ABSTRACT

GAMBLE, KATHRYN FULLER. Nonprofit CEO Power and Multiple Boards: Their Effects on Governing Board Role Fulfillment. (Under the direction of Dr. Richard M. Clerkin).

Research on nonprofit organizations continues to exhibit great interest in board of directors including their effectiveness and their impact on the organizations they govern. Governance has largely been considered the domain of the governing board most often framed by agency theory. The literature has largely ignored more complex governance structures. The predominant use of agency theory, which is focused on the board's monitoring role and position at the apex of the organization, has contributed to this narrowed conception of governance. Using a multi-theoretical approach to conceive the governance concept may yield a model of governance more closely aligned to reality, which could allow for an expanded theoretical conception of governance. The focus of this dissertation is to expand the nonprofit governance concept to include the presence of additional boards within a single organization and to gain understanding of what effect additional boards may have on the governing board's role fulfillment.

From the theoretical perspective of stakeholder theory, examining additional governance actors such as advisory boards is supported. This dissertation focuses on one avenue for expanding the theoretical conceptions of nonprofit governance: expansion to cover the case where there is more than one "principal." Nonprofit agencies may have both governing and advisory boards, each with a claim to providing direction for the agency. The existence of dual principals in an organization muddies the concept of a principal-agent contract between the governing board and the CEO, who may use one principal to influence the other. The aim of this dissertation was to explore the effects of CEO power when an advisory board is present on the governing's board role fulfillment, and, when an advisory board is present, what effect does

board development have on the governing's board role fulfillment. The results show that CEO power when an advisory board is present does have effects on governing board role fulfillment, but the results also show the effects depend on the type of CEO power as well as which roles the advisory boards are performing. Governing board development was shown to have positive effect on governing board role fulfillment with or without an advisory board present.

Nonprofit CEO Power and Multiple Boards: Their Effects on Governing Board Role Fulfillment

by
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A dissertation submitted to the Graduate Faculty of
North Carolina State University
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

Public Administration

Raleigh, North Carolina

2019

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DEDICATION

In memory of my parents, Frank and Pat Fuller, who always encouraged me to pursue my dreams. And, to my loving husband, Lyne Gamble, who has walked every step of this journey with me.

BIOGRAPHY

Kathryn Gamble is a respected member of the nonprofit community and has over twenty-five years of fundraising experience. She formed her own consulting business following her leadership of the successful campaign at the North Carolina Museum of Art. Recently, she joined Gail Perry Associates. Her clients have ranged from arts to health organizations.

She has held senior management positions at Saint Mary's School and East Carolina University, where she served as associate vice chancellor for university development. Kathryn also was a member of the UNC-CH development staff during the $450 million Bicentennial Capital Campaign. Prior to launching her consulting career, she provided leadership for the $50.6 million campaign at the North Carolina Museum of Art.

Kathryn has been a regular speaker at the annual AFP NC Philanthropy Conference speaking on a variety of topics including board development and board engagement in fundraising. During her tenure as a doctoral student, she has served as an instructor at North Carolina State University where she has taught courses in the non-profit degree minor.

Kathryn has an MBA from Queens University in Charlotte, and her undergraduate degree for NC State University. She is a member of the Association of Researchers on Nonprofit Organizations and Voluntary Action (ARNOVA), the Association of Fundraising Professionals, and the Raleigh Professional Women's Forum.

Kathryn is married to Lyne Gamble, who is also a fundraising professional and currently works at Wake Forest University. Kathryn and Lyne enjoy spending time with their family including their seven grandchildren.

ACKNOWLEDGMENTS

I would like to express my deepest appreciation to my committee chair Dr. Richard Clerkin, whose encouragement, support, and guidance made this dissertation possible. At each step of the way he was available with constructive advice and insightful suggestions regarding this research. Not to mention the numerous and at times humorous conversations about the real-world nonprofit organizations we encounter through our respective work. I remain deeply indebted.

I also wish to thank my committee whose genuine and thoughtful interest in, and support of this research helped to get me across the finish line. Thank you Dr. Nowell, Dr. Stewart and Dr. Coggburn!

A special thank you to Matilda Odera who helped me find the contact information of the nonprofits surveyed. I remain grateful for your time over the summer of 2018.

To my family, especially my husband, I am deeply grateful for your love and support.

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CHAPTER 1: INTRODUCTION

Introduction

Research on nonprofit organizations continues to exhibit great interest in board of directors including their effectiveness and their impact on the organizations they govern. Studies have focused in four primary areas according to Stone and Ostrower (2007), which are identified as board composition, board-staff relations, board roles and responsibilities and board effectiveness. Much of the research is descriptive and while there is general agreement regarding board roles and responsibilities, there remains questions as to the levels that boards actually perform these functions. This raises questions regarding why some boards seem to fail to perform all or some of these identified roles and responsibilities. Are there other organizational stakeholders performing some level of the roles and responsibilities assigned to the governing board? Have other organizational members coopted the governing board's role and responsibilities or is the governing board delegating its roles and responsibilities? And, if so to or by whom?

The literature has largely ignored more complex governance structures. The predominant use of agency theory, which is focused on the board's monitoring role and position at the apex of the organization, has contributed to this narrowed conception of governance. Using a multi-theoretical approach to conceive the governance concept may yield a model of governance more closely aligned to reality, which could allow for an expanded theoretical conception of governance. The focus of this dissertation is to expand the nonprofit governance concept to include the presence of additional boards within a single organization and to gain understanding of what effect additional boards may have on the governing board's role fulfillment.

Agency Theory Limitations

Agency theory has been the most prominent theory used in nonprofit governance research (Brown, 2005). Agency theory is concerned with the relationship between the principal and the agent to whom the principal delegates work (Eisenhardt, 1989). In their 1983 article, "Separation of Ownership and Control," Fama and Jensen posit that it is the contracts of organizations that separate the decision functions in large corporations. And, they argue that the separation of decision functions is common in nonprofits as well. Theoretically, the presence of a board of directors serves as a mechanism for diffusing and separating the management and control of decisions (Fama and Jensen, 1983). The board (the principal) has responsibility for decision control – ratification and monitoring – while nonprofit managers (the agents) are responsible for decision management – initiation and implementation. The CEO initiates proposals to the board regarding resource allocation and policy decisions, and those proposals ratified by the board are then implemented by the CEO and his/her management team (Fama and Jensen, 1983). In its monitoring role, the board is conceived as limiting managerial discretion. Therefore, the board acts as a form of corporate control and is charged with monitoring the internal decision agents and with aligning the interests of these decision agents with stakeholder expectation (Fama and Jensen, 1983). Regarding organizations, the theory assumes there is goal conflict among members (Eisenhardt, 1989). The agency problem occurs when the goals of the principal and the agent conflict, and it is difficult or expensive for the principal to know what the agent is doing (Eisenhardt, 1989).

Agency theory is a useful heuristic in the nonprofit governance literature, but it does have limitations. One such limitation is in its explanatory capacity with regard to the relationship between the nonprofit board and the management team. As agency theory is primarily

concerned with addressing two problems – goal conflict and monitoring management. Some researchers do not feel the theory adequately represents the reality of the relationships between the nonprofit board and management.

Nonprofit Governance

Governance, in the nonprofit literature, has generally been defined as the operations of the boards of directors (Stone & Ostrower, 2007). As a formal organization, the board has a legal and fiduciary role in governing the organization. The nonprofit board also has a legal responsibility to ensure that the organization fulfills its public responsibility as reflected in its organizational mission (Miller-Millesen, 2003). The board oversight includes seeing that the organization functions within its bylaws or statutes. This means that the board has oversight that is not just financial but reflects the need of the board to ensure that the organization does not inadvertently move from the social rationale for its existence (Miller-Millesen, 2003). The board provides direction within the historical precedence of the organization and its reason for being. The board is expected to understand the professional context of the organization's operating environment and use the capabilities in the organization, including philosophical values. Therefore, boards serve a monitoring and accountability function by actively linking decision making to organizational mission as described by agency theory.

The relationship of nonprofit chief executive officers to their boards is shaped by four defining characteristics of nonprofit organizations:

- Nonprofits are formal organizations meaning that they operate under relevant law.
- Second, nonprofits are subject to a non-distribution constraint. Unlike the for-profit organization, nonprofits do not distribute residual net cash flows to a set of owners such

as stockholders (Fama and Jensen, 1983). Even with the non-distribution constraint, nonprofits can engage in commercial activity and accumulate surpluses.

- Nonprofits are considered voluntary in that there is no legal requirement to serve on boards or support the organization.
- Nonprofits are self-governing (Hammack, 2002).

Often the product of the nonprofit organization cannot easily be expressed in monetary terms, making it difficult or impossible to assess "net revenue" and similar variables used in organizational assessment in the business world.

Who are the Governance Actors?

Board members are volunteers who do not receive financial compensation for their service, and usually the board is self-perpetuating meaning that current board members select and elect future board members. Traditionally in the governance literature the following characterize the role of the board (Ostrower and Stone, 2009).

- See that organizational activities align with the mission
- Long-range planning and establishing policies
- Financial viability and resource development
- Meet legal and ethical obligations
- Employing and managing the chief executive
- Act as representatives of the organization to its constituents and communities

The CEO of the nonprofit organization provides leadership and oversight of the organization. It is the responsibility of the CEO to monitor the organizational environment for opportunities and threats. From an operational perspective, the CEO, with his or her staff, manages the day-to-day business of the organization. This includes preparing the budget, operating plans, and policy recommendations, which are presented to the board for approval.

And, it is the CEO's responsibility to work with the board and keep the board informed of organizational issues.

Nonprofit agencies may have both governing and advisory boards, each with a claim to providing direction for the agency. While nonprofit literature is relatively silent regarding multiple boards in a single nonprofit organization, Judith Saidel (1998) published a study on the functions and contributions of nonprofit advisory groups. The central argument of the paper is that volunteer advisory groups are also a critical instrument of governance in many public benefit organizations. Why do these advisory groups exist? What the findings of Saidel's study demonstrate is that the answer is multidimensional. Advisory boards take on numerous roles and at times supplement, duplicate, and sometimes seem virtually to replace board of directors in particular governance arenas. Saidel also suggests that advisory boards may tip power in the direction of the CEO.

Proposed Framework

This dissertation focuses on one avenue for expanding the theoretical conceptions of nonprofit governance: expansion to cover the case where there is more than one "principal." Nonprofit agencies may have both governing and advisory boards, each with a claim to providing direction for the agency. The existence of dual principals in an organization muddies the concept of a principal-agent contract between the governing board and the CEO, who may use one principal to influence the other.

One theoretical lens that supports examining additional governance actors is stakeholder theory. Stakeholder theory suggests that relationships between an organization and the groups and individuals who can affect or are affected by it be adopted as a unit of analysis. From this perspective an organization can be understood as a set of relationships among groups that have a

stake in the activities that make up the business (Parmar, Freeman, Harrison, Wicks, Purnell, and De Colle, 2010). It is the managers' job to manage and shape these relationships to create value for stakeholders. From this perspective it is important to look at all the actors that may be present in the nonprofit governance structure. By doing so, a fuller understanding of how CEOs manage and shape relationships may be achieved.

Governance has to do with power, which is generally defined as the capacity of actors to exert their will (Finkelstein, 1992). The need for power is defined as a psychological need to influence others toward the accomplishment of usually valid and accepted organizational goals. Agency theory represents power from a structural perspective typically with the principal placed above the agent in hierarchical organization chart. Research has found that there may be a variety of factors possibly facilitating management control over the board including CEO involvement in board nominations and tenure of the CEO.

Board development encompasses a range of activities related to building and maintaining a strong board (Brown, 2007). A number of studies have found a relationship between board effectiveness and organizational performance (Herman & Renz, 2008). Jackson and Holland (1998) found evidence of support for the assertion that board effectiveness is a cause of organization effectiveness. Through their research, Jackson and Holland identified six competencies of effective boards – contextual, educational, interpersonal, strategic, analytical, and political. They further identify activities in which boards can engage to improve their competence in these areas. Brown (2007) grouped board development activities into three key areas – recruitment, orientation and assessment. Brown's study provides evidence to suggest there is a positive relationship between board development activities and improved board performance. While how board effectiveness affects organizational performance is beyond the

scope of this study, the presence of organized processes and activities to strengthen board performance (board development) is an indication of an effective board and, therefore, a board adequately performing its roles.

The diagram below represents the model to be examined in this dissertation. The key points that underpin the model, which will be discussed in greater detail in the next chapter are:

1. Nonprofits boards do not fulfill their roles equally.
2. Engaging in board development activities appears to have a positive effect on board role fulfillment in that board performance of roles is improved.
3. For board development to be successful requires the commitment of the CEO.
4. Executive leadership has significant influence on levels of board activities and board roles.
5. The CEO plays a key role in the relationship of the advisory board to the organization.
6. Advisory boards take on many roles including some roles of the governing board.

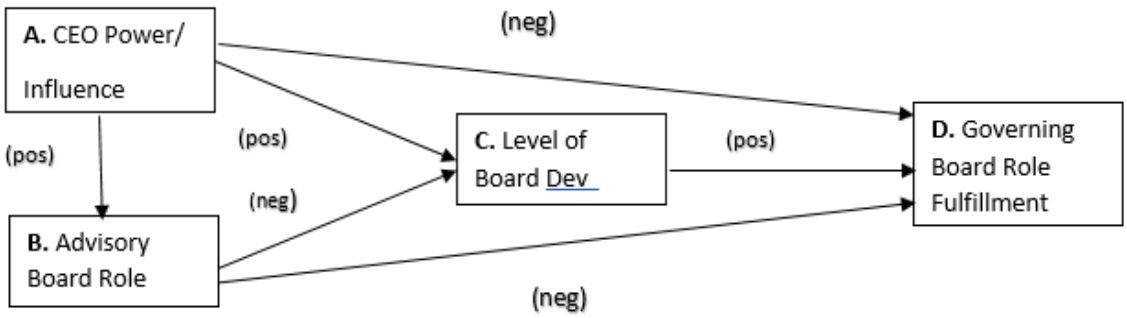


Figure 1.1 Model of Key Variable Relationships to be Examined

There is little research on the role and effects of the presence of additional boards in a nonprofit organization, as will be presented in the literature review in the next section. The presence of multiple boards has largely been ignored in nonprofit governance research.

Therefore, little is known about the effects, if any, of their presence in nonprofit organizations. The inclusion of additional boards in the study of nonprofit governance may help researchers to more fully understand governance processes. This dissertation focuses on the relationship among the organizational actors in nonprofit governance – the board, the CEO, and the advisory board. The research presented in this dissertation examines the question what effect does the CEO's power and influence with the presence of an advisory board have on the governing board's role fulfillment. By examining this question, this research seeks to gain a deeper understanding of nonprofit governance structures and processes.

CHAPTER 2: LITERATURE REVIEW

Introduction

Governance, in the nonprofit literature, has generally been defined as the operations of the boards of directors (Stone & Ostrower, 2007). As a formal organization, the board has a legal and fiduciary role in governing the organization. The nonprofit board also has a legal responsibility to ensure that the organization fulfills its public responsibility as reflected in its organizational mission (Miller-Millesen, 2003). The board oversight includes seeing that the organization functions within its bylaws or statutes. This means that the board has oversight that is not just financial but reflects the need of the board to ensure that the organization does not inadvertently move from the social rationale for its existence (Miller-Millesen, 2003). The board provides direction within the historical precedence of the organization and its reason for being. The board is expected to understand the professional context of the organization's operating environment and use the capabilities in the organization, including philosophical values. Therefore, boards serve a monitoring and accountability function by actively linking decision making to organizational mission as described by agency theory.

There remains in research on nonprofit organizations great interest in board of directors and their influence and effect on the organizations they govern. Studies have identified the many roles that nonprofit boards have assumed. Agency theory defines the board's role in decision management and monitoring management. Resource dependency theory offers that the board has a role in managing uncertainties in the organizational environment. Institutional theory offers explanation for ways organizations claim legitimacy. Finally, stakeholder theory suggests that all organizational stakeholders should be considered when seeking to understand the organizational environment and the influences on organizational outcomes. Many researchers

have concluded that no one theory adequately explains what is observed in the nonprofit governance arena.

The research in this dissertation seeks to expand our understanding of how nonprofit boards fulfill their roles and responsibilities. Two factors that may influence board role fulfillment will be examined. This chapter will begin with an overview of the major areas of nonprofit governance research and their interrelatedness followed by a deeper discussion of the literature on the variables considered in this dissertation.

Governance Research Overview

In their article, "Acting in the Public Interest? Another Look at Research on Nonprofit Governance, Melissa Stone and Francie Ostrower (2007) make the point that in the field of nonprofit studies governance has been conceptualized at the organizational level where the governing system comprises the board of directors. According to Stone and Ostrower (2007), there are four primary areas of nonprofit governance research in the extant nonprofit literature. These are board composition, board-staff relations, board roles and responsibilities, and board effectiveness. Within each of these areas, Stone and Ostrower identify research questions typical to each. The following table developed by Stone & Ostrower (2007) categorizes the types of research questions in each domain. However, these areas are not mutually exclusive and nonprofit governance research has continued to evolve.

Table 2.1

Nonprofit Board Research Area and Typical Questions Asked (Stone & Ostrower, 2007, p.423)

Research Area	Typical Questions
Composition	• Who sits on nonprofit boards? • What leads boards to become less diverse? • How does board diversity affect organizational practices?
Board-staff relationships	• How is power exercised between board and staff? • How does power shift over time and what factors influence those shifts?
Board roles and responsibilities	• How do staff and how do boards perceive board roles and responsibilities? • Does the structure of funding environments influence board roles and responsibilities, power, or composition?
Board effectiveness	• What factors affect board effectiveness? • Do stakeholders perceive board effectiveness differently? • Is board effectiveness associated with organizational effectiveness?

Board Composition

The composition of the nonprofit board remains an area of interest in nonprofit governance research. According to Stone and Ostrower (2007), the literature can be organized in terms of three questions:

1) *What are the characteristics of trustees? (descriptive)*
2) *What are the determinants of board characteristics? (analytical)*
3) *What are the consequences of board characteristics? (analytical)*

From the agency perspective, this line of research is usually concerned with the ratio of insider members to outside members, and if the CEO has is a voting member. Board composition can have an effect on the board's monitoring role as well as its decision control role.

Another line of research combines board composition and power in predicting the dominant coalition in an organization. A large board may be less susceptible to managerial domination than a smaller board. Additionally, a diverse board in terms of representing a variety

of ownership groups representing multiple stakeholder interests would also be less susceptible to managerial domination.

Board-Staff Relations

In research on board-staff relations, there are two models – harmonious partnerships (stewardship theory perspective) or hierarchical authority relationship (agency theory perspective). The link between the board's control role and corporate financial performance is the focus from the agency theory perspective for research on private sector organizations. In the nonprofit sector literature, the focus is on whether the board of directors is an effective control mechanism. Common to the research in both sectors are questions concerning the balance of power between the board and the CEO – how is power distributed among board and management and how does power shift over time are two examples.

The relationship between key actors has been the topic of debate about governance in a variety of institutional contexts (Saidel & Harlan, 1998, p. 244). The authors identify a number of researchers who at that time offered substantial discussion on actor-related questions. Many of these researchers treated the division of responsibility between board and staff as a major theme. (Middleton (1987); Herman and Van Til (1989); Hall (1992); Saidel (1992); Young, Hodgkinson, Hollister and Associates (1992); Axelrod (1994); Stone (1996); Kramer (1984); Drucker (1990); Herman and Heimovics (1991) and Fletcher (1992). Hult and Walcott (1990) developed a model that highlights types of interaction among different organizational actors. Rosenblatt, Rogers and Nord (1993, p. 86), in describing the Hult and Walcott (1990) model, consider who participates in decisions and how they interact to be an important issue in governance. Further, Hult and Walcott (1990) define governance issues as those related to mission, key organizational activities, decision-making participants, and environmental relations,

thus differing governance from decision-control. Looking at how organizations structure governance, Hult and Walcott (1990) find that different governing structures develop allowing people with "competing interests" in organizations to manage various issues and uncertainty that they often confront. The governance structures usually indicate "who is entitled or required to participate, how the participants may interact, and what constitutes a decision" (Hult and Walcott, 1990, p.9).

Board Roles and Responsibilities

Generally, the literature on board roles and responsibilities has been descriptive. Research in this area has established that there is much variation across and within nonprofit boards regarding the roles and responsibilities they are likely to perform (Ostrower & Stone (in Nonprofit Sector) 2006). Current research has examined why governance patterns may differ among organizations. For instance, Block and Rosenberg (2002), found that when a founder leads a nonprofit governance practices differ. Additional research has looked at the effect of government contracting on the role of the nonprofit board (Saidel & Harlan, 1998).

Board Effectiveness

Board effectiveness has proven difficult to measure and the results of this line of research are mixed. Many explorations of board effectiveness use subjective measures based on self-reports of the CEO or members of the board or both. While common, a number of researchers identify limitations and challenges to this approach. It has been difficult to determine the direction of causality between board effectiveness, organizational effectiveness and other variables (Stone and Ostrower, 2007). Several studies have focused on both the determinants of board effectiveness and the consequences of board effectiveness on organizational effectiveness. Studies such as that conducted by Bradshaw, Murray and Wolpin (1992) asked what elements

influence board effectiveness and then explore the relationship between board and organizational effectiveness. Other research has demonstrated links between activities designed to improve the board's knowledge of the organization it governs, recruitment strategies, and strategic decision-making and the board's competencies (Holland, etc.).

One area of nonprofit governance research that has received little attention is what effect the presence of an additional board in the governance construct has on the governing board. The existence of dual principals in an organization muddies the concept of a principal-agent contract between the governing board and the CEO, who may use one principal to influence the other. One theoretical lens that supports examining additional governance actors is stakeholder theory. Stakeholder theory suggests that relationships between an organization and the groups and individuals who can affect or are affected by it be adopted as a unit of analysis. From this perspective an organization can be understood as a set of relationships among groups that have a stake in the activities that make up the business (Parmar, Freeman, Harrison, Wicks, Purnell, and De Colle, 2010). It is the managers' job to manage and shape these relationships to create value for stakeholders. In this context what influence does the additional board have on the governing board's fulfillment of its role? From the stakeholder perspective, if the manager or CEO has responsibility to manage and shape these organizational relationships, how does the CEO influence the governing board's fulfillment of its role? Does the level of board development ameliorate the influence the additional board and the CEO may have on board role fulfillment? Understanding the answers to these questions may offer insights to why some boards appear to execute their role better than others. The next section leads with the examination of the roles of nonprofit board and the research exploring what may influence performance of these roles.

The Role of the Nonprofit Board

Nonprofit board members are volunteers who do not receive financial compensation for their service, and usually the board is self-perpetuating meaning that current board members select and elect future board members. The role of the nonprofit board is rooted in a legal requirement and a moral assumption (Herman and Heimovics, 1991). The roles the board is expected to fulfill from this perspective are the duty of loyalty, the duty of care and the duty of obedience. Kevin Kearns provided the following definitions for these duties in his chapter on nonprofit accountability found in *The State of Nonprofit America* (2012).

> *"Duty of Loyalty – Nonprofit board members must put the interests of the organization above their own interests when making decisions that affect the organization. If placed in a position where there is potential conflict between their personal interests and those of the organization, the board member must remove themselves from the decision. When a conflict is irreconcilable, the board member should resign their position from the board."*
> *"Duty of Care – Nonprofit board members must exercise reasonable care by educating themselves regarding how best the organization can meet its mission, actively participating in decisions and showing good faith when making decisions on behalf of the organization. Board members need not be experts on all topics related to the organization, but in a controversy, they must be able to prove that they have exercised reasonable prudence in fulfilling their duties."*
> *"Duty of Obedience – Nonprofit board members must make decisions that are consistent with and help to promote the mission of the organization. Board members serve as stewards or protectors of the mission. The board is ultimately responsible for ensuring that the mission is pursued in accordance with applicable federal, state and local laws."*

It is from this perspective that a number of prescriptive standards have been developed regarding the roles and responsibilities of nonprofit boards (Herman, Renz, Heimovics, 1997). The following table provides two examples of the roles and responsibilities identified in the prescriptive literature.

Table 2.2

Comparison of Governing Board Roles

The Jossey-Bass Handbook of Nonprofit Leadership and Management (1994), N. Axelrod	*The Nonprofit Handbook: Management (1997),* B. Soltz
• Determining the mission and purpose • Selecting and supporting the chief executive • Reviewing the executive's performance • Planning for the future • Approving and monitoring the organization's programs and services • Providing sound financial management • Enlisting financial resources • Advancing the organization's public image • Strengthening its own effectiveness as a board	• Selecting, supporting, and evaluating the chief administrator • Reviewing and protecting the mission of the organization • Driving the organization's planning efforts • Serving as fiduciary representative of the organization • Ensuring the financial solvency of the organization • Serving as ambassador and spokesperson for the organization • Evaluating the organization's program regularly • Communicating the community and the lay perspective to the organization • In internal conflict, serving as a final court of appeals • Self-assessing periodically

While articulated somewhat differently, these lists are essentially the same except for the role of serving as final court of appeals in internal conflicts. Soltz (1997) included this role arguing that boards may serve in the role of arbitrator of situations that cannot be settled by management and may have some potential for legal action. In her summary of the normative literature of board roles and responsibilities, Miller-Millesen (2003) included similar lists from Block (1998), Houle (1997), Ingram (2003), and the National Center for Nonprofit Boards (1995).

In their article, *Moving Governance Research Forward: A Contingency-based Framework (2009),* Francie Ostrower and Melissa Stone summarized the characterizations of the governance role of the nonprofit board as the following.

- See that organizational activities align with the mission
- Long-range planning and establishing policies
- Financial viability and resource development
- Meet legal and ethical obligations
- Employing and managing the chief executive
- Act as representatives of the organization to its constituents and communities

They identified two key issues dealt with insufficiently in this conception of governance. The first issue being that some research has questioned the extent to which boards actually perform these functions. While the numerous roles and responsibilities the board can or should assume has been articulated in the literature, why do some boards seem to fail to perform all of the identified roles and responsibilities? Is there something or someone influencing which roles and responsibilities the board is actually performing? If indeed a board is supposed to perform activities that align with this characterization of governance, should not all boards perform somewhat equally? The second issue presented by Ostrower and Stone (2009) is that other organizational stakeholders may perform some of these elements and that by focusing solely on the board research does not capture all the elements occurring in the organizational setting. Other organizational members that may be involved in these activities include executive directors, staff, volunteers, donors and beneficiaries. Does this imply that the board's role and responsibilities have been coopted by other organizational members? Or, is the board delegating its responsibilities to other organizational members?

Echoing the second issue identified by Ostrower and Stone (2009), Cornforth (2012) states that more complex governance structures have largely been ignored in the literature and

puts forth that additional organizational actors need to be considered in governance research. Boards do not act in isolation; they are intrinsically involved with the organization's staff especially the CEO and management (Cornforth, 2012). Cornforth recommends expanding nonprofit governance research to include multilevel governance such as federations or organizations with subsidiaries. Research questions on multilevel governance include the following (Cornforth, 2012).

- *How do these multilevel governance structures evolve and change over time?*
- *How are responsibilities divided between governance actors at different levels?*
- *How do governance actors at different levels relate to each other, and what is the balance of power between them, and;*
- *How do decision processes take place across different levels over time?*

Theoretical Perspectives on the Role of the Nonprofit Board

The most commonly cited theoretical explanations for board roles and functions are agency theory and resource dependency theory (Brown & Guo, 2010; Hillman & Dalziel, 2003). From the agency perspective, the presence of a board of directors serves as a mechanism for diffusing and separating the management and control of decisions (Fama and Jensen, 1983). The board has responsibility for decision control – ratification and monitoring – while nonprofit managers are responsible for decision management – initiation and implementation. The CEO initiates proposals to the board regarding resource allocation and policy decisions, and those proposals ratified by the board are then implemented by the CEO and his/her management team (Fama and Jensen, 1983). In its monitoring role, the board is conceived as limiting managerial discretion. Therefore, the board acts as a form of corporate control and is charged with monitoring the internal decision agents and with aligning the interests of these decision agents with stakeholder expectation (Fama and Jensen, 1983). The focus of agency theory is

determining the optimal structuring of control relationships resulting from these reporting and decision-making patterns (Eisenhardt, 1989).

