BOARD PERFORMANCE OF AUSTRALIAN VOLUNTARY SPORT ORGANISATIONS

Thesis submitted by

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DEDICATION

This thesis is dedicated to

Malcolm David Hoye
1963 - 1989
A brave young man who beat cancer once but not twice.
ABSTRACT

The governance of Australian nonprofit voluntary sport organisations (VSOs) was once almost the exclusive domain of volunteers. However, changes in government policy and funding levels in recent years has led to the introduction of professional staff in these organisations. Rapid changes to the political, social and economic environment have created new complexities with which VSOs and their governing boards must grapple. Boards act as the main decision making body for these organisations, and as such have a significant impact on the governance of these organisations, and therefore their ability to deliver services. While the process of professionalisation within VSOs has been well documented, very little research has examined factors that may influence the ability of the boards of VSOs to perform effectively.

The fields of nonprofit governance and sport management provided a theoretical and conceptual framework for the investigation of the board performance of VSOs. Two broad themes concerning research into board performance were identified in the nonprofit literature; the structural characteristics of the board, and board-executive relations. These two themes have also been addressed to a limited extent within the sport management literature, but not in relation to board performance. The purpose of this study was to investigate the relationship between board performance, board structures and board-executive relations in Australian VSOs.

The study investigated the differences in board structure between effective and ineffective boards, and the relationship between board performance and various elements of board structure, specifically complexity, formalisation and centralisation. The differences in the nature of board-executive relations between effective and ineffective boards, and the relationship of board performance to board-executive relations were also investigated.

The sampling frame for the study was state governing bodies of sport in the state of Victoria, Australia. Seven case organisations were identified by a panel of experts; four exhibiting effective board performance and three exhibiting ineffective board
performance. Data were collected through structured interviews with executives, from an examination of board documents, from a self-administered questionnaire of executives, board chairs and board members, and through semi-structured interviews with executives, board chairs and board members. Data were collected on board performance, the complexity, formalisation and centralisation of the boards, power patterns within the boards, and the nature of board-executive relations. Data analysis involved both quantitative and qualitative techniques.

It was concluded that effective board performance was related to a higher level of board centralisation and associated with a higher level of board formalisation. Board performance was not related to board complexity. Board power patterns that were perceived to be powerless or fragmented were related to lower levels of board performance. Elements of the board-executive relationship that were related to effective board performance were identified as establishing trust between the board and executive, the control of information by the executive, shared board leadership and the responsibility for board performance. Importantly, the study identified the central role executives have in determining the ability of VSO boards to perform effectively.

The study contributed to the body of knowledge concerning the governance of VSOs, specifically the measurement of board performance, and the investigation of its relationship with board structure and board-executive relations. A number of questions were advanced for the development of theory and empirical investigation through further research. The study also extended what is known about the models of nonprofit governance and their utility in explaining the workings of VSO boards. The findings of this study suggest that there is a need to adapt such models to the organisational context of member-based organisations such as VSOs.
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Finally, I would like to thank those people who are volunteer board members in any capacity, who strive so hard and give so freely of their time so others may participate in and enjoy sporting experiences. I hope this thesis can help make their task a little easier.
DECLARATION

I declare that this work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Russell Hoye

Date
CHAPTER 1
INTRODUCTION

The Australian sport system, based on a community club structure, has evolved to the point where now approximately 30,000 nonprofit voluntary sport organisations (VSOs) provide sport participation and competition opportunities at the local, regional, state and national level (Australian Sports Commission, 1999b). These organisations form the backbone of a sport delivery system dependent on volunteers who coach, officiate, administer, and govern the majority of their operations.

