

**AN EXPLORATION OF NONPROFIT GOVERNANCE CONFIGURATIONS**

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## **Dedication Page**

This work is dedicated to the organizations that opened their boardrooms to me and the work they do.

## **Abstract**

There has been limited research on the characteristics inside the nonprofit (NP) boardroom. Much of the prescriptive NP governance literature is based on for-profit (FP) assumptions. Following a contingency approach, this multiple case-study of two Alberta organizations looks into the NP boardroom to observe the board characteristics alongside organizational and environmental contexts as proposed in a framework by Bradshaw (2009). To build on the proposed framework, this study also explored the combination of internal and external social capital. Using a pattern-matching analysis, support was found for the theorized board characteristic and social capital propositions. While limited by the cross-sectional and exploratory nature, the findings support future research. Future studies can explore the implications of such characteristics and contingencies on board effectiveness and organizational performance.

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## 1 Introduction

Nonprofit (NP) organizations are gradually incorporating strategy and mimicking for-profit (FP) business processes and practices (Alexander & Weiner, 1998; Brown & Iverson, 2004; Eikenberry & Kluver, 2004; Hodgkin, 1993; Judge & Zeithaml, 1992). While the prescriptive literature has been written from FP research, it fails to identify the benefits of such practice for NP governance (Herman & Renz, 2004). The current research does not account for the wide operational environments of the NP sector (Bieber, 2003; Miller-Millesen, 2003). The application of FP assumptions fails to consider factors unique to the NP sector including use of volunteers, fundraising duties, and performance based on mission rather than shareholder return (Hodgkin, 1993; Pfeffer, 1973; Stone & Ostrower, 2007). To address this gap, there is a need for theory development and empirical evidence exploring the NP board characteristics associated with its environmental and stakeholder context.

NP organizations are formed when “citizens want more or different goods” (DiMaggio & Anheier, 1990, p. 140) than government offers, and the demand has not reached a level that the government or private sector enters to offer the goods (DiMaggio & Anheier, 1990). They are a vital part of a healthy and vibrant society with tangible and intangible benefits, comprising 2.5% of the Canadian GDP in 2007 (Stats, 2009). Using a structural/operational definition, NP organizations can be defined as:

- (a) formal or organized;
- (b) private, separate from government;
- (c) not profit-distributing;
- (d) self-governing; and
- (e) voluntary, involving a “meaningful degree of voluntary participation” (Salamon & Anheier, 1992, p. 135) in conduct or management, for example the voluntary board

of directors (Hall, Barr, Easwaramoorthy, Sokolowski, & Salamon, 2005; Salamon & Anheier, 1992).

NP organizations are defined by their missions and are held accountable to a number of stakeholders including donors, clients, staff, and the public taxpayer (Green & Griesinger, 1996) otherwise described as the public at large (McClusky, 2002). Most organizations are governed by a volunteer board of directors (Judge & Zeithaml, 1992; Otto, 2003) who promote the mission through a variety of tasks from strategic to operational. Otherwise described by folklore as “the three W’s: wealth, wisdom, and work” (O’Regan & Oster, 2005, p. 244). The governing Board of Directors is often the connection between stakeholders and the organization, thus their composition is of “central importance to nonprofits” (Abzug & Galaskiewicz, 2001, p. 51). The NP sector is currently in need of a “model of nonprofit board governance capable of predicting the conditions under which a nonprofit board is likely to assume certain roles and responsibilities over others” (Miller-Millesen, 2003, p. 523).

The purpose of this study was to explore and extend theory on the contingent relationship between NP governance configurations, described by board characteristics, to environmental variables as proposed by Bradshaw (2009). As an extension of Bradshaw’s (2009) previous work, this study analyzed social capital diversity as a means to build on configuration characteristics. Social capital is theorized as an important aspect to NP governance as board volunteers come with a wide variety of knowledge and expertise (human capital) when compared to FP boards (Oster, 1995). Kreutzer (2009) found that the presence of social capital, shared by the board of directors, promoted the use of human capital. Social capital is found to compensate for a lack of human capital (Coleman, 1990). Social capital, networks and relations, may influence volunteers’ actions and decisions as FP research found board information flows through social relations rather than individuals’ decision-making abilities (Carpenter & Westphal, 2001). Finally, social capital may prove to be a source of advantage “to the extent the firm can influence

its development and can appropriate its value” (Moran, 2005, p. 1129). It is proposed that this will hold true to a greater extent in NP organizations where boards are more diverse and directors are often recruited specifically for their social status and/or connections.

In the literature review that follows, these various concepts are drawn together, beginning with a description of NP governance as it is currently conceptualized and characterized in the literature. Next, there is a review of FP and NP contingencies and a review of the social capital concept. The literature review is followed by descriptions of research purpose, methods, results discussion and finally, recommendations.

## 2 Literature Review

### 2.1 Nonprofit Governance

NP governance has been “defined as the set of processes, customs, policies, and laws affecting the way which a nonprofit organization is directed, administered or controlled” (Kreutzer, 2009, p. 117) summarized as “boards are charged with the proper use of resources in pursuit of organizational goals” (Zald, 1969, p. 99). Further, there is “a widely held belief that governance in nonprofit organizations is the province of their Boards of Directors” (Stone & Ostrower, 2007, p. 418). Much of the prescriptive works on NP governance is adapted from FP research that fails to consider the organizational context and environment of the NP organization (Bradshaw & Hayday, 2007; Herman & Renz, 2004; Miller-Millesen, 2003) and fails to recognize the NP commitment to mission rather than bottom line (Hodgkin, 1993). In addition, “researchers have not explicitly considered how well the theoretical assumptions underlying studies of private sector governance hold in the study of nonprofit boards” (Miller-Millesen, 2003, p. 524).

A contingency approach is proposed as a theoretical lens with much to offer the NP sector that operates in a variety of organizational contexts and external environments (i.e. availability of funding, availability of volunteers, client base and government regulations/policy). “The reality of governance occurs in a variety of ways, despite the certainties of prescriptive writers; to understand what is happening, one must study how boards function within the broader theoretical and practical contexts” (Bieber, 2003, p. 182). Moving forward, research must address how NP governance exists rather than using FP literature to develop theoretical best-practice NP literature (Miller-Millesen, 2003).

## 2.2 A Contingency Approach

Contingency theory suggests there is no one best way to organize (Lawrence & Lorsch, 1967); organizational characteristics, such as bureaucratic or organic, vary systematically depending on the organization's external environment. The heart of contingency theory is that organizations benefit from "fitting characteristics of the organization, such as its structure, to contingencies that reflect the situation of the organization" (Donaldson, 2001, p. 1).

The external environment defines the situation of the organization. There are two common measures for the external environment: task uncertainty (stable/certain-turbulent/uncertain) and task interdependence (simple-complex). Task uncertainty has been measured as task routines (Hage, 1965) and by external market factors that affect the industry (Donaldson, 2001). A stable/certain external environment is one of low innovation and changes slowly; in addition, it has low rates of technological and market change (Burns & Stalker, 1961). A turbulent/uncertain is often in flux and requires the organization to be adaptable. For example, the funding environment of a NP organization can be characterized as stable if it receives secured grants and /or government funding; in contrast, characterized as turbulent if the organization relies solely on donations.

Task interdependence can be a measure of technology. Technology has been defined as an approach to problem solving and decision making (Donaldson, 2001; Morgan, 1989) or the actions of an individual upon an object to create change (Perrow, 1967) measured on a simple/routine to complex/non-routine continuum. Simple/routine tasks are rarely dependent on other parts of the organization and can be programmed or outlined with rules, procedures and guidelines. Complex/non-routine tasks require a combination of organizations or departments to communicate, analyze and assess the proper course of action. The collaborative nature of the NP sector impacts task interdependency of organizations. For example, a simple task interdependency may be a unitary organization; a complex task interdependency may be an

associated organization where board directors are constituency representatives (Bradshaw & Hayday, 2007), or a board directors are diverse stakeholder representatives.

Organizational characteristics can be identified in three main areas: structure, composition and strategy. The structure continuum runs from mechanistic (Burns & Stalker, 1961), structurized (Hage, 1965) or Weber's bureaucratic to organic or innovative (Hage, 1965). A mechanistic, structurized or bureaucratic structure, identified as formal, is characterized by precise definitions of rights, obligations, and technical methods attached to each role (Burns & Stalkers, 1961). An organic or innovative structure, identified as informal, is characterized by adjustment and/or continual redefinition of individual tasks (Burns & Stalker, 1961) and/or innovation (Hage, 1965). Composition of the organization can be described by the diversity of board members (Forbes & Milliken, 1999; Westphal & Milton, 2000). Visible diversity has been used to describe the demographics (i.e. age, gender and ethnicity) of board members (Carpenter & Westphal, 2001; Forbes & Milliken, 1999; Lawrence, 1997). Functional diversity has referred to educational training (Reagans, Zuckerman, & McEvily, 2004; Reagans & Zuckerman, 2001) and industry background (Carpenter & Westphal, 2001) collectively referred to as human capital. Finally, strategy refers to the strategic approach the organization is pursuing to adapt and maneuver its external environment, such as defender, prospector, reactor or analyzer strategies (Miles & Snow, 1978).

Contingency theory draws an alignment of environmental and organizational characteristics for the benefit of the organization (Donaldson, 2001). It "stresses that effective organizations succeed in achieving a 'good fit' *internally*—in terms of relations between organizational structure, managerial styles, technology employed, and the needs, values, and abilities of employees—and *externally*—in relation to the environment" (Morgan, 1989, p. 76, italics in original). Suggested alignments are stable environments will have organizations with mechanistic/bureaucratic structure, instrumental orientation to work, routine roles and a defensive

goal setting; in contrast, turbulent environments will have organizations with organic structure, a central life interest, complex roles and pro-active creation of learning systems (Morgan, 1989).

### **2.2.1 Contingencies and nonprofits.**

Contingencies are “any variable that moderates the effect of an organization characteristic on organizational performance” (Donaldson, 2001, p. 7). Variables found to affect the organizational characteristics include funding sources (Hall et al., 2005; Herman & Heimovic, 1991; Maranville, 1999), regulators (Herman & Heimovic, 1991; Maranville, 1999; Sandfort, Selden, & Sowa, 2008), recipients or clients (Herman & Heimovic, 1991; Maranville, 1999), competition (Herman & Heimovic, 1991; Maranville, 1999), strategic planning (Hall et al., 2005; Maranville, 1999), support organizations (Herman & Heimovic, 1991), volunteers (Edwards & Cornforth, 2003; Hall, 2003; Kreutzer, 2009; Pearce, 1993; Rochester, 2003), stakeholders (Maranville, 1999), and size (Cornforth & Simpson, 2003).

NP organizations are shown to differ in structure from FP counterparts with larger boards (Judge & Zeithaml, 1992; Oster, 1995) that are more involved in strategic planning (Judge & Zeithaml, 1992). A study on strategy adopted by NP organizations found a correlation between differentiation strategy, a strategy similar to a prospector (Miles & Snow, 1978), and competition in the environment (Barman, 2002). Brown and Iverson, identifying organizations as prospector, defender and analyzer, found support for corresponding structural differences (2004). In addition, strategy is considered a contingency variable as the ability to plan for future identifies a challenge facing the NP sector (Stone, Bigelow, & Crittenden, 1999).

NP organizations struggle to attract and retain volunteers identifying another external environment factor (Hall et al., 2005; Kreutzer, 2009; Rochester, 2003). This results in accepting volunteers with minimal or no selection criteria (Pearce, 1993), let alone ones with strategic management skills (Edwards & Cornforth, 2003), in order to fulfill legal requirements. This trend may continue as Canada has seen a decrease in the number of volunteers, 7.5M in 1997–6.5M 2000 (McClintock, 2004). Recruitment challenges add to task uncertainty and dependency

challenges as unknowns include volunteers skills and experience (Edwards & Cornforth, 2003) and intended tenure and motivation levels (Green, Madjidi, Dudley, & Gehlen, 2001). The age and size of the organization are also found to affect the volunteer board composition (O'Regan & Oster, 2005; Oster, 1995; Rochester, 2003). In the early stages of an organization, many volunteers may be members who are close to the services of the organizations, as the organization grows, it begins recruiting individuals to fill specialized roles (Kreutzer, 2009). Smaller organization have difficulty attracting volunteers, where larger organizations visible to the public attract volunteers or are able to nominate directors from membership (Edwards & Cornforth, 2003).

Funding is perhaps the most visible and spoken of challenge to the NP organization. NP organizations access funding in three main ways: (1) private contributions; (2) public support or government grants; and, (3) commercial activity (Hodge & Piccolo, 2005; Stone, Hager, & Griffin, 2001). Research supports a relation between funding sources and board characteristic (Hodge & Piccolo, 2005; Stone et al., 2001). Funder restrictions shape organizational characteristics and reduces the autonomy of the organization (Sandfort et al., 2008). In addition, changes in funding and competition will spur structural changes within the organization (Pietroburgo & Wernet, 2004).

### **2.2.2 Contingencies—board size and composition.**

Research has suggested there is an alignment, or fit, between the external environments and board composition and size. This approach has been studied previously in both FP and NP sectors. The Board of Directors has been described as a “vehicle for dealing with external interdependence and uncertainty, resulting from its exchange of resources with important external organizations” (Pfeffer, 1972, p. 219) and concluding “that board size and composition are not random or independent factors, but are, rather, rational organizational responses to conditions in the external environment” (Pfeffer, 1972, p. 226). In a study of 57 hospitals—FP, government, religious and NP designations—the local environment correlated to the boards’ focus; the board



was externally focused when resources were present and internally focused when resources were scarce (Pfeffer, 1973) . However, this contradicts finding in Provan’s (1980) study of NP human service agencies that found boards were externally focused when resources were scarce.

More recently, environment uncertainty factors identified to influence board size and composition have included social, economic and political factors (Pearce II & Zahra, 1992), family influences (Voordeckers, Van Gils, & Van den Heuvel, 2007), and life cycle stages relating to function focus (Aguilera, Filatotchev, Gospel, & Jackson, 2008). Pearce and Zahra found an association between environmental uncertainty and board composition identifying “board composition–size and type of directors–was determined by forces of the environment, corporate strategy and past performance” (1992, p. 432). Further, in a review of agency, resource dependency, and institutional theory Miller-Millensen predicts “that board size, composition, and performance expectations will differ based on environmental organizational factors” (2003, p. 540). Regulations in the external environment influences board composition as found by Minichilli, Zattoni and Zona’s (2009) results that “boards in regulated industries feel more comfortable in their task performances since they rely considerably on the existence of rules and standards which define boundaries of the firms activities” (p. 69).

NP research has not discovered a governance model “that can transcend the particulars of local environment and organizational context” (Sandfort et al., 2008, p. 422). This gap in the literature can be addressed by observing NP governance configurations, defined by board characteristics, in context to the organization’s environment.

### **2.2.3 Bradshaw’s contingency approach to nonprofits governance.**

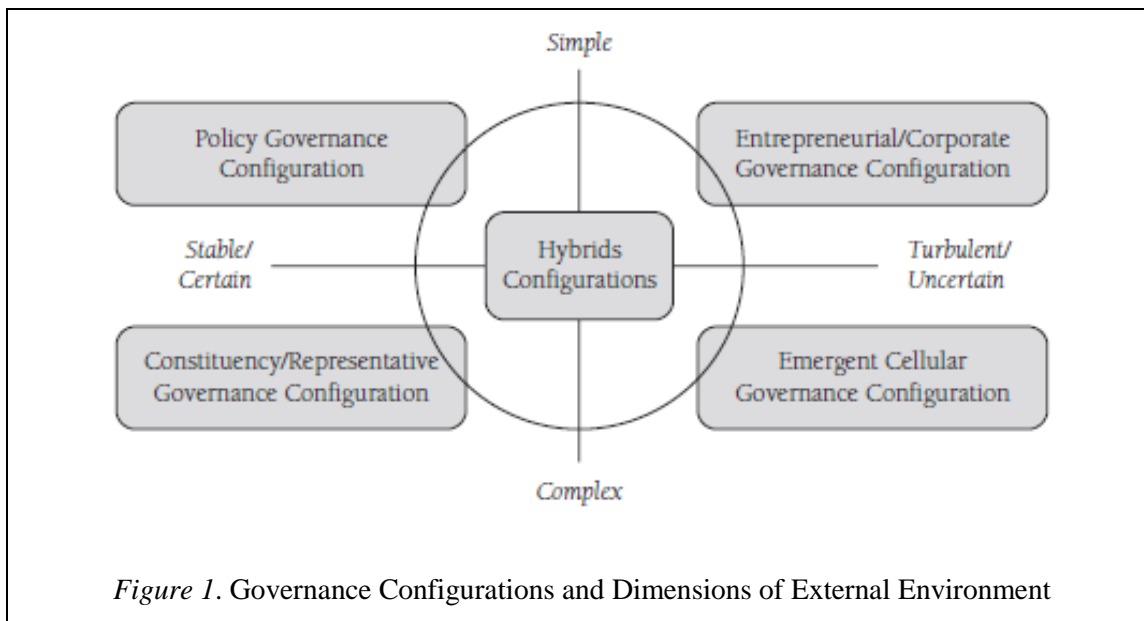
In response to the need for NP governance theory, Bradshaw developed a framework articulating five models of governance “conceptualized as characterizing the range of models of nonprofit governance” (Bradshaw & Hayday, 2007, p. 8). The governance models evolved from two dimensions in the field. The first dimension is identified in early work as “established” versus “innovative” (Bradshaw & Hayday, 2007). Established suggests organizations are

oriented toward continuing and perpetuating established operations; innovative suggests organizations are open to change in regards to efficiency and/or fundamental social change (Bradshaw & Hayday, 2007). The second dimension is “unitary” versus “pluralistic” reflecting whether the model applies to a single organization or to a network or group of related organizations, stakeholders, and/or constituents (Bradshaw & Hayday, 2007).

