrina that is indigenous to the drier interior. There are colour variations. The tree grows easily from truncheon or seed'. (S. Candy 1965: 49).

The Valley Trust reminds me of the erythrina. It's been around for a long time. It has a history. At first it was a seed, planted in a valley not known for fertile ground. It was nurtured with love and a singleness of purpose drawing on organic nutrients as it became established, at first like young sapling and later a robust little tree after thirty years of growth, and was know as a 'social medical project for the promotion of health.' It then entered a new phase and spread its branches creatively, embarking on new endeavours that supported primary health care. It was now a forked tree rather than one with a single trunk. It grew and struggled and survived challenges like the flood in 1987. It was known for its multiple intervention strategy and almost outgrew its own strength. A third very brief phase began a decade later, when the branches of the tree came together and guided its growth for a year but in the process found that

there was a need to return to the tree trunk approach. The fourth phase resulted in the tree maturing and spreading its branches far beyond its original habitat. The Valley Trust now has the vision of 'a democratic society in which people take responsibility for improving their own health and quality of life', with the intention of creating processes that support people in realising their potential. As a fully grown tree, able to bloom magnificently, it is also the producer of thorns. The seeds, in their scarlet splendour are available for scattering far and wide."

Background to the organisation is entwined with the man who had the original vision, and assists in capturing the essence of the early Valley Trust:

Writing in the obituary to his father, in The Valley Trust's Annual Report 2004, Dr Nigel Stott says: *"Halley H. Stott, founder of the Valley Trust, died peacefully at home on 13th June 2004. He will be remembered as a man with the vision and energy to establish a socio-medical project that had such imaginative and practical approaches to nutrition and medical care that the wider development of Primary Health Care in the international community has been influenced by its results. The breadth of the Halley Stott approach to health and disease was quite exceptional. Indeed his policies relating to community participation in health care, self-help, protection of environment, use of local resources, organic horticulture, and stimulation of local markets were so radical and innovative in the late 1940s that he had difficulty in persuading others in the medical profession to support the proposals."*

In the article on Ten Years of Democracy in the 2004 Annual Report further tribute is given: *" The strategic focus on primary health care recognized the importance of health promotion and of individuals being responsible for their own health. This was the starting point of the work of Dr Halley Stott 53 years ago. It is appropriate, at this point, to deviate a little from the theme of this paper and to recognize the role Dr Stott played in health delivery in South Africa. This was so magnificently done by Dr.M.W.Gumede, the KwaZulu*

Secretary for Health and Welfare, when in 1982 he said," Dr Stott has become a legend in his own time. What the Department of Health Education and Welfare now accept as policy and a blue print for health care delivery to the community, Dr Stott has been practicing for 30 years at The Valley Trust. But, 30 years ago Dr Stott was a lone voice crying in the wilderness like John the Baptist. Perhaps the most significant of all, Dr Stott has not imposed Western medicine upon the people of KwaNysuwa. He has gone to the people, sat with the people, worked with the people. He has not talked about them but has sat with them and even learned from them, their likes and dislikes in order to teach the people and confer upon them the benefits of modern Western medicine."

In the decade 1980 to 1990 Dr Stott's successors guided the organisation through a period of exponential growth. Illustrated on page 43 is Dr Irwin Friedman's Multiple Intervention Strategy (as depicted at The Valley Trust 50th Anniversary conference), a diagram that shows the focus of the work during that time, based on the pillars of Primary Health Care shown below and taken from the same presentation:

1. Universal access: Providing basic health care to everyone according to their needs

2. Appropriate technology: Using cheap simple methods

3. Intersectoral collaboration: Getting everyone to work together

4. Community involvement: Encouraging people and communities to participate and become more self-reliant

PRIMARY HEALTH CARE leading to HEALTH DEVELOPMENT

PRINCIPLES OF PRIMARY HEALTH CARE
AND HEALTH DEVELOPMENT (Alma ata 1978)

HISTORY POLITICS IDEOLOGY ECONOMICS

Structural Reform

BASIC CAUSES

Land Tenure | Poverty | Unemployment | Socio-Cultural Milieu | Migrant Labour | Technological Insufficiency | Insufficient Housing

Credit Schemes | Job Creation | Action Research | Local Enterprise | Appropriate Technology

Pressure on land | Lack of reserves | Working Mothers | Early School Leaving | Unsupervised Youth | Low Productivity | Overcrowding

Planning | Budgeting | Creches/Preschools | Appropriate Education | Training | Housing

UNDERLYING CAUSES

Non-sustainable Agriculture | Low purchase power | Poor clinic attendance | Illiteracy | Teenage Pregnancy | Inadequate Health Resources | Poor Hygiene & Ventilation

Innovative Agriculture | Community Workers | Adult Education | Youth Programmes | PHC Clinics | Hygiene Education

Depleted water & soil reserves | Cheaper Food | Inadequate Maternal Knowledge | Diminished Opportunity To Receive Information | Unwanted Children | Poor Primary Health Care | Increased Exposure to Infection

Conservation | Growth Charts | Sex Education | Improved Health Services

Inadequate Subsistence Production | Refined Carbohydrate Diet | Bottle Feeding | Pre-scientific Conception on The Role of Food & Spread of Infection | Poor Family Spacing | Poor Water Supply & Sanitation | Inadequate Herd Immunity

Intensive Gardening | Whole-Grain Milling | Breastfeeding | Birth Spacing | Water & Sanitation | Immunization

IMMEDIATE CAUSES

Lack of Supplementary Food Supply | Unbalanced Diet | Poor Infant Feeding | Lack of Knowledge | Large Households | Environmental Contamination | Epidemics & Pandemics

Food Supplements | Nutrition Education | Health Education | Oral Rehydration | Epidemiology

MALNUTRITION | INFECTION

ILLNESS | High Cost | Reduced Available Income | Inability to Change

Population Expands Faster than Resources | High Birth Rate | High Mortality | DEATH

KEY
☐ Link in chain of causes
⬤ Intervention measures
○ Outcome

Multiple intervention point strategy — an integrated approach to primary health care.

The diagram shows one way of understanding some of the many causes, pathways and interactions that lead to illness. MALNUTRITION and INFECTION which together account for most (80%) of the illnesses and deaths, particularly in younger age groups. There are various levels of causes classified as IMMEDIATE, UNDERLYING and BASIC, cascading like a waterfall, setting up vicious cycles like eddies and currents in the flow. Breaking these vicious cycles and cascading causes of illness calls for a broad holistic approach. Many of the interventions that are being undertaken at The Valley Trust are shown above.

The 2004 Annual Report goes on to state that: "*The field work of The Valley Trust in all the disciplines, health, education, and food security, appropriate technologies informed the strategic thinking that the greatest, negative impact of apartheid had been the destruction of self worth. It had become apparent that, unless individuals believed in themselves, they did not respond to change, to transformation. They were content to remain with the status quo. They felt better equipped to handle what they knew. This was aptly described by Nelson Mandela, when he said, "When I walked out of prison that was my mission, to liberate the oppressed and the oppressor both. Some say that has now been*

achieved. But I know that is not the case. The truth is that we are not free; we have merely achieved freedom to be free, the right not to be oppressed. We have not taken the final step of our journey, but the first step on a longer and more difficult road. For, to be free, is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others. The true test of our devotion to freedom is just beginning."

This realisation and the desire to see people, communities and individuals, take ownership of their lives led to further changes in the strategic direction of the organization. The mission of The Valley Trust was changed 'to facilitate the realization of the potential of individuals and communities to improve their health and to enhance their ability to improve their quality of life in a democratic society.' "

The Valley Trust's vision has been adapted from time to time and currently, as a result of the deliberations at Strategic Planning in 2004, the vision of the organisation is "Communities in which people take responsibility for improving their own health and quality of life in a democratic society"

In the course of the transformation process, the need to review governance was identified, and this was highlighted in the 2004 Annual Report:

GOVERNANCE
"Wisdom is thought combined with a concern for ethics"
"Hope is the spiritual belief in an ethical future"
C. West Churchman

The growing focus on governance and accountability of non-profit organisations in South Africa has led to reforms to the sector's operating environment. The importance of good governance, stewardship and sustainability, especially in the light of the 'King 2002' report, led to an exploration of the issues that are meaningful, in a changing environment. A task team from the Management Committee, working with senior staff, was formed and PricewaterhouseCoopers was commissioned to "review the governance structure and practices of The Valley Trust and compare these to good practice, as well as review the existing Trust Deed with reference to Section 30 of the Income Tax Act, 1962 and

Section 12 of the Non-Profit Organisations Act, 1997, in order to ensure the requirements thereof are reflected in the Trust Deed." [3]Based on interviews with key stakeholders, with the process being as inclusive as possible, a draft gap analysis was tabled for discussion by the Management Committee and managers of the organisation, and subsequently the final report was issued in March 2004.

"Governance of non-profit organisations does not materially differ from the growing best practice for corporates. The primary characteristics of good governance highlighted by the King Code of Corporate Practices and Conduct, namely those of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, are equally applicable in non-profit organisations, which have a unifying ethical framework based on the social purpose for which the organisations have been formed and, unlike private organisations, not based on a profit motive"[4]

It was seen that the present structures of The Valley Trust needed revision, and it was recommended that the Board of Trustees, being the executive authority of the Trust be expanded, to replace the present Management Committee, and that the Trustees utilise more of their powers. The revised Trust Deed envisages a Board of not more than ten Trustees to whom the Executive Director and committees will report. It is the intention that the revised governance structure and practice will enhance the stewardship and sustainability of The Valley Trust".

The retrospective in the 2004 Annual Report prompted the following article for the 2005 Annual Report, looking to the next ten years: "In last year's Annual Report, we looked back over the first ten years of democracy in South Africa and reflected on the work and development of The Valley Trust during this period. This year we thought that it would be interesting to look forward, and consider what the next ten years might require of us. In order to do this, we

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[3] PricewaterhouseCoopers, The Valley Trust Review of Governance Structure and Practices Final Report issued March 2004

[4] Professor Haddon Storey, Ethics, Not-for-Profits and Corporate Governance. Public Sector Research Unit, Faculty of Business and Law, Victoria University. March 2000

need first to note some important aspects of the unfolding organizational context.

The first aspect is that our director, Dr Keith Wimble, retires at the end of 2006, and in cognizance of this the organization has already embarked on a leadership succession process which will enable The Valley Trust not only to appoint a new director, but also to explore the concept of leadership and what it means for our organization and its structure. Thus the development of The Valley Trust during the first few years of the next decade will take place under the guidance of a new director, with all the fresh dynamics which such a change implies.

The second aspect that we need to consider is that The Valley Trust has initiated a practice development programme. This process emerged partly from our strategic planning towards the end of 2004, and partly out of the organizational "Development Dialogue" process with which we have been engaged for the past few years. This dialogue process attempted to clarify what we all understand by "development" and especially "people centred development", and what our practice might look like if we agreed on and implemented a common development practice.

Closely linked to our practice development programme is the third aspect, the changes which we made to our guiding statements during our 2004 strategic planning. In summary, we slightly modified our vision and, significantly, introduced an intention, which states that The Valley Trust "creates processes that enable people to realize their own potential". Why is this so significant? During our first practice development workshop, we were introduced to the idea of three different kinds of organization: those which offer a product; those which offer a service; and the professional organization, which offers a unique response to a unique situation. We agreed that, due to the way in which The Valley Trust has evolved, we are presently a mixture of all three types, with an emphasis on the first two (product and service). However, there seemed to be agreement that we would like to develop ourselves primarily as a professional organization, with supporting dimensions of service and product. The path that this process might follow will be explored over the next year.

And then there are our transformation statements and our strategic priorities. At our 2004 strategic planning we agreed that our four transformation statements are still a valid and helpful guide for what we are setting out to do; the only change that we introduced was to the third statement, where we indicated our desire to influence not only the way in which different sectors collaborate, but also to influence the systems that impact on people's health. We did this in recognition of the fact that our work needs to engage both individuals and systems if it is to have the desired impact. With regard to the nine strategic "intentions" which we established four years ago and which we reviewed at our 2004 strategic planning, we agreed that only one should be dropped, the one referring to the need for "guidance by an effective Management Committee in the formulation of policy" - it was recognized that our present Management Committee (now the Board of Trustees) has taken ownership of this and is actively addressing these issues through its review of TVT's governance structure and processes. In addition, we changed the term "strategic intentions" to "strategic priorities" to avoid confusion with our new organizational intention referred to earlier.

So given the context described above, and the guiding statements which we have in place, what are the issues and challenges which are likely to confront us over the next decade? One way to approach this question is to think at the global, regional and local levels. At all three levels, the issue of poverty is likely to strongly influence our work. We have previously noted the reality of poverty as part of our organizational "world views", but now realize that we will have to take this reality into our work in a new way. We have, in the past, attempted to alleviate poverty at the local level through the coordination of labour intensive job creation projects, and while these undoubtedly had a positive effect in the short term, they had limited long term value for local communities and probably had little or no impact on the bigger systems which tend to influence the nature and dimensions of poverty. We also note the difference between "poverty alleviation" which, as just noted, tends to imply short term interventions, and "poverty eradication", which seems to require longer term systemic interventions. Given our stated desire to engage at systemic levels, it seems

that one possibility would be for the work of The Valley Trust to move more towards lobbying, advocacy, and community mobilization and organization, and with this for us to strengthen our focus on building capacity for community leadership. We are also aware that the issue of poverty eradication is currently playing out on the global stage, with various initiatives to bring about debt relief and encourage support for initiatives such as NEPAD.

Obviously, The Valley Trust is one of many organizations concerned about the question of poverty and development, and this brings us to the challenge of partnerships and other forms of collaboration. We have been actively exploring the possibility of partnerships over the past few years, through initiatives such as the Natal Institute for Community Health Education (NICHE); the Community, Higher Education and Service Partnership programme (CHESP); the Collaborative Group (with six other NGOs working in KwaZulu Natal); and an early childhood intervention programme known as Izingane Zethu. Valuable lessons have been learned from these programmes, foremost of which is that although the term "partnership" is used quite freely, the challenges of working together in a meaningful partnership are not to be taken lightly. And if this is true of partnerships at the local level, then how do we approach the challenges of working collaboratively in strategic partnerships at the regional and international level? Who do we align with, and what criteria should guide us in these decisions? Although our international linkages have in the past tended to be with Northern donors, we will need to consider the implications of linkages within Africa, and with other Southern organizations engaged in similar work to ours. Such considerations will also require us to give careful thought to ways in which we develop and maintain a presence in areas geographically removed from our traditional areas of engagement.

Another aspect to alignment is our stated desire to align the work of The Valley Trust with national priorities. However, we will need to be conscious of the dangers implicit in this: firstly, the possibility of becoming a "service delivery agent" for government programmes when our intention is to become more professional; secondly, the temptation to align to such a wide range of national priorities that we lose focus and in so doing become ineffective; and thirdly, to

become too close to government and in the process lose our independence. One of the highest national priorities at present is that of HIV and AIDS, and we will need to critically examine our work in this area and find ways of achieving greater impact.

What will this require of us as an organization? One thing it will require is for us to strengthen our ability to work in a more integrated way. This challenge is becoming more urgent as we change from offering discrete "products and services" to offering unique responses to unique situations. Such unique responses are unlikely to be simple, linear responses which can be neatly captured within the confines of a logical framework; rather, the responses which we offer are likely to be complex interventions into complex systems and as such will require us to break down disciplinary and departmental boundaries in favour of more integrated approaches to our work. This will require us to think and act far more creatively, and be willing to explore and shift our own paradigms. A professional organization will require professional staff, who are willing to constantly work on both their personal and professional development.

Another imperative is that of documenting and disseminating the results of our work. We have frequently stated our desire to learn more consciously as an organization, and reflecting on our work and writing about it for publication and presentation will become increasingly important. Closely linked to this is to think about our role in the generation of knowledge. While the role of generating knowledge has traditionally been that of institutions of higher learning, it is becoming increasingly apparent that a great deal of "useful knowledge" is located within the NGO sector. However, the "bias for action" in NGOs often means that such knowledge is not documented or shared, and as such remains underutilized.

This brief overview of some of the issues which we expect to challenge us over the next ten years is by no means exhaustive. It is rather a preliminary venture based on our strategic planning and on our emerging organizational context. Much will depend on the quality of our leadership, at all levels of the organization. Much will also depend on our ability to sustain ourselves, and here we do not refer only to financial sustainability. We realize that it is easy to

become complacent and rest on past successes; however, the key to our
sustainability will perhaps be to balance our ability to celebrate our successes
while at the same time looking to the future, asking ourselves what it is that the
future requires of us, and creatively exploring ways in which we can rise to the
challenges."

4.2 Soft Systems Methodology (SSM)

The phases of the process are depicted on page 35 and will subsequently be
explored in the context of the current situation at The Valley Trust.