Using a case study approach, Miller (2002) examined the extent to which agency theory is useful in explaining the monitoring behavior of nonprofit boards. Purposive sampling was used to select twelve nonprofit organizations of varying types, sizes, locations, ages, budgets, and funding sources. Direct observations, interviews and document analysis were used to collect data. The data analysis focused on determining fit between the behavioral assumptions of agency theory and empirical observation of actual board behaviors. Through data analysis, three categories were determined: 1) recognizing the potential for managerial opportunism; 2) issues of ownership and accountability; and 3) performance measurement.

What this study highlights are some of the limits of agency theory to the study of nonprofit organizations. For example, according to agency theory the principal is the owner or is acting on behalf of the owner(s). The ownership concept is straightforward in the for-profit sector but not that clear in the nonprofit sector. The board, according to agency theory, is to act as mechanism for diffusing and separating the management and control of decisions (Fama and Jensen, 1983). This would protect owners from managerial opportunism stemming from self-interested behavior. Miller's findings regarding board recognition of the potential for management opportunism were that the board exhibited a high sense of trust and respect for the CEO.

A limitation of the study may be that only board members were interviewed. No observations or interview with CEO or other professional staff. There may be a significant difference between what a board member perceives and what is motivating the behavior of the CEO. And, this study limits the conception of governance to the board. The board's monitoring

behavior may be better explained as a process. The author's assessment supports the argument that agency theory in the nonprofit sector paints an incomplete picture of a highly complex phenomenon (Miller, 2002; Brown & Guo, 2010).

The resource dependency perspective offers that in order for organizations to survive they must have the ability to acquire and maintain the necessary resources (Pfeffer & Salancik, 1978). As no organization possesses all the resources needed for its survival, the nonprofit board plays a role in the exchange of resources that reduce interdependencies in the organization's environment (Miller-Millesen, 2003). Nonprofit board members can serve as boundary spanners as they can facilitate access to information and resources to help reduce uncertainty. The theory also provides insights into the ways in which power and influence have the capacity to bias resource allocation decisions (Miller-Millesen, 2003).

However, neither the agency nor resource dependency theory perspective capture all the roles ascribed to nonprofit boards (Brown & Guo, 2010). In addition, the two theories do not provide adequate explanations as to why some practices are more prevalent than others (Brown & Guo, 2010). Another theoretical perspective used in governance research is institutional theory. This theory focuses on the ways in which organizational structure and processes reflect institutional pressures, rules, norms and sanctions (DiMaggio & Powell, 1983; Meyer & Rowan, 1977).

In her paper, *Understanding the Behavior of Nonprofit Boards of Directors: A Theory-based Approach (2003),* Judith Miller-Millesen develops a theory-based model of board behavior and a set of testable hypotheses for use in future empirical investigation. Drawing from agency, resource dependency and institutional theories, Miller-Millesen's model organizes board behaviors into three categories – monitoring, boundary-spanning and conforming.

The monitoring role is drawn from agency theory. The agency problem is defined as goal conflict between the principal and the agent. It is theorized that agency problems can be minimized through the separation of decision controls and management (Fama & Jensen, 1983). The following diagram is a depiction of Fame & Jensen's decision control system.

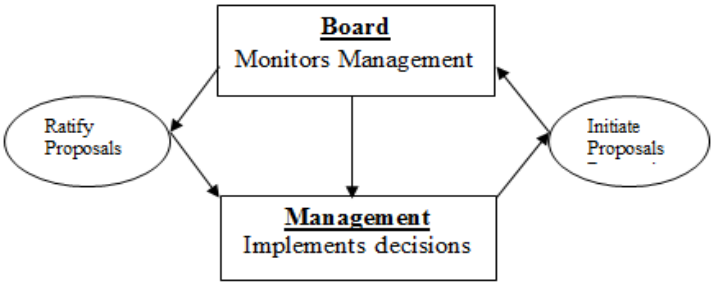


Figure 2.1 Agency Theory Decision Control System

From the agency perspective, the board's monitoring role both in relationship to the chief executive and in strategic decision management most closely align with agency assumptions. From the normative literature on board roles, the board roles that characterize the agency perspective include determining mission and purpose, oversight of programs and services, strategic planning, fiscal control, and evaluation of the CEO (Miller-Millesen, 2003).

The resource dependency perspective defines the board's boundary-spanning role. From this perspective the board of directors is viewed as a mechanism to reduce environmental uncertainty and provide access to critical resources (Zald, 1969, 1970; Pfeffer, 1972, 1973). Middleton (1987) identified four primary functions boards perform as boundary-spanners. These functions are:

1. Developing exchange relationships with external constituencies
2. Gathering and interpreting information from the external environment
3. Protecting from environmental interference
4. Representing the organization to external constituencies.

The board roles identified in the normative literature that most closely align with the resource dependency perspective are ensuring the organization has adequate resources to meet organizational purposes, identifying appropriate candidates for board recruitment, and enhancing the organization's public image (Miller-Millesen, 2003).

The third theoretical perspective used to frame the role of the board of directors is institutional theory. This theory asserts that organizations draw legitimacy through embracing those norms, values, beliefs and expectations that conform to social mores. In other words, behavior of organizations can be shaped by the institutional environment (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). From this perspective, boards of directors may engage in certain behaviors or functions not because they are the most effective for the organization but, rather, because these behaviors or functions may have become an accepted role for the board (Miller-Millesen, 2003). The key assumption of institutional theory states that as organizations of the same type will become, over time, increasingly similar to those in their environment (DiMaggio & Powell, 1983). This process is institutional isomorphism, which occurs through coercive, mimetic or normative processes. Regardless of which process isomorphism occurs, the board roles most aligned with the institutional theory are to assure legal compliance and to implement mandates (Miller-Millesen, 2003).

In additional to identifying board behaviors or roles based on theoretical perspectives, Miller-Millesen (2003), identifies a set of environmental factors and organizational factors that are likely to affect board behavior. Environmental factors that may influence board behaviors include resource availability, funding sources, and institutional or regulatory. It has been argued in the literature that life-cycle stage effects various organizational behaviors and outcomes including possible shifts in governance functions (Miller-Millesen, 2003). From this perspective,

the organizational factors that may influence board behaviors are stage of life, organizational stability, and professionalization of staff.

It has been suggested in the literature that board composition has an effect on board behaviors, and Miller-Millesen (2003) includes board composition and recruitment practices in the model suggesting that environmental and organizational factors have an effect on board composition and recruitment and ultimately influencing board behavior. Brown (2007) conducted a study examining the relationship between board development practices and board member capabilities. The board development practices included recruitment, orientation and evaluations. The full model offers a "schematic for studying the structure and process of nonprofit boards and offers several opportunities for future research (p. 541)." Using the model, Miller-Millesen offers hypotheses based on each of the theoretical perspectives and considering what environmental or organizational factors influence board behavior. These are represented in the following table.

Table 2.3

Summary of Model for Studying Structure ad Process of Nonprofit Boards (Miller-Millesen, 2003)

Theory	Role	Factors	Predicted Effect on Role
Agency	Monitoring	Stable	Positive
		Professionalization	Negative
Resource Dependency	Boundary-spanning	External source of funds is high	Focus higher than monitoring role
		External source of funds is low	Focus lower than monitoring role
		Environment complex	Focus higher than monitoring role
		Lack of stability	Focus higher than monitoring role
		Professionalization	Focus higher than monitoring role

Prior to 1992, much of the work on nonprofit board roles was prescriptive. Since that time, a greater focus has emerged to compare prescribed roles to actual roles and understand

under what conditions or influences particular board roles become prioritized over others. As seen in the preceding section, models have been developed using theoretical frameworks aimed at guiding this inquiry. Pat Bradshaw, Vic Murray and Jacob Wolpin (1992) conducted a survey of more than four hundred nonprofit organizations in Canada designed to explore whether board operating dynamics and structures make a difference to board and organizational performance.

The authors begin by developing a conceptual framework that employs the major variables regarding board characteristics found in the literature at that time. They distinguish between the board's structural and policy characteristics and the board's process characteristics. The structural and policy characteristics include board size, number and types of committees, existence of position descriptions and written manuals and policies regarding terms of office and attendance at meetings. The board's process characteristics include nature and extent of strategic planning, how board meetings are conducted, what issues are presented to the board and how it deals with them, and who dominates the decision making.

From the results of the surveys, two types of boards emerged through examinations of the numerous correlations among board process and structure variables. The first type of boards are those that are more formalized in their structure, share a common vision, are rarely in conflict internally or with staff, engage in strategic planning, get involved in day-to-day operations, have a strong core group to inspire them, and put in a lot of hours on behalf of the organization. The other type of boards are those at the opposite end of this cluster of variables (Bradshaw, et.al., 1992) suggesting that boards do not perform their roles equally. The following chart summarizes the range of the board types from the study.

Table 2.4

Range of Board Types (Bradshaw, et. al., 1992)

Type I Board		**Type II Board**
Formal Structure	→	Informal Structure
Common Vision	→	Unclear Vision
Low conflict	→	Conflict
Engage in Strategic Planning	→	Seldom Engage in Strategic Planning
Strong Core Group	→	Little Cohesion
Significant Time Given	→	Little Time Given
Involved in Day-to-day Operation	→	Little Involvement in Day-to-day

Regarding the relationship of board characteristics and perceived effectiveness of the board, the key finding was that strategic planning emerged as the single most important process characteristic. The size of the board and the number of committees did not emerge as significant variables. The examination of the relationship of board characteristics and organizational performance, the researchers found that board process and structure variables account for only a small proportion of the explained variance, suggesting there may be other influences at work. Organizational vision emerged as an important factor in perceived organizational performance as is having the CEO as the primary source of that vision.

The authors, in discussion of their methodology, noted the challenge researchers have had is to operationalize effectiveness. The most common approach has been to use subjective measures based on self-reported ratings of organizational members such as the CEO (Herman and Tulipanna, 1985). In their study, Bradshaw et.al., operationalized effectiveness with both subjective and objective measures. The first was a single-item measure of the respondent's satisfaction with board performance. The second subjective measure was multi-item asking the respondent to assess seven potential board functions and to rate the board's performance on each function. The objective measure for effectiveness related to resource acquisition by asking about deficits and growth in budget. The key finding as related to board function was that boards that

are seen as performing their important functions well are less likely to incur large budget deficits (p. 240). At the same time, the board's role in increasing the budget is minimal. One seemly contradictory finding was that this study found that effectiveness was shown to be a partial function of the boards willingness to get involved in day-to-day technical operations. From an institutional theory perspective, the expectation would be that performance would be enhanced by the opposite – the buffering or decoupling of the organization's technical core from operational board involvement. The authors suggest further investigation examining to which detailed day-to-day activities the respondents were reacting.

What this study demonstrated is that boards can do many things to impress the organization's top management with its effectiveness and to create a perception that the board has an impact on overall performance. Among these are being deeply involved in strategic planning, developing a common vision of the organization's activities, and operating according to the guidelines for good meeting management. Regarding future research, one suggestion by the authors was the composition of the board and environmental and organizational variables need to be examined as possible modifying influences.

Inglis and Weaver (1999), developed a framework of nonprofit board roles and responsibilities building from both the extant literature and the research by Bradshaw, et.al. described previously. The purpose for this research was to develop an empirically supported framework that may advance understanding of roles and responsibilities of boards. The framework also supported a theoretical perspective for the roles of the boards in four areas:

- Mission – roles associated with:
    - Fiduciary responsibility
    - Mission
    - Accountability to organizational members
    - Policy decisions
    - Ethical responsibilities

    - Following of charters
- Planning – roles related to:
    - Financial planning
    - Human resources
    - Long-range plans and strategies
- Executive Director – roles related to:
    - Hiring the executive director
    - Ensuring executive director performance
    - Fulfilling legal responsibilities
- Community relations – roles associated with:
    - Developing and delivering programs and services
    - Representing interests of constituencies or groups
    - Raising funds
    - Advocacy and community relations

The authors asked respondents to rank fourteen board roles on the level of importance and the degree to which the board was fulfilling each role or responsibility. The respondents for this study included CEOs and board members. Factor analysis was conducted to group the roles and responsibilities into three categories: strategic activities, operations and resource planning. The roles associated with strategic activities include having a mission and vision in place, developing and assessing long-range plans, setting policies from which staff can deliver programs and services, and evaluation of the CEO as well as the board. Additionally, the roles of responding to community needs and developing community partnerships also loaded onto the strategic factor. For the factor operations, the roles associated were developing and delivering programs and services, advocating for interests of groups and raising funds for the organization. Finally, the roles associated with resource planning are annual budget allocations, hiring senior paid staff (other than CEO), and setting financial policy. It is interesting to note that all but one of the fourteen roles received a mean score of 3.4 or greater on a 5-point scale with half of the items receiving a mean score of four and greater on importance of the role. At the same time, none of the items scored above 3.7 on the fulfillment of the roles. The study included CEO and board member respondents but did not report the scores separately.

The main contribution of this study is the typology for board roles and responsibilities that was developed. Additionally, in discussing the findings of the study, the authors offer that the typology may be useful for gaining a fuller understanding of the work of the nonprofit board. In discussing the typology, the authors offer that strategic activities are those with an external focus. Resource planning activities have both an external and internal focus. Finally, operations activities are those with an internal focus. The following chart depicts the typology developed by Inglis, et. al.

Table 2.5

Typology of Governing Board Roles (Inglis and Weaver, 1999)

Strategic Activities	Resource Planning	Operations
Mission & Vision	Budget Allocations	Services & Programs
Long-range Planning	Hiring Senior Paid Staff	Advocating
Policy Setting	Setting Financial Policy	Raising Funds
Community Partnerships		

William Brown and Chao Guo (2010) explored the role of nonprofit boards by examining two questions. First, what do executives describe as the most important roles of the board? Second, what are the organizational and environmental contingencies under which certain board practices are prevalent? The authors also considered the benefits of these roles to the operating performance of the nonprofit organization as important. From a contingency perspective, institutional and organizational attributes such as environmental uncertainty and organizational complexity were considered in explain the prevalence of different roles. They concluded these factors do help explain the prevalence of different roles (Brown and Guo, 2010). The authors considered the work of Hendry and Kiel (2004), who suggested three factors appropriate to consider when examining nonprofit board activities. These are environmental uncertainty, information asymmetry, and board power or the relationship of the CEO and the board.

Environmental uncertainty refers to the probability of success associated with different courses of action (Hendry and Kiel, 2004). Boards are though to be more engaged in strategic activities when there is increased environmental uncertainty and thereby guiding management in a complex operating environment (Brown and Guo, 2010). The second factor are those organizational issues associated with information asymmetry. Boards increased monitoring activity are associated with increased diversity of programs and services or greater operational complexity (Hendry & Kiel, 2004). Lastly, the emphasis on different roles by boards can be explain by the third factor – board power or the relationship between the board and the CEO. Guo (2007) argues that board power over the CEO indicates its ability to exercise fiduciary responsibility and maintain control over organizational direction. CEO power was measured through CEO tenure in their current position as longer CEO tenure was associated with more power.

The study (Brown and Guo, 2010) used both an inductive and deductive approach to the research question. Nonprofit executives were asked to describe what activities and/or roles of the board were most important to them. Through an iterative process, roles were classified and reclassified to reduce redundancy and to minimize small response sets. The process resulted in the identification of 13 roles. Organizational size had some influence on how many roles were discussed by the executive – larger firms discussed more roles and smaller firms discuss less. The study found that institutional and organizational forces can help explain tendencies of executives to prioritize different roles. Organizations that operate in resource-constrained environments are more likely to specify the board's role in resource development as important. Organizations that operate in more complex environments as reflected in larger service areas are more likely to discuss the board's role in helping shape the organizations strategy. The study

also found that larger, more diversified organizations were more likely to discuss the board's role in an oversight capacity. With respect to CEO power, the study found that executives who held longer tenure, especially when compared to board members were less likely to talk about oversight roles.

From this summation of the literature exploring nonprofit board roles, it is clear the question of why variation in board role fulfillment exists has not been fully answered. There remains room to further explore the possible influences on board role fulfillment.

Board Effectiveness and Board Development

Understanding board effectiveness calls for some set of measurable criteria beyond a description of the board's role. While how board effectiveness affects organizational performance is beyond the scope of this study, the presence of organized processes and activities to strengthen board performance (board development) is an indication of an effective board.

Holland, Chait and Taylor (1989), conducted a study seeking to answer what defines and describes an effective board? Their study sought to determine if effective boards shared common characteristics that differentiated them from other boards. And, they examined the relationship, if any, between effective board performance and effective institutional performance. Using a structured interview approach, they developed six competencies of an effective board. They found that boards strong in these competencies tend to perform well on other measures of institutional quality. The six competencies are contextual, educational, interpersonal, analytical, political and strategic, and are defined as follows.

> *Contextual: the board understands and takes into account the culture, values, mission, and norms of the organization it governs.*
> *Educational: the board takes the necessary steps to ensure that members are well informed about the organization, the professions working there, and the board's own roles, responsibilities, and performance.*

Interpersonal: the board nurtures the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness and teamwork.
Analytical: the board recognizes complexities and subtleties in the issues it faces, and it draws upon multiple perspectives to dissect complex problems and to synthesize appropriate responses.
Political: the board accepts that one of its primary responsibilities is to develop and maintain healthy two-way communications and positive relationships with key constituencies.
Strategic: the board helps envision and shape institutional direction and helps ensure a strategic approach to the organization's future.

Continuing the research of Holland, Chait and Taylor (1989), Holland and Jackson (1998), conducted a three-year study of the boards of twenty-four diverse nonprofit organizations. With ten of the organizations, board developmental interventions were implemented while the remaining fourteen organizations did not receive interventions. Their results showed an improvement in the experimental group. Boards require a range of competencies in governance, especially skills in planning for the future of the organization, formulating strategic goals and policies to guide movement toward those goals, and monitoring organizational performance. Activities taken by those boards implementing improvement plans included establishing priorities for meetings, developing orientation programs for new members and educational sessions for all, planning for leadership succession, monitoring and evaluating board performance, sharpening meeting agendas and use of time, clarifying the role of staff in working with the board and its committees, and communicating more extensively with constituencies. Obstacles to improving board performance include ambiguous expectations, weak accountability, lack of clarity about what needs changing, biases from previous unsuccessful effort at change, and discomforts from relinquishing familiar practices and trying new ones. Overcoming such barriers requires clear commitment from the CEO, the board chair and a substantial number of board members. However, in research by Holland and Jackson (1998), they define effective nonprofit boards as those that exhibit a range of competencies in

governance, especially in the area of strategic goal and policy setting and monitoring organizational performance. Additionally, they developed a board self-assessment scale designed to measure board competency in six dimensions: contextual, educational, interpersonal, analytical, political and strategic. It is widely assumed that strengthening the performance of the board in their governance responsibilities is a key requisite for improving the organization (Holland and Jackson, 1998). Brown (2007) grouped board development activities into three key areas – recruitment, orientation and assessment. Brown's study provides evidence to suggest there is a positive relationship between board development activities and improved board performance.

Based on the summary of the literature discussed above on efforts to improve the performance of the board (board development) and the fulfillment of board roles (performance), the first link in the conceptual framework for this dissertation is between the level of board development and board role fulfillment as presented in the following figure.

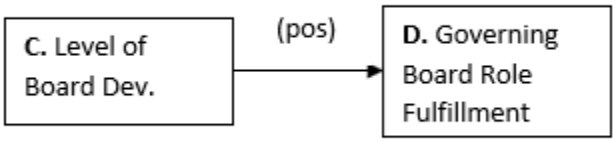


Figure 2.2 Board Development & Governing Board Role Fulfillment Relationship

From the literature reviewed here, it can be drawn that the board roles can be defined in three broad categories: strategic, monitoring and oversight, resource management, and compliance/legal. Research has demonstrated that purposeful efforts to improve the board's performance of its role can be improved. The six competencies previously described have some relationship to roles a board should perform. For example, from the contextual perspective the board should understand the mission of organization it governs. Therefore, it is posited that the

level of board development a nonprofit board engages in will affect the role fulfillment of the board. As mentioned previously, Holland and Jackson stated that overcoming barriers to improving board performance requires clear commitment from the CEO in addition to the board chair and a substantial number of members of the board. This statement suggests that the CEO may have substantial influence over the board and its decisions regarding its own performance including role fulfillment. In the following section, a discussion of what influences both levels of board development and board role fulfillment ensues.

Governance Empirical – CEO/Board Power and Influence

Herman and Tulipana (1985) examined the board-staff relations as they relate to organizational effectiveness. They noted that in carrying out internal functions nonprofit boards are highly dependent on the organization's full-time staff, especially the CEO. The quality of board-staff relations affects the internal effectiveness of the board. In their paper, Herman and Tulipana take an exploratory approach to conceptualizing and measuring board-staff relations. While board-staff relations can be characterized on many dimensions, one that is frequently discussed is influence. Drawing from a series of studies by Tannenbaum (1956, 1961) that demonstrated that influence within organizations varies not only in distribution but also in total amount, the authors used the basic method developed by Tannenbaum to develop their questionnaire. Respondents were asked to indicate "how much influence do you have" in what happens in their organization. The response alternatives were: 1) little or no influence; 2) some influence; 3) quite a bit of influence; 4) a great deal of influence; and 5) a very great deal of influence (p. 50). The authors also asked respondents to indicate their preferred or ideal amount of influence. Each respondent was asked to rate how much influence the board of directors, the CEO, senior staff and other staff have on program planning and development, major financial

decisions, the budget, daily operations, personnel, policy and procedures and minor financial decisions. Organizational effectiveness was measured using organization member ratings. Respondents were asked "how effective compared to other private, nonprofit organizations in this area, has your agency been?" The scale used ranged from 1(very ineffective) to 10 (very effective). In a separate questionnaire sent only to board members, the authors asked, "how effective has your agency been in achieving it goals, in terms of your own expectations." The same scale was used.

There were limitations to the study as noted by the authors, which includes a small sample size. Seven organizations participated in the study with 142 organization members taking the surveys. Interestingly, the respondents indicated they felt they should have more influence than they actually have. Additionally, respondents believed that influence varied with issues with the executive director most influential in program planning, and the board and executive director relatively equal in influence regarding the budget (Herman and Tulipana, 1985, p. 51). Respondents also believed that their organizations are effective. However, the board members' responses to the effectiveness questions in relation to their expectations was slightly lower than the CEO responses. Another interesting finding in this research was that meeting frequency was the most important variable in predicting board member influence (p. 53). The other important variable in determining board member influence was the extent to which board members feel informed of their duties. This is an interesting finding considering research on board development has shown that efforts to educate board members using practices such as orientation (Brown, 2007) have positive effects on board performance. At the organizational level, an examination of the relationships between total influence and the distribution of influence and effectiveness ratings was conducted. The authors found that while

total influence is related to effectiveness, it is a composite based on the influence of the board and of the CEO. Of those two, influence of the executive director is much more strongly related to effectiveness. The authors state that their results suggest that more effective nonprofit organizations may be those with "strong" executive directors, and that the influence of the board is not very important (p. 56). This also seems to relate to the statement of Holland & Jackson (1998) that overcoming issues at the board level by engaging in board development activities requires the commitment of the CEO.

Drawing from the literature, Finkelstein (1992) defines power as the capacity of actors to exert their will. In his study of top management teams in for-profit organizations, Finkelstein examined the question: Is managerial power a central element in strategic choice? This research focused on how top managers are differentiated in terms or their power in order to more fully understand how they influence organizational direction. The research reported in this paper had three primary purposes:

1. To Argue that managerial power is a central element in strategic choice
2. To conceptualize major power sources in dominant coalitions
3. To suggest and validate specific measures of power that are readily available to other researchers. (p. 506)

According to Finkelstein (1992), previous attempts to outline measures of power such as French & Raven (1959) were not done so specifically looking at top managers. For example, the French & Raven (1959) bases of power – reward, coercive, legitimate, referent and expert – have broader application than just top management. Finkelstein's research focuses solely on top management and seeks to develop a set of objective indicators of power to facilitate empirical measurement. He argues that the key bases of power for top managers are the ability to cope with internal and external sources of uncertainty. Key internal sources of uncertainty are other top managers and boards of directors. The four types of power that accrue to executives who can

manage these uncertainties are structural power, expertise power, prestige power and ownership power. "Boards of directors, as representatives of a firm's shareholders, also create uncertainty for top management teams (Finkelstein, 1992, p.508)." Although most boards have relatively little influence, those with significant outside shareholders have the power to limit managerial discretion (Hambrick and Finkelstein, 1982). Managers who can control board activities and reduce the uncertainty that arises when boards have the power to influence strategy can gain power within a firm's dominant coalition.

The four types of power identified by Finkelstein are as defined as follows:

- Structural power is the most commonly cited type of power. It is based on formal organizational structure and hierarchical authority (Brass, 1984; Hambrick, 1981; Perrow, 1970; Tushman and Romenelli, 1983). Based on structural power, managers who have a legislative right to exert influence are influential. Therefore, CEOs have high structural power (p. 508-09).
- Expert power relates to the external uncertainties defined as the task environment. The more mangers have developed contacts and relationships with elements of the task environment, the greater is their ability to cope with contingencies of the task environment, and the greater is their expert power (p. 509). Power tends to accrue best when a manager's expertise is in an area critical to an organization (Hickson, et.al., 1971).
- Prestige power emanates from a manager's reputation in the institutional environment and among stakeholders influences others' perceptions of their influence. Power may be gained from external contacts. Galbraith (1973) argued that information acquisition is an

important way to reduce uncertainty. Prestige also provides power through suggesting that a manager has gilt-edged qualifications and powerful friends.

- Ownership power is simply ownership. Owners include those who are shareholders, founders basically anyone with an ownership interest in the organization.

In developing the scale, this study is focused on the for-profit sector and while some of the measurements developed for the variables are applicable to the nonprofit sector some of them are not. For example, as Miller (2002) mentions the ownership concept can be difficult to define in the nonprofit sector. Two of the three variables Finkelstein includes in measuring ownership power are the percentage of shares owned by executives and executive's extended family. Finkelstein states that the measures using share holdings are ineffective for nonprofits. As nonprofits are subject to a non-distribution constraint, this type of ownership is not possible in a nonprofit organization. But ownership power may still have some relevance because nonprofit CEOs still work with governing boards according to Finkelstein. He also states that the institutional environment may be more important for nonprofits enhancing the importance of prestige power.

As structural power relates to how formal positions are distributed within an organization, the variables used to form the structural power scale are percentage with higher titles, compensation, and number of titles. In addition to the two variables mentioned above for the ownership power scale, founder or relative was used in the measurement of ownership power. In this context, expert power was defined as "the ability to deal with environmental dependencies. The variables for this scale are critical expertise power, functional areas and positions in the firm. Four indicators were used for prestige power, which relates to "a

manager's ability to absorb uncertainty from the environment" (Finkelstein, 1992, p. 515). These are corporate boards, nonprofit boards, average board rating and elite education.

Three studies were conducted. The first study involved measuring the four power dimensions. In the second study top managers from the firms used in the first study were asked to rate managerial power. Finally, the last study examined the examined the predictive validity of the power dimensions. The results of the first study showed support for the reliability and validity of the power dimensions. From the second study it was determined that perceived power was positively correlated with structural, ownership, prestige and expert power. Only the correlation with expert power did not reach significance. The results of study three supported the idea that top managers are able to influence strategic outcome to the extent they have power.

