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A multi-theoretical perspective in understanding the governance of Mutual Health Organisations in the South-Kivu in Eastern DR Congo

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Abstract

Does a multi- theoretical framework provide a better understanding of the governance of Mutual Health Organisations (MHOs)? In this article, we develop a comprehensive theoretical framework for understanding the issue of governance of MHOs in the context of South Kivu province in the DR Congo. Although there are theoretical and empirical studies on the governance of third sector organizations, few of them address the issue of MHOs governance; and even fewer focus on Africa in general and particularly the DR Congo. Many scholars approach this topic from a global perspective by considering a variety of Non-Profit Organizations (NPOs). An overview of the literature has been carried out, examining the importance of each theory of governance to understand the governance of MHOs. Our findings reveal that taken alone, none of the theoretical approaches used in the literature on governance can better explain the governance of MHOs. We suggest that the issue of governance should be rather viewed from a global perspective integrating the different theories of governance. Firstly, the stakeholder theory combined with the agency allows to identify different stakeholders or “principals” involved in the development of MHOs, who have different expectations and interests, including external partners (donors, NGOs, etc.), local partners or support structures, local communities(members), health care providers and the government. Second, the neo-institutional framework combined with the agency theory and the resource dependency theory explain the adoption of decoupling strategies by MHOs’ managers and local partners in order to maintain external donors’ fundings. This situation would be explained by social norms and values and a weak regulation of the sector. MHO’s managers would follow practices of their peers in other third-sector organisations like NGOs and Villages Savings and Loans Associations. This study contributes to the debate on NPOs governance by clearly defining the nature of the principal-agent relationship (common agency theory) within MHOs and by highlighting the adoption of decoupling strategies by MHOs managers.

Keywords: Multi-theoretical framework, Common agency, Decoupling Strategies, South-Kivu, South-Kivu.

- **Introduction**

This article provides a comprehensive theoretical framework for understanding the issue of governance of MHOs in the South Kivu province in eastern DR of Congo (DRC). The governance of NPOs in general, and particularly co-operatives and mutual associations, is relatively under theorised in comparison with the governance of business corporations, where there is a large literature on corporate governance (Cornforth, 2004). Although there are theoretical and empirical studies on the governance of third sector organizations (Van Puyvelde et al., 2012; Cornforth, 2001; Cornforth, 2004), few of them address the issue of governance of MHOs; and even fewer focus on the African context in general and particularly the DR Congo.

This gap is due to their legal and organisational characteristics (Meier and Schier, 2006), the complexity of their objectives and their multidimensional missions (Van Puyvelde et al., 2012). Van Puyvelde et al. (2012), Hung (1998) and Cornforth (2003) approach this issue of NPOs governance from a global perspective by considering different types of NPOs. Furthermore, Cornforth (2004) and Miller-Millesen (2003) argue that the agency theory is not appropriate in the context of NPOs as it is difficult to define owners in the sense of shareholders in this type of organisations, and hence the difficulty of clearly identifying a single principal. However, the extant literature on NPOs governance emphasises the existence of a contractual relationship or conflicts of interests between the funders and the recipient organisation and the decision-making process that are not directly related to the mission of the organisation (R Jensen and Meckling, 1976; Labie, 2005, Spear et al. 2007). The agency problems may also result from the explicit contract MHOs and members.

Moreover, Steinberg (2010) applies the principal–agent theory to nonprofit organizations and finds that the presence of multiple principals with different objectives hinders the potential of agency theory to resolve questions of nonprofit accountability. Therefore, a recommendation is to complement agency theory with other theoretical perspectives (Eisenhardt, 1989; Steinberg, 2010). In this regard, Van Puyvelde et al. (2012) considers that a more comprehensive principal–agent theory of nonprofit organizations can be established by combining agency theory with the insights of stakeholder theory, stewardship theory, and empirical literature on the governance and management of nonprofit organizations.

A variety of competing theories have been proposed to try to understand the role of boards in the private sector, including for example agency theory, stewardship theory, stakeholder theory, and managerial hegemony theory (Cornforth, 2003). Therefore, Cornforth (2003) recommends a multi-paradigm paradox perspective, which integrate various theoretical perspectives, provides a promising approach to develop a new theoretical framework to understand the governance of cooperatives or mutual associations. He adds that taken individually the different theories of governance consider only one aspect of the board’s role and thus cannot better explain the issue of NPOs governance.

These observations lead to the following questions - *Does a comprehensive theoretical framework provide a better understanding of the governance of MHOs? What does this comprehensive theoretical framework on the governance of MHOs highlight in the context of South Kivu, in Eastern DRC?* To answer these questions, we first considered the literature on NPOs governance of NPOs to understand the issue of governance of MHOs. We made use of the available studies on MHOs conducted at international, national, or local levels to identify their characteristics. The comparison of the MHOs specific characteristics to different theoretical frameworks of governance allowed us to better address the issue of MHOs governance in the context of South Kivu.