4.2.1 Soft System Methodology, Phase One

Observe/enter an ill-defined problem situation

Sidney Luckett (2004: 17) says *"We talk about 'problem situations', rather than*
'problems' because there is in a given situation usually more than one problem and
these problems are usually interlinked. There may also be no more than a vague
sense of unease. A conventional process of inquiry is analytic, i.e., to break down a
problematic situation into constituent parts and then examine the properties of
each of these parts. Such a process would identify the 'problem' or 'problems'.
This is precisely what you do not want to do in SSM. Why? Firstly SSM is a useful
intervention methodology for a complex mess of problems that are interrelated
with one another. This complex problem situation is not easily understood at the
beginning of the inquiry and if one decided the problem at the beginning of the
inquiry process then one has not spent enough time on the diverging phase of the
Learning Cycle. Secondly, various people involved in the situation will view that
situation differently and these differences of perception contribute to the
complexity of the situation. To look for the problem implies that all people in the
situation see the situation in the same way."

"Observe/enter an ill-defined problem" situation is shown in the diagram on page
35. The latter part of 4.2.1 above is relevant, assisting me in phases one and two,
the 'finding out' activities conducted in the real world.

A SYSTEMS MAP of THE VALLEY TRUST
2005
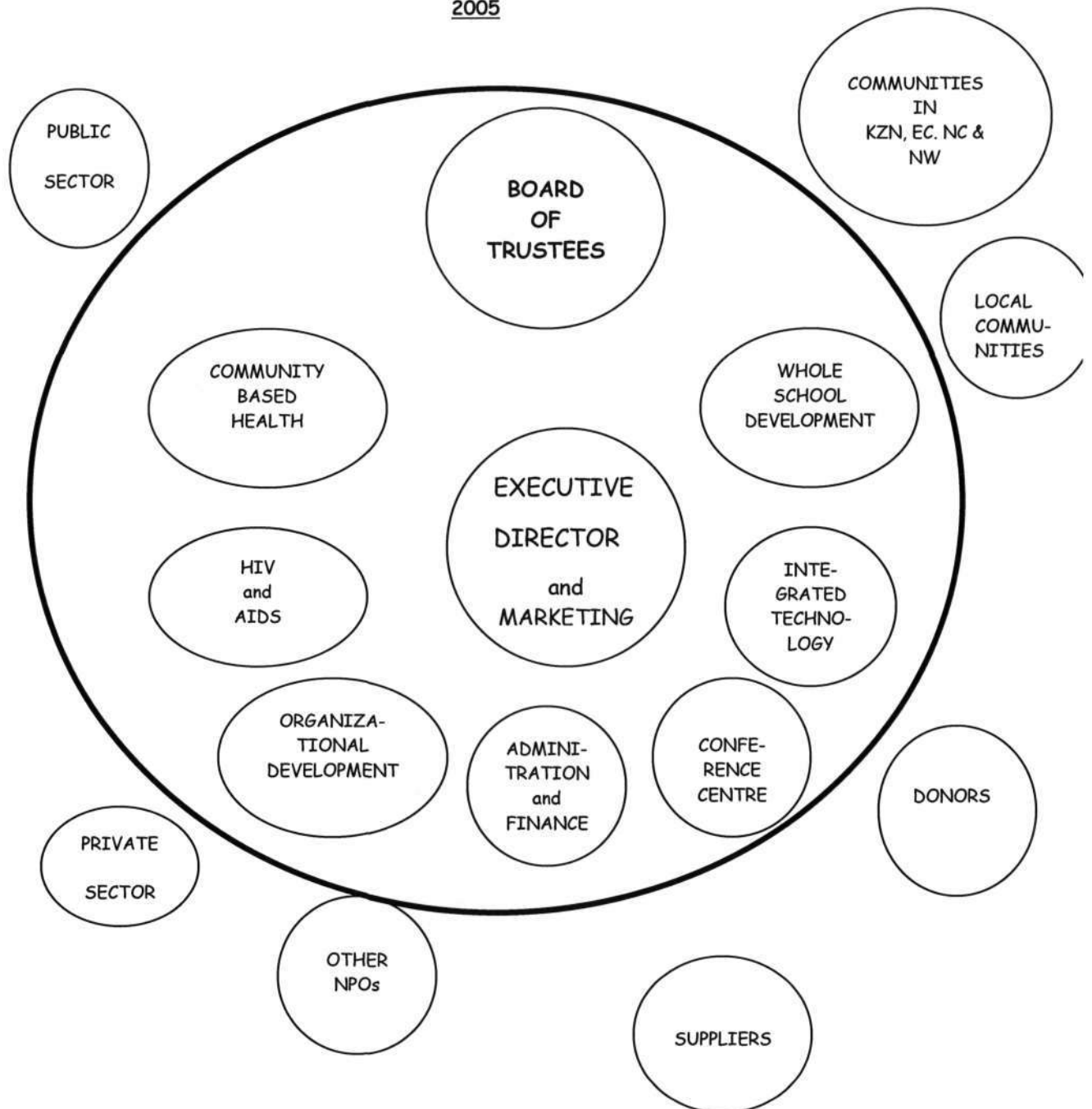
Luckett (2004: 17) says there are four common approaches used as frameworks
for 'finding out':

- *The structure/process/climate approach*
- *The three analyses*
- *A Stakeholder analysis*
- *Sustainable Livelihoods Analysis*

I have chosen the 'three analyses' approach which Luckett, Ngubane and Memela
(2001: 525) describe based on Checkland's work:

Analysis One takes aspects of the intervention itself as its subject matter. It clarifies who the "client" is, who commissioned the intervention; who the "situation improving facilitator"[6] is. During this analysis the facilitator also attempts to find out who all the "stakeholders" are, i.e. the people/organisations who have an interest in, or who are likely to be affected by the situation.

Analysis Two inquires into the social milieu of the problematic situation in an attempt to identify the social roles and the norms of behaviour that are expected in these roles. In order to do this it has to attempt to uncover a wider value system or the pervading "ethos" of the situation. The information obtained through this analysis provides a framework for the cultural feasibility of any situation improving systems which are later developed.

Analysis Three attempts to uncover the power relationships in the situation i.e. how power is manifested, spread, used, obtained, delegated etc. This involves inquiring into the formal structures of power as well as the informal (and often charismatic) leadership that is accepted as given. This analysis alerts the facilitator to power issues that need to be taken cognizance of during the latter phases of the SSM process"

4.2.1.1   The Three Analyses

Applying the three analyses to my own 'ill defined problem situation', focussing on The Valley Trust, my 'vague sense of unease or concern' relates to this organisation and its future in rapidly changing times, both internally and externally, to its leadership and sustainability which, from my perspective, go hand in hand, to the strategic partnerships required to realise the vision as described on page 2.

i.   The Intervention Analysis

Firstly, the analysis requires *client* be identified, i.e. the person(s) who caused the analysis/intervention to take place, (not to be confused with the customers/beneficiaries of the systems models developed in the course of the analysis). The concerned client I believe to be the group comprised of the governing body and senior staff who attend the organisation's annual strategic

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[6] Check land uses the term "would-be problem solver" (Checkland 1981 pp 237-240) but in keeping with the facilitatory rather than the problem-solving nature of soft systems interventions, the terms "situation solving facilitator" seems preferable

planning sessions. Also to be identified is the person or persons taking the situation improving facilitator role, (*problem solver*) as Luckett (2004: 18) says "*in many case this may be the analyst, but may also include others, including the client*". From my perspective this too is the client group, although as researcher of the problem situation I have a specific role in the use of SSM in the situation. Lastly it is necessary to identify the *problem owners*, who are the people who will be affected by the changes in the situation. I believe this is the client group outlined above but, more significantly, those affected will be the communities and partners with whom the organisation works.

ii.   The Social/Cultural Analysis

Referring to culture, Luckett (2004: 18) quotes Checkland and Scholes' (1990: 49) assumption that culture is "*a continuing interaction between three elements: roles, norms, values...By a role is meant a social position recognised as significant by people in the problem situation. Such a role may be institutionally defined (captain, teacher, shop steward) or may be defined behaviourally (jester, solid citizen). A role is characterised by expected behaviours or norms. Finally, actual performance in the role will be judged according to local standards.*"

In looking at the current situation at The Valley Trust, part of my feeling of unease stems from my perception that there is a complexity and degree of confusion between the given and the actual roles played within the organisation, and inconsistencies seem, to me, to be apparent in the interaction with partners stemming from a lack of integration within the organisation, and externally, the differences in organisational cultures. This is a shared concern which is being reviewed as part of the current Practice Development process.

iii.   The Political Analysis

Again quoting Luckett (2004: 19) "*Politics here is understood as the process by which decisions are made when there is a conflict between different people or interest groups. These decisions will ultimately depend on the power relationships in the situation.*"

From my point of view, the power and consequentially the decision making, undoubtedly rests with the Executive Director of the organisation. This contributes to my sense of unease, not in the current time frame, but in terms of

the unknown future. A rider to this view is that, at the current time, there is criticism to the effect that decisions are not being made and a sense of frustration has been expressed recently at the organisation's second practice development workshop (July 2005), which again adds complexity to the problem situation under review.

Using the above analyses, it is now possible to progress to phase two of the SSM process.

4.2.2   Soft Systems Methodology, Phase Two
Express the problem situation (rich picturing)

Rich pictures: (see attached: Appendix 1)

I have decided to focus on four particular aspects of governance (fairness, accountability, transparency and responsibility) as these pertain to The Valley Trust, drawing from the items given in King Report 2002 and shown on page 12 and repeated here for ease of reference:

Primary Characteristics of Governance

Discipline: Commitment to behaviour that is universally recognised and accepted as correct and proper;

Transparency: Information is made available in a candid, accurate and timely manner;

Independence: Avoidance of conflicts of interest. The decisions made, and the internal processes established, should be objective and not allow for undue influence;

Accountability: Mechanisms must exist that allow the means to query decisions and actions;

Responsibility: This pertains to behaviour that allows corrective action and penalising mismanagement;

Fairness: The systems in the organisation must be balanced, taking into account all those who have an interest in the company and its future;

Social Responsibility: A well-managed organisation will be aware of, and respond to, social issues, placing a high priority on ethical standards, and will be seen to

be non-discriminatory, non-exploitive, and responsible with regard to environmental and human rights issues.

Sidney Luckett (2002: 14) explains, "Rich Pictures are an attempt to give a pictorial representation of a problem situation." "Through a process of inquiry, usually through semi-structured interviews and interest groups, the systems practitioner is able to draw a rich picture. This is a symbolic picture which depicts the key actors (and other elements) and the relationships between them. The picture also attempts to capture attitudes and values. On the basis of discussions (with stakeholders) around the picture, problems are isolated and articulated. Steps One and Two are real world activities in the sense that work is done with stakeholders. The interviewing is around immediate contextual concerns. The rich-picturing attempts to depict relationships as they exist in the world, which the practitioner is trying to understand."

Explanation of attached Rich Pictures   *(Appendix 1)*

Prior to the drawing of these, I had interaction with a variety of stakeholders to inform the process. In the rich pictures the different roles players are depicted i.e.:

a) Partners, who may be members of communities, and other organisations with whom The Valley Trust works (these may be other non-profits or in some instances government departments). For the purpose of this exercise, the term 'partners' is understood also to include donors.

I have benefited from interaction with the following:

- The Country Director of an international locally based NGO, a former colleague at The Valley Trust who also has insight as a community member.

- The Chief Executive Officer of an associate NGO, in a network that works to find solutions to challenges facing children affected by the HIV and Aids pandemic.

- A long standing associate of our organisation, who is the Director and a Trustee of an organisation working in early childhood education that

partners with The Valley Trust in a joint programme that involves three NPOs.

- Members of staff in the KwaZulu-Natal Department of Health, with whom The Valley Trust is currently contracted, to train and pay 2,500 Community Health Workers.

- An accountant from an agency, tasked by one of the organization's international donors to monitor the performance of their beneficiaries.

b) Board of Trustees

During this process a new Trust Deed was compiled and accepted which meant that the previous Management Committee of 25 members was to be replaced by a Board of Trustees. The current Trustees are all members of the previous MANCO. An extract of the proceedings of the meeting of MANCO and the Management team at The Valley Trust, facilitated by an external facilitator, to address planning the way forward in respect of succession planning in March 2005 records the progress in the process as follows:

NEW BOARD OF TRUSTEES

They hold the fiduciary responsibilities of the Trust
The authority to decide on the new Trustees lies with the existing Trustees
As the Board is the highest organizational structure, it will maintain itself by means of nominations by existing Trustees. If a Trustee resigns (s)he will provide three (?) nominations for the appointment of a new Trustee.
What sort of people?
Continuity should be maintained: it is particularly important at a time of leadership succession to ensure that Trustees are well informed

CRITERIA FOR SELECTION OF TRUSTEES

SPREAD.	TVT	DIVERSE INTERESTS & EXPERTISE

• Race
• Gender
• Sector (but not the most important issue)
	• Forward vision of TVT
	• Independent thinker
	• Well known well connected
	• Passion
	• Ethos
	• The power to hold the whole
	• Practical Requirements -
	   - Have read documents
	   - Available to attend the whole meeting
		1. Financial
		2. Legal
		3. Community development
		4. Health
		5. Education
		6. Research
		7. Education
		8. Community leadership
		9. Business
		10. Government - understanding /experience
		
		NOTE: Not the most important - advisory group can fill gaps. Expertise rests in staff

PROPOSED NEW TRUSTEES

The Executive Director proposed that the four existing Trustees and the MANCO members attending the workshop, together with the Deputy Chairperson, should be considered for selection to the new board. After the resignation of the Trustee who had expressed his intention of doing so, this would bring the new board to 10.

After discussion there was unanimous agreement by those present that it would facilitate the process by providing an anchor in the challenges of succession planning. Several members said that they would prefer to serve in a technical, advisory capacity after the resolution of the immediate challenges

PROPOSED   Mike Hodkinson (Trustee)
SECONDED   Michael Mthiyane (Trustee)

It was agreed that it is a time to bring staff and Trust together and that TVT staff must take ownership of their Trust. The Trust must prepare themselves to appoint high profile people to take over from the following designate Trustees, whose appointment for 2 years will be ratified at the AGM:

1. Victor Nzimande
2. Mike Hodkinson
3. Michael Mthiyane (wishes to resign on completion of this process)
4. Andrew Ewing (wishes to resign)
5. Jane Kvalsvig
6. Bongani Khumalo
7. Lucky Ndlovu
8. Rauri Alcock
9. Sello Mokoena
10. Janine Hicks
11. Steffen Wiese- not eligible not SA citizen

PROPOSED NEW ADVISORY COMMITTEE
As the Trustees must be high profile people well known for their influence, it was agreed that there should be a second structure with diverse expertise to act in an advisory capacity to the organization. The relationships of this structure to the Board and to the staff were not discussed.

NEW STAFF STRUCTURE
QUESTION: The Executive Director, looking at the complex profile above, asked if this is too much responsibility for an incoming EXECUTIVE DIRECTOR. Is there need for an interface between EXECUTIVE DIRECTOR and managers?

Fears of too much flexibility too early were expressed. When asked whether he had experienced the extent and complexity of the work as a challenge, the Executive Director acknowledged that there is evidence to support this. The executive director needs to be away a lot, leaving a gap in the day to day leadership.
It was agreed that the issue should be discussed at the Managers' Meeting and that they should look at the tri-partite leadership structure below before finalising profiles.