The refined model describes established organizations as those operating in a stable/certain environment and innovative as those operating in a turbulent/uncertain environment. The second dimension described unitary as simple and pluralistic as complex.

Simple is defined here as the extent to which the organization’s external environment is composed of a relatively well-defined and homogenous membership and a set of stakeholders who tend to share similar expectations about the organization. In contrast, a complex context is one in which the organization consists of a wide-ranging or diffused network of members and faces multiple stakeholders with differing expectations and agendas (Bradshaw, 2009, pp. 69-70).

Based on the two dimensions, five governance configurations are identified to represent fit between environment and governance configurations (descriptions to follow) as seen in Figure 1 from Bradshaw 2009.



### ***2.2.3.1 Governance configurations and characteristics.***

#### *2.2.3.1.1 Policy Governance configuration.*

The Policy Governance configuration operates in a stable and simple environment. It “focuses on the single organization and clearly distinguishes between the leadership roles of board and chief executive officer (CEO)” (Bradshaw & Hayday, 2007, p. 9). The organization manages its environment as dictated by its established policies and procedures. A stable environment offers predictability to funding needs, volunteer availability, client base, and government policies and regulations that established policies can manage. The status quo has worked for the organization and it is comfortable in continuing with the status quo (Bradshaw & Hayday, 2007).

#### *2.2.3.1.2 Constituent/Representative Governance board configuration.*

Constituent/Representative Governance configuration operates in a stable but complex environment. Complex is defined by task interdependencies, or organizational interdependencies, that the organization must manage and navigate. “There is a direct and clear link between the organization’s board and its constituents. The constituents are usually represented on the governing board and participate in policy development and planning” (Bradshaw & Hayday, 2007, p. 9).

#### *2.2.3.1.3 Entrepreneurial/Corporate Governance board configuration.*

Entrepreneurial/Corporate Governance configuration operates in a turbulent but simple environment. It requires innovation and adaptation to survive the changing environment. It is “often referred to as the business or corporate model of governance... [with] particular emphasis on innovation and often this appears as a focus on efficiency and effectiveness measures” (Bradshaw & Hayday, 2007, p. 11). It responds with business strategies of efficiency and competitive advantage when competing for volunteers, funding, or clients.

#### *2.2.3.1.4 Emergent Cellular Governance configuration.*

Emergent Cellular Governance configuration operates in a turbulent and complex environment where it must deal with uncertainty in areas such as funding, volunteers, clients and government regulations (not an all-inclusive list) and it must deal with high task interdependencies in distributed networks. “This model is evolving from the network form of organization which allows for flexibility and responsiveness to information” (Bradshaw & Hayday, 2007, p. 12). It is comprised of autonomous cells that work in a combination of independence and interdependence to scan and react to its environment (Bradshaw & Hayday, 2007).

#### *2.2.3.1.5 Hybrid configuration.*

As the environments exist on a continuum rather than poles, a hybrid model is “adapted to the nature of the external environment” (Bradshaw, 2009, p. 70).

Table 1 from Bradshaw (2009) describes the typical board characteristics associated with each governance configurations:

Table 1

Governance Configurations and Typical Board Characteristics Associated with Each (from Bradshaw, 2009)

Policy governance	<p><i>Structure</i> –          More formalization (for example, clear agendas, well-established policies)          More formal committees (for example, fixed structures with clear mandates)          Clarity of roles and responsibilities between board and staff          Larger size          More bureaucratic and hierarchical</p> <p><i>Board composition</i> –          More homogeneity of board members</p> <p><i>Process and strategy</i> –          Traditional/ mainstream ideology (for example, taken-for-granted assumptions about legitimacy of existing power relationships and little focus on social change)          Proactive and long-term strategic planning processes, board tends to approve rather than participate in creation of the plan, defender strategy</p>
Constituency/ Representative governance	<p><i>Structure</i> –          More formalization (for example, clear agendas, well-established policies)          More formal committees (for example, fixed structures with clear mandates)          Clarity of roles and responsibilities between board and staff          Larger size          More decentralization</p> <p><i>Board composition</i> –          More diverse membership (for example, elected representatives from membership, constituency representation)</p> <p><i>Process and strategy</i> –          More conflict about the mission and the need to represent various constituents          Proactive strategic planning processes, defender strategy</p>
Entrepreneurial/ Corporate governance	<p><i>Structure</i> –          Less formalization (for example, fewer policies and procedures)          Less bureaucratic and more action oriented and businesslike          Fewer committees and more task force or project groups          Smaller size          Less clarity of roles and responsibilities (for example, overlap of board and staff roles, working boards)          More focus on efficiency and getting the work done          More decentralized</p> <p><i>Board composition</i> –          Less homogeneous membership and more “entrepreneurs”</p> <p><i>Process and strategy</i> –          More emergent strategic planning processes with shared board and staff participation          Prospector approach to strategy</p>
Emergent Cellular governance	<p><i>Structure</i> –          Less formalization (for example, fewer policies and less documentation)          Fewer fixed committees and more fluid with task forces and temporary committees          Smaller board size          More decentralized and less hierarchical</p> <p><i>Board composition</i> –          More diverse membership (attempt to be inclusive of multiple stakeholders and constituents)</p> <p><i>Process and strategy</i> –          Emergent strategic planning processes and board staff and sometimes community input into the process          Informal board practices, more organic          More alternative or nonmainstream ideologies (for example, feminist, and social justice)</p>
Hybrids	<p>Various combinations of the characteristics of the other configurations adapted to the nature of the external environment and characteristics of the organization and strategic choices of decision makers</p>

In efforts to build and further define the governance configurations, this study included observation of social capital. Adding social capital to the composition moves beyond studying diversity by visible demographics (i.e. age, gender, ethnicity; Carpenter & Westphal, 2001; Forbes & Milliken, 1999). Functional diversity suggests a more precise way of studying board demographic (Forbes & Milliken, 1999). Functional diversity has been identified as job-related diversity including human capital and experience (Carpenter & Westphal, 2001; Lawrence, 1997) and access to resources through social capital (Van der Walt, Ingley, Shergill, & Townsend, 2006).

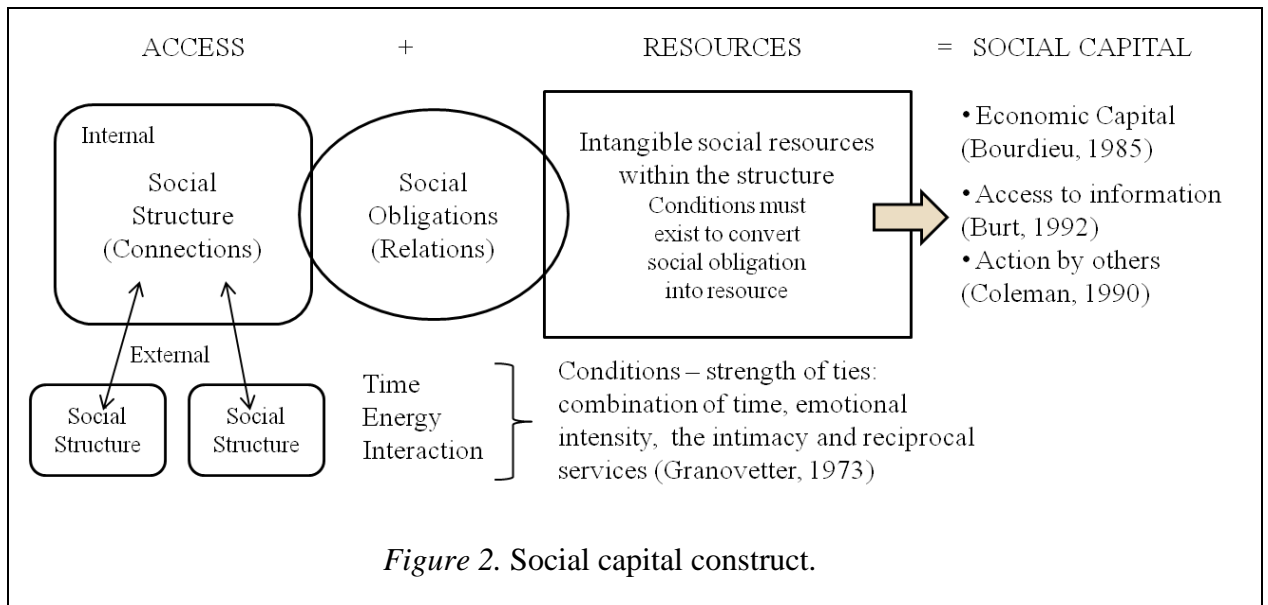
In FP organizations, directors are expected to have similar industry backgrounds, educational experience, professional experience etcetera creating a relatively fixed functional diversity (Reagans et al., 2004). NP organizations select board directors from volunteers in the community or of stakeholders, thus the extent of functional diversity is potentially much greater than in FP organizations. Further, by moving beyond visual diversity and studying functional diversity allows for greater understanding of what each director brings to the board (Lester, Hillman, Zardkoohi, & Cannella Jr, 2008). Board directors are expected to bring human capital skills identified by functional diversity. By adding social capital to the functional diversity, the access to resources beyond a directors' skill set can be explored and characterized.

It is therefore proposed that diversity be observed through visible diversity (demographics), functional diversity including social capital. It is important to observe both visible and functional diversity as they are not interchangeable (Lawrence, 1997; Reagans et al., 2004). In addition, visible diversity has been shown to inhibit and promote functional diversity under specific condition (Reagans et al., 2004) suggesting the two are separate contingent variables. Observing social capital will expand the current board characteristics identified. The following is a review of social capital; the concepts of internal and external social capital.

## 2.3 Social Capital

Social capital is becoming an umbrella concept describing the power in social relations from the micro to macro levels (Adler & Kwon, 2002). The concept has roots at the individual level with Bourdieu (1985) and Coleman's (1990) description that it is the resources inherent in the structure of relationships (Portes, 1998). It has expanded to the meso-level, or group, with Granovetter's (1973) strength of weak ties and Burt's (2000) structural holes suggesting the power of an individual's social capital expands beyond current social relations. And, social describe at the macro level has described the 'civicness' of nations (Portes, 2000). Social capital has been found to impact organizational performance (Galaskiewicz, Bielefeld, & Dowell, 2006; Leana & Pil, 2006; Pennings, Kyungmook, & van Witteloostuijn, 1998) provide individuals influence within the organization (Maitlis, 2004; Stevenson & Radin, 2009), influence director selection (Kim & Cannella, 2008), and provide information benefits (Koka & Prescott, 2002). An EBSCO database search of academic journals for "social capital" produced over 2000 results showing the term popularity. For the purposes of this study, I examine literature to define the social capital concept, review contingency alignment followed by propositions of expected board characteristics to corresponding governance configurations.

Social capital can be described using the words of Bourdieu (1985): "The aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationship of mutual acquaintance or recognition" (p. 248). In addition social capital is "made up of social obligations ('connections'), which is convertible, in certain conditions, into economic capital" (Bourdieu, 1985, p. 242). Coleman (1988) calls it the resources available to an actor through relations in a social structure that facilitate action. Burt (1992) defined social capital as relationships with others – "friends, colleagues and more general contacts through whom you receive opportunities to use your financial and human capital" ( p. 9). Built from these definitions Figure 2 depicts social capital its sources, requirements and outcomes.



“Social capital is constituted as ‘social-structured resources’ available only in and through relationship and social structures” (Foley & Edwards, 1999, p. 144) that provides an actor resources to draw upon. These resources may include information, money, power, and material aid (Borgatti & Foster, 2003). It is both an “individual-level and group-level asset that includes both relations and potential resources arising from the relations” (Kim & Cannella, 2008). The NP board is a social structure, which provides connections, that may develop into social obligations that allow for access to resources (i.e. economic capital, information, action).

Social capital equals access plus resources (e.g., human capital) (Bourdieu, 1985; Foley & Edwards, 1999). Access, through networks, describes the structural component and can be increased by the strength and content (Moran, 2005), the quality of the relationship, structural and relational embeddedness respectively (Moran, 2005; Nahapiet & Ghoshal, 1998). Studies suggest building social capital takes time (Bourdieu, 1985; Koniordos, 2008), face time and interactions (Leana & Pil, 2006), social relations and exchanges (Bourdieu, 1985; Granovetter, 1973; Moran, 2005), and opportunities (Adler & Kwon, 2002) thus the content and quality of the relation will develop into social obligations that creates access to resources. Furthermore, the resources must be present in the network (Lin, 2008). It is suggested by Adler and Kwon (2002) that the



presence of resources, “the competencies and resources at the nodes of the network” (p. 26) is an under researched area of social capital. For this study, it will be important to identify the resources available to the volunteer board members. For example, a homogenous board can result in high internal social capital and positive outcomes including co-operation and collaboration; however, without the presence of resources the board is limited in its abilities.

Based on the above points, this study identifies different types of social capital depending on who a person’s network and that “social capital can be divided into internal and external dimensions according to its locus and function [and both]... generate unique resource” (Kim & Cannella, 2008, p. 282) have contingent benefits based on organizational contexts.

### **2.3.1 Network duality of social capital: Internal and external.**

“A key reason for dividing social capital into these two categories is that each draws upon different types of network linkages and provides different resources to the board” (Kim & Cannella, 2008, p. 284). It has been described as the ‘network duality of social capital’ (Burt, 2009; Lin, 2008). Following the work of Kim and Cannella (2008), ties to those inside the organization are labeled internal social capital and ties to those outside the organization are labeled external social capital. The internal and external definitions are also used by Leana and Pil (2006) who described relationships among individual members and links between the organization and its external stakeholders respectively. It is noted “that external and internal social capital are not necessarily mutually exclusive” (Kim & Cannella, 2008, p. 284), indicating a balance between closure (typical of internal social capital) and brokerage (typical of external social capital) (Burt, 2009). Further, maintenance costs make it likely that an individual or group possessing “a large stock of one type of social capital is likely to lack the other type” (Kim & Cannella, 2008, p. 284).

While social capital and social networks should not be used interchangeably (Lin, 2008), networks can be used in identifying the conditions “under which certain network features such as density or openness lead to capturing of certain resources that generate certain kinds of returns”

(Lin, 2008, pp. 39-40) making the network features exogenous variables. This is supported by Gabbay and Zuckerman's (1998) findings that "particular conditions favour high contact density as providing benefit to actors while others make low contact density more advantageous" ( p. 195) and "certain institutional settings help in determining to what extent disconnected contacts provide social capital" ( p. 213).

The following is a further discussion on the characteristics typical to each type of social capital. To avoid confusing networks with social capital, internal and external social capital refer to network conditions, interpersonal connections or contextual factors that promote access to resources through the nature of the network (Kim & Cannella, 2008; Lin, 2008). By identifying social capital as a multidimensional construct, it can be used to specify a contingency aspect to the study of social capital (Koka & Prescott, 2002). Organizational contexts are also found to accommodate and reward closure or structural hole strategies (Moran, 2005). It is therefore necessary to identify what the conditions, resources and outcomes are aligned to internal and external social capital networks.

### ***2.3.1.1 Internal social capital.***

Internal social capital has been described as "the degree of intensity and density of interactions among the participatory members and the diversity of resources brought to bear from the members" (Lin, 2008, p.15). It is "both the structure and the content of relationships among actors within a system" (Leana & Pil, 2006, p. 353). It can be identified by characteristics of closure (Coleman, 1988), dense networks (Balkundi & Harrison, 2006; Lin, 2008), strong ties (Lin, 2008; Moran, 2005), and bonding (Coleman, 1990; Lin, 2008). "Closure involves strengthening connections within a group to focus the group on a limited set of opinions and practice. Closure is associated with trust and alignment, ultimately enhancing efficiency" (Burt, 2009, p. 2). Internal social capital is also related to cognitive and cultural embeddedness of the group who share mental processes, beliefs and understanding (Golden-Biddle & Rao, 1997;

Nahapiet & Ghoshal, 1998). Ties remain within the social circle, or board, and develop into obligated/reciprocated exchanges and services to one another (Lin, 2008; e.g., agreement on voting). Closure is found to exist in homogenous groups (Reagans & Zuckerman, 2001).