A central question from the agency perspective is whether boards are an effective management control mechanism (Fama and Jensen, 1983). Westphal and Zajac (1995) state that while a variety of factors may facilitate management control over the board, the CEO's dominance over the director selection process has often been considered a primary source of management control (Mace, 1971; Pfeffer, 1972; Kosnik, 1987). Westphal further examined CEO's role in the selection of new directors by examining the attitudinal and behavioral similarity in terms of similarity of particular demographic attributes of CEOs and board members. There is little large-sample empirical evidence regarding CEOs role in the selection of new directors. While the theoretical basis for assuming that recently appointed outside directors are more likely to be sympathetic to the desires of CEO is not fully understood, the study addressed both of these issues by showing how CEO control over the selection of new directors can increase subsequent compliance among board members. The authors propose that a combination of social psychological sociopolitical factors lead CEOs and existing board

members to favor new directors who are demographically similar to them and that the relative influence of CEOs and existing boards will predict who is more likely to realize their respective preferences.

CEOs and directors sharing a particular functional background are thought to develop common schemata or belief structures relevant to strategic decision making (Dearborn and Simon, 1958; Walsh, 1988), prompting them to diagnose strategic issues comparably and prefer similar solutions (Hambrick and Mason, 1984; Bantel and Jackson, 1989). The dependent variables in the study were demographic similarity and compensation. Independent variables were CEO and board influence and demographic characteristics and similarity. The results of the study showed a strong relationship between CEO and board power, demographic similarity and the selection of new directors.

In her 2004 article, "Taking if from the Top: How CEO's influence (and fail to influence) the Boards," Sally Maitlis seeks to expand how the CEO-Board relationship is viewed. As previously discussed, the relationship between CEOs and their boards forms the central focus of the governance literature. From the literature summarized by Ostrower and Stone, nonprofit governance research has emphasized the impact of board structure and composition on CEO-board relations. Behavioral research has focused on what boards do, which highlights the board activities that are less emphasized in the structural approaches (Maitlis, 2004). These activities include planning, shaping, and monitoring strategy to influence organizational decision-making. However, there is little research on what CEOs do to influence their boards (Maitlis, 2004)

Maitlis claims that much of the empirical work in governance is from the structural perspective, and that this line of research is informed by agency theory as discussed by others cited in this paper. And, Maitlis calls for an expanded view of governance. In this study, Maitlis

uses a processual approach to examine how CEOs influence their board of directors. Historically, power has been understood from the possession a control of structural resources such as position, rewards, and information. This is consistent with how Finkelstein (1992) measured power. Recently, studies have begun to look at power as relational and processual. Yet, merely possessing information or expertise does not alone make a person powerful (Maitlis, 2004). Rather, power can be conceived as a phenomenon that is "negotiated in relationships through the skills and strategies of interested actors" (Maitlis, 2004). Therefore, power and influence are not so much what one has as it is what one does with what one has (Maitlis, 2004). This suggests if we want to understand the power dynamics in CEO-board relationships, methodologies and conceptualizations of power and influence that focus on the processes through which influence is achieved as well as sensitive to the contexts in which it occurs should be adopted (Maitlis, 2004).

In the study, Maitlis (2004) addresses CEO-board influence in British symphony orchestras. The criteria used for selection of the organizations studied are as follows.

- Organizational size. Both organizations are medium-sized organizations employing about 130 people.
- The organizational context for orchestras calls for both the CEO and the board to have significant and direct roles in governance.
- Principal-agent dynamics are at play.
- This type of nonprofit operates within a commercial environment making them subject to many of the same tensions between CEO and board as in the for-profit sector.
- Governance models within symphony orchestras have features of both private corporations and nonprofits. This may illuminate governance dynamics within both of these domains.

The research was conducted over a period of two years, and the data was collected through direct observation of board and subcommittee meetings. This data was supplemented with interviews,

documentary analysis, as well as extensive direct observation outside meetings. An influence attempt was defined as any occasion when the CEO raised an issue for discussion, put a proposal to the board, or sought to direct a decision outcome in a particular direction. A grounded theory method was used for data analysis. The data analysis revealed four behavioral processes that were strongly associated with successful influence: leveraging key relationships, managing impressions, managing information, and protecting formal authority, which are defined as follows.

- Leveraging key relationships – Developing strong ties characterized by trust and openness. Usually the relationship is developed with key directors frequently the chair both in work and social settings.
- Managing impressions – Projecting a variety of positive impressions to a range of different groups and individuals. Display images of competence and legitimacy; appearing well-informed and confident; appearing participative in style; associate with the organization's successes.
- Managing information – Involves gathering, holding and concealing information. Disseminates information to key parties at strategically advantageous times. Controls how information is managed and when it is shared.
- Protecting formal authority – Clear boundaries of authority are established and maintained. Minimal delegation to ensure decision-making structures and processes are centralized around the CEO, which helps to ensure no one else in organization becomes more powerful. Behaves authoritatively in meetings.

This study contributes to the understanding of organizational governance in two ways. First, the study identifies a critical set of processes through which CEOs influence their boards.

Such processes are gaining recognition as important in governance research, but there is still much to learn about how they operate (Maitlis, 2004). This study also contributes to the existing structural explanations of CEO-board relationship by identifying behavioral processes and how they work together and over time. This study yields several implications for future research: 1) it will be valuable to look beyond the structural bases of power; 2) research should examine more closely the relationship between CEO activity, board behavior and board effectiveness; and 3) we must recognize that the key actors in organizational governance have multiple goals that will have effects on the processes of CEO-board influence.

Drawing from the literature reviewed here, it is clear that the power and influence of the CEO has some effect on both board development and the roles the board performs. The Bradshaw et.al. study found that the CEO as the primary source of organizational vision is an important factor in perceived organizational performance. Brown & Guo (2010) considered tenure of the CEO to relate to the power of the CEO – the longer the tenure the greater the perceived power. In organizations with longer tenured CEOs, they found those CEOs less likely to consider oversight roles important when discussing the roles of the board. The Westphal and Zajac (1995) study draws into question the monitoring role of the board from the agency theory perspective. The study showed that CEOs have influence over the selection of board members resulting in boards with similar demographic make-up. The Maitlis research, through a longitudinal study, identifies four influence mechanisms CEO's use to influence their boards.

The second part of the model to be examined in this dissertation includes CEO power and influence in relation to board development and board role fulfillment. This is depicted below.

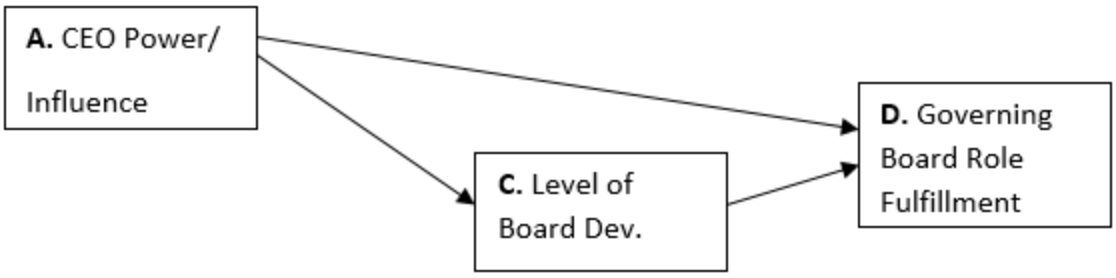


Figure 2.3 CEO Power, Board Development and Governing Board Role Fulfillment Relationship

It is posited that there is greater board role fulfillment when higher levels of board development and CEO power/influence are present. When there is little or no discernable board development and high CEO power/influence then board role fulfillment will be lower. The next section will present a discussion of the presence of an additional board and how variations in governance patterns and structure may influence board role fulfillment.

Patterns of Governance

Judith Saidel and Sharon Harlan (1998) conducted a study asking the following questions.

1. In nonprofits that do business via a grant or contract with government, what are the patterns of joint governance between boards of directors and executive staff relating to contracting?
2. What influences the adoption of these patterns in different organizations?

These questions were examined using two board roles for which the authors had developed scale measures of governance roles – political advocate and buffering role. These are the two roles that are most likely implemented when the board is dealing with multiple constituencies. To determine what influences the determination of a particular governance pattern (shared, staff dominant, board dominant or bystander), three conditions were examined – executive leadership, board composition, and interorganizational associations. Regarding executive leadership, the

study demonstrates that the executive is a key influence on the board's level of activity and on the partnership of board and staff in governance activities. Executive job tenure and educational efforts to inform the board about contracting issues were included as independent variables. Nonprofit leaders educating the board about contracting creates a more active board and are more likely to involve staff in performing political advocacy and buffering governance functions related to contracting. The authors hypothesized that organizations with experienced executives who lead the board by educating members about contracting are more likely to have shared governance or staff dominant governance than to be bystanders in the contracting process. The study found that having an executive who exhibits high level of leadership with regard to the board increases the organization's likelihood of being in the shared governance category for political advocacy compared to bystander. In the buffering role, strong executive leadership of the board significantly increased the likelihood that organizations will have a shared governance pattern compared to bystander. When controlling for executive leadership, the authors found that executives with longer tenure increase the organization's likelihood of having board dominant buffering role compared to the bystander pattern or shared governance.

Board composition is approached from the perspective of legitimacy, and the authors treated legitimacy as an attribute of individuals. In a previous study, the authors examined whether the presence of certain individuals on a board of directors explains differences in the way boards function in relations with government. It was hypothesized that organizations in which board members are highly respected by government funders are more likely to have either a shared or board dominant political advocacy governance pattern, both of which reflect significant participation by board members. On the other hand, the authors predict that the board's legitimacy rating will not distinguish among types of buffering governance patterns. The

study found that having highly legitimate board of directors significantly increased the odds of an organization's having shared governance compared to bystander pattern. Also, the highly legitimate board significantly increased the odds of having shared governance compared to staff dominant governance. Regarding buffering, board legitimacy was not a significant predictor of governance patterns.

Regarding interorganizational associations, it was hypothesized that organizations affiliated with interorganizational associations are more likely to have shared or staff dominant governance patterns in political advocacy. What was found was that statewide associations significantly increased the odds of an organization's having either a shared or staff dominant governance pattern for political advocacy compared to bystander pattern. Related to the buffering role, nonprofits belonging to powerful networks were significantly more likely to have staff dominant governance pattern than bystander or board dominant patterns.

Advisory Boards

The literature is relatively silent regarding multiple boards in a single nonprofit organization. However, Judith Saidel (1998) published a study on the functions and contributions of nonprofit advisory groups. Saidel opens her paper acknowledging the definition of governance as the domain of the boards of directors and executive staff. There has been little effort to examine the identity of other participants in governance. The central argument of the paper is that volunteer advisory groups are also a critical instrument of governance in many public benefit nonprofit organizations. The question examined in the article is why do nonprofit organizations invest valuable staff and volunteer resources to establish and maintain an additional instrument of governance? In the study, 400 nonprofits in New York State that

receive government funds were surveyed. Of the 249 respondents, 40% had an advisory group separate from the board of directors.

What the study findings show is the answer to the research question is multidimensional. Advisory boards take on numerous roles and at times supplement, duplicate, and sometimes seem virtually to replace boards of directors in particular governance areas. The CEO often plays a pivotal role in establishing the advisory board and is most often the key link in the relationship between the advisory board and the organization. In some cases, the advisory board is mandated or encouraged by a funder. Advisory board roles are wide in scope and may include programmatic activities, fund raising, evaluation and oversight activities. The research findings support the case for expanding the governance construct. Saidel suggests future research address the following questions (Saidel, 1998 p 434).

- *Does the formation of advisory bodies enable nonprofits organizations to avoid handling difficult issues, such as diversifying membership, at the board level?*
- *Are advisory groups performing fiduciary functions without formal designation as a fiduciary body?*
- *Do advisory entities tip the balance of power among nonprofit organizational actors too far in the direction of executive staff?*
- *What happens when an advisory group outlives its usefulness?*
- *What roles do advisory bodies play in the restructuring of nonprofit boards of directors?*

The research presented in this dissertation examines in part the roles advisory boards take on in relationship to the roles assumed by the governing board. As discussed by Saidel, advisory boards take on many roles in relationship to the roles of the governing board. Advisory boards may supplement, complement or even replace the governing board in various roles.

The model to be examined in this dissertation includes the presence of an advisory board and considers its effect on board development and board role fulfillment.

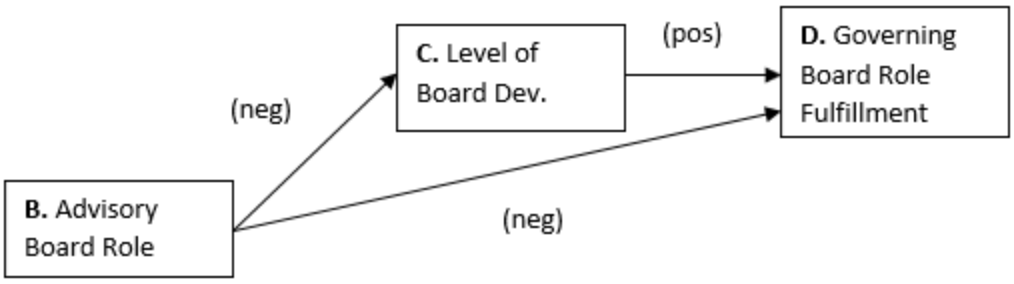


Figure 2.4. Advisory Board, Board Development and Governing Board Role Fulfillment Relationship

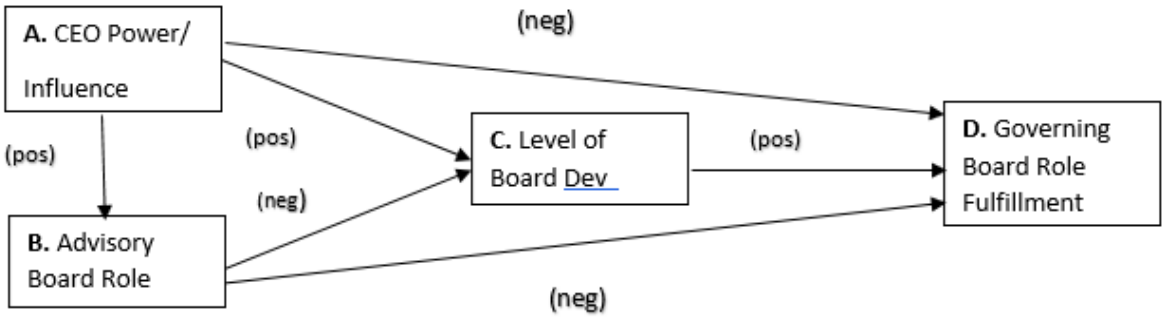
Given Saidel's finding that the CEO often plays a pivotal role in establishing the advisory board and is most often the key link in the relationship between the advisory board and the organization, it could be assumed that the perceived power of the advisory board is related to the perceived power of the CEO. Saidel & Harlan (1998) found that the executive is a key influence on the board's level of activity and on the partnership of board and staff in governance activities. Therefore, it is posited that when the advisory board has active roles and the level of board development is high there will be greater role fulfillment by the governing board. When the level of board development is low or not present and the advisory board has active roles, the governing board role fulfillment will be less.

Proposed Framework

The full model to be examined in this dissertation is presented below. While elements of the model have been examined as has been presented in the preceding review of the literature, the model as proposed has not. It is important to summarize key points from the literature that underpin the model.

1. Nonprofit boards do not fulfill their roles equally.
2. Engaging in board development activities appears to have a positive effect on board role fulfillment in that board performance of roles is improved.

3. For board development to be successful requires the commitment of the CEO.
4. Executive leadership has significant influence on levels of board activities and board roles.
5. The CEO plays a key role in the relationship of the Advisory Board to the organization.
6. Advisory boards take on many roles including some roles of the governing board.



The figure above is repeated from Chapter 1, *Figure 1.1,* the model of key variable relationships to be examined. Based on the model, the following propositions will be examined.

1. **A → B:** The great CEO Power, the greater number of roles performed by the Advisory Board.
2. **A → C**: CEO Power/Influence has a positive effect on greater levels of board development.
3. **A → D:** CEO Power/Influence has negative effect on Governing Board Role Fulfillment
4. **C → D**: Greater levels of board development have a positive effect on Governing Board Role Fulfillment
5. **A → C → D**: CEO Power/Influence and level of Board Development together have a positive effect on Governing Board Role Fulfillment
6. **B → C:** Advisory Board role has a negative effect on the level of Board Development
7. **B → D**: Advisory board role has a negative effect on Governing Board Role Fulfillment

8. **B → C → D**: Advisory board role and level of board development together have a positive effect on Governing board role fulfillment

9. **A and B → C → D:** CEO Power/Influence and Advisory Board role together have a positive effect on the level of board development and governing board role fulfillment

The following chapter will outline the approach to the research.

CHAPTER 3: METHODS

Through examination of the literature it has been determined that the power of the nonprofit CEO has some effect on the governing boards' fulfillment of its role. What has not been examined is what effect the present of an additional board such as an advisory board has on the governing board fulfilling its role. As the CEO is usually the person who links the advisory board to the organization, the CEO's power and influence may be enhanced when an additional board is present. The research presented in this dissertation examines the question what effect does the CEO's power and influence with the presence of an advisory board have on the governing board's role fulfillment. The conceptual diagram below (*Figure 1.1)*, and repeated from the previous chapter, illustrates the variables and their posited relationships to be examined in this research.

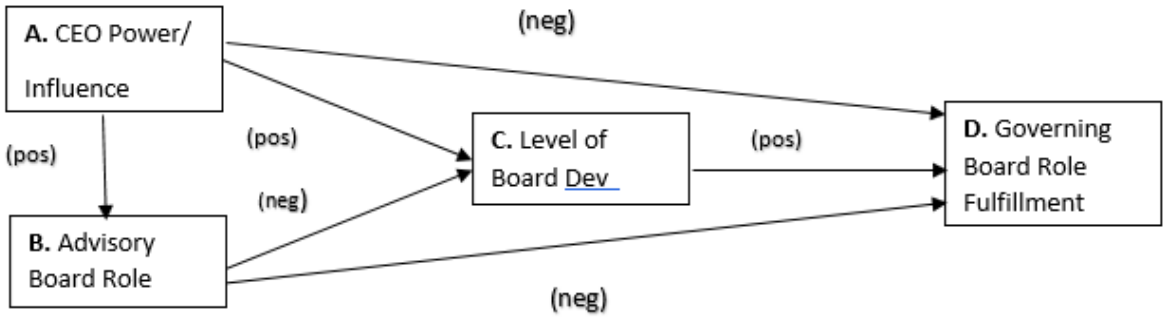


Figure 1.1. Model of Key Variable Relationships to be Examined

Research Design

In order to examine the model, this research will observe the outcomes for the available subjects on the variables without any experimental manipulation. A single survey will be used to obtain a single sample, which will be divided into two groups based on whether an additional board such as an advisory board is or is not present. There are additional variables that may

alternatively explain variations in board role fulfillment - organizational size (expenditures), age of the organization, mission area of the organization, size of the governing board, size of the advisory board, gender and ethnicity of the CEO, gender and ethnicity of the governing board chair, gender and ethnicity of the advisory board chair. These variables will be treated as control variables in this research.

Pilot Study

A pilot study was conducted in 2015 focused on the role of nonprofit boards and those of additional boards such as advisory boards that may exist in some organizations. The study employed an exploratory approach and the finding have been used to inform the development of the model for this dissertation. Four organizations were selected to participate in the study – two with only one board and two with an additional board. This was a sample of convenience.

For organizations selected to participate in the study, the CEO/Executive Director was sent a letter of invitation that included a description of the study and a request to interview the CEO/Executive Director and respective board chair(s). The letter explained the interview process and the time required for the interviews. A semi-structured interview approach was used. The organizations are not identified by name to ensure the confidentiality of those who participated in the study. The four organizations that participated in the study vary widely in size and mission.

The examination of the single-board organizations focused on the selection, recruitment, and appointment of the board; board development activities if any; and perceived performance of the board and its impact on the organization. For the organization with an additional board, the interviews focused on the role of the advisory board; the fiduciary board's role in the appointment of advisory board members; how the two boards work together if at all; perceptions

of how both boards effect organizational performance and board development activities of the governing board. All CEOs and board chairs were interviewed separately. Interestingly, for the two organizations with an advisory board, neither advisory board chair responded to numerous attempts to schedule an interview. Table 6 below summarizes the key characteristics of the study organizations.

Table 3.1

Pilot Study Interview Organization Characteristics

Organization	NTEE Code	Expenses	#Board Members	Advisory Board
Organization A	S43	$182,421	14	No
Organization B	J20	$774,145	16	No
Organization C	E32	$1,796,723	15	Yes – 11
Organization D	L20	$13,595,993	24	Yes – 17

Both Organization C and Organization D, the two organizations with advisory boards, defined the role of their additional board as fundraising and community influence. Organization C's advisory board had just been formed and Organization D's advisory board was approximately twelve to thirteen years old. The composition of the advisory boards of both organizations was comprised of "high-level" people with significant and visible roles in the community. For all four organizations recruitment of governing board members focused on specific skills and/or expertise to meet organizational needs. All organizations have a board committee that works with the CEO on recruitment.

The advisory boards were recruited based on the perceived contribution the individual could make to the organization through personal giving, strength of networks, and influence. The CEO of both organizations played a significant role in recruiting advisory board members. Advisory board members were characterized as being "too busy" to commit the time needed to serve on the governing board. Both Organizations C and D felt that having an advisory board

filled a critical need of keeping high level people involved and using those reputations to lend legitimacy to their respective organizations.

The leadership of Organization C does not plan for the advisory board and the board of directors to meet jointly. However, the newly appointed chair of the advisory board is a founder, past governing board chair, and executive director of the organization. Organization D's advisory board is made up largely of former board members – approximately three-fourths. The advisory board members are invited to meet with the governing board once a year, and advisory board members are highly involved with the organization's major fundraisers. Some of Organization D's advisory board members sit on the governing board committees, and the organization's by-laws were changed to add a position for the advisory board chair. All four organizations engage in strategic planning, and Organization D asked its advisory board for feedback on the draft of the strategic plan.

The types of board development activities varied among all four organizations. Activities included board recruitment, orientation for new members, retreats, self-assessment and board education. For the two organizations with an additional board, neither organization included the advisory board in board development activities. The types of self-assessment used by the four organizations differed. Some based the evaluation on metrics of performance such as meeting attendance and board participation in giving and one used self-assessment as a way to determine board composition. Board education activities focused on mission related education. Organization B conducted an online poverty simulation to help board members better understand the population they serve. As far as board development activities focused on improving the board's performance, Organization D had a speaker provide a workshop on using generative

thinking and the board has tried using that process. Many of the board development activities were initiated and planned by the CEO rather than the board.

A summary of the governing board roles identified in the study for all four organizations is provided in the table below.

Table 3.2

Pilot Study Roles of the Governing Board

	Organization A	Organization B	Organization C	Organization D
Recruitment of Board	Board committee	Board committee	Board committee	Board committee
Board Development Activities	Centered on recruitment Orientation	Self-assessment Recruitment Retreat/workshop Orientation	Self-assessment Education	Self-assessment Retreat Orientation Education
Perceived Impact	CEO – average Board Chair – High	CEO – high Board Chair - good	CEO – average Board Chair - High	CEO – good Board Chair - good
Strategic Planning	Yes	Yes	Yes	Yes
Fundraising/ Constituent Relations	CEO – board complacent Board Chair - ok	CEO & Board Chair – Very good	CEO & Board Chair – high expectation for AB	CEO – frustrated with board Board Chair – did not comment

The roles of the advisory board of Organizations C and D are summarized in the following table.

Table 3.3

Pilot Study Roles of the Advisory Board

	Organization C Advisory Board	Organization D – Advisory Board
Recruitment of AB members	CEO fully responsible	CEO with input from Development. Minimal involvement from governing board
Board Development Activities	Does not participate	Does not participate
Perceived Impact	High	High
Strategic planning	No	Partially – provided feedback on draft plan
Fundraising/constituent relations	Yes	Yes – perceived stronger than GB
Joint meetings	Not planned	Invited – participation minimal
Overlap in membership	No	Yes – advisory board chair has seat on GB Two-thirds are former GB members AB members sit on GB committees
Term limits for AB	No	No
Governing Board Approval of AB	Formal – approved charter	Informal – part of development assessment

From the information provided through the interviews, the advisory boards of Organizations C and D have roles that overlap with the governing boards' role. This was evident in three areas:

- Long-range planning and establishing policies
- Financial viability and resource development
- Act as representatives of the organization to its constituencies.

In addition, there was an implied role for the advisory board of Organization C in seeing that organizational activities align with the mission. The role of this advisory board as defined by the CEO included working with the board and staff to advise on issues that may impact the clinic – the vehicle through which the organization delivers its mission. Most of the advisory board members were high ranking executives in the healthcare arena.

The next table provides a summary of the board roles identified for the subject organizations. Where the organization stated expressly an activity or function of a particular role, then that role is noted "Expressed" for that particular organization. When the organization did not state expressly but implied the activity or function of a role, then that role is noted implied. For example, the CEO of Organization C mentioned that the one of the jobs of the board of directors is to see that all the boxes are checked, which implies that legal obligations are being met.

Table 3.4

Pilot Study Summary of Board Roles for Subject Organizations

Role of Governing Board*	Organization A BOD	Organization B BOD	Organization C	Organization D
See that organizational activities align with the mission	Expressed	Expressed	BOD – Expressed AB – Implied	BOD – Expressed
Long-range planning and establishing policies	Expressed	Expressed	BOD – Expressed	BOD – Expressed AB – Expressed
Financial Viability and resource development	Expressed	Expressed	BOD – Expressed AB – Expressed	BOD – Expressed AB - Expressed
Meet legal and ethical obligations	Implied	Implied	BOD – Implied	BOD - Implied
Employing and managing the CEO	Expressed	Expressed	BOD - Expressed	Not mentioned
Act as representatives of the organization to its constituencies and communities	Expressed	Expressed	BOD – Implied AB – Expressed	BOD – Implied AB - Expressed

**Ostrower & Stone, 2009*

The pilot project identified that additional boards in nonprofit organizations play a role in the governance structure and processes. The advisory boards of the two multiple board organizations each had a role in fundraising and acting as representatives of their organizations. One of the multiple board organizations had advisory board members serve on governing board committees, engage in feedback on the strategic plan, and had the advisory board chair serve on the governing board. Both the CEO and board chair of this organization considered the advisory board a strategic entity of its governing structure. Additionally, it was found the CEOs had a role in board member recruitment for both the governing and advisory boards as well as having important roles in board development efforts.

The findings of the pilot project informed the development of the model for this dissertation in the following ways:

1. Additional boards in a single nonprofit organization have roles that overlap those of the governing board.

2. The CEO is a key participant in board member recruitment of both the governing and advisory boards.
3. The CEO participates and at times plans and initiates board development activities.
4. Additional boards in a single organization exist in multiple nonprofit industries.

These factors are supported in the literature as discussed in the preceding chapter.

Population, Sampling and Data Sources

Many studies focused on nonprofit governance issues have been single industry studies, which have several advantages. First, interindustry differences that affect how variables interact with environmental contingencies are controlled for with greater accuracy. Second, intra-industry heterogeneity can be more readily identified in studies of a single industry and controls for such heterogeneity included where they are warranted. Third, conducting single-industry studies generally have higher internal validity, which is an important first step in testing new ideas. (Finkelstein & D'Aveni, 1994; Shadish, Cook, & Campbell, 2002) These are important reasons to study an individual industry, but there are two reasons for expanding this research to include multiple industries. The first is the interest in testing the generalizability of the ideas presented in this dissertation across industries. Second, the research conducted by Saidel on advisory boards determined that such boards exist in multiple nonprofit industries. The organizations with advisory boards in Saidel's research represented arts and culture, general health, mental retardation and developmental disabilities, and social services. Therefore, this dissertation will examine three nonprofit industries, analyzing each individually and then comparing results across the three.