A possible structure

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┌─────────────────────────────────────────────┐
│          MANAGERS' COMMITTEE                  │
│  ┌──────────────┐      ┌──────────────┐      │
│  │ Operational  │      │ Operational  │      │
│  │ entity of TVT│      │ entity of TVT│      │
│  └──────────────┘      └──────────────┘      │
└────( Deputy ? )──────────( Deputy? )──────────┘
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┌────────────────────────────────┐
│      ADVISORY STRUCTURE          │        ( EXECUTIVE
│   Diverse technical interests    │          DIRECTOR )
│ Relationship to other TVT        │
│   structures to be clarified     │
└────────────────────────────────┘
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┌──────────────────────────────────────────────────────┐
│                 BOARD OF TRUSTEES                      │
│  Chairperson, Deputy, Honorary treasurer and seven     │
│                     Trustees                           │
└──────────────────────────────────────────────────────┘
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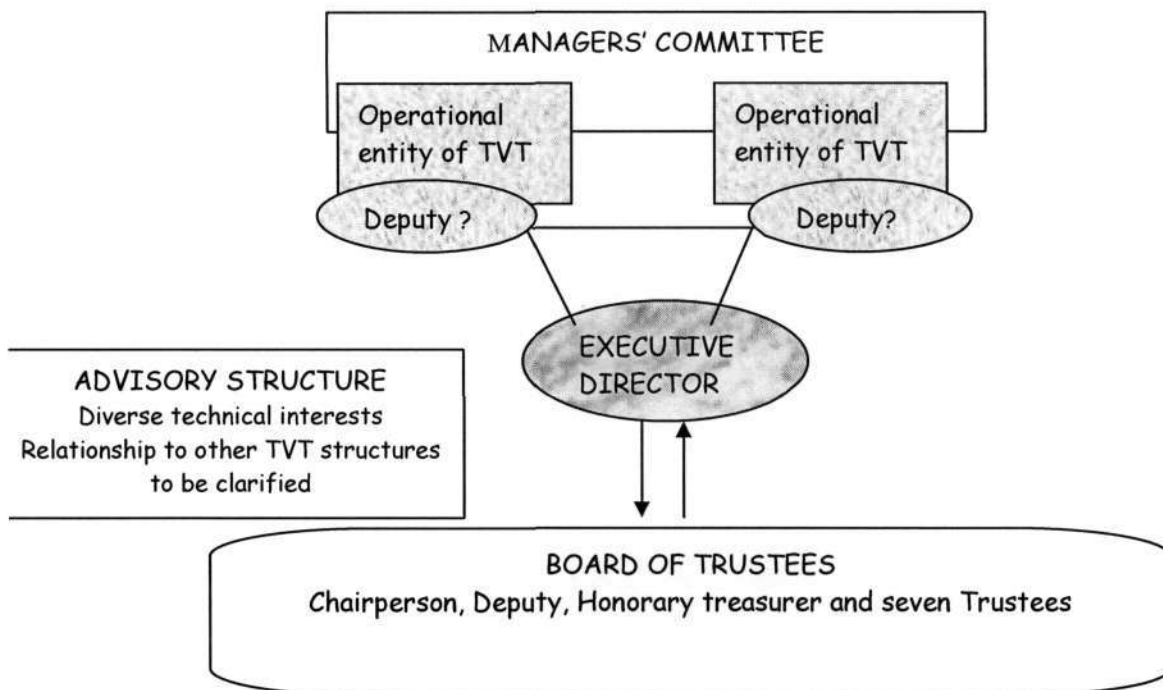
A variety of members of the Board of Trustees participated actively, and informed the process of my research.

c) Staff:

Input was received from a variety of colleagues, notably from fellow managers, and the Executive Director, with some input from support and field staff.

d) Consultants:

In the initial phase of the revised governance process, the then MANCO commissioned PricewaterhouseCoopers to consult and subsequently compile a document, resulting in the final report issued March 2004 entitled "*The Valley Trust: Review of Governance Structure and Practices*". Their staff provided useful insight as the foundation of the transformation, as well as directing me to material that has been valuable and relevant to both the process and to my studies.

i. Fairness

The systems in the organisation must be balanced, taking into account all those who have an interest in the organisation and its future:

Different perspectives make this a complex aspect of governance, and relates to effectiveness and the wise and optimal use of resources, both human and physical, in terms of sustainability and good stewardship, which I believe goes hand in hand with structure.

In my first application of SSM I had the pleasure of facilitating a Valley Trust Managers Organisational Development meeting in April 2003 and the two groups present then identified the following priorities regarding systems, and areas of priority in the way forward:

Group 1:

"A system which facilitates improved communication and working together:

- ➢ Individuals to change their paradigms
- ➢ Try to put thoughts into action
- ➢ Practice community entry through appropriate stakeholders
- ➢ Have a good understanding of your CAT WOE
- ➢ Work through partnerships with other organizations"

Group 2:

"A system which emphasizes quality over quantity and which brings managers together in a meaningful and supportive way to integrate and reflect on our work"

A choice was then made to discuss the issues arising from the systemic definitions in preference to continuing the SSM process for the moment. Listed below are the items for discussion with relevant comments, with the initials in the third column of the table below signifying which managers would take the process forward:

WHAT	COMMENT	WHO
Team Building for Managers	There was 'buy in' from all participants that this would be a worthwhile exercise – agreement on the 'what', some concerns were given in terms of the 'how' (no abseiling please)	BV/CB
Supportive way of working together	Mutual respect in terms of different points of view, the building of trust – it was agreed that this relates to team building	ALL
Personal Development	The understanding that relates to the personal growth of individuals in their work environment, with the Covey principles being one of the tools in this process	
Competent staff	One of our strategic intents – in process at the present time, with Peter Russell and our guest from Holland addressing HR issues	KW
Quality v Quantity	There were different points of view expressed: 'Pockets of excellence and influence' v a balancing of Q/Q. It was agreed: **Quality** is a priority for all of us, but is not always evident **Quantity** is a variable, and needs a balanced approach. The former should not be sacrificed to the latter	CB/KW ALL ALL
Communication	It was agreed that this is often an euphuism for gripes and should be dealt with directly with the relevant players It was further agreed that all staff should be proactive in both gathering and sharing relevant information with colleagues	 ALL ALL
Reflection v Action	Reflection relates to monitoring and evaluation, and is greatly enhanced by writing. Action relates to the cycle given below	 ALL ALL

"KOLBIAN" LEARNING CYCLE
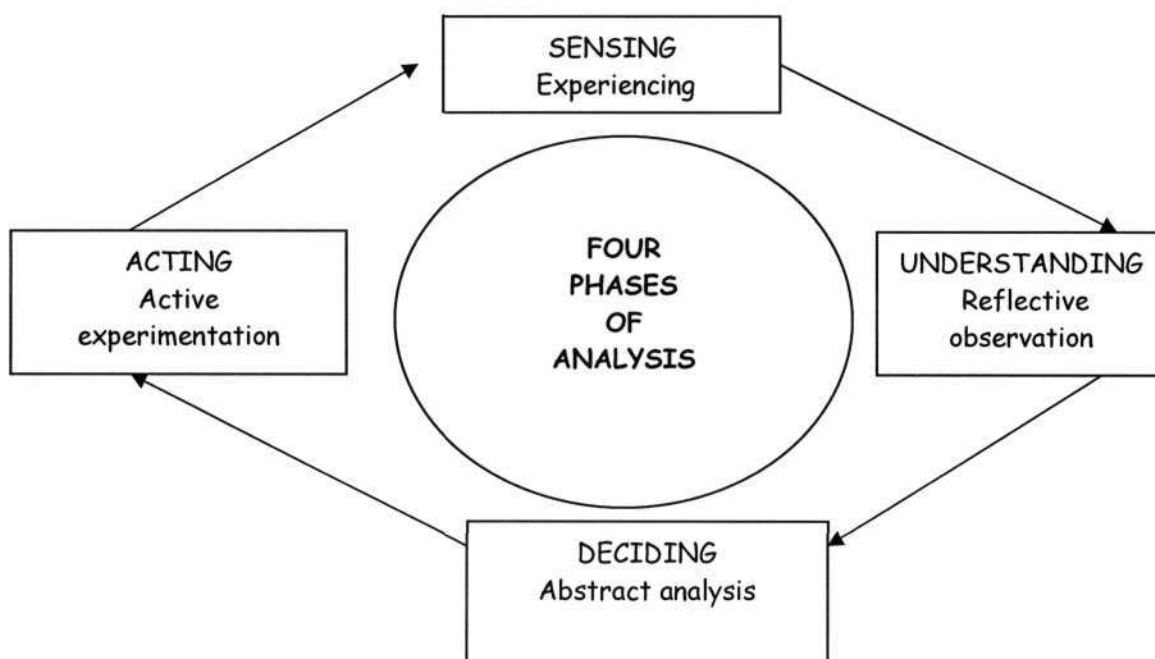
The above diagram is based on the *'Kolbian'* learning cycle. Luckett (2004: 5) explains *"Building on Dewey, Lewin, Piget and Freire, Kolb (1984) summarizes his understanding of experiential learning and knowledge in the following six propositions:*

a) *Learning is best conceived as a process, and not in terms of outcomes*

b) *Learning is a continuous process, grounded in experience*

c) *The process of learning requires the resolution of conflicts between dialectically opposed modes of adaptation to the world*

d) *Learning is a holistic process of adaptation to the world*

e) *Learning involves transactions between the person and the environment*

f) *Learning is the process of creating knowledge*

Kolb did not set out to develop a learning cycle, instead he focuses his attention on learning styles and on a structural theoretical foundation for these learning styles. However, education theorists such as Boud et. Al. (1985) and Gibbs (1988) developed the 'Kolbian' learning cycle based on Kolb (1976, 1984)".

A perspective provided by a fellow manager, in response to a request from me to comment in February 2005, highlights concerns relating to structure and systems in the organisation:

"Dear Liz,

At the Managers' Meeting last week, you asked for comments on the suggestions for our new governance structure, with special reference to the Trustees.

It seems to me that the process so far has been to focus on the "parts" of The Valley Trust, and allocate (more or less) one Trustee position per part (I say "more or less" because there are eight departments and ten available Trustee positions; also, there are some curious gaps, e.g. nutrition, land use). However, I would like to suggest a different starting point, based on a consideration of what the future may be asking of The Valley Trust.

If we look to one theory of organization development, The Valley Trust has passed through two of the traditional three stages of development: an early "pioneer phase" during which the organization established itself around the Founder; and a later "differentiation phase", during which the organization

expanded and required the formality and structure of a more-or-less conventional hierarchy; in addition, we structured according to discrete "areas" of work, or "disciplines" – and in spite of several restructurings with the associated merges and spilts, our departments have remained largely unchanged: health; agriculture; education, etc. However, in my view, we are now moving into what is called the "integration phase", a period where we are trying to work in a more integrated (or even holistic) manner – the two mean different things, and it may be important to discuss the difference at some point. At our strategic planning last year, we even touched briefly on the possibility of a new structure, but this change was (to my disappointment), considered unnecessary. Essentially, what we have at The Valley Trust is a reductionistic structure which we will have to try to integrate, in order to fulfil our new intention. As one colleague has put it, "It's difficult to act holistically when we have a reductionistic approach and structure".

Our structure is something we may just have to live and work with, but we now have the opportunity to be creative about the formation of our Trustee Body. There can be no doubt that the parts and the whole of anything exist simultaneously, but we can choose to work with them in very different ways: we can focus on the parts, make selections, and hope that, when we put them all together, it makes an authentic whole. Very often, it doesn't – we end up with what Henri Bortoft calls "counterfeit wholes". Or, we can start with the whole, and ask what we require to ensure a Trustee Body that first and foremost serves the organization AS A WHOLE. In my view, this might give us a very different picture. Here we would not be looking for Trustees from the health sector, or the education sector, or whatever, but rather Trustees whose commitment is to The Valley Trust, its integrity and sustainability as an organization. It may be argued that we want both, and that may be valid, but I am suggesting that it may be preferable to first consider "non-disciplinary" criteria such as integrity, genuine commitment to the organization, willingness to actively promote the organization as a whole, willingness to seek funding, etc. Thus we may find Trustees from the "religious" sector, or the donor community, or with extensive experience in the NGO sector. I think that such an approach

will produce a Board with a more authentic wholeness and organizational commitment than a Board created by focussing on the parts.

I would also argue that disciplinary expertise should lie first and foremost with the staff. I suggest that it is up to them to establish links with mentors or advisors in any relevant field, rather than for us to have particular disciplines represented on our Board (with the obvious exception of financial skills). And anyway, do we really see the future Valley Trust "separating" health from community development, education from community leadership, and research from everything else? It doesn't make sense to me....

I'd be happy to elaborate on any aspect of these comments."

Responding, one of our Board members replied:

" Thanks for the comments. I think that we have all taken the integrity requirement as read. We don't want to over-intellectualise the process. We do want people with useful understanding of some of the activities undertaken by the Valley Trust - this is not a reductionist approach, simply a practical measure to get different perspectives."

One of our Trustees who is also the Honorary Treasurer (and a pillar of strength to both the organisation and to me personally over the years) responded to the above with a slightly different perspective:

"Thank you for forwarding (the above) comments and response. I understand the direction (that the former) is coming from and am largely in agreement; however as frequently pointed out the attempt to find Trustees with specific interest or expertise relating to our various "parts" is not an attempt to be exclusive in our selection or see the organisation as anything but a whole."

Another member of the Board gave his views, and includes the possibility of the Advisory body that was recommended in the PricewaterhouseCoopers report:

"I have read with interest the proposal. I do agree with some but I think we need to differentiate between the constitution of a policy making body and an

executive body of the organisation. The Board should be constituted with people who (as it has been correctly stated) have commitment to the mission and vision of the organisation and who are capable of upholding, formulating and translating policies for the execution by the relevant bodies within the organisation. It is therefore not necessary that these should represent specific sectors that the organisation is divided into.

Issues of representation of divisions within the organisation can be looked into if we have an Executive/Advisory body below the Board, that will take up issues of policy and put them into practice, meet more regularly with management and the CEO. It is at this level where I think (your fellow manager) proposes to see the initiative of management to get in touch with mentors and such.

We must first look at what we want before we decide who we would be glad to see on the structures. We will inevitably have to part with some of the existing people that we have got used to if we are fair to TVT."

At staff level a colleague had the following view relating to the relevant systems when asked to comment:

"Governance comprises of the process and systems by which an organisation or society operates and are used to safeguard and grow assets (by ensuring that conditions apply whereby the organisation's director and managers act in the interest of the firm and its shareholders and even of its workers). For an example good governance helps to strengthen democracy and human rights, promote economic prosperity and social cohesion, reduce poverty and deepen confidence in government and the public."

Vested interests can play a major role and the decision making process in this regard at times requires the Wisdom of Solomon, a role filled at the present time by our Executive Director. From my perspective this is an area of risk; the current incumbent is wise and fair, but the future is uncertain. Comment from the present Executive Director on this aspect is that fairness means being consistent and acting in a way that people understand, both when action is within the norms, and in times of exception, why the exceptions need to be made.

A comment made at a recent Managers' meeting was that, although we have a new Trust Deed and Trustees, it does not feel as though anything has changed. Possibly this relates to my second area of concern.

ii. Accountability

Mechanisms must exist that allow the means to query decisions and actions:

Different views were given by leaders in other NPOs:

A former colleague who is now Country Director of an associate NPO gave me her perspective on this relating to her own organisation:

"According to our constitution I am accountable to the Board of Directors......While it makes one to feel good about accountable to local people, my experience has been it is of vital importance to get good people in your board, people who are there because of their interest and are passionate about development."

The web site of CANSA (www.cansa.co.za) has is a model of good governance on paper, but recent media reports in the KZN newspapers indicate that above comment about the involvement of 'good people' is crucial to the success of any governance initiative. This view has also been shared with me by the previous Chairman and Trustee of The Valley Trust, who says that *"any system of governance is only as good as the people who implement it"*.

The CEO of another associate NPO has the following comment in relation to her organisation " *There is no specific statement about accountability to members in our constitution though. However it is the general ethos of the organisation. For example a full statement of expenditure is presented at the A.G.M. to the Members"*

In a conversation I had with a Board member who brings much wisdom from his academic and community based background, he commented: " *To whom we are accountable makes a difference".* Working in the Community Development arena, he said that key players are other NPOs, funders and government. He said that,

"in general, there are good policies on paper but that lack of skills hampers implementation". He commented that *"a closer link between the Chairman and the Executive Director would strengthen the organisation".*

Another Trustee expressed the view that the role of the Board needs to be reviewed and that which has been set out in the revised Trust Deed, now needs to be implemented.

In discussing 'governance' with a fellow manager, I found that her perspective was enlightening, and different, particularly with reference to the process of thinking through issues in her own language. (How can I query what I do not fully understand?) I believe her comments are relevant in terms of accountability as language, and understanding, impact on this aspect:

*"Thanks for the suggestion to think in Sesotho because the confusion I had earlier about the two terms (governance and leadership) just disappeared when I assumed my Sharpeville residence. Because you see Governance in Sesotho is called **Bolaudi** simplified, it means to rule. On the other hand Leadership means, **Boetapele** the institution of those who show the way from the front. The difference between these two being that, although the ones in front might have certain advantages of sight and vision(both positive and negative) like in war for instance, they are the ones that are at risk of taking the first bullets. Associated with boetapele is the sense of caring as the "Sesotho saying goes mma ngwana o tshwara thipa ka bohaleng." So in a way Boetapele has this sacrificial/serving, protective and inspirational connotation attached to it, whereas bolaudi has this aloofness, authoritativeness, political, power exertion, legislative, as well as punitive connotation attached to it.*

So what do I think of governance straight from my head and not from any politically correct or even the academic definition I think it is an institution that exits to make my life difficult, to serve somebody else's interest at my expense instead of creating an enabling and nurturing environment to work, co-exist, form partnerships, respect for individual inherent worth and all those wonderful things we expect from our leaders.

All this because of the "name" not because of what it really means.

So this vernacular way of thinking made me gain insight into some of the tensions that we are dealing with currently between the educators and their governing bodies and what the department of education is talking about in terms of watering down the powers of SGB's.

This insight also made me appreciate what is in perceptions, and how strong these can be in our lives. In one of the reconnections in my last workshop, one lady was regretting her perceptions of me that had disempowered her from enjoying the full benefit of the course as it took her 2 days to shift her perceptions of me and start to understand and benefit from her period with us fully".

What I am saying is symbols are very powerful, even those that are created by words. As an organisation we need symbols that would enthuse us and not create obstacles to performance, co-operation and interaction. Maybe we can reflect our relationship and our governance structure? Is it what we would like it to be? What is it that promotes or obstructs interaction?"

