

**Achievement of Market-Friendly Initiatives and Results Program
(AMIR Program)**

Funded By U.S. Agency for International Development

**Towards Excellence in Governance
Association Management Training Workshops in Jordan
Business Association (BA) Governance Training**

Final Report

**Deliverable for Business Management Initiative (BMI) Component, Task No. 233.1
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Executive Summary

The AMIR Program has made a promising start in its initial investments in good governance for Business Associations. Momentum and demand have been developed, and the Business Management Initiative Component (BMI) is now in a position to select its partners on the basis of proven commitment and capacity, thus better reflecting the realities of the market.

A targeted approach to further investment would be worthwhile, and would optimize available human and technical resources for maximum impact. The AMIR program Business Management Initiative Component (BMI) settled on a Jordanian Business Associations' technical assistance needs assessment and governance workshop to advance its goal of strengthening the management skills necessary for the enhancement of private sector organizations competitiveness in the global economy.

The timing of this technical assistance assessment and governance workshop was designed to provide AMIR an opportunity to view its past efforts toward good governance best practices capacity building, establishing a baseline of specific skill-levels and proficiencies for each supported business association, and to infer from the results of the assessments the implications for the application of additional knowledge, skills and attitudes towards future business sector reforms in Jordan.

The Approach: The Good Governance Workshop consisted of a two-phase approach. The first phase was the pre-workshop assessment interviews and the second the workshop itself. The objectives of the pre-workshop assessment reviews were:

1. To conduct a series of meetings with select association board members to evaluate the practical application of new knowledge, skills, and attitudes in regards to corporate governance and its impact on present and future sector reforms in Jordan
2. To evaluate association experiences with governance as a basis for strengthening the design of future capacity-building initiatives in Jordan
3. To capture and document past technical assistance results/outcomes from AMIR-sponsored training investments undertaken as part of the AMIR I Training Plan
4. To work with the various business associations in taking steps to institutionalize a system for governance capacity-building to support continued business sector reforms

The following Associations were assessed prior to the Workshop

- Jordan American Business Association (JABA)
- Business and Professional Women's Association-Amman(BPWA)
- Amman Chamber of Industry (ACI)
- Royal Society for the Conservation of Nature (RSCN)
- Young Entrepreneur's Association (YEA)
- Information Technology Association of Jordan (INTAJ)
- Jordan Association of Pharmaceutical Manufacturers (JAPM)
- Jordan Hotel Association (JHA)
- Amman World Trade Center (AWTC)
- Jordan Exporters Association (JEA)

The Workshop Methodology

The process was highly interactive and non-hierarchical based on a modified 'Syntegration' Participation procedure. The Syntegration procedure was designed by Stafford Beer, and was developed by the Management Center in St. Gallen, Switzerland.

Team Syntegration provides for a multitude of persons to bring into a setting their knowledge, experiences and opinions with the purpose of developing a joint product. The procedure is divided into two steps:

- Agenda Setting Step
- Discussion Group Step

The Agenda Setting Step focuses on the development of themes around a key issue or question - in this case the issue was Corporate Governance. The Discussion Group Step proceeds to develop the themes - to have members openly discuss each of the themes arising from the agenda setting exercise with observers giving plenary reports at the end of each session. The purpose of this step is to bring together a wide variety of governance experience and explore strategies, organizational frameworks, and commonality of problems with the expectation that the participants could arrive at a vision for governance and a means to measure governance performance in light of the political and social environments of Jordan.

The first session was planned to set the agenda for the subsequent sessions of the workshop. During this brainstorming session the facilitators asked each participant to note on index cards the issues, concerns, and requirements they felt needed to be addressed during the workshop. The issues could include local problems, regional politics, issues arising from governance mechanisms, or governance ethics, transparency, equalities, etc. After this session and before the start of the discussions the group classified the participant responses into themes with assistance from the facilitators. The classification of the responses during all four workshops resulted in three persistent themes:

- What behaviors, practices, policies, and procedures determine the appropriateness of governance?
- What evaluation criteria, instruments and methodologies are available to establish the success or failure of a board in its governance role?
- What lessons emerging in relation to governance issues can be transferred across business sector

Key Findings:

Overall, participating board members:

- demonstrated a strong level of ownership in sector reforms being undertaken at the organizational, governmental, and sector levels;
- in most instances thought it was still too soon to measure the actual impact that past training has had on the achievement of measurable long-term results;
- stated that as a result of past training they personally have played a role in affecting policy dialogue or implementing some performance improvement within their organizations;
- acknowledged that the training received during the workshop would impact positively on

- their performance as association governors;
- particularly the younger Board members and Executive Directors, tended to be more open to new ideas and approaches to governance, and more willing to break with entrenched or inappropriate behaviors and practices;
 - with a direct experience of dealing with the US and with its agencies, were much more aware of the governance challenges ahead, and indicated stronger commitment to investment in Board capacity than other participants;
 - responded well to Best Practice information;
 - reached the conclusion that an investment in technical assistance to strengthen Boards' capacity to govern effectively would be worthwhile;
 - expressed the view that they had come to the conclusion that good governance practiced is inimical to Jordanian leadership and management traditions. This issue was pivotal in the understanding of many participants regarding their willingness to acquire new capacity;
 - thought the participative and interactive workshop methodology was beneficial and was well received by all participants; and
 - from the National Federation of Business and the Business Professional Women's Association – Amman were noteworthy in that they failed consistently to understand even the most elementary notions of good governance.

Recommendations

- **The AMIR Program should take further advantage of its opportunity to advance the technical capacity in Jordan for the benefit of good governance**

The need to invest in good governance is pressing. At least three AMIR program Initiatives are investing in good governance with their Jordanian partners. Ensuring an integrated approach to governance across all relevant Initiatives could optimize value and impact. Best Practice materials, Manuals and other tools currently under development will add value and impact if used in an integrated manner. Such an integrated approach would also ensure optimum value in the use of technical support through training and consultancy.

- **Invest in the winners**

The Deliverable for Business Management Initiative (BMI) Component, should give consideration to a policy shift insofar as its good governance investment is concerned. BMI has an opportunity to develop a series of varied investments in good governance that would offer BAs with commitment and talent an opportunity to optimize the investment and to become institutionally sustainable. JABA, YEA and INTAJ should be prioritized for the highest level of investment. These organizations are showing themselves to be the most dedicated and by far the most knowledgeable and proficient in association management. They also have the most experienced and active boards that seem to appreciate the role they play in working together with management toward the common goal of support to its membership.

- **Sideline the losers**

BMI's current priority BA partners are all worthy of varying levels of investment, with the unfortunate exception of BPW-Amman and NFPBW. If AMIR is at liberty to act freely it should consider reducing its investment this Association and Federation to a symbolic or negligible level.

USAID and AMIR should be ready to accept that a developing, market driven economy will not sustain incompetent or irrelevant Business Associations. The Program should not invest further time, effort and funding in supporting Associations that have repeatedly demonstrated their inability and unwillingness to address even the most elementary governance and leadership issues.

If the AMIR program chooses to continue to invest significantly in BPW-Amman and/or NFPBW, it should understand that the investment is unlikely to yield significant benefits to the Association or to AMIR. It is recommended that any significant investment should be made conditional on a complete restructuring of the Association and the removal of its current Board.

- **Develop a range of investments that can be offered selectively to targeted BA partners, in line with AMIR program priorities**

The BMI leadership is well placed to develop a range of investments that can be offered selectively to targeted BA partners, in line with AMIR program priorities. A second phase of investment should offer a range of inputs to carefully selected Business Association partners. The program should take an assertive and rigorous line in supporting BAs with a proven commitment to good governance, and measurably improving performance in governance capacity. An additional assessment may be required to determine the range of appropriate partners at the intermediate level.

The following ongoing investments in good governance are proposed as part of Phase 2:

- Generic, governance workshops for groups of Board members and CEOs
 - Targeted, custom designed training programs for a limited number of targeted Boards and CEOs
 - Facilitation of individual Board Retreats
 - Best practice materials development and distribution
 - Leadership consultancy and coaching to individual CEOs
 - Governance consultancy to individual Boards
 - The provision of adapted, custom-designed versions of the AMIR program Good Governance Manual, currently under development, focusing on individual BAs
 - Study tours to equivalent socio economic environments (e.g.: Latin America)
- **Consultancy and coaching will be pivotal in securing the investment and optimizing results**

A phased, time limited investment of individual consultancy with a competent governance advisor would be very worthwhile for many of the Associations.

