Comprehensive Abstracted Bibliography of Papers and Journal Articles on Nonprofit Boards and Governance (1992 through 2007)


Nonprofit boards, as boundary spanners, often serve the institutional purpose of affording legitimacy to organizations. Neo-institutional theory suggests that nonprofit organizations, as particularly susceptible to legitimacy demands of changing environments, would tend toward rationalizing internal structures. This article, using historical panel data, explores the extent of one form of rationalization, recruiting trustees with college education and/or professional or managerial occupations. It finds that trustees with college education, managers, and professionals continue to have significant representation on nonprofit boards. Also, many boards are increasingly less exclusive with respect to gender, race, and religion. Some select nonprofit boards, however, continue to be dominated by different gender, race, and religious identities, suggesting that nonprofit boards also serve the purpose of representing different identity and/or interest groups in the community.


According to Pointer and Orlikoff’s 1999 book, in response to the revolutionary change in providing and financing healthcare services, healthcare organizations are undertaking radical transformations to survive. The quality of board governance has become a life-saving necessity to healthcare organizations. This article raises a number of issues regarding the quality of board governance in nonprofit healthcare organizations. These include effectiveness of board governance linked to organizational performance, board accountability to communities served, how to be an effective chairman, how board self-assessment changes the governance process, developing effective information systems in ways that respect the governance roles and responsibilities, policy formulation regarding finance matters and quality of care, and the red flags of poor governance. Finally, this article discusses the essential factor contributing to the board: executive relationship.


This article examines the circumstances under which nonprofit organizations adopt corporate governance practices. In the study reported here, the authors found that
adoption of corporate governance practices depends primarily on the presence of a supportive institutional (that is, value) context as well as available resources to support governance restructuring. These findings strongly suggest that the adoption of structures and practices from the for-profit sector is neither feasible nor even a desirable solution to the problems facing many nonprofit organizations.


This review of the governance practices of twenty-five public-private partnerships involved in addressing a broad range of community health needs shows that governance in public-private community partnerships departs significantly from traditional notions of institutional governance. Governance structures and degrees of progress toward governance goals vary widely and appear to be systematically related to the organization, composition, location and activity of each partnership.

Alexander, Jeffrey A. “Governance for Whom? The Dilemmas of Change and Effectiveness in Hospital Boards.” Frontiers of Health Services Management, 6 (3), 38-41.

A response to Anthony Kovner’s article, “Improving Hospital Board Effectiveness,” published in the same issue of this journal. This author raises additional questions and issues surrounding hospital board governance, including the myth of a universal governance model, changing board roles, and the use of a contingency perspective on board effectiveness.


Health care policy is often associated with federal and state legislation or regulation. Yet responsibility for interpreting, responding to, and implementing public policy at the local level often falls to the governing boards of hospitals and other health delivery organizations. The fiduciary role of governing boards assigns them direct accountability for accommodating the complex and often divergent demands of regulation, market forces, the community, and the organization itself. Little systematic attention, however, has been given to this important policymaking role of hospital boards and how boards adapt to fulfill this role in a changing health care environment.

Managing the transition an organization undergoes when one chief executive leaves and another is hired is both a defining responsibility and one of the most critical jobs a governing board faces. CompassPoint Nonprofit Services, which consulted to twenty-eight organizations going through such transitions, found that three characteristic threats to successful transitions for nonprofit boards emerged: 1. boards underestimate the risks and costs of bad hires; 2. boards are typically unprepared for the task; and 3. boards too often focus on the problems in hiring new CEOs and fail to make full use of the opportunities in CEO transitions. This article describes the development of services to help organizations in transition, gives results from the first two years of work, and offers suggestions for support to boards and for future research.


The purpose of this research is to add to our understanding of the board-executive relationship by looking at it within the particular context of organization transformation. The central question being explored is: What are the roles and the patterns of interaction in the relationship between the board of directors and executive director (leadership core) as human service organizations engage in the process of organization transformation? This paper seeks to shed light on this and related questions by offering preliminary findings from exploratory case studies of the board-executive relationship in two human service agencies undergoing transformation at the time of the study.


The article focuses on new forms of governance involving partnerships between public and private actors. As several scholars have noticed, organisational hybrids at the intersection of the public and private sectors play an important part in the implementation of collective action. Local economic development in particular has provided a fertile ground for building coalitions across traditional divisions, and encouraging partnerships. This applies to Norway as well as to other liberal Western democracies.

Obviously, the formation of partnerships reflects efforts to design more efficient and flexible instruments for founding new firms and for supporting local entrepreneurs. The article, however, raises the question of whether these arrangements may entail a far more expanded role and domain, opening up new channels for participation and mobilisation. By expanding their agenda and integrating new segments of the local community, public–private partnerships appear to be an innovation in local democracy.
Analytically, the article utilises elements of regime theory. Although the partnerships studied hardly constitute stable coalitions dominating local politics, they nevertheless illustrate how the building of coalitions including both private and public actors is crucial to coping with the problems and challenges of local restructuring and revitalisation. Case studies carried out in Norwegian municipalities provide the main empirical source. The article does, however, build on experience from other European countries.


While health care’s move toward integration holds promise for better economies of scale and operating efficiency, it has also made health care organizations more complex to govern. Board practices, policies and procedures that provided successful in the past must now evolve to meet these new complexities and challenges. Various surveys in areas such as criteria for trustee selection, trustee selection criteria for non-profit hospitals, what influences CEO evaluations, and governing functions where higher authority exists, are presented. The implications of these various issues are also discussed.


In a roundtable discussion, several executives talked about building a strong nonprofit health care board. John Hopkins, president and CEO, Rocky Mountain Health Plans, said his organization has a very stable, 11-member board, with community representation and a variety of different skill sets, such as finance, business operations, and clinical care. Even with systems, Bill Kreykes, board chair, Trinity Health, thinks that many of the boards are “representational,” meaning that they are made up of representatives of the boards of the individual hospitals. Don Wegmiller, senior consultant and advisor, Clark Consulting-Healthcare Group, said good boards assess the individual’s prior board experience. Through recruiting firms or directly, good boards make reference checks. Howard Berman, former CEO, Lifetime Healthcare Cos Inc, said when board members are purely volunteers, their hearts are in the right place, but there are always time contentions between what they are going to do for that organization and other activities.


How do nonprofits figure into the lives of business leaders? And how do business leaders figures into the lives of nonprofits? The intersections exist but there is relatively little systematic research to document empirically this piece of the nonprofit picture. This article aims to help fill that void by presenting research results regarding the who, when, where, why, how, and so what of the involvement of businesspeople in the nonprofit sector, particularly as board members.

This paper treats nonprofit firms as elements within the ecology of enterprises that constitute an economy. Within this ecological framework, nonprofit governance must to a significant extent be guided by economic signals generated through market competition. After we examine the problems of economic calculation that nonprofit enterprises face, we consider the organizational logic of nonprofit firms as one that is driven by the creation of points of contact with the market economy. The operation of this logic creates some general limit on the range and size of nonprofit firms, and also presents issues of governance that differ from those faced by profit-seeking firms. Subsequently, we use our conceptual framework to illuminate some issues concerning the organization of nonprofit firms.


Axelrod analyzes the development of board leadership and tells how boards can fully meet their leadership obligations.


Using original survey data, we document the activities, resources, and governance structure of NGOs operating in Uganda. The NGO sector is funded primarily by international non-governmental organizations and bilateral donors. We find large differences in size and funding across NGOs, with only a few NGOs attracting most of the funding. Most NGOs are small and underfunded and focus on raising awareness and advocacy. Few NGOs are faith based. Most screening and monitoring is done by grant agencies. Some monitoring is also done internally by members and trustees. Little monitoring is done by government. NGOs do not file income tax returns, and few respondents are able to provide coherent financial accounts. (Scopus)


Purpose - The purpose of this paper is to analyze the pay and performance of chief executive officers (CEOs) in Portuguese, non-profit organizations (NPOs), focusing on the role played by the economic performance of the organization, together with that played by
the structure of the board and the individual characteristics of the manager. If the CEO can influence the board structure, agency problems arise, which in turn allow the CEO to extract rent and demand compensation in excess of the equilibrium level.

Design/methodology/approach - An ordinary least squares (OLS) model and an instrumental variable (IV) models are estimated for comparative purposes. The IV permits to account for endogenous variables in the regression.

Findings - It is concluded that governance is important in the Portuguese non-profit sector. Several variables affect the CEO, namely, organization performance variables, board composition variables and individual variables. This result highlights the urgent need for a code of governance practice to be introduced in this sector. Moreover, the paper integrates human capital in the definition of the earnings, concluding that this also contributes to earnings.

Practical implication - A governance code should be adopted, involving NPO managers in their definition. A regulatory agency that will be the watch dog of the process should be implemented to enforce the modernization of Portuguese NPO.


To what extent are there differences in the strategic practices of Boards of ‘for profit’ and ‘not for profit’ organizations? While there are obvious differences in the way these two types of organizations operate, the question as to whether those differences extend into the boardroom – and, especially, how directors engage with their managements on strategy – is currently unknown. Accordingly, this paper reports on the nature and extent of the board’s strategic role in both for profit and not for profit organizations and then makes a direct comparison of them. Interestingly, the lack of significant differences between these two types of organization constitutes a major finding of this current investigation and suggests that, in the area of governance, the supposed – or claimed – differences between for profit and not for profit organizations may be more imagined than real. In fact, there may be some very practical reasons for their similarity.


Two articles debate the issues concerning the future governance of public higher education. Five leaders of state systems critique Richard T. Ingram's AGB Public Policy Paper, "Transforming Public Trusteeship." The authors contend that borrowing approaches from private higher education won't necessarily solve the challenges facing public higher education. Ingram replies, stating that higher education's changing environment calls for new ways of thinking about governing boards, how they are composed, and how they should function.
The idea of broadening board membership to add perspective and expertise on health care boards is gaining support. Changes such as moves into new businesses and new markets, growth by acquisition, and new levels of financial risk often require levels of expertise not currently on the board. Bilchik discusses the successes of Oakwood Healthcare in Michigan, Allina Health System in Minnesota, Clarion Health Partners in Indiana and Intermountain Health Care System in Utah since making the transition to invite outsiders to be members of local boards.


Fifteen years have passed since the Centre for Voluntary Organisation was founded in London. In reviewing the history of research on the voluntary sector in the United Kingdom, the author asks whether the progressive blurring of boundaries between the governmental, proprietary, and voluntary sectors means that in the long run the third sector will disappear. He argues that it will not, proposing that the core of the voluntary sector is the associational base out of which organizations grow. In turn, that base has connections to the personal, nonorganizational sector of life. Sector blurring occurs at the boundaries between the sectors, but mixed-form organizations generally do not have associational bases.


This article draws together the findings from a program of research undertaken in the United Kingdom during the decade 1980-1990 ("the Thatcher period"). Using an analytic framework that distinguishes among the activities of agencies, their implicit welfare policies, organizational structures, governance systems, and human and financial resources, this article explores changes in the work of local voluntary and nonprofit agencies. Major changes in each of these dimensions are identified, and the relationships among them are discussed. The broad objective of the article is to increase understanding of the underlying structures of voluntary agencies.

This paper explores the basic responsibilities of those who "govern" any kind of organization, whether these be non-profits, widely held or closely held firms, cooperatives, or voluntary agencies. It adopts a perspective that is largely philosophical and sociological rather than legal or economic, and explores the basic functions of governors in relation to their organizations. It begins its inquiry by contrasting managing and governing. It argues that the practice of governing consists fundamentally in the exercise of reflective and authoritative judgment. The paper then reflects on the basic character of organizations, using what the author refers to as a revised stakeholder model. It argues that organizations are constituted and reconstituted by their ongoing, negotiated, asset-creating interactions with diverse constituencies. With this enlarged view of organizations as a frame of reference, the paper then spells out in order of importance the fundamental responsibilities of governors.


There has been some suggestion among scholars and practitioners that what is expected of volunteer board members is often of an unreasonably high standard and may be considered "heroic." This paper explores the question of whether or not board members accept these expectations and if they should behave in the various ways that some scholarly writings prescribe for effective governance.

The authors surveyed ninety-nine board chairs and 188 executive directors to ascertain their opinions on a list of board member expectations culled from scholarly literature. The paper provides the results of the survey.


Class structures often exist within nonprofit boards. For example, some individuals are more influential because board colleagues hold them in higher esteem for their years of service, some for their significant financial contributions, and others for the credibility they bring to the organization because of their professional and personal standing in the community. Besides these factors, all of which promote class differences, one person inherently holds privileges and power that only a few individuals will ever experience: the founder of a nonprofit organization. Founders’ syndrome refers to the influential powers and privileges that the founder exercises or that others attribute to the founder. The use of the word syndrome further suggests unhealthy organizational situations in which founders are more heavy-handed and indifferent about the imbalance of their control over
organizations. Survey research findings support the idea that characteristic differences exist when a founder leads a nonprofit organization.


Over the last several years, members of the Philadelphia Orchestra community—board, staff, musicians, and volunteers—have invested many hours in discussion and analysis of their governance and leadership processes. Beginning in the fall of 1997, representatives of the Symphony Orchestra Institute engaged groups and individuals from the organization on topics of organizational performance and relationships among key constituencies.


While many business professionals contribute to the success of nonprofit boards, there are also numerous situations in which board members from the business world seem to be ineffective in their board role, and board scrutiny does not adhere to the basic standards of the corporate world. The author explores possible explanations for this phenomenon, including business professionals’ motivations for joining nonprofit boards, misunderstanding of how nonprofit organizations function, and territoriality and lack of respect between nonprofit and business professionals. Suggestions are given for how to encourage application of board members’ business skills and knowledge to the nonprofit organization.


Corporate governance is nowadays one of the most discussed topics by academics, practitioners and regulators. Most of the discussion is targeted at publicly held corporations. The present research deals with the issue of governance in the public sector and more specifically in state-owned enterprises (SOEs). We investigate the effect of the reform of Canadian SOEs on the characteristics of boards and board committees.

Our results seem to confirm the presence of significant adjustments in board characteristics following two major events in the reform: commercialisation and privatisation. In both cases, boards have on average evolved towards a set of structures and mechanisms that have the potential to improve independence and governance. This study sheds new lights on the process of adjusting corporate governance mechanisms to new strategies and to new environments.

In this paper we argue that there is currently no agreement about a prescriptive model of nonprofit governance which can provide a one best way. Rather we conceptualize the field as containing several distinct models. We suggest that within the current diversity of thought about governance there is an exciting opportunity to create more new models which are hybrids of existing and emerging models with the selection of the best model based on a contingency approach. The paper begins with a review and critique of the normative literature on nonprofit boards. This literature is based on assumptions about the feasibility of long-range planning, the value of hierarchy, the ability to avoid power struggles and the need for clarity of roles and spheres of influence. We explore the limits of these assumptions and raise several critiques such as the emergence of a "corporate" model, the failure to address race and gender biases, the exclusion of new models of management and the devaluing of partnership alternatives. The more academic literature on boards is then summarized and the range of different perspectives outlined, for example, interpretive, political and functional perspectives.

We characterize existing models along two dimensions: stability vs. innovation and unitary vs. pluralistic. This provides us with a way of mapping the current perspectives according to four different models of governance; the Policy Governance model, the Corporate model, the Constituency model and the Emergent Cellular model. The paper briefly describes the characteristics of each model and outlines the positive negative features of each.

We conclude the paper by describing a new hybrid model which embraces the strengths of each model and also capitalizes on some of the new ways of framing management in turbulent times. New and potentially exciting prospects for governance can be identified when the diversity of thought in the field of governance is recognized and embraced. We hope this paper helps encourage and liberate innovation and creativity in the governance of nonprofit organizations.


This article attempts to reframe board-staff relations by presenting an alternative perspective on governance, management, and leadership functions within nonprofit organizations. It draws on an interpretative view of organizations and suggests that we can understand nonprofits as socially constructed entities by using the metaphor of storytelling. Seeing the role of board and staff through this theoretical lens allows us to reconceptualize them. This in turn enables us to enhance the creative potential of the governance function and allows governance to support the goal of creating resilient, adaptive, learning organizations. An alternative way of thinking about the leadership, management, and governance functions of nonprofit organizations is proposed. Distinguishing between these concepts as functions as opposed to roles can help to ensure that the organization is more
creative, adaptive, reflexive, and resilient. Particularly in times of turbulence and uncertainty, such fundamental questioning of deeply held reality constructions and relations of power may be important for organizational survival and health.


The contribution of board structure and process dynamics to organizational and board effectiveness is the focus of this article. Based on data collected from a cross section of Canadian nonprofit organizations, the results show a positive association between the perception of board effectiveness and the use of many of the most widely advocated prescriptions on how a nonprofit board of directors should operate. However, when objective indicators of organizational performance are examined, the link between performance and board behaviors is found to be more limited.


In turbulent environments, investors seek to minimize risk. Many public/nonprofit organizations evoke a sense of trust in their members by maintaining boards of directors. This study examined faculty member attitudes about the public/nonprofits institutions and board who manage their retirement funds (n=240). A structural model revealed that investors developed trust in the board when they view the organization positively through reliable communication, a sense of shared values and retirement funds that perform soundly. As a mediator of attitude toward the organization trust in the board also diminished investor perceptions of risk, and partially explained whether members cooperated and continued with the organization. The findings support trust as a key intervening factor in member-organization relationships and suggest building trust in board governance as an effective way to reduce uncertainty.