It is apparent that 'accountability' may mean different things to different people. From my perspective it is also the review of performance, a type of 'return on investment' relating to a variety of resources including human and financial, and includes two way channels of communication, and is interconnected with other aspects of governance, including fairness as shown above. So relating to this is the performance appraisal system which is in place at The Valley Trust although it has not been happening on a regular basis, nor has there been any sure footedness on the part of the current Board in this respect. At the time of writing the Executive Director is due to have his first performance appraisal by the Board. He has been in place for thirteen years. The revised Trust Deed makes provision for Board evaluation which is still to be instituted.

Lines of communication with partners are variable, with donors and government having a fair voice, but this is not always apparent in terms of work done in and with communities.

The present Executive Director said he identified with the views given in Stephen Covey's " *The 8th Habit" (2004: 278)* with his perspective on accountability being " *The Industrial Age practices of "carrot-and-stick" motivation and "sandwich technique" performance appraisal are replaced by mutual accountability and open sharing of information against the top priority goals that everyone understands. Its almost like going into a soccer stadium where the score board displays information so that everyone in the entire arena knows exactly what is happening."* He added that " *we need to be accountable to our God, to ourselves and to others, and true to our own values and those of the organisation".*

iii. Transparency
Information is made available in a candid, accurate and timely manner:
The original PricewaterhouseCoopers report commented that this was not always up to speed, and a concerted effort has been made to provide information in the way defined above. However, some reporting tends to be variable, as is the timely distribution of information. Even when documents are distributed timeously it is often apparent that they have not been read prior to meetings. A sense of fiduciary duty is evident, with the Honorary Treasurer being an exemplary Trustee in terms of diligence and comprehension of issues of both a financial and non-financial nature, but there is room for improvement in both the presentation and comprehension of information provided. Although the recommendations are that Board members receive documents seventy two hours prior to a Board meeting to enable them to read documents prior to the meeting, this is currently a variable.

Donor reporting is crucial. The Valley Trust's standard is generally high; however, reporting is not always within the required time frame. In addition, writing on behalf of a donor, the following extract is given from a report that has been received from an agent of one of our donors, requiring greater detail:

Date: 4th August 2005 (revised on receipt of management letter)

Required Information			Remarks
●Project no			B-ZAF-0302-0003
●Project name			Social Plant Use Programme
●Name of organisation			The Valley Trust
●For the period from: 1 April 2004 to 31 March 2005			
●Name of Audit firm			Pricewaterhouse Coopers
●Is the deadline respected?	Yes	X	
	No		
●Is the period covered by the report clear?	Yes	X	
	No		
●Is the auditor accepted by BftW? (In case a list of approved audit firms exists in the country)	Yes	X	PWC is one of the largest international firms.
	No		
●Is this a consolidated audit?	Yes	X	
	No		
●Does the audit cover the same period as the financial report of the project?	Yes	X	
	No		
●Do figures in the audit report correspond to the figures in the financial report? (Balances included there in)	Yes		It is not possible to link the two reports, as has been previously pointed out by CMDS – the annual financial statements contain an unaudited schedule which summarises the income, expenditure and balances of the Integrated Technology Dept, of which an undisclosed part relates to the Social Plant Use programme.
	No	X	
●Is the audit report signed by the board of the partner organization and the auditor?	Yes	X	
	No		
●Is the analysis of the organisation and the internal controlling system done by the auditor? (Management letter)	Yes	X	
	No		
●Is the auditor's opinion without reservation? (If not, specify)	Yes	X	
	No		
●Has the board of the partner organisation commented on the management letter?	Yes	X	
	No		
●Were recommendations of the previous audits respected and improvements observed?	Yes	X	Points raised in the previous year's letter that affected systems were not raised again in the letter for the year to 31st March 2005.
	No		
●Is a balance sheet included? (Assets/liabilities)	Yes	X	
	No		
●Does the opening balance of the reporting period correspond to the closing balance of the preceding audit?	Yes	X	
	No		
●Are all the BftW transfers registered correctly?	Yes		The grant from BfdW is not shown in the audited financial statements
	No	X	
●Is the closing balance presented and confirmed? (Cash/bank balances)	Yes	X	
	No		

At present The Valley Trust has some thirty five major donors and a number of significant contracts with government departments. It is impossible to make one size fit all although the organisation is committed to continuous improvement.

The Valley Trust's Annual Report is a document that is well received. It does not however take include 'triple bottom' line reporting that includes social and environmental reporting as well as the relevant financial detail, and at the present time it does not align with the Global Reporting Initiative (utilised by some NPOs/NGOs) which is an excellent model of good governance reporting. It has been suggested that the inclusion of cost/benefit analysis would enhance the organisations accountability and transparency.

iv. Responsibility

This pertains to behaviour that allows corrective action and penalises mismanagement:

The Board has a key role here along with the Executive Director, and to a lesser degree, managers and supervisors in the organisation. The current situation, where the Executive Director is pivotal, is, from my perspective, an area of risk in terms of the future sustainability of the organisation. Corrective and disciplinary action is presently taken by the Executive Director and managers when necessary. In the decade 1980-1990 it was also effective at the executive level with the then Trustees governing as required. In the latter times it has been a different scenario and appropriate for the time. However, now in a time of transition, it is an area of risk, with the future leadership of the organisation being an unknown factor.

Although The Valley Trust has a variety of gender and race at management level, (five women, three men, five black, three white, plus the Executive Director), this is not known by all Trustees. Comment from one of our Board members is that " *There are three key areas of responsibility, the economic/financial, the internal investment in people, and the political aspect.*

While I see the first of these being well done at The Valley Trust, I have concerns about the second and third, particularly the latter. In a time of transformation in the country over the last decade, transformation at The Valley Trust has not been evident. While business and funders may like what they see, government departments find that the organisation is not politically correct." We have excellent black staff, but because they tend to be 'low

profile' their role is overlooked. He also spoke about the responsibility relating to succession planning, quoting "*the best entry strategy is an exit strategy*". He explained that, from his perspective "*succession planning should be addressed on an ongoing basis, not only at the time of the expected departure of a key role player*". He is concerned that the organisation has not been grooming someone from within to take over the leadership saying "*there is no one from the inside*". In our conversation I said my perspective was different, although there are a great many variables at the present time; however, succession planning within departments is variable, and is of concern to me.

Another Trustee commented that the lack of integration in the organisation is in his perception a weakness that could undermine future leadership.

A colleague who is a field worker working with disabled people in the community gave this response when I talked to him about responsibility and governance, and I quote an extract from an article for The Valley Trust internal newsletter that I was requested to contribute in July 2005: "So I said to my colleague who works in the community "*What is governance*"? He smiled his wonderful smile and said "*I'll come back to you later this morning*", and true to his word he did so. "*Governance*", he said, "*is the way people look after other people in respect of power and authority in the work situation*".

What too of the HIV and Aids pandemic that is cross cutting? Responsible decision making is required in terms of the adjustment of the risk profile of individuals, and of the organisation, as this scourge moves from being a death sentence to being a chronic disease. From my perspective this now needs an adjustment in strategy, by encouraging the use of anti-retroviral therapy and the courage to disclose, with empathetic support groups being formed, to enable people to function optimally.

4.2.3 Soft Systems Methodology, Phase Three

Generate Root Definitions of relevant systems (RDs)

Sidney Luckett (2004: 15) continues to explain the process *"In this phase the practitioner withdraws from the real world and generates root definitions (RDs) of systems which are relevant to the identified problems. The RD is, in essence, the description of a transformation process (T) which will improve the situation[6]. Usually a few RDs are developed around different perspectives on the purpose of a system. To be useful RDs must satisfy certain criteria"*.

Luckett continues (2004: 24 - 26) *"A useful way to think about the transformation process is to start with the undesired present situation and then to develop a vision for this situation. The transformation process is then the process which takes you from the present situation to the desired situation."*

"Through practical experience, Checkland found that the mnemonic, CATWOE, provided a useful way of checking if the root definition(s) were complete. The letters signify elements that should either be explicitly included or at the very least implied, in any well formulated RD:

C: Customers of the system

A: Actors in the system, i.e., the people who make the system work

T: The transformation

W: Worldview (Weltansschauung) or assumptions underlying the system; what assumptions are necessary for the desirability and existence of the system

O: Owners of the system, i.e., those people who in the designed system who have the key decision making authority. It is often useful to think of the 'owners' as those people who have the power to stop the system fulfilling its purpose

E: Environment of the system or more precisely, those elements over which the owners have no control but which impact on the system. Investigating the opportunities and threats through a SWOT analysis is a useful way of understanding the environment of a given system

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[6] This process is defined in such a way that a defined input is transformed into a (defined) out put. A word of caution: a common error is to confuse a system input with the resources needed to bring about the transformation. In the transformation process something is transformed into the same thing but a different quality.

From my perspective, it is a matter of identifying the gap between what "is" and my vision of what I would like the situation to be i.e. that The Valley Trust's governance would be enhanced, by the application of sound principles based on current thinking, to add additional value in achieving its vision and intention.

I like Luckett's modification of the above, which is to convert the "C" for Customers into "B" for Beneficiaries (or victims) of the system, although in the current development terminology the "C" would stand for Clients which equate with (disadvantaged) community people who are the "target market" (to borrow a term from commercial terminology). Luckett uses TO-A-WEB instead of CATWOE, which prioritises the sequence. As he says "*The T is central to the RD and therefore it is important to be absolutely clear about it. Therefore I find it useful to put the T (transformation) at the beginning of the mnemonic.*" He continues "*The next most important issue is the worldview, W, which makes the T meaningful*".

In 2001, at a workshop attended by the Executive Director and managers of The Valley Trust, our version of CAT WOE was agreed which is known as 'TWO ACES':

Transformation:	What is the organisation striving to transform?
Worldview:	What worldview provides context for our work?
Owners:	Who are the power brokers of our work?
Actors:	Who does the work, and how?
Community:	Who are the beneficiaries of our work?
Environment:	What will our working environment look like in the future?
Systemic nature:	What relationships form the systems of which we are a part?

The above is an extract from the The Valley Trust's TWO ACES workshop document (2001:5-9) and resulted in the foundation of our World Views as set out in the The Valley Trust's 2005 Annual Report and shown below:

Problem Statements

> *A poverty gap exists and poses a challenge to our work*

> *Existing resources for development are badly managed and under utilised*

Our role

> *To be champions of change*

Requisites

> *Working in a democratic society requires commitment to fairness, justice and accountability*

People

> *All people have potential*

> *All people have choices*

> *All people have equal rights*

> *Good health and sustainable development require positive interactions between people and their environments*

Methodology

> *Health promotion is preferable to a curative approach*

> *Desired results are best achieved through synergy*

Initially I find it necessary to provide a root definition for the transformation that the organisation as a whole defines in its mission:

A system owned by The Trustees of The Valley Trust and operated by the staff of The Valley Trust at national, provincial and local levels, to provide support to communities by strengthening their belief in themselves, in order to fulfil the vision of communities taking responsibility for their own health and quality of life in a democratic society, within the constraints of limited resources.

Customers:	Communities in Southern Africa
Actors:	The Valley Trust staff
Transformation:	Communities taking responsibility for their own health and quality of life in a democratic society

Worldview:	Optimal health and quality of life for all
Owners:	The Valley Trust Trustees
Environment:	Limited resources and the poverty gap

Based on the above it is now possible to provide root definitions for each of the aspects of governance depicted in the Rich Pictures:

i. Fairness

The systems in the organisation must be balanced, taking into account all those who have an interest in the organisation and its future:

A system owned by The Trustees of The Valley Trust and operated by the staff of The Valley Trust at national, provincial and local levels, to provide a balanced and fair distribution of human and physical resources with the end in mind being sustainability and good stewardship, in order to fulfil the vision of communities taking responsibility for their own health and quality of life in a democratic society, within the constraints of limited resources.

Customers:	Communities in Southern Africa
Actors:	The Valley Trust staff
Transformation:	Excellent stewardship and sustainability
Worldview:	Optimal health and quality of life for all
Owners:	The Valley Trust Trustees
Environment:	Limited resources

ii. Accountability

Mechanisms must exist that allow the means to query decisions and actions:

A system owned by The Trustees of The Valley Trust and operated by the staff of The Valley Trust, to transform limited accountability into full accountability to the benefit of partners in order to enable and enhance the effectiveness of the work within the constraints of limited awareness:

Customers:	Partners and clients
Actors:	Staff of The Valley Trust

Transformation:	Improved accountability
Worldview:	Accountability is prerequisite for effectiveness
Owners:	The Valley Trust Trustees
Environment:	Limited awareness

iii. <u>Transparency</u>

Information is made available in a candid, accurate and timely manner:

A system owned by The Trustees of The Valley Trust and operated by the staff of The Valley Trust, to transform transparency by improving communication so that there will be candid, accurate and timely information to partners, within the constraints limits in capacity.

Customers:	Partners and clients
Actors:	Staff of The Valley Trust
Transformation:	Enhanced information sharing
Worldview:	Enablement
Owners:	Trustees of The Valley Trust
Environment:	Limited capacity to deliver timeously

iv. <u>Responsibility</u>

This pertains to behaviour that allows corrective action and penalises mismanagement:

A system owned by the Trustees of The Valley Trust and operated by the staff of The Valley Trust to strengthen responsibility at The Valley Trust by means of monitoring and, if necessary, correcting performance of staff in order to have a more economical, efficient and effective organisation within the constraints of resistance to change.

Customers:	Partners and clients
Actors:	Staff of The Valley Trust
Transformation:	A well managed and effective organisation

Worldview:	Good governance
Owners:	Trustees of The Valley Trust
Environment:	Resistance to change

4.2.4 Soft System Methodology, Phase Four

Construct conceptual models

Checkland (1999: A21) provides the following relevant explanation: *"Purposeful activity models used in SSM are devices – intellectual devices – whose role is to help structure an exploration of a problem situation being addressed. It is not an easy thought to absorb for many people, since the normal connotation of the word 'model', in a culture drenched in scientific and technological thinking, is that it refers to some representation of some part of the world outside ourselves....But models in SSM are not like this. They do not purport to be representations of anything in the real situation. They are accounts of concepts of pure purposeful activity, based on declared worldviews, which can be used to stimulate cogent questions in debate about the real situation and the desirable changes to it."*

Luckett (2004: 28) comments that *"When modelling a system one of the most important things (sets of activities) to think about is the monitoring and adjustment[7] subsystem. Since a system has a goal or purpose, we should be able to know whether it is achieving this goal or purpose."*

So a set of activities needs to include:

- ❖ A definition of measures of performance of the system;
- ❖ Monitoring of the systems as a whole as well as individual activities of the system;
- ❖ Adjustment of the activities.

Regarding the choice of criteria to be used to measure the success of a system, Luckett quotes Checkland's proposal of three levels of performance:

- ❖ *Effectiveness – is the system achieving the overall (or long term) goal? Is it the right thing to be doing?*
- ❖ *Efficacy – do all the components work together as a whole to achieve the objectives? Is the system working (well)?*

❖ *Efficiency – is the system using the minimum amount of system resources necessary to achieve the system objectives?*

Checkland (1999: A25) extends the above, which he generated a decade earlier, by adding two more 'E's':

❖ *Ethicality – is this transformation morally correct?*

❖ *Elegance – is this an aesthetically pleasing transformation?*

Human Activity Systems (HAS) for each RD

Sidney Luckett says, "A model of a system defined by the RD is the minimum set of activities, together with the relationship between them, necessary to make the system work."

The arrows within the conceptual models shown on page 82 of this review are essentially logical dependencies and the consistent format is shown as ⟶

For the model to be coherent and to guarantee the achievement of the purpose defined by the RD, each of the activities needs to be monitored to determine if each activity is being done well. Thereafter, control action should be taken on any activity that falls short of desired performance. Thus a control subsystem is included in each HAS in order to achieve the defined purpose. Control in the models below is shown as
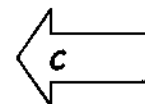
and Control Action is shown as

The construction of a Human Activity System commences with the selection of core activities that work towards the achievement of the root definition. Therefore the activities of each of the four HAS are listed below, followed by the depiction of each model.

Dialogue through action research has defined this process and the HAS diagrams are based on this process.

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[7] Usually known as a monitoring and control sub system in the literature but because of negative connotations associated with the word 'control', I prefer to use adjustment

i. **Fairness**

The following activities are identified and listed:

1. Assess the level of understanding of fairness of the staff of The Valley Trust.

2. Agree that there is a common understanding of the meaning of fairness.

3. Establish the extent to which assumptions impact on the process.

4. Determine the gap between assumptions and objectives.

5. Decide on steps in the process, (e.g. a series of workshops to strengthen understanding in terms of gaps identified) including monitoring and control of the process.

ii. **Accountability**

The following activities are identified and listed:

1. Assess the level of understanding of accountability of the staff of The Valley Trust.

2. Agree that there is a common understanding of the meaning of accountability.

3. Establish the extent to which assumptions impact on the process.

4. Determine the gap between assumptions and objectives.

5. Decide on steps in the process, (e.g. a series of meetings with staff and Trustees to grow a shared vision) including monitoring and control of the process.

iii. **Transparency**

The following activities are identified and listed:

1. Assess the level of understanding of transparency of The Valley Trust staff of the current and desired information sharing process.