The outcomes of internal social capital are identified as trust (Burt, 2009; Coleman, 1988; Kim & Cannella, 2008; Reagans & Zuckerman, 2001; Westphal, 1999), effort norms (Coleman, 1988; Kim & Cannella, 2008), 'teamness' (Kim & Cannella, 2008), cohesiveness (Forbes & Milliken, 1999; Lin, 2008; Reagans & Zuckerman, 2001), solidarity (Lin, 2008), increased collaboration (Kim & Cannella, 2008), communication (Kim & Cannella, 2008), cooperation (Adler & Kwon, 2002; Hansen, 1999) and transfer of tacit knowledge (Hansen, 1999; Kim & Cannella, 2008; Moran, 2005). Research found "teams with dense configurations of ties tend to better attain their goals, and they are more likely to stay together than teams with sparse configurations" (Balkundi & Harrison, 2006, p. 60) and the bonding of dense configurations "facilitates trust and collaboration among network members enhancing teamwork" (Kim & Cannella, 2008, p. 284). Internal social capital provides a conduit for transferring tacit knowledge (Hansen, 1999; Kim & Cannella, 2008; Moran, 2005), exchanging complex issues and ideas (Moran, 2005), and challenging each other (Petrovic, 2008). High internal social capital is valuable to organizations that require task cooperation, exchange of tacit or complex information (Adler & Kwon, 2002; Hansen, 1999), and group contributions (Gabbay & Zuckerman, 1998).

Organizations with high internal social capital have stable environments (Carpenter & Westphal, 2001), stable expectations (Gabbay & Zuckerman, 1998), and common understanding (Gabbay & Zuckerman, 1998). They operate from the status quo organized around enduring values, agendas, and characteristics supported by homogenous networks (Ibarra, 1992). In addition, the organization or network builds internal social capital through face time and personal interactions (Bourdieu, 1985; Koniordos, 2008; Leana & Pil, 2006).

Too much internal social capital can reach levels where it inhibits action (Golden-Biddle & Rao, 1997), extends decision-making time (Adler & Kwon, 2002), provides redundant

information (Adler & Kwon, 2002; Granovetter, 1973), reduces entrepreneurial activity (Portes, 1998), and causes overembeddedness (Uzzi, 1997). This can lead to a powerless or ‘rubber-stamp’ board (Murray, Bradshaw, & Wolpin, 1992) as solidarity benefits can restrict information flow (Oh, Labianca, & Myung-Ho, 2006), reduce communication and openness to outside information (Kor & Sundaramurthy, 2009), and increase resistance to major changes in firm’s strategic direction (Kor & Sundaramurthy, 2009). The potential arises for groupthink (Forbes & Milliken, 1999) or pluralistic ignorance where directors assume they know others do not share their beliefs (Westphal & Bednar, 2005).

### ***2.3.1.2 External social capital.***

External social capital labels ties to those outside the organization (e.g., interlocking directors and key stakeholders; Kim & Cannella, 2008). It is identified by the ability to access external information and resources (Burt, 2000; Leana & Pil, 2006). External social capital can be characterized by brokerage that involves “building connections across groups” (Burt, 2009, p. 2), boundary-spanning (Burt, 2000), bridging (Lin, 1999, 2008) and access to information from key stakeholders (Leana & Pil, 2006). Demographic diversity generates links between people (Reagans & Zuckerman, 2001) increasing external social capital.

The outcomes of external social capital are identified as favorable exchanges with other organizations (Kim & Cannella, 2008), access and gathering external information (Kim & Cannella, 2008; Leana & Pil, 2006; Moran, 2005; Reagans & Zuckerman, 2001), non-redundant information (Burt, 2001; Hansen, 1999; Moran, 2005), innovation (Burt, 2009; Moran, 2005), and growth (Burt, 2009). It is associated with weak ties that are “less costly to maintain the strong ones” (Hansen, 1999, p. 105) supporting Kim and Cannella’s (2008) claim of maintenance costs to maintaining internal and external social capital. The access to information from external social capital buffers the organization from harmful and disruptive influences (Kim & Cannella, 2008;

Leana & Pil, 2006) while providing opportunities to manage environmental uncertainties (Kim & Cannella, 2008; Leana & Pil, 2006).

External social capital is valuable to new organizations (Kim & Cannella, 2008; Walker, Kogut, & Shan, 1997), those that require access to outside information (Adler & Kwon, 2002; Hansen, 1999), operating in unstable (Kim & Cannella, 2008) and uncertain environments (Eastis, 1998; Galaskiewicz et al., 2006; Miller-Millesen, 2003), managing problematic interdependencies (Miller-Millesen, 2003), and where duties are autonomous and individual contributions are recognized (Gabbay & Zuckerman, 1998). A heterogeneous mix of board directors with “ties to strategically similar and dissimilar firms” (Carpenter & Westphal, 2001, p. 643) can manage dynamic environments that encourages problem solving one issue at a time with fluidity (Ibarra, 1992).

Too much external social capital can lead to decreased team cohesion (Forbes & Milliken, 1999) resulting in conflict and fragmentation of board directors (Murray et al., 1992). “If everyone strives to have disconnected contacts, the larger network threatens to fall apart” (Gabbay & Zuckerman, 1998, p. 197). A focus on external networks can reduce internal benefits of trust, cooperation and collaboration creating obstacles to the group.

From the existing literature, social capital is identified as a multidimensional construct (Koka & Prescott, 2002) where alignment of networks to institutional settings (Gabbay & Zuckerman, 1998) and environmental features (Burt, 2000; Lin, 2008) suggests a contingent aspect. This contingency approach offers an opportunity for exploration. Table two summarizes the alignments suggested from the literature:

Table 2  
Social Capital and Associated Board Characteristics

	Study	Internal Social Capital	External Social Capital
(Gabbay & Zuckerman, 1998)	Managerial mobility and promotion expectation	Network without closure diminishes social capital in collective work Benefits cooperation and group contributions	When work is individualistic Benefits autonomous and individual contributions
(Uzzi, 1997)	Embeddedness	Embedded ties with repeated exchanges needed if task requires trust, cooperation and solidarity	Economic rationality and market competition, need arm's length relations
(Walker et al., 1997)	SC influences the way inter-firm networks form	Benefits connected stable and cooperative groups. Established groups	Holes benefit groups needed access to information Valuable early
(Lin, 1999)	SC theory	Mobilizing others with shared interest, to defend and protect	Enhances chances of gaining resources, reach resources outside social circle
(Lin, 2008)	SC theory	Sharing resources among participants	Better access to varied resources, control or influence
(Kim & Cannella, 2008)	SC in director selection (for-profit)		"External social capital is especially important for young firms or those that operate in unstable environments" (Kim & Cannella, 2008, p. 290)
(Galaskiewicz et al., 2006)	NP network ties		External ties allow for gathering information to control uncertain environments (Galaskiewicz et al., p.342).
(Eastis, 1998)	NP SC production	Task certainty matched to small networks	High uncertainty, funding, requires large network with organic structure
(Miller-Millesen, 2003)	NP governance theory		Boundary-spanning reduces uncertainty and assists in managing problematic interdependencies
(Provan, 1980)	NP governance, contingency approach	Organizations with large stable funding need a powerful (closed network) board to insure continued funding.	The more an organization depends on the external environment, the more the organization will tend to diversify its board (Provan, 1980, p. 223)

Summarized, the table identifies conditions that favour the different social capital networks. Themes emerge suggesting task certainty and environmental stability align with a high need for internal social capital. In contrast, uncertainty, task interdependence and environmental instability align with a high need for external social capital. A contingency approach is therefore an appropriate lens to address social capital and board composition.

### **2.3.2 Social capital and board composition.**

Research on social capital can be aligned to, as well as build on, the demographic characteristics of the group (board). Internal social capital, characterized by a dense network and closure (Coleman, 1988), exists in the ‘pessimist’ homogenous group (Reagans & Zuckerman, 2001). In contrast, external social capital, characterized by boundary-spanners and structural holes (Burt, 1992), exist in diverse groups (Reagans & Zuckerman, 2001). Both concepts offer views on demographic diversity and unique social processes; they identify specific conditions under which certain networks (internal or external social capital) lead to capturing certain resources to generate different kinds of returns (Lin, 2008) suggesting trade-offs to positive and negative externalities produced by networks (Brass, Galaskiewicz, Greve, & Wenpin, 2004).

By observing the diversity of the NP board, characteristics of internal and external social capital can be explored. In what context does internal or external social capital promote action and access resources or do the challenges of embeddedness overpower the board. Support for this approach is seen in Reagans and Zuckerman (2001) whose study used social capital along with demographic diversity to gain a “better understanding of the social processes that link the demographic composition of teams and their productivity” (p. 512). This approach also enters the black box that is organizational demography by examining the social networks within homogenous and diverse groups (Lawrence, 1997) seeking to understand the degree to which internal or external networks could be regarded as the normative ideal (Ahuja, 2000).

Social capital is correlated with embedded relationships shown to influence trust, information exchange and joint problem solving (Uzzi, 1997). While embedded relationships can “regulate expectations and behaviours of exchange partners” (Uzzi, 1997, p. 42), the regulation may have negative outcomes to the board when embedded relationships result in groupthink or pluralistic ignorance (Westphal & Bednar, 2005). Including embeddedness in the social capital discussion allows for moving beyond the network analysis. Embeddedness includes strength and quality of relationships, needed to understand the value (or constraint) of social capital (Moran,

2005). For example, an organization will be constrained if it focuses all energy on building and maintaining internal social capital. The organization loses its ability to expand its network (Kim & Cannella, 2008) thus limiting access to external information (Galaskiewicz et al., 2006; Walker et al., 1997).

There is support that levels of internal and external social capital are contingent upon the environmental and organizational contexts (Ahuja, 2000; Ancona & Caldwell, 1992). Whether internal or external social capital is good, bad or irrelevant is liable to be a function of the context (Ahuja, 2000). Therefore, building on the board configurations/characteristics presented by Bradshaw, ideal social capital combinations can be added to the characteristics for each configuration. To identify the form of “social structure that is most likely to be facilitative” (Ahuja, 2000, p. 452) it is necessary to identify the benefits sought (Ahuja, 2000), strategy (Maranville, 1999), stability and certainty of environments (Carpenter & Westphal, 2001; Pfeffer, 1973; Provan, 1980), and alliances (Bradshaw, 2009; Bradshaw & Hayday, 2007). In regards to board diversity, social capital is one method of linking demographic composition of teams to productivity (Reagans & Zuckerman, 2001). Organization culture, size and technology are also expected to influence ideal social capital composition. This contingent approach following Bradshaw’s model, also follows work of Pfeffer (1973) “the composition of the board is a dependent variable, reflecting the organizations perceived need to deal differently with various important sectors or organizations in the environment” ( p. 220) The following are propositions of theoretically appropriate social capital composition to context factors.

## **2.4 Propositions**

### **2.4.1 Policy Governance configuration.**

According to Bradshaw’s governance configurations and board characteristics, the Policy Governance configuration consists of a bureaucratic and hierarchical structure with formal procedures and committees theorized to match a stable/certain and simple environment



(Bradshaw, 2009). It is a unitary organization persisting with the status quo and established procedures (Bradshaw & Hayday, 2007).

The Policy Governance configuration assumes little need to scan the environment for information as it pursues a defender strategy. Strategic planning is created by the executive staff and approved by the board that rarely participates in long-term (Bradshaw, 2009). Activities pursued by this board may follow ‘guarding’ activities including controlled release of information to protect the organization’s image or present a desired profile (Ancona & Caldwell, 1992, p. 641). Further, the board may be limited to defender strategies as its internal focus limits access to information that would allow for innovation and prospector strategies. The stable environment focuses the organization primarily on better implementation of existing strategies rather than “identifying new strategic alternatives to maintain fit with the environment” (Carpenter & Westphal, 2001, p. 641). In a stable environment, board emphasis is found to focus on administrative duties including monitor and advise (Carpenter & Westphal, 2001; Pfeffer, 1973; Provan, 1980). These duties can benefit from the internal social capital outcome of trust, cooperation and collaboration and from the tie content outcomes of instrumental (advice) and affective (friendship; Balkundi & Harrison, 2006) suggesting the need for high internal social capital.

Group solidarity is used to maneuver the environment (Uzzi, 1997) and success is accomplished by the group rather than the individual. This collective work benefits from cooperation and contributions supported by internal social capital and through closed networks (Gabbay & Zuckerman, 1998) that build effort norms and trust (Coleman, 1988). Low task uncertainty creates established groups (Bradshaw & Hayday, 2007) that benefit from stability and cooperation found in groups with high internal social capital (Walker et al., 1997).

The board culture is internally focused, built on consistency, conformity and collaboration identified by a bureaucratic culture (Denison & Mishra, 1995) consistent with a stable environment (Daft & Armstrong, 2009).

Board diversity is homogenous (Bradshaw, 2009) which promotes closure, mutual coordination, increased communication, and quality interactions (Reagans & Zuckerman, 2001). Homogeneity is linked to the homophily principle that proposes there is a “strong correspondence between intensity of interactions, shared sentiment and shared resources” (Lin, 2008, p. 35). The described quality and frequent interactions of the homogenous network promote growth of internal social capital by creating effort norms (Coleman, 1988), increased trust (Burt, 2009; Coleman, 1988; Kim & Cannella, 2008; Reagans & Zuckerman, 2001; Westphal, 1999), effective collaboration (Hansen, 1999), and open communication inside the boardroom. In a stable environment, the board would see little benefit in diversifying (Carpenter & Westphal, 2001).

There are potential limitations of homogenous groups with high internal social capital. The homogenous, high homophily group will have a tendency for similarity of resources. If a board is poor in resources, internal social capital may “not be as useful and may even be detrimental” (Lin, 2008, p. 36). A second limitation is if the established group relies too much on structure and procedures it may become a powerless rubberstamp governance legal necessity (Murray et al., 1992). Golden-Biddle and Rao (1997) found that high internal social capital leads to strong cultural embeddedness, to a level that inhibits board members from “providing criticism and expressing dissatisfaction” (p. 608).

In the Policy Governance configuration with its bureaucratic structure, defender strategy, emphasis on internal culture and homogenous board, the expected social capital will be a high internal and low external combination.

Proposition 1: Policy Governance configuration will be associated with a high internal social capital and low external social capital.

#### **2.4.2 Constituency/Representative Governance configuration.**

Constituency/Representative Governance board maintains more formality with clear agendas and established policies, using formal committees with fixed structures and with clear mandates working to protect and defend its resources (Bradshaw, 2009). However, by design

Constituency/Representative configuration includes members representing other organizations or stakeholders (Bradshaw, 2009) that are external networks for social capital. The board may struggle to balance external social capital with necessary internal social capital needed for cooperation to ensure mission fulfillment and established procedures (Gabbay & Zuckerman, 1998; Walker et al., 1997).

The Constituency/Representative configuration is theorized to match a stable/certain and complex environment. Complexity refers to the interdependence of operating as representative for other organization (Bradshaw & Hayday, 2007). This representation of key stakeholder is expected to bring a high amount of external social capital to the board.

Bradshaw suggests the Constituency/Representative configuration takes on “proactive strategic planning processes, defender strategy” (Bradshaw, 2009). By strategically appointing representative from key stakeholders, the organization can use directors to scan the environment for timely and pertinent information (Carpenter & Westphal, 2001).

“This model features centralized decision-making with decentralized input and it implicitly values stability in its operations” (Bradshaw & Hayday, 2007, p. 10). This external strategic focus combined with internal stability suggests a mission culture (Denison & Mishra, 1995). By recruiting board members from stakeholder groups it strengthens its commitment to mission. However, the commitment to stability suggests an amount of closure and density among board members to reap the benefits of team cohesion (Forbes & Milliken, 1999; Reagans & Zuckerman, 2001), trust (Burt, 2009; Coleman, 1988; Kim & Cannella, 2008; Reagans & Zuckerman, 2001; Westphal, 1999), and cooperation (Hansen, 1999) to connect the representative with the information accessed from the external social capital (Lin, 2008).

Bradshaw identifies Constituency/Representative composition as “more diverse membership” with elected representative from membership (Bradshaw, 2009). Reagans, Zuckerman and McEvily (2004) hypothesized and found support that “demographic diversity is hypothesized to decrease teams’ internal density and to increase the amount of range in a team’s

external network” (p. 103). The challenge for this board is when external social capital overrides the internal social capital and each director represents his/her stakeholder group without cooperation or collaboration with other members. The power struggle can result in a fragmented board where the decision-making process is a slow or not attempted (Murray et al., 1992).

In the Constituency/Representative Governance configuration with formality and defender strategy, coupled with a more diverse membership board, the expected social capital will be a moderate internal and high external combination.

Proposition 2: Constituency/Representative Governance configuration will be associated with high external social capital and moderate internal social capital.

#### **2.4.3 Entrepreneurial/Corporate Governance configuration.**

Entrepreneurial/Corporate Governance configuration is a less formalized, less bureaucratic action oriented group (Bradshaw, 2009). The decentralized group prefers task forces or project groups to committees. The clarity of roles is blurred as focus is on efficiency and getting work done rather than hierarchical formalities (Bradshaw, 2009). The board needs information to monitor more effectively than bureaucratic structures allow (Burt, 1997) to adapt to the turbulent environment.