The administration of this system was once virtually the exclusive domain of volunteers with very little involvement from federal and state governments, or professional staff. Apart from “ad hoc grants towards the cost of sending representative teams to international competitions, specifically the Olympic and Commonwealth Games” (Semotiuk, 1987, p.152) the federal government demonstrated little commitment or involvement in sport until the election of the Whitlam Labor Government in 1972 (Semotiuk, 1987). The Whitlam Government established the first Federal Ministry of Tourism and Recreation and initiated a capital works program for sport facility development at the local level and a scheme to assist sport activities at the national level (Semotiuk, 1987). The election of the conservative Fraser Government in 1975 marked the end of a short but important period in the development of support services to National Sport Organisations (NSOs) in Australia. The Fraser government approach to Australian sport, apart from the development of the Australian Institute of Sport (Booth, 1995), was bereft of any increases in the scale of support.

The election of the Hawke Government in 1983 marked an increase in federal government funding for sport and the establishment of the Australian Sports Commission, the agency responsible for delivering financial and other support services to Australian sport. The Federal Minister for Sport, Recreation and Tourism, The Hon. John Brown, released a statement on the federal government’s involvement in sport which recognised the important role played by voluntary sport organisations in carrying “the primary responsibility for running and organising sport
and recreation throughout the community” (Brown, 1983, p.10). The government proceeded to increase the funding for the sport development program - the program that provided direct assistance to Australia’s national sporting organisations - and importantly, provided direct funding to increase the number of full-time administrators and coaching directors.

This increased involvement from government, with most sports receiving funding from the Australian Sports Commission, and the previous establishment of Departments of Sport and Recreation in most states of Australia during the 1970s (Semotiuk, 1987), resulted in NSOs and State Sporting Organisations (SSOs) employing paid staff. The structure and operation of Australian sport was changed by the introduction of professional paid staff into positions of leadership that had previously been almost exclusively the domain of volunteer administrators.

These changes, together with an increasing focus on the sponsorship and merchandising of individual sports and an expansion in funding possibilities through free to air television for some sports, “led to increasing paid professionalism in the management of sport organisations” (Westerbeek, Shilbury & Deane 1995, p. 43). Shilbury (1990), in an analysis of the Australian sports system, stated that “clearly, sport has become more complicated in organisational design and therefore to manage organisational change, all internal and external interactions need to be examined” (p.11). However, only limited analysis of the effects of these changes on community-based sport organisations has occurred within Australia.

One critical issue that has received limited research attention is the governance of sport organisations and the relationship between volunteers and professionals. The issue of governance is central to the sports industry given that volunteer boards are the major decision making bodies within sport organisations.
Sport governance

The majority of sport governing organisations at national and state level are governed voluntary by elected office bearers, who fill positions on either committees or boards. Most of these sport organisations operate under a delegate system with club representatives forming regional boards, regional representatives forming state boards and state representatives forming national boards. The main purpose of sport clubs, and regional, state and national sport organisations is to provide services to their members, whether they be individuals or organisations. Sport governing organisations and their member organisations in Australia can be considered as nonprofit service oriented organisations.

The typical governance structure of VSOs in Australia comprises five elements: members, volunteers, salaried staff, a council and a board. The relationship between each of these elements is depicted in Figure 1.1. Normally, members meet as a council (usually once per year at an annual general meeting), elect individuals to a board, that in turn employs an executive and other paid staff. Together with a pool of volunteers, the organisation delivers services to its members. The board acts as the main governing body for the organisation and therefore the quality of its activities is vital to the organisation.

Figure 1.1
Typical governance structure of a VSO
Australian VSOs have received sporadic attention from governments seeking to improve their governance performance. An underlying theme of government funding programs has been the focus on facilitating the professionalisation of the management of sporting organisations and “part of the justification for government funding is to improve the administration of sport” (Auld, 1997b, p.6). While the worth of volunteers in sport at the program delivery level has been widely recognised and quantified (Department of Arts, Sport, the Environment, Tourism and Territories, 1989), contrary views exist on the merits of volunteers remaining involved in the governance of sport organisations. Auld (1997b), while referring to a number of government reports on Australian sport, stated that:

> Despite the employment of professional sport administrators, Australian sport organisations and the actions of the paid administrators are still overseen by committees of voluntary administrators who are elected honorary officials and it seems that the finger of blame for poor organisational performance has been pointed in their direction (p.7).