This study contributes at several levels to the literature on NPOs governance in three important ways. First, it examines theoretically for the first time the problem of MHOs governance in the African context and particularly in the DR Congo. Previous studies have been conducted in other contexts and considered NPOs in general (Labie, 2005; Jegers, 2008, Cornforth, 2001). Second, the article presents a theory-based framework of MHOs governance that identifies the agency problems resulting from the contractual relationships between MHOs and different actors who contribute to its funding including donors, local partners, and members and therefore shows the - importance of combining agency theory with stakeholder's theory to identify the number of "principals". Finally, the neo-institutional approach combined with the resource dependency theory gives a good understanding of the adoption of decoupling strategies within MHOs to maintain donors' funding. The model for setting up MHOs in South Kivu (top-down model) reflecting the MHOs dependency on external donors increases the agency problem. Our theoretical findings are driven by the governance model of MHOs operating in the South-Kivu province, in eastern DRC.

- **Literature Review**

In this section, we review the different theories of governance with a focus on NPOs and by showing how each of them can be applied in the context of MHOs.

- ✓ **Agency theory**

The literature considers the agency theory as the basic theory of corporate governance studies. This theory considers the existence of a relationship between two parties: “the principal” (owners of the firm) on the one hand and “the agent” (the manager of the firm) on the other hand. The agency relationship is defined as a contract whereby one or more persons (principal) engage another person (agent) to perform certain services on their behalf and in their interests, and this involves delegating decision-making power to the agent.

In conventional firms, agency theory addresses the relevance of having people who can protect the interest of the shareholders (owners) (Jensen and Meckling, 1976; Fama, 1980; Fama and Jensen, 1983). The basic assumptions of agency theory are based on the opportunism of individuals pursuing their interests by maximising their utility, thus becoming selfish (Baiman,1990). The goals and interests between owners and managers then become conflicting or incongruent (Caers, et al.,2006). Charreaux (2004) argues that the objective of the governance system is to put in place a certain number of mechanisms to discipline the manager and reduce his or her discretionary power to secure the shareholders' financial investment. The creation of maximum value depends exclusively on the discipline of the manager.

The application of the agency theory to questions of NPOs governance is questionable since it refers to the opportunism of actors which is supposed to be absent in NPOs. Most scholars of nonprofit literature qualify its application by pointing out three limitations. The first limitation is related to the motivation or the lack of interest in the financial benefits of different actors (Hansman, 1980; Labie, 2005; Mertens, 2010). The second limitation concerns the complex objectives of NPOs with multidimensional missions that are difficult to define (Barr and Fafchamps, 2005; Brass, 2012; Puyvelde, et al., 2012), and which leads to the difficulty of evaluating the results with an accurate measure of performance especially as NPOs transform their funding into social values (Caers et al, 2006). Finally, there is no owner in the sense of shareholders (Jegers, 2008), the difficulty of clearly identifying a single principal in NPOs arises. In this regard, Cornforth (2003) argues that as NPOs have several stakeholders, the simple agency theory can be extended by considering each stakeholder as a principal (Borzaga and Solari,2001; Steinberg, 2010; Puyvelde et al., 2012). Steinberg (2010) argues that the presence of multiple stakeholders with different objectives hinders the potential of agency theory to address accountability issues in NPOs. Thus, Eisenhardt (1989) recommends that the agency theory

needs to be complemented by other theoretical perspectives to better explain the issue of governance in the specific case of NPOs.

Despite the limitations of the application of agency theory in NPOs, Labie (2005) argues the theory can be applied to explain the relations between the NPOs funders and managers. Moreover, the study of Manirambona (2013) provides a complex agency relationship reflecting the relationships between local NGOs in Burundi and external donors. Hill and Jones (1992) argue that these kinds of stakeholder relationships can also be modeled as principal-agent relationships.