It is theorized to match a turbulent/uncertain and simple environment; the unitary organization (Bradshaw & Hayday, 2007) adapting to a turbulent environment. Provan’s (1980) study found that “the more an organization depends on the external environment, the more the organization will tend to diversify its board” (p. 223). The diversification theoretically provides access to higher levels of external social capital that allow for gathering information (Galaskiewicz et al., 2006), accessing resources needed (Lin, 2008), or applying influence to its environment (Lin, 2008). The structure is less bureaucratic and more action oriented (Bradshaw, 2009).

The board pursues a prospector strategy, attempting to “facilitate rather than control organizations operations” (Miles & Snow, 1978, p. 59). Strategic planning processes emerge from

shared board and staff participation (Bradshaw, 2009). Management of the turbulent environment is accomplished by directors with greater connections that expose them to strategic alternatives and broader knowledge structures (Carpenter & Westphal, 2001).

The culture is described by “survival of the fittest and an entrepreneurial spirit of innovation” (Bradshaw & Hayday, 2007, p. 11) characterized by creativity, risk taking, and modifying its external environment (Daft & Armstrong, 2009) also called an adaptability culture (Denison & Mishra, 1995). This culture demands high external social capital outcomes including access to and gathering external information (Kim & Cannella, 2008; Leana & Pil, 2006; Moran, 2005; Reagans & Zuckerman, 2001), non-redundant information (Burt, 2001; Hansen, 1999; Moran, 2005), innovation (Burt, 2009; Moran, 2005), growth (Burt, 2009), and managing environmental uncertainties (Kim & Cannella, 2008; Leana & Pil, 2006).

The board membership is “less homogenous [with] more entrepreneurs” (Bradshaw, 2009, p. 70). Diverse board membership has been found to match turbulent environments (Carpenter & Westphal, 2001; Pearce II & Zahra, 1992; Van der Walt et al., 2006). The diversity and external focus of the board minimizes internal social capital. The board members are constantly scanning the environment and completing external “scouting” activities, “behaviours that involve scanning for ideas and information about the competition, the market or the technology” (Ancona & Caldwell, 1992, p. 641). However, this constant scanning and collection of information and ideas will require “complex internal interaction” (Ancona & Caldwell, 1992, p. 662) in order to implement and utilize the information. Without an amount of internal social capital, the Entrepreneurial configuration as with the Representative configuration may experience a fragmented power board (Murray et al., 1992). This also aligns with Zald’s (1969) prediction that organizations that maintain a wide range of external contact are more likely to develop fragmented power boards which are more common in larger organizations and those whose environments are unpredictable (Murray et al., 1992).

Entrepreneurial behaviour requires an amount of relational embeddedness suggesting that in uncertain and potentially risky contexts, being able to draw on well-established and faithful relationships is a highly valuable asset (Moran, 2005). Therefore, while the entrepreneurs' network is external, the linkage quality and content will be high allowing them to draw on their resources or move to action (Coleman, 1990). "Entrepreneurs are people skilled in building the interpersonal bridges that span structural holes" (Burt, 1997, p. 342), they maintain networks rich in structural holes to create opportunities (Burt, 1997). The maintenance of this external network comes at the cost of internal social capital while part of a team, or in this case, board membership.

In the Entrepreneurial/Corporate Governance configuration with external focus and Prospector strategy, coupled with a more diverse membership board, the expected social capital will be a low internal and high external combination.

Proposition 3: Entrepreneurial/Corporate Governance configuration will be associated with high levels of external social capital and a low internal social capital.

#### **2.4.4 Emergent Cellular Governance configuration.**

Emergent Cellular Governance configuration "is characterized by distributed networks and continuous and organic innovation" (Bradshaw & Hayday, 2007, p. 11). The board consists of a small core that "facilitates meetings and effective use of technology... [who] will invite and draw on additional people to participate in the governance function" (Bradshaw & Hayday, 2007).

It is theorized to match a turbulent/uncertain and complex environment (Bradshaw, 2009). The organic network is characterized by high external social capital (Eastis, 1998) that is especially important for "young firms or those that operate in unstable environments" (Kim & Cannella, 2008, p. 290). The Emergent Cellular organization acts as a boundary-spanner in an unknown environment and requires high external social capital to manage interdependencies (Miller-Millesen, 2003). The complexity of the environment, and strategic planning by board, staff, and community (Bradshaw, 2009) requires cooperation supported and enforced through

reciprocal relations characteristic of high internal social capital (Shrader, Lincoln, & Hoffman, 1989) and resource sharing among members (Lin, 2008). Further, “actors operating under greater uncertainty, such as when attempting to innovate, as opposed to churning through more or less routine tasks” require relational embeddedness, and strength in ties to gain advantage (Moran, 2005).

This board will be run by small core boards that “draw on additional people to participate in the governance function as is helpful to sustain organizational effectiveness” (Bradshaw & Hayday, 2007, p. 13). The core board is diverse in attempts to “to be inclusive of multiple stakeholders and constituents” (Bradshaw, 2009, p. 70). Diversity includes structural holes, people with access to different information and a greater range which enhances its capacity for learning and problem solving (Reagans et al., 2004) needed for its turbulent and complex environment. The organization is focused on being flexible, responding to emerging issues with task forces created and disbanded to meet arising issues. It is an organic organization characterized by the responsive, self organized proactive reconfiguration based on emerging issues and problems (Bradshaw & Hayday, 2007).

The Emergent Cellular configuration pursues a strategic planning process that includes input from board, staff, and “sometimes community input” (Bradshaw, 2009, p. 70). This strategy requires both internal and external social capital. External social capital is needed to identify and recruit key stakeholders. Internal social capital is required for collaboration and co-operation amongst board, staff, and community. In addition, internal social capital reduces the emotional conflict resulting from diversity (Carpenter & Westphal, 2001).

The challenge present to this organization is how to maintain high levels of internal and external social capital with associated high maintenance cost (Hansen, 1999; Kim & Cannella, 2008). Frequency of board meetings, retreats, and vision meetings can provide the frequent interactions and face-to-face time needed to develop internal social capital (Bourdieu, 1985;

Leana & Pil, 2006; Moran, 2005) allowing for development and maintenance of both internal and external social capital.

In the Emergent Cellular Governance configuration with external focus, adaptive nature and diverse membership, the expected social capital will be a high internal and high external combination.

Proposition 4: Emergent Cellular configuration will be associated with high external and high internal social capital.



### **3 Research Purpose**

This study explored and extended theory pertaining to the contingent relationship between NP organizations governance configurations and board characteristics to environmental variables as proposed by Bradshaw (2009). As an extension to Bradshaw's (2009) work, the study will analyzed social capital diversity to build on configuration characteristics. It focused on the board's internal and external social capital combination and examined the relationship between social capital and configurations as theorized in the previously stated propositions.

## **4 Method**

This study used a qualitative methodology to gather in-depth information from two NP organizations. Data collection methods included semi-structured interviews, observations of board meetings, document analysis and surveys of executive directors. The objective of this study was to examine NP governance characteristics in context and compare to Bradshaw's (2009) framework. It also explored board social capital. Since there has been little academic research on social capital of NP boards, I felt it was most appropriate to do a multiple case study, and explore the characteristics of the NP board including social capital. As the NP sector is broad and variegated, I choose to narrow the field and focus on a particular sector. The sector I chose was Early Childhood Education (ECE) organizations. Within this sector, I selected organizations that are identified as unitary in Bradshaw's framework, as the unitary organizations are proposed to have internal/external social capital combinations of high-low and low-high and this bifurcation provides a hard test for the propositions developed.

### **4.1 Data Collection**

The sample consisted of two organizations; both in Alberta, Canada. Organizations were identified by conducting internet searches for organizations related to ECE. Organizations that appeared to meet the desired criteria were contacted to inquire about their willingness to participate in the study. In fall 2010, detailed data were collected from three sources: non-participant observation, semi structured interviews and secondary data.

1. Non-Participant Observation. Participant observation exists on a continuum and for the purposes of this study participant observation can be described as passive participation. "Passive participation exists when the researcher is on the spot, but acts as a pure observer" (DeWalt & DeWalt, 2002, p. 19). Data were collected by attending a board meeting for each organization and taking notes directed by an observation guide created for the systematic collection of data. The observation guide is provided in the appendix. Interaction with the board

members was minimal and initiated by meeting attendees. The data were recorded as handwritten field notes taken and kept in a coil notebook.

2. Semi-structured Interviews. I conducted 11 semi-structured interviews, lasting an average of 45 minutes each, with board members. Four interviews were completed with one organization and seven with the other. Two interviews were conducted in person and nine interviews were conducted over the telephone. An interview guide was developed to systematically collect information that could be utilized to analyze each organization's structure, composition, strategy environment and social capital. The interview guide is provided in the appendix. The interviews were digitally recorded and transcribed into verbatim written records.

3. Secondary data. The secondary data collected from the organizations consisted of ED survey and archival documentation. Archival documentation consisted of meeting agendas, meeting minutes, bylaws and policy and procedures. A content analysis was completed for each organization that examined for structure (formality) and strategy. These documents were collected and analyzed in order to further contextualize and refine observations developed from participant observation and interviews. The secondary data were gathered to provide triangulation and reference to the observations as secondary data sources are shown to have the "ability to tell us about the people and issues that they represent" (Eriksson & Kovalainen, 2008, p. 89), and are useful sources for matching observed board patterns to the various characteristics of the board as identified in Bradshaw's framework.

The following describes the data analysis technique used to identify the organizational characteristics to Bradshaw's (2009) framework and theorized characteristics.

#### **4.2 Pattern-Matching Analysis**

The data analysis technique followed a pattern-matching logic. As the study explored and described the characteristics of the board, it was important to identify the predicted "pattern of specific variables" prior to data collection (Yin, 2009, p. 137). Pattern-matching was selected

for analysis as it is a useful “rubric for categorizing data” (Trochim, 1989, p. 365). Content analysis was completed on the transcribed interviews and meeting observations. The goal of the content analysis was to reduce the data and to “identify core consistencies and meanings” (Patton, 2002, p. 453) that could be compared to the existing framework.

The transcribed interviews were reviewed in their entirety followed by a review to identify patterns or themes were then matched the theory driven descriptions. This was completed by identifying statements of interviewees that describe defined pattern characteristics. The arising themes from each interviewee were compared to the others within the organizations for consensus of emerging patterns. Interviews were conducted using an iterative process and continued until the themes identified a consistent pattern indicating theoretical saturation. The following are descriptions used for characterizing and classifying the board characteristics – structure, composition, strategy, environment, and social capital.

#### **4.2.1 Structure.**

Structure is analyzed by observing organization formality, clarity of roles, size, and hierarchal structure. More formalized organizations are identified as those with clear agendas, well-established policies, clear fixed committees and bureaucratic hierarchical organized reporting (Bradshaw, 2009). Formalization is found in number of committees and committee composition (Brown & Iverson, 2004). Formality is found in meeting agendas that include times for each topic as it leaves less room for discussion (Tuggle, Schnatterly, & Johnson, 2010). Less formal organizations are identified to have fewer policies, be less bureaucratic, and more action oriented. Informal can also be identified by fewer committees as the organization for task force or work groups rather than committees (Bradshaw, 2009). Clarity of roles is described by the board’s involvement in the day-to-day operations of the organization. Size is measured by the number of Board Directors. Hierarchal structure is the vertical alignment of the organizational and is identified in the organizational chart.

#### **4.2.2 Composition.**

Board diversity is often studied in NP research. This study attempts to move beyond the demographics of visible diversity and observe the functional diversity (Carpenter & Westphal, 2001; Lawrence, 1997) of the board members. “Managers from similar backgrounds have similar viewpoints about firm problems or issues” (Tuggle et al., 2010, p. 558) creating homogenous diversity. Tuggle et al. (2010) used director categories of production-operations, research, development and engineering, accounting and finance, management and administration, marketing and sales, law, personnel, and labour relations and other to classify functional diversity. This can be used to identify functional diversity. Other functional diversity used in research is educational classification identifying overarching categories of science, education, business, law and engineering (Wiersema & Bantel, 1992).

#### **4.2.3 Strategy.**

Miles and Snow (1978) typology of strategy includes defender, reactor, analyzer, and prospectors configurations. The Miles and Snow (1978) typology was used by Bradshaw (2009) in developing a framework. Defenders are described to “have narrow product-market domains... [and] and seldom need to make major adjustments in their technology, structure, or methods of operations” (Miles & Snow, 1978, p. 29). A study found NP defenders to use the mission statement as a boundary of services to be provided and innovation comes from the executive staff (Brown & Iverson, 2004). Prospectors are described to “continually search for market opportunities, and they regularly experiment with potential responses to emerging environmental trends...are creators of change” (Miles & Snow, 1978, p.29). A study found NP prospectors to use the mission statement as a “starting point for innovations that required constant rethinking” (Brown & Iverson, 2004, p. 390).

#### **4.2.4 Environment.**

Environment falls along two continuums, task interdependency (simple/complex) and task uncertainty (stable/turbulent). In Bradshaw’s (2009) framework, task interdependence

dimension includes simple or 'unitary' versus complex or 'pluralistic'; "this dimension [attempts] to reflect whether the model applies to a single organization or to a network or group of related organizations, stakeholders and constituents" (Bradshaw & Hayday, 2007, p. 8). It can be measured by classification of membership (individual or organization), clients (individual or organization), and stakeholders. The simple environment is comprised of a "relatively well-defined and homogenous membership and ...stakeholders who tend to share similar expectations about the organizations" (Bradshaw, 2009, pp. 68-69). The complex environment is comprised of a wide-range of members and multiple stakeholders (Bradshaw, 2009).

Environmental uncertainty affects task uncertainty (Donaldson, 2001). In a stable/certain environment, tasks are predictable and technology can result in 'established' procedures for navigating the environment. In a turbulent/uncertain environment tasks have less predictability requiring 'innovation' by the organization. This follows the established and innovative dimensions of Bradshaw's framework (Bradshaw & Hayday, 2007). The tasks affected by environmental uncertainty are funding (Hall, 2003; Sandfort et al., 2008), service area (Brown & Iverson, 2004), government regulations (Gronbjerg, 1991; Stone et al., 2001), available staff (Brown & Iverson, 2004; Hall, 2003), and available volunteers (Hall, 2003; Rochester, 2003). The uncertainty of the above factors can be described through predictability or expected availability. However, as funding sources are varied and as many have attached conditions, the uncertainty of funding is discussed further.

Funding sources are commonly identified as private contributions, government grants, and commercial activity (Hodge & Piccolo, 2005; Stone et al., 2001). A stable funding environment includes commercial fee for service (Sandfort et al., 2008) and government grants that create stability in two ways: (a) Government funding has strict guidelines and parameters that create stability in the organization (Saidel & Harlan, 1998; Stone et al., 2001); and (b) government funding is considered a continuous or renewable type of funding (Stone et al., 2001). Further, public or government funding is considered stable in contrast to donations that are

considered volatile (Gronbjerg, 1991) and corporate support that is difficult to access (Hall, 2003).

#### **4.2.5 Social capital.**

Pattern-matching was also used in the identification of internal and external social capital. By conceptualizing the process pattern characteristics and comparing to the outcome patterns (Trochim, 1989) the combinations of internal and external social capital were identified. The process patterns included not just the connections (networks) but also the content or quality of the connections (Adler & Kwon, 2002; Balkundi & Harrison, 2006; Moran, 2005). Further, by identifying functional diversity the outcome patterns included the resources available through social ties (Adler & Kwon, 2002; Bourdieu, 1985; Lin, 1999; Portes, 1998) as a measure of social capital.

Internal social capital can be observed through trust (Burt, 2009; Coleman, 1988; Kim & Cannella, 2008; Reagans & Zuckerman, 2001; Westphal, 1999), effort norms (Coleman, 1988; Kim & Cannella, 2008), 'teamness' (Kim & Cannella, 2008) or cohesiveness (Forbes & Milliken, 1999; Lin, 2008; Reagans & Zuckerman, 2001), solidarity (Lin, 2008), increased collaboration (Kim & Cannella, 2008), communication (Kim & Cannella, 2008), cooperation (Adler & Kwon, 2002; Hansen, 1999), and transfer of tacit knowledge (Hansen, 1999; Kim & Cannella, 2008; Moran, 2005). External social capital can be observed through favorable exchanges with other organizations (Kim & Cannella, 2008), access and gathering external information (Kim & Cannella, 2008; Leana & Pil, 2006; Moran, 2005; Reagans & Zuckerman, 2001), non-redundant information (Burt, 2001; Hansen, 1999; Moran, 2005), innovation (Burt, 2009; Moran, 2005), and growth (Burt, 2009).

## **5. Findings**

The first step in analysis of the organizations selected for this study was to complete pattern-matching analysis (Trochim, 1989; Yin, 2009) to compare each organization's observed characteristics with established measures to match the organizations to the Bradshaw (2009) framework. From there the exploration of social capital was completed to determine alignment to internal/external social capital combinations. Through a review of meeting agendas, meeting minutes, policy manuals, a survey completed by the executive director (ED), meeting observations, and director interviews an iterative analysis was completed. The following sections review findings for each organization describing structure, composition, strategy, environment and social capital. The descriptions are followed by classification into Bradshaw's (2009) typology and identification of social capital combinations. The organizations have been renamed to provide anonymity and to protect their identities.