In 1991 Stewart-Weekes called for the reduction of the traditional decision making roles of state elected national committees and an increasing dependence on the executive as a decision making resource. However, an underlying assumption in Australia is that “the members of amateur sporting organisations should control those organisations” (Auld, 1997b, p.8). Stewart-Weekes (1999) later revisited his views when he wrote that Australia appeared to be developing a sport system of two parts – a commercially successful elite aspect which at times is in direct contrast with a struggling community-based sport sector. In particular, he noted that there was a concern regarding the need for “often radical transformation in terms of management and governance” (Stewart-Weekes, 1999, p.3) for traditional volunteer run sport organisations. Stewart-Weekes (1999) cited the reform of organisational governance as a key issue facing sport organisations and that “the major obstacle to governance reform is not a lack of knowledge about what it should deliver but rather a lack of knowledge about how to do it” (p. 13).

The lack of knowledge about how to improve the governance of sport organisations is reflected in the dearth of empirical investigation of board performance in Australia. This is despite successive government reports that have identified sport
governance as an important issue that requires further empirical research (see Commonwealth of Australia, 1999). A report to the Standing Committee on Recreation and Sport (SCORS) identified as a major concern amongst the sporting community the “perceived lack of effectiveness at board and council level in national and state sporting organisations” (SCORS Working Party on Management Improvement, 1997, p.10). In an attempt to address these concerns, the Australian Sports Commission (1999a) produced a guide for governing sport organisations based on the policy governance model espoused by Carver (1997). The Australian Sports Commission Management Improvement Grant Scheme for 1999 also provided funds for sporting organisations to undertake governance reviews to generate the following outcomes:

- Improved board performance.
- A more efficient and effective governance structure.
- Adoption of best practice governance structures and systems.
- Appropriate separation of management and governance functions and responsibilities.
- More clearly defined roles and responsibilities for boards, councils, committees and managers.
- Development of a governance policy for the sport.
- A nationally integrated legal framework for the sport.
- Revised national and state constitutions.

The underlying assumption of these government attempts to improve the governance of VSOs places the board, as the key decision making body for VSOs, as central to delivering improvements in governance. However, there has to date been no empirical investigation of the board performance of these organisations, nor has an attempt been made to investigate the factors that may predict more effective board performance.

However, a number of governance elements have been studied across a range of VSOs including provincial (state) and national sport organisations in North America, Australia and Europe. While most of these studies have not addressed board performance as a specific focus, they have examined elements of governance such as
board and staff relations (Auld, 1997a, 1997b; Auld & Godbey, 1998; Thibault,
Slack & Hinings, 1991), and decision making structures (Amis & Slack, 1996;
Kikulis, Slack & Hinings, 1992; Kikulis, Slack, Hinings & Zimmermann, 1989;
Koski & Heikkala, 1998). However, only four published studies have specifically
examined the roles of the board of VSOs at the provincial level (Inglis, 1997a,
1997b; Shilbury, 2001) and the performance of national level boards (Papadimitriou,
1999).

Other research efforts peripheral to this study have examined issues such as the
impact of executive leadership on organisational performance (Bourner & Weese,
1995; Branch Jr., 1990), organisational commitment of committee members involved
in voluntary associations (Cuskelly, 1994, 1995; Cuskelly, McIntyre & Boag, 1998)
and the issue of professionalism in the management of sport organisations (Smith,
1998). While not central to this study these studies illustrate that how volunteers
remain involved in decision making, the role of executives in running organisations
and the increasing professionalisation of VSOs are issues that have attracted the
attention of researchers.