- **USAID and AMIR should consider supporting the establishment of a Jordanian Center For Excellence in Governance**

As various Jordanian Business Associations develop capacity and experience, the most gifted and driven will gradually be creamed off to other sectors. Some of these players would consider deepening their commitment to good governance if they had a national framework within which to operate, and to further develop and exploit their skills. USAID and the AMIR Program should consider supporting the establishment of a Jordanian Center For Excellence in Governance in order to:

- capitalize on their investment in good governance
- secure the long-term future of a vibrant corporate sector in Jordan
- promote the development of an entrepreneurial corporate culture

Further, without a national body to promote excellence in governance, AMIR may see some of its investment unnecessarily dissipated over time. Thus, AMIR should give consideration to the issue of supporting a permanent national body to promote and defend good governance.

One last note on the subject of a Center for Excellence in Good Governance; ongoing AMIR technical assistance in good governance could then be channeled through such a body as part of a sustainable investment in organizational and operational capacity building.

Conclusions

Overall, Jordanian BA governance is not of an acceptable level -

In general, the notion of good governance as a concept or as a key element in institutional sustainability is an extreme rarity among Jordanian Business Associations. Those Associations that have grasped good governance as a concept, would benefit considerably from an ongoing, time limited process of technical support.

With some notable exceptions. Some Associations are conspicuous by their governance and leadership sophistication, relative to the majority

Three AMIR partner Associations stand out as being notable in their commitment to good governance capacity building, and in progress already made to develop best practices in governance:

- JABA
- YEA
- INTAJ

All three of the above have made strong commitments to an ongoing investment in governance strengthening.

The remaining organizations in attendance were found to be either less advanced, but do demonstrate a commitment to change and development or are very weak and may not be worth continued investment. Those associations having potential for demonstrating good governance are:

- Amman World Trade Center (AWTC)
- Royal Society for the Conservation of Nature (RSCN)
- Irbid Chamber of Commerce (ICC)
- Jordan Association of Pharmaceutical Manufacturers (JAPM)
- Jordan Intellectual Property Association (JIPA)
- Jordan Tourism Association (JTA)
- SKAL International
- Jordan Royal Ecological Society (JREDS)
- Jordan Exporters Association (JEA)

Those association boards found to be lacking in competency and appreciation for their governance role include:

- Business and Professional Women Association-Amman (BPWA)
- National Federation of Business and Professional Women (NFBPW)

Please refer to Appendix 2 for a quantitative measure of the Associations' potential for demonstrating good governance, based on the consultants' pre and post workshop assessments.

In good governance, AMIR is a pioneer in a vitally needed investment -

Until recently the concept of good governance had been a marginal issue in many international development organizations. AMIR's developing investment in good governance in Jordan is a welcome and appropriate effort, and will undoubtedly contribute significantly to the sustainability of many of its BA partners.

But business is business. Some Associations will (and should) thrive. Some will (and should) fade into irrelevance and obscurity

While the AMIR program is to be commended for the tenacity of its staff team in tackling the governance challenge in Jordan, USAID and AMIR should be under no illusions about the viability of some of their BA partners. In true, market-driven conditions, some of the BAs will not make it because they fail to deliver the services that their members demand. Some will fail because their memberships refuse to be dictated to by unaccountable and incompetent Boards. This is the business environment that is being created in Jordan, and the development of the AMIR Program's investment in good governance may need to bear this fact in mind.

Example: BPW-Amman is conspicuous by the low level of its governance capacity and the low level of its capacity to embrace change. Is continued investment worthwhile?

While BPW-Amman and NFBPW may be considered significant partners with the AMIR program, the capacity and commitment of this Association and Federation to change its entrenched poor practices seems marginal at best. Further USAID funded investment in this Association and Federation may be pragmatically appropriate, but will not yield significant benefits without a radical restructuring of the entire Association and Federation and the removal of its current Board.