The National Taxonomy of Exempt Entities (NTEE-CC) was developed in the mid-1980s to provide a categorization of nonprofits. There are ten major categories that are then divided

into twenty-six major groups representing the various fields of industry in which nonprofits operate. According to Thornton (2006), the NTEE taxonomy operates similarly to the for-profit Standard Industrial Classification (SIC) codes. In his research on the impact of competition on nonprofit fundraising, Thornton further refined the classification by restricting attention to those classes of charities within the overall population of nonprofits who compete in relatively well-defined markets. The selection criteria used by Thornton to filter the NTEE categories are as follows:

- *The charities within the classification are local, in terms of consumption of output and source of donations.*
- *The charities within the classification are reasonably homogenous across geographic markets.*
- *The charities within the classification provide services that are substantially distinct from for-profit firms.*
- *The charities within the classification should receive a nontrivial fraction of their revenues from donations. (p. 210)*

Using these criteria, Thornton distilled a list of sixteen subsectors and representing a broad cross-section of nonprofit organizations ranging from arts to human services. For this dissertation, the sample will be selected from five of these subsectors. These include homeless shelters (L40-L41 and P85); community centers (P28); family counseling (P46); senior centers (P81); and residential care and group homes (P73).

To further refine the list from which the sample will be drawn, the following additional criteria will be applied.

- The nonprofit is a 501(c)3 filing form 990.

- The nonprofit is currently in operation.
- The nonprofit is not a subsidiary of another firm.
- The nonprofit does not have negative revenue and non-zero expense filings on form 990.

Additionally, research conducted by Lecy and Searing found that nonprofits with revenues between $100,000 and $550,000 report a sharp rise in overhear with overhead diminishing beginning at $550,000. From the perspective of this research and considering the possible reasons advisory boards exist – legitimacy being one, it would be appropriate to potentially have representative organizations both large and small. Therefore, the sample was drawn with organization size between $100,000 and $15 million. It is interesting to note that the sample for the pilot study included organizations in this range. Size was not a determinant for inclusion in the pilot study but was noted in the analysis.

The following table provides the name and description of each sector and the number of organizations that exist in each sector according to the NTEE data.

Table 3.5

NTEE Codes for Population

NTEE Codes	Description	Number of Organizations
(L40-L41; P85)	Homeless shelters	1616
(P28)	Community Centers	947
(P46)	Family Counseling	460
(P73)	Residential Care and Group Homes	1019
(P81)	Senior Centers	1870

From this population of 5,912 organizations, a random number generator will be used to select 1,818 organizations for the sample. A 30% response rate will ensure a confidence level of 95% and a confidence interval of 5%. From this sample a total of 1,143 emails were found for the CEO or organization. The emails were found through an internet search using GuideStar and

Google. The emails were addressed to the CEO who was the person requested to take the survey.

Of the 1,143 initial introduction emails sent, 131 were undeliverable. The following table represents the final number of successful attempts to send the survey and respondents.

Table 3.6

Summary of Final Number of Survey Recipients

Total Emails sent via Survey Monkey	1012
Number of emails bounced	17
Number of recipients who opted out	31
Final number of recipients reached	964

There was an initial 177 responses, a 18.36% response rate, of which four declined to take the survey and seven who responded yes to the participation question but did not answer any questions. Due to item non-response another twenty cases were removed from analysis leaving 146 responses used for analysis. This yielded a 15.15% response rate.

Board Role Fulfillment

While the role of the nonprofit board has been an important topic in nonprofit governance research, no one scale for measuring the board role has been developed. As presented in the literature review, the empirical study of board roles has primarily been self-reporting of nonprofit executives as to what is considered the most important role(s) of the board.

Inglis and Weaver (1999) generated items describing the board's role from relevant nonprofit literature and from their personal work experiences. A panel of experts was assembled to verify the conceptual appropriateness of the items in the scale. The panel was comprised of ten members selected from a variety of academic and professional practice perspectives. Content validity was determined by having the panel provide feedback on the clarity of the wording of the instructions and items, as well as additional items to consider, any items to delete and if the

items reflected the general question asked in the section. Following examination by the panel, the research questionnaire was distributed to a small sample of students and professionals. These individuals were asked to complete the questionnaire, provide feedback on the clarity of wording, and indicate the time taken to take the survey. Some minor changes were made to the instruction wording. The final scale contained fourteen items. The fourth stage was to administer the survey. Respondents were asked to rate the items on importance and fulfillment using a five-point scale with five being the high.

Fifty-four organizations were surveyed with 594 questionnaires distributed to executive directors and board members of organizations listed at a local volunteer center. There were 242 respondents for a response rate of 40.7% and all returned surveys were usable. The following table provides list of the fourteen roles in order of importance.

Table 3.7

Governing Board Role Means (Inglis, et. al, 1999)

Role	Importance (Mean & SD)
1. Responding to community needs	4.53 (.74)
2. Ensuring a mission and vision for the organization	4.50 (.83)
3. Developing and assessing long-range plans and overall strategy for organization	4.24 (.94)
4. Setting financial policy	4.22 (.94)
5. Setting policy from which the paid staff and program volunteers can deliver the programs and services	4.13 (1.01)
6. Developing collaborations and partnerships	4.03 (1.02)
7. Evaluation of the ED/CEO's performance	4.01 (1.10)
8. Ongoing evaluation of how well the board is doing	3.91 (1.04)
9. Annual budget allocations	3.90 (1.04)
10. Raising funds for the organization	3.88 (1.16)
11. Advocating for the interests of certain groups or persons the organization serves	3.75 (1.19)
12. Developing specific programs and services	3.50 (1.22)
13. Delivering specific programs and services	3.40 (1.36)

Following the results of the survey, the researchers were interested in knowing if the fourteen roles and responsibilities would fall into meaningful groupings. To determine if this was so, factor analysis was employed. The three factors chosen were strategic activities, operations, and resource planning. However, there were some weak loadings and cross-loadings in the factor analysis results.

What Inglis et. al. found in their research is supported in more recent research as well. To explore how board roles are prioritized by nonprofit executives, Brown and Guo (2010) conducted semi-structured telephone interviews with 121 community foundation executives. The CEO's were asked to describe what activities and/or roles of the boards were important to them. Interestingly, executives in larger organizations tended to discuss more roles (three to four), while executive in smaller organizations tended to discuss fewer roles (two to three). The researchers used NVivo qualitative software to code the interview transcripts. The researchers used an iterative process to classify and reclassify roles to reduce redundancy and minimize small response sets resulting in a final list of thirteen roles. These roles are listed below.

Table 3.8

Frequency of Governing Board Role Prevalence (Brown and Guo, 2010)

Role	Percentage of Respondents Indicating this Role
Fund development	55
Strategy and Planning	46
Financial oversight	43
Public relations	37
Board member vitality	30
Policy oversight	27
Relationship to executive	21
Provide guidance and expertise	19
Facilitate granting	16
Generate respect	9
Be a "working board"	7
Board membership	7
Become knowledgeable	6

The roles identified in the research presented by Brown and Guo (2010) are very similar to those found by Inglis, et. al. (1999). For example, "fund development" equates to "raising funds for the organization." It is also interesting to note that even when an inductive approach is taken, the roles identified as important for nonprofit boards to perform remain fairly consistent with board roles developed from the literature and theory. For the research in this dissertation, board role fulfillment will be conceptualized using thirteen of the fourteen board roles developed by Inglis, et. al (1999), which is supported by the research of Brown (2007) and Brown & Guo (2010). The role "hiring paid senior staff other than the CEO" will be dropped from the list as was not ranked high in Inglis, et. al. research and not supported by other relevant literature.

The empirical research on board roles suggests that there is variation in which roles are considered important and which roles are actually performed and to what degree. Board role fulfillment will be measured using the list of roles developed by Inglis, et. al. (1999). Respondents will be asked to indicate on a 5-point scale from the "role is not performed" to the "role is performed, and we are satisfied with our performance."

Figure 3.1 Governing Board Role Fulfillment Variable

The survey items for the governing board roles asked the respondents to indicate the extent to which your board performs each of the following roles. The response options were "not at all" to "To a great extent."

Advisory Boards

Saidel (1998) found that advisory boards supplement, duplicate and at times seem to replace governing boards in various governance areas. The variable advisory board will be measured two ways. The first is simply is there an additional board other than the governing board present in the organization. Second, the roles of the advisory boards of the organizations surveyed will be measured using the same thirteen indicators as for the governing board role fulfillment variable.

Figure 3.2 Advisory Board Roles

Respondents were asked to indicate if their organization has an additional board, group, or council separate from the governing board such as an advisory board by indicating yes or no. If yes, they were asked to indicate the extend to which your advisory board performs the following roles. The response options were "not at all" to "To a great extent."

Board Development

The variable board development has several scales in the literature. The one that seems to best fit the purpose of this dissertation is that developed by William Brown (2007). In this research, board development was conceptualized as having three features: recruitment, orientation, and evaluation. Two surveys were prepared and sent to sixteen hundred chief executives in a national sample of credit unions. The CEO's were asked to complete one survey and forward the other to the board chair. A response rate of 42 percent was achieved for a total

of 1,051 respondents (672 CEO and 379 board chairs). Survey respondents were asked to indicate on a five-point scale the extent to which their board reflected these practices. There were three questions asked regarding recruitment practices and evaluation. Four questions were asked regarding orientation. The researcher used a factor loading cut off of .60 resulting in one question regarding training being dropped for further analysis. All scales indicated sound internal consistency with reliability scores (Cronbach alpha) above .77 for each. To confirm the reliability of scale items, the factor analysis was repeated for two subsamples of executive and board chair response, which revealed consistent structural features and factor loadings confirming the reliability of the measures. The following are the indicators for each of the three board development practices.

Recruitment practices included were:

- The use of competency/skills profiles to assist with the nomination of new board members.
- A nomination committee that works throughout the year to identify a wide variety of potential board candidates.
- A strategic approach to ensuring the diversity of new board members.

Orientation practices included:

- A comprehensive orientation for new board members.
- An effective process for preparing new board members for their role.
- The presence of a board development plan.

Evaluation processes included:

- Individual board member performance evaluation
- A process for removing or replacing low performing board members.

- Evaluation of the board's performance overall.

Board development will be measured using three variables – recruitment, orientation and evaluation. Each of these variables has three indicators as described above. The survey respondents will be asked to indicate to which each of the following statements reflects practices used in their organizations using a 5-point scale with 1 being not at all and 5 being to a great degree

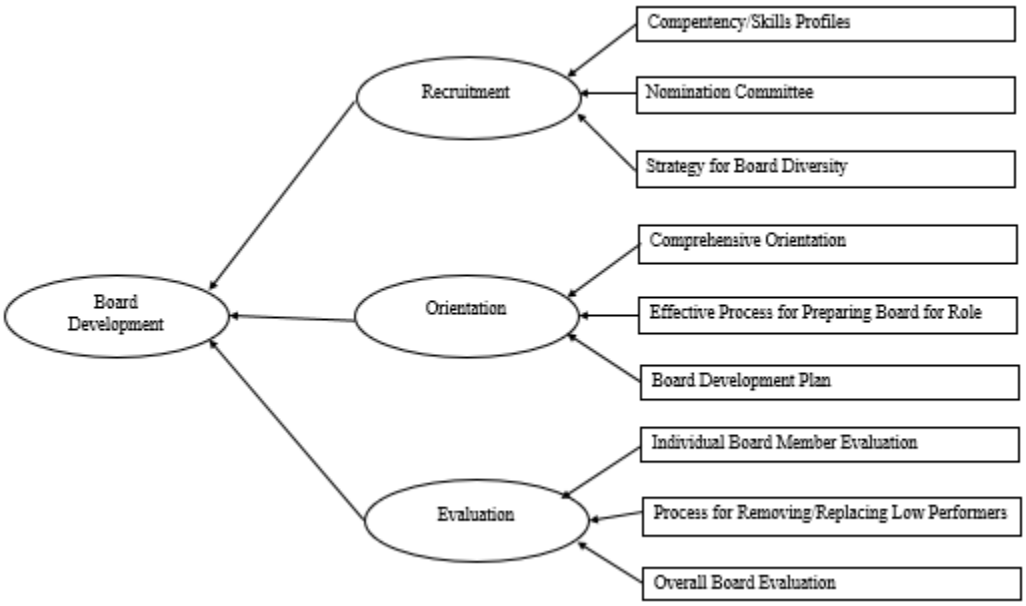


Figure 3.3 Board Development Variable

Respondents were asked to indicate the extent to which each of the following statements reflects practices used by your board. The response options were "Not as all" to "To a great extent."

CEO Power

CEO power will be measured drawing from research by Finkelstein (1992); Maitlis (2004); Westphal & Zajac (1995); Gavin (2014); Finkelstein & D'Aveni (1994); Brown & Guo

(2010); and LeRoux & Langer (2016). Power is conceptualized as gained through structural position as well as a process occurring over time (Anderson & Brion, 2014).

Finkelstein (1992) identified four types of power: structural, expert, prestige and ownership. Finkelstein measured structural power with three indicators: compensation, number of titles, and percentage with higher titles. As this research looked at management teams not just the CEO, the following adjustments are made drawing from relevant literature including Finkelstein. CEO's generally have high structural power within the organization because of their formal position (Finkelstein, 1992), which gives them the "legislative right" to exert influence. Control of information is one way in which influence can be exerted (Finkelstein, 1992; Maitlis, 2004). CEO's who control what information and timing of the information shared is another indicator of the CEO's structural power (Finkelstein, 1992; Maitlis, 2004; Fama and Jensen, 1983). Another aspect of the power of the CEO is their role in board member selection as has been demonstrated in the literature (Westphal & Zajac, 1995). CEO's often manage or sit on the board's nominating committee potentially exerting influence on who is selected for board membership (Westphal & Zajac, 1995). David J. Gavin (2014) found a significant relationship between CEO board nominations and CEO entrenchment. CEO duality is another indicator of structural power (Finkelstein and D'Aveni, 1994; Gavin, 2014). CEO duality exists when the CEO is a voting member of the board.

According to Finkelstein and D'Aveni (1994) informal CEO power derives from sources of influence not directly related to the CEO's formal position in the organization. Informal power in this research relates to Anderson and Brion's (2004) descriptions of the process of gaining power or realizing power over time. Finkelstein and D'Aveni (1994) included CEO

tenure and CEO elite education as measures of informal power. CEO tenure was used as a power measure by Brown & Guo, 2010; Guo, 2007 and Westphap & Zajac, 1995.

The variable ownership power is limited in nonprofit organizations as noted by Finkelstein (1992). However, those CEOs who are founders have some ownership interests in the organization. Regarding the measurement of the power dimensions studied in the research, construct validity, internal consistency and discriminate validity were tested. All measures met accepted cutoffs for supporting the reliability and validity of the power dimensions.

For this dissertation, CEO power will be measured using three power scales – structural, informal and ownership. The indicators for each variable are as follows.

Structural Power

- Is CEO a member of the board nominating committee?
- Does the CEO have primary responsibility for creating the board meeting agenda?
- Is the CEO a voting member of the board?

Informal Power

- Frequency of CEO meetings with Board Chair
- CEO is primary person responsible for sharing information with the board.
- CEO's level of education
- CEO tenure in position

Ownership

- CEO is the founder

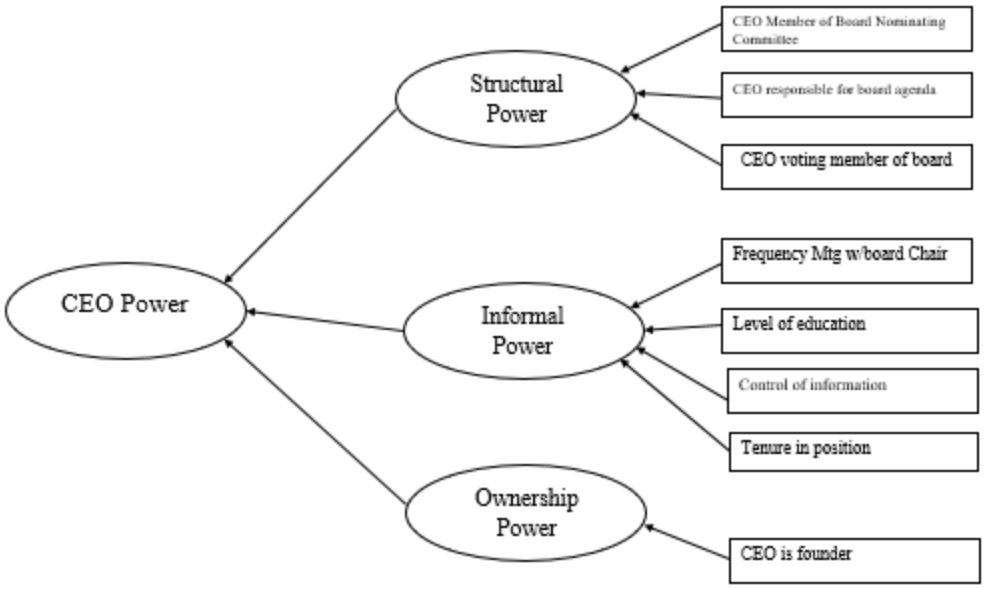


Figure 3.4. CEO Power Variable

The survey items for CEO power included dichotomous and scale items as well as continuous. Respondents were asked how many years has the current CEO/ED been in his or her role? For education, respondents were asked to indicate what level of education does the CEO/ED have. The options were HS or equivalent; some work toward Bachelor's degree; Bachelor's degree, Masters degree; EdD or PhD; and JD. Respondents were asked to indicate if they are the founder of the nonprofit organization; if they are a voting member of the governing board; and are they are member of the governing board nominating committee by indicating yes or no. Respondents were asked how much responsibility does the CEO/ED have for creating the governing board agenda. Response options were "None" to "Total." Respondents were asked how frequently the CEO/ED meets with the governing board chair? The responses were "Not at all" to "Once a week or more." Lastly, respondents were asked to what extent is the CEO/ED the primary person responsible for sharing information (reports, etc) with the governing board. The responses were "Not at all" to "Total."

In addition to the variables discussed above, eight control variables will be included – organizational size, mission focus, size of governing board, age of organization, the gender and ethnicity of the CEO, board chair gender and ethnicity, size of advisory board, and advisory board chair gender and ethnicity (Stone and Ostrower, 2007; Brown, 2007).

Operationalization of Variables

The following table provides a summary of the variables, their definitions, supporting literature, indicators and sources of scales being used.

Table 3.9

Summary of Operationalization of Variables

Variable	Definition	Supporting Literature	Indicators	Scales/Items
GB Board Role Fulfillment (DV)	Perception of what functions the board performs	Inglis, et.al.(1999) Brown (2007) Brown & Guo (2010)	13 board roles	Inglis, et. al (1999)
Board Development (IV)	The effort(s) to improve the performance of a nonprofit governing board	Holland & Jackson, 1998 Holland, Chait & Taylor, 1989 Brown, 2007	Recruitment Strategies, Orientation of members, Performance evaluation	Brown, 2007
CEO Power (IV)	Ability to exert will; influence over others	Finkelstein, 1992 Brown, 2010 Westphal & Zajac, 1995 Anderson & Brion (2004)	Structural Realized Ownership	Finkelstein, 1992 Finkelstein & D'Aveni 1994 Maitlis, 2004 Gavin, 2014
Advisory Board role (IV)	Perception of what functions the AB performs	Saidel,1998	13 board roles	Inglis, et.al. (1999)
Organizational Size	Control Variable	Stone & Ostrower, 2007	Expenditures	Stone & Ostrower, 2007
Organizational Mission Focus	Control Variable	Brown, 2007	Industry area	Brown, 2007
Size of board	Control Variable	Brown, 2007	Number of current members	Brown, 2007
Age of Organization	Control Variable	Brown, 2007	Years in operation	Brown, 2007
CEO Gender & Ethnicity	Control Variable	Brown, 2007	Gender & ethnicity	Brown, 2007
Board Chair Gender & Ethnicity	Control Variable	Brown, 2007	Gender & ethnicity	Brown, 2007
Size of Advisory Board	Control Variable	Saidel, 1998	Number of current members	Saidel, 1998
AB Chair Gender & Ethnicity	Control Variable	Saidel, 1998	Gender and ethnicity	Saidel, 1998

The relationship between the CEO and the advisory board and its effect on the role fulfillment of the governing board is of primary interest in this research. Given that the CEO

plays a key role in the relationship of the advisory board to the organization, it is posited that the CEO's power strongly influences the role of the advisory board. It was also summarized from the literature that executive leadership has significant influence on levels of board activities and board roles. The diagram, again repeated *Figure 1.1*, below depicts the proposed relationships between the variables of interest.

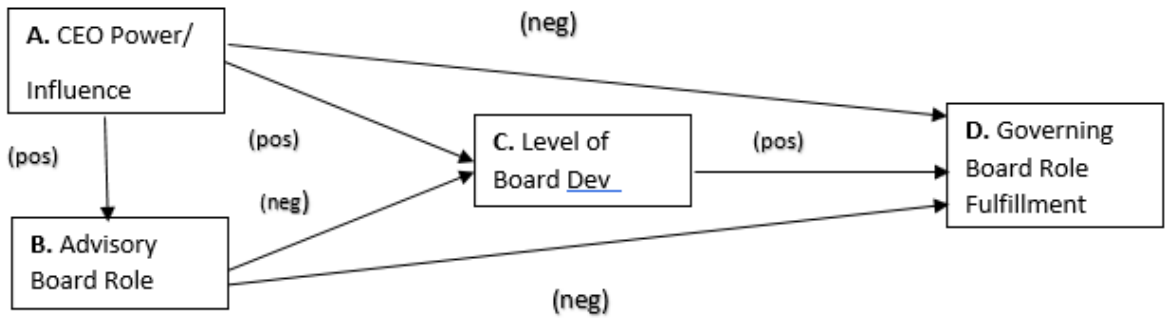


Figure 1.1. Model of Key Variables to be Examined

Variables	Propositions
A → B	The greater the power of the CEO, the greater number of roles performed by the Advisory Board.
A → C	CEO Power has a positive effect on levels of board development.
A → D	The greater the power of the CEO, the fewer roles fulfilled by the governing board.
C → D	Higher levels of board development will have a positive effect on governing board role fulfillment.
A → C → D	The greater the power of the CEO and higher levels of Board Development together have a positive effect on governing board role fulfillment.
B → C	The greater number of roles assumed by the Advisory Board will have a negative effect on the level of Board Development.

B → D	The greater number of roles assumed by the Advisory Board will have a negative effect on governing board role fulfillment.
B → C → D	Advisory board roles and higher levels of board development will have a positive effect on governing board role fulfillment.
A → B → C → D	Greater CEO Power and Advisory Board role together have a positive effect on the level of board development and governing board role fulfillment.

Reliability Analysis

A reliability analysis was carried out on the scale variables CEO Power, Advisory Board Roles, Governing Board Development Practice and Governing Board Role Fulfillment. The CEO power scale is comprised of eight items, and Cronbach's alpha showed the questionnaire did not reach acceptable reliability, $\alpha = -0.013$, which was due to a negative average covariance among the items. The remaining scale variables did reach acceptable reliability as presented in the following table.

Table 3.10

Reliability Scores for Key Variables

Item	Cronbach's Alpha	N of items
Governing Board Role Fulfillment	.857	13
Governing Board Development Practices	.912	9
Advisory Board Roles	.863	13

The nine questions related to what extent the board practices each board development practice were factor analyzed using principal component extraction with Varimax rotation (orthogonal). KMO and Bartlett's test of sphericity indicate that it is reasonable to proceed with factor analysis for this set of variables. However, the items loaded onto only one component.

Table 3.11

KMO and Bartlett's Test for Governing Board Role Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.912
Bartlett's Test of Sphericity	Approx. Chi-Square	730.609
	df	36
	Sig.	.000

Table 3.12

Board Development Factor Analysis Component Matrix

Component Matrix

	Component 1
GBdelpr1	.823
GBdelpr2	.865
GBdelpr3	.842
GBdelpr4	.707
GBdelpr5	.704
GBdelpr6	.785
GBdelpr7	.716
GBdelpr8	.715
GBdelpr9	.752

The rotated component matrix was not produced as all items loaded onto one component.

The Kaiser-Meyer-Okin measure of sampling adequacy for the CEO power items indicated that the strength of the relationships among the items was low. The overall KMO statistic does not reach the acceptable cut-off of .60 or even the more lenient .50 cut-off that may be used for exploratory research (Garson, 2011).

Table 3.13

KMO and Bartlett's Test for CEO Power

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.486
Bartlett's Test of Sphericity	Approx. Chi-Square	60.270
	df	28
	Sig.	.000

The factor analysis results for governing board role fulfillment and advisory board roles are presented in Appendix A.

Methods

The main purpose of the dissertation is to explore the relationships and effects of CEO power, presence of an advisory board and governing board development practices on governing board role fulfillment. Key to this research was determining the number of cases with advisory boards present. Central tendency statistics and frequencies were computed for all the items making up the variables of interest. As the reliability and factor analysis did not empirically support use of the scale variables, a bivariate correlation analysis was done to determine the extent to which the variables items are related.

Cluster analysis was performed to establish groups based on CEO power characteristics followed by analysis of the groups. ANOVA was used to determine if the characteristics of the clusters differed significantly and was used also to examine effects of one variable on another. The cluster analysis determined some interesting patterns leading to exploratory factor analysis on governing board roles. Regression analysis was performed to determine what effect size and relation to the dependent variable existed among the independent variables.

Following the cross-sectional survey research, interviews were conducted with CEOs of organizations with advisory boards who participated in the survey. In Chapter 2, literature was

presented that frames CEO power as a process. The exploration of the relationships between CEO power, governing board roles and advisory board roles was extended through interviews with nonprofit CEOs. A semi-structured interview approach was designed to gain a richer understanding of these relationships.

There were twenty-nine survey respondent CEOs whose organizations have advisory boards. These CEO were contacted via email requesting their participation in an interview. The initial response was five with one dropping out leaving four interviews conducted. The interview questions were designed to learn more about the role of their advisory boards, the CEO perception of the performance of the advisory board and governing board. They were also asked what if any activities did the two boards engage in together. While the CEOs were asked in the survey to rate their advisory and governing boards, the interviews allowed for a deeper investigation into how these boards may interact. Additionally, the CEO was asked about their role in developing the purpose of the advisory board as well as their role in the selection, recruitment and appointment of members of either board. CEOs were asked to describe their role with board development activities and the level of responsibility they have for these activities. These questions were designed to investigate the CEOs influence on the board related to their board's composition, activities and agendas. This extended what was learned in the survey regarding the CEOs control of information to the board and the CEOs level of responsibility for the board's agenda.

The results of the statistical analysis are presented in Chapter 4, and the qualitative analysis is presented in Chapter 5.

CHAPTER 4: ANALYSIS AND RESULTS

As described in Chapter 2, research shows there is much variation across and within nonprofit board roles and responsibilities. The research presented in this dissertation attempts to explore two possible reasons – CEO power and the presence of an additional board. This chapter presents the data analysis and findings from the surveys completed by nonprofit CEOs. The research questions examined are:

R1: What effect does the CEO's power with the presence of an advisory board have on the governing board's role fulfillment?

R2: When an advisory board is present, what effect does board development have on governing board role fulfillment?

To explore these questions a survey was administered to 964 nonprofit organizations representing the nonprofit human services sector. The population from which the sample was extracted using a random number generator consisted of the following NTEE codes as presented in Chapter 3 (Table 3.5).

NTEE Codes for Population

NTEE Codes	Description	Number of Organizations
(L40-L41; P85)	Homeless shelters	1616
(P28)	Community Centers	947
(P46)	Family Counseling	460
(P73)	Residential Care and Group Homes	1019
(P81)	Senior Centers	1870

From the population a random sample was drawn yielding 1,819 organization. A search via Google and GuideStar was used to find usable contact information, which was found for 964 of the 1,819 organizations. The emails sent via Survey Monkey resulted in responses from 177 organizations of which 146 were used for analysis. The following table indicates that the sample

and the respondent group are representative of the population by NTEE code or type of organization.