This study explores underlying assumptions about board development practices in nonprofit governance. Specifically, a model was developed to determine if using recommended recruitment, board member orientation, and evaluation practices resulted in more competent board members and if the presence of these board members led to better board performance. The sample consisted of 1,051 survey responses from CEOs and board chairs representing 713 credit unions. As member-benefit nonprofit organizations, credit
unions rely almost exclusively on voluntary board members in an oversight capacity. Results support the contention that board development practices lead to more capable board members, and the presence of these board members tends to explain board performance. The study advances the understanding of nonprofit board development practices by further defining the concept and proposing an empirically tested assessment strategy. Furthermore, the findings support using specific recruitment practices that should strengthen nonprofit boards.


This article explores the underlying assumptions in the practitioner literature about board development practices in nonprofit governance. A structural equation model is developed to test the extent to which organizations that use recommended recruitment, training, and evaluation practices report having more competent board members and that the presence of these board members leads to better board and organizational performance. The sample consists of 672 CEOs and 379 Board Chairs representing 713 credit unions. Credit Unions, a member benefit nonprofit organization, rely almost exclusively on voluntary board members in an oversight capacity. Results support the contention that board development practices do lead to more capable board members, and the presence of these board members tends to explain variance in board performance. The model positions board member competency as an intermediary between board development and performance, thereby supporting the implicit assumption that these practices lead to better quality board members which then contributes to effective board performance.


This study investigated six dimensions of effective board performance, as suggested by Chait, Holland, and Taylor (1991), in relation to three theoretical explanations (agency theory, resource dependency theory, and group/decision process theory) of how board governance activities potentially influence organizational performance. Survey research findings revealed that strategic contributions from the board are more robust in organizations with higher financial performance. In addition, organizations that are judged to be higher performing also reported having high-performing boards across all dimensions. In particular, the interpersonal dimension provided a unique explanation of judgments of organizational performance.

This research investigated board member composition and the existence of inclusive board practices and its ramifications on board performance in nonprofit organizations.


An inclusive board seeks information from multiple sources, demonstrates an awareness of the community and constituents that benefit from and contribute to the organization’s services, and establishes policies and structures to foster stakeholder contributions. This research investigated the prevalence of inclusive governance practices and its relationship to board composition, diversity attitudes, and recruitment practices. The study profiled two organizations that represented different styles of inclusive governance. Most organizations indicated that they operate with inclusive governance practices. The organizational profiles provide a picture of boards that used different strategies to accomplish the goal of inclusivity. Inclusive boards were more inclined to be sensitive to diversity issues and used recommended board recruitment practices. The existence of a task force or committee on diversity was also significantly associated with a more inclusive board. Nonprofit organizations must consider their philosophy on stakeholder involvement, recognizing that different strategies lead to different levels of stakeholder involvement.


This research investigated the association between organizational configurations and models of board governance. A configurational approach to analyzing organizations provides a strategy to classify organizational forms and how those forms relate to effectiveness (e.g., Kushner & Poole, 1996; Miles, Snow & Mathews, 1997). This approach has promise to suggest how particular board models might match to organizational forms. The principle states that the variety and number of organizational configurations are not infinite, but limited by tendencies of organizational attributes to develop coherent patterns. These attributes develop patterns because they are interrelated, such that organizational forms are identifiable (Meyer, Tsui, Hinings, 1993). Some of the inconclusive results associated with linking board performance and organizational effectiveness inherently stem from differences in organizational models and purposes.

The Miles and Snow (1978) typology of organizational strategy was used to classify nonprofit organizations according to the four ideal strategic styles: prospector, defender, analyzer, and reactor. The predominance of the organizations conceptualized themselves as either prospectors or defenders. The classifications were distinct, so that prospectors
were not also defenders. The prospector style was associated to optimal board performance and in particular the political character of the board.

Five idealized board governance models were also investigated. Three of these styles: policy governance, volunteer, and an executive centered model were associated to optimal board performance. However, only the policy governance model was associated to the prospector style. Key board performance variables included the strategic dimension that accounted for a significant amount of variance in the policy governance model and the context which accounted for a significant amount of variance in executive centered boards. Additional research is needed to understand environmental context and how the environment affects strategic orientation and governance models. In addition, research is needed to understand how the prospector style is realized in different nonprofit organizations.


This research explores how nonprofit managers conceptualize their organization’s strategic orientation toward products and services and in what way the governing board is structured to match that orientation. Using the Miles and Snow typology of strategy and a survey of 132 nonprofit organizations, organizations were categorized into four strategic types (e.g., defenders, prospectors, analyzers, or reactors), and distinctive structural patterns in board committees and composition were found. Prospectors had broader, more inclusive structures, whereas defenders tended to have tighter, more focused structures. Although some patterns appeared muted, through in-depth interviews with selected exemplars, several characteristics were found that helped define and clarify nonprofit strategy. This included the use of mission statements to help communicate the organization’s strategic orientation.


Commentators on the effectiveness of nonprofit boards of directors usually find them wanting in a number of ways and urge that they reform themselves. A study to ascertain how many boards actually accept this advice and intentionally attempt to change the way they operate also examines what changes boards attempt to make, what provokes their efforts, and what outcomes result.

Although scholars widely discuss John Carver's (1990) Policy Governance model for nonprofit organizations, they have conducted little formal research on the implementation of the model. For this study, the researchers surveyed ninety-two trainer-consultants who graduated from Carver's Policy Governance Academy. Survey responses indicated that 1. consultants predominantly teach the model as a whole, 2. particular policy areas appear to be problematic for nonprofit boards of directors that implement the model, and 3. two contextual factors may negatively affect the ability of a board of directors to successfully implement Policy Governance boards larger than fifteen members, and organizations with no hierarchy, where the board also functions as staff. Overall, consultants' responses indicated that they feel Policy Governance is far superior to other models, but they recognize the problems and challenges that boards face in trying to implement it.


This article explores the practices of charter school authorizers in Arizona and Michigan, including the two Arizona state boards and Central Michigan University (CMU). The author focuses on the role of authorizers in authorizing new schools, overseeing operating schools and holding them accountable, and providing technical assistance. When this study ended, CMU had developed a larger and more bureaucratic organization than the Arizona boards and tended to focus more on issues of compliance. An examination of the isomorphic pressures, or pressures to become similar to preexisting organizations (such as districts and state education agencies), helps to explain why authorizers in each state have taken rather different directions.


Associations that have been through the governance restructuring process have discovered several benefits. Common results of a well-implemented initiative are the opportunity to increase efficiency and become more responsive to member needs, the ability to make volunteer service more meaningful, and the ability to respond more fully to environmental changes.


This article investigates the relationship between nonprofit board composition and organizational efficiency. Overall, we find a significant statistical association between the presence of major donors on the board and indicators of organizational efficiency. Although causality cannot be demonstrated, our findings are consistent with the Fama and
Jensen (1983) conjecture that major donors monitor nonprofit organizations at least in part through their board membership. The multivariate analysis shows that the ratio of total expenses to program expenses is significantly and negatively associated with higher donor representation. Decomposing the total expense ratio into its two components, we find that different factors affect the administrative and fundraising expense ratios. The percentage of major donors on the finance committee, a key committee overseeing budgets and administrative expenses, is negatively related to the organization’s administrative expenses ratio. The presence of major donors on other board committees is not significantly statistically associated with nonprofit efficiency.


This paper investigates the relationship between nonprofit board structure and organizational efficiency. The central hypothesis, first advanced by Fama and Jensen, is that the presence of large donors on the board and on key monitoring committees is associated with greater organizational efficiency due to large donor monitoring activities. The multivariate results appear to suggest that higher donor representation on the board is associated with greater (price) efficiency as measured by the percentage of expenses spent on programs. However, after further breaking price efficiency into its two component parts, namely fund-raising and administrative expenses efficiencies, the analysis indicates that this association is due to greater fund-raising support generated by large donors rather than to board-level monitoring. As far as board committees are concerned, the univariate tests do not support the hypothesis that large donors gain disproportionate membership on monitoring committees (e.g., auditing) contrary to the implications of the Fama-Jensen conjecture. The multivariate tests provide some evidence that the percentage of large donors on the finance committee is positively related to the organization’s fund-raising efficiency. Otherwise, large donors and nonprofit committee structure are unrelated. Overall, these results suggest that large donors are effective on the board because of their fund-raising abilities rather than because of monitoring, contrary to Fama-Jensen. This study also implies that, with the possible exception of the finance committee, it is the presence of large donors on the board that matters and not their presence on committees.


According to a new report by the American Hospital Association and Ernst & Young LLP, hospitals’ evolution, characterized by their and other providers’ movement into successful integrated delivery systems, will require new knowledge, talent, and training at the governance board level. In the future, boards not only will have to respond to market change, they will have to lead it. As the enablers of organizational change, boards should seek alignment in the following areas: 1. Board structure, 2. Membership and selection, 3.


This article explores two different legal standards governing nonprofit organizations: charitable trust law and nonprofit corporation law. The existence of these two differing legal standards requires careful attention by nonprofit boards and directors in order to avoid potentially dangerous legal situations. A review of related court cases is provided, as is a discussion of the shift from trust standards to corporate standards for many nonprofits, and recommendations for the future of nonprofits.


This study examines the relationship between board diversity and firm value for Fortune 100 firms. Board diversity is defined as the percentage of women, African Americans, Asians, and Hispanics on the board of directors. This research is important because it presents the first empirical evidence examining whether board diversity is associated with improved financial value. After controlling for size, industry, and other corporate governance measures, we find significant positive relationships between the fraction of women or minorities on boards increases firm size and board size, but decreases as the number of insiders increases.


The job of the board of directors is the least developed element in enterprise, whether public, business, or nonprofit. Incorporating insights from Mill, Hume, and the social contract philosophy of Rosseau, as well as the servant-leadership concept of Greenleaf, the author’s Policy Governance model constitutes a theory of governance applicable to any governing body. The model enables public boards to govern by making public values explicit, crafting the expression of those values for practical managerial effect. The new governance model compels radical change in the way boards conduct their business. One effect is more authoritative boards and more empowered management simultaneously; another is greater integrity in the relationship between the public and its boards.

Governing boards serve an important policy-making function in for-profit, nonprofit, and governmental sectors. Boards may consist of members from diverse backgrounds whose only common tie is board membership, making them particularly susceptible to misunderstandings and miscommunication. This project examines a school board’s discussion of a communication policy as a way of understanding the communication problems that the board had recently experienced. A relationally responsive social constructionist perspective is applied to analyze board members’ talk during a meeting and how meanings of communication and the communication problem are discursively negotiated in the interactions of board members. The analysis describes differing contexts of accountability to which board members orient in their organizational communication practices; these contexts consist of the organizational and the political.


Following the establishment of a national legislature in Wales in 1999 the third sector has entered into a pioneering cross-sectoral partnership with the Welsh government. This paper presents the results of a research project that has studied the new structures of devolved governance through the expectations and participation of voluntary organizations representing three marginalized or “minority” groupings: women, disabled people, and those from an ethnic minority background. The findings reveal that despite varying levels of expectation expressed by “minority” voluntary groups, active engagement of minority groups in policymaking has been a feature of the Assembly’s first months. Nevertheless, formidable challenges face both sectoral “partners” in the new system of governance, not least in creating organizational structures that facilitate partnership working in the devolved polity.


More than a few good reasons come to mind why companies should annually review the effectiveness of their boards. Over a two-year period, we interviewed and gathered written surveys from CEOs and board members at a dozen companies that are aggressive pioneers in performing and applying boardroom appraisals. Our research has allowed us to develop a set of best practices that represents a composite of the most effective techniques used by all these organizations.

During the past two decades, our nation's nonprofit sector has undergone a tremendous increase in size and complexity causing a sea change in nonprofit governance. Today's standard of performance expected of trustees in nonprofits is much higher than it once was. Yet many trustees do not possess a clear understanding of their role, thus jeopardizing the future of nonprofits. This paper explains the causes and implications of this sea change in nonprofit governance and presents five success factors that the senior management of nonprofits can apply to improve board performance.


Evaluating capacity building can be difficult. It is hard to develop measurements for assessing organizational effectiveness and management assistance success. It is especially difficult to do so for nonprofit organizations since, unlike for-profit companies there is not financial bottom line to appraise. Yet there are many compelling reasons to thoughtfully evaluate these organizational development efforts. Evaluation generates new knowledge and enables the discovery of what works, for whom, and in what circumstances. Systematic evaluation helps management assistance providers increase their accountability, articulate the value of their work, and compare the effectiveness of different capacity-building activities and it also allows funders to improve their capacity-building grant strategies. This article explains how nonprofit organizations, consultants, funders and evaluators can evaluate capacity-building activities. The process should begin by determining who will conduct and participate in the evaluation and understanding the multi-layered nature of capacity building. The next steps are stating evaluation questions and potential success indicators and developing a framework for the evaluation design. The process concludes with implementing evaluation methods and using and sharing the results.


Using panel data on large, publicly traded U.K. companies gathered between 1991 and 1994, we examined the role of board control and remuneration committees in determining management compensation. Board monitoring, measured in terms of the proportion of nonexecutive directors on a board and the presence of remuneration committees and CEO duality, had only a limited effect on the level of top management pay. An important conclusion was that top management pay and corporate performance are more aligned in companies with outsider-dominated boards and remuneration committees.

This research presents a case study of an HMO in crisis and examines various governance implications and regulatory solutions with potential applicability to healthcare organizations and other nonprofits as well. It is hypothesized that while there is a role for legislative, litigated and government regulatory solutions--cooperative, voluntary and community based solutions to advance self-regulation have been largely overlooked. The research proposed that improved governance and accountability can best be achieved through improved self-regulation and several specific recommendations are identified. In order to most effectively help communities served, the research proposes that nonprofit managers and researchers first look within and pursue solutions conceived and implemented at the organization and Sector levels of intervention--before looking outside the Sector, and calling for more litigation and Government regulation at the federal and state levels in an attempt to improve nonprofit functioning and remedy Sector ills.


This research surveyed about 100 "A" rated nonprofits and requested copies of their bylaws. Corbett obtained some 65 sets of bylaws that many organizations consider confidential. While the paper is not light reading – it does contain the collective wisdom of dozens of "A" rated nonprofits' bylaws with many insights summarized for possible use by others. Also, the paper identifies various key themes of nonprofit governance that can be proactively addressed through thoughtful bylaw design. While the best bylaws unenforced will make little or no difference – they at least create the potential for more effective and more ethical nonprofit governance. In Corbett’s view, one strategy to improved nonprofit governance is to promote heightened consciousness of boardmembers coupled with properly constructed bylaws.


This paper presents the findings of an in depth study of power relations between boards and senior managers in four organisations: a school and a FE college from the public sector and a national overseas development agency and a community-based organisation from the voluntary sector. Unlike many previous studies of boards this study draws on observations of what happened inside the boardroom as well as interviews and the analysis of board documents. Pettigrew and McNulty’s (1995) tripartite model of power and influence is used to analyse and compare power relations in the four organisations. The paper argues that neither agency theory nor managerial hegemony theory adequately explains board power relations. In particular it highlights how differences in expertise and skill, and board processes and procedure helped shape different patterns of power.

The paper has a theoretical orientation. Its main purpose is to present a new framework for understanding the governance of non-profit organizations in terms of multiple theoretical perspectives and a number of key paradoxes or tensions that boards face. The paper addresses two related problems.

First, the governance of non-profit organizations is relatively under-theorized in comparison with the governance of business corporations. In addition, the literatures on corporate governance and non-profit governance have developed largely separately from each other (Middleton, 1987; Herman and Van Til, 1989, Hung, 1998). Noticeable exceptions include resource dependency theory and the study of elites (Middleton, 1987). In contrast a variety of competing theories have been proposed to try to understand the role of boards in the private sectors e.g. agency theory, stewardship theory, stakeholder theory, and managerial hegemony theory. The paper briefly reviews each of these theories and discusses how they can be usefully extended to throw light on non-profit boards. A framework is presented for comparing and contrasting these different theoretical perspectives on boards.

However, this raises a second related problem. Taken individually the different theoretical perspectives are rather one dimensional, only illuminating a particular aspect of the board’s role. This has led to calls for a new conceptual framework that can help integrate the insights of these insights of these different perspectives (Hung, 1998: 108-9; Tricker, 2000: 295) The paper argues that a paradox perspective offers a promising approach to providing this new conceptual framework. It argues that taken together these multiple theoretical perspectives are helpful in highlighting some of the important ambiguities, tensions, and paradoxes that non-profit boards face.


Based on a survey of charity boards in England and Wales this paper examines what influence board inputs, structures, and processes have on board effectiveness. The findings provide mixed support for the normative literature on board effectiveness. Using stepwise logistic regression the research suggests that board inputs and three process variables are important in explaining board effectiveness.

In 2003, the United Kingdom’s Home Office commissioned The Foundation for Good Governance and a team of consultants to develop an integrated strategy for improving governance across the voluntary and community sector in the U.K. This paper examines the governance system in the U.K., briefly explains why the government felt that improvement of the system was necessary, describes the process of gathering evidence to guide development of the strategy, summarizes the findings drawn from that evidence, discusses the strategy recommended to the government, and outlines the development of that strategy when eventually implemented by the government. In closing, the paper reflects on the process of policy development and implementation in a multi-stakeholder system.


This article reports on the results of a survey of charities in England and Wales, which examined how their boards are changing and whether various external initiatives to improve board performance are having an effect. In particular, the research explored the impact of organizational size. The findings suggest that the size of the organization does matter, as a variety of board characteristics and changes vary with size. The article concludes by examining some of the implications of these findings for theory and practice.


This study compared community-governed nonprofit and for-profit primary practices in New Zealand to test two hypotheses: (1) nonprofits reduce financial and cultural barriers to access; and (2) nonprofits do not differ from for-profits in equipment, services, service planning, and quality management. Data were obtained from a nationally representative cross-sectional survey of GPs. Practices were categorized by ownership status: private community-governed nonprofit or private for-profit. Community-governed nonprofits charged lower patient fees per visit and employed more Maori and Pacific Island staff, thus reducing financial and cultural barriers to access compared with for-profits. Nonprofits provided a different range of services and were less likely to have specific items of equipment; they were more likely to have written policies on quality management, complaints, and critical events, and to carry out locality service planning and community needs assessments. The findings support the shift to nonprofit community governance occurring in New Zealand and elsewhere.