The AMIR program is well positioned to respond to the Associations' governance development needs

The AMIR program has clearly earned the respect and appreciation of many Business Associations. There is a strong interest in a continuing relationship with AMIR on the part of most Associations. Current AMIR technical capacity seems well placed to provide an appropriate level of technical assistance and consultancy to the BAs, should this be deemed appropriate.

A scattershot approach to an investment program would not be worthwhile

Pre and post workshop Assessment findings indicate strongly that there is a very wide variety of capacity and commitment re the governance issue within the BAs. While the workshops did provide a valid learning experience at the entry and intermediate level, it seems clear that any further investment in good governance development needs to be carefully targeted, and designed around the specific circumstances and needs of Business Associations.

Theory only becomes meaningful through practice

Access to Best Practice information and methodology is an important element in the good governance investment, but will have little impact without a process to transform theory into practice. The provision of materials, documents and handouts will have little impact unless they are part of an integrated approach to good governance investment.

Traditional cultural norms and practices are a significant mitigating factor against good governance in Jordan

Many cultural factors in Jordan play a powerful role in hindering the development of a viable corporate culture. As far as good governance development is concerned, the prevailing culture works against accountability, clearly defined roles, merit-based seniority, transparency and independent supervision. While this issue is broadly acknowledged by many Board members, few Boards have begun to develop mechanisms to build viable corporate and governance cultures.

Good governance won't become an institutionalized, Jordanian reality, and won't become part of the national corporate culture without a permanent body to promote and defend it

Most developed economies provide Business Associations with access to mechanisms that can support good governance. The National Center for Not for Profit Boards in the US and the National Council of Voluntary Organization in the UK are but two excellent examples in the Not for Profit area. Jordan has no equivalent bodies. USAID and AMIR have pioneered the promotion of innovation and excellence in governance in their support for the BAs to date. But without a permanent Jordanian agency to promote and support good governance, the long term future of accountable Business Associations will be questionable, even with the high level of USAID and AMIR commitment to existing Associations.

Appendix 1

AMIR Program. Board Development of Business Development Associations

Pre-Workshop Assessment questions

The following questions were used as part of a structured pre-workshop interview process conducted by the consultants. The results of the interview process, consolidated with post workshop results are presented in summary in Appendix 2.

While the assessment did not constitute a detailed evaluation of Board performance, it does suggest current capacity levels.

Re Capacity
1. Rate the Board's capacity and effectiveness in strategic planning
0% _____ 100%
Comment _____
2. Rate the CEO's capacity and effectiveness in strategic planning
0% _____ 100%
Comment _____
3. Rate the Board Chairperson's capacity and effectiveness in the leadership and conduct of Board meetings
0% _____ 100%
Comment _____

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4. Rate the Board's capacity and effectiveness in dealing with product development issues

0% _____ 100%

Comment _____

5. Rate the Board's capacity and effectiveness in dealing with financial planning and control issues

0% _____ 100%

Comment _____

6. Rate the Board's capacity and effectiveness in promoting the interests of the organization

0% _____ 100%

Comment _____

7. Rate the Board's capacity and effectiveness in the resolution of conflict

0% _____ 100%

Comment _____

8. Rate the Board's capacity and effectiveness in dealing with issues that need rapid attention

0% _____ 100%

Comment _____

9. Rate the Board's capacity and effectiveness in evaluating its own performance

0% _____ 100%

Re Capacity development

1. Rate the quality of investment in good governance development to date

0% _____ **100%**

Comment _____

2. Perceived impact of investment in good governance on the organization

0% _____ **100%**

Comment _____

3. Rate the quality of professional supervision and support the CEO receives from the Board

0% _____ **100%**

Comment _____

4. Rate the quality of the professional supervision and support the senior staff receives from the CEO

0% _____ **100%**

5. Do the CEO's professional development needs get the attention they merit from the Board?

No _____ **Yes**

Comment _____

6. Do the senior staff's development needs get the attention they merit from the CEO?

No _____ **Yes**

Comment _____

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Re Role definition

1. Are the roles of the CEO and the Board well balanced and complementary?

No _____ Yes

Comment _____

2. Are Board members fully aware of their rights, roles and responsibilities?

No _____ Yes

Comment _____

3. Do Board members have formal task descriptions?

No _____ Yes

Comment _____

Re Board member profiles

1. Are the profiles of Board members appropriate to the needs of the organization?

No _____ Yes

Comment _____

Re Management & Communication

1. Rate the quality of the relationship between the CEO and the Chairperson

0% _____ 100%

Comment _____

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2. Rate the quality of the relationship between the CEO and the senior management staff