### **5.1 Organization Crayon**

Crayon offered childcare services to families in the local area. It recently celebrated its 50<sup>th</sup> year of service to a membership that consists solely of parents with differing needs (Crayons, Policies & Procedures, p. 7). Data were collected from Crayon through attendance at a regular board meeting, phone interviews with four board members, completion of a questionnaire by the ED, and a review of their policy manual, meeting agendas, and meeting minutes covering the past twelve months.

#### **5.1.1 Structure.**

Crayon Organization identified its board as: "The Board is a policy governing board authorized under the bylaws to direct and govern the work of The Organization" (Crayons, Policies & Procedures, p. 16). Identified as a governing board, the board allows the staff to maintain day-to-day operations while the board attends to governance issues and ensuring that the policies proposed by the staff adhere to the organization's mission and vision. The following



details data gathered in respect to formalization, clarity of roles, size and hierarchy to identify placement in Bradshaw's (2009) typology.

#### ***5.1.1.1 Formalization.***

Through content analysis, observation and interviews Crayon was observed to be highly formalized. This includes formal as defined by clear agendas that include times for each topic (Tuggle et al., 2010). This is characterized by the following quote:

“We do have an agenda and it's quite regimented about following the agenda especially with the time frames that we're supposed to discuss certain parts of the agenda” (Green).

Formal committees with a fixed structure, clear mandates are also indicators of organizational formality (Bradshaw, 2009). According to the by-laws, Crayon had the following committees: Executive Committee, Nominating Committee, Finance Committee, Personnel Committee and By-law Committee. Further it mentions the following as Ad Hoc Committees: Policy Committee, Program Planning Committee, Community Relations Committee or any other committee deemed necessary (Crayons, Policies & Procedures, p. 15) totaling six standing committees and three mentioned ad hoc committees. In the ED questionnaire, the organization is described to have four active committees: finance, nominating, personnel and policy. The ED sits on all committees and indicated that no stakeholders are involved in any committee. Interviewee Red identified only the finance committee as a standing committee and one ad hoc futures committee. The futures committee was responsible for working on results of the annual retreat and was comprised of two board members, the ED, and two staff members. Interviewee Blue identified the finance committee, policy committee, and an ad hoc committee for 50<sup>th</sup> celebration planning. All committees with the exception of the ad hoc 50<sup>th</sup> celebration committee were comprised of board members. Crayon's policies are well established and extensive, to the extent that the ED asked if I was surprised at the number of their policies. The clearly defined policies are further indication of formal organizations (Bradshaw, 2009).

The location of the Crayon Organization board meetings also suggests a high level of formality. The organization reserves space, a year in advance, from another NP group. The space is a large 30' by 60' rented office space in a strip mall that has a boardroom table, 10 seats down each side plus one, in the middle of each end. The street sidewall is 30' of windows floor to ceiling lined with a few chairs and fake tree plants; at the opposite end of the room there are washrooms and a kitchenette area with a sink, small fridge, microwave and coffee machine. Along the 60' walls on either side are a few more chairs and tables. The walls are a faded blue with few decorations, and project a sense of seriousness.

Formality continues in meeting conduct as the ED and staff secretary, present to take notes, were the first to arrive. They set out packets for the board members. As the table was much larger than the group attending, we sat to the door side of the table and the secretary sat at the head of the table. The vice chair was the first board member to arrive followed by the chair. One member had contacted the ED to inform him she would not be attending; all other directors attended. There was small amount of chitchat about camping and the weather, some conversation with me and how I had found their organization. Promptly at 6:30p.m., the chair called the meeting to order. The meeting started with a review of last meetings minutes and approval of the agenda with the chair asking for a motion that was then seconded. The chair moved the meeting from one agenda item to the next until the meeting was adjourned.

#### ***5.1.1.2 Clarity of roles.***

Clarity of roles is clearly spelled out in the Crayon's Policy Manual defining the role of the Board and role of the ED and staff. This clarity is supported by Red who described:

[The board's] purpose is to ensure that you know that the proposal meets our values and mission and ah, if it does comply with those then I think we would generally give approval. It's sort of the expectation of the Executive Director and Directors to you know ensure the you know, that it's meeting our fiscal responsibilities and you know meeting the needs and a needs assessment has been done and those sort of requirements (Red) .

Further the board was described as “trying very hard to follow kind of the governance model that we’re there to advise and to um, review based on mission and values but not to be involved with day-to-day and staffing issues and that sort of thing” (Red). The ED and staff are responsible for all programming, involved in strategic planning and with deletion of Fund Development Policy (Crayons, 2010 February Minutes), in charge of all fund raising as outlined in Crayon’s Policy Manual. Board meeting conversations also indicated the clarity of responsibility between ED and Board when the chair stated in the board meeting, “it’s not our job to assess the ED’s staff, but to determine what we want accomplished”. A newer board member asked during the board meeting about titles of staff and a board member described the ED as the ‘President/CEO the big cheese and he manages the two directors...’. Programming discussion further describes the role clarity between board and staff as stated by Blue:

We really don’t have a lot to do with programming... they’re [staff] all trained and educated in that area and the board just like if it’s something that ah, ya, no, we’ve never really been involved in the actual programming of the different um day cares and kindergartens (Blue).

Clarity of roles is clearly defined in programming roles, but the meeting procedures roles are blurred as board members on occasion called on the ED for formal procedures and the chair was reminded by the ED that s/he is not allowed to make motions.

#### ***5.1.1.3 Board size.***

The board size is seven. Based on Bradshaw, Murray, and Wolpin (1992), this falls in the small board size category as 10 or fewer members.

#### ***5.1.1.4 Bureaucratic and hierarchical.***

The organizational chart shows a bureaucratic and hierarchical structure diagramming the Board of Directors at the top overseeing the ED who then oversees all operational staff. Supporting evidence was observed as the board chair controlled the meeting. The meeting was bureaucratic in nature using Parliamentary Procedure for all items. The board is described to be accountable to its membership comprised of parents receiving services: “In order to receive

services, parents must become members of The Organization; all Board and staff members are ultimately responsible to the membership” (Crayons, Policies & Procedures, p. 7).

### **5.1.2 Composition.**

#### **5.1.2.1 Visible diversity.**

In considering visible diversity, Crayon’s board is a homogenous group of seven Caucasian women. One other study was found to report organizations with 100 percent female board members (Bradshaw, Murray, & Wolpin, 1996). However, more frequently the board is comprised of more men than women with female composition on NP boards ranging from 35 percent in 1991 (Abzug & Galaskiewicz, 2001) to 47 percent in 1999 (O’Regan & Oster, 2005).

#### **5.1.2.2 Functional diversity.**

Interviewees described the board as diverse, coming from different backgrounds and representing private, public and NP sectors. One interviewee described board diversity as:

I think it’s extremely diverse. I mean we have everything from I guess a board member from the finance sector of the world, the private oil industry, ah we have a teacher recreational, um, I think that pretty much covers it and then of course myself with health care... We just have such a diverse kind of experiences (Red).

The industry backgrounds of board members as collected through interviews include: accounting, health care and service industry. Combined:

- Accounting – 3
- Health Care – 2
- Unidentified Service industry – 2

Tuggle et al. (2010) used the following categories to identify director functional background: production-operations, engineering, accounting, management, marketing, law, and labor relations. Using these overarching categories to view Crayon’s board describes the functional diversity of the board members as a homogenous industry skill set, contrary to the descriptions by interviewees. The board members represent accounting or operations backgrounds.

In regards to educational diversity, the four interviewees are as follows: high school diploma, one-year college, two-year college diploma and a Master’s degree. It was also

mentioned that a fifth board member holds a CMA accounting designation. Using the education classes of Wiersema and Bantel (1992; science, education, business, law and engineering), Crayon interviewees align as follows:

- Sciences – 2
- Accounting – 2

As such, the diversity of the board is characterized as a highly homogenous group of women with no visible minorities. Further description of diversity identifies two board members were single mothers and all board members have children although, there is not a clear indication if all had their children in the services of the organization in the past.

### **5.1.3 Strategy.**

Crayon's strategy characteristics match the description of defender strategy defined as:

Defenders are organizations which have narrow product-market domains. Top managers in this type of organization are highly expert in their organization's limited area of operation but do not tend to search outside of their domains for new opportunities. As a result of this narrow focus, these organizations seldom need to make major adjustments to their technology, structure or methods of operation. Instead, they devote primary attention to improving the efficiency of their existing operations (Miles & Snow, 1978, p. 29).

Crayon's ED questionnaire identified the organization as providing a relatively stable set of services and concentrates on improving the efficiency of these services. As board members describe, the organization works to be the "gold standard" (Red) for other organizations.

While Crayon's Board speaks of growth, that growth appeared concentrated in a narrow product-market (i.e., safe childcare to more children). There is little need to adjust technology, structure or methods of operation, characteristic of a defender strategy (Miles & Snow, 1978). Observation and interviews identified that new products or innovations were staff rather than board driven, consistent with identification of defender organizations by Brown and Iverson (2004). While growth was mentioned, it was established that other organizations are approaching for collaboration; through collaborative efforts, the organization may start to expand its product market. It is suggested here that those relationships may result in a reactor strategy for Crayon. While maintaining a stable set of services, adjustments will be caused by environmental pressures

(Miles & Snow, 1978), or the approaching organizations seeking collaborative arrangements forcing Crayon to offer new products that it previously would not pursue.

Committee membership (Brown & Iverson, 2004) and board diversity (Young, Beekun, & Ginn, 1992) have also been observed in relation to strategy. Crayon's committees are comprised solely of board members (with the exception of the ad hoc event planning committee) an observation consistent with Brown and Iverson's (2004) findings that defenders have fewer stakeholders per committee than prospectors. In addition, Young et al. (1992) found defenders to be relatively homogenous in board composition.

#### **5.1.4 Environment.**

Environmental stability is often measured through funding, volunteer and staff availability. Crayon receives funding from member dues and government grants, and have a "couple little money raisers a year" (Blue). As the organization receives the majority of funding from fees or dues, there is some stability to the environment. The current funding structure is identified by the ED to be similar to the expected funding structure five years from now indicating a predictable stable environment.

The organization is comfortable in its ability to secure volunteers needed and is neither confident nor unsure of future number of users. As identified by one interviewee "for volunteers outside of the board, they don't actually have a lot volun, they actually don't have any volunteers um, except for parents when they invite them in on ah fieldtrips" (Green). The volunteer pool is clearly identifiable, and will feel a sense of duty to assist. The organization does seem to struggle in finding parent volunteers for the board as there are currently only three parent representatives and the bylaws outline there should be a minimum of four. The availability of staff is program dependent as per the ED questionnaire answer. Further, one interviewee identified that because of low industry wages "turnover can be high at times" (Green) and keeping staff can be difficult.

Government funding with regulations on spending creates stability in the environment (Sandfort et al., 2008; Stone et al., 2001). Crayon is required to follow government regulations and submit evaluation reports (Blue).

The organization identified itself as independent of others. Based on evaluation of funding predictability, available staff, available volunteers and government regulations Crayon was operating in a stable/predictable environment. Thus, the organization was identified as a single organization within a stable operating environment.

### **5.1.5 Social capital internal.**

Internal social capital requires face-time to build the “intensity and density of interactions” (Lin, 2008, p. 37) that create outcomes of communication, trust, closeness, cohesiveness, shared vision and teamness. Moving beyond the outcomes, the resources available in the network are part of social capital (Adler & Kwon, 2002; Lin, 2008) that are observed in this study through industry background and educational training.

Communication at Crayon’s board meeting was minimal. Most members showed up within five minutes of meeting start and all were gone from the building within five minutes of adjournment. The group often sat in silence with the directors looking at the meeting packets that had been placed in front of them by administrative staff at the start of the meeting. All communication outside of meetings was completed by email and liaised through the ED (Red). All interviewees commented on the minimal communication as seen by the following quotes:

Most of our communication is done by email (Green).

It’s all basically done via email... we don’t socialize together (Yellow).

It’s pretty much done by email (Blue).

Limited to during the meetings, ah on rare occasion we will have an email vote (Red).

Studies have used trust and closeness of relationships to measure internal social capital (Kim & Cannella, 2008). Interviewees were asked to identify these factors and all indicated that they share high trust with one another; however, there is no building or increasing of this trust

through closeness of relationships. This is identified in the statement: “I would say I don’t have any reason not to trust them, um, but I do know one of the board members quite well... so I would say my trust with her is incredibly higher” (Green). When asked about the closeness of the board, interviewees commented with “not that close”, “distant relationship, none of us are really friends outside of the board”, and “I don’t think I talk to any of the board member other than the monthly meetings”.

Cohesiveness and shared vision are also described outcomes of internal social capital.

The ED recruitment strategy focuses on selecting directors who share a common vision. The ED:

Really likes to get a sense that potential new board members will share the same values and are sort of on board with our mission... I’ve always felt that we kind of shared those values and the mission and seem to always and especially when conflict arises, that if we do fall back on that we tend to be able to find a resolution to the concerns (Red).

Selecting new board members who share the existing vision helps build cohesiveness among board members. Identified by three of four interviewees was a shared vision of growth and expansion for the organization.

The board appeared to have a sense of teamness and desire to help the organization.

Familiarity of the group was observed in the board meeting when the secretary, there to take notes, asked who made the motion and second and was answered with the “usual two”. Another example of teamness was shown by an event that occurred thirty five minutes into the meeting when one board member got up to distribute the beverages the ED had brought but placed on a table to the side. She asked attendees, including me, if they would like a beverage, but did not ask the ED. The ED got up once she had sat down at which point she said ‘oh, sorry’. An odd example suggesting the board member did not feel the ED was part of the team.

Closeness of relationships was explored two ways: closeness of board members to each other and closeness of board members to the organization. Some interviewees could describe where other board members worked, education backgrounds and family situations while others could not. One interviewee could not name who was in charge of the meetings stating that it was



someone other than the ED. In regards to organizational closeness, all interviewees and the ED provided different lists of existing committees; the only committee identified by all was the finance committee.

The content, resources available in the network (Adler & Kwon, 2002), can be described by functional diversity. Of the interviewees, completed education was high school, one-year college, two-years college, and Master degree. Board experience was two first time board members, ten-year, and thirty-year experience.

Internal social capital is needed for the board to contribute to executive staff performance (Carpenter & Westphal, 2001). Crayon was experiencing a recurring financial issue that was identified in meeting minutes, by an interviewee, and through meeting observation. At the board meeting the comment on the issue was “why do those things keep happening”. The board’s inability to contribute or influence the executive staff performance indicates low internal social capital.

The meeting was very formal and silent throughout, until near eight o’clock when it became obvious one member had to leave as she sat with her keys in hand for the last ten minutes and the conversations finally started to sidetrack to things other than agenda items. At that point, the chair called for adjournment. As the quiet mood of the meeting may have been influenced by my attendance, the ED indicated that the board meeting attended was typical in content and behaviour.

#### **5.1.6 Social capital external.**

External capital can be defined as ties to those outside the organization (Kim & Cannella, 2008) and/or the ability to provide access to external information and resources (Burt, 2000; Leana & Pil, 2006). External social capital can be identified through outcomes of favorable exchanges, access to and gathering information, non-redundant information, innovation, and growth. Few of these outcomes were seen in Crayon.

There were no examples of board members adding new information to the board meeting. One example of limited external connections was observed in discussing the recurring financial challenge. The finance committee suggested becoming a case study for an accreditation programs (e.g., CGA, CMA, CA), but had no contacts to initiate the process. The organization settled on asking their auditing/accounting company to propose recommendations identifying a challenge to the organizations access to external resources. This example, and statements by board members that they rarely discuss the organization outside of board meetings, indicates there is little access to new or non-redundant information (Burt, 1997).

From meeting minutes and boardroom observation there seems to be little interaction of the board with the community. All standing board committees are comprised solely of board members. The ED indicated the organization does not engage in joint planning with other organizations and rarely has other organizations operate programs on their behalf. However, it does offer or facilitate programs for other organizations. Community interaction is minimal as the organization is very self sufficient/sustaining in its offering of services to the community.

While the board has minimal external social capital with the community, the executive staff appeared to have a large network full of resources. This was seen by the organization being approached to facilitate new projects for community organizations and be involved in pilot studies. It was indicated that none of the board members sit on outside committees but that the executive staff represent the organization. An interviewee stated “through our Executive Director and our Directors just kind of keeping in touch with what’s happening, they um, between the three of them, there’s our Executive Director and two Directors, they are all quite involved with different provincial committees...” (Red). Supported further with all contact of funding services is done by ED and Directors (Blue) and that the work with government and pilot projects is really pushed by one of the Directors (Blue).