This paper relies on a "trinity of menetypes" of group knowing which captures the essential decision-making dynamics of board membership. Formal, corporate decision-making processes require higher commitments of time and cognitive energy of directors - certainly, the requirement is of the "political" process that determines corporate commitment to appropriate courses of action. There is a fundamental shift from "managerialism" to "politicism" in the corporate dynamics of organization - a shift in "menetype" driving governance dynamics. This wholesale shift in orientation has accentuated personal and group values as key determinants of corporate efficacy. The paper proposes structural reforms to corporate/agency governance conventions, including a greater focus on performance and strategy, greater independence of more effective and extensive audit processes and a greater transparency in the nomination and remuneration of top-executive appointments.


The author argues in favor of a “re-conceptualization” of what he considers a central, but often overlooked and underutilized, role in board governance: the Secretary of the Board. He states that the contemporary view of the Board Secretary has been largely relegated from its historical role as a critical element of the leadership team and confidant to the Chairman of the Board to that of a note-taker and file clerk.

Starting broadly, the author briefly describes the creation, history, role, and structure of modern nonprofit boards, including eight external trends that affect the ways boards govern. He then makes his case for re-establishing the Board Secretary as Chief Governance Officer, or Chair of a governance committee that can objectively help the board develop its governance practices. He offers reasons why Board Secretary is an ideal position for this new role and outlines several potential and specific duties and responsibilities.


As nonprofit organization boards increasingly reflect the rich human diversity of the communities they serve, understanding and nurturing the many voices within boards is crucial. This paper describes a number of frameworks that seem promising for exploring board dynamics, including the use of language to further interests, social exchanges, the political context of boards as elements of a pyramid of civic participation, the socialization and acculturation of board members and the composition and representativeness of boards.

This exploratory study identifies three language domains within the boards of directors of nonprofit human services agencies: mission, operations, and manners languages. These languages are connected to values and express ideology. Findings suggest that operations concerns tend to displace mission considerations with manners language facilitating this displacement.


Although a host of theory-driven rationales suggest a relationship between board of directors size and firm performance, the literature provides no consensus about the direction of that relationship. A meta-analysis of 131 samples (N = 20,620) provided systematic evidence of nonzero, positive, true population estimates of board size-performance relationships.


In this study the authors used data from a survey of Canadian nonprofit organizations to empirically test hypotheses derived from models of nonprofit board "life cycles." The authors suggest that while formal structural elements of board behavior change in the manner suggested by life-cycle models, the more enacted or behavioral aspects of nonprofit boards do not. The data further suggest caution in the use of life-cycle or age-dependent models to either explain or guide nonprofit board behavior.


In the area of not-for-profit organizations the role, scope and desirability of governance is an emerging field. Both in academic literature and in practice the attempts to provide for governance of not-for-profit organizations are currently discrete and disparate. This is set to change with the sector. This article examines the appropriateness of the new Code as a tool of regulation for the not-for-profit sector. In particular it focuses upon the challenges facing codes of practice for not-for-profit organizations, such as the identification of shareholders and organizational vision, and for the purpose that such codes could have in the not-for-profit sector. The article concludes that whilst there is much value in the new Code as a governance and regulatory tool, significant aspects the Code remain unclear;
particularly the extent of the Code’s constituency and the balance to be stuck on the issue of compliance.


To verify the existence and relevance of control mechanisms that impede the expropriation of resources by the managers of nonprofits and that improve efficiency, we use a representative sample of Spanish nongovernmental development organizations (NGDOs). The authors study how donors’ structure and board of trustees relates to organizational efficiency. Results show that the presence of an active institutional donor provides a control mechanism for these NGDOs, thus favoring the efficient allocation of resources, and that the structure of the board of trustees is irrelevant in this respect. Results are robust to alternative measures of technical and allocative efficiency.


How can boards of directors influence managers to act in the interest of the organization, rather than in their personal interest? Much financial economics literature has focused on answering this question for directors of for-profit corporations. Less is known about governance arrangements in nonprofit corporations. Although some researchers have advanced theories, the finance literature contains little systematic, empirical work regarding nonprofits. The organization-theory literature does pay considerable attention to nonprofit boards, but as we will see, it focuses on the external role of boards. Relatively few studies consider the internal control function of boards.

Nonprofit organizations are of interest not only in themselves, as a large and growing part of the economy, but also for what they may say about the corporate control problem in general. Because their ownership is non-tradable, nonprofits face neither monitoring by equity markets nor the threat of takeover. Boards of directors are thus virtually the only mechanism for controlling nonprofit managers. In this respect, nonprofits, although unlike publicly traded corporations, resemble other types of for-profit organizations (e.g., privately-held or closely-held corporations).

We examine the relationship between governance structure and resource allocation decisions in a sample of nonprofit corporations. Our sample comprises medical charities that fund medical research and patient services. We find strong evidence that board structure and composition make a difference in the performance of the organization. In short, managerial self-interest is an issue in nonprofits, as it is in for-profits.

The author, one of the leading business thinkers in the USA and a former Harvard Business School professor, puts forward his hopes and fears for the year 2004. He hopes that the worlds of financial reporting and corporate governance will become clearer and more effective but he worries that resistance from company directors and a preference for rules rather than principles will hinder this process. On balance he concludes that he is more hopeful than fearful for the year ahead.


Among the myriad of challenges a developing health system faces along the road to successful integration is helping its board make the transition from a historic community philanthropic board to a board with more of a business mentality. In the recently released 1998 Survey of Integrated Delivery Systems, subsidiary boards were also a major issue for many systems, with 84% of respondents saying their system has subsidiary boards. Another major issue is physician involvement on boards.


There has been little discussion about the democratic impacts of new roles and expectations put on private philanthropy and voluntarism in an era of governance beyond the state. This article explores tensions philanthropic voluntary associations face in balancing their internal democratic effects of enhancing civic education and participation of members on the one hand with meeting needs and solving problems in the community on the other. This is brought into focus through an analysis of giving circles, groups that entail individuals pooling resources and then deciding together how and where to give these away. Giving circles highlight the trade-off between the grassroots independence and noncoercive collaborative action that enables voluntary associations to contribute to democratic governance and the ability for these institutions to adequately and comprehensively address community problems; a trade-off that becomes important if one is concerned with serving the public good in an era of government cutbacks and privatization.

This paper studies the governance of a sample of California hospitals. We document a number of empirical relations about hospital governance: The composition of the board of directors varies systematically across ownership types; poor performance and low levels of uncompensated care increase board turnover, with this sensitivity varying by organizational type. Poor performance, high administrative costs, and high uncompensated care lead to higher CEO turnover, with these effects again varying across different organizational types. Overall, these results are consistent with the view that boards of directors of hospitals of different organizational forms are substantially different, and that these boards make decisions to maximize different objective functions.


This study explores incentives and performance in organizations governed by publicly elected boards of directors and subsidized by taxes. Such organizations are likely to underpay Chief Executive Officers (CEOs), resulting in selection and incentive problems and hence poor operating performance. We compare municipal district hospitals to private nonprofit hospitals. CEO compensation in district hospitals is significantly lower than in the nonprofits. Operating margins in district hospitals are lower and deteriorate more rapidly over time. We rule out a number of other factors that could explain differences in performance. We conclude that the weak governance structure hampers district hospitals.


Governance structures constrain and enable the actions of public managers. Principal-agent theory has played a dominant role in the understanding of governance structures. This theory suggests that politicians create relatively static governance structures in a top-down fashion and hold managers accountable for mandated results. In other words, public managers are influenced by governance structures but do not affect governance structures. However, public managers to affect governance structures and, in order to understand how this influence takes place, a new way of thinking about governance structures is needed. This paper proposes thinking about governance structures as relationships created through the interactions of people in different and reciprocal roles that are relatively dynamic. Public managers are an important source of the multiple, reciprocal, and dynamic interactions that produce governance (relationship) structures. As such, managers are accountable not only for policy outcomes, but also for the appropriateness of the relationships they create and support.

Corporate ethics programs usually address conflicts of interest that may arise in the firm’s activities. This paper empirically examines the relationship between ethics programs and the potential conflicts of interest and the relationship between board involvement in a firm’s ethics program and potential conflicts of interest. Evidence in this paper shoes that firms with ethics programs have a lower percentage of inside directors on their compensation committees than do firms without ethics programs. Firms in which boards are actively involved in the programs have more independent boards (higher percentage of independent directors and lower percentage of inside directors) and are more likely to compensate outside directors with equity than are firms in which boards are not actively involved in the programs. Taken together, the evidence in this paper indicates that a board actively involved in an ethics program, and not the simple existence of an ethics program, is related to the incidence of potential conflicts of interest.


We present a model of nonprofit governance built on two assumptions: (1) organizations wish to hold precautionary savings in order to smooth expenditures; and (2) it is relatively easy for managers to divert these funds for personal use. Hence, donors face a trade off between expenditure smoothing and donation dissipation. We examine the model’s predictions using panel data on U.S. nonprofits. We show that organizations in states with poor government oversight have managerial compensation that is more highly correlated with inflows of donations and allocate a smaller percentage of donations to the endowment for future expenditures relative to organizations in strong oversight states. (Scopus)


There is growing recognition in the nonprofit field that the executive director has a key role in determining whether the board of directors will function effectively. To aid executives in this vital role, two recent studies defined a "good board" from the point of view of two samples of executive directors of community agencies, then sought factors related to board performance as measured by this definition. In interviews, executives whose boards scored higher than their peers on this performance measurement related how they work with their boards in such areas as recruitment of new members, financial management, fundraising, and leadership development.

Professional associations are operating in a context of uncertainty and change, with which their traditional governance structures struggle to manage. After describing this context and presenting a brief overview of relevant governance literature, a project aimed at supporting the redesign of governance structures and procedures among five professional associations in the United Kingdom is outlined. Three specific governance issues are examined: size of councils (council is the term used for a governing body of a UK professional association), their composition in relation to electoral processes, and the development of inner councils, or executive boards, within councils. Finally, we present a normative model, the cupped hands model, that has arisen from the research. This model offers a possible means of balancing the representation required by their status as membership associations with the requirement that professional associations become more strategic and proactive.


The subject of organizational effectiveness in nonprofit organizations, although controversial, remains important to both practitioners and researchers. In spite of this, the empirical research on the subject has never been comprehensively reviewed. This article reviews empirical studies of nonprofit effectiveness from the past 20 years. The review reveals that researchers have conceptualized effectiveness in a variety of ways and that the research objectives pursued in the study of effectiveness have changed over time. The review also shows that much recent research has employed an emergent or social constructionist approach to effectiveness that emphasizes issues of process over measurement.


As Jewish communal professionals, one of our challenges is to educate our boards and communities about senior care needs, identify issues relating to the provision of care, and together provide leadership in developing the answers. Jewish nonprofits should be in the forefront of examining the breadth of senior housing and care needs and determining how best to meet them in fulfillment of their organizational missions. This article discusses the ongoing evolution of the governing board of the Los Angeles Jewish Home in pursuit of this goal.

The Better Business Bureau (BBB) states that it is a neutral party striving to serve equally the interests of both businesses and consumers. However, critics have alleged that the BBB’s policies and practices are biased in favor of businesses. This study analyzes the composition of the boards of directors of local BBB offices. Using resource-dependency theory, arguments are advanced to explain why the BBB may be more inclined to have board members from business backgrounds rather than board members who are “community influentials” (e.g., executives with nonprofit organizations and charities, academicians, and government employees). Results show that the vast majority of BBB board members are businesspeople from industries that generate large numbers of BBB consumer complaints. Discussion focuses on the implications of these findings for the credibility and legitimacy of the BBB as a representative of consumer interests in the marketplace.


This article explores three different scenarios for mainly to the departure of the CEO: 1. the voluntary departure of the CEO for resignation or retirement, 2. dismissal for wrongdoing, and 3. dismissal (or lack of contract renewal) when causes not attributed in the decision appears to be driven by internal politics. Examples of actual cases of CEO termination are presented, and implications of the CEO’s departure and the situation surrounding it are then analyzed in regard to the impact on the organization and its board of directors. Case examples and discussion are limited to nonprofit organizations concerned with civil rights, health and human services-people-serving organizations with missions focused on human well-being. The analysis of cases suggest that the circumstances surrounding the CEO’s departure can provide the impetus for creative organizational changes or precipitate a crisis that brings into question whether the organization can survive.


There have been numerous public reports of the wrongdoings of certain nonprofit organizations. This article explores five of these (the United Way of America, the National Association for the Advancement of Colored People, the Foundation for New Era Philanthropy, the Jewish Community Center of Greater Washington, and Upsala College) and explains that many of the organizations’ crises could have been averted through more effective board oversight. The authors discuss implications for the nonprofit world and ways to enhance credibility of nonprofits and their boards.

There are approximately 175,000 Canadian voluntary sector/non-profit organizations in Canada, including more than 78,000 registered charities. These groups provide a variety of services for the benefit of the Canadian public, including community service, arts, recreation, religion, social services, education and health. They account for some $90 billion in annual expenditures, assets of $109 billion, and about 12% of Canada’s Gross Domestic Product. They employ 1.3 million Canadians and benefit from the service of some 7.5 million volunteers. Sixty per cent of their revenues derive from various levels of government. The effective governance of these organizations is therefore clearly in the national interest.

The primary objectives of this research were to:

- Learn from organizations doing a particularly good job of governance, as well as derive lessons from organizations that have experienced major problems;
- Develop a better understanding of how governance practices in non-profit organizations need to be adapted to take into account a variety of factors that influence governance needs and functions;
- Identify alternative governance models available to boards and create a coherent framework for understanding these models;
- Provide support to boards and executive directors in understanding what governance practices and policies may best suit or serve their particular organization;
- Discover and develop a foundation of knowledge on which to build additional tools and resources to assist non-profit organizations in creating effective governance practices.

Responses derived from interviews and a Governance Self-Assessment Checklist completed by board members and the CEO’s were analyzed in conjunction with relevant documentation to assess the governance practices of 20 non-profit organizations in Canada.


As part of a larger study to ‘Strengthen Governance Capacity in Voluntary/Nonprofit Organizations’, twenty case studies looking at governance capacity and structure in Canadian voluntary organizations were completed.

These case studies looked at factors influencing the selection of appropriate governance models, good governance and organizational effectiveness. Their primary focus was on current governance practices. However, the organization’s history and an analysis of
financial trends over the past ten years were used to provide context and additional anecdotal material.

The actual process for studying individual organizations involved:

- A review of relevant documentation (bylaws, annual reports, financial and operational audits, strategic planning documents, minutes of board or annual meetings)
- Completion of the GSAC by board members and senior staff and analysis of responses;
- Interviews with a sample of board members, management, union leaders and a representative of the primary funding agency;
- A final report with recommendations for the organization.

An attempt was made to include a diverse number of ownership and governance structures from several jurisdictions in the case study sample. Case studies included four national organization, one provincial crown corporation, thirteen local non-profit organizations and the two more 'generic' studies noted above. This document summarizes the findings from the case study sample.


This paper examines difficulties in linking the performance of governing boards to organizational effectiveness. It discusses the complexities inherent to defining and measuring effective performance of either organizations or boards independently of each other, let alone drawing causal links between the two. It discusses research that has attempted to establish correlations between board and organizational performance, describes typical methodology and summarizes findings. The paper raises the concern that CEO and staff performance, perhaps the major intervening variables between board performance and organizational effectiveness, is too often ignored in such research. It also raises questions about some of the commonly used proxy measures of organizational effectiveness. It argues that boards have not commonly assessed their own performance or that of their organizations, because of a lack of time, resources, expertise and a readily applied evaluation framework. As a means to maximize the return on investment of scarce research resources, the paper offers an evaluation framework that might be more readily applied by boards and proposes that near-term research efforts focus on organizations that already conduct some form of performance evaluation.

This article describes the development and validation of the Governance Self-Assessment Checklist (GSAC). The GSAC was designed to assist boards of directors of nonprofit and public sector organizations to identify strengths and weaknesses in the governance of their organizations, educate board members about the essentials of good governance, and improve their governance practices. The instrument comprises 144 items organized into twelve subscales. The results of the study indicated that the subscales have excellent internal consistency reliability, exhibit good criterion-related validity, and are able to discriminate between stronger and weaker aspects of board functioning. The relative strengths and weaknesses in board effectiveness were identified, and the implications of the findings for the assessment of board effectiveness and field applications of the GSAC were discussed.


Many factors including incentive-pay, powerful shareholders, and takeover threats push for-profits managers towards maximizing shareholder value. One of the most striking factors about non-profit firms is that they have no comparable governance institutions, and the only check on managers are boards that are themselves rarely responsible to anyone outside the firm. This essay discusses the implications of these weak governance institutions on non-profit behavior. A primary implication is that non-profits will often evolve into organizations that resemble workers’ cooperatives. The primary check on this tendency is the need of the organizations to compete in outside markets. After presenting a model of non-profit behavior, I look at four different sectors (hospitals, museums, universities and the church). All display significant signs of capture by elite workers, but all still perform their basic missions reasonably, probably because of market competition.


The interactional dynamics of the board-executive relationship in the typical nonprofit agency are not well understood. This article first examines conflicting viewpoints in the literature and then describes an in-depth study of the board-executive dyad at four nonprofit organizations, using decision making as the focus. The data suggest that, in noncrisis situations, internal factors and the nature of the issue under consideration influence which pattern will be adopted and that the stability arising from this kind of leadership accommodation strongly contributes to organizational effectiveness.