0% _____ 100%

Comment _____

Re Board servicing

1. Rate the quality and utility of documentation provided by the CEO to service the Board's needs

0% _____ 100%

Comment _____

Conclusion

1. Does the Board add significant value to the work of the organization?

No _____ Yes

Comment _____

2. Rate the governance of the organization, overall

0% _____ 100%

Comment _____

3. Could the development of a Board Manual or other technical tools be of use to the organization?

No _____ Yes

Comment _____

Appendix 2

Observations

Pre and post workshop assessment results

The results of the pre-and post workshop governance capacity review of select BA members, and the findings of the determinants of the appropriate level of technical and financial assistance are listed below. The final ratings were determined on the basis of a structured self assessment and then finalized by the consultants on the basis of externally assessed participants attitudes, awareness and demonstrated capacity during the workshops.

Key:

- 5 = high
- 4 = average
- 3 = acceptable
- 2 = below acceptable standard, and cause for concern
- 1 = very poor

The following scores

JABA

Commitment to good governance: 5/5

Awareness of Board development investment as a tool for good governance: 4/5

Clarity of roles within governing body: 3/5

Capacity to use potential AMIR investment in good governance appropriately: 4/5

YEA

Commitment to good governance: 5/5

Awareness of Board development investment as a tool for good governance: 4/5

Clarity of roles within governing body: 3/5

Capacity to use potential AMIR investment in good governance appropriately: 5/5

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INTAJ

Commitment to good governance: 4/5

Awareness of Board development investment as a tool for good governance: 3/5

Clarity of roles within governing body: 2/5

Capacity to use potential AMIR investment in good governance appropriately: 4/5

JAPM

Commitment to good governance: 4/5

Awareness of Board development investment as a tool for good governance: 4/5

Clarity of roles within governing body: 3/5

Capacity to use potential AMIR investment in good governance appropriately: 4/5

JHA

Commitment to good governance: 3/5

Awareness of Board development investment as a tool for good governance: 3/5

Clarity of roles within governing body: 2/5

Capacity to use potential AMIR investment in good governance appropriately: 4/5

World Trade Center

Commitment to good governance: 3/5

Awareness of Board development investment as a tool for good governance: 3/5

Clarity of roles within governing body: 2/5

Capacity to use potential AMIR investment in good governance appropriately: 3/5

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Amman Chamber of Industry

Commitment to good governance: 4/5

Awareness of Board development investment as a tool for good governance: 4/5

Clarity of roles within governing body: 3/5

Capacity to use potential AMIR investment in good governance appropriately: 4/5

BPWA Commitment to good governance: 2/5

Awareness of Board development investment as a tool for good governance: 2/5

Clarity of roles within governing body: 2/5

Capacity to use potential AMIR investment in good governance appropriately: 1/5

Royal Society for the Conservation of Nature

Commitment to good governance: 4/5

Awareness of Board development investment as a tool for good governance: 3/5

Clarity of roles within governing body: 3/5

Capacity to use potential AMIR investment in good governance appropriately: 5/5

Jordan Exporters Association

Commitment to good governance: 3/5

Awareness of Board development investment as a tool for good governance: 4/5

Clarity of roles within governing body: 3/5

Capacity to use potential AMIR investment in good governance appropriately: 5/5

Appendix 3

Best Practice Materials

Best practice handouts and visual aids were distributed according to key issues raised during each one of the workshops. The unique nature of Syntegration methodology requires such materials to be responses to the participant's own process, rather than a predigested series of cookie cutter materials handed out in scattershot fashion. Thus each one of the workshops provided a different range of Best Practice materials to the participants.

Much of the distributed materials are currently being developed by Jeremy Condor in his consultancy with another AMIR program Component, and will shortly feature as a generic Board Development Manual. Best Practice materials in draft form are all available from AMIR, and do not feature in this Appendix.