### 5.1.7 Framework alignment and social capital.

Bradshaw's (2009) configurations are based on the five areas of structure, board composition process and strategy and environment. This study has added to that the combination of internal and external social capital to the configurations. The following is a summary of Crayon's board characteristics:

Table 3.  
Summary of Crayon's Board Characteristics

Structure	Formal • Informal
	Formal. Identified by clarity of roles, formality of meeting agenda and minutes, bureaucratic and hierarchical procedures dictated by governance model.
Composition	Homogenous • Diverse
	Homogenous. Visible diversity is homogenous as the entire group is comprised of Caucasian women. Functional diversity is homogenous in industry experience and education.
Strategy	Defender • Prospector
	Defender. The organization focused on 'gold standards' and efficiencies. The organization focuses on its current market products and looks to expand the number of clients serviced with slight variation of implementation.
Environment	Single • Collaborative
	Single. The ED identifies the organization as a single unitary organization.
Environment	Stable • Turbulent
	Stable. Government regulations and criteria promote a stable environment. Fee for service funding also offers stability to the organization. Asking what the organization will look like five years from now, both ED and board members indicate it will look much the same with an increase in users/clients.
Internal Social Capital	Low • High
	Low to moderate. As there is no scale currently developed to measure social capital this ranking is based on outcomes of social capital. Board members have a shared vision which allows them to work together for the benefit of the organization. The minimal interactions do not allow for development of internal social capital. Available resources in the network are similar.
External Social Capital	Low • High
	Low. External social capital for this organization is identified as low. With little indication of access to new or non-redundant information or innovation. Board relies on staff for external connections as exchanges and growth seem to occur through staff networks and not board networks.

From these alignments, Crayon would fall under Bradshaw's (2009) Policy Governance configuration. The associated proposition is a high internal and low external social capital

combination. The observations identified there is low-moderate internal social capital and low external social capital.

The organization is formal in procedures and policies with a clear distinction between roles of board and staff. Committee structures are formal with clear mandates. The organization is bureaucratic and hierarchical in nature and the ED was described as President/CEO and 'Big Cheese'. The board's visible diversity is homogenous with all members being female, and parents with five of seven having children in the program currently or at one point. Functional diversity described using educational classes is highly homogenous with only two fields represented; further, years of education suggest limited functional diversity. Crayon pursues a defender strategy focusing on creating efficiencies and improving existing services. In connecting size to strategy, Bradshaw's (2009) framework identifies Policy Governance configurations to have larger boards and defender strategy. This was not supported by this study as the board size is small (Bradshaw et al., 1992). This finding is similar to that of Young et al. (1992) who found defenders have smaller boards than prospector organizations. The government is involved in regulating services providing environmental stability (Sandfort et al., 2008). The pattern of funding has been very similar for the past five years and the organization identifies itself as a unitary organization independent of others and with minimal collaboration. Also, there is little competition to their funding sources. This description matches Bradshaw's (2009) Policy Governance configuration as it is formal, homogenous, defender operating in as a unitary organization in a stable and predictable environment.

Internal social capital is present; however, it may be identified as low-moderate. There is little indication the board has the face-time together to develop social capital or adequate resources available in the networks. There is minimal identification of any external social capital.

## **5.2 Organization Blocks**

This organization has a multifaceted mission to improve children’s learning skills once challenges are seen, as well as advocating for earlier development of learning skills. It also focuses on educating adults about the importance of building foundations early and teaching adults how to build these foundations in children. The vision is to build learning foundations that provide children with confidence and joy (paraphrased). The organization provides services to meet its mission and is moving into an advocacy role. It does not define its membership, but is identified to work with schools and families. As the programming expands to advocacy, the scope of stakeholders is growing. Data were collected from Blocks through attendance at a regular board meeting, attendance at the Annual General Meeting, in-person interviews with two and phone interviews with five board members, completion of a questionnaire by the ED, and a review of the Terms of Reference, meeting agendas, and meeting minutes covering the last six months. Policies and bylaws were not provided; however, during board meeting observation, there was discussion over the lack of policies.

### **5.2.1 Structure.**

Blocks is a young organization that is working to identify “what does it mean to be a governance board, are we being a governance board” (Bee). As identified in this statement, the board may take on operational tasks and is working on building the policies to define its governance role. The following details data gathered in respect to formalization, clarity of roles, size and hierarchy to identify placement in Bradshaw’s typology.

#### **5.2.1.1 Formalization.**

Through content analysis, observations and interviews, Blocks was observed to be less formalized. Board meeting agenda openness, a measure of formality (Tuggle et al., 2010), was described as: “There is a set agenda... [we] follow a fairly formal protocol...[yet] the conversations, the information that falls within that agenda and through that process is very

informal” (Dee). The agenda contains lengthy timelines for each topic, but were not referred to during meeting observation. The board used a consent agenda<sup>1</sup>, with the goal or instruction that the board can “just approve that and go through specific business that needs to be discussed” (Fish). The use of the consent agenda in the meeting resulted in most items being pulled from the consent agenda to allow for discussion. Some board members appeared unclear on how they should be using the consent agenda to which there was a quick directional discussion.

Observing the number of committees and use of task force or working groups has been identified as a measure of structure (Brown & Iverson, 2004) and formality (Bradshaw, 2009). Blocks has been reducing the number of standing committees in favour of more working groups or ad hoc task forces. There has been a reduction from six to three standing committees and additions of task forces in the past year. For example, the communication committee that had been a standing board committee since the beginning of the organization was recently disbanded and set up as a working group managed by staff and supported by the board. The reduction of standing committees for working groups suggests the organization is adopting a more businesslike approach with “fewer committees and more task forces or project groups” (Bradshaw, 2009, p. 70).

The interviewees’ descriptions of formality characteristics are summarized by the following comments about the organization:

[It is] pretty informal (Bee).

It’s structured, but not overly formal (Fish).

There are times when it’s more formal and times when it’s more relaxed (Apple).

Observations supported these statements identifying free-flowing conversations and discussions guided by the co-chairs. The group is attempting to reach a formal process, but currently works through informal procedures or actions for accomplishing tasks. The expected outcomes are clear; however, the formal procedures are developing. A description of the movement to

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<sup>1</sup> Consent agenda is “a bundle of items that is voted on, without discussion as a package” (BoardSource, 2006, p. 2)

formalize was seen in the example that attempts to “bring something up that wasn’t on the agenda, or out of order [will get] shot right down... not possible to address... because it’s not part of the agenda... [but] sticking to that agenda keeps the meetings under three hours” (Dee). While moving towards formalizing procedures, the current actions of the board suggest there is less formality and greater focus on action oriented processes (Bradshaw, 2009).

Requests for a Blocks Bylaws and/or Policies and Procedure manuals were never fulfilled. The reason for this was discovered in the board meeting observation when a board member stated “we need policies at the board level” and the ED commented “we do have board policies, lost the bylaw... [copy on file] may not be the latest draft”. Blocks fewer policies indicate a less formal structure (Bradshaw, 2009).

The location of Blocks board meeting was in a classroom, on-site of the organization office in an elementary school. The classroom had one wall of half windows; under the windows were bookshelves overflowing with books and learning visual aids. Two other walls had chalk boards from end to end with a number of children’s works hanging from them. The fourth wall had three couches in a u-shape where I sat waiting for directors to arrive and had a brief conversation about my study with one of the directors. The tables were also set in a u-shape formation allowing for face-to-face communication between the directors. Poor weather conditions the day of the meeting caused a number of members to be late. A buffet dinner was set-up on book shelves. As the members arrived, they dished up food and ate during the meeting. There was an easel in the room that was used by one of the board members. The room appeared to be lacking small children playing and did not project a business boardroom environment.

As board members arrive there were smiles and hugs, between board and staff. Directors were catching up on each other life’s while waiting for enough directors to make quorum, three directors did not attend because of the weather conditions. Conversations flowed freely, with all participating, while they waited for the others. Once two directors arrived, there was a discussion on whether or not they had reached quorum. No one had a bylaws or policy manual to refer to so

they relied on the memory of one director who indicated they have enough and the meeting started. The co-chairs called the meeting to order. A call to accept the consent agenda was met with silence, followed by items being pulled from the consent agenda and a brief discussion on how the consent agenda was to be used. An informal action was taken by the co-chairs who started the meeting with the reading of a children's book, complete with showing the books illustrations. In addition, the mood of the room was light with lots of fun and laughter.

#### ***5.2.1.2 Clarity of roles.***

The separation of board roles and operations management is blurred as the board is “trying really hard to balance what is governance and what is operations” (Apple). The organization is in “transition... moving from an operational board to more of a governance focused board” (Fish). The unclear nature of roles and transition can be seen in the following comments:

Are we being a governance board (Bee)?

Has been a power struggle between board and staff”; “there was a lot of focus on day-to-day (Dee).

Medium moving towards low” operational involvement; “transition from operational to more of a governance focused... much less operational than it used to be (Fish).

In addition to the transition, board members appear comfortable asking operational questions to gather information for decision making which could lead to conversations about items not covered in the board's mandate (Dee). While in the past the board had been heavily involved in operational matters, the current board was pushing to focus on the “bigness” and “not getting mired down in the small stuff” (Blocks Meeting Observation). A board member indicated, “I don't want that level of detail, I just want to know that you have that in place for your staff” (Blocks Meeting Observation). Observed role clarity was blurred, with efforts directed on defining governance duties.



### **5.2.1.3 Size**

The board has twelve members. Based on Bradshaw et al. (1992), this falls in the medium board size category 11 to 15 members.

### **5.1.1.4 Bureaucratic and hierarchical.**

The supplied organizational chart had the Board of Directors overseeing all standing committees and reporting to schools, students and volunteers. The chart also indicated the Board reporting to the ED, and full-time staff including Office Manager and Assistant, Director of Programs, Director of Volunteer Services and two Program Teachers. In questioning an interviewee about the chart, the relationship was described as “we all report to each other... sort of a flow back and forth” (Apple). Another interviewee was unable to clearly identify who reports to whom stating, “on a formal basis I’m not sure [who the board reports to]” (Fish).

Blocks placement of authority in committees identifies a decentralization of duties (Kushner & Poole, 1996). The committees are responsible for gathering information and making decisions. Board reports by committees include motions for board approval. Support for this was seen in board meeting observations where committee chairs reported on the finding from their committees. Other board assignments are delegated by people’s strengths and willingness rather than positions. The decentralization of roles supports the informal structure observation and focus on action as heard in the statement “there’s definitely some formalities there, but at the same time it’s open enough where you can go use your skills and do your stuff without checking every breath that you take” (Cat).

The bureaucratic structure is present, but was used as a guideline for keeping processes on track rather than as a restriction of motions and votes. This was seen as the board co-chairs were in charge of moving the meeting through the agenda and maintained control of the meeting.

## **5.2.2 Composition.**

### **5.2.2.1 Visible diversity.**

The visible diversity of Blocks consisted of nine women and three men, with one non-white member. The percentage of women on the board is higher than most studies reveal, but is similar to the other organization in this study. Interviewees described it as “fairly diverse” (Dee, Egg) in physical diversity, “a mix of age groups... a mix of gender” (Fish), but yet “there’s a lot of white people” (Apple).

### **5.2.2.2 Functional diversity.**

Consensus on functional diversity laid closer to “not very diverse in backgrounds” (Dee) and all in a rather similar “socio-economic class” (Apple). And, in spite of attempts to diversify, the board is still dominated by those with education backgrounds (Bee, Dee, Egg, Fish, Grape, and Blocks Meeting Observation). The observed board meeting started with story time led by the co-chairs and board members raising their hand when wanting to make a comment. As the meeting progressed, the education classroom influence lessened and the board members adopted a more business like conversation about agenda items.

The industry background of board members, collected through interviews and LinkedIn online profiles, include: accounting, communication, public relations/communication, public relations/communication, education (past teacher), education (principal), education (principal), energy, energy (position undetermined), management consulting, NP consulting and law.

Combined:

- Accounting – 1
- PR/Communication – 3
- Education – 3
- Energy – 2
- Corporate consulting – 1
- Nonprofit consulting – 1
- Law – 1

Education observations included a number of post-graduate degrees in a variety of fields. Educational diversity, collected through interviews and LinkedIn online profiles, includes: Master Education and Leadership–2; Bachelor of Education–1; Chartered Accountant designation–1; Bachelor of Science, Engineering–1; Master Business Administration–1; Law–1; Master of Arts, Communication–1; Master of Arts, Political Science–1; Bachelor of Math–1; and 2 unknown–one in the education field, the other in the energy field. Using Wiersema and Bantel’s (1992) education classes, Blocks Board Directors align as follows:

- Science – 2 (Political Science, Math)
- Education – 4
- Business – 3 (Accounting, MBA, Communications)
- Law – 1
- Engineering – 2

According to educational training, the board is still dominated by the education class. However, board membership is not homogenous as all classes are represented which follows Bradshaw’s (2009) description of “less homogenous membership” (p. 70).

### **5.2.3 Strategy.**

The staff report is built around the strategic actions that include phrases “grow access to and excellence...”, “expand our mandate...”, “lead and influence...” and “pursue excellence”. The use of grow, expand and lead all suggest a prospector strategy of change creation and growth (Miles & Snow, 1978). Twelve years ago, it started as a pilot project working with schools. It now works with parents in the home, new parents (post-natal visits) and has professional development courses for those working with children (Blocks, 2010, Report to Community). The number of volunteers since incorporation has grown 22 times and number of clients served 15 times (Blocks, 2010, Report to Community).

The ED questionnaire identified the organization as: “The nonprofit maintains a relatively stable base of services while at the same time moving to meet selected, promising new services. Also, monitors the actions of other nonprofits” (Blocks, ED Questionnaire) identifying a prospector strategy. The future of the organization will include “the programs that we’re

currently offering, uh, will be maintained. They'll be fine tuned, and I think other programs will be added" (Dee). The strategy includes augmenting and securing stable funding for the core programming while expanding the types of programs offered to move into new realms with younger children and include a focus on advocacy. The expansion builds out of the mission statement and finding new approaches to mission fulfillment. The mission and vision "are the founding base" (Blocks, Meeting Observation) or the starting point to a large domain of learning (services; Miles & Snow, 1978), rather than the defining parameters of the strategy consistent with the prospector view of mission statements (Brown & Iverson, 2004). "Growth and expansion is directly related to the mission of improving literacy and literacy awareness" (Fish).

Prospectors explore growth opportunities from "location of new products" (Miles & Snow 1978, p. 57) and Blocks hopes to expand beyond the current city limits in the near future. Blocks has expanded their programming audience from children to educators and parents looking for new market opportunities and responding to emerging trends, indicators of a prospector strategy (Miles & Snow, 1978). Environmental trends are opportunities to meet the organization mission of helping all children, which Blocks addressed by focusing on those who influence children's learning rather than focusing on the children themselves. Brown and Iverson (2004) identify these as prospector actions, using a broad approach to conceptualizing their community responsibility; this includes services, who they partner with and who they serve. Blocks' guiding principles include being open to collaboration and partnerships (Blocks, Website), efforts to become the "go to" organization in order to organize and direct the efforts of a number of early literacy efforts in the city (Interviews).

Board, staff, and volunteers were involved in the direction of the organization. The Annual General Meeting was attended by board members, staff, funders, and volunteers who celebrated the accomplishments of the group in meeting past goals and defining future goals and directions. Committee composition included board members as well as volunteers. A finding

consistent with Brown and Iverson's (2004) that committee composition for prospectors has more involvement by community stakeholders than defenders.

#### **5.2.4 Environment.**

The organization's funding sources do not include government funds (Blocks Minutes, Report to Community, Interviews), considered one of the most secure funding sources (Hodge & Piccolo, 2005; Sandfort et al., 2008), nor does it receive United Way support. Funding support comes from individuals, businesses, and foundations (Blocks, Website, Report to Community, 2010). It was also supported by 550 volunteers organized by the equivalent of 4.6 full-time employees (Blocks, Website, and Org Chart). Services offered by Blocks were identified by board members as unique and that the government would be the ones to offer similar services, but that is not expected.

Blocks organized a large legacy fundraising event that earns 20 percent of total funds. The rest is secured through corporate and individual donation, grants, other events and third party fundraising. There is little concern there will be money to pay the bills as the donations and funds are "out there, but it's very uncertain the timing" (Dee) of receipt. Further, funding is "very off and on" (Dee). It is thus a "constant, it's brought up at every meeting" (Apple). Board members were encouraged to financially contribute and "to raise the profile of Blocks amongst their contacts and networks to bring in funds that way" (Fish). Discussions focused on "how do we develop a sustainable funding model" (Bee) suggesting unpredictability or uncertainty in the current model. There were no multi-year commitments from donors increasing the uncertainty of available funds (Dee). Blocks has made fund-raising a priority focus and has attacked the environment in a variety of ways:

Do a better job of hitting corporate (Bee)

[Utilize a] data management plan [to better understand funders] (Cat)

Making sure funders are aware of us (Apple)

The uncertainty of funding identifies a turbulent environment even though the fund development committee still feels “bullish” in their ability to go after more funding (Blocks, Meeting Observation). Funding sources over the past five years have been similar, but these sources are not stable sources like government grants and are identified as difficult to gain (Hall, 2003).

Interviewees expect that Blocks will require more staff, either in physical numbers or hours at work. In addition, the staffing professionalism or skills will be increased as the organization pursues its prospector strategy. There was concern by some that the current staff and capabilities “will be able to keep up with just the number of students and schools that we’re taking care of right now... it’s a point of tension or pressure within the current scope” (Egg). While the demand for staff has been increasing within the organization, some feel the current economic climate will allow the organization to fill positions as they become available (Grape). The ED indicated they can ‘nearly get enough staff’, but is confident in the availability of staff. A moderate stability thus exists in staffing needs.