Many trustees believe that health care reform must begin in the communities that their organizations serve. Based on the collective knowledge of boards that have successfully led their organizations through change, a plan that consists of a systematic 6-step process is discussed. The 6 steps are: 1. Create awareness of community health issues. 2. Engage others in dialogue. 3. Collaborate with others. 4. Redesign the system. 5. Evaluate the outcome. 6. Sustain the gains.


The crisis of confidence in corporate governance and the opacity of public company reporting are growing concerns. These flaws in the market system have been highlighted by the stock market bubble and pose a threat to orderly capital flows. Reform is needed, but legislation may have little effect and can carry unintended consequences. Better solutions can be found by examining the way in which private companies are directed and the type of financial and operational reports they use for budgeting and control. Institutional investors, bankers, professional advisers and Boards of Directors can implement the changes needed to provide more reliable information for valuation of public company securities and to counteract the casino mentality that infects capital markets.


Nonprofit organizations should be governed and managed by representative numbers of their constituents but not limited to certain groups of people. Even organizations founded to empower or serve specific groups should have governing boards and managers that can look at issues from a range of different points of view.


This article examines the tasks and responsibilities of nonprofit boards of directors and explores the relationship between board performance and organizational effectiveness. Thirty-three activities in nine areas of board responsibility were examined through questionnaires and interviews with board members and chief executive officers of sixteen nonprofit organizations serving developmentally disabled adults. Rankings of organizational effectiveness were determined using external evaluators and accreditation surveys. A significant relationship between board performance and organizational
effectiveness was found, and the board activities most strongly correlated with organizational effectiveness are reported, including policy formation, strategic planning, program monitoring, financial planning and control, resource development, board development, and dispute resolution.


This paper examines the tasks and responsibilities of nonprofit boards of directors of social service organizations, what they do, and how their activities relate to organization effectiveness. The paper builds on the work of Green and Griesinger and compares their findings with data collected from two national nonprofit organizations, each of which has local affiliates or units with their own boards of directors.


Losses due to fraudulent activities are particularly troublesome in the nonprofit sector because they directly reduce resources available to address tax-exempt purposes. The ensuing bad publicity also may reduce contributions and grants in subsequent periods. This article uses data provided by Certified Fraud Examiners to report on the types of fraud they identified in nonprofit organizations and the characteristics of both the victims and the perpetrators of the fraudulent activities. Based on the analysis of the data, the authors suggest ways that fraud losses can be prevented or mitigated. In particular, governing boards are urged to consider important controls in addition to the annual financial statement audit.


Local Public Spending Bodies (LPSBs) occupy an important position in the contemporary structures of governance in the UK. As exemplars of many of the diverse characteristics of the New Public Management, LPSBs inhabit the fuzzy space between the public and private spheres, both in terms of organizational structure and service delivery. One finding from recent research into the internal governance of three kinds of LPSBs – Further Education Colleges, Housing Associations and Training and Enterprise Councils – was that the language of strategy predominated over that of policy on the boards of such organizations. In this article we assess the significance of this finding. We contend that the two terms are not interchangeable and that a vital distinction needs to be maintained between them. Specifically we argue that policy refers to collections of decisions grounded in public values whereas the concept of strategy, particularly as currently understood in the context of the
New Public Management, refers to the positioning of an organization in its struggle to survive and grow. We conclude that LPSBs have been invited to behave strategically within a framework of increasingly centralized policy objectives and resource allocations.


This article explores the relationship between the underlying culture of a nonprofit board of directors and its ability to negotiate conflict, which in turn may enable the board to better uphold the public trust. Using three “hard cases,” the article highlights the importance of values such as inclusiveness, responsiveness, and communication in developing a shared way of thinking that helps the board reconcile competing legal and moral obligations. It is shown that boards with clearly articulated goals and objectives are apt to develop strong norms around the sharing of knowledge and the integration of multiple perspectives. These stable group norms are essential if the board is to become a reflective community of interpretation and uphold the public trust.


This study examines the influence of the social network of board interlocks on strategic alliance formation. Our theoretical framework suggests how board interlock ties to other firms can increase or decrease the likelihood of alliance formation, depending on the content of relationships between CEOs (chief executive officers) and outside directors. Results suggest that CEO-board relationships characterized by independent board control reduce the likelihood of alliance formation by prompting distrust between corporate leaders, while CEO-board cooperation in strategic decision making appears to promote alliance formation by enhancing trust. The findings also show how the effects of direct interlock ties are amplified further by third-party network ties.


This study uses board governance as an analytical lens for exploring the effects of government funding on the representational capacities of nonprofit organizations. A typology of governance patterns is first developed that captures the board’s strength relative to the chief executive and its representation of community interests. Using this typology and employing multinomial logit analyses of survey data from a sample of urban charitable organizations, the study tests how nonprofit governance is mediated by levels of government funding. Controlling for other relevant environmental and institutional factors,
reliance on government funding decreases the likelihood that nonprofit organizations will develop strong, representative boards. In recent years, government has emerged in the United States as a major “philanthropist,” the major philanthropist in a number of the principal, traditional areas of philanthropy.


Only the new institutionalism has been critically involved in the study of NPOs, particular expressive organizations, precisely because the problem of social beliefs about the most appropriate form of structure and control is likely to be quite critical within this kind of governance structure. This article focuses on nonprofit organizations that have at least one of three distinct qualities: 1) SMOs involved in attempting to bring change to the society—whether conservative, populist, or equalitarian; 2) organizations that rely upon a considerable proportion of volunteer labor; and 3) organizations with expressive outputs such as art or music organizations. The emphasis on these dimensions rather than coordination style, type of paradigm, or the cross-classification of knowledge inputs and market/strategy context highlights several interesting issues for both the organizational and management literatures discussed in this piece.


High levels of sub-national policy experimentation and public cynicism about politics and government, combined with significant challenges and opportunities for governance capacity such as regionalism, globalization, and technological change call for a reconsideration of the state of capacity and the capacity of the state. Crucial questions surrounding this re-assessment include: What is the difference between government and governance? Who governs in theory and in reality? How does governance now work? Can governance and capacity keep pace with change? Reconsideration of these and related questions yields the conclusion that governance and capacity are intimately connected and that innovative, simultaneous blending of public management and civic capacities is needed to build trust and govern effectively under new and challenging conditions.


This paper contributes to the discussion about the balance of advantage in government/voluntary sector partnerships by focusing on ways in which recent changes in
UK public policy have been experienced by one key internal grouping of UK third sector agencies – their volunteer boards.


This study examines whether, how, and under what conditions nonprofit boards of directors influence the government and voluntary sector relationship. The survey responses of executive directors and board presidents in a randomly selected sample of 400 nonprofit organizations indicate that boards are not bystanders in the contracting relationship with government. Rather, many boards play multiple roles, simultaneously enhancing interdependence and maintaining the boundary between state government and nonprofits.


In this article, it is argued that while there has been an apparent eclipse in discourse regarding the publicness or public quality of public service, the recent transition toward a market-driven mode of governance has created a serious challenge to such publicness. Based on the existing studies, empirical findings, and country experiences, this article delineates the basic criteria determining the publicness of public service, uses these criteria to demonstrate how the recent businesslike reforms have led to the erosion of such publicness, and makes recommendations for reviving the quality of publicness in public service.

**Harris, Margaret. “Exploring the Role of Boards Using Total Activities Analysis.” Nonprofit Management and Leadership, Spring 1993, 3 (3), 269-281.**

This article describes a response--called Total Activities Analysis (TAA)--to the problem of defining the role of boards. TAA places the board’s role within the context of all the activities carried out by a voluntary or nonprofit agency. The distinctive features of the TAA approach to defining board role are the following: (1) it is analytical and exploratory rather than prescriptive, and (2) it considers the role of boards in relation to other roles within agencies. Both paid staff and board members have found TAA to be a useful practical tool.

**Hayden, Eric W. “Governance failures also occur in the non-profit world.” International Journal of Business Governance and Ethics, 2006, 2 (1/2), 116-128.**
While most of the recent, widely publicized attention on governance failures has focused on the corporate sector, cozy boardroom ties have also undermined the viability and sustainability of the many non-profit organizations. The healthcare sector of Massachusetts, dominated by non-profits, is a case in point. During the 1990s, the state's five non-profit health maintenance organizations (HMOs) each suffered major financial shortfalls. This paper presents as mini-case studies the experiences of those institutions, asking in each instance why governance structures did not do a better job of monitoring and supervising their respective managements. The findings are relevant for all non-profits, namely that governance suffers when boards are dominated by affiliated outsiders or when the allegiance of the board is not fully committed to the organization's mission and ongoing financial viability.


Boards of directors of 23 community action agencies Mid-Iowa Community Action worked with in 2003 and 2004 failed to act to keep their organizations out of trouble. These nonprofit organizations were subsequently identified by themselves and one or more major funding sources as being sufficiently “in crisis” to call for the presence of a crisis intervention team, a crisis that constituted de facto failure of board governance. Board members in these agencies did not understand that their executives were ineffective and that funding for agency programs was in jeopardy. They had not asked questions that would have helped them to see and understand the progressive ineffectiveness of their organization. Serious executive mismanagement went undetected. Member commitment to these boards was so tenuous that a quorum frequently could not be mustered so their decision making would be official. Collectively, board members were not effective decision makers, unable to find common ground from which they could take decisive action.

Case studies of three of these community action agencies will be examined to understand how boards get their organizations in trouble. Based on these case studies, and work with the other twenty community action agencies, Mid-Iowa Community Action has identified contradictions in the legislative mandate for community action agencies, the complexity of the work they do, and the preponderance of public money with which they operate as elements that work against achievement of high board functioning.

The paper will conclude with observations about a fourth challenge to good governance that MICA teams confront in every troubled organization: The middle of a crisis is not an environment conducive to board development.

Research on the importance of generally accepted “best practices” in corporate governance has generally failed to find convincing connections between these practices and organizational performance. We discuss research outcomes on the relationship between two such “best practices” (CEO/Chair duality and insider/outside composition) and organizational performance, and find this relationship to be insignificant. We propose four possibilities for this tenuous relationship, that are not mutually exclusive: firstly, the possibility that “best practices” in governance are indeed irrelevant to organizational performance; secondly, that the operationalisation of theoretical concepts has low face validity; thirdly, that studies are too narrow, aiming to relate board attributes directly to organizational performance and ignoring other systemic factors; and lastly, the possibility that different types of organizations require different practices in corporate governance. Lastly, we address the methodological and substantive implications of each of these possibilities.


Herman and Heimovics examine the crucial role of chief executives in nonprofit organizations and describe the board-centered external and political leadership skills of especially effective chief executives.


This study investigates whether nonprofit organizational effectiveness is judged consistently by differing constituencies and whether changes in board effectiveness and overall organizational effectiveness (judged by differing constituencies) are the result of changes in the use of practices regarded as the “right way” to manage. The results show that different constituencies judged the effectiveness of nonprofit organizations differently, at both periods; that a change in the use of correct board practices over time, controlling for board effectiveness at time 1, was not related to board effectiveness at time 2; and that a change in the use of correct management practices, controlling for organizational effectiveness at time 1, was not related to organizational effectiveness at time 2, except for board members. Implications of the results are considered. Claims about best practices for nonprofit boards and organizations must be evaluated more critically. Finding the right fit among practices is more important than doing things the “right way.

How do key stakeholders of nonprofit organizations (NPOs) judge the effectiveness of their organization? Are the judgements of stakeholders similar, and how are board effectiveness and the use of practitioner-identified correct management procedures related to judgements of effectiveness? This study focuses on a subset of especially effective and less effective NPOs from a larger sample and finds that the especially effective have more effective boards (as judged by various stakeholder groups), have boards with higher social prestige, use more practitioner-identified correct management procedures, and use more change management strategies. Practical implications discussed include adopting more correct management procedures and change management strategies.


This article draws from the general literature on organizational effectiveness and the specialized literature on nonprofit organizational effectiveness to advance six theses about the effectiveness of public benefit charitable nonprofit organizations (NPOs). (a) Nonprofit organizational effectiveness is always a matter of comparison. (b) Nonprofit organizational effectiveness is multidimensional and will never be reducible to a single measure. (c) Boards of directors make a difference in the effectiveness of NPOs, but how they do this is not clear. (d) More effective NPOs are more likely to use correct management practices. (e) Nonprofit organizational effectiveness is a social construction. (f) Program outcome indicators as a measure of NPO effectiveness are limited and can be dangerous. The article concludes by considering three possible futures for NPO effectiveness research.


This study reviews evidence in support of the hypothesis that nonprofit organizations’ effectiveness is related to the effectiveness of their boards of directors. It also asks whether various recommended board practices and processes affect board effectiveness. The study focuses on a subset of especially effective and less effective nonprofit organizations from a larger sample. The results show that the especially effective organizations (as judged by multiple stakeholders) have more effective boards (as judged by different multiple stakeholders) and that the more effective boards use significantly more of a set of recommended board practices. The results also show that nonprofit organizations using more of the prescribed board practices are also more likely to use other correct procedures. The results support the practical implication of urging the dissemination and adoption of the recommended practices.
Based on the social constructionism perspective and a multiple constituency model, this study investigates stakeholder judgments of nonprofit charitable organization effectiveness. The study also uses a Delphi process to identify criteria that some practitioner-experts regard as objective indicators of effectiveness. Data on various stakeholder judgments of organizational effectiveness and on the objective indicators were collected for a sample of 64 organizations, allowing for examination of the extent to which stakeholder judgments are consistent and for examination of the extent to which judgments are related to objective indicators. Among the major results of the study are that practitioner-experts define objective effectiveness as employing correct procedures; stakeholders frequently vary substantially in their judgments of the effectiveness of the same organization; stakeholder judgments of effectiveness seldom are related to objective (correct procedures) effectiveness; and different types of stakeholders use some of the same – most notably, board effectiveness – as well as different bases for making effectiveness judgments. Conclusions and implications are discussed.

This study of sixty-four locally governed nonprofit charitable organizations used a social constructionist perspective to investigate the relationship between the extent to which nonprofit boards use prescribed board practices and stakeholder judgments of the effectiveness of those boards. A social constructionist perspective implies that different stakeholders use and evaluate different kinds of information in making judgments about board effectiveness. The results suggest that there is wide variation in the use of the prescribed board practices, that judgments of board effectiveness often differ substantially, and that chief executives’ judgments of the effectiveness of their boards is moderately related to the extent of use of recommended board practices.

It is often difficult for nonprofit board members to understand indicators of the organization’s success and their own role in ensuring this success. Traditional corporate success models may not be applicable in the nonprofit world. The author offers a framework of four questions or concepts that can help nonprofit board members assess and measure an organization's success: consistency between goals and financial resources, intergenerational equity, match between sources and uses of funds, and sustainability. The author suggests that asking and answering these questions can help board members ensure the success of their organization.

The study examined here tested a resource dependence view of the organization on a sample of nonprofit social service agencies. Results indicated that CEOs of privately funded nonprofit agencies were more likely to use board involvement techniques than CEOs of government-funded or commercially supported organizations. In addition, privately funded agencies were less vulnerable to economic shock than government or commercially funded agencies, and funding source explained incremental variance in board involvement and vulnerability beyond characteristics of the organization and board. These results provide support for assertions of resource dependence theory and suggest that a CEO’s strategic engagement with an organization’s board depends in part on the nature and concentration of the organization’s resources. (Academic Search Premier)


Should nonprofit organizations adopt the business corporation model of governance? This article examines the differences between business and nonprofit corporations and argues that adopting the corporate model would be a dangerous error for nonprofit organizations. Nonprofits need a governance structure that reflects their unique aspects: the complexities of defining corporate mission; lack of a universal measure of success; dominance of community members rather than corporate insiders on the board; accountability for the public trust; responsibilities to many constituencies; and board responsibility for fundraising. While acknowledging that many nonprofit boards need to solve problems of inefficiency and unclear understandings of board responsibilities, the author argues that adopting the corporate model is the wrong prescription.


Many nonprofit boards have undertaken board development activities, yet there has been little empirical evidence of the impact on board performance. This article reports finding from a three-year study of the boards of twenty-four diverse nonprofit organizations: ten participated in developmental interventions, and fourteen received no interventions but served as matched comparisons. The experimental group showed significant improvements in board performance, and the comparison group did not. Lessons from the study include a number of practical steps boards can take to reorganize governance procedures and structures to enhance board effectiveness.

Accountability has become a major issue in the nonprofit sector. Numerous external and internal approaches to strengthening performance in this area exist, and many nonprofit boards expect their executives to account for use of their organizations’ resources. However, few boards apply any such expectations to themselves. Qualitative analysis of records from interviews, consultations, and meeting observations with 169 board members of thirty-four diverse nonprofit organizations revealed six sets of practices that foster board accountability. It appears that boards can provide powerful models for others and show how to lead and govern effectively. They do so by taking purposive efforts to understand their constituencies’ concerns, setting explicit standards and goals for their own performance, and then holding themselves accountable for reaching them. Rather than just assuming they are working well or merely ordering others to be accountable, boards demonstrate their accountability for guiding their organizations and give evidence that they warrant the trust of others inside and outside.


The actions of boards, like all organizational behaviors, emerge from board culture, which is composed of members’ customary practices, shared beliefs, and assumptions about reality. It is a board’s culture that enables its participants to deal with ambiguity and complexity by providing familiar meanings and solutions to problems. Board development efforts that do not take these factors directly into account are likely to produce only superficial and short-term changes. This article presents alternative approaches to board development, using two levels of learning drawn from examinations of board cultures.