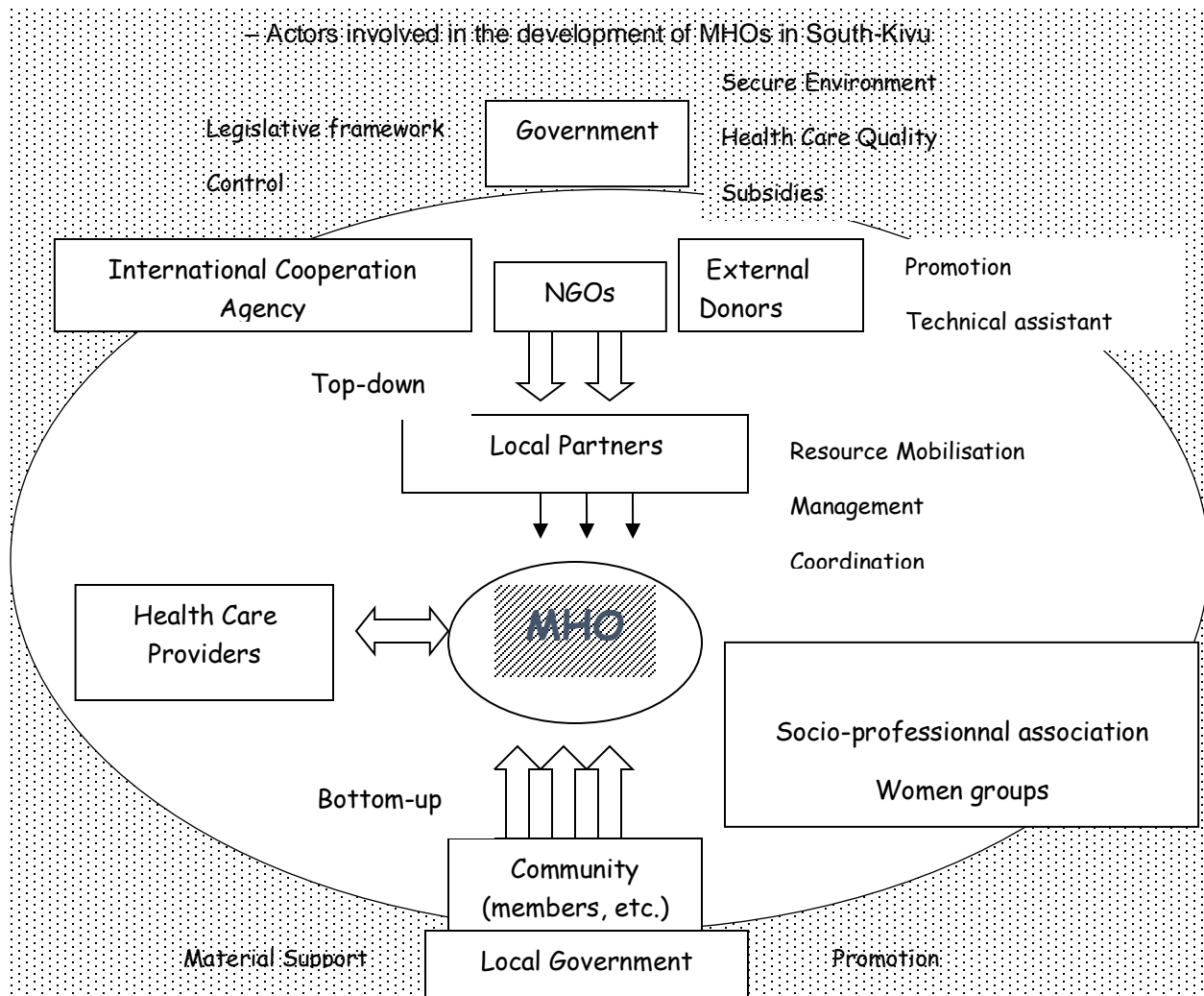
However, although the agency theory allows explaining the relationship between funders and beneficiary organisations, its application to MHOs operating in DR Congo and particularly in South-Kivu remains difficult given the diversity of MHOs funders (donors, members, government, etc.) with different expectations. In conclusion, the agency theory taken alone does not explain the issue of governance of MHOs in the South Kivu. In the following section, we first present the stakeholder theory before discussing the need to combine it with agency theory to better understand the governance of MHOs.

✓ Stakeholders Theory

Like agency theory, the stakeholder theory is in line with contract theories (Labie, 2005). There are two approaches to define stakeholders. Steirner (1990), in a restrictive way, defines them as “actors without whom the organisation cannot live”, whereas Freeman, & Reed (1983) broaden the definition and specify that it is “any group or individual who can affect or be affected by the achievement of the objectives of an organisation”. Huybrechts et al. (2013) define stakeholders as “non-investor owners pursuing social objectives through their economic activity”. Therefore, all individuals who have an interest in the organisation must be integrated into the decision-making process beyond the shareholders or owners alone (Donaldson & Preston, 1995).

Labie (2005) stresses that on the one hand, the board must represent the interests of the stakeholders and on the other hand it must assume its political role by finding compromises to implement a global strategy that takes their interests into account. This theory states that stakeholders will hold some power within organisations as long as they play a key role in ensuring the survival of the organisation by reducing uncertainty, dependencies, and resource mobilisation for the benefit of the organisation (Cornforth, 2004; Labie, 2005).

The stakeholder theory seems to be relevant to better account for the governance of MHOs in the context of South-Kivu as several actors are involved in their development as we can see in **figure 1** below.



Source: Adapted from Natasa (2007)

The above diagram highlights not only the main stakeholders involved in the development of MHOs in South Kivu but also the models for creating MHOs, including "Top-down" and "Bottom-Up" models.

In the bottom-up model, communities organise themselves to create health insurance. Priorities are set in a participatory planning process, and important decisions are made by the communities. Quite often, these initiatives also develop from mutual aid organisations, which are initially set up to provide their members with various social security benefits. A good example is corporatist mutuels. These organisations group together employees of the same profession, and usually cover death, disability, or provide financial support for marriages and births. In all cases, the decision to include health among the interventions of the organisation is taken by members (Waelkens and Criel, 2004; Waelkens et al., 2016; Atim, 1998).