Blocks used a large number of volunteers to offer its services. A challenge to volunteer availability was certain areas have more than enough volunteers while other areas need more. The directors were focused on continually raising the awareness of Blocks in the community to ensure more volunteers and have identified that volunteer recruitment strategies may need to change when they start to recruit ‘Gen Y’ volunteers. The fundraising events also drew a large number of volunteers to which an interviewee commented, we “don’t seem to have trouble getting people to come out and sort” (Cat). The ED indicated difficulties in securing enough volunteers. In the board meeting, the number of needed volunteers was identified as over 200. The volunteer environment appears to be stable but more could be used and the future may be unpredictable.

In regard to a simple versus complex environment, the organization is in a transition. The organization began focusing on school children in early grades that included children, parents

and teachers/school boards as stakeholders (in the short term as the effects of early literacy exponentially grow throughout a child's life bringing in a large number of stakeholder). As the organization pursues its prospector strategy and grows, it begins to include a greater number of stakeholders adding to the complexity of the environment and organization. Stakeholders now include as before, children, parents and teachers, teacher/school boards and expanding to include health care providers, professional development and more.

### **5.2.5 Internal social capital.**

Communication, trust, closeness of relationships and vision were observed in order to assess internal social capital. It was observed with Blocks that most of the work and communications were completed within the committees and subcommittees. Committees met frequently to prepare reports for the board. Interviewees identified they know members of their committees better than the rest of the board members as a result of more frequent communication resulting in higher trust. The board meeting observation noted that committee members sat together and would often have brief side discussion during the presentations of others. Internal social capital among selections of the group was also observed when a comment was made using educational jargon, an indicator of frequent communication (Burt, 2005); part of the room laughed and another part looked at each other with confusion. In addition, at the end of the meeting committee members lingered around to talk with each other. Conversations were both organizational and personal in nature.

Board communication is described as free, polite, cordial, open, candid, and friendly. "Most of the communication, I find, is at the meetings or in regard to them" (Dee). The board meeting observation supported this, that members would allow expressing concerns and ideas. Directors felt comfortable in asking questions until they received satisfactory answers. While communication in the meeting was open and free-flowing, it was identified that outside of board meetings "there is not a lot of communication amongst board members" (Bee).

The internal social capital of committees is apparent in comments regarding trust and that trust is higher identified by comments like “of course with the people I know better it would be higher” (Apple) and “I mean some I know better...some I have a professional connection with as well” and thus trust is higher (Cat). Trust is also observed in the skills and intention of other board members: “I trust them in their responsibilities...I think we trust from a skills perspective but not from maybe functioning board relationship perspective” (Bee); “I trust that everyone’s there to do a good job and focus on the needs” (Fish); “I’m cautiously trustful” (Egg); “I have no reason not to trust them” (Dee).

The strength of relationships can be described as “close-ish” (Dee). A number of interviewees identify relationships as “developing” (Egg) and “starting to develop” (Grape); “relationships are developing, but they develop quite slowly” (Fish). Blocks is taking organized steps to build internal social capital through encouragement to attend community events and a planned board retreat.

All directors interviewed identified the “core tutoring” or the “flagship program” as the most important offering of the organization describing a cohesiveness to mission. The vision for the organization includes growth and expansion in area, clients, and offerings.

Interviewees identified that the board members who recruited them continue to volunteer with the organization once their board terms are over. That once a board director leaves the board “they stay in some sort of capacity” (Apple) indicating the teamness they feel with the organization and the desire to stay connected. Internal social capital is important when the group achievements are recognized (Gabbay & Zuckerman, 1998), the committee structure of this organization appears to breed internal social capital as the work of committees is highly regarded and comments are made of work done by a committee and not as by the individual. This reaches into staff, blurring the lines of hierarchy.

The availability of resources in the network connections (Adler & Kwon, 2002; Lin, 2008) is also found in Blocks’ internal social capital. The resources included both human and



economic capital. Board observations included human capital shared with legal advice, governance advice, accounting procedures and communication tools. Economic capital was shared as there was a discussion the organization wants to be 100 percent board supported and the response was board members pulling out their cheque books.

### **5.2.6 External social capital.**

Blocks has the ability to gather new and non-redundant information through its many volunteers on committees and sub-committees. These connections are described to always be advocating for the organization and spreading awareness of the organization. When Blocks is looking for new recruits, board members go “through the personal networks of the current board members” (Dee) to identify potential new members, and a “committee identifies people who they think would be assets to the board” (Fish).

When gathering information for moving the organization forward, a number of interviewees identified that they are able to use their colleagues, company resources, and internal company leads. Board ties are thus identified to provide access to new and non-redundant information (Burt, 1997).

The board also uses external networks to locate and secure funding. For example, funding requires “actually knowing where to find where the funds are available and targeting those funds” (Fish); and the fundraising committee “would do their Rolodex kind of get out there and work their networks” (Dee). One interviewee expressed her external social capital by identifying the individuals outside the organization she would approach depending on her need. Another example of the resources available in the networks was observed at the board meeting when the ED indicated space was needed for the board retreat. A board member volunteered office space, confident that she would be able to secure the space from her employer. In addition, external social capital was not limited to use by the Blocks organization. At the conclusion of the board meeting, one director approached another for direction on an unrelated Blocks matter.

By “broadening our board base and connecting with corporate... expanding outside of [the current network]” (Bee), the Blocks board is making intentional efforts to expand external social capital. Board meeting comments mirrored this with we live in a “giving city and we need connections to all of that”. Other efforts include recruitment of board members with specific knowledge and skills as a way for the organization to broadening its access to information and attempt to control or manage its external environment.

Finally, Blocks uses its committees to expand its external social capital. Committee composition is not limited to board members. Volunteers on the committees expand the external social capital networks and access to resources. The securing of a new location for the legacy fundraising event identifies one way a committee volunteer assisted a board member in obtaining new information (potential location) that was then secured by the board.

#### **5.2.7 Framework alignment and social capital.**

Bradshaw’s (2009) configurations are base on the five areas of structure, board composition process and strategy and environment. This study has added to that the combination of internal and external social capital. The following is a summary of Blocks’ board characteristics according to these five areas and the poles that identify each area and Blocks’ placement in each one:

Table 4.  
Summary of Blocks board characteristics

Structure	Formal	•	Informal
	Informal. Committee numbers have been reduced to three. Struggling for clarity between operations and governance. Focus on action items rather than policies. “It’s structured but not overly formal”		
Composition	Homogenous	•	Diverse
	More diverse. While a quarter of the board is representative of the education sector, the other three quarter of the board represent a variety of educational classes and varied industry representation.		
Strategy	Defender	•	Prospector
	Prospector. The organization a year ago decided to focus on expansion and growing the organization from its focus on tutoring a limited age group to focusing on helping children of all ages. It has taken on a Prospector strategy as it scans the environment to explore new way to meet the needs of children.		
Environment	Single	•	Collaborative
	Single, but changing and evolving. The environmental focus is single as the organization has a focused service – to give children the tools to literacy. While the organization is single in its duties, it uses opportunities to work collaboratively with other and is growing this part of operations		
Environment	Stable	•	Turbulent
	Turbulent. The environment is turbulent. With no government funding and a large reliance on donors, there is a chance for volatile funding. While comfortable they will find volunteers, they currently have children that could use a volunteer. ED identified external environment as rapidly changing		
Internal Social Capital	Low	•	High
	Moderate. The board members when gathering come together like old friends, greeting one another with hugs and smiles excited to see one another. Communication is limited to board meetings and committee meetings.		
External Social Capital	Low	•	High
	High. The attendance at the AGM identified a number of external networks. New information is accessed through the diversity of members and the use of volunteers on committees that expands the resource networks. Board members have the ability to call on others for resources and donations.		

From these alignments, Blocks falls under Bradshaw’s (2009) Entrepreneurial/Corporate Governance configuration. The associated proposition is low internal and high external social capital combination. The observations suggest there is a moderate internal social capital and high external social capital.

The organization structure is characterized as less formal. Committee structures are comprised with a ‘get the task done’ focus and recruits volunteers who can aid in the task. Board diversity is moving away from the homogeneity members describe it having in the past.

Functional diversity described using educational classes is moderately diverse as a number of educational classes are represented. It pursues a prospector strategy, although there is diversity in views on the extent of that expansion. This description matches Bradshaw's Entrepreneurial/Corporate Governance (2009) configuration as it is informal, diverse, prospector operating in a unitary environment with a turbulent and unpredictable environment.

Internal social capital is present at the board level and more prevalent at the committee level as the committees work together and experience enough face-time to develop internal social capital. There is a suggested teamness or cohesiveness to the organization as past board members volunteer in some capacity to stay close to the organization. External social capital is high and the organization is focused on finding new board members that will help increase external social capital. Blocks identifies the skills and resources it needs, and recruits new board members to meet those needs. With one exception, all interviewees were asked to be on the board by someone they knew or sought out for their professional skills. The only interviewee who stated he volunteered for the board, identified he did so because of his company's exposure to the organization and his belief in the mission. A number of interviewees identified they pull on external resources or networks to accomplish tasks and gather new information. Internal social capital is present at a moderate level, mainly held in the committees. External social capital is identified as high.

## **6 Discussion and Conclusion**

### **6.1 Overview of Findings**

Responding to calls for studying NP organizations in context rather than applying FP practitioner guides, this study explored the structure, composition, strategy, and environment of NP organizations. The results support the framework proposed by Bradshaw (2009) that theorized board characteristics in relation to the organization's environment. An organization operating in a simple and stable organization was found to be hierarchical and bureaucratic in structure, homogenous in composition, and pursuing a defender strategy aligned with Policy Governance configuration. An organization operating in a simple and turbulent environment was found to be organic in nature with blurred clarity of roles, more diverse in composition, and pursuing a prospector strategy aligned with Entrepreneurial/Corporate Governance configuration.

#### **6.1.1 Structure.**

Both organizations used committees, agendas, and parliamentary procedure. The differences were found in the amount of discussion by those committees and the expansion or discussion around agenda items. Crayon's board meeting ran through the agenda with little discussion or discussion limited to one board member and the ED. There was little indication of committee work confirmed by interview comments that most communication occurs at the board meetings. Blocks' board meeting in contrast was filled with discussion and extensive committee work was seen in committee reports with discussion shared by committee members to the group. The number of written policies was also different between the two organizations. Crayon supplied a complete list of policies that covered topics from board governance to programming policies. Blocks supplied a Term of Reference for board committees, but no policies or bylaws. During Blocks board meeting, discussions covered the lack of policies and a comment that the latest version of the policies cannot be found.

Data gathered on role clarity also found contrasting results between the two organizations. Crayon board members identify themselves as a governance board and do not engage in any operational discussions. Blocks board members identify there has been a power struggle in the past and the board questioning 'what does it mean to be a governance board'. Board members indicate they are comfortable asking operational questions if it assists in making better decisions for the organization. In addition, board members are part of working groups that report to staff. These observations align with Bradshaw's (2009) framework that a Policy Governance configuration has clarity of roles and responsibilities between board and staff; and, Entrepreneurial Governance configuration has less clarity of roles and responsibility and it may experience overlap in duties.

The observations of this study contrasted Bradshaw's (2009) framework in regards to board size as the Policy Governance Board was smaller than the Entrepreneurial Governance Board. These results do match other studies that identify defender organizations has having smaller boards than prospectors (Brown & Iverson, 2004; Young et al., 1992).

Finally, the bureaucratic and hierarchical nature of the two organizations contrasted greatly. Crayon operated under a bureaucratic structure with the Board Chair and ED experiencing the most communication. There was clarity of roles with the board avoiding all operational items. Blocks organization sees any board member speaking to the ED when questions arise and the board questioning operational items. In addition, the committee structure used by Blocks indicated a decentralized model (Kushner & Poole, 1996).

Summarizing structure as formal or informal, the analysis of the two organizations identified Crayons as formal and Blocks as informal.

### **6.1.2 Composition.**

An interesting observation of board diversity was the male-female ratio. The female dominated boards observed here are unique to other studies where the percentage of women on boards was as low as 35.1 percent in 1991 among six large eastern United States cities (Abzug & Galaskiewicz, 2001), but often closer to gender parity, 48.2 percent female (Bradshaw et al., 1996) and 47 percent female among NY based NP 1999 (O'Regan & Oster, 2005).

Functional diversity attempts to identify the human capital of board directors. Using Wiersema and Bantel's (1992) educational classes to identify educational diversity, Crayon has two of six classes represented; in comparison, Block has all six classes represented. In addition to the educational classes represented, Block also has a greater percentage of board members with graduate degrees or professional designations increasing the education component of functional diversity.

The analysis of the two organizations identified composition of Crayon as homogenous and Blocks as more diverse.

### **6.1.3 Strategy.**

Using Miles and Snow's (1978) typology allowed for analysis of strategy by the two organizations. Crayons' aligned with the defender strategy with goals of being the "gold standard" and providing the "best" service with little regard to expanding the services or service area. It focused on traditional/mainstream ideology where the board tends to approve rather than participate in creation of a strategic plan (Bradshaw, 2009). Agenda minutes and interviewees identified that strategic planning has occurred, but it was not referred to in the observed meeting and changes to strategy were driven by the staff. Blocks' strategy was present in the ED report to the board. The future goals and attainment plans were a constant part of the board meeting discussions. The focus on expansion and growth in services and area align with a prospector strategy.

Summarized, Crayon's strategy was identified as defender and Blocks' strategy was identified as prospector.

#### **6.1.4 Environment.**

Bradshaw used two dimensions to measure the environment: (a) simple versus complex; and, (b) stable/certain versus turbulent/uncertain (Bradshaw, 2009). This study selected two organizations operating in a simple environment as defined by being a single or unitary organization. The organizations were identified as pursuing status quo or pursuing innovation consistent with Bradshaw and Hayday's (2007) initial framework descriptions. Crayon operations focused on following established status quo; Blocks operations focused on innovation. Further identification of the environment included funding, staffing, and volunteer availability.

The two organizations' funding sources were opposites in terms of stability. Crayon operated on fee for services and government subsidies. Government funding is considered more predictable (Hall, 2003; Sandfort et al., 2008). In addition, government funding often comes with regulations on spending that creates certainty in the environment (Sandfort et al., 2008). Blocks operated through corporate and individual donations along with legacy fundraising events. Corporate donations are difficult to access (Hall, 2003) and come with few regulations adding uncertainty to the environment (Sandfort et al., 2008). Blocks indicated only a small portion of their funds are 'ear-marked' by donors for a specific project.

Both organizations indicated uncertainty in staffing, but for different reasons. Crayon's staffing fluctuated with the number of programs being offered; in contrast Blocks' staffing was increasing with the growth of the organization. In regards to needed volunteers, the organizations face opposite environments. Crayon expects its parent membership to assist in programming when needed, an infrequent need that requires parents to volunteer for one or two events per year (Green). Blocks requires volunteers to complete a training and give a minimum 32 week commitment for core programming in addition to needing volunteers for fundraising events. The high need of volunteers by Blocks indicates uncertainty in the environment.



The analysis of the two organizations identifies Crayon's environment as stable/certain and Blocks' environment as turbulent/uncertain.

### **6.1.5 Social capital.**

The propositions pertaining to social capital were partially supported by the observations. The Policy Governance configuration, proposed to have high internal and low external social capital, was found to have little social capital of any type. Internal social capital was identified as low to moderate as the board does share a limited number of internal social outcomes, like shared vision. However, communication is infrequent and there is little face-time interaction to build strong relationships and high quality ties. The content of resources available through the connections was also minimal. The human capital, identified in this study by functional diversity, held by board directors does not appear appropriate to the tasks of the board.

The Entrepreneurial Governance configuration, proposed to have low internal and high external social capital, was found to have moderate internal and high external social capital. Internal social capital was found as less of a group quality and more concentrated between individuals on committees. External social capital was also used by individual board members using personal contacts to assist in fund raising, introducing new connections to staff, and using their contacts to share and spread the word of the organization's mission. The first large corporate support was received through the external social capital of a single board member (Blocks, AGM discussion).

## **6.2 Conclusion**

In this study, Bradshaw's (2009) theoretically driven framework was compared to data, not to test models, but to improve the framework. What developed from the study was support for Bradshaw's (2009) framework and the theorized board characteristics, identification of board size opposite to theory, board composition unique to a sector, and partial support for theoretically derived social capital propositions.

Notwithstanding the limited number of organizations examined and exploratory nature of the study, several issues emerged from these findings that can benefit NP researchers and practitioners. I will now discuss the theoretical contributions, practical applications, limitations, and future research of this study.

### **6.2.1 Theoretical contributions.**

This study supports that board characteristics vary with the environmental context. This research extends the board characteristics to include social capital by identifying contingent combinations.

Board characteristics were found to match environment and framework characteristics with the exception of board size. The Policy Governance configuration had a smaller board than the Entrepreneurial/Corporate Governance configuration. While this does not align with Bradshaw's theorized characteristic, it does match research on strategy that found defender organizations to have smaller boards than prospector organizations (Brown & Iverson, 2004; Young et al., 1992). In addition to this finding, the research adds to the board characteristics literature by extending Bradshaw's (2009) board composition homogeneity construct to include social capital.