2. Agree that there is a common understanding of transparency.

3. Establish the extent to which assumptions impact on the process.

4. Determine the gap between assumptions and objectives.

5. Decide on steps in the process, (e.g. a series of workshops to enhance common understanding and time management) including monitoring and control of the process.

iv. Responsibility

The following activities are identified and listed:

1. Assess the level of understanding of responsibility of The Valley Trust Trustees and staff of the current roles and responsibilities.

2. Agree that there is a common understanding of roles and responsibilities.

3. Establish the extent to which assumptions impact on the process.

4. Determine the gap between assumptions and objectives.

5. Decide on steps in the process, (e.g. change management workshops) including monitoring and control.

HUMAN ACTIVITY SYSTEM

Decide how to strengthen fairness at The Valley Trust

Take control to ensure strengthening of fairness occurs

C.A

C

Monitor the strengthening process

Strengthen fairness

Assess the achievement of fairness at The Valley Trust

Decide how to assess the achievement of fairness to meet the requirements of The Valley Trust's vision

Take control of process to ensure fairness is enhanced

C.A.

Define the requirements of fairness as defined by good governance

Determine the capability requirements of each activity

Activity info

Define Actors i.e. staff of TVT

Allocate activities to staff of TVT

Assess respective capabilities

Take control action to match capabilities to requirements

C.A.

C

Determine the constraints

Activity info

Assess the impact of each activity

Monitor the match of capabilities to requirements

Human Activity performance info

Decide how to react

Notify each controller

Assemble activity constraint info

Monitor conformance

Info: System

Monitor system performance

Determine performance expectations

Activity info

Take control action to ensure conformance

C

C.A

Take control action to achieve expectations

C

C.A.

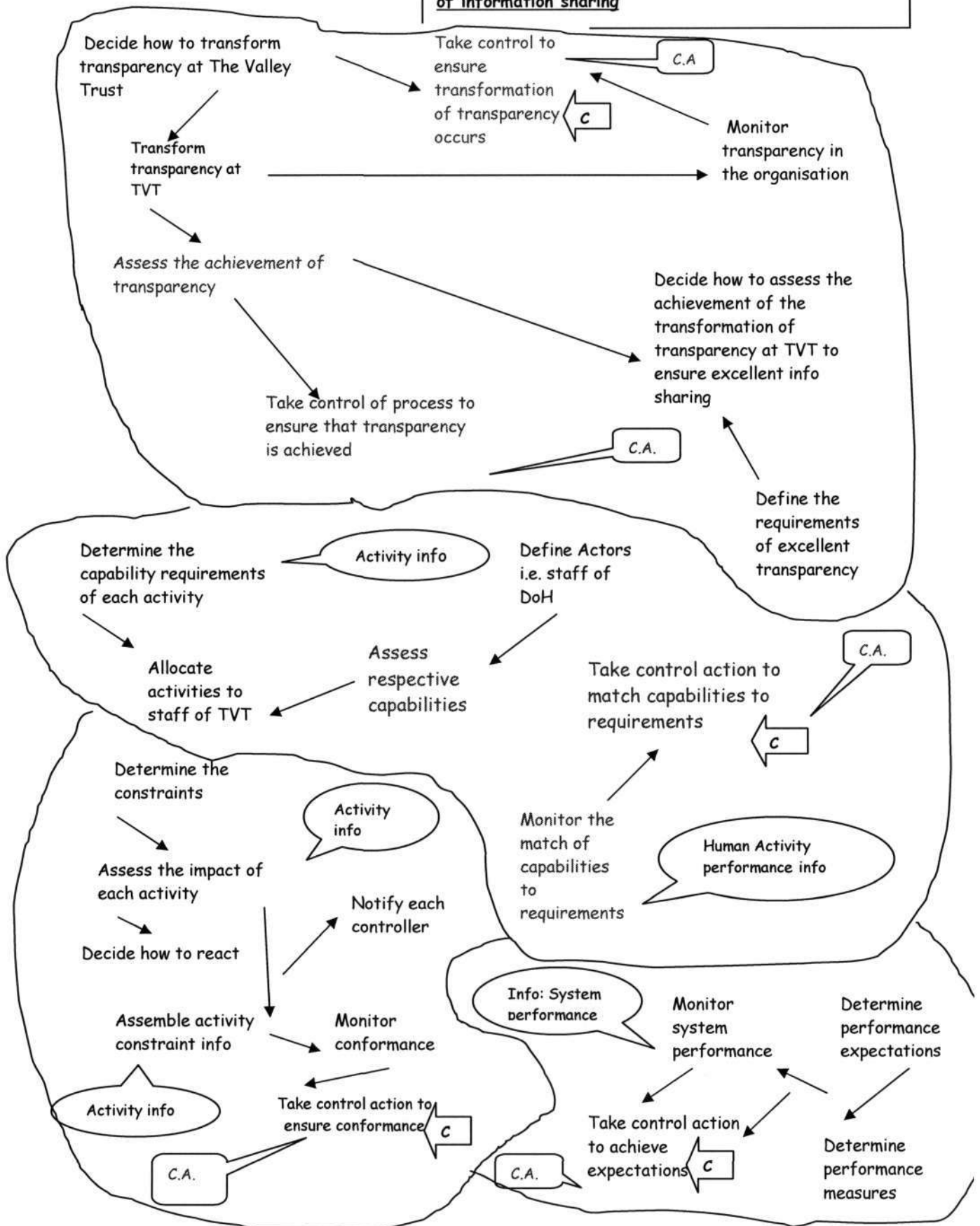Determine performance measures

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HUMAN ACTIVITY SYSTEM

2: A model of the transformation of the governance relating to accountability at The Valley Trust from being partially accountable to being fully accountable at all levels in the organisation
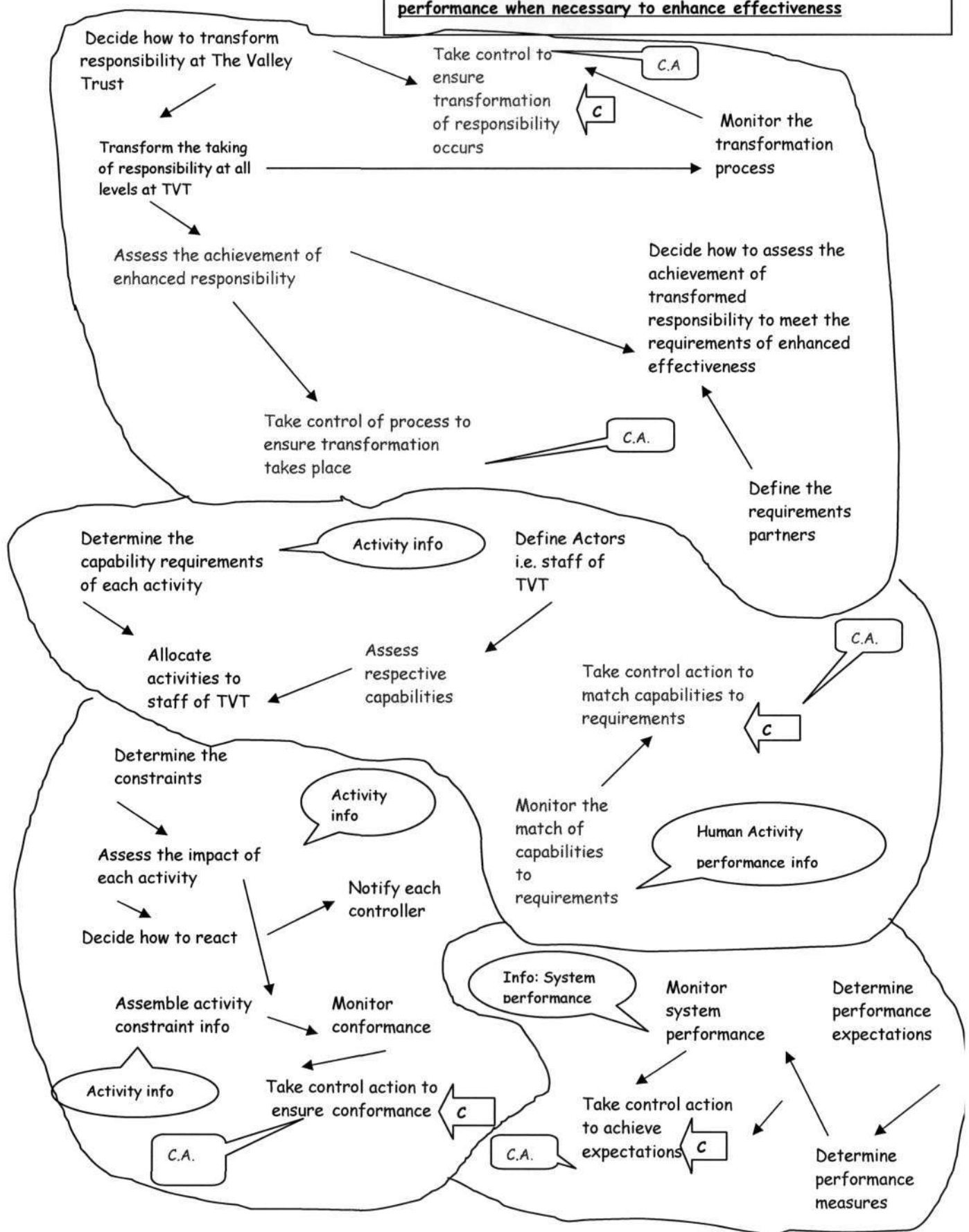
Decide how to transform accountability at The Valley Trust

Take control to ensure transformation of accountability occurs

C.A

C

Monitor the transformation process

Transform accountability at TVT

Assess the achievement of integration of accountability at The Valley Trust

Decide how to assess the achievement of transformation of accountability at TVT

Take control of process to ensure accountability is enhanced

C.A.

Define the requirements of partners of TVT

Determine the capability requirements of each activity

Activity info

Define Actors i.e. staff of TVT

Allocate activities to staff of TVT

Assess respective capabilities

C.A.

Take control action to match capabilities to requirements

C

Determine the constraints

Activity info

Monitor the match of capabilities to requirement

Human Activity performance info

Assess the impact of each activity

Decide how to react

Notify each controller

Assemble activity constraint info

Monitor conformance

Info: System performance

Monitor system performance

Determine TVT' partner's performance expectations

Activity info

Take control action to ensure conformance

C

Take control action to achieve expectations

C

C.A.

C.A.

Determine performance measures

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HUMAN ACTIVITY SYSTEM

3: A model of the transformation of governance relating to transparency at The Valley Trust from being unsatisfactory to being excellent in all aspects of information sharing

Decide how to transform transparency at The Valley Trust

Take control to ensure transformation of transparency occurs

C.A

C

Monitor transparency in the organisation

Transform transparency at TVT

Assess the achievement of transparency

Decide how to assess the achievement of the transformation of transparency at TVT to ensure excellent info sharing

Take control of process to ensure that transparency is achieved

C.A.

Define the requirements of excellent transparency

Determine the capability requirements of each activity

Activity info

Define Actors i.e. staff of DoH

Allocate activities to staff of TVT

Assess respective capabilities

Take control action to match capabilities to requirements

C.A.

C

Determine the constraints

Activity info

Assess the impact of each activity

Monitor the match of capabilities to requirements

Human Activity performance info

Decide how to react

Notify each controller

Assemble activity constraint info

Monitor conformance

Info: System performance

Monitor system performance

Determine performance expectations

Activity info

Take control action to ensure conformance

C

C.A.

Take control action to achieve expectations

C

C.A.

Determine performance measures

HUMAN ACTIVITY SYSTEM

4 : A model of the transformation of governance relating to responsibility at The Valley Trust from skewed to balanced at all levels throughout the organisation by monitoring and correcting performance when necessary to enhance effectiveness

Decide how to transform responsibility at The Valley Trust

Take control to ensure transformation of responsibility occurs

C.A

C

Monitor the transformation process

Transform the taking of responsibility at all levels at TVT

Assess the achievement of enhanced responsibility

Decide how to assess the achievement of transformed responsibility to meet the requirements of enhanced effectiveness

Take control of process to ensure transformation takes place

C.A.

Define the requirements partners

Determine the capability requirements of each activity

Activity info

Define Actors i.e. staff of TVT

C.A.

Allocate activities to staff of TVT

Assess respective capabilities

Take control action to match capabilities to requirements

C

Determine the constraints

Activity info

Assess the impact of each activity

Notify each controller

Monitor the match of capabilities to requirements

Human Activity performance info

Decide how to react

Info: System performance

Monitor system performance

Determine performance expectations

Assemble activity constraint info

Monitor conformance

Activity info

Take control action to ensure conformance

C

C.A.

Take control action to achieve expectations

C

C.A.

Determine performance measures

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4.2.5   Soft System Methodology, Phase Five

Compare systems models with problem situation

"The practitioner leaves the 'systems thinking world' and uses the models constructed in that "world" to generate discussion about present activities; the practitioner does not try to impose any model on the real world". Luckett et al (2001: 526)

"Models are only a means to an end, which is have well structured and coherent debate about a problematical situation in order to decide how to improve it" Luckett et al (2001: 525) (quoting Checkland and Scholes, 1990)

Emerging issues:

Vision and values:

The vision and values of the organisation are clearly displayed both on the walls and in the literature of The Valley Trust. However, it is evident from their response that when staff are asked to recite this statement they are often unsure both of the words and even more so the implications of the meaning. It is my perspective that this gap in understanding of the basic reason for existence is a weakness.

Organisational Culture: Roles, norms behaviour and attitudes

From meetings with both the governing body and with staff, it is apparent that people have very clear views on what the new leadership should look like. There proved to be an interesting correlation between the views of both groups. However, once again I believe there is a gap between what is on paper and what really "is".

In discussing the gaps with the present Executive Director he again referred me to Covey's *"The 8th Habit"* (2004: 274-278) with six items that he agrees form the "great execution gap". Covey says " *To know and not to do is really not to know. This is a profound truth. The principles encompassed in the 8th Habit are of little worth until they, by practice, and execution, become part of our character and our skill set."* He sees these execution gaps as being evident at The Valley Trust at the present time.

 ❖ *Clarity – people don't clearly know what the goals or priorities of their team or organisation are*

- ❖ *Commitment – people don't buy in to the goals*
- ❖ *Translation – people don't know what they individually need to do to help the organisation or team achieve its goals*
- ❖ *Enabling – people don't have the proper structure, systems or freedom to do their job well, or they do not think they have; the barriers to greatness have not been identified*
- ❖ *Synergy – people don't get along or work together well, and*
- ❖ *Accountability – people don't regularly hold each other accountable*

EXECUTION GAPS	INDUSTRIAL AGE CAUSE	KNOWLEDGE WORKER AGE SOLUTION
Clarity	Announcing	Identification and/or involvement
Commitment	Selling	Whole person in a whole job
Translation	Job description	Aligning goals for results
Enabling	Carrot & stick (people as an expense)	Aligning structures and culture
Synergy	"Cooperate"	3rd Alternative communication
Accountability	Sandwich technique Performance appraisal	Frequent, Open, Mutual Accountability

Boundaries and environment:

At the outset of my research I assumed that The Valley Trust and its governance meant the same thing to all the role players. It has since emerged that there are a variety of 'Valley Trusts', or, more precisely, a variety of perceptions of The Valley Trust, i.e., the perception held by the partners, the Board, the staff and also the consultants. The Practice Development process that is currently underway is a process which seeks clarity to enable integration in the organisation, the intention being that the workshop outcomes will be threefold, and I quote from the April 2005 workshop report:

- • "You will be able to name your practice
- • A team will be built – coherence as a group
- • Some capacity building will take place"

(It should be noted that the Board of Trustees are not part of this process but are invited to be part of the annual strategic planning exercise, which is facilitated

by the same external facilitator). Below are concerns listed by senior staff at the start of this process, facilitated by an external facilitator, in April 2005:

Our Culture
- *Does TVT really want a common practice - enough to invest themselves in it?*
- *The overriding "habit" is always to get the job done efficiently and effectively. How do we ensure that processes we learn here will become habits?*
- *How do we move away from jargon and move towards a real genuine practice?*
- *What ought to be the boundaries of TVT practice?*
- *When confronted in our practice with needs that lie outside these boundaries, how should we act?*
- *How do we manage our human resources effectively?*

Coherence ... commonality with diversity
- *How can we seek to understand the values, ethics and purpose of different disciplines in the organization?*
- *How can we achieve teamwork as an organization?*
- *Interests - How do we develop a common practice that will impact on the organisation's paradigm?*
- *How does my department's practice fit in the organisation's practice while we chase after money?*
- *How do we become one system and see ourselves as such without losing the richness of our diversity?*
- *How does one close the gap between individual creativity, initiative and common practice? Individual freedom of expression and organizational practice.*
- *To work as a team requires stepping out of our "boxes". How do we ensure and sustain this?*

Reality tests
- *Is our practice sustainable in current, rapidly changing times?*
- *Do we "walk our talk?" If not, how do we address this?*
- *How do we get individuals in the organization to understand their role in contributing towards the financial sustainability of the organization?*

What kind of organisation is TVT?
Davine provided input on the types of organizations that exist and the characteristics of each:

Type	Examples	Characteristics/Values
Service	bank, hairdresser, plumber	reliability, transparency
Product	CocaCola, Ford	quality, price, value
Professional	legal firm, some development organisations	"provides a unique response to a unique situation"

*The question was posed to the group - What kind of organization is TVT? What drives the culture of TVT?*
Responses:
- *Professional, with some services and products*
- *We strive for the professional side but have to ask to what extent we are doing it?*
- *Professional - and TVT provides highly specialized services and products both internally and externally*
- *At one stage TVT was heavily service orientated but we are moving away from that towards being more a professional organization. This is part of our transformation.*

The orientation of TVT is towards being a professional organization: "creating processes that enable people to realize their own potential".