Table 4.1

Type of Nonprofit Organization in Population, Samples, and Respondents by NTEE Code Percentage

NTEE Codes	Description	Population Percent	Random Sample Percent	Email Recipient %	Survey Respondents %
(L40-L41; P85)	Homeless shelters	27.33%	27.76%	30.19%	29.45%
(P28)	Community Centers	16.03%	16.10%	17.80%	15.75%
(P46)	Family Counseling	7.78%	7.86%	8.90%	6.85%
(P73)	Residential Care and Group Homes	17.23%	16.83%	13.50%	12.32%
(P81)	Senior Centers	31.63%	31.45%	29.61%	29.45%

Based on the percentage of organizations by NTEE code, the survey respondent group is representative of the population by type of organization.

The following tables provide information on the mean of the size and age of the organizations by population, samples and respondent groups.

Table 4.2

Descriptive Statistics for the Population of Nonprofit Organizations (N = 5912)

	Minimum	Maximum	Mean	SD
Organization Size ($)	$91,133.00	$102,672,368.00	$1,792,199.05	$3,297,185.13
Age (years)	2	117	30.5	39.78

Table 4.3

Descriptive Statistics for the Random Sample of Nonprofit Organizations (N = 1819)

	Minimum	Maximum	Mean	SD
Organization Size ($)	$100,128.00	$14,883,767	$1,655,253.83	$2,549,287.73
Age (years)	2	137	30.15	16.364

Table 4.4

Descriptive Statistics for the Email Recipient Nonprofit Organizations (N = 964)

	Minimum	Maximum	Mean	SD
Organization Size ($)	$100,128.00	$14,883,767.00	$1,962,895.00	$2,669,694.68
Age (years)	2	110	31.42	16.735

Table 4.5

Descriptive Statistics for the Respondent Nonprofit Organizations (N = 146)

	Minimum	Maximum	Mean	SD
Organization Size ($)	$123,456	$16,109,090	$1,761,546.43	$2,640,713.397
Organization Age (years)	4	92	31.37	15.659

Using t-tests to determine if the population, random sample, email group and respondents did or did not differ significantly from one another, it was found that the Random Sample and the Email Recipient groups differed significantly for size. This is most likely due to organizations whose emails can be found via a google search have greater technological capacity, which tends to be correlated with organizational size. Therefore, it is not surprising that the survey recipient organizations are slightly larger than those whose emails were not found. This may potentially limit the generalizability of the results presented in this dissertation to those organizations in the NTEE codes that have an email address. The t-tests for the group comparisons for population and random sample as well email recipients and respondents were found not significant. The results of the t-tests are presented in the table below.

Table 4.6

Population and Random Sample Means for Age and Size

	Group					
	Population		Random Sample			
	M	SD	M	SD	t	df
Age	29.66	15.47	30.15	16.364	-1.744*	5909
Size	$1,793,330.51	$3,453,731.84	$1,655,253.83	$2,549,287.73	.040*	5910

**p* = ns

Table 4.7

Random Sample and Email Group Means for Age and Size

	Group					
	Random Sample		Email Group			
	M	SD	M	SD	t	df
Age	28.70	15.82	31.42	16.735	-3.547*	1815
Size	$1,308,392.46	$2,360,208.176	$1,962,895.40	$2,669,694.68	-5.509**	1817

*p = ns, **$p < .001$

Table 4.8

Email Group and Respondents Means for Age and Size

	Group					
	Email Group		Respondents			
	M	SD	M	SD	t	df
Age	31.32	16.782	31.37	15.659	-.460*	958
Size	$1,945,919.39	$2,610,534.985	$1,761,546.43	$2,640,713.397	-.364*	958

*p = ns

Relationships Examined

The following list represents the proposed relationships among the variables of interest. These relationships are explored through the data analysis described in this chapter.

Variables	Propositions
A → B	The greater the power of the CEO, the greater number of roles performed by the Advisory Board.
A → C	CEO Power has a positive effect on levels of board development.
A → D	The greater the power of the CEO, the fewer roles fulfilled by the governing board.
C → D	Higher levels of board development will have a positive effect on governing board role fulfillment.
A → C → D	The greater the power of the CEO and higher levels of Board Development together have a positive effect on governing board role fulfillment.
B → C	The greater number of roles assumed by the Advisory Board will have a negative effect on the level of Board Development.
B → D	The greater number of roles assumed by the Advisory Board will have a negative effect on governing board role fulfillment.

B → C → D	Advisory board roles and higher levels of board development will have a positive effect on governing board role fulfillment.
A → B → C → D	Greater CEO Power and Advisory Board role together have a positive effect on the level of board development and governing board role fulfillment.

Survey Responses Descriptive Statistics

The survey was administered via Survey Monkey to nonprofit CEO's. As previously reported in Chapter 3, 177 nonprofit CEO's responded to the survey. Of those, 146 surveys were usable.

The respondent organizations have a mean age of 31.37 (SD of 15.659) years. The mean size of the respondent organizations was $1,761,546.43 (SD of $2,640,713.40). The governing board size mean was 12.53 (SD of 6.199). BoardSource reported in *Leading with Intent* (2017) the average board size to be fifteen members and reported governing board size to be declining over the past two decades.

Table 4.9

Descriptive Statistics for Respondent Organizations

	Mean	SD
Respondent Organization Age	31.37	15.659
Respondent Organization Size	$1,761,546.43	$2,640,713.40

Of the nonprofit CEO respondents, 69% were female and 31% male. The research found the respondent organization board chairs were 59.9% and 40.1% female. In the same report referred to above, BoardSource (2017) reported that respondent CEOs were 72% female and 28% male, while board chairs were 58% male and 42% female. This indicates that the governing board size, CEO gender and board chair gender statistics in this study are consistent with other national samples.

Table 4.10

Frequencies of CEO Gender & Board Chair Gender for Respondent Organization Compared with BoardSource Data

	Male	Female
Respondents CEO gender percentage	31%	69%
BoardSource CEO gender percentage	28%	72%
Respondents Board Chair gender percentage	59.9%	40.1%
BoardSource Board Chair gender percentage	58%	42%

CEO Power

CEO power was measured with nine items in the survey. Three of the items were measured by a yes/no response. These included:

- Is the CEO a founder? 10.3% of respondents are founders.
- Is the CEO a voting member of the governing board? 9.7% of respondents are voting members
- Is the CEO a member of the governing board nominating committee? 48.6% are members of governing board nominating committee.

Table 4.11

Frequency of Founders, Voting Member, Nominating Committee Member (N = 146)

	Frequency	Percentage
CEO is Founder	15	10.3%
CEO is Voting Member of Board	14	9.7%
CEO is Member of Nominating Committee	71	48.6%

The tenure of the CEO was measured in years. The respondent CEOs had been in their roles M 9.02 SD 8.21. The extent to which the CEO is responsible for the governing board agenda was measured on a scale of one to five with one being no responsibility and five representing total responsibility. The extent the CEO is the primary person responsible for sharing information with the governing board was measured also on a scale of one to five with one being not at all to five being total responsibility. The frequency of the CEO meeting with

the governing board chair (not including board meetings) was also measured on a five-point scale with one being not at all and five being once a week or more.

Table 4.12

Descriptive Statistics for CEO Tenure, Responsible for Board Agenda, Control Information and Meeting Frequency with Board Chair

	N	Minimum	Maximum	Mean	SD
Tenure (years)	144	0.33	40	9.02	8.21
CEO Responsible for Board Agenda	146	0	4	2.75	.923
CEO Controls of Information	146	1	4	3.18	.621
CEO Mtg Frequency with Board Chair	146	0	4	2.17	.992

Respondents were asked to identify the highest level of education attained by the CEO. There were six possible responses, which are represented in the chart below identifying the frequencies of the responses.

Table 4.13

Table *Frequency of level of education for nonprofit CEO respondents*

Level of Education	**N**	**Percent**
High School or Equivalent	3	2.1
Some work toward bachelor's degree	14	9.6
Bachelor's Degree	62	42.5
Master's Degree	59	40.4
EdD, PhD or JD	8	5.5
Total	146	100.0

Governing Board Role Fulfillment

Governing board role fulfillment was measured using a thirteen-item scale. Participants were asked to rate their board to the extent to which the board performed the roles measured on a scale of one to five with one being not at all and five being to a great extent. The table below lists the means and standard deviations for each of the thirteen governing board roles.

Table 4.14

Descriptive Statistics for Governing Board Role Performance

Governing Board Role	N	Mean	SD
7 – Evaluates the executive director/CEO's performance	145	4.14	1.074
2. Ensures the mission and vision for the organization	143	4.08	0.965
4. Sets financial policy	144	4.06	1.098
3. Develops and assesses long-range plans and overall strategy for the organization	143	3.78	1.189
11. Advocates for the interests of certain groups/persons the organization serves	142	3.35	1.25
9 – Makes annual budget allocations	142	3.31	1.42
5. Sets policies from which the paid staff and program volunteers can deliver the programs and services	145	3.3	1.355
10 – Raises funds for the organization	143	3.07	1.185
1. Responds to Community Needs	143	3.06	1.174
8 – Ongoing evaluation of how well the board is doing	143	2.84	1.22
6 – Develops collaborations and partnerships	143	2.7	1.088
12 – Develops specific programs and services	143	1.87	0.985
13 – Delivers specific programs and services	144	1.61	0.99

Governing Board Development Practices

Governing board development practices were measured using nine survey items. Survey respondents were asked to indicate the extent to which each practice is used by their governing board. The responses were measured on a scale of one to five with one representing not at all and five representing to a great extent.

Table 4.15

Descriptive Statistics for Governing Board Development Practices

Board Development Practice	N	M	SD
1 – Provides a comprehensive orientation for new board members	146	2.99	1.372
2 – Has an effective process for preparing new board members for their role	146	2.91	1.264
7 – Competency/skills profiles are developed and used to nominate new board members	146	2.87	1.391
9 – Strategies are in place to ensure a diversity of new board members	145	2.81	1.344
8 – The nominating committee works throughout the year to identify a wide variety of potential candidates	146	2.54	1.35
6 – Evaluates the performance of the board overall	146	2.49	1.227
3 – Has a board development plan	145	2.32	1.251
5 – Removes/replaces low performing board members	146	2.05	1.153
4 – Evaluates individual board member's performance	146	1.79	1.017

Advisory Board Roles

Survey respondents were asked if they had the presence of an additional board such as an advisory board in their organizations. If the respondent answered yes, they were asked to indicate the extent to which their advisory board performed the same thirteen roles performed by the governing board. The survey results found that advisory boards were present in 30.1% of the respondent organizations, which is representative of what BoardSource reports indicating that additional boards in nonprofit organization is not uncommon. Respondent organizations with advisory boards had a mean age of 35.10 (17.919) years, slightly older that the mean of the sample. Their governing boards were larger 13.39 (6.676). The organizational size (measured in dollars of expenses) of organizations with advisory board was also larger. The organizations with and without advisory boards regarding organizational age, organizational size and size of governing board were compared using independent sample t-test and the differences were found not significant.

Table 4.16

Comparison of Advisory Board Organizations and without Advisory Boards

	Advisory Board Mean & SD	**Governing Board Mean & SD**
Organizational Age (years)	35.10 (17.919)	29.78 (14.398)
Size of Governing Board	13.39 (6.676)	12.7 (5.979)
Organizational Size ($)	$1,937,598 (2,892,120.34)	$1,685,566.18 (2,536,983.83)

Advisory board roles were measured using the same scale as for governing board roles in order to determine how much if any additional boards such as advisory boards perform the same roles as governing board and to what extent. The following table provides the descriptive statistics for roles performed by advisory boards for the respondent organizations who have an advisory board present.

Table 4.17

Descriptive Statistics for Advisory Board Role Performance

Roles	N	M	SD
11. Advocates for the interests of certain groups/persons the organization serves	43	3.37	1.291
1 – Responds to Community Needs	43	3.21	1.264
2 – Ensures the mission and vision for the organization	43	3.00	1.272
6. Develops collaborations and partnerships	43	2.93	1.223
10. Raises funds for the organization	43	2.77	1.36
3. Develops and assesses long-range plans and overall strategy for the organization	43	2.53	1.26
12. Develops specific programs and services	43	1.84	1.022
13. Delivers specific programs and services	43	1.81	1.16
8. Ongoing evaluation of how well the board is doing	43	1.51	1.009
5. Sets policies from which the paid staff and program volunteers can deliver the programs and services	43	1.49	0.91
7. Evaluates the executive director/CEO's performance	43	1.49	1.142
4. Sets financial policy	43	1.44	1.031
9. Makes annual budget allocations	43	1.37	0.9

The examination if advisory boards and governing boards role performance differed using independent sample t-test found that organizations with advisory boards (M = 3.74, SD =

1.347) and those with only governing boards (*M* = 4.20, *SD* - .949) differed significantly on the role sets financial policy, t = 2.304, $p < .01$. The role sets financial policy was the only role where performance differed significantly.

Transformation of Variables

Mean scores by case were computed for the governing board roles, board development practices, advisory board roles and CEO Power. A CEO structural power variable was computed by adding the scores of voting member of the governing board, member of nominating committee and responsible for governing board agenda.

Table 4.18

New Variables Means

		Mean Score for Variable	
Variable	n	M	SD
Governing Board	146	3.1686	.7204
Governing Board Development	146	2.5308	.9729
Advisory Board	43	2.2129	.7082
CEO Structural Power	146	1.30	.808
CEO Power	146	2.1692	.3765

Analysis of Relationships

Correlation analysis was conducted to examine to what extent the variables of interest are related - CEO power; governing board role fulfillment; governing board development practices; and the roles of the advisory board. The results of bivariate correlation analysis reported here are those with significant correlations. The full correlation matrices are available in the appendix.

A → B: CEO Power and Advisory Board Roles

The correlation between Advisory Board role mean score and CEO Founder was found to be statistically significant, $r\ (41) = +.324$, $p < .05$, two-tailed.

The bivariate correlation analysis of the thirteen advisory board roles and the CEO power variables CEO Founder, CEO Structural Power, CEO Tenure, CEO Controls Information, CEO

Meeting Frequency with Board Chair, and CEO Education Level found the following roles and power items to correlate significantly.

Table 4.19

Summary of Significant Correlations among CEO Power Items and Advisory Board Roles

	4. Sets Financial Policy	7. Evaluates CEO	9. Budget Allocations	10. Raises Money	12. Develops Programs & Services
CEO Founder	.482**		.357*		
CEO Structural		-.304*			-.328*
CEO Tenure				.316*	

** p <.01; *p < .05, two-tailed

CEO Founder power correlates positively and significantly with the advisory board roles "sets financial policy" and "budget allocations" both roles usually associated with governing activity. It is also interesting to note that the structural variable, which includes CEO Voting Member of Governing Board and CEO is Member of Nominating committee, two CEO roles that are possibly codified in the organization's by-laws and/or policies, correlate negatively and significantly with evaluation of the CEO. CEO Tenure correlates positively and significantly with the advisory board role raises money suggesting two possibilities: 1) this may hint at a role the advisory board performs to a greater extent; and 2) the possibility the longer a CEO is in his/her position the stronger their external relationships including those with advisory board members.

A → C: CEO Power and Board Development Practices

The CEO Power variables CEO Founder, CEO Structural Power, CEO Tenure, CEO Controls Information, CEO Meeting Frequency with Board Chair, and CEO Education Level and the nine governing board development practices relationship were analyzed with bivariate correlation. Two of the CEO power variables, CEO Controls Information and CEO Meeting

Frequency with Board Chair found significant correlations with governing board development practices. CEO Controls Information correlated significantly and negatively with eight of the nine board development practices while CEO Meeting Frequency with Board Chair correlated positively and significantly with six of the nine board development practices. The following table reports the results.

Table 4.20

Significant Correlations Among CEO Power and Governing Board Development Practices

	1. Comprehensive Orientation	2. Onboards Effectively	3. Board Development Plan	4. Evaluates Individual Mbrs
CEO Control Info	-.225**	-.163*	-.163*	-.180*
CEO Meeting Frequency w/ Board Chair	.168*	.199*	.237**	

**$p < .01$; *$p < .05$, two-tailed

	5. Remove Replace Low Performers	6. Evaluate Overall Board	7. Skills Profiles	8. Nominate all year	9. Diversity
CEO Control Info	-.263**		-.219**	-.219**	-.199*
CEO Meeting Frequency w/ Board Chair	.294*	.163*		.203*	

**$p < .01$; *$p < .05$, two-tailed

The CEO controls information may create an information asymmetry between the CEO and the governing board. The correlation analysis suggests that when the CEO controls information flow to the board there is a resulting negative relationship to what extent the board performs particular board development practices. Conversely, the positive and significant correlation between CEO Meeting Frequency with Board Chair and the board development practices suggests the possibility that a more collaborative relationship between the CEO and

board chair has a positive benefit to the organization and even a sense of shared power between the two.

A → D: CEO Power and Governing Board Role Fulfillment

Correlation analysis was performed with the CEO power variables as previously listed above and the thirteen governing board roles. Four of the CEO power variables and four of the governing board roles were found to significantly correlate but the direction of the relationship varied. The only positive and significant correlation was found between CEO meeting frequency with board chair and governing board role Evaluates CEO. This seems to suggest that a CEO who meets frequently with the board chair may influence the CEO evaluation role of the board. It is also interesting that CEO is a founder has a negative and significant correlation with the board's evaluation of the CEO role. However, no other governing board role had a significant correlation to the CEO is a founder variable. This may suggest that the importance, influence or power of the founding CEO to the organization may limit the board's role in evaluation of this person. The negative and significant correlation between CEO education level and the governing board roles of developing and delivering programs and services possibly hints at professionalization as this correlation shows the inverse relationship of the CEOs education level and the "day-to-day working" role of the board. The assumption being that a more professionalized nonprofit organization may be in the position to attract and hire a CEO with higher levels of education.

Table 4.21

Summary of Significant Correlations among CEO Power and Governing Board Roles

	6. Develops Partners	7. Evaluates CEO	12. Develop Programs & Services	13. Delivers Programs & Services
CEO Founder		-.240**		
CEO Structural	-.167*			
CEO Education			-.195*	-.185*
CEO Meeting Freq. w. Chair		.184*		

** p <.01; *p < .05, two-tailed

Considering the relatively small number of significant correlations between CEO power items and the thirteen governing board roles, an additional look at the relationships between the mean role scores and the CEO power items is warranted. In addition, the components of the CEO Structural Power variable were analyzed individually.

The correlation between CEO is a member of the governing board nominating committee and the Governing Board Mean Role Score was found to be statistically significant r (146) = -.184, p < .05. The correlation between CEO is a Voting Member of the governing board and the Governing Board Mean Role Score was not statistically significant. The Advisory Board Mean Role score did not correlate significantly with any of the CEO power variables.

It is interesting to note that the relationships between the CEO power variables and governing board roles, governing board development practices and advisory board roles have a mixed result of positive and negative relationships. This may suggest that the power of the CEO may vary across types of power, and that CEO power may have both a contextual and temporal nature.

B → C: Advisory Boards and Board Development Practices

The posited relationship between Advisory Board Roles and Governing Board Development practices was thought to be negative but only two roles were found to correlate

negatively and significantly with two of the Governing Board Development practices. Six of the thirteen advisory board roles were found to correlate positively and significantly with three of the governing board development practices. These are summarized in the table below

Also, the correlation between the Advisory Board Role mean score and the Governing Board Development Practice mean score was not statistically significant.

Table 4.22

Summary of Significant Correlations

	Governing Board Development Practices				
Advisory Board Role	**Orientation**	**Brd Dev Plan**	**Remove/ Replace**	**Nominate All Year**	**Diversity**
2 - Ensure mission and vision	.333*			.373*	.345*
3. Long-range planning & strategy		-.352*			
4. Sets Financial Policy				.318*	
5. Sets Policies for Program & Services for paid staff & volunteers				.352*	.312*
7. Evaluate CEO				.325*	.377*
8. Board Evaluation					.372*
9. Annual Budget Allocations				.442**	
12. Develops programs & services			-.316*		

** p <.01; *p < .05, two-tailed

The advisory board roles correlating with governing board development practices appear to relate to board roles defined by agency theory. It is also interesting that five of these roles correlate positively and significantly with the board development practices the nominating committee works all year and strategies in place to ensure a diversity of new board members.

B → D: Advisory Boards and Governing Board Role Fulfillment

The expected direction of the relationship between advisory boards and governing board role fulfillment is negative. However, the correlation analysis found only one negative and

significant relationship in examining the advisory board roles with the governing board development practices. The correlation between the advisory board delivers specific programs and services and governing board role raises funds for the organization was found to be statistically significant r (42) = -.316, p < .05.

Four roles of the advisory boards and the governing boards correlated positively and significantly. These are summarized in the table below.

Table 4.23

Summary of AB Roles Correlating to same Governing Board Role

Role of Advisory Board and Governing Board	*r*
1. Responds to Community Needs	.560**
6. Develops collaborations and partnerships	.425**
9. Makes annual budget allocations	.365*
11. Advocates for the interests of certain groups or persons the organization serves	.419**

N=42 **p < .01; *p < .05, two-tailed

Given the positive correlations among the advisory board and governing board roles, do CEOs see advisory boards as extensions or enhancements of their governing boards?

C → D: Board Development Practices and Governing Board Role Fulfillment

The relationship between governing board development practices and governing board role fulfillment were positive and significant for most of the roles and practices. The correlation between the Governing Board Development mean score and the Governing Board Role mean score was found to be statistically significant r (146) = .572, p < .001. The strength of the correlation suggests that governing board development practices may be a significant predictor of the governing board role performance. The full correlation matrix is available in Appendix A.

Control Variables Relationship with Governing Board Roles Score

Table 4.24

Pearson Correlation Matrix among Control Variables and Governing Board Roles Score

	Organization Size	Organization Age	Governing Board Size	CEO Gender	Governing Board Chair Gender	Governing Board Role Mean Score
Organization Size						
Organization Age	.348**					
Governing Board Size		.180*				
CEO Gender	.251**		.168*			
Gov. Board Chair Gender						
Gov. Board Role MS	.223**					

** p < .01; * p < .05, two-tailed

The positive and significant relationship between organization age and size suggests a possible growth effect. There a significant although weak association between the organization size and the size of the governing board suggesting that larger organizations have larger boards. It is also interesting to note the positive and significant relationship between CEO gender and size of organizations suggesting larger organizations may have a higher percentage of male CEOs. And, since the data indicates larger organizations have larger boards, the positive and significant relationship between CEO gender and size of governing board would be expected.

Regression Analysis

Exploring further if the variables posited to have an effect on governing board role fulfillment regression analysis was conducted. The results of the regression indicated one predictor explained 38.5% of the variance (R^2 = .385, F(10,129) = 8.080, p < .001). Governing Board Development Mean Score significantly predicted Governing Board Role Fulfillment

(B = .454, p < .001). Interestingly, none of the CEO power variables were found significant.

Table 4.25

ANOVA for Regression Equation

	Sum of Squares	df	Mean Square	F
Regression	28.123	10	2.812	8.080**
Residual	44.898	129	.348	
Total	73.021	139		

** p < .001

The predictors included in the regression equations were:

Table 4.26

Size of Governing Board	ns
Governing Board Development Practice Mean Score	B = .454, p < .001
CEO Gender	ns
CEO Structural Power	ns
CEO is Founder	ns
CEO Controls Information	ns
CEO Education Level	ns
CEO Meeting Frequency with Board Chair	ns
CEO Tenure	ns
Advisory Board is present	ns

Cluster Analysis

The correlation analysis yielded some interesting patterns of association hinting that CEO power may vary by context and over time. Supporting this possibility is the association between organizational age and organizational size found to be positive and significant in the correlation analysis. To explore further possible relationships among the variables of interest cluster analysis was employed. The purpose of cluster analysis is to classify cases into homogeneous clusters without previously knowing group membership or the possible number of groups (Yim & Ramdeen, 2015). This organizes the observations into groups where members of the group share specific properties in common (Yim, et.al, 2015).

Due to the small sample acquired in this research, hierarchical cluster analysis was chosen due to its appropriateness for small samples (Garson, 2011). CEO Power variable items were chosen as the cluster variables. The initial analysis included all the CEO Power items: CEO is founder; CEO is voting member of the board; CEO is member of nominating committee; CEO tenure; CEO level of education; CEO responsible for board agenda; CEO and board chair meeting frequency; and CEO level of controlling information.

As the measurements of these variables differed (binary, interval and continuous), the variables were standardized by changing each variable to a z-score giving each variable equal metrics as well as equal weight. The between-groups linkage and the distance measure squared Euclidian distance were used for analysis.

The following dendrogram represents the cluster analysis results using all the power items.

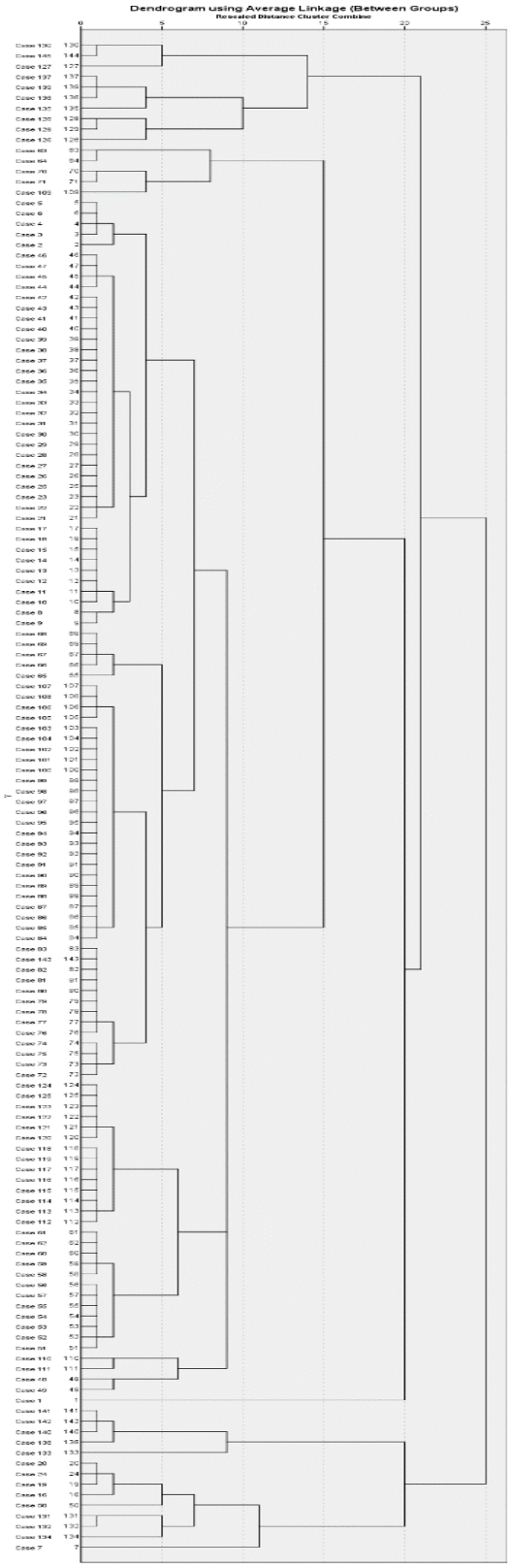


Figure 4.1 Dendrogram for Cluster Analysis

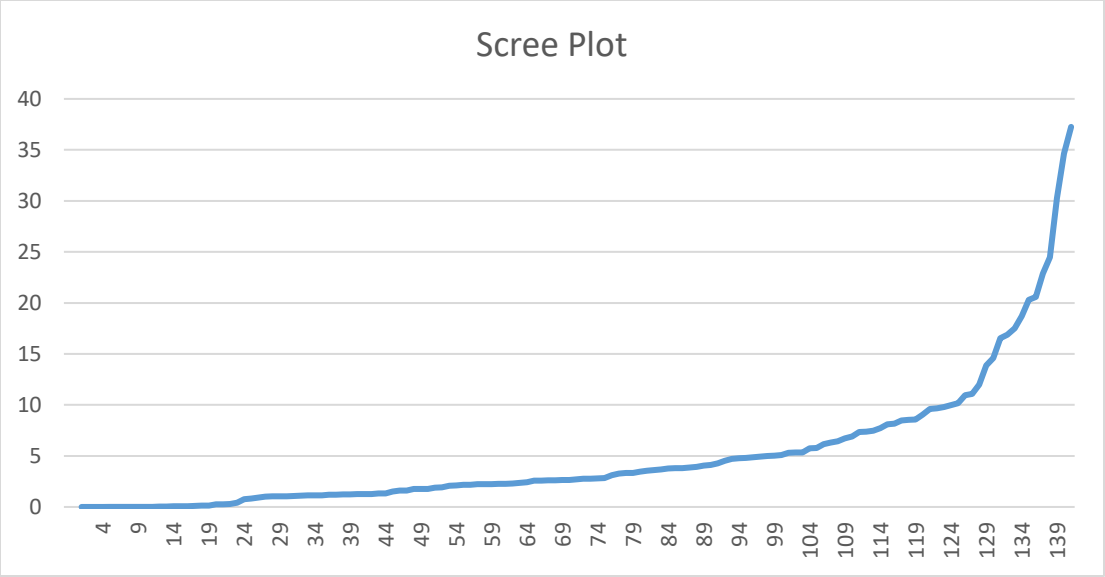


Figure 4.2 Scree Plot for Initial Cluster Analysis

After examining the dendrogram and the scree plot it was determined to use a four-cluster solution. However, the resulting solution yielded one large cluster and three small clusters with one cluster having only one case.