Research on groups in the FP sector identifies that the benefits and the wider environment must be considered in identifying the appropriate social structure (Ahuja, 2000; Ancona & Caldwell, 1992). This study extends this contingency view to the NP board of directors. The demands on board directors, based on environment and strategy, required different social networks. For example, Crayon's stable funding environment, that included fees for service and government grants, does not require the board members to maintain relationships with funder to insure continued support. Blocks' faced a less stable funding environment by securing funds from difficult to access corporate donations (Hall, 2003), individual donation and fundraisers. All three of these sources require social connections that can be called upon for resources, social capital, to secure continued donations or volunteer support. Moving the findings to FP theory, the

study furthers the understanding of internal social capital implications to managing executive staff as identified by Carpenter and Westphal (2001). As seen in Crayon, the board directors' lack of capital left them unable to call on the strength of each other allowing the ED to carry on his own agenda.

The strategies of the two organizations also demand different forms of social capital from board members. Crayon's strategy is to provide quality programming and there is little intention to expand the programming or service area. The expertise thus lies in the staff offering the programming and leaves the board to monitor policy compliance. This was supported by the observation that all programming and collaboration efforts were completed through the staff that was described as well connected to the environment. Blocks' strategy includes grow access, expand our mandate, lead and influence community and pursue excellence. These strategies required the board directors be connected to the community in order to call upon others to implement the strategy.

The theoretical contributions of this study have transferability to FP board social capital theory. Whether it is by design or happenstance, FP boards will have a combination of internal and external social capital. Moving forward, as FP organizations pursue corporate social responsibility (CSR) initiatives the focus on external social capital may increase. While interlocking directorates were commonly used previously to manage and control supply chains and environments, the future may include board directors with connections to support CSR strategies. In addition, the theoretically driven propositions of this study utilized Miles and Snow's (1978) strategy typology that has been applied to both FP and NP organizations. The same typology implications could be used in developing FP theoretically appropriate internal/external social capital combinations.

While the propositions for social capital were only partially supported, the study did succeed in identifying the contingent nature of social capital. Social capital can be identified as an important characteristic to consider in the planning of NP governance. As NP governance

must consider fundraising, volunteer involvement, and mission fulfillment, social capital becomes critical to the abilities of the board and can be expected to influence the effectiveness the board and thus overall performance of the organization.

### **6.2.2 Practical implications.**

The practical implications of this study identify that when NP's are selecting a practitioner guide there are more variables to consider than a one-size-fits all fix. Practitioners and consultants that acknowledge the contingent nature of board characteristics can influence policy development, board size, and strategic planning by directing boards to work toward alignment.

Internal social capital has the ability to assist in managing staff (Lin, 2008) and influence executive performance (Carpenter & Westphal, 2001). The lack of internal social capital on Crayon's board left them unable to influence the ED's performance and saw the recurrence of a financial issue. Social capital requires time (Bourdieu, 1985), interactions, and face-time (Leana & Pil, 2006) to develop. With this knowledge, practitioners and consultants can direct boards to organizing opportunities where social obligations can develop to build internal social capital. For organizations in need of high external social capital, recruitment strategies can be developed that identify those with high external social capital. This may include recruiting board members who are associated with key stakeholders or well known/connected individuals. The recruitment strategies need to expand beyond accepting any volunteer without scrutiny and developing criteria for board members.

Finally, organizations must remain cognizant of their funding environments. Changes in funding stability may require a change in the balance of internal and external social capital. As seen in Blocks, external social capital has the ability to secure funds and recruit board member with desired skill. Armed with this knowledge, consultants can build organization specific plans focused on fit and alignment of characteristics.

### **6.2.3 Limitations.**

This study was a cross-sectional in nature. A longitudinal study would offer more evidence to the influence of social capital. Also, as descriptions of Blocks organization revealed, the organizations may be in a state of constant flux. A Blocks interviewee indicated “whenever an organization grows and changes it goes through a period of strife and then it’s that change management piece right and then everyone kind of falls into place again and we move forward” (Apple). The effects of social capital in getting everyone to ‘fall into place and move forward’ could be explored through a longitudinal study.

The cross-sectional snap shot of attending only one board meeting may increase the occurrence of self-serving bias. Both EDs were asked about the board meeting behaviours and outcomes and replied that the meeting behaviours were similar to most. Boards are fluid with members coming and going; the addition of one or two new board members can change the dynamics of the group—as with Crayon, with recruitment of two new members, there is talk that openness will return to the board.

This study focused on ECE organizations. The environments of other organizations may not produce the same results. Due to its exploratory nature, the results are purely descriptive and cannot yet be generalized. Future quantitative studies are necessary to identify the implications of board characteristics, including social capital, for generalizability and predictive ability.

### **6.2.4 Future research.**

The exploratory results and insights of this research suggest a number of avenues for future research in building a NP governance model. Future research can include a fine-grained analysis of social capital and its influence. Quantitative studies expand the definition of characteristics and alignments.

#### ***6.2.4.1 Other governance configurations***

The participants of this study represented two of the four governance configurations identified by Bradshaw's framework. Future studies can examine if characteristics are consistent when the external environment is complex, described by Bradshaw (2009) as the Constituency/Representative Governance configuration and Emergent Cellular Governance configurations.

#### ***6.2.4.2 Board effectiveness and organizational performance.***

This study identified that NP organizations in different environments have different board characteristics, supporting the use of a contingency theory in building a model of NP governance. The heart of contingency theory suggests that "organizational effectiveness results from fitting characteristics of the organization, such as structure, to contingencies that reflect the situation of the organizations" (Donaldson, 2001, p. 1). Future studies can include board effectiveness in the research question. While social capital propositions were partially supported, it is still expected there are ideal combinations of internal and external social capital. For example, Crayon was continually dealing with a performance issue on financial reporting as identified by board meeting minutes, observations and one interviewee. It is suggested if the board had high internal social capital it may have been better equipped to advise and monitor staff as found in studies where a stable environment and organizational knowledge, tacit knowledge sharing through internal social capital, increases board directors monitoring and advising roles (Carpenter & Westphal, 2001; Kor & Sundaramurthy, 2009). The implications of social capital may include (a) the board has no resources in the network (Adler & Kwon, 2002; Foley & Edwards, 1999) to manage the problem identifying a lack of social capital; or (b) the group is experiencing pluralistic ignorance and directors feel they are alone in their positions so they do not speak up (Westphal & Bednar, 2005) which could be overcome by the public good quality of social capital

that moves people to act (Coleman, 1988). This calls for future research to include board effectiveness in determining optimum social capital combinations.

#### ***6.2.4.3 Longitudinal board evolution.***

Observations of both organizations indicated the constant flux of the NP board. Blocks change is aligned with its prospector strategy goals, and as it attempts to become the 'go to' organization. Crayon board members indicated that the board had two new directors and that the dynamics of the board would change with what they have to offer. A longitudinal study is appropriate for the NP sector where many organizations have term limits for volunteers and thus organizations are always subject to change. A longitudinal study could further explore the individual and group constructs of social capital. For example, losing a board member with high external social capital could be detrimental to an Entrepreneurial configured board, just as losing a member with high internal social capital could be detrimental to a Policy configured board. Longitudinal study could identify what social capital remains with the organization as directors leave and what influence is brought with new directors. This could explore the benefits of refined recruitment strategies.

#### ***6.2.4.4 Variation in board composition.***

This study found two organizations dominated by females. While much as been studied on board composition and demographics, this result appears unique. Future studies could explore if this is a phenomenon of the ECE sector and if so, what are the implications on board effectiveness. As well, what are the homophily implications and effects on internal social capital? Is it easier for women to build social capital than a mix of men and women? This could be completed through an empirical quantitative study.

#### ***6.2.4.5 Variation across sectors.***

As the participants of this study both offer services to young children, future studies can explore multiple sectors of the NP world. The results of this study could be used to develop a

quantitative study that test if the observations hold in the Arts or Social Service sectors. The two organizations in this study were also specific to a local geographical area. The implications of the study could be tested on provincial or national based organizations.

#### ***6.2.4.6 Alberta study.***

ECE organizations in Alberta may receive considerable less government support than organizations in other parts of Canada. Both organizations commented that they were not excited about the amount of support by the provincial government to their causes and that they did not expect to see changes in the level of support in the near future. As Alberta is run by a Conservative government, studying other parts of the country, especially those with a Liberal or NDP government may provide a more balanced and generalizable picture.

This study offered a small glimpse into the inner working of the NP boardroom. It found variation in board structure, composition, strategy, environment and social capital. These results warrant further exploration for a NP governance model built on NP research rather than FP best practices. The NP board faces unique environmental factors including, as seen in this study, volunteer skills and fundraising duties as compared to the FP board. Just as Forbes and Milliken (1999) state “understanding the nature of effective board functioning is among the most important areas of management research” (p. 502), speaking of FP organizations, the same must stand for NP organizations. Holding to the heart of contingency theory, this work must be expanded to identify the performance implications of the Bradshaw framework (2009).



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## Appendix

### Meeting Observation Guide

#### Guidelines

1. Structure:
  - a. Committees – formal or ad hoc
  - b. Orientation/Training – on the fly or procedural
  - c. Policies and Implementation – Constant reference – no reference
2. Composition:
  - a. Visible diversity
  - b. Functional diversity
3. Strategy:
  - a. Programs – adding or improving
  - b. Uniqueness
  - c. Planning programs
    - i. Input from board, staff, stakeholders, members
4. Environment:
  - a. Funding
  - b. Volunteers
  - c. Strategic planning
  - d. Established or Innovative
  - e. Single organizations – Collaborative/Representative
5. Internal Social Capital:
  - a. Cohesiveness, trust, info sharing, shared vision, information sources internal, acknowledgment of others qualifications
6. External Social Capital:
  - a. Contacts outside the organization, information sources external, director recruitment,
7. Quality of relationships :
  - a. Closeness, trust, sharing

#### Meeting Setting:

8. Location
9. Room preparation – prepared beforehand or as members arrive
10. Seating arrangements:

#### Pre-meeting conversation:

11. Topics:
  - a. Org. focus
  - b. Small talk
  - c. Outside plans
12. Participants:
  - a. Speakers/listeners

- b. Moods
  - c. Seating arrangement
13. Last participant arrives at (before/after meeting starts)

Meeting start:

14. Preparation:
- a. Directors have printed agendas/ agendas provided at meeting
  - b. Directors have reviewed last meeting minutes
15. Meeting Call to Order:
- a. Instigator
  - b. Comments
  - c. Reactions
  - d. Who is in charge
  - e. Does individual in charge change with topics/activities
16. Meeting Progression:
- a. Who moves meeting along
  - b. Debates/battles
  - c. Does the conversation get heated
  - d. Who plays peacemaker
  - e. Is anyone ignored
  - f. Is anyone ignoring others
  - g. Meeting formality
    - i. High
    - ii. Low
17. Committee discussions:
- a. Committee reporting
    - i. formal/informal
  - b. Committee creation
18. Meeting social capital:
- a. Where has research come from?
  - b. Have directors spoken about items/issues between meetings
    - i. with each other
    - ii. with others (organizations/individuals)
19. Cohesion:
- a. Resistance to change
  - b. Seeking out change
  - c. Attention span
  - d. “Team spirit”
  - e. Commonality of purpose
20. Is the group comfortable with one another?
21. Are they discussions about group functions outside of meetings?
22. Do directors’ show confidence in one another?
23. Do directors appear committed to the goals of the organization?
24. Do member discuss a shared vision or is it a competing vision presented?
- a. How is vision discussed
25. Are individuals’ agendas clear or hidden?
- a. Who is open
  - b. Who is closed

26. Is there a free-flowing sharing of information?
27. Are the directors' in agreement on the mission of the organization?
28. Do directors discuss information collected from outside the organization?
29. Where do conflicts arise from?
30. Who does the speaker direct his attention to?
  - a. Always the same
  - b. All address one
  - c. Addressing the group

#### Post meeting

31. Do any directors leave quickly?
  - a. Leaving one by one/together
  - b. Stragglers
  - c. Discussion – continued meeting issues/outside plans/confirmation of plans
32. Other:
  - a. What do actors pay attention to? What is important, preoccupying, critical?
  - b. What do they pointedly ignore that other persons might pay attention to?
  - c. What practices, skills, stratagems, and methods of operation do actors employ?
  - d. Which theories, motives, excuses, justifications or other explanations do actors use in accounting for their participation? How do they explain to each other, not outside investigators, what they do and why they do it?
  - e. What goals do actors seek? When, from their perspective, is an act well or poorly done?
  - f. Notes:

## Interview Guide

1. Describe the organization's mission and purpose.
2. What do you see as the most important offering or service of your organization?
3. What do you believe is the biggest strength you bring to this organization's board of directors?
4. How long have you been a director for this organization?
5. Do you currently sit on any other boards?
  - a. FP, NP, Government/Public
6. What is your industry background?
7. What is your educational training?
  - a. Designations?
8. Please list the name or function of committees that you sit on for this organization:  
Committee names/function:
9. Of those committees, which committees have staff, clients, community or other members?
10. Describe the Boards meeting conduct?
  - a. Roberts Rules?
  - b. Parliamentary Procedures?
  - c. Written reports?
  - d. Time for each item?
  - e. Attendance expectation?
11. Describe the organizations formality.
  - a. How strictly are procedures followed?
  - b. Do procedures get changed on the fly?
  - c. Policies for every item?
  - d. Use of ad hoc committees?
12. Describe your board orientation/training with this organization.
  - a. Did you receive one?
  - b. Who conducted it?
  - c. How long was it?
  - d. More than one sitting?
  - e. What follow-up was there?
13. What board orientation have you received with other boards you have sat on?
  - a. More or less extensive?
  - b. How has it helped you with this organization?
14. What would a programming discussion sound like?
  - a. Who initiates the ideas?
15. Describe the board involvement in the operations of the organization.
  - a. Day-to-day operations – programming
  - b. Financial involvement
16. Describe how direction is given to the ED?
  - a. Verbal?
  - b. Written?
  - c. Follow-up?
17. Who prepares the meeting agendas
  - a. What reviews are completed to the agenda before meetings
  - b. How many view the agenda before it is set
  - c. What is the meeting preparation expectation?
18. Who is in charge of the board?
  - a. How do they exercise that charge

19. How are assignments delegated?
  - a. To the board
  - b. To the ED
  - c. How is follow up completed
20. Tell me about diversity on your board.
  - a. Visible
  - b. Education
  - c. Work Experiences
21. How are directors recruited?
  - a. Are there policies on diversity?
  - b. Recruitment guidelines?
  - c. Selection process?
22. How did you become involved with the organization?
23. What is the strategic focus of the organizations?
  - a. Expand
  - b. Maintain
  - c. Fine tune?
24. How is the mission referred to in the strategy?
  - a. Starting point?
  - b. Guideline?
25. Tell me about the organization's funding sources.
  - a. How do you find sources?
  - b. What contact does the board have with sources?
  - c. What are board members expected to contribute?
26. What do you see is the availability of future funding?
  - a. Worse/better
  - b. New sources
27. What restrictions or guidelines do funders place on funding?
28. What does the future look like for your organizations in regards to:
  - a. Funding
  - b. Services/Programming
  - c. Staff
  - d. Volunteers
29. What collaborative project/programs has your organization offered?
  - a. How was the collaboration initiated?
30. Does your organization speak on behalf of others?
  - a. Often?
  - b. In what situations
  - c. To whom?
31. Tell me about communication amongst board members.
  - a. Who initiates discussion?
  - b. Where do conflicts arise from?
  - c. How are conflicts resolved?
32. What is your level of trust with other board directors?
  - a. Same with everyone?
  - b. Why is it different?
33. Describe the willingness of directors to share information.
  - a. Show all cards?
  - b. Hidden agendas?
  - c. Same with all issues?
34. Where to board members gather the information they share?

- a. Within the board?
  - b. Outside?
  - c. Sit on other boards?
35. What type of diverse viewpoints do board members have about the organization?
- a. Consensus
  - b. Contention
36. How close would you describe your relationship with other board members?
- a. See them outside meetings?
  - b. Arranged social settings?
37. With whom do you spend the most time discussing this organization?
- a. Board?
  - b. Staff?
  - c. Clients?
  - d. Other?
38. How often do you call on those outside the organization for assistance with your duties in this organization?
- a. What is their connection to you?
  - b. Do they have a connection to the organization?
39. How do you gather information for this organization?
- a. Only on assigned tasks?
40. What personal support do you call on to complete your board duties?
- a. How often?
  - b. What are their qualifications?
41. How does the board gather new information?
- a. Board gathered?
  - b. Staff gathered?
  - c. Volunteer gathered?
42. Describe what you think the organization will look like five years from now?
- a. How will it get there?
  - b. What roadblocks will there be?
43. Who will be involved in that future?
- a. Inside the organization?
  - b. Outside the organization
  - c. How will they become involved?
44. What outside groups will influence that future?
45. What is your vision for this organization?