**Board performance**

The board acts as the main decision making body for VSOs and therefore has a
significant impact on the governance of the organisation. Ineffective governance
may be manifested as poor decision-making, financial mismanagement, inferior
strategic planning, or the inability to develop an organisation, all of which diminish
the ability of VSOs to deliver services to their members. Improving the ability of a
board to perform would therefore have a positive effect on the ability of the
organisation to govern itself effectively and deliver services to its members.

However, the measurement of board performance is problematic. The questions of
what criteria to apply to the evaluation of board performance, who should conduct
the evaluation, and the determinants of effective board performance for VSOs remain
unanswered.

Two broad themes concerning efforts to improve board performance that appear in
the nonprofit literature are board structures and the relationship between boards and
executives. The manner in which the board is structured is a fundamental aspect of governance for sport organisations. It determines the manner in which members are represented in the formal decision making processes of the organisation and affects the manner in which decisions are made. The extent of the nonprofit literature on what constitutes a good board and the requisite structures that should be adopted, together with the empirical studies that support the majority of these prescriptions, demonstrate that the structures of effective boards are well defined (Houle, 1997; Carver, 1997). New research in this area should focus on utilising these accepted concepts and testing them within the context of under researched organisational types such as VSOs. The extent to which these concepts are applicable across a wide diversity of nonprofit organisations is also worthy of research.

The nature of the board-executive relationship has the potential to impact on the decision making processes within the board, and ultimately on the ability of the board to perform as a cohesive unit. The nature of the relationship between the board and the executive has attracted significant research attention in the nonprofit literature (Golensky, 1993; Heimovics, Herman & Jurkiewicz, 1995; Murray, Bradshaw, & Wolpin, 1992). This relationship is particularly important for the governance of VSOs in light of their professionalisation discussed earlier. Conflict between paid professionals and volunteers over the control of decision making processes within VSOs has been well documented (Auld, 1997a; Kikulis, Slack & Hinings, 1995a). Investigating how board-executive relations manifest and the relationship to board performance would therefore have implications for both organizational theory and the governance of VSOs.

**Objectives of the study**

The focus of this study was to investigate the relationship between board performance, board structure and board-executive relations for selected Australian VSOs. The study sought to identify the existence of a range of board structural elements in relation to the development of effective board performance. It also aimed to identify the elements of board-executive relations that were related to effective board performance.
Specifically, this study addressed the following broad questions:

1. What is the relationship between board performance and board structure for Australian VSOs?
2. What is the relationship between board performance and board-executive relations for Australian VSOs?

The principal units of analysis were the boards of VSOs and the individuals within these organisations whose role was either one of volunteer board member or paid executive. A volunteer board member may also fulfil the role of board chair. Board members and executives were the focus of the study for several reasons. Firstly, board members and executives were responsible for the governance of their sport organisation through the activities of the board. Board members and executives interact through a formal board structure primarily. As such they were able to form perceptions of the performance of the board, and the relationships that exist between the board and the executive. The executive also had access to the information regarding board structures.

The study used classic organisational theory as the framework for conceptualising and measuring board structure. In addition, a social constructionist perspective was used to conceptualise and measure board performance and board-executive relationships. The study utilised both quantitative and qualitative research methods, and employed methods such as self-administered questionnaires, content analysis of archives and both structured and semi structured interviews of individuals. A number of authors (Olafson, 1990; Slack, 1996) have called for the use of a variety of methods in the study of sport organisations. The need to use a variety of data sources, data types and methods to substantiate research findings has also been advocated (Denzin, 1978; Miles & Huberman, 1994; Minichiello, Aroni, Timewell, & Alexander, 1995).
Definitions used in this study

For the purposes of this study the following operational definitions were used.

*Board:* “…an organized group of people with the authority collectively to control and foster an institution that is usually administered by a qualified executive and staff” (Houle, 1997, p.6). In sporting organisations, boards are also known as executive boards, management boards, committees, executive committees or management committees.

*Board Chair:* The individual who is elected, appointed, invited, or selected to chair meetings of the board and lead the board in fulfilling its duties. In Australian VSOs, the title of the Board Chair may also be known as President or Chairperson.