Health care providers who are in a situation of cost recovery and decentralisation, and facing the obligation to take some of their income directly from the public, have also initiated MHOs. Their main motivation is to secure a stable source of income, in a context where many patients are unable to pay the bills, and to increase access to the care offered by the hospital. A typical example of this type of MHO is the Bwamanda hospital mutual health insurance scheme, created in 1986 in the DRC, based on an initiative of Belgian partners and in close collaboration with the hospital staff (Waelkens and Criel, 2004; Huber et al., 2003; Atim, 1998).

Furthermore, foreign partners including donors, NGOs, International cooperation agencies, etc. often play a crucial role in the development of MHOs in South Kivu. This situation is almost similar for MHOs in most sub-Saharan African countries. In Central and West Africa especially, the mutualist movement is stimulated by the enthusiasm of European organisations to share a system that has succeeded in Europe. This dynamic is reflected in increasingly structured local support and in arrangements between European (especially Belgian and French) and African MHOs (Natasa, 2007). For example, the Fonds d'aide à la coopération and the Fédération Nationale de la Mutualité Française have supported the creation of a network of MHOs in Mali (Waelkens. et al., 2004; Atim., 1998). Thus, the majority of MHOs today are created thanks to the significant support of foreign donors, according to a "top-down" strategy.

An external partner who wishes to implement a particular MHO will associate with a local organization or people who are supposed to convince opinion leaders and representatives of different layers of the society to create interest in the initiative. Then, during the creation phase and the first years of operation, the technical assistance provided by the external partners will play an important role, to help the local partner in several tasks including carrying out the feasibility study or determining the premiums and benefit packages; to develop the techniques and skills necessary for the management of MHOs, etc.

Finally, the external partner will often provide subsidies. Indeed, many MHOs do not have sufficient initial capital to finance the feasibility study or staff training. Subsequently, operating costs such as staff salaries, administrative costs, or equipment, are often covered by the external partners, as the fees collected only allow to reimburse members' health care delivery (Tabor, 2005).

Furthermore, the government through the Ministry of Health and local governments also play an important role. First, the government must create an environment and institutional framework that is conducive to the development of MHOs by allowing freedom of association, ensuring a secure environment, guaranteeing a reliable banking system, and a tax regime that allows tax exemptions for MHOs. Secondly, Ministries of Health and Social Protection have an interest in overseeing the development of MHOs, and putting in place an adequate legislative framework and some form of subsequent monitoring to ensure that MHOs will operate in a sound and sustainable manner.

Governments which are often the most important providers of care, through public hospitals and health centers also play an important role regarding the importance of the quality of care in health insurance.

Finally, another possible contribution of the authorities is to subsidise the contributions of the poorer sections of the population, who often remain excluded from the health insurance system.

However, even if it plays an important role, the government cannot be the main actor in the promotion and development of MHOs. As Huber et al (2003) observe, legislation, regulation, and assistance to the MHOs can create a conflict of interest, as in many countries the government is at the same time the main provider of health care.

Considering the roles played by different actors in the development of MHOs in South-Kivu, we support that MHOs are multi-stakeholder organisations. From figure 1, we also notice that the interdependence between stakeholders, especially MHOs and stakeholders at the local level (local partners, health care providers, community, government, etc.) and external partners(donors). In that context, it is unclear who should be considered as the principal. Although there are no owners in the sense of shareholders, each stakeholder has a stake in the MHO and its utility is affected by the organization's activities. This situation corresponds to the situation whereby one agent deal with several stakeholders or "principals" (common agency theory). Thus, in the following point, we show how the common agency theory is useful for understanding the governance of MHOs.

✓ **Common-agency theory**

Given the difficulties of applying agency theory in NPOs, especially the definition of owners, we consider the common agency theory which is simply an extension of the agency theory with one agent and one principal. The basic assumptions of the common agency theory are grounded in the agency theory (Fama, 1980; Fama & Jensen, 1983, Jensen & Meckling, 1976) originally based on the analysis of "property rights" literature. The common agency theory extends the principal-agent relationship to situations in which many principals attempt to influence a common agent.

The shortcomings of the agency theory in the context of NPOs show the need to consider the common agency theory in understanding the governance of MHOs. According to the common agency theory, new control mechanisms and incentive systems must be put in place to preserve the interests of all partners and to optimise the partnership value (Charreaux and Desbrières, 1998). These governance mechanisms are inspired by the perception of the firm as a coalition focused on a common objective, the viability, and sustainability of the firm. This approach reaches its limits with the difficulty of satisfying the conflicts of interests of all the stakeholders(principals). This theory model proposes a representation of the governance system based on a dynamic interaction between managers and other stakeholders in the organisation's value creation and sharing. Therefore, several control mechanisms are recommended.

In line with Romano (2013), we refer to an instance of common agency when the action chosen by a particular player (the agent) affects not just one, but several other parties (the principals), whose preferences for the diverse likely actions conflict. A common agency situation can be indicated as the relationship between multiple principals and a single common agent. The common agency framework deals with a not-cooperative version of the principal-agent relationship in which several principals contract with a common agent. It investigates how multiple principals, who simultaneously and not cooperatively announce incentive schemes for a common agent, should design incentive contracts for a single agent that they share.