The relationship of the CEO power variables was re-examined using correlation. The following table shows the results. Five of the CEO power variables are positively and significantly correlated. Of these five, three make up the structural power variable used in earlier analysis – voting member, member of nominating committee and responsible for the board agenda. Control of information and founder were the other two variables.

Table 4.27

Pearson Correlation Matrix of CEO Power

	CEO Tenure	CEO Founder	CEO Voting Mbr	Member GB Nominating	Responsible Board Agenda	Controls Info	Ed Level	Mtg w. Brd Chair
Ten								
Fnd								
Vote		.272**						
Nom								
Agen				.193**				
Info		.190*			.166*			
Ed								
Mtg								

The cluster analysis was conducted using only the positively correlated CEO power variables. Additionally, the analysis was conducted using three linkage measures respectively – single linkage, complete linkage and average linkage. The distance measure was the squared Euclidean distance.

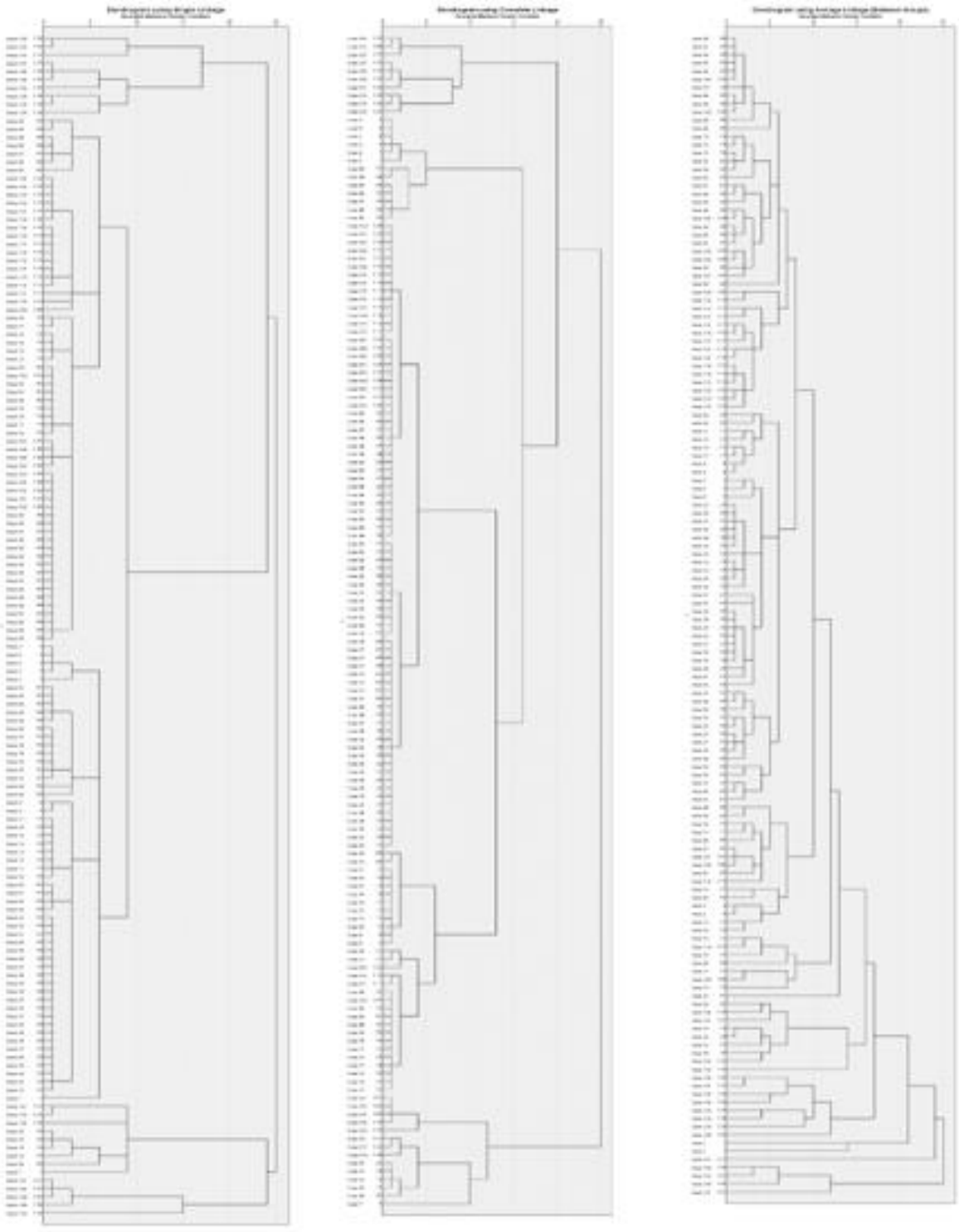


Figure 4.3 Dendrograms for Single, Complete and Average Linkage

Examination of the dendrograms above it can be determined that complete linkage provides the best solution for selecting the number of clusters, which in this case is four. The scree plot using complete linkage was examined as well.

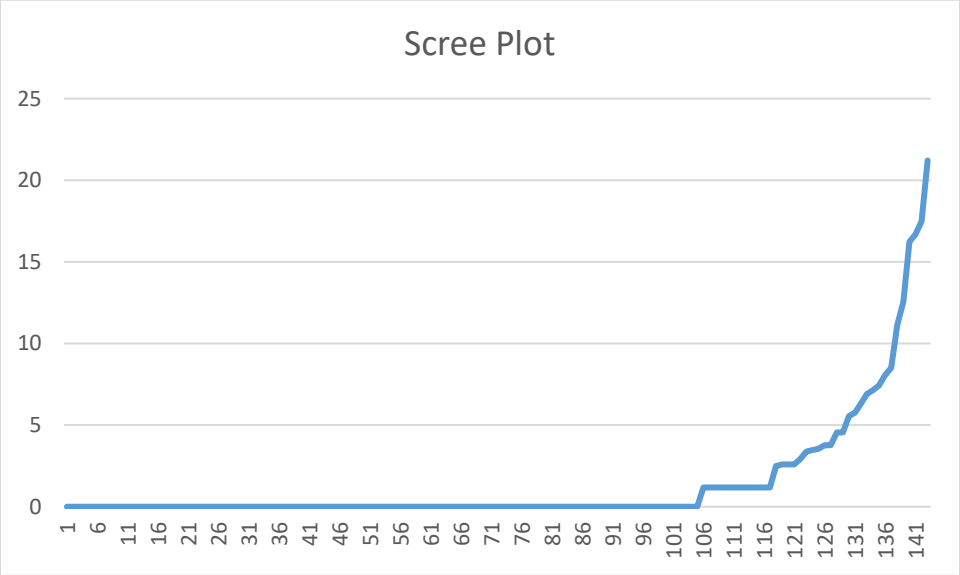


Figure 4.4 Scree Plot for Complete Linkage

The resulting clusters contain the following number of cases.

Table 4.28

Cluster Group Frequencies

Cluster	Frequency	Percent
A	13	8.8%
B	14	9.5%
C	107	72.8%
D	10	6.8%

Table 4.29

Descriptive Statistics for Clusters

		Cluster A		Cluster B		Cluster C		Cluster D	
		N = 13		N = 14		N = 107		N = 10	
		Yes	**%**	**Yes**	**%**	**Yes**	**%**	**Yes**	**%**
Founder		0		5	35.7	0		10	100
Voting Mbr		0		14	100	0		0	
Nominating		6	46.2	10	71.4	50	46.7	4	40
Education	HS or equiv	0		1	7.1	1	0.9	1	10
	Some wrk to BS	0		2	14.3	9	8.4	2	20
	BS/BA	7	53.8	2	14.3	48	44.9	5	50
	Masters	5	38.5	5	35.7	46	43	2	20
	PhD, EdD, JD	1	7.7	4	28.6	3	2.8	0	
		Mean	SD	Mean	SD	Mean	SD	Mean	SD
Agenda		2.46	0.776	3.07	0.73	2.77	0.927	2.3	1.16
Information		1.92	0.277	3.36	0.633	3.29	0.456	3.4	0.699
Meets		2	1	1.93	0.997	2.21	0.962	2.4	1.174
Tenure		9.346153846	8.034780165	9.83928571	8.85655295	8.534528302	7.882424226	10.94444	8.9458246
AB	Yes	4	30.8	5	35.7	29	27.1	5	50
CEO Gender	Female	9	69.2	8	57.1	72	67.3	9	90
	Male	4	30.8	6	42.9	34	31.8	1	10
Board Chair	Female	9	69.2	4	28.6	43	40.2	2	20
	Male	4	30.8	10	71.4	64	59.8	8	80
		Mean	SD	Mean	SD	Mean	SD	Mean	SD
AgeYrs		38.33	22.888	25.17	15.948	32.88	14.084	14.1	8.266
ORGsize		2165630.92	2303315.995	1318388.75	2155888.37	1876264.56	2855209.619	618983.8	474135.26
SizeGB		14.69	7.878	9.79	6.002	12.75	6.06	11.2	5.224
GBScore		3.320512821	0.762793578	3.2642998	1.08853048	3.142343638	0.673681242	3.123077	0.7415534
Gbdelmean		2.871794872	1.087571155	2.65079365	1.07005972	2.451194185	0.931422209	2.755556	1.1814757
ABroleScore		2.153846154	0.360801212	2.4	0.4330981	2.115384615	0.707958577	2.707692	1.0622629
CEO Strutural		1.08	0.76	2.5	0.65	1.19	0.702	1.1	0.876
CEOPower		1.833333333	0.372677996	2.48809524	0.40543469	2.160747664	0.346404505	2.233333	0.3442652

Cluster Descriptions

Cluster A has thirteen members. The CEOs are characterized as having the lowest power mean score among the four clusters. None of these CEOs are founders or voting members of the governing board although 46.7% of this group are members of the governing board's nominating committee. The education level of this group are bachelor's degree or higher. The average CEO tenure of this cluster is 9.3 years, which is the third longest among the clusters. The gender of the CEO is 69.2 percent female.

Cluster A organizations have the largest mean size and are the oldest by mean age. Thirty percent of these organization have advisory boards. The advisory boards in this cluster have next to the lowest advisory board mean role score and the highest governing board mean role score. The mean board development score is the highest among the clusters. The governing board chair gender is 69.2 percent female. This is the only cluster where the majority of board chairs are female. The mean size of the governing board is the largest among the clusters.

It may be appropriate to frame this group as the balanced power group given the CEO power scores and the governing board role score. There is also a hint of an effect of professionalization in this group in that all of the CEOs have a bachelor's degree or higher and is the only group without CEO who have less than a bachelor's degree. Also, the dominance of female leadership is of interest in this group. This group could be called the Female Professionalized Balanced Power group.

Cluster B has fourteen members. In this cluster, 35.7 percent of the CEOs are founders. All the CEOs in this cluster are voting members of the governing board and 71.4 percent are also members of the governing board nominating committee. This cluster also has the highest CEO structural power among the clusters. The CEOs in this cluster have the second longest tenure among the clusters. The CEOs have the highest power mean score among the four clusters. This group has the highest percentage of male CEOs compared to the other clusters. Only 78.6 percent of the CEOs have a bachelor's degree or higher.

The organizations in Cluster B rank third in mean size and third in mean age among the four clusters. The governing boards have the smallest mean size, and their governing board role score mean ranks second. Of this cluster, 35.7 percent of the organizations have an advisory board, and the mean advisory board role score ranks second.

Given that this cluster follows Cluster D in age as the next youngest organizations by mean age, and this cluster has the most powerful CEOs by rank all of whom are voting members of the board and some are founders, this cluster could be categorized as the Neo-founder cluster. As the organization is maturing and moving out of the founder or start-up stage, it is plausible that there is increased effort to codify and structure the leadership of the organization as an effort to legitimize the organization.

Cluster C has 107 members. None of the CEOs in this cluster are founders and no CEO is a voting member of the governing board. Of the CEOs in this cluster, 46.7 percent are members of the governing board nominating committee. The mean CEO power score ranks third of the four clusters. In level of education, 90.7 percent of the CEOs in cluster C have a bachelor's degree or higher, which ranks second behind cluster A. There are some CEOs in the cluster with less than a bachelor's degree.

The organizations in cluster C rank second in size and age among the clusters. Their governing board mean size ranks second and the governing board role mean score ranks third. The governing board development mean score is the lowest. Of the organizations in this cluster 27.1 percent have an advisory board. The percentage of board chairs who are female ranks second of the clusters. The advisory board role mean score is the lowest among the clusters. This cluster can be categorized as the Transitional Cluster as it is the first cluster by age not to have founders.

Cluster D has ten members. All of the CEOs in this cluster are founders. Of these CEOs, thirty percent have less than a bachelor's degree and ninety percent are female. These CEOs rank second to those in cluster B by the CEO power mean score. They have the longest tenure compared to the other clusters.

This cluster ranks third in governing board size, and eighty percent of the governing board chairs are male. The board development score ranks second among the clusters. The organizations in this cluster have the smallest mean size and the youngest mean age. This cluster has the highest percentage of advisory boards and ranks first by advisory board role mean score. It also ranks last by governing board role mean score.

It seems appropriate to categorize this cluster as the Founding Organizations or Start-up cluster. The strength and percentage of advisory boards in this cluster may be an indication of the organization's attempt to navigate the uncertainty and/or risk of the start-up phase.

Statistical Analysis of Clusters

The differences between the clusters were examined with one-way ANOVA. CEO Structural Power was statistically significant different between the clusters $F(3,140) = 14.717$, $p = .000$. Tukey HSD test reported significant difference between Cluster A and B ($p = .000$); Cluster B and C ($p = .000$); and B and D ($p = .000$).

Table 4.30

Summary of ANOVA for CEO Structural Power

	Sum of Squares	df	Mean Square	F
Between Groups	22.575	3	7.525	14.717
Within Groups	71.585	140	.511	
Total	94.160	143		

* $p < .01$

From the Tukey HSD comparison presented in the table below, Cluster B has the CEOs with the most structural power. With the greatest mean difference being between Cluster B and Cluster A, it can be concluded that Cluster A has the least structural power. This provides

support for considering Cluster B as the one with codified power of the CEO, which may possibly be an attempt to legitimize the organization.

Table 4.31

Tukey HSD Comparison for CEO Structural Power

(I) Cluster	(J) Cluster	Mean Diff (I – J)	Std. Error	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
A	B	-1.423*	.275	-2.14	-.71
	C	-.110	.210	-.66	.44
	D	-.023	.301	-.81	.76
B	A	1.423*	.275	.71	2.14
	C	1.313*	.203	.78	1.84
	D	1.400*	.296	.63	2.17
C	A	.110	.210	-.44	.66
	B	-1.313*	.203	-1.84	-.78
	D	.087	.236	-.53	.70
D	A	.023	.301	-.76	.81
	B	-1.400*	.296	-2.17	-.63
	C	-.087	.236	-.70	.53

* $p < .01$

CEO controls information was statistically significant different between clusters F(3, 140) = 32.610, p = .000. Tukey HSD test reported significant difference between Cluster A and B ($p = .000$); A and C ($p = .000$); and A and D ($p = .000$).

Table 4.32

Summary of ANOVA for CEO Controls Information

	Sum of Squares	df	Mean Square	F
Between Groups	22.750	3	7.583	32.610
Within Groups	32.556	140	.233	
Total	55.306	143		

*p < .01

From Tukey HSD test, summarized in the table below, the CEO of cluster A has the least CEO Control Information power. This suggests less information asymmetry between the CEO

and the board possibly indicating a more collaborative approach to leadership in these organizations. It is interesting to note that the two clusters that did not differ significantly on CEO controls information are the only two clusters with CEO founders.

Table 4.33

Tukey HSD Comparison for CEO Controls Information

(I) Cluster	(J) Cluster	Mean Diff (I – J)	Std. Error	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
A	B	-1.434*	.186	-1.92	-.95
	C	-1.367*	.142	-1.73	-1.00
	D	-1.477*	.203	-2.00	-.95
B	A	1.434*	.186	.95	1.92
	C	.067	.137	-.29	.42
	D	-.043	.200	-.56	.48
C	A	1.367*	.142	1.00	1.73
	B	-.067	.137	-.42	.29
	D	-.110	.159	-.52	.30
D	A	1.477*	.203	.95	2.00
	B	.043	.200	-.48	.56
	C	.110	.159	-.30	.52

*p < .01

CEO Meeting Frequency with Board Chair and CEO Tenure did not report statistically significant differences between the clusters. The mean CEO power score was also examined and was found statistically significant different between the clusters $F(3, 140) = 7.797$, $p = .000$. Tukey HSD test reported significant difference between Cluster A and B ($p = .000$); A and C ($p = .011$); A and D ($p = .040$); and B and C ($p = .008$). The cluster with the highest CEO power score mean is Cluster B, which represent the organizations with all CEOs being voting members of their respective boards and the highest structural power. Cluster B also has some CEOs who are founders. The cluster with the lowest CEO power score mean, Cluster A, has the highest governing board role score and the next to lowest advisory board role score. Interestingly,

Cluster A has the highest governing board development practice score and Cluster D has the second highest governing board development score.

Table 4.34

Summary of ANOVA for CEO Power Score

	Sum of Squares	df	Mean Square	F
Between Groups	2.939	3	.980	7.797
Within Groups	17.590	140	.126	
Total	20.529	143		

*$p < .01$

Table 4.35

Tukey HSD Comparison for CEO Power Score

(I) Cluster	(J) Cluster	Mean Diff (I – J)	Std. Error	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
A	B	-.6547*	.1365	-1.0097	-.2997
	C	-.3274*	.1041	-.5981	-.0567
	D	-.4000*	.1490	-.7876	-.0123
B	A	.6547*	.1365	.2997	1.0097
	C	.3273*	.1007	.0654	.5892
	D	.2547	.1467	-.1268	.6363
C	A	.3274*	.1041	.0567	.5981
	B	-.3273*	.1007	-.5892	-.0654
	D	-.0725	.1172	-.3773	.2321
D	A	.4000*	.1490	.0123	.7876
	B	-.2547	.1467	-.6363	.1268
	C	.0725	.1172	-.2321	.3773

*p < .01

The Cluster difference regarding Age in Years was found to be statistically significant $F(3, 131) = 6.406$, $p = .000$. The clusters found to be statistically different using Tukey HSD test are Cluster A and D ($p = .001$); and C and D ($p = .001$). It is interesting to note that cluster B did not differ significantly by age with the other clusters.

Table 4.36

Summary of ANOVA for Organization Age

	Sum of Squares	df	Mean Square	F
Between Groups	4255.926	3	1418.642	6.406
Within Groups	29009.808	131	221.449	
Total	33265.733	134		

*p < .01

Table 4.37

Tukey HSD Comparison for Organization Age

(I) Cluster	(J) Cluster	Mean Diff (I – J)	Std. Error	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
A	B	13.167	6.075	-2.64	28.98
	C	5.452	4.544	-6.37	17.28
	D	24.233*	6.372	7.65	40.81
B	A	-13.167	6.075	-28.98	2.64
	C	-7.715	4.544	-19.54	4.11
	D	11.067	6.372	-5.51	27.65
C	A	-5.452	4.544	-17.28	6.37
	B	7.715	4.544	-4.11	19.54
	D	18.781*	4.933	5.94	31.62
D	A	-24.233*	6.372	-40.81	-7.65
	B	-11.067	6.372	-27.65	5.51
	C	-18.781*	4.933	-31.62	-5.94

*p < .01

The variables governing board role score; advisory board role score; governing board development practice were not found to statistically differ significantly between groups.

CEO is founder correlated positively with the mean advisory board role score. The cluster analysis reveals that the two clusters with the highest mean advisory board score are those with founders. A one-way between subjects ANOVA was conducted to compare the effect of CEO founder on the governing board role score; the board development score and the advisory board score with CEO founder either yes or no. There was a significant effect of CEO Founder

on advisory board role score [F(1, 40) = 4.678, p = .037]. The advisory board role score is higher when the CEO is founder.

Table 4.38

Summary of ANOVA for CEO Founder Effects

	Sum of Squares	df	Mean Square	F
Between Groups	2.184	1	2.184	4.678
Within Groups	18.677	40	.467	
Total	20.862	41		

*p < .01

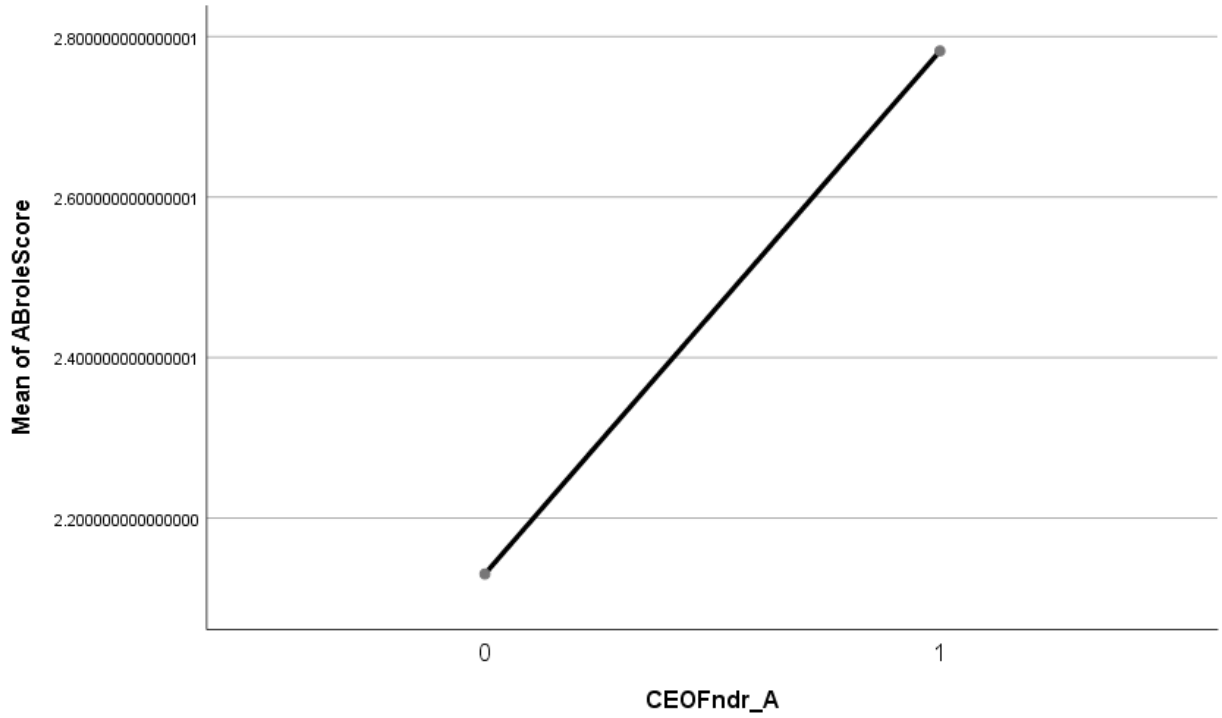


Figure 4.5 Graph CEO Founder Effect on Advisory Board Roles

In comparing the observations on CEO structural power and the clusters, Cluster B has the highest CEO structural power score and differs statistically from each of the other three clusters. It is noted that Cluster B is the only cluster with CEOs who are voting members of the board. Considering that condition, a further examination of the effect of voting members and

CEO member of nominating committee was examined. These two variables were included in the CEO structural variable. The effect of the two variables on the governing board role mean and the advisory board role mean were examined with one-way ANOVA. The CEO is a voting member of the board was found not significant. There was a significant effect of CEO is a member of the nominating committee on GB score [$F(1, 142) = 4.981$, $p = .027$] and AB score [$F(1, 41) = 8.298$, $p = .006$]. The GB and AB scores are found to be lower when the CEO is a member of the nominating committee.

