

## ***INSTITUTIONAL INNOVATIONS OF NONPROFIT SOCIAL SERVICE PROVIDERS IN HONG KONG***

ExCEL3 Collaborative Project Forum

22 Jan 2016

### **Project Background**

- The Key Inquiry in this HKUEXCEL3 and the HKCSS Collaboration
  - ▣ How the social service sector responds to environmental changes in the past 10 years, the lump sum grant era, for a smooth transition?
    - Leadership Competencies (part 1)
    - Institutional Innovations (part 2)

## Project Background

- **NGO Institutional Innovations**
  - The study of organizational capacity that enables or facilitates successful organizational development in responding to environmental changes
  - what and how the organizational capacity is developed
- **NGO CEO Competency Model (Part 1 – 2012-2014)**
  - The study of successful strategic leadership at an individual level
  - The personal qualities that are required for a CEO to lead the development of an organization

## Research questions

- How a NGO maintains its effectiveness in rapidly changing environments—the development of dynamic capabilities of NGOs?
- The study focuses on the development of NGOs in past 10 years (basically the post-LSG era)
  - The operating environment in the post-LSG era is challenging in many aspects and very different from the pre-LSG era
  - the development of NGOs in past 10 years is more relevant and have a higher learning value to the sector

## Research objectives

- Case study of NGO development

### **Objectives:**

- To consolidate NGOs' experiences in developing organizational capacities during the post-LSG era
- To develop a "case bank" of good capacity building practices (i.e., Institutional innovations) in respect of strategic planning, funding raising, service performance monitoring and so on
- To share good capacity building practices (i.e., Institutional innovations) through seminars and cases

## Methodology

- In light of the complexity and historical specificity of organizational change, the case study method is chosen
- Archival research + Semi-structure Interview

## Case selection criteria

- Target : 8 – 12 organizations
  - ▣ based on the experience of the CEO competency modeling project, data saturation will be reached after 8-12 cases
- Selection Criteria
  - ▣ 1<sup>st</sup> priority: orgs of the CEO competency modeling project
  - ▣ Agency head is overseeing all organizational functions
  - ▣ Size: medium to large (>200 employees)
  - ▣ Service type → a balance of single- and multi- services orgs

## Participating Organizations

	Name in Chinese	Name in English	Staff number
Multi-service organization	香港仔街坊福利會社會服務中心	Aberdeen Kai-fong Welfare Association Social Service Centre	261
	浸信會愛羣社會服務處	Baptist Oi Kwan Social Service	410
	基督教家庭服務中心	Christian Family Service Centre	1100
	香港紅十字會	Hong Kong Red Cross	282
	香港基督教女青年會	Hong Kong Young Women's Christian Association	1277
Single-service organization	協康會	Heep Hong Society	814
	伸手助人協會	Helping Hand	316
	香港保護兒童會	Hong Kong Society for the Protection of Children	498
	新生精神康復會	New Life Psychiatric Rehabilitation Association	950

## Progress

- **Qualitative study**
  - ▣ Annual report study
    - Analysis of 90 annual reports and financial statements finished
  - ▣ CEO interviews
    - Nine 3-hour interviews finished
  
- In the process of coding and analysis

## Interim findings

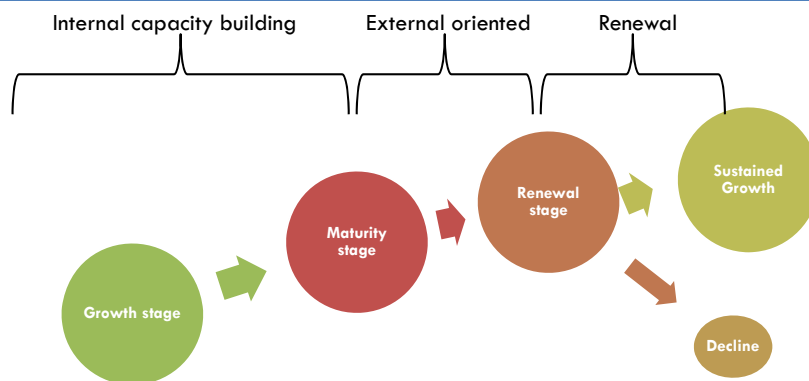
## 1. Common themes of organizational and mgn tools newly introduced in the past 10 years

1. Strategic planning
2. Board and organization restructuring
3. Financial status projection
4. HR system building
  - Restructuring of staff grading system
  - Performance assessment system
  - People development
5. Decentralization of decision making
  - Development of middle management
  - Working group as a structure for cross-team decision making on corporate themes
6. Branding
7. Quality management
8. Fundraising
9. Research