We argue that the application of the common agency framework in the context of MHOs is appropriate because of the existence of explicit contracts between MHOs and several

stakeholders as shown in figure 2. They are therefore accountable to these stakeholders. Indeed, the MHOs in South-Kivu must report to the support structure which in turn report to the donors on the funding's management.

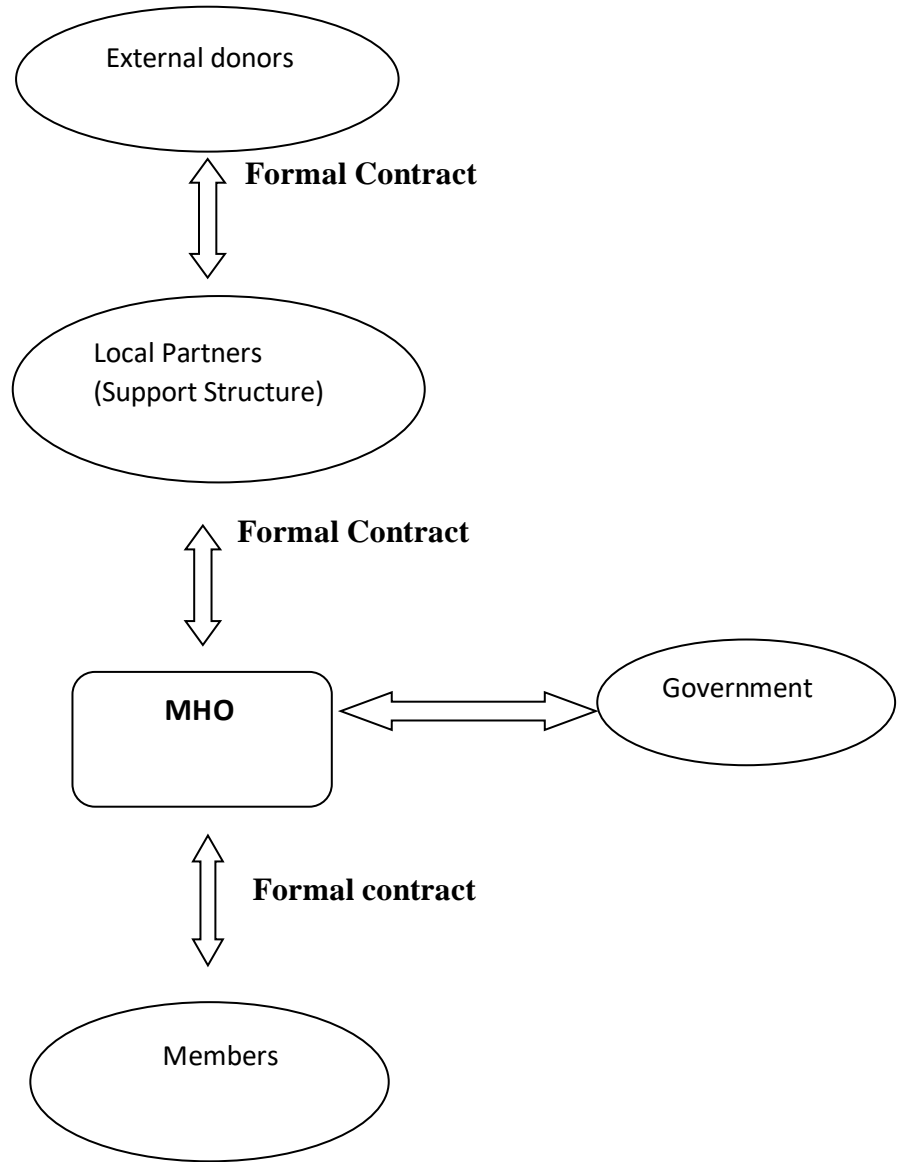


Figure 2: Agency relationships between MHOs and stakeholders

Source: Author's own conception, April 2020.

Figure 2 above shows the agency relationships resulting from the formal contracts between MHOs and their main funders. It should be emphasised that MHOs in South Kivu extremely

depend on external donors. As suggested by Labie (2005) the agency theory can be appropriate in explaining the relations between funders and managers of the association. According to Coriat and Weinstein (1995), the agency relationship is generally appropriate for NPOs. In that respect, we argue that as a node of contract that links different stakeholders.

Ospina et al (2002) insist on the need to introduce the complementary notion of accountability to stakeholders to better qualify the issue of governance of NPOs. The question is to whom the organisation is accountable for its activity and the good use of its funds. Although the management of both internal and external stakeholders is not specific to NPOs, the importance of this management in this context must be stressed. Similarly, Valeau (2003) highlights the heterogeneity of the performance sought by the stakeholders of these organisations and the need for them to meet the expectations of all their stakeholders.

The direction of the arrows in figure 2 indicates the interdependence between stakeholders and the MHO. The number of stakeholders and the different networks does not allow us to consider the governance of MHO solely from the perspective of a bilateral approach as proposed by the shareholder perspective of governance, especially as their interests and expectations conflict.