Table 4.39

Summary of ANOVA for CEO Nominating Committee Member on Governing Board Role Score

	Sum of Squares	df	Mean Square	F
Between Groups	2.515	1	2.515	4.981
Within Groups	71.698	142	.505	
Total	74.213	143		

*p < .05

Table 4.40

Summary of ANOVA for CEO Nominating Committee Member on Advisory Board Role Score

	Sum of Squares	df	Mean Square	F
Between Groups	3.545	1	3.545	8.298
Within Groups	17.518	41	.427	
Total	21.063	42		

*p < .01

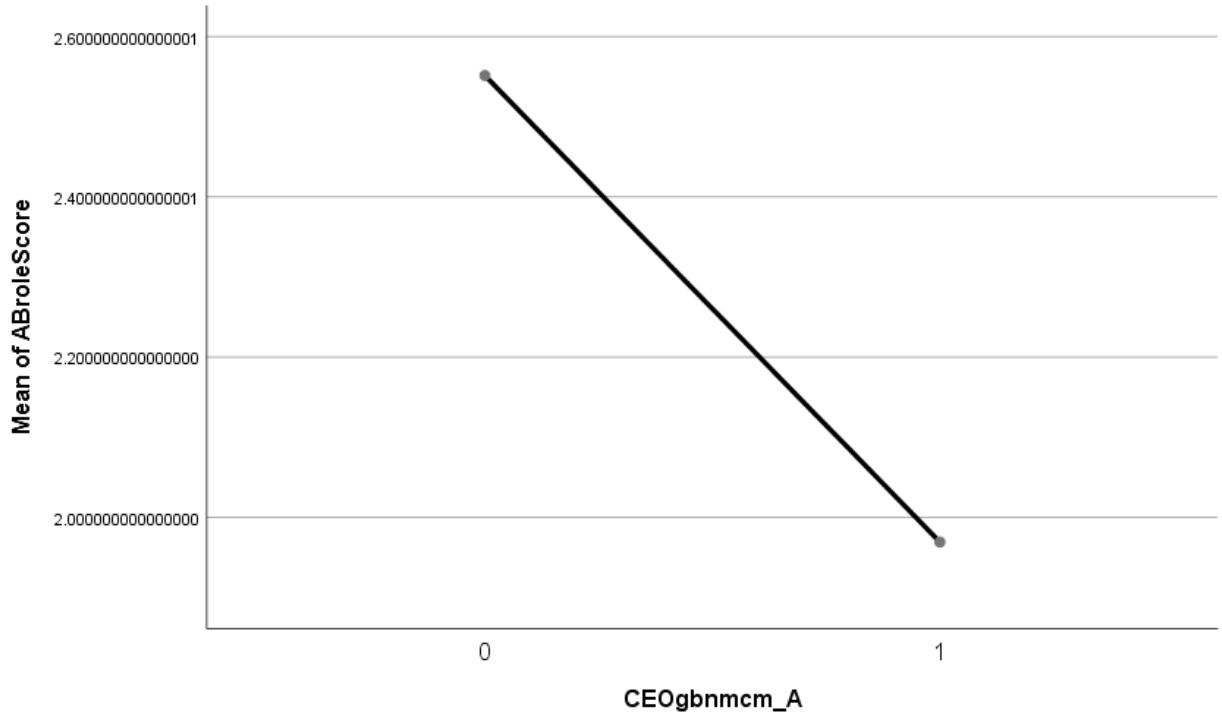


Figure 4.6 Effect of CEO is member of nominating committee on Advisory Board Roles

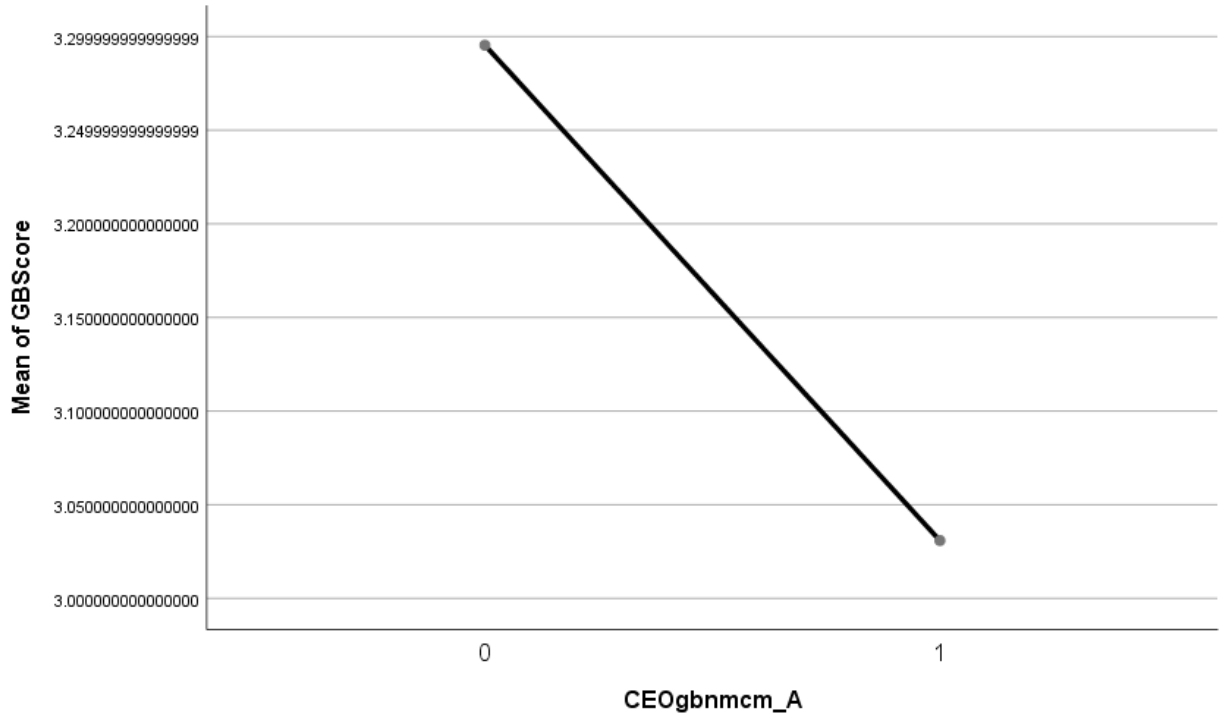


Figure 4.7 Effect of CEO is member of nominating committee on Governing Board Roles

CEO education also varied by cluster. A crosstabulation was attempted but resulted in 60% of the cells having an expected count less than five. The chart below provides the frequencies of CEO education by cluster. Level of education varies by age of organization with the youngest organizations (mean) having the lowest percentage of CEOs with BS/BA and above.

Table 4.41

Frequency of CEO Level of Education by Cluster

	Cluster A		Cluster B		Cluster C		Cluster D	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
HS or equiv.	0		1	7.1	1	0.9	1	10
Some work to BS	0		2	14.3	9	8.4	2	20
BS/BA	7	53.8	2	14.3	48	44.9	5	50
Masters	5	38.5	5	35.7	46	43.0	2	20
PhD, EdD, JD	1	7.7	4	28.6	3	2.8	0	

Looking again from the perspective of the correlation analysis, a few themes emerge. There was a positive correlation between CEO tenure and board role raises money. The group with the longest CEO tenure (Cluster D) has the highest ratings for both the governing board and advisory board for the role raises funds for the organization.

Five of the advisory board roles correlate positively with the governing board development practice nominate all year. The cluster with the highest mean advisory board score (Cluster D) has the highest score for the governing board development practice nominates all year. Cluster D also ranks first on four of the individual roles corelating with the governing board development practice nominates all year. It is of interest to note that all of the individual roles fit with the board roles as described by agency theory.

Based on the above observations it seemed logical to examine the mean role scores for each role and practice by cluster. The following tables summarize the means and standard deviations for the individual governing board roles, advisory board roles and governing board development practices.

Table 4.42

Descriptive Statistics for Governing Board Roles by Cluster

	A		B		C		D	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Role 1	3.330	1.155	3.310	1.316	3.030	1.134	2.700	1.494
Role 2	4.250	0.965	4.150	0.899	4.080	0.983	3.800	1.033
Role 3	4.000	1.206	3.690	1.377	3.730	1.199	4.100	0.994
Role 4	4.230	1.166	4.080	1.320	4.040	1.013	3.900	1.663
Role 5	3.460	1.330	3.540	1.713	3.210	1.311	3.400	1.506
Role 6	2.830	1.115	2.830	1.467	2.640	1.057	3.000	1.054
Role 7	4.460	1.127	3.460	1.450	4.260	0.935	3.600	1.430
Role 8	3.170	1.403	2.920	1.256	2.830	1.223	2.500	1.080
Role 9	3.330	1.614	3.420	1.621	3.290	1.366	3.300	1.829
Role 10	3.170	0.835	3.150	1.519	3.050	1.214	3.200	0.632
Role 11	4.170	0.718	3.080	1.441	3.290	1.222	3.200	1.549
Roel 12	1.460	0.519	2.540	1.561	1.820	0.918	2.000	0.943
Role 13	1.330	0.492	2.230	1.691	1.550	0.860	1.900	1.370

Table 4.43

Descriptive Statistics for Advisory Board Roles by Cluster

	A		B		C		D	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Role 1	3.750	0.957	3.800	0.837	3.000	1.333	3.400	1.517
Role 2	3.250	1.500	3.800	0.837	2.750	1.143	3.600	1.949
Role 3	2.000	1.155	2.800	0.447	2.460	1.347	3.000	1.581
Role 4	1.000	0.000	1.600	0.894	1.290	0.854	2.600	1.817
Role 5	1.500	0.577	1.600	0.894	1.430	0.959	1.800	1.095
Role 6	3.000	0.000	3.200	0.837	2.790	1.343	3.400	1.517
Role 7	1.000	0.000	1.400	0.894	1.540	1.170	1.800	1.789
Role 8	1.500	1.000	1.800	1.095	1.460	0.999	1.600	1.342
Role 9	1.000	0.000	1.400	0.894	1.320	0.863	2.000	1.414
Role 10	3.000	0.816	3.000	2.000	2.610	1.227	3.600	1.673
Role 11	3.750	0.957	3.200	1.483	3.210	1.258	4.000	1.732
Roel 12	1.250	0.500	1.800	1.095	1.930	1.052	2.000	1.225
Role 13	2.000	2.000	1.800	1.095	1.710	1.013	2.400	1.517

Table 4.44

Descriptive Statistics for Governing Board Development Practices

	A		B		C		D	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Prac 1	3.310	1.182	3.500	1.401	2.920	1.354	2.700	1.829
Prac 2	3.230	1.423	2.790	1.424	2.850	1.204	3.200	1.476
Prac 3	2.620	1.261	2.500	1.345	2.250	1.241	2.300	1.337
Prac 4	2.080	1.115	1.860	1.027	1.710	0.991	2.200	1.135
Prac 5	2.380	1.261	2.640	1.151	1.910	1.103	2.300	1.418
Prac 6	3.230	1.363	2.570	1.222	2.370	1.194	2.600	1.350
Prac 7	2.920	1.382	3.070	1.385	2.790	1.408	3.400	1.430
Prac 8	2.770	1.301	2.500	1.454	2.500	1.306	3.100	1.729
Prac 9	3.310	1.251	2.430	1.453	2.770	1.289	3.000	1.764

It is interesting to note from the observations above that the advisory board role scores are highest for roles 1, 2, 6, 10, and 11. Three of these roles were found to correlate significantly and positively with the same role performed by the governing board. It is also interesting to note that the advisory boards score higher on role 6 than governing boards although an early analysis of the differences between the governing board role performance and the advisory board role performance were found not significant using independent sample t-test. Also, the roles performed most strongly by advisory boards appear to relate to resource dependency theory as presented previously in Table 4.23.

Summary of AB Roles Correlating to same Governing Board Role

Role of Advisory Board and Governing Board	*r*
1. Responds to Community Needs	.560**
6. Develops collaborations and partnerships	.425**
9. Makes annual budget allocations	.365*
11. Advocates for the interests of certain groups or persons the organization serves	.419**

N=42 ** $p < .01$; * $p < .05$, two-tailed

Factor Analysis

Following on the above observations, an exploratory factor analysis was undertaken to explore if the governing board roles would group into factors supported by theory. Thirteen

questions related to what extent the board performs each role were factor analyzed using principal component extraction with Varimax rotation (orthogonal). KMO and Bartlett's Test indicate that it is reasonable to proceed with factor analysis for this set of variables.

Table 4.45

KMO Statistic for Governing Board Roles

Kaiser-Meyer-Okin Measure of Sampling Adequacy		.848
Bartlett'sTest of Sphericity	Approx. Chi-Square	703.918
	Df	78
	Sig.	.000

Three factors were extracted representing 60.74% of the variance. The following is the rotated component matrix.

Table 4.46

Rotated Component Matrix for Governing Board Roles

	Strategic Roles	**Boundary Spanning Roles**	**Micro Management Roles**
1. Responds to community needs		.623	
2. Ensures mission & vision	.616		
3. Long-range & strategic planning	.752		
4. Sets financial policy	.707		
5. Sets programs & services policy	.477		
6. Develops collaborations & partners		.705	
7. Evaluation of CEO	.799		
8. Board evaluation	.678		
9. Budget allocations			.665
10. Raises money		.627	
11. Advocates for beneficiaries		.767	
12. Develops programs & services			.829
13. Delivers programs & services			.714

Looking at theory to consider the factor interpretation, it is clear that the roles grouped under factor one fit with those board roles associated with agency theory. As discussed in the literature review, the roles that characterize the agency perspective include determining mission

and purpose, oversight of programs and services, strategic planning, fiscal control, and evaluation of the CEO (Miller-Millesen, 2003). The roles grouped as factor two appear to most closely align with resource dependency theory. Roles associated with resource dependency theory include developing exchange relationships with external constituencies, ensuring the organization has adequate resources, and representing the organization to external constituencies. The third factor with only three roles seems to be best defined as operations.

Based on the factor analysis, new variables were created by factor groupings for governing board roles and advisory board roles. The means and standard deviations were calculated for each variable by cluster. The chart below illustrates the observed comparison of the governing board role and advisory board role for each factor by cluster.

Table 4.47

Descriptive Statistics for Governing Board and Advisory Board Roles by Theory by Cluster

	A		B		C		D	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Agency Roles GB	3.94	0.98	3.64	1.11	3.70	0.82	3.55	0.85
Agency Roles AB	1.71	0.46	2.17	0.59	1.82	0.83	2.40	1.30
RD Roles GB	3.38	0.78	3.06	1.22	3.00	0.86	3.03	0.99
RD Roles AB	3.38	0.25	3.30	0.48	2.90	0.92	3.60	1.52
Operation Roles GB	2.03	0.67	2.77	1.46	2.22	0.81	2.40	0.94
Operation Roles AB	1.42	0.63	1.67	0.94	1.65	0.74	2.13	1.15

It appears from the data presented that the advisory board roles score highest for those roles related to resource dependency theory, and in two of the clusters the advisory board scores higher than the governing board and in one cluster, Cluster A, the mean score is equal. Survey respondents were asked to describe why their nonprofit has an advisory board. The following are representative comments by cluster.

Cluster A:

- It is largely an honorary position that is sometimes taken on by retiring and/or past board members. They may have been very involved in a past project, i.e. capital campaign.
- We have volunteers on the advisory board to help recruit other volunteers and raise money for the program.
- To enable supporters who are not interested in governance to have a formal role with the organization.

Cluster B:

- Succession planning – name recognition – fundraising
- Certain community issues require expertise as various times of the year.

Cluster C:

- To develop long range sustainable funding.
- To receive input from the community outside of Board members.
- To keep former board members engaged.

Cluster D:

- They act as advocates for the organization – speaker's bureau, event planning.
- Advisory board is made up of individuals with various disciplines and expertise. We tap into their expertise when the CEO has a particular need for that expertise.

It appears from the comments that most of the advisory boards represented in this study have some type of boundary spanning role. Other roles identified in the comments were related to program management (operations) and to a lesser extent planning (agency theory).

To further examine the relationship of the resource dependency role of the advisory board and the governing board, a regression analysis was conducted. As previously found, the CEO

power variable was not found to be significant in this model. The results of the regression indicated that two predictors explained 53.8% of the variance (R^2= .538, F(3, 37)= 14.368, p<.001). Governing Board Development Practice Mean significantly predicted Governing Board Role Fulfillment (B=.427, p<.001). It was also found that the Advisory Board resource dependency role mean significantly predicted Governing Board Role Fulfillment (B= .210, p<.05).

Table 4.48

ANOVA for Regression Equation on Governing Board Role Fulfillment

	Sum of Squares	df	Mean Square	F
Regression	10.328	3	3.443	14.368**
Residual	8.865	37	.240	
Total	19.193	40		

** p < .001

Summary of Key Observations

From the exploration of the relationships among the key variables in this dissertation a number of themes emerged regarding the relationships among CEO Power, Governing Board Role Fulfillment, Governing Board Development Practices and Advisory Board Roles. The exploration of the posited relationships among the variable of interest yielded the following observations, which are presented here by proposition.

1. **A → B:** The greater CEO Power, the greater number of roles performed by the Advisory Board.

The CEO power type relating to Advisory Board role performance is CEO is founder. One-way ANOVA determined that when the CEO is the founder the Advisory Board role score is higher than when there is no founder present.

2. **A → C**: CEO Power/Influence has a positive effect on greater levels of board development.

CEO power has a mixed effect on board development practices. The CEO power item Controls Information has a negative relationship to board development practices, while CEO meeting frequency with the board chair has a positive relationship to board development practices.

3. **A → D:** CEO Power/Influence has negative effect on Governing Board Role Fulfillment

The CEO power item having a negative effect on Governing Board Role Fulfillment is CEO is member of the nominating committee. However, when using the CEO power mean in regression CEO power is not statistically significant.

4. **C → D**: Greater levels of board development have a positive effect on Governing Board Role Fulfillment.

Governing Board Development Practices significantly correlated with Governing Board Role Fulfillment, and it was also a significant predictor of Governing Board Role Fulfillment in regression.

5. **A → C → D**: CEO Power/Influence and level of Board Development together have a positive effect on Governing Board Role Fulfillment.

The effect of CEO power on Board Development Practices was mixed as was previously mentioned while Board Development Practices is a significant predictor of Governing Board Role Fulfillment.

6. **B → C:** Advisory Board role has a negative effect on the level of Board Development.

The advisory board relationship with board development practices was mixed. The advisory board roles most aligned with agency theory have a positive and significant relationship to the board development practice Nominates All Year and Diversity Strategies. However, there was a negative and significant relationship between advisory board role long-range planning and the board development practice has a board development plan.

7. **B → D**: Advisory board role has a negative effect on Governing Board Role Fulfillment.

The advisory board roles aligned with resource dependency theory are a positive and significant predictor of Governing Board Role Fulfillment.

8. **B → C → D**: Advisory board role and level of board development together have a positive effect on Governing board role fulfillment.

Both the advisory board resource dependency roles and board development practices were found to be positive and significant predictors of governing board role fulfillment.

9. **A and B → C → D:** CEO Power/Influence and Advisory Board role together have a positive effect on the level of board development and governing board role fulfillment.

While the advisory board resource dependency roles were found to be a positive and significant predictor of governing board role fulfillment, CEO power had mixed effects and was not found significant in regression analysis.

Given that this is exploratory research that has found some interesting results around the posited relationships between the variables, I next explored the data more deeply and freely to see what themes emerged around CEO Power, Advisory board roles, governing board development practices and governing board roles.

1) From the cluster analysis there appears to be a life cycle effect related to CEO power as it relates to differences found between clusters. The results of the cluster analysis suggest that as organizational characteristics change over time CEO power diminishes or disperses. For example, CEO power characteristics were different for the founding organizations verses those organizations appearing more mature. While age is not a proxy for stage of life, it does represent time. Life cycle stages are defined as "loosely comprised sets of organizational activities and

structures," and it is important to understand how these characteristics change over time (Lester, Parnell, and Carraher, 2003).

Table 4.49

Relationship of Clusters Based on Organization Age and CEO Power

Mean Age Rank (Youngest to oldest)	CEO Power Rank (Highest to lowest)
D	B
B	D
C	C
A	A

2. The CEO power variable that seems to have a positive effect on the advisory board role performance is the CEO is Founder or ownership power. This may relate to environmental uncertainty especially during an organization's founding years.

3. The CEO power variable that had a negative effect on both advisory board role performance and governing board role performance is CEO is member of the board nominating committee. One observation drawn from this is that CEO power effects vary by the type of CEO power.

4. Board development practices have a positive effect on governing board role scores. Board development was found to have a statistically significant positive effect on governing board role scores. CEO power had a mixed relationship with board development practices. The CEO power item that correlated significantly and positive with board development practices was CEO meeting frequency with the board chair, while the CEO power item controls information corelated significantly and negatively with board development practices. It was also interesting to observe that CEO power items were found not significant in regression analysis. This also contributes to the earlier observation that CEO power effects may vary by type of power.

5. Advisory boards seem to perform roles most aligned with those described by resource dependency theory. Again, this may relate to point two regarding environment uncertainty given

that the youngest organizations had the highest advisory board scores. The role of an advisory board may diminish over time as indicated by the advisory board scores of the two clusters representing the oldest organizations.

6. The resource dependency roles of the advisory board seem to complement and possible expand the role of the governing board rather than diminish or limit the governing board roles. In the regression analysis, the advisory board resource dependency roles has a small but significant and positive effect on the governing board role fulfillment mean score. It is also interesting to note that the advisory board agency roles were those that has a significant and positive correlation to two of the governing board development practices – nominates all year and diversity strategies. However, there was a significant and negative correlation with the advisory board agency role long-range planning and the board development practice has a board development plan. Again, both of these results suggest that advisory board roles may change based on certain organizational characteristics.

In the next chapter the results of the exploration of the variable relationships through interviews with the CEOs of organizations with advisory boards are presented. The chapter begins with explaining how the interview organization were selected and information about their characteristics and to which cluster they belong. The qualitative analysis explores the roles of the advisory boards, board development activities and the role of the CEO related to working with the boards.

CHAPTER 5: QUALITATIVE ANALYSIS

The purpose of the qualitative analysis was to further understand the processual nature of the use of power by nonprofit CEO as it relates to the governing board as well as the presence of an additional board such as an advisory board. The results of the cross-sectional survey research yielded some interesting themes and observations, which are explored further through interviews with survey respondents. The semi-structured interview questions were designed to further explore the relationship among CEO power, governing board role fulfillment, governing board development practices, and advisory board roles. Through the interviews, how CEOs interact with their boards and how they influence and manage their boards was explored. Considering the mixed effects of CEO Power found through the cross-sectional survey research, the interviews yield some rich insights into the relationships between CEOs and their boards.

Sampling

In the survey, respondents were asked their permission to be contacted for an interview. The goal for the sampling was to have participants from each cluster. The presence of an advisory board was the key criteria for the cases selected for interviews. The cases selected for interviews were drawn from the respondents with advisory boards who had given permission in the electronic survey to be contacted for phone interviews. There were a total of twenty-nine cases with advisory boards who had given permission for phone interviews. Of the twenty-nine, 2 were from Cluster A; three from Cluster B; twenty from Cluster C; and four from Cluster D. The CEOs of these organizations were contacted by email inviting their participation a phone interview. Initially, five responded they would participate. One dropped out prior to the interview leaving a total of four participants in the interviews. There were no participants from

Cluster A, two participants from Cluster B and one participant from each of the remaining two clusters.

While participation from all clusters was desired, the questions asked of the participants were not cluster specific. Rather, the examination of the organizations focused on:

- The role(s) of the advisory board.
- CEO's role in recruitment of the advisory board and governing board.
- Board participation in board development activities.
- CEO's role in board development activities.
- Advisory Board and Governing Board impact on organizational performance.

Descriptions of the Organizations Interviewed

The following table represents the key characteristics of the interview participant organizations.

Table 5.1

Interview Organizations Characteristics

Organization/Cluster	NTEE Code	Size of Organization	Age of Organization	CEO Gender
Organization 1/Neo-founder Cluster	P73	$4,746,949	32	Male
Organization 2/Neo-founder Cluster	L41	$679,940	31	Male
Organization 3/Transitional Cluster	P81	$377,432	32	Female
Organization 4/Founding Cluster	P85	$151,933	15	Female

The organizations participating in the phone interviews represented three of the five categories in the sample based on NTEE codes. The size and age of the participating organizations are representative of their respective clusters and the sample. Both male and female CEOs are represented. The tenure of the CEOs interviewed varied from less than two years to more than 30 years, and one of the CEOs was the founder of the organization. The education level of the CEO ranged from some work toward bachelor's degree to a JD. The CEO who identified as the founder was the CEO with the lowest level of education. The CEOs of

Organization 1 and 2 are voting members of their governing boards as were all the CEOs in Cluster B.

Summary from Interviews

Two of the organizations indicated that their advisory board purposes and roles had been incorporated into the organization's by-laws. In both of these cases the CEOs interviewed had instigated the formation of the advisory boards. The CEO of Organization 1 had worked with corporate counsel to "create the change in the by-laws for the advisory board." The purpose of the advisory board is to have a way to keep those who have demonstrated a long-term commitment to the organization involved. Members of the advisory board include former governing board members whose terms have expired. The advisory board members have a "wealth of community contacts" and help to create continuity at the leadership level of the organization.

Organization 3 also made provision for their two advisory boards in the by-laws. The CEO of this organization brought the idea of forming the additional boards to the governing board for approval. The CEO, who has been in the role for twelve years, joined this organization from another organization that had multiple boards.

The two non-governing boards of Organization 3 have specific purposes. The Honorary Board is comprised of a majority of elected officials and a more of a fundraising board because they know the "people with money." The also have political pull useful as it relates to the organization's mission. The Advisory Board is made up of people with special skill sets useful to the organization, and these people can be "pulled in" when needed. The Advisory Board and the Honorary Board meet quarterly.

Organization 2 also has two non-governing boards. The advisory board, referred to as Community Members, has three primary roles. The first is to vet potential governing board members by allowing the governing board and CEO to "get to know them." Second, the organization can recruit subject matter experts as needed. These Community Members can sit on governing board committees. Lastly, the advisory board is used as a way to maintain relationships with former board members. The second non-governing board is the Ad Hoc Visioning Committee. This group was set up to be short-term but has a potential long-term use related to acquisition of low-income housing.

The CEO of Organization 4 is one of the founders. The advisory board purpose is focused on fundraising and connecting the organization to funding resources. The CEO shared that without the advisory board the organization would not have the funds needed to operate.

The CEOs interviewed were asked about their roles in the selection, recruitment and appointment of their respective governing and advisory boards. The CEO of Organization 2 staffs the board development committee, which is responsible for board recruitment. The CEO does the background research on potential members and the committee decides who to nominate. For the advisory board, Organization 2's CEO role in recruitment is very strong. The governing board gives the final approval but does not "really get in the way" regarding CEO recommendations for community members and the Ad Hoc committee.

Organization 1 uses the governing board nominating committee to nominate advisory board members. As for governing board recruitment, the CEO is the initial point of contact for many of the nominees. They have a fifteen-member governing board and maintain a grid to identify needed skills and attributes. The governing board has a job description and a recruitment package to share with prospective members. The CEO states that the CEO does 60-

70% of the work regarding governing board recruitment. The CEO added that prospective members identification is not the CEO's responsibility alone.

The governing board of Organization 3 has a nominating committee and the CEO is an ex-officio member. This committee considers names for the governing board as well as the two non-governing boards. The CEO considers the work on board recruitment to be a team effort between the CEO and the board. This organization has an application process for governing board member recruitment.

Organization 4 seemed to have a less formalized process. This is the organization with a founder in the CEO role. They recruit people that are known to them. The CEO makes recommendations and suggestions on board membership. The CEO also stated that people sometimes approach them regarding membership on either board. The CEO also stated that their governing board is majority male with only one female member and that they have difficulty recruiting women to the board. The CEO does not understand why this is the case.

When asked about board participation in strategic planning, education about organizational mission, self-assessment or any other activity aimed at improving the board, the CEO/founder of Organization 4 responded by describing the governing board's involvement working with staff to deliver the mission by working directly with the church-based shelters they run. The advisory board works more externally – fundraising and making connections. The advisory board does not meet regularly but the governing board does. It appears the governing board of Organization 4 is more involved in the day-to-day activities of the nonprofit.

The CEO of Organization 3 recounted the board's involvement with strategic planning. The governing board was involved in this activity not the advisory board. The CEO stated that

orientation is handled by the board chair who meets with new board members. They do not have a formal education program, and the CEO initiates whatever education is done.

Organization 2 seems to have a more professionalized approach toward board development activities. They have an annual review of the CEO. The governing board is very much engaged in their policy roles. Their Community Members – the subject matter experts – are sometimes helpful with policy development when it relates to their expertise. However, the CEO stated that the majority (75%) of the responsibility for planning/creating/supporting board development belongs to the CEO.

For Organization 3, the CEO stated that responsibility for board development activity planning/creating/support was primarily all the CEO's. The CEO does the training on agency topics for all of the boards both governing and advisory boards. Governing board evaluation is done annually with the CEO collecting all of the data/information and presenting it to the governing board. Only the governing board participates in the evaluation process.

When asked how both the governing board and advisory board impact overall performance of the organization, the CEO/founder of Organization 4 stated "we could not do it without them." The CEO of Organization 3 said their Advisory Board is very important because of the skills sets they bring to the organization and how needed they are. This CEO considered the Honorary Board very important due to their fundraising role.

The CEO of Organization 1 related the board's impact as "staying out of the way of the staff." The reason for this assessment is that the initiation of organizational activity and/or strategy comes from the staff not the board. Also, advisory board members are invited to the governing board meetings – no separate meetings are held for the advisory board.

The recruitment role and the relationship role of the governing and advisory boards of Organization 2 were given as key positive impact on organizational performance. The boards' roles in helping to vet prospective members to determine how they fit with the board culture works well and is very important to the organization.