This case describes the experience of the Detroit Medical Center (DMC) in restructuring its governance and management. It provides a background on the DMC, examines the driving forces that led to modification of its structure, identifies key principles in guiding the change, and describes the strategies and specific steps taken in managing structural change. Finally, the critical lessons learned about leadership style, communication, agenda development, and relations with the board, medical staff, and management are discussed. This case study will help reduce the learning curve for any large, complex organization undertaking board and management restructuring to better meet its mission. At the time of DMC’s restructuring there were no models to guide the effort. This case study attempts to reduce the gap in research on the management of structural change.

The article applies leader-member exchange theory to the study of dyadic relationships between leaders (board chairs and paid executives) and members (volunteer board members) within the boards of Australian voluntary sport organizations. The article specifically examines leader-member exchanges within a sample of six Queensland State sport organizations and their relationship with board performance. It was found that leadership within voluntary sport organization boards emanates from either board chairs or executives and that when the individuals fulfilling these roles are able to develop a mature working relationship, the board’s ability to perform is enhanced. These findings extend our understanding of the importance of leadership roles held by volunteers and paid professionals for the achievement of organizational outcomes.


Boards of directors govern not-for-profit organizations and they are responsible for the overall performance and the ultimate achievements of the organization. In this study two questions are examined: First, the impact of the organization’s external task environment on the characteristics of board’s structure and functioning in nonprofit organizations; and second, the relationships between organizational features and board’s structure and functioning. The study included a stratified sample of 161 non-profit organizations in Israel. Data, collection included face-to-face interviews with 121 executive directors and 40 board chairpersons. The results show that only collaboration with other organizations in the task environment was significantly positively correlated with several functional characteristics of the boards. Organizational characteristics such as age, membership size, and number of paid workers were significantly positively correlated with a number of board structural and functional characteristics of boards. In addition, significant intercorrelations between structural and functional characteristics of boards were found. The results are discussed and further avenues of research are proposed.


This study of 161 nonprofit organizations in Israel was aimed at exploring the composition of boards, the methods employed to recruit new board members, and the selection criteria of board members. The results suggest that boards tend to be closed, elitist circles. Most organizations use mainly informal means to recruit new board members. The most important selection criteria were those related to interpersonal relationships, willingness to contribute time, and expressing an interest in working for the organization.

In this study, nine roles and responsibilities of boards of directors in nonprofit organizations in Israel are examined and perceptions of these roles and responsibilities by chairpersons of the boards and the executive directors are compared. Four groupings of board roles were found: senior human resource management, maintenance of relationships with the task environment, policymaking, and fiscal management and fundraising. The findings show that in most organizations boards fulfill all these roles and play a significant role in decision making. A significant consensus exists between chairpersons and executive directors in respect to most of the board’s roles, whereas significant differences in perceptions were found in respect to financial matters and maintenance of relationships with the task environment.


The subject of this essay is accountability. The authors contend that nonprofit organizations are little regulated by external government bodies. Once the mission is established for tax purposes and broad understandings as to governance and the use of financial resources are accepted, nonprofit organizations are then regulated by their boards and the wider nonprofit community of opinion. Issues that affect individual boards and ones in which general guidance is necessary are stimulating profit, redefining political responsibility, and establishing benchmarks for performance and viability. The authors advocate for a national commission drawn from leadership in the field prepared to explore the options for boards and their organizations and specify consequences for the whole of the filed of certain options are accepted.


Relationships between chairpersons and chief executive officers (CEOs) are extensively addressed in the prescriptive literature on nonprofit organizations, but insufficiently studied. The purposes of the present study are threefold: First, to examine who of the two key figures is more dominant in nonprofit organizations; the chairperson of the board or the CEO; second, to investigate the extent to which dominance in the organizations is correlated with organizational as well as board characteristics, chairperson characteristics, and his/her degree of involvement in the management of the organization, and existence and clarity of role definitions; and finally, to identify those factors that best explain CEO’s dominance in the organization. The findings pinpointed several patterns of dominance, specially that CEO’s dominance was correlated with organizational and board characteristics, chairperson’s characteristics, and degree of involvement in the
management of the organization, and the extent to which there were formal and clear role definitions. Number of hours spent by the chairperson working for the organization was the best predictor for CEO dominance


Neighborhood organizations have become more important players in urban areas in recent years due to a renewed interest in social capital and an emphasis on the continuing development of community. With this elevated status comes more responsibility for the delivery of services to citizens and scrutiny by these very citizens, the press, and government officials. Much of what we know about neighborhood organizations comes from our observations of board deliberations. Through these deliberations board members make decisions that affect neighborhood constituents. In this study we examine the context in which neighborhood boards in the city of Milwaukee, Wisconsin, make decisions. Using theory borrowed from the literature on local government boards, we develop a series of testable hypotheses relating to the level of conflict on these boards. Our findings indicate that conflict is relatively low across boards in Milwaukee; however, the number of board member and certain behavioral variables explain a significant amount of the variance in the level of conflict.


Over a nine-month period the board agendas of a community nonprofit organization were redesigned to reflect a particular board agenda tool titled “Strategic Activities, Resource Planning, and Operations”. Feedback from the board members and executive director indicate strong support for the framework in focusing the work of the board. The framework also has implications for how the executive director and board members prepare for meetings and how the shared leadership of the meetings is played out.


In this study, roles and responsibilities associated with nonprofit boards of directors were supported by a framework inclusive of Strategic Activities, Operations, and Resource Planning roles. This framework can be valuable for paid staff and volunteers in understanding the broad scope of the work of nonprofit boards and practical applications such as agenda setting for board meetings and designing board training and development activities.

The purpose of this study was to develop a framework for identifying the motivations of board members in nonprofit organizations. Building on previous work of board member motivations (Searle, 1989; Inglis, 1994) and motivations of direct service volunteers (Clary and others, 1998), the results of the current study support a framework consisting of six components: Enhancement of Self-Worth, Learning Through Community, Helping the Community, Developing Individual Relationships, Unique Contributions to the Board, and Self-Healing. We discuss contributions by the panel of experts who reviewed the instrument and by the respondents who offered additional reasons for joining the board in view of how they can add validity to scale development. Frameworks such as the one reported in this article are valuable for understanding the complex involvement of attitudes and motivations as they relate to individuals’ decisions to join boards. These insights may be applied in areas such as board member recruitment, training and development, and retention.


The Board Self-Assessment Questionnaire (BSAQ) was developed to assess board performance in six areas that previous research has shown to characterize highly effective boards. Data from 623 board members in 34 nonprofit organizations were used to examine this instrument’s reliability, validity, and sensitivity, including the relationship between board scores and selected indicators of the organization’s financial performance. Results indicate that the BSAQ is a sound and useful tool for evaluating board performance.


This paper estimates CEO pay models which test for governance influences on both absolute and relative pay. The results for a sample of large UP nonprofits indicate that the adoption of agency-inspired governance restraints is not significantly associated with CEO remuneration. There is also no indication that performance-linked pay is plausible from the sample. It is concluded overall that intrinsic managerial motivation seems to dominate extrinsic incentives, and that explanations of CEO pay in the sector could benefit from stewardship or resource-based models.

This paper provides empirical evidence on how external governance mechanisms (e.g. the reporting and monitoring mandated under government funding contracts) and internal governance mechanisms (e.g. the adoption of corporate governance codes and traditional charity governance mechanisms) are related to the efficiency with which large UK charities meet their charitable spending objects. The evidence indicates that government funding and governance requirements, and traditional charity structures, are positively related to efficiency, whereas the adoption of business-type corporate governance codes is not.


Who belongs on a nonprofit board of directors? In addition to the classic triumvirate of time, talent, and treasure, the author suggests that board members must be committed, responsible, and accountable, and should know their role in the organization. He suggests that the board should concern itself with the organizational mission (the "ends") while the staff should concentrate on the implementation (the “means”). The author offers a realistic hypothetical situation to help readers understand board vs. staff roles and how board members can most effectively deal with challenging situations.


This paper examined four chapters of the International Association of Women (IAW), each of which are in various stages of transition. The preliminary analysis focused on the relationship between the composition of each chapter’s board and its effectiveness, influence, and role in the community. As data analysis was just concluding in Fall 1994, this first paper took an exploratory approach to the data to begin to build a typology of nonprofit organizations among the dimensions of board diversity, effectiveness, influence, and beneficiaries. We concentrated on boards because they were responsible for governance and much of the organizational policy- and decision-making.


The effects of institutional investor types and governance devices on two dimensions of corporate social performance (CSP) were examined. Pension fund equity was positively related to both a people (women and minorities, community, and employee relations) and a product quality (product and environment) dimension of CSP, but mutual and investment bank funds exhibited no direct relationship with CSP. Outside director representation was
positively related to both CSP dimensions. Top management equity was positively related to the product quality dimension but unrelated to the people dimension of CSP.


‘Responsibility’, ‘accountability’, and ‘governance’ are key terms within business ethics. This is obviously so for ‘responsibility’ and ‘governance’ as they figure in talk of ‘corporate social responsibility’ and ‘corporate governance’ respectively. It is less obviously so for ‘accountability’ which is not always differentiated from the other two and can sometimes seem to function as little more than a synonym for them. To an extent this conflation is allowable as it is certainly the case, I would want to argue, that accountability is something that connects responsibility to governance. It is, however, the very fact of this connecting role that makes accountability worthy of differentiation from the other two, for neither responsibility nor governance can be properly understood except with reference to accountability. Moreover, by understanding these two through their mutual connection to accountability we better understand their relationship to each other and, in this way, have a framework for connecting the two very important topics of corporate social responsibility and corporate governance.


Boards of trustees can play a critical role in the success of nonprofit Human Service Organizations (HSOs), and thus attention to boards is well-deserved. However, many articles on boards tend to treat them in a uniform fashion rather than noting their great variability in composition and structure, as well as differences that arise over time and by organization. This article describes and compares changes in the board composition and structure of six large HSOs in six different cities at three points in time (1931, 1961, and 1991). The authors suggest that board composition and structure should be taken into account as organizations respond to new pressures or create social change.


In the wake of the patient safety movement, there is a glaring disconnect between the increasing responsibilities placed on hospital board members and the limited accountability for those board members if they fail to meet their responsibilities. This Article discusses how the effectiveness of new patient safety laws is diminished by the lack of accountability of nonprofit board members. The Article suggests that an expanded
notion of corporate fiduciary duties, enhanced by shifts in social norms, would contribute to patient safety reform. (Scopus)


The annual Internal Revenue Service Form 990 tax filing is the principal disclosure mechanism for nonprofit organization. Although considerable efforts have been made to improve the accuracy and accessibility of Form 990, questions remains as to whether this data source is the most desirable foundation for a system of nonprofit accountability. Taking a broad perspective on financial accountability, this article assesses not only the quality and availability of the financial data, but also the entire financial-reporting model. The article develops a framework for thinking critically about nonprofit financial accountability. After examining the current structure of nonprofit financial reporting and contrasting it with alternative systems developed for other industries, the article concludes with recommendations for reengineering nonprofit financial accountability.


This article examines the personal and professional attributes of nonprofit board members-their values, behaviors, and skills—as seen through the eyes of chief executives and board chairs. In the study reported here, an inductive research methodology was employed in order to bring to the surface the underlying assumptions of executive directors and chairs regarding their expectations of board members.


When fundraising encroachment occurs, strategic publics who can affect a charitable organization’s success and survival are rarely brought to the attention of trustees because public relations practitioners are denied access to these leaders, and the manager who does have access—the fundraiser—is trained and rewarded to concentrate on donor publics. A national survey documents fundraising encroachment in five of the six major types of charitable organizations. Although only 23 percent of the respondents (N = 175) reported structural encroachment, 40 percent agreed that the senior fundraisers in their organizations had more say in policy decisions than the senior public relations officers. Small but significant correlations were found between encroachment and the extent to which the public relations department has the knowledge and expertise to practice two-way models of public relations and communications support.

This study examines performance among public higher education boards, describing the results from a national study. The research questions that framed the study were: What are the elements of high performance/effectiveness in public higher education governing boards? How does performance among public higher education boards compare to the research on effectiveness among private high education boards, non-profit, and corporate boards? After a review of the extant literature/research on board performance, the results of the study (six major themes: board agenda/leadership, influential individuals, structure, relationship, culture, and external relations) are presented. Next, a model for creating high-performing boards is described before the implications for improving board performance and areas of future research are discussed.


Researchers have given little attention to relative economic efficiency among nonprofit nursing facilities. Presumably, religious-affiliated, government, and private secular nonprofit facilities pursue similar objectives, perform similarly, and receive tax exemptions accordingly. Using modified, translog cost-and profit-function regression analyses, this article rejects the hypothesis of homogeneous performance. In Texas, private secular nonprofit nursing homes are the most cost-efficient, followed by religious-affiliated and then government nursing facilities. When allocation efficiency is also considered, government and private secular facilities have similar overall economic efficiency; religious-affiliated and government facilities are similar as well; however, private secular facilities are significantly more efficient than religious-affiliated homes. Quality appears to be homogeneous among facility classifications. Given these significant differences, policy makers may want to consider the role of relative economic performance when granting nonprofit status to nursing facilities because nonprofit governance boards may allow their organizations to pursue the "socially superior" goal somewhat divergently.


In this article, recommendations are made for improving the effectiveness of hospital governing boards. Discussed in detail are integrating clinician and administrative governance; supporting management in managing change; focusing and energizing the board on policy-making; and, specifying and evaluating the hospital’s contribution to the health of a defined population at a reasonable cost. Governing boards are shown to work
differently in multihospital systems, hospital alliances, and under restructuring. A research agenda to improve hospital board effectiveness is proposed.


Healthcare managers are making quicker, riskier decisions in an increasingly competitive and regulated environment. Questions have been raised regarding the accountability and performance of boards of these organizations, as board members are not always selected based on their competencies to guide such decisions. Adapting mission and strategy and monitoring organizational performance require information that boards mostly get from management. The purpose of this study was to examine the information that boards regularly get to carry out their functions. Principal findings were that the boards get too much data, the same data that management gets, and little comparative data on performance of similar benchmark organizations. Board members and managers are satisfied with the information that board members get and have no plans to improve their system of shaping, or the quality of, information.


The research that is being presented here (in incomplete and preliminary form) reports on initial findings from a larger research effort that explores issues of governance in faith-based human service organizations. This first part concerns matters of board development, specifically the practices of recruitment, selection, orientation, training and self-assessment. The larger initiative will cover all matters of governance including board structure and composition, board development, policies and operations, decision-making and leadership.

The paper presents information regarding the board development practices of faith-based organizations. The sample pool is comprised of a dozen human service faith-based organizations selected through a convenience method. They represent two of the types of faith-based organizations identified by The Roundtable on Religion and Social Welfare Policy: local religiously-affiliated nonprofits and national faith-based service organizations. Data is being collected through personal interviews with executive directors and examination of agency publications. While, research is currently limited to information received from the executive director, eventually the research will be informed by data received from members of the respective boards of directors.

This first-stage research explores 3 hypotheses. The first is that faith-based boards of directors practice board development in a manner that explicitly reflects and incorporates the values of each organization’s particular faith orientation. A second hypothesis is that faith-based boards of directors articulate the effectiveness of their own governance in a
manner that explicitly incorporates a faith dimension. The third hypothesis is that as organizations become larger and more established, there is a greater distance between board development practices and an explicit incorporation and representation of the faith tradition.

Information to be gathered to explore these three hypotheses include:

- Manner and means through which board members’ qualifications, roles and responsibilities are articulated
- Policies and processes to identify, recruit and select board members, including the means by which one’s faith experience is incorporated into the recruitment and selection process
- Methods and means of orientation and training, including an examination of materials and curriculum that is included in these activities and programs
- Manner and means through which these faith-based organization boards understand, articulate and measure their own effectiveness
- Organizational “demographics,” i.e., age, budget size, affiliation, etc.


This study examined the relationships between institutional influences and stakeholder representation on boards of directors. Data from 224 companies over the period 1984-1994 were employed. Results indicate that variations in legal environments, industry regulation, and firm size are associated with stakeholder representation on boards but do not influence stakeholder representation on key board committees. Legal environments and firm size are associated with the adoption of stakeholder-oriented board committees.


This paper summarizes the findings from an evaluation of the Locality Partnerships project. This project represented an attempt to introduce the principles of shared governance into a community health setting. Particular emphasis is given to the findings related to the involvement of staff in decision-making, communication and information flow, and the job satisfaction of staff. The paper finds that staff who had been most involved in the project reported improvements in all of these areas; however, there were no comparable gains for those staff who were less directly involved. In conclusion, it is suggested that although the principles of shared governance are in accordance with government policy this project saw their incomplete assimilation into the community health setting.
Robust citizen governance is a prerequisite to developing creative solutions to the challenges of access, affordability, and quality of higher education. However, the author is concerned about the current effectiveness of lay governance. She argues that stewardship of public universities should involve goals more ambitious than preserving the status quo or the portion of the state budget. Rather, it should be concerned with dynamic improvements to a structure that is more responsive to faculty interests than to productivity or to the general education of undergraduates.

Public college and university governing boards that have prevailed in the face of adversity employ the following seven activities: 1) collaborate in setting a statewide agenda, 2) earn political support, 3) present clear, meaningful missions, 4) manage and resolve conflicts, 5) affirm internal divisions of authority and responsibility, 6) acquire and manage resources and 7) improve operational efficiency and service continuously. MacTaggart's challenge to governing boards is first to appraise honestly the current capacity of the system; then learn lessons from past mistakes. Finally take deliberate action to strengthen any identified weaknesses.

Charter schools are one of the newest, most frequent, and controversial approaches to introducing parental choice and competition in educational systems. The policy questions raised by charter schools involve not only organizational and management concerns but also key issues of governance. This article examines how the theories, arguments, and findings of earlier studies on the use of other market mechanisms in local governance may inform the current debate about charter schools. By highlighting the presuppositions and results of the local government reform experience, the authors conclude that the use of market mechanisms like charter schools should be approached with caution.