## 2. Motivation for the Changes

- External Environment:
  - Lump Sum Grant lead to instability of financial status
  - Inter-agency learning
- Internal Environment:
  - Different strategic courses of action at different organizational stages
  - Change of CEO/board leadership
- Further exploration:
  - Some strategies are common across stages due to big environment impact
  - Some are more stage-specific

## Organizational life cycle



Earlier stage → internal capacity building (e.g., quality management, people development)  
 Middle stage → external oriented (e.g., service expansion and diversification, service positioning)  
 Later stage → renewal (e.g., organization structure restructuring, decentralization of decision making)

## Interim Learning

- Institutional innovations are necessary for NGOs in responding to environmental changes
- Organisation life cycle may be an important consideration in tool selection
- Inter-agency sharing may accelerate the rate of organization development and change

## What's Next

- Jun 2016
  - ▣ A joint symposium – to report findings and to facilitate the exchange of experiences on the development and governance of different service types
  - ▣ Documentation of cases and practices
  - ▣ A research paper – to report the findings
  - ▣ Website
  
- Jun – Aug 2016
  - ▣ Seminars x 4 – practice sharing to share NGOs' experience of organizational development through institutional change

## Intended Impacts

- **Level 1 – Awareness and perception on management tools for change**
  - ▣ Increased awareness and enhanced understanding of challenges NGOs face in changing external and internal environments as reflected in the pathway of organizational development of different NGOs
  
- **Level 2 - Learning and Cognitive Change**
  - ▣ Enhanced learning on strategies and institutional innovations / tools for organization development
  - ▣ Increased knowledge among board directors and CEOs/senior executives on how they can contribute to organizational development through institutional innovation
  - ▣ Increased knowledge on institutional entrepreneurship, institutional change, organizational change and nonprofit management
  
- **Level 3 - Behavioral Change**
  - ▣ Increased number of organizational development activities in the sector



## Evaluation and Tracking Approach

- Level 1
  - ▣ Reach and frequency of communication tools
  - ▣ Participation in report-back events
  - ▣ Sharing in other occasions
  
- Level 2
  - ▣ Event questionnaire survey on perceived awareness and learning
  - ▣ Course development/ revision of HKCSS Institute training programmes
    - ➔ learning and cognitive change
  
- Level 3
  - ▣ Applications of related management tools

Q & A

## **BOARD-LEVEL RECRUITMENT AND RETENTION STRATEGIES AMONG NONPROFITS IN HONG KONG**

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### **Project objectives**

- To plot the landscape of board-level talent demand of nonprofit organizations in Hong Kong
- To explore the board-level recruitment and retention practices of nonprofit organizations in Hong Kong
- To stimulate discussions and raise awareness regarding the board-level recruitment and retention issues among Hong Kong nonprofit board members, Hong Kong nonprofit organizations, scholars and the public
- To inform other capacity building projects on NGO board governance

## Project activities

- Preliminary Stage – Fine-tuning of study focus
- Stage 1 - Demand Estimation
  - Desktop research on board-level talent demand among the 440 agency members of the HKCSS
  - Board structure on websites are studied
- Stage 2 – Recruitment and retention challenges
  - A mixed-method study on board-level recruitment:
  - Focus group study
    - to identify board-level recruitment and selection challenges and the practices to tackle challenges and the underlying factors
    - to theorize the patterns of recruitment and selection of board members of nonprofits in Hong Kong
  - Questionnaire survey – to test the framework of the patterns of recruitment and selection of board members of nonprofits in Hong Kong

## Research question

- How to characterize the recruitment and retention challenges of board members of nonprofits in Hong Kong? (Is it a challenge? And how is it a challenge? )

## Progress

- **Preliminary Stage – Subject matter expert focus group and interview** Jan 2015
  - HKU – Prof Ceci Chan, Dr CK Law
  - PolyU – Dr KT Chan
  - HKCSS – Dr John Fung

## Progress

- **Stage 1 – Demand Estimation (Desktop research)** Dec 2014 – Jun 2015
  - 440 agencies board structure were searched on website
  - 293 were found and studied

## Progress

### □ **Stage 2 – Recruitment and retention challenges**

- Focus groups and interviews Jul – Dec 2015
- 3 sessions held with the following participations from 12 NGOs