*Board Member:* An individual who is either elected, appointed, invited, or selected to be a member of the board for which they do not receive financial compensation.

*Council:* A representative body made up of individual members directly elected or appointed from the wider membership base of an Australian VSO. Board members may or may not be elected from the council, depending on the governance structure of the organisation.

*Executive:* An individual who directs the actual operation of the organisation under the control of the board to which he or she is responsible. In Australian VSOs, the title of the Executive may also be Executive Director, Commissioner, Administrator, Administrative Officer, General Manager, Manager, Chief Executive Officer, Executive Officer, Chief Executive, or State Director.

*Governance:* Providing overall direction to the organisation, overseeing and controlling the executive actions of management, and satisfying legitimate expectations of accountability and regulation by interests beyond the organisational boundaries (adapted from Tricker, 1984).
Voluntary Sport Organisation: A not for profit organisation that exists to further the interests of its members in participating in sporting activity, and whose membership is voluntary.

Delimitations
The study was delimited to nonprofit voluntary SSOs based in the State of Victoria that employ a paid executive. It did not include sporting organisations at the international or national level, professional sport leagues, or government, professional, private or commercial sporting organisations. The criteria used to select organisations suitable for inclusion in the sampling frame are detailed in chapter 3. The data were collected during 2001 using self-administered questionnaires, content analysis of organisational documents, and both structured and semi-structured interviews. The subjects in the study were executives, board chairs, and board members within seven Victorian SSOs.

Need for the study
The increase in government funding for sport discussed previously has enabled VSOs to employ paid staff with specific skills in management, marketing, coaching, and sports science, thus enhancing the capacity of VSOs to deliver services to their members. However, increased expectations of accountability on behalf of government for the use of taxpayer funds by VSOs have accompanied these funding increases. Part of the increased accountability requirements has been an expectation that VSOs will engage in efforts to improve the efficiency and effectiveness of the governance of their organisations (Commonwealth of Australia, 1999). In spite of these requirements little research has been conducted to establish the determinants of effective governance.

VSOs are also operating in an increasingly complex social, political and economic environment. The Australian Sports Commission highlighted the role of the board in facilitating the capacity of VSOs to deal with this increased complexity:

The increasingly commercialised and globalised sports industry places greater demands on sporting organisations. As sport in Australia rises to the
next level of sophistication it is clear that boards need to take the lead role in setting the strategic direction for their organisations (1999a, p.1).

The structure of the board and the relationship between paid staff and volunteer board members have been identified as important elements that may impact on the ability of boards to perform. The lack of research concerning VSO boards that has been conducted in this area highlights the need for such a study.

VSOs are part of the nonprofit or ‘third’ sector of society, made up of nonprofit, charitable and social service organisations. The third sector contributes, among other things, to the development of social capital, those “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 1995, p.2). Social capital is created by organisations that foster social interaction and a sense of community involvement between individuals who might not otherwise form social networks. However, Putnam made the point that in contemporary American society and perhaps in most westernised societies, there has been a substantial and sustained decline in social capital stocks over the last 20 years. While there is some debate over the strength of Putnam's thesis (Lyons, 2001), it does highlight the significant role of the third sector in developing and maintaining social capital. VSOs are a large component of the third sector in Australia (Lyons, 2001). However, there is some concern with “a lack of confidence about the role and impact of sport and recreation bodies in sustaining the Australian tradition of community participation and voluntary service and commitment” (Stewart-Weekes, 1999, p.4). A fundamental aspect of enabling these sport organisations to contribute to the development of social capital is to ensure they have effective governance structures and processes in place. Through effective governance and the associated community involvement that requires, it is likely that involvement in the governance process itself may also contribute to the development of social capital.