Much of the dialogue around nonprofit boards has focused on secondary or transactional issues rather than on the question of what good governance must include in a nonprofit setting. This serves to rob the nonprofits of creativity, rigor, power, and the kind of finely
tuned understanding of accountability the public should expect. By focusing on the central questions and principles of nonprofit governance rather than on structural concerns, the possibilities for a wider variation in governance models open up. All organizations are set in a larger social context, so we cannot end our reflection at the individual nonprofit level. These questions are particularly pertinent during a period when our attention is focused on governance from Wall Street to Baghdad. Some believe that public governance is overly affected by corporate interests, and we are now seeing case after case of scandals exposing ethical problems in the governance of corporations that only recently were seen as exemplary. This puts the interests of ordinary and particularly marginalized people at risk. In a democracy, the nonprofit sector is there to ensure that people have a voice in our future—at the community, national, and global levels. If we accept this as our primary role, it has implications for what should be present as constants in our governance structures.


This article proposes a conceptual framework for re-examining NPO governance, especially focusing upon the roles and responsibilities of boards, executives, and other staff and volunteers. It draws from Talcott Parson’s idea that all human organizations exhibit three distinct levels of responsibility and control; institutional, managerial, and technical/operational. It is suggested that the following factors affect the appropriate division of roles and responsibilities among board, executive, and other staff and volunteers within an NPO: 1) the size of the NPO’s budget, staff, and board; 2) the number of active volunteers and the breadth of roles they perform; 3) the stage of the NPO’s life cycle; 4) the level of trust/confidence between the chief executive and the board; 5) executive transition; 6) the presence of organizational crisis; and, 7) environmental factors, including fundamental change in funding sources and pressure toward merger or intense collaboration.


This article describes the development and evolution of governing boards and summarizes critical findings from a research study on hospital governing boards. The purpose of the research was to examine factors that measure performance of governing boards and the relationship of governing board effectiveness to the organizational performance of hospitals. Board leaders from 64 nonprofit hospitals across the US were surveyed using the BSAQ tool, which measures board effectiveness in six areas of competency. Board competency scores of this group were compared with those of a previous group, which consisted of more than 300 nonprofit boards, and demonstrated significantly higher scores. A factor analysis conducted to compare the six competency factors between study groups
revealed a strong single factor in this study. The results demonstrate that higher performing boards did have better hospital performance in several dimensions, most notably in profitability and lower expenses. Lower expenses were related to higher scores for the BSAQ total score.


Despite the apparent similarities, the governance of nonprofits is different from the governance of for-profit businesses in several critical areas. And failing to recognize those differences can be calamitous. Nonprofit work involves more than just having your heart in the right place. It’s essential that businesspeople who are involved with, or who are thinking about becoming involved with, nonprofit work understand how the for-profit and nonprofit worlds differ. That understanding will make it easier for businesspeople to move smoothly between sectors, and it will make their commitments more effective.


In this paper an alternative concept for governance and management in multi-level (volunteer) non-profit organizations is presented. It is based upon the use of the governance concept of Kooiman (1988, 1993) as a management concept. The originally very macro-concepts of Kooiman will be translated and transported to the micro level of nonprofit organizations. The governance approach of Kooiman seems to be very promising in nonprofit organizations with a national scope to describe the complex, diverse and dynamics relation between the parts of the organization.


The Three Sector Initiative is a partnership among seven organizations in the government, business, and nonprofit sectors. Its purpose is “to address the value of collaboration among the three sectors of society and create strategies by which leaders from each of the three sectors can address important civil issues in concert”. This article provides a description of the Three Sector’s work to date—as well as several case studies that demonstrate cross-sector collaborations, their effective practices, and the considerable challenges that they face.

A crucial component in effective board functioning is the relationship between the board and staff. The differential roles, responsibilities, and functions between boards and staff are not always absolutely clear (Hardy, 1990). This is especially true in the formative stages of an organization that is moving from an all-volunteer organization to an organization with paid staff. Frequently, board members fail to make the personal transitions required at this period of organizational growth (Bridges, 1993). These blurred roles and responsibilities may be compounded in the formation of a state association that draws board members from a local constituency. Conflicting priorities and expectations, combined with the pressures of change that come with rapid organizational growth, can cause unresolved conflict and dysfunctional behavior among board members. This paper is a case study of conflict on a statewide association board due to distrust and an unrealistic belief system.


This paper critically examines the concept of representativeness and shows how externally imposed diversity requirements are not sufficient to achieve meaningful representation. Four normative theories of board representation are analyzed, demonstrating how the underlying assumptions of each are insufficient to meet the legal, moral, and operational demands of nonprofit governance.


Despite the consensus about the significance of the crucial board responsibility of monitoring, scholars know little about the ways in which a nonprofit board actually performs its function. In this article an empirical study is reported of the monitoring behavior of twelve nonprofit boards of directors. Agency theory provides the framework for this analysis. I show that the way in which individual board members define their relationship with the chief executive and understand the scope of the monitoring function influences how, or if, they monitor agency action. The findings also show that, given ambiguous rules of accountability and unclear measures of performance, nonprofit board members tend to monitor in ways that reflect their professional or personal competencies rather than paying attention to measures that would indicate progress toward mission-related goals and initiatives.

The literature on nonprofit boards of directors is rich with prescriptive advice about the kinds of activities that should occupy the board's time and attention. Using organizational theory that has dominated the empirical investigation of private sector board behavior (agency, resource dependence, and institutional), this article contributes to the literature on nonprofit board governance in three important ways. First, it provides a link between theory and practice by identifying the theoretical assumptions that have served as the foundation for the "best practice" literature. Second, the article presents a theory-based framework of board behavior that identifies the environmental conditions and board/organizational considerations that are likely to affect board behavior. And finally, it offers a set of hypotheses that can be used in future empirical investigations that seek to understand the conditions under which a nonprofit board might assume certain roles and responsibilities over others.


The study presented in this article examines the extent to which board characteristics and activities are associated with the executive director’s level of certainty about future funding, using a sample of 127 human service agencies. The executive directors of agencies with low levels of funding adequacy expressed more uncertainty about future funding when their boards were more expert, influential, and involved in planning and fundraising activities. For agencies with more adequate funding, board expertise and activities were associated with lower levels of perceived funding certainty. This article argues that, rather than improving agency performance, boards serve a homeostatic function, acting in crisis situations to return their organizations to stable equilibria.


Community foundation boards operate in a unique, complex, and paradoxical environment where multiple constituencies hold competing expectations. This paper examines how these boards understand and balance their often competing roles as grantors, grantees, community representatives, and providers of fiduciary oversight. Using data collected from multiple sources, the author provides empirical information about how community foundation boards respond to unique governance challenges in three key areas: (1.) board structure, composition, and process; (2.) investment and spending policies; and (3.) resource development and management.

The findings provide useful information on how community foundations balance the three essential elements of mission; the most pressing issues facing community foundation boards; how community foundations leverage resources; how the boards interpret,
understand, and respond to economic and regulatory pressure; and how community foundations remain faithful to mission while assuring accountability to a broad range of constituent groups. The findings also provide insight on how to avoid potential problem areas, build on individual strengths, minimize the effect of individual weaknesses, and achieve results that are based on board member recommendations for enhancing overall performance. Moreover, because this research provides information about the activities actually performed by community foundation boards, the findings can also be particularly useful in improving the skills training and development programs for board members.


Two theories – agency and managerialism – are compared with respect to their usefulness in explaining the role of insiders on the hospital board: whether their participation enhances or impairs board financial decision making. The results support the managerial theory of governance by suggesting that the CEO and medical staff provide informational advantages to the hospital governing board. However, the cross-sectional design points to the need for future longitudinal studies in order to sequence these relationships between insider participation and improved hospital viability.


This article reports on research that examined the role that boards play in the failure and turnaround of non-profit organizations. The article concludes that boards do often play an important hands-on role in turnaround, which is different from that described in much of the normative literature. As well as needing skills, such as leadership, those board members leading the change process need high levels of commitment, emotional resilience and a "safe place" to formulate plans.


The Oak Children’s Centre is a small work-place day care facility for employees of a private company. The Centre’s board members are company employees who are parents of children that attend the facility. This creates several dilemmas, not the least of which concerns users having to make difficult decisions that affect their own interests as users. This paper outlines several weaknesses in the facility’s governance structures and systems, and explores the board’s response to these dilemmas when faced with a financial crisis that threatens the facility’s existence.

The concept of a reflexive adaptive system is applied to the issue of corporate governance, and specifically to the relationship between the board of directors and the rest of the people in a large organization.


What makes an orchestra a successful and enduring organization? Having searched for answers to that question in my work as an orchestra professional, consultant, and teacher, I have come to believe that, while there are many elements that go into creating success, the one which increasingly seems central is to have a strong and effective board, with strong and effective board leadership.


The nonprofit sector is challenged by increasing public and stakeholder demands for a broadened accountability. Strong expectations for performance accountability now accompany those for fiscal accountability. In response, better concepts of nonprofit accountability are being developed in the literature. However, knowledge of governance practices that can achieve broadened accountability has lagged. This article attempts to stimulate research and contribute to such knowledge by (a) synthesizing concepts of accountability presented by Behn (2001), Kearns (1996), and Boland and Schultze (1996) into two categories: rule-based and negotiable accountability; (b) developing grounded concepts concerning the practice of governance by nonprofit leaders; and (c) exploring the interrelationships of the previously discrete concepts of deliberate strategy, emergent strategy, and accountability. The study's ethnographic methods recorded and analyzed real-life interactions involving a board chair—chief executive officer pair. The article presents a detailed narrative description of these actions to convey its key concept, blended strategizing, and to provide stimulus for new practice by leaders in governance situations.

This brief explication of the governance of non-profit organizations focuses on key concepts and problematic issues in the process of making governance decisions and their relationship to organizational effectiveness.


This paper posits that the realm of prescriptive writing about how to make the boards of directors of nonprofit organizations more effective and the realm of empirical research on why such boards behave as they do seem to exist in nearly parallel universes. For the past 25 years, there has been a steady outpouring of books, articles, websites and workshops aimed at telling those who manage boards how to do it better. Over the same period, there has also appeared a much smaller body of literature reporting on empirical research into why boards actually behave as they do and the extent to which this behavior affects the performance of the organization. With a few notable exceptions, the prescriptive literature blithely ignores the empirical literature and vice versa.

This paper will attempt to: (a) Review the highlights of a representative sample of the empirical literature pointing out where it supports, contradicts or diverges entirely from the prescriptive literature; and (b) Speculate on the reasons for the divide between research and prescriptive writings and implications of this situation for the future of both prescriptive work and empirical research.


This article presents a nonacademic review of what it takes to create effective boards for nonprofit organizations. It identifies the main factors affecting the board’s operation which shape its impact on the organization. These factors include board roles and responsibilities, board structure and formal operating procedures, board composition and membership characteristics, and board culture and leadership. For each set of factors, the typical problems that can arise are noted and various approaches to handling them are discussed.


In this article we propose five patterns of board governance based on the distribution of power in and around boards of nonprofit organizations. The typology proposed grew out of our findings in in-depth case studies in which the dispersion of power became the critical variable for making sense of the patterns of governance observed. These governance
patterns were then incorporated into a survey of boards in the voluntary sector. We present the results of this latter phase of the research by focusing on the associations between the five patterns and the background characteristics of board members, organizational and environmental variables, and board and organizational effectiveness. The results of the study suggest that power is an important while largely neglected aspect of board governance in the not-for-profit sector.


In this article, the authors explore the impact of women on nonprofit boards. From a sociological perspective, they look at the actual proportion of women and boards and, from a more psychological perspective, at the sex of the chief executive officers in order to examine the impact of these variables on board effectiveness, structure, and process. The study results, based on data from a cross section of Canadian nonprofits, indicate that as the percentage of women on a board increases, the dynamics of the board are significantly affected.


This article offers an action plan for CEOs who wish to constructively engage their boards in strategy development. In this approach, the board participates in the strategic thinking and strategic decision-making processes, adding value but not infringing on the CEO’s and executive team’s fundamental responsibilities. More specifically, in value-added engagement, the CEO and management lead and develop the strategic plan with directors’ input, and the board generally approves the strategy and the metrics to assess progress. The author details the five key elements critical to successful engagement of the board in strategy development: view strategy as a process, not an event; design parallel but lagged processes; inform and educate the board; collect and analyze director input; generate strategic alternatives. The recommended framework for engaging the board in strategy development is called the "strategic choice process"; it has six steps, with the CEO and his/her team leading the way.


Three traditions of women's organizations emerged in the 1800s: benevolence, reform, and rights. This article focuses primarily on women who founded the forerunners of today's nonprofit health and human service agencies. Using Richmond, Virginia, as an example, it
draws from historical documents, as well as the literature, to reframe the importance of what Lady Boards of Managers did in shaping the governance and administration of early human service organizations. Of particular importance is the invisibility of their actions, which were extraordinary for the times in which they lived, in the theories and practice models that drive current macro-social work practice. (Academic Search Premier)


Pressure on boards to improve corporate performance and management oversight has led to a series of inquiries and reports advocating governance reform. These reports largely reflect an agency perspective of governance and seek to ensure greater board independence from and control of management.

While board independence is important to good governance, we contend that frameworks, models and advice centred on one element of governance ignore the complexity of how boards work. We develop a holistic board framework based upon the concept of board intellectual capital to address this concern.

Our framework proposes a series of inputs (e.g. company history, company constitution, legal environment) that lead to a particular mix of board intellectual capital. We contend that the balance of the different elements of board intellectual capital will lead to a series of board behaviours. Further, the board needs to mobilise its intellectual capital to carry out a series of roles. The exact nature of these roles will depend on the company’s requirements. Thus, the governance outputs of organisational performance, board effectiveness and director effectiveness will depend on the match between the board’s intellectual capital and the roles required of it.

We conclude by demonstrating the benefits of this framework as a diagnostic tool. We outline how boards wishing to improve their governance systems can diagnose common governance problems by evaluating their own board’s capabilities in relation to the different components of the framework.


Recent corporate events have brought a heightened public awareness to corporate governance issues. Much work has been accomplished to date, but it is clear that much more remains to be done. This paper provides a review of empirical research in four relevant areas of corporate governance. Specifically, the paper provides an overview of (a) the role that outside directors play in monitoring managers, (b) the emerging literature on the impact of board diversity, (c) the existence of and incentives for corporate executives to manage firm earnings, and (d) managerial incentives to bear risk.

This article presents an empirical study of the relationships between implementation of the policy governance model in nonprofit organizations, board performance, and organizational effectiveness. An implementation measure of the policy governance model was created to investigate these relationships. Data were gathered from three samples: organizations that have implemented policy governance, a matched sample of randomly selected nonprofit organizations, and nonprofit organizations that had received board development from the National Center for Nonprofit Boards. Analysis yielded several positive, significant relationships between the extent of implementation of policy governance board behaviors, perceptions of improvement in board performance following implementation of policy governance, and some aspects of organizational effectiveness.


Government contracting has raised a collection of issues with respect to adequate oversight and accountability. This paper explores one avenue through which contracting agencies may achieve these tasks: through the governance practices of the contractor’s board. Oversight and monitoring are a board’s key responsibilities, and influencing a board’s practices is one way a governmental agency can help to insure quality performance. Agencies could thus use both their selection process and their post-contracting power to influence board practice. Using a new, rich data set on the nonprofit contractors of New York City, a series of hypotheses were tested on the relationship between government funding and board practices. Significant differences were found to exist in board practices as a function of government funding levels, differences that mark a shift of energy away from some activities (i.e., traditional board functions, such as fund-raising) towards others (financial monitoring and advocacy). This suggests that government agencies may indeed use their contracting choices with an eye to particular governance practices. This increased emphasis on such activities appears to crowd out other activities, and is not unambiguously to the benefit of nonprofit board governance.


This article discusses some of the key differences in board behavior between nonprofit organizations and for-profit firms using a relatively new dataset from New York City
nonprofits. We provide evidence on the broader role that nonprofit boards play for their organizations and then give some suggestive results on the relationship between board structure and composition, and individual board member performance. The results provide some evidence that the executive directors of nonprofits may use their power to push boards toward fundraising in place of monitoring activity. Using a fixed-effects framework, we also find no systematic relationship between board personal demographics and performance, although both tenure on a board and multiple board service do seem to matter.


The purpose of this article is to illustrate the application of fiduciary duty principles to directors of nonprofit health care corporations in a health care environment that is changing at unprecedented rates. Part I reviews general corporate law, discusses the basic duties imposed upon board members in the health care context, and demonstrates the application of the board’s fiduciary duties to factual scenarios using case examples. Part I also discusses the Taxpayer Bill of Rights 2 in detail and offers suggestions to assist in protecting directors against the imposition of excess benefit penalties. Part II analyzes the recent Caremark case and its effect on director liability with respect to corporate compliance systems. An examination of the United States Sentencing Guidelines complements the conclusion reached in Caremark. Part III expands on basic nonprofit corporate law doctrines and addresses some of the issues boards must confront in nonprofit conversions. The article concludes by discussing California legislation as an illustration of the states’ attempts to regulate nonprofit conversions.