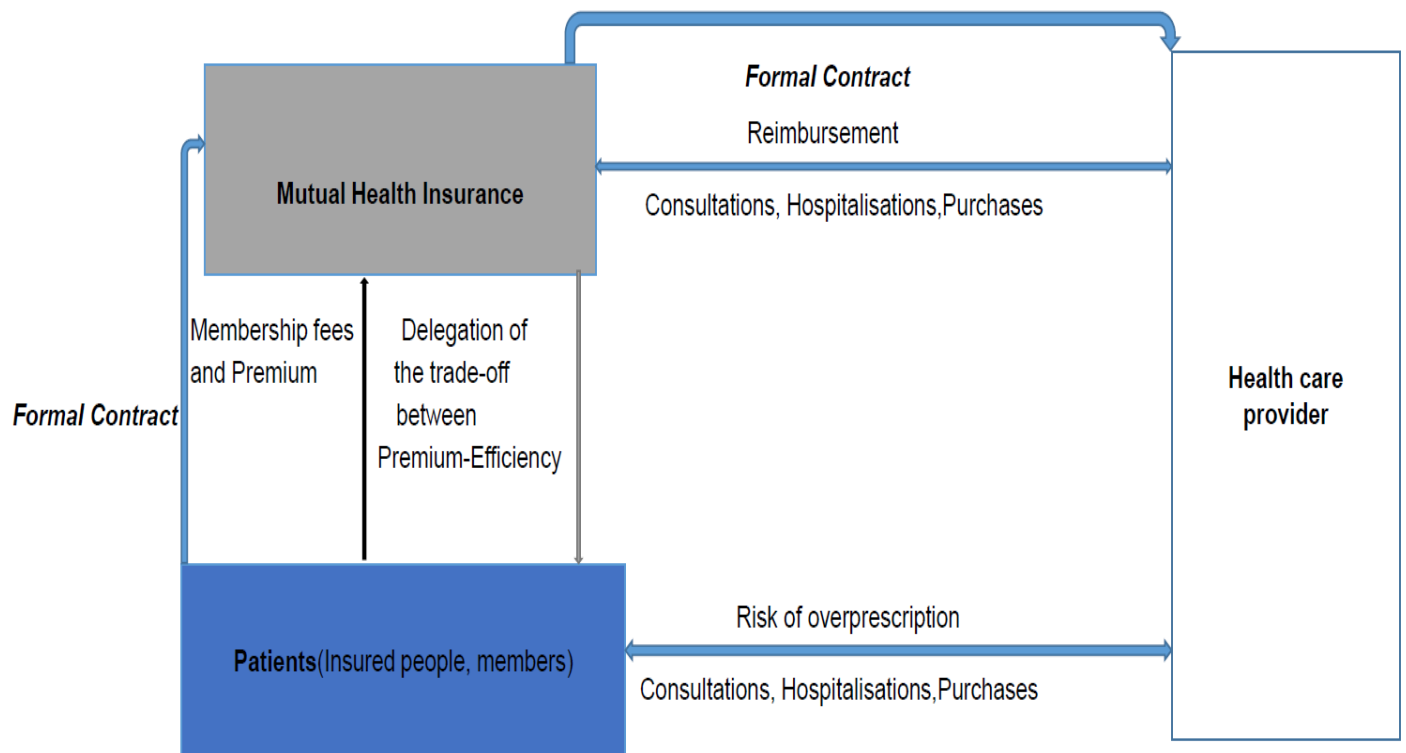
The contribution of foreign donors in the development of MHOs is significant. It is made indirectly through the payment of a grant to a support structure (local partner) for MHOs. The latter is then considered the main funder of MHOs. Members' contributions to the financing of MHO are marginal and not regular. The financial support of the government remains almost absent.

Considering the extant literature on NPOs, we assume that the interest of the donors and those supposed to manage the MHOs are not always in harmony and a kind of friction can arise from this situation. In this case, two types of moral hazard arise, one is the presentation of projects that do not reflect the reality and needs of the target beneficiary population when applying for funding and the other is the behaviour of the agent in the use of the funding granted (Fafchamps and Owens, 2010). According to Nyssens (1998), post-contractual opportunism occurs when the agent undertakes an action, while the principal is absent during the execution of the contract. The donors can neither observe the effort that the agent, nor control it; and even if there is a slip, he cannot stop the execution of the action (Caers et al., 2006).

✓ **Agency problems arising from insurance contracts**

As shown in Figure 3, opportunistic behaviours or agency problems may result from the formal contracts between the MHO and the insured members and between health care providers and the MHO.