Findings

The interviews yielded information largely consistent with the findings from the quantitative analysis regarding the roles of advisory boards. Additionally, the interviews gained some insights into CEO attitudes regarding their relationships with their respective boards. These insights include:

- Two CEOs were responsible for the formation of their respective advisory boards. They brought the idea to their respective governing boards and worked with the governing board to make provision in the by-laws for the advisory boards.
- Once CEO interviewed seemed to have founder-like power but was not a founder. This effect could also be related to tenure.
- Members of the advisory boards of interview participant organizations include former governing board members, prospective governing board members, key community representatives, and subject-matter experts.

Roles of the Advisory Board

The interviews did provide evidence of the advisory board roles aligning with those described by resource dependency theory. Each CEO interviewed spoke to the advisory board role in maintaining and/or developing relationships to donors, community members, and beneficiaries. The CEO of Organization 1 rated their advisory board a seven or eight out of ten in terms of influence on constituents especially donors and rated the governing board a five. The

CEO gave the reason for rating the governing board lower than the advisory board as "they don't want to get their hands dirty" on helping develop relationships.

Maintaining relationships with former board members was another role of the advisory boards as described by the CEOs interviewed. The governing board members they would "move" to the advisory board at the end of the governing board term limit where those members who had strong commitments to the organization especially through fundraising. The additional resource advisory boards provided were skills sets specific to certain areas of need by the organization. While the governing boards also provided certain skills as evidenced by the use of skill matrices, the advisory boards provided additional human resources useful to the staffs of the organizations. From this perspective the advisory boards appear to expand the governance structure by adding additional players with specific uses needed by the organization. And, as two of the CEOs interviewed were responsible for the formation of the advisory board, this is a strategy that appears to be purposeful and focused on enhancing the organization's ability to perform its mission and develop needed resources for survival. This observation is consistent with what Judith Saidel (1998) found regarding the formation of advisory boards.

Board Recruitment and Board Development

It was clear from the interviews that the CEOs are involved in developing their respective boards through recruitment practices and board development activities. The CEO of Organization 3 claimed full responsibility for board development activities but used the phrase "team effort" when talking about board recruitment. The CEO of Organization 1 claimed to be the point of initial contact for the majority of prospective board members. The CEO of Organization 1 also remarked that the board impacts the organization by staying out of the way

of the staff. However, none of the CEOs interviewed were overly critical of their boards, and they all expressed the need for the governing boards' involvement.

There were interesting observations regarding CEO attitudes about their boards. One of the CEOs quantified the amount of the work they did on board recruitment compared to the amount of work handled by the board. The CEO of Organization 1 stated they did 60 – 70% of the work, and this CEO is also a voting member of the board. The CEO of Organization 2, also a voting member of the governing board and staffs the board development committee, which is responsible for board recruitment. This CEO also does most of the prospective governing board members vetting through face-to-face meetings.

There seemed to be a greater degree of formalization of processes related to board recruitment and board development by organization age. Organizations 1, 2 and 3 spoke to their committee structures and functions for both recruitment and board development. Additional indicators of formal process included board application process, strategic planning committees, and board skills matrix. This was less evident in Organization 4 where the CEO is a founder. For this organization, it seemed that board recruitment was more ad hoc. Identification of boards members was reliant more on "who they know" as stated by the CEO as well as who may contact the organization.

As previously mentioned, the CEOs interviewed have varying amounts of responsibility for planning, supporting and creating the activities designed to strengthen the board's performance. There was variation on advisory board participation in board development as well. In two cases the advisory board participated in education activities aimed at keeping the boards informed about the mission of the organization.

CEO Power

The CEO from Organization 1, who did not identify as a founder either in the survey or interview, indicated his tenure as CEO to be the same as the age of the organization. This CEO's mean power score was equal to the mean power score of the CEO who identified as the founder. This may indicate a "founder effect" based on tenure and may warrant further exploration. If there is a "founder effect" regarding CEO power this could help to explain some of the variation in CEO power.

From these interviews, it appears the variation in CEO power among different organizations is not only due to position (voting member, founder, etc.) but may also vary by personal attributes and attitudes. The was also suggested in the research conducted by Sally Maitlis (2004) presented in the literature regarding processual power – managing impressions, managing information, leveraging key relationships and protecting formal authority.

Advisory Board Formation

The interviews captured two CEOs who were responsible for the formation of the advisory boards in their respective organizations. However, each of these CEOs worked with their governing board to establish the additional board(s). Both organizations provided for the advisory boards by making changes to their by-laws. The purpose of the respective advisory boards are similar – mainly to maintain relationships with key people, fundraising and keep needed skill sets available to the organization. One of the CEOs mentioned their governing board size was limited by their by-laws to fifteen members. This could be a hint at why adding an additional board was chosen over increasing the size of the governing board. This could be an interesting line of future investigation. Would increasing the size of the governing board be too burdensome for the CEO and/or the organization in some way? Is the advisory board easier to

manage from the CEO and/or governing board perspective? These are interesting questions for future exploration.

One additional observation is that the formation of advisory boards may not relate to life-cycle of the organization. As was found in the quantitative analysis, advisory boards existed among all four clusters although the cluster with the highest percentage of advisory boards was Cluster D whose CEOs are all founders. Two of the CEOs interviewed indicated they were the CEO responsible for forming their organization's advisory board(s). Each of these CEOs represent different clusters (B & C); have different tenures; and are different genders. The CEO power means were different with the CEO of Organization 1 having a higher power mean than the CEO of Organization 3. The CEO of Organization 1 is also a voting member of the governing board. It is also interesting to note that the CEO of Organization 1 stated there was no intent to develop a parallel board rather the intent to keep those committed to the mission involved such as former board members. What is interesting about this observation is that the governing board may have raised an objection to adding another board or the CEO used this reasoning to assure the governing board their position in the governance structure would not change. These lines of thought could inform future research.

Conclusion

The interviews provide support for the quantitative findings as well as provide additional insights as to why additional boards exist and how they operate. The life-cycle effect is supported by the observation that there seems to be different degrees of formalization of processes related to board recruitment and board development between the clusters. Organizations 1, 2, and 3 spoke to their committee structures and processes for both recruitment

and board development. Organization 4, the organization in the Founding cluster, and the one with a founding CEO, had what could be called an "ad hoc" recruitment process.

However, the interviews reveal that the formation of advisory boards may not be related to life-cycle but related to boundary-spanning strategies initiated by the CEO. The CEOs interviewed who were responsible for initiating the formation of their advisory boards also sought governing board approval and change in the by-laws to codify the additional board in the organization's governance structure.

The quantitative analysis revealed that advisory boards perform roles aligned with resource dependency theory at higher levels than other roles. The interviews provide support for the quantitative findings as well as some additional insights. The advisory board roles of the interview organizations were described as fundraising, keeping relationships with key constituents, and acquiring valuable expertise. The interviews add to the quantitative analysis by providing information on who sits on advisory boards, and their relationship to the governing boards. The membership of advisory boards in the interviewed organizations included former governing board members, prospective governing board members, key community constituents, and people who possess subject-matter expertise needed by the organization. That former and prospective governing board members sit on advisory boards offers evidence that advisory boards roles complement and possibly expand the role of the governing board. The advisory board role in recruitment of governing board members may protect the organization from negative consequences of poor governing board member selection, which creates a "buffering" role for the advisory board.

Two of the interview organizations use the governing board nominating committee to nominate advisory board members. One interview organization indicated that the CEO is

primarily responsible for advisory board recruitment, but the governing board gives final approval. Also, some advisory board members sit on governing board committees.

The advisory board involvement in board development activities was mixed with advisory boards having less involvement than the governing boards. If the advisory boards participated in board development is was mainly around agency mission education. Also, most of the advisory boards did not meet on a regular schedule but some advisory boards were invited to attend governing board meetings.

It is clear from the interviews that the CEO's interviewed consider their advisory boards a key resource for their organizations. What the interviews reveal is that there appears to be a coordinated and even codified relationship between the governing boards and advisory boards with the CEO at the center of the relationship. It was implied and stated that the interviewed CEOs are responsible for the majority of information provided to either board. Activities with the CEO responsible for information provided to the governing and advisory boards included education on agency mission, financial reports, prospective board member vetting, and CEO evaluation data. The question this raises is do both boards receive the same information or same amount of information. This provides one possible explanation as to why advisory boards perform roles that overlap those of the governing board.

CHAPTER 6: CONCLUSION

The focus of this dissertation was to consider one avenue for expanding the theoretical conceptions of nonprofit governance: expansion to consider the case where there is more than one "principal." Governance has largely been considered the domain of the governing board most often framed by agency theory. As presented in Chapter 1, previous research in nonprofit research has largely ignored more complex governance structures. From the theoretical perspective of stakeholder theory, examining additional governance actors such as advisory boards is supported. This chapter provides the framework for the research question: what effect CEO power has, with the presence of an advisory board, on governing board role fulfillment.

Chapter 2 provides exploration of the theories framing governance research – agency, resource dependency and institutional theories, and how these theories have been used to define the roles of governing boards and their relationships with the nonprofit CEO. And, how these theories may help to answer the research question presented in Chapter 1. In Chapter 3 the data collection tools are developed as well as the methods employed to analyze the data. The results of the analysis and discussion of what was learned makes up Chapter 4. The qualitative research analysis provided in Chapter 5 offers additional insights to what was learned through the quantitative analysis. This brings us to this final chapter where I will pull this together and highlight the importance of this research for theory and practice. The limitations of the study will be discussed. Finally, I will offer some directions for future research that can be built on the exploratory research presented here.

The aim of this dissertation was to explore the effects of CEO power when an advisory board is present on the governing's board role fulfillment, and, when an advisory board is present, what effect does board development have on the governing's board role fulfillment. The results show that CEO power when an advisory board is present does have effects on governing

board role fulfillment, but the results also show the effects depend on the type of CEO power as well as which roles the advisory boards are performing. Governing board development was shown to have positive effect on governing board role fulfillment with or without an advisory board present. The results also show that both CEO power and advisory board roles change or evolve over time. These results make several contributions to the literature.

The results from the cluster analysis show there appears to be a life cycle effect related to CEO power as it relates to differences found between clusters. Overall CEO power is greatest for CEOs in the youngest organizations and lowest for CEOs in the oldest organizations. However, the results show that CEO power effects vary by the type of CEO power. And, not all CEOs possess the same power types. Structural power is an example as not all of the CEOs were voting members of the board or members of the governing board nominating committee, two of the variables used to create the structural power variable. The same could be said of CEOs who are founders.

The interviews showed a possible founder-like effect suggesting power may have a fluid nature. The CEO of Organization 1 indicated his tenure as CEO to be the same as the age of the organization, but he did not identify as the founder of the organization either on the survey or the interview. This CEO's mean power score was equal to the mean power score of the interview CEO who identified as the founder. Breaking down the power score, the Organization 1 CEO was not a founder but is a voting member of the board, which contributes to the structural power score. The possibility of a founder-like effect regarding CEO power may add to the evidence of a possible life cycle effect for CEO power in that the founder-like effect could indicate a transition from founder led organization to the next stage in the life cycle with lingering founder effects present. Another possibility is to consider this a tenure effect. The CEO in Organization

1 had been in the position 33 years a far greater tenure than the average tenure of the CEOs in the sample. It may be interesting to examine CEOs by tenure to see if CEOs with long tenures who are not founders begin to take on founder characteristics. Also, it would be interesting to further examine CEO power differences in organizations alike in age, size, and other characteristics to see if there may be additional effects may influence CEO power differences.

The possibility of a founder-like effect also indicates that CEO power may not be static but rather evolves based on characteristics of both the individual in the position as well as organizational characteristics influenced by life-cycle stage. Similar results were found by Maitlis (2004) in examining processual power of CEOs. This potential evolutionary effect of CEO power also may support that CEO's may influence governance the emphasis of some governance roles over other in order to meet organizational needs such as long-range planning, resource development, and human capital. The emphasizing of some roles over other may result in adaptation of governance structures such as the addition of additional boards.

The results show that an expanded view of governance to include additional actors such as an advisory board is warranted. Traditionally, governance in the nonprofit literature has generally been defined as the operations of the board of directors (Stone & Ostrower, 2007). The limited research on advisory boards argues that they are a "critical instrument of governance" in public benefit nonprofit organizations (Saidel, 1998). This dissertation support these arguments in the following ways.

1. Advisory boards perform many of the same roles as the governing board at varying levels and at times performing the role at greater levels than the governing board. For example, the roles related to agency theory – such as ensuring mission, developing policies, long-range planning – scored higher for advisory boards with founders as CEOs.

2. When advisory board formation is initiated by CEOs in appears to be a strategy to benefit the organization. A limitation to this result is this is from the perspective of the CEOs.
3. Governing boards approve and adopt the formation of advisory boards at times including them in the governance instruments of the organization such as the by-laws. Again, the limitation of only having the CEO perspective is the governing board perspective is absent. It is interesting to consider why the governing board allowed provision for the advisory board in the by-laws. Is this to protect the role of the governing board or is it to limit the CEOs control of an additional board?

From these perspectives, the inclusion of additional actors in research on nonprofit governance is important and yields interesting observations about the actual practice of nonprofit governance.

Advisory boards were found to perform roles most closely aligned to resource dependency theory suggesting that advisory boards are used to help the organization navigate its environment both from the perspective of acquiring resources (financial and human capital) and potentially buffering the organization from poor governing board recruitment choices. The quantitative analysis showed that advisory board role scores are highest for those roles described by resource dependency theory. Advisory board membership of the interview organizations include former board members, prospective board members, key community members, and people who have subject-matter expertise needed by the organization. Interview CEO participants view their advisory boards a key resource for their organizations.

While the advisory board roles having the highest scores aligned with resource dependency theory, the CEO power variables associated with advisory board roles most aligned with those described by agency theory. These roles include sets financial policy; evaluates CEO; and budget allocations. The only resource dependency role that correlated with one of the CEO

power items, CEO tenure, was raises money. CEO Founder power positively and strongly correlated with sets financial policy and budget allocations.

The organizations clustered in the Founding/Start-up Organizations group have the second highest CEO power mean score and the highest advisory board mean score and all of the CEOs are founders. This group also has the highest score for the roles associated with agency theory for the advisory boards as well as the highest score for the resource dependency roles suggesting that advisory boards of start-up organization may have a broader purpose than advisory boards of organizations past their founding/start-up phase. It is also important to note that the CEOs of the Founding/Start-up group have the highest CEO meeting frequency with the board chair, a power item positively associated with governing board development practices. These organizations also have the second highest governing board development mean score, which is a significant predictor of governing board role fulfillment. But these organizations have the lowest governing board role mean score. One possibility for this result is that these organization's advisory boards have the highest agency role score among the clusters, which indicates these boards do more of the same roles as the governing board possibly even limiting the governing boards performance. This may be an indication that in this particular stage advisory boards supplant the governing board rather than complement the roles of the governing board.

CEO founders also have the highest score for controls information. In the interview, the founder CEO shared she prepares the governing board meeting packet for every meeting as well as creates the agenda. And, when the governing board seeks information about the organization, they ask the CEO. This indicates the opportunity for information asymmetry or the possibility of the CEO "managing information" in way to favor the CEO's preferred direction or strategy.

This provides some support for the proposition CEO power and presence of the advisory board having a negative effect on governing board role fulfillment.

However, the results of this study are not conclusive and there may be additional explanations for the results presented here. Another possibility is that CEOs use their power to bring about strategic adaptation of their governance structures to benefit their organizations. For organizations in the founding/start-up phase these strategic adaptations may be made to help the organization survive the critical start-up period as well as navigate environmental uncertainties.

In the interviews, it was found that two of the CEOs were responsible for the formation of their advisory boards. One of the CEOs was in the Neo-founding group and the other was in the Transitional group. Both of these CEOs sought governing board approval for the formation of the advisory boards, and each had the changes made to the by-laws to codify the additional board in the governance structure. The rationales for making the adaptation to the governance structure were:

- Maintain relationships with former board members
- Fundraising
- Acquire skill-sets and expertise needed by the organization.

The CEO of the organization that is a member of the Neo-Founding cluster added that the governing board size was limited to fifteen members and by adding the additional board key board members could be moved to the additional board at the end of their terms. This CEO is also a voting member of the governing board. CEO power for Neo-Founding organization is characterized as having the highest structural power among the clusters, and the CEO of Organization 1 is a voting member, member of the governing board nominating committee and has a high score for responsible for governing board agenda, all of the items representing CEO

structural power. This CEO stated he worked with the governing board to make changes to the by-laws to provide for the addition of an advisory board. In this case the strategic adaptation of the governance structure mainly focused on retaining high performing governing board members by placing them on the advisory board. Moving governing board members to an advisory board may potentially influence performance of the advisory board to take on roles of or similar to the governing board. The Neo-Founding group has the second highest advisory board role mean score as well as the second highest agency roles of advisory boards suggesting the possible influence of former governing board members who serve on the advisory board.

Governing board development practices were found to be a significant predictor of governing board role fulfillment. The relationship of CEO power to governing board development practices was mixed with two CEO power types, CEO meeting frequency with board chair and CEO controls information having statistically significant associations with governing board development practices in positive and negative directions respectively. The two clusters with the highest governing board development practices are the clusters with the lowest CEO power mean score (Balanced Power) and the second highest CEO power mean score (Founding). The CEOs of the Founding cluster have the highest scores for meeting frequency with board chair and controls information possibly neutralizing the potential effects of these two power types. This cluster also has the highest advisory board score and the highest scores of advisory board roles defined by agency theory. It is the agency related advisory board roles that associate with board development practices. These results suggest that CEO power and the presence of an advisory board may not affect board development practices the same way through a nonprofit organization's life-stages. This also provides additional support to consider governance from the perspective of strategic adaptation where governance roles may evolve and

change with governance actors being added or subtracted over time. This warrants further exploration.

Contributions to Theory

While this research confirms the traditional view of the description of board roles by theory – agency and resource dependency, the results presented here offer insights and possible new directions to consider why the various roles of governance actors take on different levels of performance in various context. One contribution this research makes is that boards perform roles defined by more than one theory.

The agency theory perspective has been used to examine the relationship between the governing board (principal) and the CEO (agent) and some have considered the theory's limitations as discussed in Chapter 2. The contribution this research make is the consideration of more than one principal present in the organization. Key to the agency framework is the board's decision control and monitoring functions. The presence of an additional board in the governance structure muddies the agency conception because, as this research shows, additional boards perform roles as those performed by the governing board including roles defined by agency theory. Evidence of information asymmetry was found in the CEO controls information scores and in the interviews with CEOs indicating they are the primary source of information for the governing board. From the monitoring perspective of agency theory, the board is conceived as monitors of the internal decision agents (Fama and Jensen, 1983). The CEOs surveyed in this study gave the highest performance role score to the governing board evaluates the CEOs performance, indicating their boards are performing at least part of their monitoring role. However, it is interesting to note that the clusters with the two lowest scores for the monitoring role are the clusters with the highest mean power score and the highest structural power score.

One consideration is that agency perspective may have greater explanatory power when the founder is the CEO or has founder-like characteristics as this relates to ownership.

Resource dependency theory explains organization survival is dependent on the organization's ability to acquire and maintain needed resources. This theory considers boards as boundary spanners providing information and resources to help reduce uncertainty. The advisory boards in this research had higher scores for roles related to resource dependency theory verses the agency roles. The reasons given for the existence of the advisory boards were most often fundraising, maintaining key relationships and acquiring needed expertise. All of these are important resources for an organization's survival. The advisory boards role scores were the highest for roles defined by resource dependency theory. And the advisory board resource dependency roles score was a positive and significant predictor of the governing board role mean score indicating that from this perspective additional boards may expand and/or complement the governing board roles.

This research provides support for board roles defined by agency and resource dependency theory. The explanatory power of either theory may not completely explain the CEO relationship with the board and its performance of its roles. There have been arguments in the literature that life-cycle stage effects various organizational behaviors and outcomes and the factors that may influence board behaviors are age, organizational stability, and professionalization of staff. The research presented in this dissertation provides evidence of life-cycle stage effects on CEO power. This adds dimension to the relationship between board role performance and CEO power in that these relationships may change over time.

From the resource dependency perspective, advisory boards may be considered strategic tools to navigate the organization's environment and respond to uncertainties. This study found

that advisory boards membership often has former governing board members and some advisory boards have prospective board members. Other advisory boards are used to acquire expertise helpful to the staff as they operate the organization. However, there may be another perspective to examine regarding why advisory boards are used in this way, which is are organizations making up for deficiencies in internal capacities such as fundraising? This will be discussed further in the section on future research agendas. Additionally, the results presented in this dissertation offer evidence to consider governance as a strategic activity influenced and at times initiated by the CEO in concert with other governance actors to benefit the organization in some way. If the strategic activity is designed to provide additional resources or navigate environmental uncertainties, then this fits with resource dependency theory.

To summarize the results of the research presented in this dissertation, the following insights were made:

- There appears to be a life-cycle effect for CEO power and CEO power effects appears to vary by the type of CEO power.
- Advisory boards seem to perform roles most aligned with those described by resource dependency theory but also perform other roles.
- Governing board development practices are a significant predictor of governing board role fulfillment.
- The formation of advisory boards appears to be a strategic activity initiated by the CEO to meet some organizational objective.

Limitations

The sample used was representative of the population from which it was drawn but caution should be taken in generalizing the findings here across the larger nonprofit sector. The human service organizations in the population might be difference from other human service organizations. Additionally, the email group was found to differ significantly in size from the random sample group. This is most likely due to organizations whose emails can be found via a google search have greater technological capacity, which tends to be correlated with organizational size. This may potentially limit the generalizability of the results presented in this dissertation to those organizations in the NTEE codes that have an email address. Also, organizations representing the arts or other types of nonprofit organizations are not represented in this sample. Environmental factors organizations experience were not included in the analysis of the research. The variables included in this study were CEO power, Governing Boards roles, Advisory board roles and Governing board development practices as previously described along with organization size, organization age, governing board size and CEO and board chair gender. Future research may consider other factors such as organizational financial health, changes in regulatory environment, staff size and expertise and their relationships to these variables. Examining these factors may further the understanding of why organizations adopt a governance structure that includes additional boards.

The sample size was adequate for the purpose of exploratory research but did yield small sample clusters limiting statistical analysis within clusters. Also, the number of interviews for the qualitative analysis was limited to four and while the findings were consistent with findings from the pilot study, a more robust interview group may yield additional insights as well as conducting interviews until saturation is reached.

Since the source of information for the measures of the dependent and independent variables was the same another limitation to this research is common method bias. Only nonprofit CEOs responded to the survey. This possibly introduced response bias such as overstatement of how much the CEO is responsible for the board agenda and the performance of the governing board thus confounding CEO power and governing board role fulfillment.

Future research and Contributions to Practice

Through the research of this dissertation insights were gained about what additional boards do in nonprofit organizations and to a degree why they exist. One line of thought that this research prompted for me is about internal capacity of the organization. The question being is the organization recruiting advisory board members to help with fundraising in place of investing in the internal capacity of the fundraising operation? And, the same question regarding acquiring expertise? Is the expertise not available to the organization otherwise? From a practical viewpoint, how do boards view return on investment regarding building their organization's capacity? And, is the board's viewpoint effected by the power and influence of the CEO?

It was interesting the mix of results regarding CEO power in which some power types exhibited positive and negative relationships with some of the governing board roles, advisory board roles, governing board development practices. A good example of this is the relationships with CEO controls information and CEO meets with board chair and their relationships with board development practices. The differences in power between the clusters was interesting as well. An exploration in this line of thinking may relate to fit as in what type of leader is best for an organization.

It was very interesting that two CEOs mentioned their governing board size limits. This was mentioned in response to the role and/or formation of an advisory board. Why didn't the

organization just increase the size of governing board if they needed additional people to help with fundraising or expertise acquisition? Is the answer to this question related to the CEO's power or the power of the governing board? Or does this indicate that current board "best" practices are taking root in the field? Or is it a simple as a smaller board is easier to manage?

The concept of strategic adaptation of governance structures warrants further exploration and may yield the most interesting results and insights. Theoretical support for this concept is found in contingency theory. The basic argument of this theory is that an organization whose characteristics fit with its contingencies will perform more effectively (Donaldson, 2001; Bradshaw 2009). The inclusion of an additional board in the governance structure is one such adaptation, and since this research shows that the primary roles of the additional board are most related to those described by resource dependency theory, the exploration of environmental contingencies and organizational adaption could yield interesting results.

The relationship between the CEO and the governing board regarding who drives strategic adaptation of the governance structure would extend the research presented here. This research indicates that CEOs at times initiate these changes and work with their governing boards to do so. It would be interesting to know more from the perspective of the governing board regarding governance structure adaptations. Is the governing board just going along with the CEO? Do they see a potentially positive outcome of adding the board? Is the governing board aware of environmental risks and challenges that changing the structure will help manage? Investigating these questions may offer greater understanding of how nonprofit governance actually works in practice.

This dissertation expands the theoretical concept of governance to include an additional board or principal in the governance construct. From the agency perspective, the additional

board may act similar in roles to the board charged with governing the organization. This may conflict or complement the relationship between the principal and agent and muddies the principal-agent construct. From the resource dependency perspective, the additional board serves as another means of navigating the organizational environment. Considering strategic adaptation of the governance structure, the theoretical perspective most appropriate may be contingency theory.

From the practical perspective, this research may help inform understanding of what it means to engage in strategic governance. Recently when working client nonprofit, I asked a board development chair who was framing board recruitment with a skills matrix this question: What are your organization's key goals and objectives and what skills/talents/resources are needed from the board to help achieve these goals? My question was first met with silence but sparked a new direction in their conversation regarding recruitment. This research also demonstrates the importance of board development practices and a key strategy for nonprofit CEOs to enhance these, which is the CEO relationship with the board chair. The differences in CEO power and board role scores by clusters suggest the possibility of there not being just one best way to do governance outside of the basic legal and fiduciary requirements. The possibility of practicing a more adaptive approach to governance may offer new opportunities for nonprofit boards and CEOs.

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APPENDIX

Appendix A

Factor Analysis Results for Advisory Board Roles

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	283.278
	df	78
	Sig.	.000

Rotated Component Matrix[a]

	Component			
	1	2	3	4
ABrole1		.877		
ABrole2	.312	.765		
ABrole3	.466	.609		
ABrole4	.886			
ABrole5	.698		.496	
ABrole6		.599		.383
ABrole7	.877			
ABrole8	.727		.338	
ABrole9	.865			
ABrole10				.935
ABrole11		.698		
ABrole12		.344	.761	
ABrole13			.892	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 5 iterations.

Pearson Correlation Matrix among Board Development Practices and Governing Board Roles

	GB1	GB2	GB3	GB4	GB5	GB6	GB7	GB8	GB9	GB10	GB11	GB12	GB13
1	-												
2		-											
3			-										
4				-									
5					-								
6						-							
7							-						
8								-					
9									-				
10										-			
11											-		
12												-	
13													-
BDP1	.351**	.437**	.522**	.451**	.206*	.378**	.438**	.611**	.280**	.308**	.248**	.211*	
BDP2	.258**	.415**	.535**	.368**	.259**	.208*	.454**	.540**	.235**	.271**	.238**		
BDP3	.240**	.281**	.470**	.314**	.250**	.256**	.374**	.579**		.252**	.288**		
BDP4		.178*	.318**	.250**		.174*	.290**	.534**		.191*	.197*		
BDP5			.304**	.301**	.205*		.253**	.394**		.168*	.190*		
BDP6	.205*	.390**	.539**	.390**	.280**	.270**	.488**	.759**		.233**	.299**	.189*	
BDP7	.173*	.359**	.491**	.306**	.296**	.193*	.286**	.372**		.245**	.181*		
BDP8	.268**	.388**	.424**	.347**	.256**	.218**	.328**	.333**	.176*	.309**	.211*		
BDP9	.306**	.387**	.408**	.421**	.346**	.257**	.411**	.462**		.212*	.367**		

***p < .01; *p < .05, two-tailed*