Davine pointed out that the product of a professional organization is its practitioners. A professional organization produces professional people. Hence, professional people (practitioners) develop a professional practice.

Davine further suggested that there are different kinds of approaches to professional practice

| Directive approach | Developmental approach | Facilitative approach |
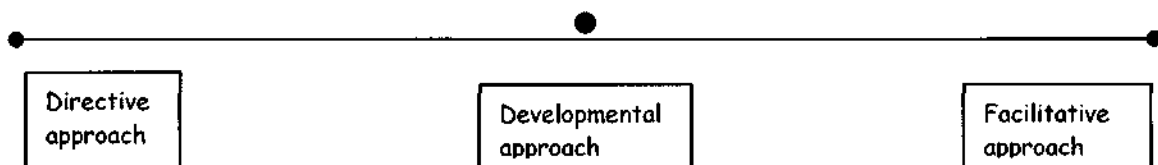
Which approach does TVT aim to express?
Participants were invited to gather in 3s to buzz on the discussions and input and respond to the following questions:
What do you think about this?
What kind of organization are you?
What kind of practice do you want to develop?
Some of the following comments/issues were made:
- *We spoke a lot about being a pendulum. Management has moved positions quite a lot but there is a move towards being a professional organization.*
- *Like the idea of being developmental but what about sustainability. Are there examples out there that we can learn from?*
- *Observation – very few people in the organization are taking responsibility for improving their knowledge and skills and finding out what is happening in TVT. We have to acknowledge that as development practitioners there is a need to upgrade skills. We as TVT have to constantly check where people are, what is the knowledge and skills base. People within TVT are more service oriented and this can shift.*
- *There needs to be a will and commitment to change.*
- *The value of having a really competent facilitator to work with people is extremely important – the importance of professionalising.*
- *We have a performance appraisal document that may have to be tweaked a little.*
- *We felt that this input has brought about a lot of clarity and we feel very inspired.*

This process has highlighted a range of factors, those directly associated with practice development, but also a number of items relating to teamwork and the relationship of departments to the organisation as a whole; these factors indicate confusion and a messy variety of perspectives within The Valley Trust system (indicative of the 'swamp' described on page 2) that hampers the 'shared vision', and impacts on the governance of the organisation.

Feedback: Communication and decision making

"Much is usually revealed about an organisation's effectiveness in communication and decision making by looking at its budgeting and financial reporting procedures" Luckett (2001: 531). I find this an interesting observation. At The Valley Trust we report on these items in great detail at regular and agreed intervals. Comments that have been made indicate that at Trustee level, they would prefer less time spent on this and more time on what is actually happening in the programmes.

So in relating the above to the aspects of Governance in terms of Fairness, Accountability, Transparency and Responsibility, it can be seen that there are some significant gaps to be addressed.

4.2.6   Soft Systems Methodology, Phase Six
Decide feasible and desirable changes
What needs to change? This emerged from various sources in the process, and it is apparent that the different aspects are interconnected, and therefore better viewed systemically rather than taking the reductionist route.

The Executive Director homed in on the organisational culture and the 'fear factor', that is to say the lack of self-worth that some staff have, that inhibits their willingness to be accountable and responsible in terms of their work. It is suggested that a more supportive environment is needed to enable people to have the courage to make mistakes and then continue, to persevere until the end result is to their individual, departmental and organisational satisfaction. He also spoke about the long sought synergy and effective team that is elusive in our jig saw puzzle organisation of eight departments, each with its own team.

The much maligned term 'communication' is also a challenge in the true sense. (I am aware that this term is often used when there are items of frustration and it is easier to call the problem 'communication' rather identify the true cause and, if necessary, confront the perpetrator and deal with the real issue. In essence a lack of accountability. Transparency is evident in some areas some of

the time; however the Trustees' concern as to what is really happening in terms of The Valley Trust's programmes is a real issue that needs attention.

Then there is the language challenge that my colleague so clearly illustrated in her input. It continues to amaze me how well many of the people I work with communicate in excellent English; thus I tend to think that they too 'think in English' and I believe this may sometimes be the case. However, it is also apparent from her comments that returning to the vernacular has definite advantages in terms of comprehension. When asked about governance in IsiZulu, another colleague explained to me that "*Ubuhulumeni*" is used, coming from the same root as 'government'. She also said she is not entirely happy with this translation.

A former Director of The Valley Trust captures this aspect well in his poem:

A NOTE ON THE LIMITS OF TRANSLATION

"*Ku-blind, bra*, my neighbour puts it,
"*sewaphela amafutha esicorocoro sami.*"
"There's no hope brother" (that's too pious)
"It's no good pal," (but that's too slick),
"my old jalopy has run out of juice."

Well, something of the signal's verve,
something of its content's been conveyed,
but then, to capture the speaker's terseness,
an idiomatic tense and the macaronic slang
were put to one side, like a spark plug
and strips of chrome left on a work bench.

Translation, of language and experience,
is often like that, a tricky choice
among illusions, none of them complete,
none able to pin down a full logos,
let alone the felt value, the polished grille
tied on with wire of one beat-up car.

Chris Mann (1990:29)

There is the relevance of governance at different levels and the varying perspectives in this regard. Quoting from his input to my article for The Valley Trust's Newsletter August 2005, a fellow manager commented initially that: "*It is unfortunate that "governance"' and "governing"' become confused. He said*

"Governance has different levels - for The Valley Trust, we have the Trustee level, the Management level, in fact there are levels of governance throughout the organisation, depending on how the people concerned view their roles and accountability. We need to talk about it. At present it is tacit, not explicit, and it is critical in this time of succession planning".

Do we have the 'right' people? The wealth of good governance literature has been described earlier in this dissertation. Yet it would seem from the opinions expressed that all that the literature is the map, whereas the true essence of good governance resides within the hearts and minds of the key players. This factor points to the importance of the selection and recruitment process, with the emphasis being on both commitment and competence of staff. The former at the present time is variable. Insofar as competence is concerned, there is excellent opportunity for staff to grow within this 'learning organisation', both in terms of further education at a tertiary level supported by the Skills Development Committee and management, and in terms of experiential, on-the-job learning.

The value system too possibly needs to be reviewed. The current core values were chosen and accepted more than a decade ago. While to me they still seem relevant and real, for those who have subsequently joined the organisation they may not be as meaningful. The Induction programme covers some useful ground and the process needs reinforcement in departments. Some useful work on this occurred in the process of the Practice Development session in October 2005, facilitated by an external facilitator.

The tension between 'process' and 'product' is, I believe, a healthy tension although a challenge nonetheless. There is a perspective expressed that the contrast in this regard is between survivalist and sustainable paradigms. Clive Bruzas (2004:65-66) has this to say: *"I must also note that while I have attempted to avoid judging between "service as product" and "service as process", I do think that the two groupings are essentially different.: "service*

as product" tends to operate out of more positivist paradigms which see simple linear relationships of cause and effect, believe that every problem has a solution (often a technical solution) and that results should be counted. By contrast, "service as processes" tends to require paradigms which are far more systemic or holistic; it recognises the complexity of life; and acknowledges that cause and effect relationships are seldom simple and that interventions require deep understanding and bears a heavy burden of responsibility. Results are often similarly complex, and the most important results are often the most difficult to count: more qualitative and participatory evaluation processes are required if understanding is to emerge".

There is also the challenge, as well as the benefits, of diversity as shown in phase five of the process. A perspective from Devi Rajab, Dean of Student Development at the University of KwaZulu-Natal in a article in The Mercury of 24 October 2005, says " *There are dinosaurs among us who insist on compartmentalising cultures and resisting the inevitability of diversity"* She comments that "*It is not about dominant culture sucking in other lesser minorities, which lose their identity to the dragon of all cultures. As a point of departure is about one culture enriching another and adding value to it and ultimately metamorphosing into a new more vibrant creature – "E pluribus Unum" is a motto that spells a message that says: "Out of many, one".* At The Valley Trust, in terms of employment equity, our profile is quite acceptable. However, our diversity does not only relate to gender, race, age and physical (dis)ability. It also relates to levels of education, ranging from basically literate to highly intellectual with 'superior' academic qualifications. So the diversity relates to many factors. Common ground can be hard to find, with interests ranging from that of The Valley Trust's soccer team to those who prefer to listen to classical music, from those who like to watch the 'soapies' to those who enjoy the natural beauty of a glorious sunset. Spirituality is latent, not patent by and large, although some meetings start and end in prayer. So a challenge is to find the gossamer threads that can mesh the people of the organisation, including the Trustees, into one glorious garment of many colours.

4.2.7   Soft Systems Methodology, Phase Seven

<u>Act to improve the problem situation</u>

"How can the application of current formal governance measures lead to positive change at The Valley Trust"? Having reviewed the 'swamp' referred to on page 2, what is our way forward to the 'higher ground'? From my perspective there are already strategies underway, systemically based on sound governance, to address some of the aspects highlighted above. These strategies include:

Firstly, the evidence of the revised Trust Deed (see Appendix 2) which is a milestone in the journey of improved governance for the organisation, and is the result of positive energy input from dedicated people, the majority now being Trustees of The Valley Trust.

It is also anticipated that the Practice Development process will address, in a systemic way, the jigsaw puzzle of various approaches being used by different departments, resulting in one Valley Trust 'named' development practice, which will have the effect of reducing confusion internally amongst our people, and externally, in the communities we serve.

An evaluation of the organisation as a whole is planned, with Terms of Reference having been prepared, and proposals presently being sought. When PricewaterhouseCoopers tabled their report last year, one of the items they homed in on was accountability and I quote from their report (2004:15-16):
"*Stakeholder accountability for a non-profit is tied to three key areas of accountability, namely value - public purpose or mission; support - political, legal, financial; and operational capacity - the ability to deliver programme results*[8].
The review process indicated that The Valley Trust may not have an adequately clear understanding of its key stakeholders, whether government or local community. Furthermore a lack of engagement with key stakeholders may limit organisational learning. A stakeholder engagement strategy that focuses on

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[8] David Brown & Mark Moore: *Accountability, Strategy and International Nongovernmental Organisations.* Non-profit and Voluntary Sector Quarterly, vol. 30, no 3, September 2001. Sage Publications

maintaining relationships for life, would add significantly to the organisation's license to operate granted by its stakeholders. PricewaterhouseCoopers recommend "*the establishment of a stakeholder panel to improve the engagement and communication process*".

The same report from PricewaterhouseCoopers has the following recommendations in respect of reporting, namely:

* ❖ *Who you are reporting to (i.e. the key stakeholders who represent your target audience)*
* ❖ *Why they need the information (i.e. understanding their motivations, concerns and expectations)*
* ❖ *What information they need from you (i.e. performance areas, measures and standards)*
* ❖ *When they need it (i.e. with what frequency)*
* ❖ *How they wish to receive it (i.e. by which preferred medium of communication)*

The Executive Director's reference to The 8th Habit as informing the way forward needs to be included in the planning for the time ahead, with agreed timeframes for implementation. It seems to me that The Valley Trust is a microcosm of the country, where we have excellent documentation and difficulties with delivery. So, too, at The Valley Trust we look good on paper, and our walls are decorated with Covey's Seven Habits, but the follow through in terms of implementation is often a challenge.

The vision and values need to reach the hearts and minds of our people. The wonderful wise words need to become meaningful and we need to have indicators that illustrate whether or not we are achieving what we set out to do. It was a lot easier when The Valley Trust was a 'socio medical project for the promotion of health' and we tabled statistics pertaining to the improved nutritional status of children in the Stott era. Later, in the time of the 'multiple intervention strategy'

created by the then Medical Director of the Trust and depicted in *The Valley Trust: Building a Vision of the Future Today* (1988:4), we counted tanks and toilets built, and roads and sports fields created, as well as reporting on Community Health Workers who, amongst other tasks, monitored the "Food for Work" stamp programme. Now we have moved on from quantitative to more qualitative work, systemic, and in keeping with our times, but far harder for the less intellectual members of our teams to understand and explain to people outside the organisation. How do we know if attitudes have changed relating to the HIV and Aids pandemic, or if our clients are experiencing better health and quality of life? I believe we need to agree on indicators and then workshop with staff at all levels to gain a common understanding, remembering that we are in Africa and that singing and dancing, and role playing too, help many of us to grasp the meaning and take it away with us. Such a process, too, would support the strengthening of The Valley Trust 'team'.

In terms of responsibility, a strategy for The Valley Trust's 'non-politically correct' image also needs to be instigated. I believe transformation is in process, but as one Trustee says "*If you don't show it, you don't have it*". He intimated that the marketing strategy will need to include this aspect (" *TVT is a good 'brand'*"), and " *the Chairman of the organisation needs to be an ambassador in this regard.*"

The objective of this study on governance is to strengthen the stewardship and sustainability of The Valley Trust, and for relevant findings to be available for other civil society organisations if need be. Writing in the post apartheid era, Chadwick (1996:30) said: "*Community development has many meanings. It is used by The Valley trust to describe an approach many organisations and governments have employed to reach mostly rural people to make more effective use of local initiative and energy to improve the quality of life*". Kolisang (1993:15) says "*It is a process of social action in which people of a community:*

❖ *organise themselves for planning and action*

❖ *define their common and individual needs and actions*

- ❖ *make group and individual plans to meet their needs and solve problems*
- ❖ *execute these plans with the maximum of reliance upon community resources*
- ❖ *supplement these resources with services and materials, provided by government and non-government agencies outside the community"*

Included in the underlying principles in his study, Chadwick states that "*Any attempts to address meaningfully problems of health and development require the application of a range of skills and knowledge. Hence The Valley Trust remains committed to a holistic approach that recognises the complexity of cause and effect relationships.*" The Valley Trust used to refer often to its 'holistic approach', and in the current quest for a more systemic and integrated approach, this again becomes relevant, in terms of my recommendations.

Chapter Five

Discussion and Key Findings

Mahatma Gandhi said *"One man cannot do right in one department of life whilst he is occupied in doing wrong in any other department. Life is one indivisible whole"*. He also said *"We must become the change we seek in the world"*.

Eknath Easwaran (1978:145)

The purpose of this study, set out in Chapter One, using the format described by Creswell (1994: 59) was given as *"to assist in obtaining insight in the transformation of governance for The Valley Trust, using soft systems methodology, resulting in a report on the findings"*.

Using Schön's (1987: 3) description of the problem situation *"the high ground, where manageable problems lend themselves to solution through the application of research-based theory and technique"*, I found that there was a wealth of literature as described in Chapter Two, regarding good governance in both the public and private sectors. Of particular value were both the PFMA which I use in terms of the 3E's i.e. effectiveness, efficiency and economy, in my work, and the King 2002 report which lists the priorities, and I found the Executive Summary of this document particularly useful. Certain of these priorities (fairness, accountability, transparency and responsibility) were used as the basis of this study. Quoted in the King 2002 Executive summary (2002: 17 and 18) was an African perspective by Shepherd Shonhiwa, which I found added value to my understanding of governance in the local context. This chapter included a review of NGO/NPO literature and current thinking on leadership.

I chose to use action learning and a systemic approach, with the implications of adaptability, and with special reference to diversity. In this regard, David Korten (1999: 125) writing about *Lessons of Life's Ancient Wisdom* says *"Life knows well the innovative power of self-organising systems composed of many individuals creating and testing new abilities in response to changing environmental conditions. The greater the diversity, the greater the potential*

for further innovation, and the greater the resilience of the system in times of stress and crisis. Genetic and cultural diversity are life's storehouses of intellectual capital and the building blocks from which it melds itself into new or more capable forms."

