Boards That Count: How Board Composition Relates To Resource Generation And Community Representativeness In Nonprofit Formation
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The performance of nonprofit boards is a subject of perennial interest to researchers in voluntarism and philanthropy. The board of directors plays a key role in the governance of nonprofits, providing pivotal leadership for organizations of all sorts (Axelrod, 1994; Houle, 1989). Many studies, however, include examples of under-performing boards or boards that function poorly (Middleton, 1987). In various ways, nonprofit boards may fail to provide the support, guidance or leadership necessary to help their organizations maximize their potential.

Furthermore, as nonprofit organizations continue to play an increasing role in the implementation of public policies, the board’s ability to govern effectively may determine whether a nonprofit organization can preserve its unique mission-oriented focus (Smith & Lipsky, 1993). The attributes that make nonprofit organizations particularly attractive as alternatives to government intervention—specifically, innovation and responsiveness—are often linked to the effective functioning of governing boards (Axelrod, 1994; Light, 2002).

This is particularly problematic for small, human service nonprofits with large goals and small budgets. Many of these organizations serve communities with needs that receive only marginal attention in policy debates, needs such as hunger, homelessness, childcare, youth programs and services for the elderly and disabled. Nonprofit organizations are regarded as uniquely suited to respond to these pressing, often localized needs and to mobilize resources to address them. In addition to their caring services, human service nonprofits also serve an important advocacy role for societal groups that lack political power (Jenkins, 1987; Kramer, 1981). As some have asserted, “boards of directors, more than any other aspect of nonprofit organizations, embody and represent community interests” (Smith & Lipsky, 1993). Without the able governance of nonprofit organizations involved in service provision, the concerns and issues facing these groups might go unrepresented in policy deliberations.

There are many aspects of governance that may influence the performance of boards that oversee human service nonprofits such as board size, structure and working relationship with the organizational executive (Axelrod, 1994; Middleton, 1987). In particular, the composition of nonprofit boards is considered a telling indicator of the organization’s ability to garner resources and perform its advocacy or representative function. Perhaps at no time is the composition of a nonprofit board more significant than during the formation of the organization, as the role of governing boards is considered to be particularly “dominant” during the start-up phase (Zald, 1969). The board of a fledgling effort is seriously challenged not just by “interpreting the mandate” (Middleton, 1987) of the new organization but, to a great extent, inventing it. This paper asks, what are some factors in board composition during an organization’s earliest stages that are associated with the critical governance issues of resource generation and representativeness?

Based on data from a study about the founding of 23 community-based human service organizations, this paper explores aspects of board composition during the formation stages of these nonprofits. The study examined the so-called “spin-off” process that produced these organizations, all started by religious congregations. Religiously sponsored service organizations fill an important niche in the social safety net (Cnaan, 1999), and many human service nonprofits originate as a project of a religious congregation. Due to their rootedness in local communities as well as their ethic of social concern, religious congregations are often thought to be “engines” of service innovation with rich resources of compassionate human capital (Cnaan, 1997, 1999; Dilulio Jr., 1997).

This paper explores dimensions of the board’s role in governance during the start-up phase and, using data from the sample of congregationally sponsored service entities, attempts to identify key issues. How much board control do congregations maintain over their spinoffs? In what ways do they maintain control? Is this a helpful strategy either for resource generation or representativeness? The composition of a nonprofit board is an indicator of the interorganizational linkages that provide resources and feedback for the organization. Are the boards of these spin-off organizations better prepared to maximize resource generation due to the link to congregations (or other religious institutions)? Furthermore, the composition
of the board reflects an organization’s commitment to representativeness. To what extent do religiously sponsored nonprofit organizations, in particular, achieve representativeness of the community? If religiously sponsored organizations maintain more lasting control over the spinoff board, are the needs of communities better represented or are beneficiaries or consumers more likely to be involved in governance? These and other questions will be considered in this exploratory study that hopes to elucidate important features of board composition in regard to governance that helps build resources and is representative of the community.

References


