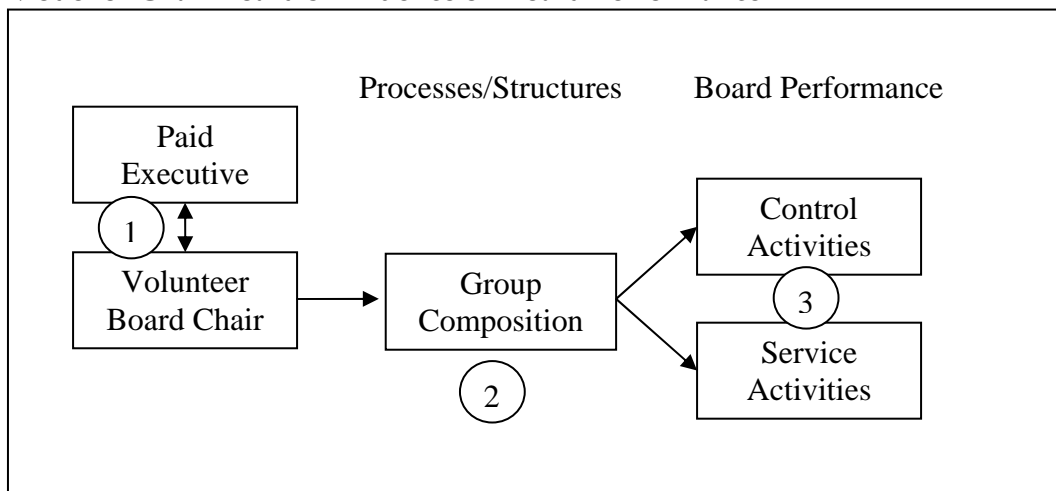


Power on Nonprofit Boards: Considering the Influence of the Board Chair

William Brown
Texas A&M University

The volunteer board chair and the paid executive both influence how the board engages, but what is not well understood is how these individuals share power and the impact of that arrangement on board performance. The overall goal is to understand the influence of the volunteer board chair in encouraging board member involvement in monitoring and service activities. Considering the board chair's influence could explain the propensity of the board to enact its monitoring and service roles. Enacted through group composition characteristics the board chair should be able to influence the board's engagement in key roles, especially monitoring activities, but the board chair's influence is affected by the executive's control over the board. Considering classic sources of social power the proposed study will provide significant insight to the leadership of nonprofit boards (see Figure 1).

Figure 1
Model of Chair Board's Influence on Board Performance



1) Sources of Social Power & Board Chair as Intermediary

The balance of social power between the board chair and the executive will influence the capacity of the board chair to influence the performance of the board. Social power is conceptualized as drawing from either personal or structural sources (Bradshaw & Boonstra, 2004; French & Raven, 1959; Mintzberg, 1983). Examples of personal sources of power include professional experience (Maitlis, 2004) and social relationships (Galaskiewicz & Wasserman 1989). Several studies have considered how relationships within and between organizations (Astley & Zajac 1991; Zajac & Westphal 1996) can increase the potential influence of either the board member or the executive. These studies have found that political decision-making is a reality of governance and that preexisting relationships can be informative to understand alliances and preferences. Structural sources of power include control over external resources (Pfeffer & Salancik, 1978) and involvement in recruitment and selection of board new members (Kosnik, 1987; Pfeffer, 1981; Westphal, & Zajac, 1995). Recruitment and selection is particularly

relevant because either the CEO or the board chair is likely to use these mechanisms to reinforce their predisposition toward control or service activities (Brown 2007^b).

A board member who is able to serve as a liaison between the executive and other board members could help negotiate the balance between different board roles (Langevoort 2001). The board chair is a likely individual to perform this intermediary role because of their leadership responsibility on the board and the often intimate relationship with the executive (Kakabadse & Kakabadse, 2007). In a recently completed study to explore the board's role during mergers and acquisitions in the credit union industry (Brown, 2007^a), we found that the board chair is often discussed as a key facilitator "to bring the rest of the board along". Effective chairs translated management objectives and brought salience to board member concerns.