The commitment and ability of governing boards to examine and change themselves will influence the very survival and success of the organizations they govern. As health care organizations take on greater responsibility for maintaining and improving community health and at the same time create more complex organizational structures to accomplish this goal, the traditional concept and practice of community representation on boards need to be reexamined. To successfully govern complex organizations that truly provide community benefit, health care boards need to consider where and how community representation adds value to the governance process. They also need to evaluate other mechanisms for community involvement outside of the governance structure that can provide greater opportunities for community input than the governance structure may allow and that can support boards in helping the organization achieve its goal to maintain and improve community health.
This article explores the emerging conceptualization of accountability in nonprofit organizations. This definition broadens traditional concerns with finances, internal controls and regulatory compliance. The authors explore how the top-level managers of 4 identity-based nonprofit organizations (IBNPs) faced accountability and responsiveness challenges to accomplish their mission. The organization-community link was the core relationship in their accountability environment, helping the IBNP managers achieve what the literature calls “negotiated accountability”. The managers favored organizational mechanisms to sustain this relationship in the midst of the accountability demands they experienced daily. Communication with the primary constituency tended to drive the organization’s priorities and programs, helped managers find legitimate negotiation tools with other stakeholders, and helped develop a broader notion of accountability. The authors discuss the implications of these findings for other nonprofit organizations and propose questions to further clarify the concepts of broad accountability, negotiated accountability, and the link between accountability and responsiveness in nonprofits.

Boards are charged with ultimate responsibility for the nonprofit organizations that they oversee. Within the nonprofit world, they serve as one important channel for civic participation, and can play a critical role in connecting their individual institutions to their larger environment. Accordingly, boards are a subject of enormous importance for those with scholarly, managerial, and public policy interests in the nonprofit sector. The last major assessment of the governance literature, however, found that empirical studies and scholarly analyses of nonprofit boards were scarce (Middleton 1987). Fifteen years later, major gaps in our theoretical and empirical knowledge about boards continue to exist, but the research literature is growing, and there is an evident increase in the level of attention and interest concerning nonprofit boards. There is now a small, but identifiable sub-field of board research, and all evidence suggests that the interest in boards will only continue to grow. Given the increasing interest in governance, it is a particularly opportune time to assess what has been done, and what is needed in this field.

Reputation is a complex construct. Any one organization normally has several different reputations based on attributes and criteria of specific interest to different publics, constituencies, interest groups and/or stakeholders. Managers of nonprofit organizations
need to think beyond how their organization is perceived by the general public and to be aware of the reputation their organization has among different key interest groups, how each of these reputations influences organizational performance and how each can be enhanced to improve performance. This paper extends the investigation of the importance of reputation to nonprofit organizations through an empirical study of the relationships between peer reputation and other nonprofit performance variables. It provides the first empirical evidence that an organization’s reputation among managers of similar nonprofit organizations influences its success in attracting resources. It also provides empirical evidence that an organization’s peer reputation is affected by other nonprofit performance factors, such as client satisfaction and effective governance. The scholarly and management implications of these findings are discussed.


This paper presents the results of a four year participant observation study of boardroom deliberations and resulting financial management strategies in a large not-for-profit religious based community welfare organization. Employing a complete membership research approach and informed by grounded theory analysis, the study develops a micro-theoretical framework portraying boardroom financial management and accountability strategizing. The study finds that the strategic focus on mission financing was conditioned by the contested formulation of strategic objectives, core organizational service philosophies, and executive-board member interaction. A significant observed outcome of the strategic mission financing focus was the management of accountability and disclosure, to which two key strategies were contributory. These were the exercising of financial control and the exercising of relationships management. The findings offer hitherto unavailable insights into strategic financial management and accountability processes and their context at the boardroom level in the religious not-for-profit community welfare sector.


This paper presents the results of a longitudinal complete member researcher participant observer study of two nonprofit association boards with particular reference to their internal corporate governance processes. In doing so, it offers one of the very few available insider observational studies of boardroom behaviour currently available in the management literature. Its inductive analysis reveals boards that proactively manage director recruitment and selection, board member terms and rotation, with a strong emphasis on board membership diversity and representation. A clear progression from informal to formal processes of board and director performance evaluation are observed, and a variability in board-CEO relationships is explored. Agenda structuring changes are
observed to directly impact upon strategy and policy focus, while informality and humour emerge as key weapons in the maintenance of cohesion in an increasingly business-oriented environment. Boardroom culture emerges as a potent ingredient in the governance process, thereby signalling its future importance for both researchers and board chairs.


Given the considerable insight into corporate governance achieved through studies of executive compensation in proprietary firms it is surprising that executive contracting in nonprofit organizations remains largely unexplored. In this paper we use the multitask principal agent model of Holmström and Milgrom [The Journal of Law, Economics and Organization 7 (1991) (Suppl.) 24] to argue that nonprofit hospitals represent an optimal response to information asymmetries between managers and boards. For a board with multidimensional objectives, the agency problem is getting top executives to distribute their efforts across all dimensions of the hospital's mission. The non-profit form is preferred because the absence of high-powered incentives such as share ownership reduces executives’ incentives to place undue emphasis on improving financial performance at the expense of important but less observable tasks. Using newly available compensation data we test the model by comparing the conditional distributions of earnings for industrial and nonprofit CEOs in Ontario. Our best estimates are that CEOs in publicly traded firms earn twice as much on average as those in similarly sized nonprofit hospitals but bear roughly eight times the income variance. Estimates of the associated degree of risk aversion are well within conventional bounds and are consistent with the trade-off between insurance and incentives predicted by the theory.


Boards of nonprofit organizations are entrusted to oversee and ensure that the organization remains true to its mission, functions within the confines of state and federal laws, and operates in a financially responsible manner. This critically important oversight is carried out by volunteers. This study examined the relationships between board member commitment and individual performance. Commitment was assessed using Meyer and Allen's Three-Component Model of Commitment: Affective, Continuance, and Normative (1991). The population in this study was volunteer board members of midsized, social service nonprofit organizations in the Orange County, California, area. The strongest findings were between affective commitment and performance in board roles. Committed board members reported more involvement and are perceived by the executive to be more engaged and valuable. Analysis revealed that executive judgments of participation are
based on both board member behavior and Affective commitment expressed by the board member.


This paper is built on the hypothesis that good governance and reputation are inextricably linked. It takes the governance of performing arts organizations in Queensland, Australia as a case study, and focuses on the role of the nonprofit arts board and its practices of governance and measures of effectiveness. Because of the financial constraints under which arts companies operate, their sustainability relies on audiences and on government or corporate support. The reputation of the company flows from the board’s capacity to manage finances, stakeholders and mission. In-depth interviews with board chairs and general managers revealed that strong management systems and rigorous financial reporting are the drivers of good governance. Innovation in product development and artistic excellence are secondary in reputation to these measures. The paper proposes a model of good governance for arts boards.


Governing boards of nonprofits are feeling greater pressure for accountability in their financial, managerial, and legal tasks. More organizations are engaging in rigorous performance assessment. Nonprofit boards therefore need to be composed of people willing and able to carry out these challenging tasks for the betterment of the organization. This article, based on research on nonprofit boards in Australia, offers a model for effective recruitment, orientation, and training of board members in nonprofit arts organizations.


This paper compares and explores the similarities and differences of boards of publicly-supported charities and trade associations, particularly from the perspective of self-perpetuating boards versus membership-elected boards. This paper also explores the relation between the extent of reported innovations in board governance and various other board and organizational characteristics.


The purpose of this article is to identify and describe the core responsibilities of boards of trustees, with emphasis placed on trustees’ roles in fulfilling such core responsibilities. Further, we suggest that community-based leaders serving voluntarily as trustees of healthcare delivery organizations and the most appropriate, best positioned, and most influential persons to lead the changes needed in healthcare delivery in the best interests of their community.


This article selectively identifies five major challenges facing governing boards of healthcare delivery organizations: 1. Recruitment, development and retention of qualified trustees, 2. Meeting knowledge requirements, 3. Developing effective governance information systems, 4. Achieving integrated community healthcare systems, 5. Achieving accountability to communities served.


Despite continuing legal interest in nonprofit governance issues, little debate has occurred about the identity of participants in governance other than trustees and executive staff. This article finds, however, that advisory groups are also a critical instrument of governance in many public benefit organizations with government grants or contracts. Advisory group members perform numerous primary organizational activities, link nonprofits to key stakeholder groups in the environment, and strengthen ties of cooperation and shared purpose with other community actors. They supplement governance activities carried out by nonprofit boards of directors. In addition, some groups establish new ties to various elites; others connect or reconnect nonprofits to grassroots
community constituencies. Nonprofit governance theory should take into account the functions and contributions to governance of advisory groups.


Executive staff and board members in nonprofit organizations that operate with government grants and contracts often work together to perform important governance functions. This shared responsibility can be predicted by strong executive leadership of the board, a board with highly regarded members, and affiliation with an influential statewide or regional association. The results of our research suggest that the distribution of governance responsibility in nonprofit organizations with government revenues should command the attention of researchers and activists.


In this analysis, Saidel offers a typology of governance challenges – expertise, information, balance of power, commitment, accountability – that are specifically linked both to contracting and to commercialization. The constituent elements of each challenge are analyzed in detail. A discussion of the implications of the findings for the sustainability of prevailing nonprofit governance structures and processes concludes the paper.


Using the complementary lenses of information-processing and agency theories, a study tests the proposition that the complexity resulting from a firm's degree of internationalization will be accommodated by its governance structure. Results from a sample of large US firms support this perspective, suggesting that firms manage and cope with the information-processing demands and agency issues arising from internationalization through higher, longer-term CEO pay, larger top management teams, and the separation of chairperson and CEO positions.


Like many other integrated health system boards, Copley Health Systems’ governance structure is complex. As the system grew and folded subsidiaries into a network, it added
new boards. It currently has 11 boards for its 53-bed not-for-profit hospital, physician group practice, mental health facility, nursing home, 38-unit senior citizen residential community, home health, and hospice program. Having a strong board for each entity was fine while Carolyn Roberts was president and CEO of the hospital as well as the system. But now that Roberts, a former chair of the American Hospital Association, has retired, Copley has to rethink its executive structure.


In this article we investigated the degree to which nonprofit organizations have developed succession plans and to what degree there is room at the top for insiders to succeed incumbents. Twelve nonprofit community-based organizations (CBOs) within a major urban center in the northeastern portion of the USA served as our sample. CEOs responded to a questionnaire and were interviewed to collect personal and organizational data. Findings included that most of the organizations did not have succession plans; boards of directors, not incumbent CEOs, appointed successors, except in the case of founders; and despite the fact that insiders are provided with leadership training, they are often not promoted to the position of CEO. Implication for leadership and organization development and recommendations for future research are made.


Partnership and capacity building have become popular strategies among intermediary nongovernmental organizations (NGOs). Partnership is viewed as a cure for centrally managed bureaucratic NGOs and capacity building as a measure for strengthening local NGOs. This article examines the case of intermediary NGO that follow a unique strategy combining capacity building through partnership. Through this, it reveals the trade-offs involved in the choice of an appropriate governance structure. It was found that although the decentralized network form of governance proved to be a powerful innovation, it presented a paradox. Especially in this case where the goal was transmission of specific values and perspectives about sustainable development, such a strategy posed a complex set of trade-offs. Drawing from the experience of this organization, the author suggests that a “plural form” organization may provide maximum governance efficiency for intermediary NGOs like the one examined here. These insights may also apply to social movement organizations.

Nonprofit organizations frequently face challenges that cannot be resolved by staff, board members, and other volunteers. Marketing themselves, whether to build awareness and recognition, or more specifically to raise funds, is one such challenge. Another is the development of strong, highly networked new volunteers to assist with specific issues and to serve later in other capacities. ‘Strategic task forces’ offer one way to address immediate needs but also can serve as a means of more strategically approaching marketing issues such as awareness and recognition among key decision makers. A case study and analysis are presented to demonstrate how the use of strategic task forces and how they can be utilized to accomplish both tactical and strategic objectives at the same time.


One of the primary responsibilities of a board of directors is to assess management practices and to make sure that the organization is being run in a fashion that is consistent with the interests of shareholders. This responsibility becomes especially important when the firm is performing sub optimally. The current paper integrates corporate governance theory with attribution theory to examine the processes by which board members attribute poor firm performance to either external or internal causes. A framework is presented that suggests that inside directors and outside directors differ significantly in the constraints they face and in the ultimate attributions they make. Facing primarily social constraints, such as loyalty to the CEO and fear of retaliation, inside directors are more likely to consistently attribute poor performance to industry or environmental factors, as opposed to top management. Facing primarily cognitive constraints, outside directors will use specific informational cues to attribute poor performance either to industry/environmental factors or to top management. Implications and suggestions for future research are provided.


This paper provides an evaluation of the spinoff of a for-profit company from the American Institute of Certified Public Accountants (AICPA), a nonprofit professional association. The evaluation is based on a review of the literature on public policy issues surrounding organizational conversions from nonprofit to for-profit legal status. Many criticisms of this for-profit spinoff were voiced by professional leaders and accounting regulators, and we demonstrate that these criticisms are grounded in widely recognized policy principles relating to nonprofit conversions. The public policy issues raised by this study have implications for the governance of professional associations in all disciplines.

This analysis of more than eleven hundred business, trade, and professional nonprofit associations identifies several internal organizational barriers to leadership for women. In addition, the analysis highlights the importance of female representation in governance positions, such as executive directors and board members, and of the selection of women as the political representatives of associations in roles such as lobbyists and political action committee directors.


Women are disproportionately represented in staffing of nonprofit organizations yet are found much less frequently in positions of organizational governance: executive directorships and board memberships. Using data collected from more than 200 public interest nonprofit organizations and from semistructured personal interviews with public interest nonprofit board members, this empirical analysis provides insights into the organizational biases and candidate attributes that inhibit women in their efforts at attaining governing positions in the nonprofit sector.


This research project explores the question of how boards do indeed determine the effectiveness of their organizations. In this exploratory research project, case studies of six different nonprofit organizations have been conducted to provide an in depth look into the ways in which the board members and staff of nonprofit organizations make these determinations. Implications are discussed for the performance of organizations which use various effectiveness perspectives and future research issues on boards are examined.


This qualitative study explored the learning experiences of twelve national nonprofit membership association CEOs using a phenomenological research design. While the professional context of an organization’s chief executive is considered unique from other executive positions, the impact of this context on what and how CEOs learned was unclear. The findings describe association CEO learning as being affected in significant ways by the
politically charged context in which the nonprofit association CEO operates with his or her board of directors. Power imbalances with staff and the board make learning through traditional organizational dialogue a less useful learning process for the CEOs. Furthermore, the feelings of isolation and vulnerability that are generated from the nonprofit association CEO context often cause CEOs to use private reflection and dialogue with their spouse as primary learning mechanisms. The study concludes that the association CEO context uniquely and profoundly shapes what, how, and why CEOs learn. Perhaps lacking the financial security of lucrative severance payments, which are often specified in employment contracts of for-profit CEOs, the nonprofit association CEO will often temper his or her actions to avoid personal vulnerability with a politically charged board of directors.


Wider diversity in board member characteristics has been advocated as a means of improving organizational performance by providing boards with new insights and perspectives. With data from 240 YMCA organizations, a board diversity index is constructed and compared to multiple measures of board member diversity. Results reveal higher levels of social performance and fundraising results when board members have greater occupational diversity. Gender diversity compares favorably to the organization's level of social performance but a negative association surfaces for level of funds raised. The diversity in board member age groupings is linked to higher levels of donations.


This article explores the limits of institutional economics regarding the cooperation of boards of directors and executive directors of nonprofit organizations. The normative separation of power between these central actors resulting especially from arguments derived from institutional economics is being reflected using the analytical approach from the resource-based view and empirical evidence based upon group and motivational theory. After analyzing the board’s role and the individual board member's role within a nonprofit organization, the paper explores the limits to decision-making within governing bodies. The paper shows why a unitary board can improve the quality of decision-making within nonprofit organizations by raising the incentives for the executive director to act as desired. The paper also explores the impact of trust and different types of control upon the key actors within the governance process in order to derive the suitable form of control from that analysis.

This article presents an adult education approach to community development with board members of non-profit childcare facilities, family resource and women’s centers. Community organizations are important vehicles for development in terms of the degree to which they increase citizen participation and revitalize neighborhoods through the creation of social capital (Gittell, Ortega-Bustamante, and Steffy 1999). Through workshop/focus groups we explored the learning and resource needs of 25 inner city board volunteers, a majority of whom were Aboriginal women. Utilizing an experiential model of learning (Kolb 1999), we used an interactive approach that validated cultural and gender-related differences in styles of governance and capitalized on and deepened existing networks. Findings include the unique strengths of and challenges experienced by this sample of inner city board members and the attributes of the capacity building approach deemed most helpful by participants. We conclude with policy recommendations for enhancing board development in non-profit organizations.


Small argues that simply reading the agenda may assess the effectiveness of a governing board. Too much time is spent on trivial matters, and many times the important issues are saved until the end of the meeting when trustees are tired and ready to go home. An effective board must always plan the agenda to be focused on critical issues that address the future success of the organization. The majority of the meeting should be spent on major strategic and policy issues, education and critical decisions while the remaining time is spent assessing outcomes.


Chanticleer is the only full-time year-round professional classical vocal ensemble in the United States. Using an early-music base for repertory, this San Francisco company also collaborates with other arts groups, employs experimental staging, offers innovative educational programs for children and youths, and commissions new work, while exploring the gamut from sacred to secular music. Chanticleer’s stated purpose is to realize “the transcendent power of the choral art”. Core organizational values to support that purpose include “collaboration, excellence, innovation and integrity”. After the death in 1997 of Louis Botto, Chanticleer’s founder and artistic director, a redeveloped board of trustees adopted John Carver’s “policy governance” model to guide organizational leadership and development. Today the Chanticleer “family” collaborates on a national and international touring scale, recording catalogue, music education program and home-season concerts.