Previous studies conducted in the DRC on the viability of community health mutuals highlight the opportunistic behaviour of local partners and managers of MHOs which result in their enrichment through members' contribution or health care providers through user fees (Bashi et al., 2020). Cases of conflicts of interest between the managers of MHOs schemes and the supporting structures are also pointed out in the work of Wealkens (2017). Besides, the lack of trust of the community towards managers also resulting from the information asymmetry is mentioned in previous studies (Natasa, 2000; Dunia, 2019)



Source : Adapted from Caire (2009)

Figure 3: Agency Relationship resulting from Health Insurance Contract

Figure 3 above highlights the agency problems arising from health insurance contracts between members and mutual health organisations on the one hand and between mutual health organisations and health care providers on the other hand. In this case, the agency problem results from the contract by which one or more persons (the principal or members) engages another person (the agent, in this case, the MHO managers and board) to perform services on their behalf (the purchase of care). This process, involving the delegation of part of the power to the agent, particularly corresponds to information asymmetry. Health systems combine uncertainty about the occurrence of the disease, about the diagnosis, the effectiveness of treatments, etc., and divergent interests between health care providers (who have an interest in increasing the number of procedures), patients (who have an interest in maximising the health care quality-price ratio) and MHO (who seeks to maximise their profit).

Therefore, a dual agency relationship can be established (Henriet and Rochet, 1999):

1. The members delegate to the MHO the decision of the tradeoff between cost and effectiveness of treatment. The MHO must understand member's needs: appropriate range of care, geographical accessibility, support, waiting time, etc., at the best price
2. The MHO delegates the health care production to the health care providers and must encourage them to be efficient.

Generally, the adverse selection occurs when people with a high probability of becoming ill, or who are already ill, join MHO in greater numbers than people with lower risks. This situation

can jeopardise the financial viability of the MHO, as it results in a too high level of expenditure per beneficiary.

Unlike a commercial private insurance system, the MHO cannot select its beneficiaries or charge each of them premiums corresponding to their risk, so they are particularly exposed to this risk (Atim et al., 2005). Besides, providers appear to be able to encourage the very poor and those with chronic conditions to join the MHO, which increases concerns about adverse selection.

In his study on the viability of MHOs in South Kivu, Natatsa (2007) shows that the Mutuelles de Santé of Idjwi and Kalehe have experienced the most problems of adverse selection. In Idjwi, predictable pathologies were a problem (childbirth, hernias, endemic malaria). Furthermore, moral hazard is observed when members or their dependents, once insured, tend to abuse the services offered. This phenomenon of over-consumption is reflected in an abnormally high rate of use of health services. However, because the coverage of health care costs naturally leads to an increase in the rate of use of services, which thus approaches the local morbidity rate.

✓ **Managerial Hegemony theory**

Building on the work of Berle and Means (1932), who identified the risks associated with the separation between the owners of the organisation and the managers, this theory considers that in many cases the effective control of the organisation is in the hands of the managers. Thus, for Davagle (2011), in the case of NPOs, professionalisation, the increase in size, and the complexity of the management tools put in place increasingly lead organisations to hire salaried managers who possess important professional and technical qualifications to manage their structures. In this case, the role of the Board is limited to validating the decisions of the managers and giving them a certain legitimacy. The presence on the Board of Directors of people who do not have specific skills or expertise, therefore, raises questions about their ability to effectively control the decisions taken by the management. This theory, therefore, considers the case where control is no longer vested in the owners but rather in the employee managers.

In the case of the MHOs in South Kivu, the role of the Board is limited to validating the decisions of the managers and therefore gives them a certain legitimacy. The MHOs are required to send a monthly report to support structure with statistics on members, use of care, and finances. The centralized management of financial support from donors to local partners (support structure) is also perceived as a limit to the autonomy of MHOs. Several MHOs would like to collaborate directly with donors.

This theory reinforces the agency theory and suggests that control is almost impossible as the Board becomes passive in ratifying the manager's decisions with closed eyes without deep analysis as Labie (2005) notes. And so, this theory becomes relevant in explaining the governance of MHOs.

✓ **The neo-institutional theory**

The neo-institutional theory seeks to find an explanation for how structures such as rules, norms, and routines become established in society and spread over time, and even become guidelines for social behaviour. The institutional theory grew out of the work of Berger and Luckman (1967), who argued that social reality is a human construct created through interaction. The process by which actions are repeated and given similar meaning through oneself and others is defined as

institutionalisation. Meyer and Rowan (1977) argue that modern societies have many institutionalised rules, which provide a framework for the creation and development of formal organisations. The institutional theory emphasises the idea that organisations are more than a means of producing goods and services; they are also social and cultural systems. It, therefore, suggests that organisations, and organisational actors, do not only seek to compete for resources, but they ultimately seek legitimacy (Suchman, 1995).

Furthermore, the values and norms of these groups underpin those of the population, which gives them an important legitimacy.

Fearing the loss of their external resources, local actors (support structures and mutual health organisations) are obliged to align their objectives with those of donors and thus adopt decoupling strategies.

Indeed, these are protective mechanisms through which the organisation maintains its external legitimacy through formal practices that embody socially acceptable goals while retaining informal routines that have evolved" (Westphal and Zajac 2001). From figure 2, decoupling behaviour would exist on the one hand between managers of MHOs and Support Structures and between Support Structure managers and external donors. Contextual and institutional factors such as corruption may influence local partners or MHOs managers may behave like other actors involved in the NPOs sector (for example NGOs).