2) Group composition

Boards are fundamentally constrained by the capabilities and characteristics of their members (Baysinger & Hoskisson 1990; Kroll, Walters & Son, 2007). In an ongoing study to explore factors that explain board member engagement in control and service activities, we found that human and social capital, such as professional experience and number of community group memberships, (Hillman & Dailzeil, 2003) and mission attachment (Brown, 2007^b; Preston & Brown, 2005) explained engagement in board roles. An important distinction for the nonprofit context is that the board should enact control activities that also reflect the mission and values of the organization (Sasso, 2003). Mission attachment assesses one's belief and commitment to the purposes of the organization (Brown & Yoshioka, 2003). A stronger commitment to the mission encourages more involvement in board roles (Preston & Brown, 2005). Board member attributes constrain or foster the ability of the group to achieve their objectives and must be considered in conjunction with other processes and structures that facilitate group performance.

3) Board Role Performance

There is some (although not universal) agreement within the governance literature that board responsibilities can be conceptualized as either control activities or service activities (Hillman & Dalziel, 2003). Typically control roles are investigated from an agency perspective (Daily, Dalton & Cannella, 2003) and service roles are investigated from a resource dependency perspective (Brown, 2005; Miller-Millesen 2003; see **Table 1**). Control activities include evaluating the executive, overseeing fiscal assets, monitoring programs and addressing strategic issues as they impact key constituent. Agency theory posits a conflict relationship between the board and the executives (Fama & Jensen, 1983). The theory suggests that as you align board member interests with stakeholders, board members will be more vigilant in the monitoring management. Sole reliance on agency theory to explain board roles is misguided, if not negligent, given the questionable support many of the recommendations have when enacted (Daily, Dalton & Cannella 2003; Dalton, Daily, Ellstrand & Johnson, 1998; Bonazzi & Islam, 2007). A variety of organizational benefits have been investigated and proposed as potentially tied to effective monitoring. These benefits include improved financial performance and appropriate executive compensation (Daily, Johnson, Ellstrand, & Dalton, 1998). The

limitations of agency theory are further exasperated when you consider the challenges of the nonprofit context (Caers, Du Bois, et al 2006; Miller 2002; Olson, 2000).

Table 1 Roles for Nonprofit Boards

Control Roles	Service roles
Evaluate executive performance	Advice and counsel
Oversee fiscal assets	Raise funds
Set mission and purpose	Market and promote organization
Monitor program performance	Link to external constituents
Set organizational policies	Recruit board members
Monitor strategic direction	Create strategic direction

Recognizing limitations in agency theory, scholars have proposed that resource dependency theory might provide some insights into the work of boards (Pfeffer & Salancik 1978). Resource dependency theory recognizes that it takes different “incentives” to support service activities than to get the board members to engage in oversight activities (Hillman & Dalziel, 2003). Service activities include giving advice and facilitating access to critical networks (Johnson, Daily, & Ellstrand, 1996; Zahra & Pearce, 1989). Considering board member capabilities should provide a better explanation of board member behaviors than relying solely on structural constraints (i.e., number of outside directors) proposed by agency theory (Brown 2005; Hillman & Dalziel, 2003). Fulfillment of service activities has the propensity to influence fiscal efficiency because the influx of additional resources (Williamson, 1984). Such contributions should either extend the capabilities of the organization or limit expenses by capitalizing on the labor of board members.

There is a paradox however between the two roles that can cause conflict for board members especially in nonprofit organizations (Golden-Biddle & Rao, 1997). Factors that encourage participation in monitoring (i.e., distance and independence from the executive) are not necessarily the factors that might encourage board members to provide service type activities. This is particularly apparent when considering the board’s role in strategy (Stiles & Taylor, 1996; Zahra and Pearce, 1989). Increasing boards are asked to not only “watch over” strategic decisions but to help create strategy (Ingley & Van der Walt, 2001). This generative side of governance extends the expectations of the board (Chait, Ryan, & Taylor, 2005) and further exposes limitations in prominent theoretical explanations (Hendry & Kiel, 2004). Considering the processes by which boards fulfill their roles holds significant potential to explain limitations in current theoretical models (Forbes & Milliken, 1999). Investigating power dynamics has particular appeal because of the ambiguity of leadership on nonprofit boards and the recognition that paid executives are likely to prefer different activities than the board chair (Westphal 1998).

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