This paper considers issues of governance in democratic member-based organisations (DMOs), such as co-operatives and mutual societies. It examines the processes whereby members’ interests are mediated through the democratic process, and the board; and it explores some of the factors influencing the power of managers. It goes on to argue that the system of governance in DMOs in their institutional context runs the risks of managers becoming powerful and entrenched in poorly performing social economy organisations, unless countervailing measures are adopted.


The establishment of board sub-committees has been strongly recommended as a suitable mechanism for improving corporate governance, by delegating specific tasks from the main board to a smaller group and harnessing the contribution of non-executive directors. In the UK, the Cadbury committee proposals focused on audit committees and the Greenbury study group advocated remuneration committees. Over the last decade, most large public companies have set up such committees, but their impact on governance standards has not been widely explored. This paper identifies significant differences in the orientation and operation of these committees. It also draws on interview data collected from participants in audit and remuneration committees to argue that these differences may lead to unacknowledged pressures on non-executive directors who form the membership of both committees. Given the current focus on the role of non-executive directors, the impact of such pressure is of particular importance.


This article reports the findings into patterns of governance on nonprofit boards in Australia. The research surveys 118 boards, upon which serve a total of 1045 directors.

The findings indicate that nonprofit boards can mimic some aspects of a shareholder approach to governance. But nonprofit boards, in the main, indicate priorities and activities of a stakeholder approach to governance. The features of ‘isomorphism’ that arise largely stem from legislative requirements in corporate governance. Generally, nonprofit directors are influenced by agenda and motivations that can be differentiated from the influences upon director activity in the corporate sector.

The study indicates that nonprofit boards prize knowledge and loyalty to the sector when considering board composition. The survey suggests nonprofits “compensate” for the demands placed upon them about fiduciary duty and due diligence responsibilities with the diverse intellectual expertise of non-executive directors. Nonprofit boards possess greater
diversity than boards in the corporate sector; they include more women as directors than corporate boards and they include a greater proportion of directors from minority groups. While strategic issues feature significantly as a task of the nonprofit board, they distinguish themselves from their corporate counterparts by engaging in operational management.

The findings indicate that, in the main, directors on nonprofit boards deliberate and operate in ways distinctive from their corporate counterparts. Such findings offer a contribution to the reform of Corporations Law in other countries, and the likely consequence on boards outside the corporate sector.


This article proposes and tests a model that examines the relationships between an individual’s experience and role as a member of the board of directors for a non-profit organization, the director’s level of commitment to the board, and the director’s self-reported performance. Results indicate that directors having leadership roles show higher levels of continuance commitment, affective commitment and better performance than directors who have not served in a leadership role. Greater tenure on the board not only has a positive effect on affective commitment, but also on self-reported performance. Directors who assess the performance of their board highly, compared to those who have lower assessments of their board, have higher levels of affective commitment but lower levels of both continuance commitment and performance. Additionally, both affective and normative commitment are positively linked to director performance.

**Stephenson, Max Jr. and Elisabeth Chaves. ”The Nature Conservancy, the Press and the Social Construction of Accountability.” Paper presented at the Boards and Beyond Conference, Midwest Center for Nonprofit Leadership, Kansas City, Missouri, Spring 2005.**

This paper explores the implications of a May 2003 Washington Post series of investigative articles concerning The Nature Conservancy (TNC) and how that series can help illustrate the media’s role in shaping the public’s understanding of board accountability. The Post series strongly suggested that the board of TNC had permitted inappropriate, if not illegal, land transactions that benefited individual Board members, had frequently lost sight of its mission, and had “wasted” tens of thousands of dollars on projects that did not have a high likelihood of success.

The authors first analyze the rhetoric of the Post series with an emphasis on the reporters’ portrayal of TNC board accountability and include an examination of The Prince and the Pauper as meta-narrative. Secondly, they explore whether the series meets the conditions of a “focusing” event that may have legitimized a particular notion of board accountability
with TNC stakeholders, government policymakers, and the broader public. This leads to a brief explanation of the responses to the series of the U.S. Senate Finance Committee, the Environmental Protection Agency, and the Internal Revenue Service. Third, the authors analyze how the board and executive director of TNC responded publicly to the issues raised by the Post articles. The authors examine what steps TNC has taken (as a result of the series) concerning how it understands its mission and practices, and how it articulates itself to the broader public. And finally, the authors elaborate on some long-term effects of the Post series on TNC board governance practices.


This paper examines the active leadership roles that four nonprofit boards assumed when each had to select a new Chief Executive Officer. Each of these organizations – referred to using the pseudonyms Metro Syndrome Society, State Eldercare Consortium, Human Services Mission, and Midwestern Arts Center – had their own unique circumstances that required board members to adapt to these roles. Through interviews with key participants in the processes, each case was examined using four themes: the circumstances of the CEO’s departure, the search for a successor, the selection itself, and the transition period. The author also discusses the practical implications of her findings to boards and recommends methods by which boards can be prepared to select a new CEO when the time comes.


This article begins to fill gaps that currently exist between research on the governance of nonprofit organizations and research on public governance and focuses on how nonprofit governance research can benefit from insights in the public governance literature. As boundaries between nonprofit governance and public governance are increasingly fluid, our theoretical understanding as well as our empirical work on governance must expand to encompass these new relationships. The article summarizes the extant empirical literature on nonprofit governance and compares this research to emerging work on public governance. Drawing on this literature, the article specifically calls for research on nonprofit governance that (a) gives greater attention to the links between organizational governance and the public interest, (b) incorporates a broader view of governance as a process engaging multiple actors and taking place at multiple levels, and (c) links governance to accountability for results.

Boards of directors come under increasing scrutiny, both in the wake of a number of serious corporate frauds and failures and through a more general debate about the nature of corporate governance and its role in achieving national competitiveness. Though research on boards is growing, there remains a lack of empirical studies on the perceptions of directors themselves as to their role and influence in the running of organizations, and in particular the strategic process.

This article responds to widespread calls for direct study of boards of directors by using a multi-method approach involving an in-depth examination of 51 directors of UK public companies, a survey of 121 company secretaries and four case studies of UK plcs, where multiple board members were interviewed. Through the use of a grounded methodology, this article examines the impact of boards on strategy and shows that by establishing the business definition, gatekeeping, selecting directors and confidence building, the board influences the boundaries of strategic action. Evidence for the managerial dominations of boards was slight, but the results showed support for a number of theoretical frameworks, suggesting that multiple perspectives are required to fully understand the nature of board activity.


This article describes the relationship between governing boards’ effectiveness in private colleges and the specific factors that motivate trustees to join and serve on boards. Far more often among members of effective rather than ineffective boards, trustees’ motives are institution-specific and institution-centered, springing from deep affection and a sense of connection to the college. Research results are analyzed in terms of three motivational frameworks, none of which is capable of reflecting the differences in motivation that distinguish members of effective boards. We offer a rudimentary new framework for differentiating boards on the basis of the extent of trustees’ identification with the institution.


The current debate on corporate governance concentrates too much on control and ways of restraining corporate decisions. The author argues that board members should focus more on the central task of the board, which is ‘corporate entrepreneurship’ – creating conditions for corporate renewal, encouraging the development of new activities and the elimination of old ones. To succeed in today’s unpredictable world, companies large and small must be agile and able to respond quickly to fast-moving markets. This means
building decentralized structures and delegating real power to boards of subsidiaries, divisions, and joint ventures. It also involves changing managers into leaders, communicating a corporate vision and values, setting stretch goals and benchmarking business performance internally and externally, and developing throughout the company a sense of ownership and trust.


Taking time to assess its own strengths and weaknesses through a different type of board retreat helped one board clarify its responsibilities—and then forge ahead to higher performance.


There is growing interest in corporate values but where do they come from? What factors determine corporate values? This paper argues that they are determined by corporate governance in a broad sense of the word. Three governance mechanisms are emphasized: ownership structure, board composition and stakeholder influence. In smaller companies founder-owners often play a pivotal role in shaping corporate value systems that influence companies for years to come. In larger companies that separate ownership and control, managers and boards come to play a powerful role. In both cases repeated interaction with customers, employees and other stakeholders shape corporate values by way of corporate reputation and corporate culture.


This is a fictionalized case based on real events. It is intended as a teaching tool to stimulate discussion about procedural issues in nonprofit governance; board roles and responsibilities; communications; and relationships between boards, chairs, and executives, particularly in the context of smaller organizations. It is meant to support sessions on nonprofit boards and governance in introductory courses on nonprofit management or for use in workshops with new or less experienced executives and board members. Set in an organization engaged in cultural exchange, the case can be used in introductions to nonprofit management, arts administration, or international nongovernmental management.
In the Canadian province of Quebec, tension between the artistic success and the financial health of not-for-profit arts and culture organizations is becoming increasingly apparent. In the past five years, several organizations that have been recognized worldwide for their artistic accomplishments have been struck by financial crises. The authors ask what role governance could play in resolving such crises. In this preliminary investigation, they propose a framework for analysing the strengths and weaknesses of the governance practices employed by not-for-profit organizations in the arts and culture sector. The authors conclude by describing the research strategy that will be implemented in order to launch an empirical investigation based on their framework.


In the US and elsewhere, shareholdings in corporations have become more concentrated in the hands of institutional investors. However, institutional investors have not increased their power over management. In the US a lively debate has begun on the topic of corporate governance. The results of an extensive survey of US institutions is presented. The survey deals with 3 main areas: 1. investor relations with management, 2. shortcomings of the present governance system, and 3. anticipated trends in shareholder activism. In general, institutional investors are expected to redouble their efforts to make company directors more independent of managers and more accountable to owners.


Someone once said that leadership is the ability to convince others to do what you would like them to do. To that I would like to add: to do so willfully, consistently, and over time. At its core, leadership is about articulating a vision and leading others to accomplish desired results. It is the oxygen that sustains organizational life. Without it, organizations flounder or die. Continuity of leadership is a defining characteristic of organizations that consistently excel: General Electric, Hallmark, the Cleveland Orchestra.

Symphony orchestra organizations require leadership from many sources: the board chair, the executive director, the music director, the musician who chairs the orchestra committee. But above all, a superior board chair is vital to success. The simple truth is that a strong leader attracts other strong leaders. Strength begets strength.

Researchers have highlighted various components and measures of board effectiveness. Ranging from their role in the selection of the Chief Executive to their role in protecting the interests of shareholders, many of the elements of board effectiveness have been the subject of extensive investigation. The context within which governance takes place is changing rapidly, however, requiring a re-evaluation of the methodologies by which boards, and their advisors, evaluate such effectiveness. Driven by the strategic requirements of newly emergent forms of business structure, new technologies, globalizations, international harmonization of reporting standards and new forms of competition, traditional forms of governance architecture are being challenged, with implications for the measurement of effectiveness. This paper utilizes an integrated model of board effectiveness to consider how such capability is determined by controllable factors related to the internal dynamics of the board, its composition, the constituency concentration and individual factors related to the directors themselves. The influence of such uncontrollable factors as the industry ethos, industry complexity, legislative government and economic conditions are also highlighted. The findings of a major study of governance, reflecting the changing dynamics of director selection, board evaluation and performance and their implications for strategic governance, governance architecture and board effectiveness are reported. The implications of the findings are reported in the context of the results of extensive consultation with professional directors as to the implications of the results for their perceptions of the framework and the changes facing boards.


Accountability has frequently been presented as a rational practice that can and should be implemented in all governance structures including civil society, economic institutions and organizations. In accounting, it has been identified as a primary objective of financial reporting. This paper examines two emotional states, i.e. guilt and shame that are likely to influence accountability. The paper argues that (a) accountability through information disclosure is a cultural practice closely associated with the emotional state of guilt that is common in certain cultures, and (b) in cultures where the emotional state of shame is common, accountability is likely to be weak and, people are likely to be negatively inclined towards information disclosure. Studies in psychology have also shown that "typical" shame experiences were common in collectivistic, large power-distance and high uncertainty avoidance cultures; while "typical" guilt experiences were more pronounced in individualistic, small power distance and low uncertainty avoidance cultures.

This article considers notions of accountability and governance in the charitable sector. It suggests a model of accountability based on a case study of a well known, but anonymous charity. The opportunities for voluntary bodies are increasing and more state funds are becoming available; but with them comes a demand for more public accountability. A definition of accountability is proposed and the extent of the charity’s compliance discussed. From this inventory of compliance, conclusions are drawn as to reforms needed in the charity’s structure and management if it is to become more in tune with its environment.


In what may be "the most dangerous time there has ever been to be a hospital trustee," Walker argues that self-assessment may help boards prevent areas needing improvement from getting out of control. As a continuous leadership improvement process, self-assessment provides performance benchmarks using results of an initial assessment. This enables the board then to assemble a board performance improvement plan with specific activities, responsibilities, time frames and projected outcomes that "can have profound implications throughout the organization."


This article addresses the issue of whether and to what extent moral values can be attributed to collective actors. The paper starts from the premise that business ethics as the ethics of an organization is to be distinguished from the virtues of its members. This point is elaborated in both economic and organization-theoretic terms within the framework of the New Economics of Organization. The result is the development of a concept of governance ethics. The ethics of governance is about the incorporation of moral conditions and requirements in the management, governance, and control structures of a firm. This is the contextual precondition for the long-lasting and beneficial effects of the virtues of individuals within the organizations.


A model that incorporates the behavior of chief executive officers into an explanation of how boards of directors affect organizational outcomes is presented. Hypotheses are tested
with archival data on corporate strategy, CEO compensation, board structure, and demographics, together with data from an original survey of both CEOs and outside directors from 221 large- and medium-sized US corporations. The findings indicate that:

1. changes in board structure that increase the board’s independence from management are associated with higher levels of CEO ingratiation and persuasion behavior toward board members, and
2. such influence behaviors, in turn, serve to offset the effect of increased structural board independence on corporate strategy and CEO compensation policy.

Implications for theory and research on CEO-board power and effectiveness and the larger literature on power and influence are discussed.


Empirical research has typically rested on the assumption that board independence from management enhances board effectiveness in administering firms. The present study shows how and when a lack of social independence can increase board involvement and firm performance by raising the frequency of advice and counsel interactions between CEOs and outside directors. Hypotheses were tested with original survey data from 243 CEOs and 564 outside directors on behavioral processes and dynamics in management-board relationships.


Much of the literature on boards of directors of nonprofit organizations is prescriptive; that is, it describes what board members are “supposed” to do. The research described here looks at how members of thirteen human service boards actually play their roles. The findings indicate that some but not all board members play the role of trustee as it is described in the literature, that some board members combine the role of trustee with other roles (such as worker, expert, or representative), and that some play other roles to the exclusion of the role of trustee. The implications of the findings for organizational functioning, board performance, and accountability are explored.


The management of change has become an important theme in nonprofit literature. Thought to be irrelevant in an uncertain environment, the value of continuity and tradition
is often ignored. This case study focuses on experience of one board in balancing continuity and change in a large human service nonprofit organization in the Midwest. The adoption of policy governance, among a number of change strategies, is evaluated as a source of risk. The authors provide recommendations and caveats for nonprofit organizations considering the adoption of policy governance and other organizational changes.


This paper considers the academic literature suggesting that the governance and management of charities is far from perfect, a problem that is frequently attributed to the difficulty charities have in recruiting suitable people to act as trustees. The paper raises the question of whether charity governance has a value -- and a price worth paying for. The paper describes research carried out to test the attitude of a section of potentially suitable managers to charity trusteeship and to remuneration for such responsibilities. It concludes that there are substantial numbers of able trustees willing to serve on a voluntary basis; the perceived shortage is more likely to arise from charities’ own recruitment failings than flora a shortage of supply. But it also concludes that the supply of suitable trustees could be doubled if reasonable remuneration were offered, and there is some evidence that existing trustees might give higher priority to their duties if they were paid. Results are based on a sample of just over 100 responses, but a further survey is in progress. Initial results broadly confirm the results reported here. Further research to explore the desirability and practicality of paying charity trustees is indicated.


An empirically driven model of cyclical board behavior holds that following a nonrecurring founding period, a board typically progresses through a sequence of three distinct operating phases and then experiences a crisis that initiates the whole sequence over again. During each cycle, board members become progressively less interested in the agency’s mission and programs and more interested in the board’s bureaucratic procedures and the agency’s reputation for success in the community. Although the sequence of phases is predictable, the timing of them is not. As a conceptual framework, the model integrates the results of a variety of valuable, but otherwise unrelated, studies of governing board behavior. The cyclical model can also be used as a diagnostic tool that can enable a board member, executive director, consultant, foundation officer, or public funder to analyze quickly a particular board’s perspective and potential.

The ultimate test of accountability for a nonprofit organization is whether its leadership can responsibly interpret, and honestly and energetically promote, the organization’s mission, even when environmental, stakeholder, and governance pressures make other paths more comfortable and secure. The degree to which nonprofits have become entwined with the business sector in recent years has brought new urgency to this challenge. Here, the risk is that contemporary nonprofit leaders, under tremendous financial and social pressures and eager to make their institutions commercially successful are led, perhaps inadvertently, to compromise their missions. This risk is illustrated here with cases from private universities. Recommendations are offered that would strengthen nonprofit leadership and accountability practices.


This study shows how social psychological and sociopolitical factors can create divergence in the preferences of an incumbent CEO and existing board regarding the desired characteristics of a new CEO, and how relative CEO/board power can predict whose preferences are realized. Using extensive longitudinal data, we found that more powerful boards are more likely to change CEO characteristics in the direction of their own demographic profile. Outside successors are also typically demographically different from their CEO predecessors but demographically similar to the boards.


Symphony organizations are always in the process of change. If the impetus for change does not come from within, then certainly as the external world changes, symphony organizations must respond and adapt to their environments. In retrospect, one can observe that throughout history, symphony organizations have been dynamic, not static. Composers’ requirements change the orchestra, societies change, and the orchestra itself—as a social system—changes from within.