Organization	Position	Name
Green Living Education Foundation	Vice Chairperson	Ms. CHAN Choi Ying, Virginia
Fu Hong Society	Council Member	Mr. LEE Chun Lam, John
YWCA	Elected Member	Ms. Kong Wai Chi, Jenny
Benji's Centre	Founder cum Chairperson	Mr. WONG Ka Ning
Benji's Centre	Founder cum Executive Director	Mrs WONG HO Suk Ying
Harmony House	Chairperson	Ms. WONG Hing Chun
Hong Kong Society of Rehabilitation	Vice Chairperson	Prof. CHAN Lai-wan, Cecilia
Red Cross	Council Member	Prof. FANG Meng-sang, Christine
Habitat for Humanity HK	Honorary Chairman	Mr Darwin Chen
Fu Hong Society	Council Member	Mr Kevin Yuen
HK Unison	Chairperson	Dr Stephen Fisher
HKCSS	Vice-chairperson	Mr Kennedy Liu
Boys' and Girls' Clubs Association of HK	Honorary Chairman	Dr Roy Chung

## Progress

- Questionnaire survey – In the progress of designing questionnaire based on the focus group findings
- To be delivered in March 2016

## Interim findings

### Board-level talent demand

- 293 orgs of HKCSS agency members under study
- Total no of board members: 4074 for 293 orgs
- The demand for people in subcommittees is much larger
  - ▣ Totally 5897 people for 293 orgs
- In the dataset, there are subcommittees of different functional nature, such as:
  - ▣ HR
  - ▣ Finance
  - ▣ Fundraising
  - ▣ PR and publicity
  - ▣ IT, etc.
- For NGOs with relatively larger size, there are subcoms on services
- No of members in these **committees** can be analyzed to shed light on the demand on people with different knowledge and expertise

## Board-level talent demand (cont'd)

### Talent demand of different specialized committee

Types of committee	No. of orgs	No. of members
Human Resource Committees	48	327
PR and Fundraising Related Committees	51	408
Audit Committees	24	141
Finance Committees	58	397
Investment Committees	9	60
Research Committees	9	58
IT related Committees	14	105

## Focus groups - Board-level recruitment and retention challenges

### □ Recruitment

- Heavily relied on board member's personal network
- Different VM leads to different talent demand
- Heavy workload and responsibility impede recruitment
- Particularly a challenge for small and new NGOs
  - Started with personal friends sharing the same VMV
  - Lack of friends having specific professional knowledge
  - Lack of strategy in recruitment
- Relatively easier for established NGOs
  - Have systematic mechanism to recruit board members from location to selection
  - Better brand name to attract talents
  - Bigger board and sub-committee structure implies better network

## Focus groups - Board-level recruitment and retention challenges

### □ Retention

- Cultivation of personal relationship is the key
- Better on-boarding may lead to better retention. On-boarding is easier for NGOs with established corporate culture (i.e., more clear defined relationship between governance and management)
- Heavy workload and responsibility impede retention

## What's Next

- **A seminar** on the landscape study of board-level talent demand to stimulate discussions and raise awareness regarding the board-level recruitment and retention issues – Mar 2016
- **A joint symposium** to share and exchange findings on board-level recruitment with NGOs and to broaden views of board directors on the roles of boards of directors in different governance systems of nonprofits – Aug 2016
- **A research article** – Aug 2016



## Intended Impacts

- **Level 1 Awareness and Perceptions**
  - ▣ Increased awareness of board-level talent demand among nonprofits in Hong Kong and the possible challenges underlying board-level recruitment and retention
  - ▣ Broadened views of board directors on the roles of boards of directors in board-level recruitment
- **Level 2 – Learning and Cognitive Change**
  - ▣ Increased learning about board practices and their underlying governance logics and enhanced leadership capacity of boards of directors in board-level recruitment
  - ▣ Increased knowledge on board of directors and governance of nonprofits
- **Level 3 - Behavioral change**
  - ▣ Increased number of capacity building projects on NGO board governance

Extra – System Enhancement!

## Evaluation and Tracking Approach

- **Level 1**
  - ▣ Reach and frequency of communication tools
  - ▣ Participation in report-back events
  - ▣ Sharing in other occasions
- **Level 2**
  - ▣ Event questionnaire survey on perceived awareness and learning
  - ▣ New course development and offer from the HKCSS Institute to induce learning and cognitive change
- **Level 3**
  - ▣ Applications of related knowledge at organization level

## **New Collaboration Opportunities to make a Bigger Impact for NGOs**

- Mar 2016 – Seminar on Board Talent Demand and Recruitment and Retention Challenges
  - Potential Collaborators: HKU +HKCSS+ Community Chest +ICAC + HKICPA
  - Cum Report-back on Study Visit on Capacity Building of Board Governance

## **New Governance Platform to create Sustainable Impact for NGOs**

- A new HKCSS Governance Platform, with Social Welfare Department as the potential sponsor, has been developing since early 2015
- The project has informed the development of the platform and will inform the on-going running and development of the platform to make boarder and deeper impact on NGO board governance.

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