In approaching the challenge set out in my purpose above, I chose Soft Systems Methodology, described in Chapter Three, in order to approach Schön's *"swampy low land, where messy confusing problems defy technical solution"*, with the knowledge that Soft Systems is particularly appropriate for situations pertaining to people and messes rather than the technical approach of Hard Systems. This has resulted in "a work in progress", as I continue to be on a journey. Recommendations that have emerged in the course of this process to date have been noted, and described in Phase Seven in Chapter Four.

Rein, Stott, Yambayamba, Hardman and Reid (2005: 111) in reviewing their findings in respect to governance and accountability (relating to partnerships in Southern Africa) say " *The organisation, governance and management of a partnership and its projects have a strong influence on its effectiveness. In this respect salient questions for all partnerships include: firstly, the degree to which the systems and structures they have developed prove to be transparent; secondly, whether the decision-making processes are arrived at through adequate consensus building; thirdly, how far a partnership is accountable to both its partners and its beneficiaries; and fourthly, how successfully it works within wider policy and regulatory systems by linking with government".* I believe this is a useful and relevant observation for the findings of this study, with special reference to the first three, and relating to the literature review covered in Chapter Two. My findings based on these factors are, that working in communities for over half a century, The Valley Trust has grown and changed, just as the nation has under gone a metamorphosis. Transformation in the organisation is in process, with perspectives as to the detail and effectiveness varying considerably. The effectiveness of systems and structure that are currently in place are being questioned, with transparency and responsibility

being concerns and the decision-making processes being unilateral at the executive level. Accountability tends to be seen in terms of donors and partnerships, and different cultures have their own interpretation of the meaning. Strategic thinking by the key role players of the organisation identified in 2001 that the governance of the organisation required review; the outcome of this was a transparent process resulting in the revision of the Trust Deed in line with best practice. This process is continuing, and now includes the succession planning for the new Executive Director, scheduled for 2007.

Using Soft Systems Methodology as detailed in Chapter Three enabled the emergence of knowledge that was new to me and which provided me with fresh insight. Firstly, the variety of perspectives that were revealed was somewhat startling, particularly the views on the meaning of words like transformation, as well as fairness, accountability, transparency and responsibility as described in Chapter Four. While 'good governance' is seen to be a sought after and recommended concept, the meaning of 'good governance' varies in relation to the diversity of the players in the environment relative to The Valley Trust. This in part relates to the variety of world views. A significant aspect of learning for me is the importance of language in contributing to the understanding and meaning of the concepts pertaining to good governance. The different cultural perspectives pertain particularly to accountability. A key finding is that managing this aspect of diversity poses a challenge to good governance. In the rich fabric of civil society, I believe this needs more consideration.

A great deal of the literature is from the North; however, the public and private sector have applied this to the South African situation resulting in the PFMA, MFMA, and King Report 2002. The NGO/NPO sector has reference to these documents and useful work has been done by some members of the sector. However, there is not the equivalent documentation for the sector at this time. Nonetheless, from my perspective, in terms of The Valley Trust, it is a matter of identifying the gap between what is and my vision of what I would like the situation to be i.e. that The Valley Trust's governance would be strengthened, by the

application of sound principles based on current thinking, to add additional value in achieving its vision and intention. This learning could then be adapted if need be for other NGO/NPOs and CBOs.

Systemic versus reductionist, process versus product, qualitative versus quantitative, sustainable versus survivalist, soft systems versus hard systems are all tensions that have been apparent in the process of my study. Powers of discernment are needed to find one's way through the resulting maze, and for me it is apparent that there is not a right and a wrong with these aspects, but a need to know when which one is applicable. In many instances I believe the mature approach will be to use that which is appropriate for the given situation, in seeking a win-win balance. It is important to reflect on the meaning and to reframe when necessary in order to optimise according to the circumstance. It is also important to be able to communicate the explanation of a preferred application of any of the above.

I have also learnt that my concern about the implications of a qualitative rather than a quantitative approach can be addressed by monitoring and evaluation. In this regard I quote Gordon Watson (2003: 115) based on Hardman's (2002) recommendations for evaluation. While used in a different context in Gordon Watson dissertation, I believe the factors that I have selected from her study apply in the relationship building inherent in people centred development as espoused by The Valley Trust, and are necessary for taking this process forward:

- ❖ *Use an approach that values and respects the view, understanding and experience of participants*
- ❖ *Take a holistic view of development; it is a process, not a moment in time*
- ❖ *Focus on learning*
- ❖ *Ensure that the process is transparent*
- ❖ *Develop quality/success criteria indicators*

In addition I have learned that a useful framework for reporting both quantitatively and qualitatively on an organisations economic, environmental and social performance is provided by the Global Reporting Initiative, in their *Sustainability Reporting Guidelines (2002: 8 -23). The principles of transparency and inclusiveness represent the starting point for the reporting process and are woven into the fabric of all the other principles which are clustered so that they:*

- ✓ *Form the framework for the report (transparency, inclusiveness, auditability)*
- ✓ *Inform decisions about what to report (completeness, relevance, sustainability context)*
- ✓ *Relate to ensuring quality and reliability (accuracy, neutrality, comparability and*
- ✓ *Inform decisions about access to the report (clarity, timeliness)"*

With regard to quantitative and qualitative indicators (2002: 81) they recognise the value of both, saying that they "*view both as complementary and necessary to presenting a balanced and reasonable picture of an organisation's economic, environmental and social performance.... However GRI frames qualitative indicators to encourage responses that are scalable rather than requesting open-ended descriptive statements".* A revised and updated version of the Guidelines is scheduled for 2006. The Global Reporting Initiative Charter Group includes Amnesty International, AccountAbility (Institute for Social and Ethical Accountability), Association of Chartered Certified Accountants, Ford Motor Company, Greenpeace International, Human Rights Watch, Instituto Ethos de Empresas e Responsabildade Social, Oxfam International, World Bank Group, PricewaterhouseCoopers, Transparency International, and WWF International. I find this to be a worthy and diverse group with whom The Valley Trust could be associated in terms of triple bottom line accounting.

So, on this journey, my findings are that a great deal that is positive has already been achieved by dedicated people in the strengthening of governance at The Valley Trust, yet there remains the challenge of acquiring clarity and

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commitment, then ensuring that there is implementation which in turn will need to be monitored.

Indeed, I have found this is a people centred process, as shown by the framework provided by CDRA's Annual Report 1998/9 and used in TVT's own processes:
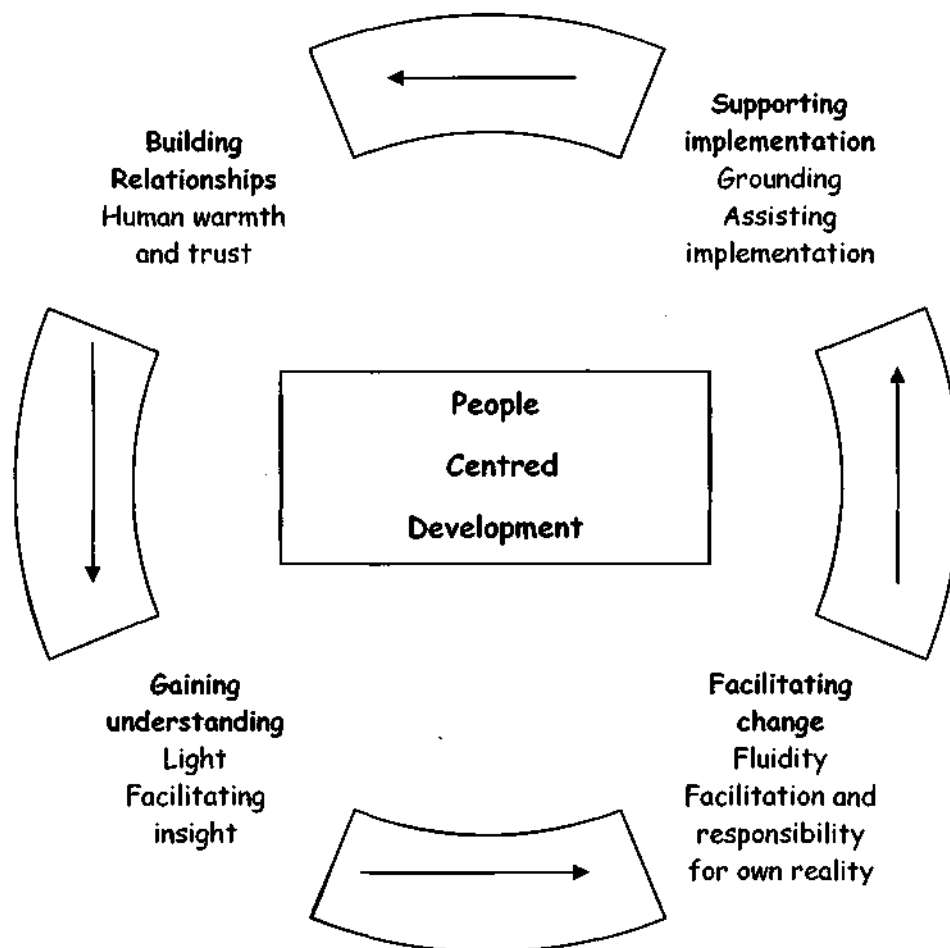
My personal learnings are varied. The systemic approach, with the acceptability of many differing perspectives, has been a refreshing revelation to me and I have enjoyed learning to think in a new and different way. The function of my current occupation is largely reductionist, and quantitative. A new mental model has emerged for me that enhances my ability to connect to diverse aspects of the work and to strengthen working relationships. Meaningful dialogue has become increasingly important to me and so has valuing diversity.

I have become more aware of the need to be proactive, as I have found the various role players in this study willing to be forthcoming, but only on invitation that encouraged direct response.

Change is continuous. I believe that this study on NPO governance is a 'work in progress'. I see myself too as a 'work in progress' on my life's journey, and it is important to me that the work is not only to my benefit but that it adds value in the light of the Micah challenge quoted on page 5. As this study continues and evolves it may well be of benefit to the stewardship of other NPOs, and possibly CBOs, in the region, as responsive and responsible members of civil society.

As an agent of change I find a warming sense of synergy emerging in that the quotation from Gandhi that I have used at the beginning of this chapter co-incidentally is similar to the one used in the final chapter of a dissertation by a valued colleague, a fact that I discovered when this chapter was almost complete. "*We must become the change we seek in the world.*" My finding is that we have a shared vision for the way forward.

Finally, I find the following quotation from the CDRA Annual Report (2003/2004) relating to relationships and connectedness is relevant: "*Change comes about through the introduction of authentic identity, and thus difference, into the large system through the relationships that form the system. This is the real value of diversity - if brought authentically; it disturbs, creates conflict and so introduces the potential for movement and creativity. Those with a positive sense of self and understanding the interdependent nature of relationships between all elements of a system exercise their need to be included without excluding others.*

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ABBREVIATIONS

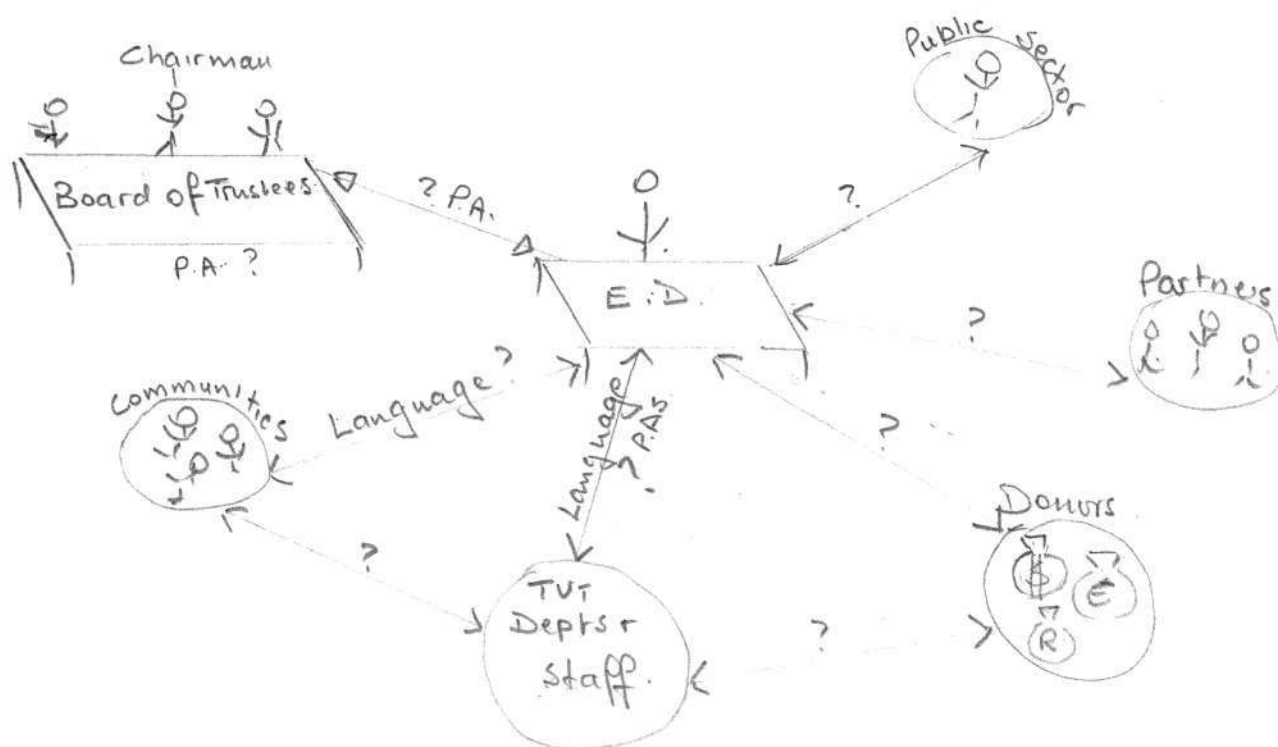|			
AIDS	Acquired Immune Deficiency Syndrome	NGO	Non Government Organisation
AGM	Annual General Meeting	NPO	Non Profit Organisation
AR	Action Research	PFMA	Public Finance Management Act
CBO	Community Based Organisation	PA	Performance Appraisal
CDRA	Community Development Resource Association	PAR Research	Participatory Action
CEO	Chief Executive Officer	PHC	Primary Health Care
CHW	Community Health Worker	RD	Root Definition
ED	Executive Director	REAL	Revenue, Expenditure, Assets & Liabilities
GRI	Global Reporting Initiative	SGB	School Governing Body
HIV	Human Immunodeficiency Virus	SSM	Soft Systems Methodology
HAS	Human Activity System	SST	Soft Systems Theory
HST	Hard Systems Theory	THP	Traditional Health Practitioner
KZN	KwaZulu-Natal	TVT	The Valley Trust
MFMA	Municipal Finance Management Act		