✓ Stewardship theory

Stewardship theory, which comes from psychology and sociology, starts from the opposite premise of agency theory (Davis et al., 1997, Defourny and Nyssens, 2017). For the proponents of this approach, the manager is not an agent who seeks only to pursue his or her interests. They are stewards of the organisation and their objective is to work in the interests of the organisation. They are therefore seen as partners, worthy of the trust of the board.

In the context of cooperatives and mutual, the steward benefits from a favourable prejudice regarding his loyalty, his intentions, and his commitment to the cooperative project. They are seen as dynamic, altruistic actors who want to do a good job in the general interest by acting as good stewards in the management of the resources and collective assets of the cooperative or mutual (Cornforth, 2004). In this theory, the steward and the mutualists are partners who evolve in a collaborative framework that encourages innovation and mutual learning.

With this theory, the control and incentive mechanisms of the agency relationship give way to the mechanism of partnership and cooperation between actors (Labie, 2005). This theoretical approach better meets the objectives and missions of social enterprises and has been used extensively in the governance of the association (Labie, 2005).

And so, this theory becomes relevant to our analysis of MHOs governance since it is possible that in some cases there are no conflicts of interests between managers, boards, and members. We assume that managers behave as stewards, which reduces the agency problem. In fact, in the context of South Kivu where the majority of MHOs are located in rural areas, social values and norms play a significant role in the legitimacy of opinion leaders (priests, politicians, etc.) and consequently of managers and boards members of MHOs.

✓ Resource dependency theory

Resource dependence theory posits that the ability of organisations to function in an environment of interdependent complexity is directly related to the quality and effectiveness of the directors who make up the board (Pfeffer, 1972; Pfeffer and Salancik, 1978; Boyd, 1990; Hillman and Paetzold, 2000). Organisations depend crucially for their survival on other organisations and actors for resources. As a result, they need to find ways of managing this dependence and ensuring they get the resources and information they need. From this perspective the board is seen as one means of reducing uncertainty by building influential links between organisations through for example interlocking directorates (Cornforth, 2003). The main functions of the board are to maintain good relations with key external stakeholders to ensure the flow of resources into and from the organisation, and to help the organisation respond to external change.

The resource dependency theory implies the search for power maximisation in the management of mutual dependency relationships (Pfeffer and Salancik, 1978).

Indeed, as in most countries in Sub-Saharan Africa, external partners such as donors, NGOs and cooperation agencies, etc. play a crucial role in the emergence and development of the MOHs in the DRC (Waelkens et al., 2004; Atim, 1998) in general and in the province of South Kivu in particular. The survival of the MHOs depends largely on the support of external partners through support structures. In most cases, the "top-down" model of creating mutual health insurance is preferred.

For example, the Réseau des Mutuelles de Santé Communautaire (REMUSACO), which is the support structure for the majority of mutual health insurance schemes in South-Kivu, mobilizes partner funding and channels it to support mutual health insurance schemes. REMUSACO provides technical and financial support to 22 mutual health organisations. External partners support the mutual health insurance schemes both during the creation phase and during the existence of the scheme through REMUSACO.

• Conclusion

The objective of this article is to provide a conceptual framework for understanding the governance of MHOs. Specifically, the aim is to show how corporate governance theories can account for MHOs governance in the context of South-Kivu, in eastern DRC.

The theories of corporate governance appear to be partially applicable to the analysis of the governance of MHOs. Given the difficulties of applying the agency theory in NPOs governance, especially the definition of "principals or owners », we found quite relevant to consider a multi-theoretical framework to better explain the issue of MHOs.

The model for setting up MHOs in South Kivu, whose initiative mostly comes from external partners (or donors), clearly shows their strong dependency on the latter. Besides, the diversity of actors involved in the development of MHOs justify the application of a multi-theoretical framework. The agency theory coupled with the stakeholder theory (common agency theory) accounts for the existence of several principals of MHOs and therefore several principal-agent relationships. These agency relationships result from contracts between MHOs and donors on the one hand and MHOs and other stakeholders on the other hand (members, health care providers, government, etc). Furthermore, considering the stewardship theory, we assume an alignment of the manager's and members 'interests because of their high identification to the organisation. In fact, after its establishment, the MHO is left to the management of the community where the manager comes from, even if the initiative comes from external partners. The neo-institutional framework combined with the agency theory and the resource dependency theory would explain the adoption of decoupling strategies by local partners to maintain donor fundings.

In conclusion, all the governance theories appear to be appropriate to better account for an issue of governance with MHOs in the context of South Kivu. Despite the difficulties of its application in that specific context, the agency theory seems to be relevant to account for the relationships between not only donors and MHOs but also between MHOs and other stakeholders (Members, government, etc.). This study contributes to the existing literature on corporate and NPOs governance by trying to define the main "MHO's principals" or "MHOs' owners". Besides, it also highlights the adoption of decoupling strategies by local actors (MHOs or Support structures managers)

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