FAIRNESS

The systems in the organisation must be balanced, taking into account all those who have an interest in the organisation and its future
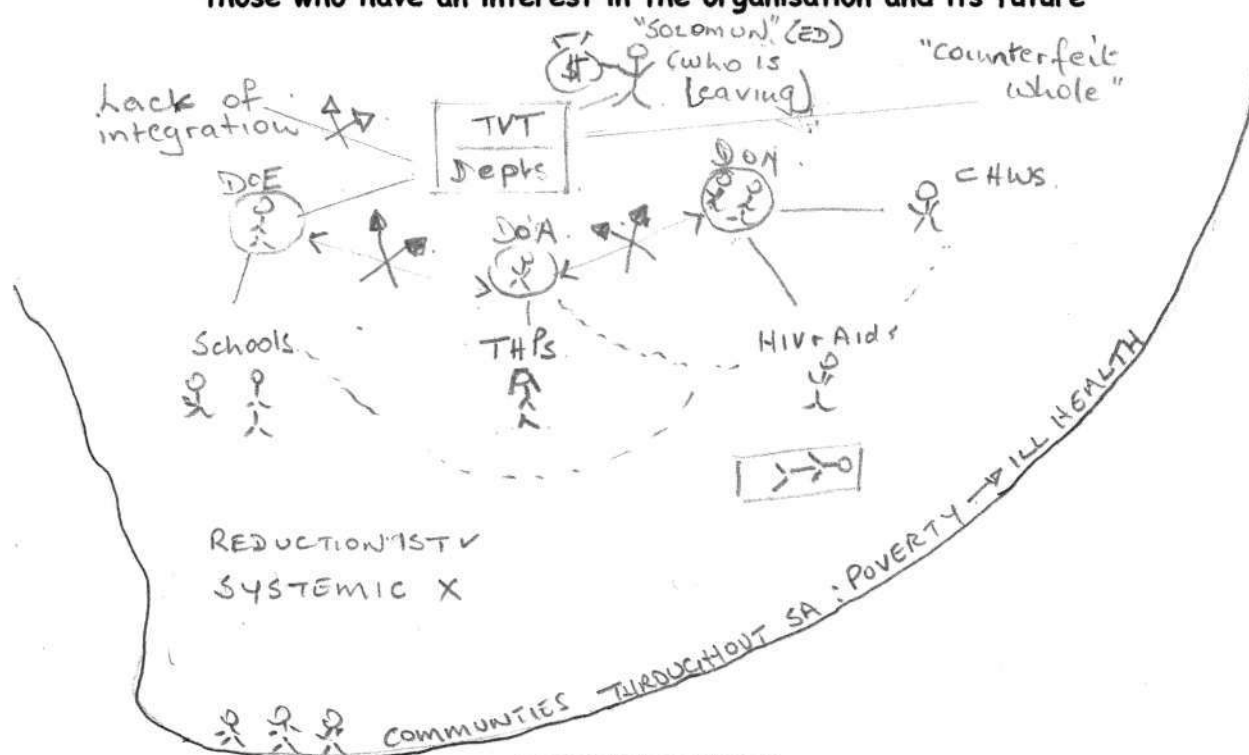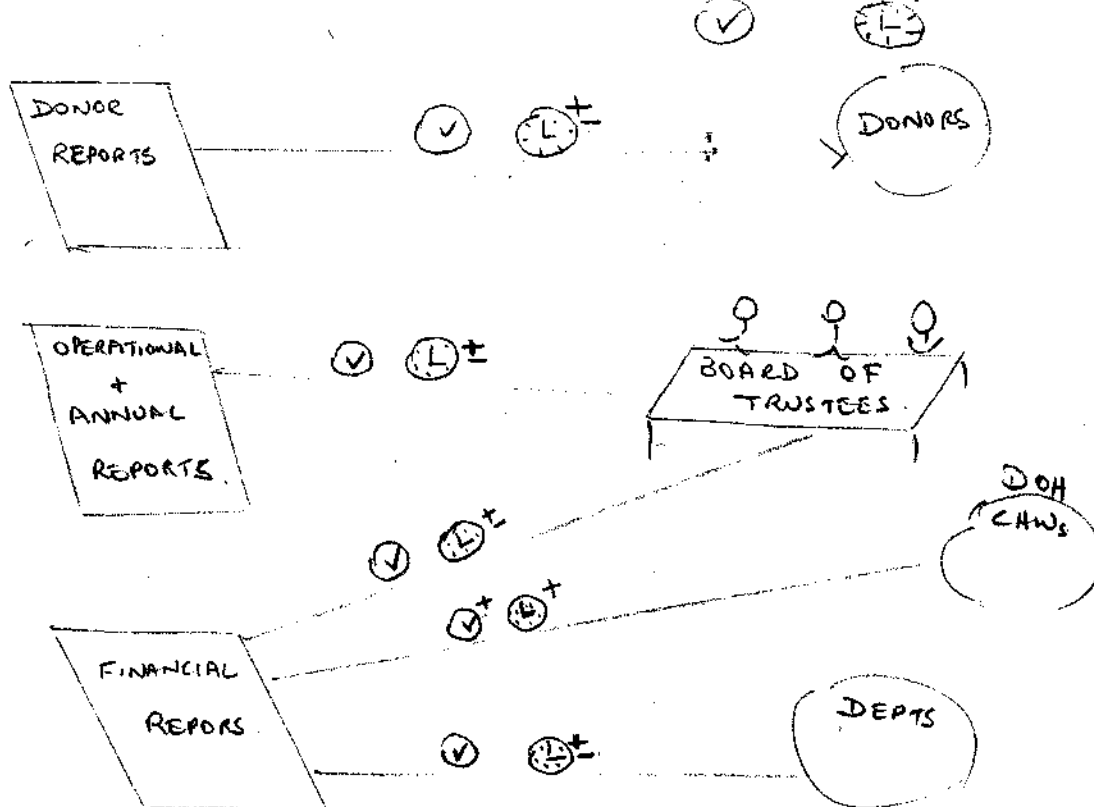

ACCOUNTABILITY

## Mechanisms must exist that allow the means to query decisions and actions

TRANSPARENCY

Information is made available in a candid, accurate and timely manner

DONOR REPORTS

OPERATIONAL + ANNUAL REPORTS

BOARD OF TRUSTEES

DONORS

DOH
CHWs

FINANCIAL REPORS

DEPTS

RESPONSIBILITY

This pertains to behaviour that allows corrective action and penalises mismanagement

RESPONSIBILITY

ECONOMIC ✓

PEOPLE + −

POLITICAL X

SUCCESSION

PAs

STRATEGY

POWER

LEARNING ORG
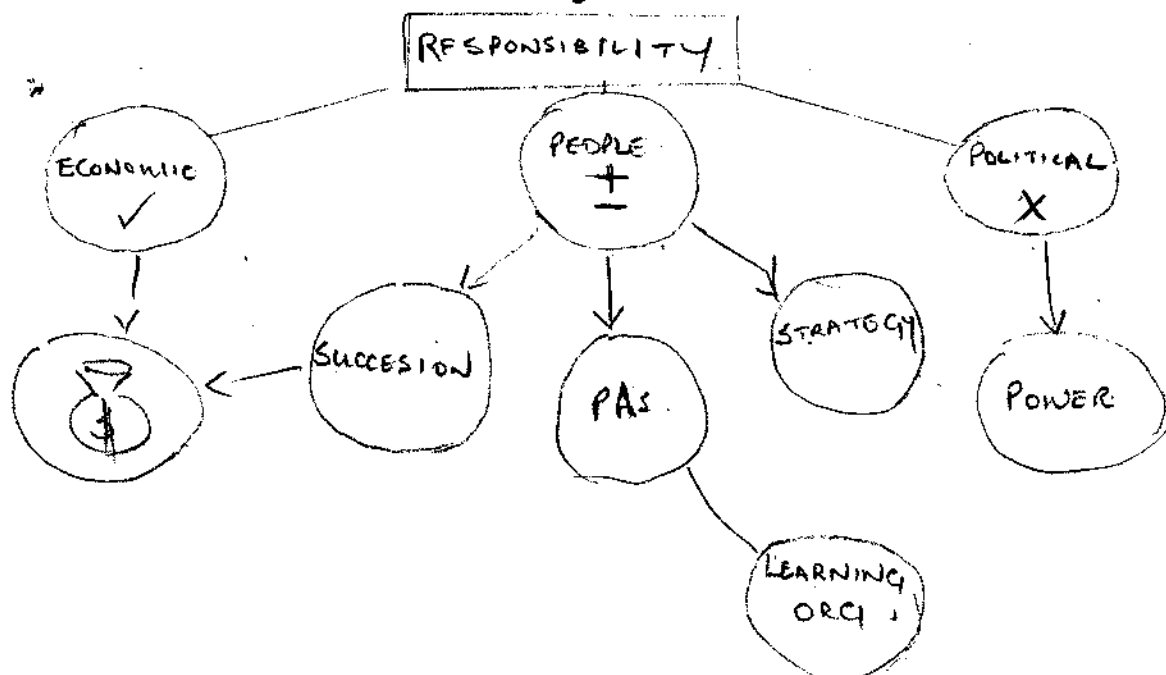
TRUST DEED

of

THE VALLEY TRUST - BOTHA'S HILL, KWAZULU-NATAL
(Including amendments up to 27 October 2004)

1.   NAME

The name of the Trust shall be "THE VALLEY TRUST".

2.   PURPOSE

The purpose of The Valley Trust is to facilitate the realization of the potential of individuals and communities and enhance their ability to improve their own health and quality of life in a democratic society.

The Trust shall be a "non-profit organization" as defined in the Non Profit Organizations Act, No 71 of 1997, and the aims and objectives in terms of its Public Benefit Activities shall be to promote and facilitate health, development and education.

3.   AREA OF OPERATION

The area of operation shall primarily be the Southern African region.

4.   BOARD OF TRUSTEES

4.1   The Trust shall be managed and administered by a Board of Trustees, which shall consist of a minimum of 4 and not more than 10 Trustees.

4.2   The Board of Trustees shall appoint:

4.2.1   a chairperson
4.2.2   a deputy chairperson
4.2.3   a treasurer

The Valley Trust shall provide secretarial services for the Board of Trustees.

4.3   Terms of Office:

Trustees shall be elected for a period of two years and may be re-elected.

4.4   On an annual basis the Board shall appraise the performance of:
   ▪   The Chairperson of the Board.

- The individual Trustees, through peer reviews.
- The Chief Executive, based on performance evaluation criteria developed by the Board for the Chief Executive.
- Its own effectiveness

4.5   A Trustee of The Valley Trust, who in a capacity other than that of Trustee or duly authorized agent of the Trust is interested in a proposed contract in which the Trust is involved, or plans to become involved, considers entering into or becomes interested in a contract after it has been entered into by the Trust, shall disclose to the Trust full particulars relating to the nature and extent of his/her interest and may not vote in respect of such contract or proposed contract with the Trust or any matter resulting there from, and if he/she does so vote, his/her vote shall not be counted.

4.6   No member of staff may be a Trustee.

4.7   Any vacancy which occurs on the Board of Trustees during the year may be temporarily filled by the Board, by the appointment of a new Trustee whose term of office will expire at the next AGM.

4.8   The Board is authorized to co-opt persons for a period of not more than one year at a time to assist with particular projects. Such co-opted members shall not have voting powers.

4.9   Termination of Terms of Office:

   4.9.1   Should a Trustee decide to resign, the notice of resignation shall be in writing to the Chairperson.

   4.9.2   A Trustee may be dismissed from his/her post if he/she is absent from two consecutive meetings of the Board without a satisfactory explanation, or as a result of serious neglect of duty, or in consequence of the findings of an investigation instigated by the Board.

4.10   The Board shall meet at least quarterly.

4.11   A majority of Trustees of the Board of Trustees shall form a quorum.

4.12   Each Trustee shall have one vote. In the case of an equality of votes the Chairman shall have a casting vote as well as a deliberate vote.

5. DUTIES AND POWERS OF THE BOARD OF TRUSTEES

5.1 The Board of Trustees, being the executive authority of the Trust, shall have the powers conferred upon it by this Deed of Trust.

5.2 In addition to the general powers already referred to, the Board shall have the following specific duties and powers:

5.2.1 To ensure that the aims and objectives of the Trust are pursued.

5.2.2 To appoint an Executive Director who will be empowered to perform the activities necessary to effect implementation or promotion of the aims and objectives of the Trust. The Board shall determine the scope, powers and duties (in line with existing labour laws and codes of good practice) of the said Executive Director.

5.2.3 To delegate its powers with regard to a particular matter, or aspects of its activities, to an executive committee appointed from its own members or to other standing or ad hoc committees of the Trust and/or other sub-committees or persons.

5.2.4 To enter into agreements with any person, individual body or organization or corporate body for the promotion of the aims and objectives of the Trust.

5.2.5 To perform any legal act which it considers necessary in respect of all matters or any activities entrusted to it.

5.2.6 To obtain all the necessary authority under the Non Profit Organizations Act, No. 71 of 1997, and any other applicable legislation.

5.2.7 To open and operate any banking account and/or building society account and to draw and issue cheques (for which the signature of not less than two trustees shall be required) and to receive cheques, deposits, promissory notes and/or bills of exchange.

5.2.8 To acquire, dispose of, invest in, let or hire, movable, immovable or incorporeal property and to sign and execute all requisite documents and to do all things necessary for the purpose of effecting and registering, if needs be, transfer according to law of any such property.

5.2.9 To invest in shares, stocks, debentures, debenture stock, units, interests, promissory notes, bills of exchange and other negotiable instruments issued by a financial institution as defined in section 1 of

the Financial Services Board Act, 1990, or listed on a Stock Exchange as defined in the Stock Exchanges Control Act, 1985.

5.2.10 To improve, alter, repair and maintain any movable or immovable property of the Trust.

5.2.11 To sue for, recover and receive all debts or sums of money, goods, effects and things, which are due, owing, payable or belong to the Trust.

5.2.12 To defend, oppose, compromise or submit to arbitration all accounts, debts, claims, demands, disputes, legal proceedings and matters which may subsist or arise between the Trust and any person.

5.2.13 To attend all meetings of creditors of any person indebted to the Trust whether in insolvency, liquidation, judicial management or otherwise, and to vote for the election of a Trustee and/or liquidator and/or judicial manager and to vote on all questions submitted to any such meetings of creditors and generally to exercise all rights of or accorded to a creditor.

5.2.14 To exercise the voting power attached to any share, stock debenture, interest or unit, in such matter as they may deem fit, and to take such steps or enter into such agreements with other persons as they may deem fit, for the purpose of amalgamation, merger of, compromise in, or of any company in which the shares, stock, debenture, interest, or unit are held.

5.2.15 To exercise and take up and realize any rights of conversion or subscription attaching, or appertaining to any share, stock, interest, debenture or unit forming part of the Trust property.

5.2.16 To give receipts, releases or other effectual discharges for any sum of money or thing recovered or received.

5.2.17 To engage the services of professional practitioners, agents, independent contractors and tradesmen for the performance of work and rendering of services necessary or incidental to the affairs or property of the Trust.

5.2.18 To pay out of the Trust all debts incurred on behalf of the Trust by the Trustees in the *bona fide* exercise of their powers.

5.2.19 To accept, on behalf of the Trust, grants, donations or inheritances from any person or estate.

5.2.20 To contract on behalf of the Trust and to ratify, adopt or reject contracts made on behalf or for the benefit of the Trust.

5.2.21 Generally to do all such things and execute all such documents as may be necessary for or to the advantage of the Trust

5.3 The Board of Trustees has the duty to be accountable to its stakeholders. The Board of Trustees should ensure that balanced reporting is provided, at least annually, to the key stakeholders of the organisation. The Board should ensure aspects such as ethics, social and environmental performance and economic impacts are identified and monitored.

6. INTERPRETATION AND AMENDMENT OF THE TRUST

6.1 In the case of any doubt concerning the interpretation of this Deed of Trust, the Board shall pronounce upon it, provided that words shall carry their ordinary meaning. The decision of the Board shall stand until the annual general meeting.

6.2 The Deed of Trust may only be amended at an annual general meeting or at an extraordinary general meeting called for that purpose after at least thirty days prior notice by the Board.

7. FINANCES

7.1 The financial year of the Trust shall be from 1 April to 31 March.

7.2 Financial Responsibility:

7.2.1 The Board of Trustees shall have ultimate and fiduciary financial responsibility and shall ensure that a correct account is kept in terms of Generally Accepted Accounting Practice, and that audited financial statements are available within six months of the financial year end.

7.2.2 The Board of Trustees shall present an audited report of its financial statements at every annual general meeting, which shall be available for inspection.

7.2.3 Proper books of account shall be kept by the Trust which shall be audited by a registered Accountant and Auditor who shall not be a member of the Board of Trustees.

7.2.4 The Valley Trust, as a Public Benefit Organization, shall at all times comply with provisions of the Income Tax Act and the Non Government Organization Act, and any other applicable legislation as amended, from time to time.

8. GENERAL MEETINGS

8.1 Annual General Meeting:

8.1.1 An annual general meeting shall be held each year before the end of September.

8.1.2 The secretary shall give at least 30 days due notice of the annual general meeting by notice in writing or by placing an advertisement in a local newspaper.

8.1.3 The agenda for the annual general meeting shall accompany the notice and shall make provision for the following:

8.1.3.1 Report by the chairperson

8.1.3.2 Audited financial statements and Hon. Treasurer's report

8.1.3.3 Points of discussion

8.1.3.4 Determination of date and place of next annual general meeting.

8.2 Extraordinary General Meetings

8.2.1 An extraordinary general meeting shall be held in accordance with a decision by the Board

8.2.2 Only the matters mentioned in the notice calling such a meeting shall be dealt with at an extraordinary general meeting.

9. COMMITTEE NON-LIABILITY

The Trustees shall not be personally or individually liable for any loss suffered by the Trust resulting from their normal execution of duties, unless it can be proved that they acted negligently or fraudulently.

10. DISSOLUTION

10.1 In the event of dissolution of the Trust, as a Public Benefit Organization, the remaining assets must be transferred to:
- A similar Public Benefit Organisation approved by the Commissioner of Revenue as a Public Benefit Organisation.
- An organization established by law as envisaged in Section 10(1) (cA) (i) of the Act, which carries on approved Public Benefit Activities.
- A department or administration in the national, provincial or local sphere of government of South Africa.

10.2   Prohibition from distribution: The Valley Trust may not distribute its funds to any person, unless it is in the course of undertaking a Public Benefit Activity. The payment of reasonable remuneration to employees or office bearers in order to achieve its objectives is not limited by this prohibition.

10.3   At no time during the existence of the Trust shall any profits or gains accruing thereto be distributed to any person. The funds of the Trust shall be utilized solely for the furtherance of the objects for which the Trust was established.

10.4   The Valley Trust may be dissolved if at least two-thirds present and voting at a General Meeting convened for the purpose of considering such matter are in favour of dissolution. Not less than twenty-one days notice shall be given of such Meeting, and the notice convening the Meeting shall clearly state that the question of the dissolution of The Valley Trust and disposal of its assets will be considered. If there is no quorum at such a General meeting, the Meeting shall stand adjourned for not less than one week and the stakeholders attending such adjourned Meeting shall constitute a quorum.

1/11/04