Researchers and government agencies have identified the governance of VSOs as an important issue worthy of empirical research (Commonwealth of Australia, 1999; Inglis, 1997a). However, reported studies that have specifically examined the governance of Australian VSOs are scarce. This study addressed a need to
specifically examine the governance models, structures and relationships that occur within these organisations. There was a need to examine these important aspects of governance through a detailed empirical study in order to advance the understanding of how the boards of these organisations operate, how board-executive relations are manifested and how board performance may be improved.

The study enabled comparisons to be made between board structures and the various prescriptive models of effective governance. It enabled comparisons to be made between various constituents (board members, board chairs and executives) of their perceptions of board-executive relations, and of board performance. It also enabled comparisons to be made between board performance, board structures, and board-executive relations. The study made recommendations for improving the governance of Australian VSOs. Exploring the relationships between board performance, board structures, and board-executive relations for VSOs also had implications for both organisational theory and the governance of VSOs.

**Summary**

It has been argued that the governance of Australian VSOs needs to be examined because of the potential for poor governance performance to diminish the ability of VSOs to operate effectively and efficiently. Poor governance performance can impair the ability of VSOs to deliver and expand services to their members, restrict their capacity to meet the increasing demands for accountability by governments who fund their activities, limit their ability to meet the demands of operating in an increasingly complex social, political and economic environment, and diminish their potential to develop social capital. The lack of research into the governance of VSOs has also been highlighted. The important elements of governance have been identified as the structure of the board, the board-executive relationship and the measurement of board performance. A study to advance the understanding of how the boards of VSOs are structured, how board-executive relations are manifested and to make an assessment of the performance of these boards will extend what is known about the governance of such organisations. The purpose of this study was to examine the relationships between the board performance of VSOs, their board structures, and the board-executive relationships in VSOs.
The following chapter reviews the literature related to the concept of governance in sporting organisations, including a comparison of the concepts of governance and management; an analysis of nonprofit governance; and a review of research on each of the three major variables in the study – board performance, board structures and board-executive relations. Subsequent chapters specify the methodology used, present and discuss the results obtained, draw conclusions, and explain implications for theory, organisational practice and future research.
CHAPTER 2
LITERATURE REVIEW

The purpose of this chapter is to examine theoretical frameworks that seek to explain the concept of governance in sporting organisations. It endeavours to identify and specify the major concepts and variables associated with the governance of sporting organisations and to provide a review of empirical research that has examined relationships among these variables. The chapter includes a comparison of the concepts of governance and management; an analysis of corporate and nonprofit governance; a review of research on board performance, board structure and board-executive relations in both nonprofit and sport organisations; and finally, a synthesis of how previous research and theoretical frameworks inform this study.

**Governance**

The following section discusses the concept of governance and its relevance to VSOs. It includes an explanation of the difference between management and governance, and the differences between corporate and nonprofit governance frameworks. It also discusses a selected number of nonprofit governance models, and provides an overview of empirical research in the nonprofit governance field. The section concludes with an explanation of how VSOs are governed and a summary of empirical research into the governance of VSOs.

**Governance and management**

“If management is about running business, governance is about seeing that it is run properly” (Tricker, 1984, p.7). This statement has provided an impetus to this study, with its succinct enunciation of the underlying importance of the governance function and its implied influence on an organisation’s overall performance. Governance is necessary for all groups – corporate entities, associations, clubs, societies, and nation states – in order for them to function properly and legitimately. Governance involves the derivation, use and limitation of powers to direct, control and regulate activities within an organisation (Tricker, 1984). Governance is not about being immersed in the day to day operations of an organisation – that is the
role of management. Governance deals with the ‘higher order’ issues of policy and direction for the enhancement of organisational performance.

Management, on the other hand, is generally accepted as being the process of planning, organising, leading and controlling the efforts of organisation members and of using all organisational resources to achieve stated organisational goals (Robbins, Bergman, Stagg, & Coulter, 2000; Stoner, Collins & Yetton, 1985). The focus of management is to improve the operational performance of either an organisational subunit or of the organisation as a whole. The distinction between management and governance was clarified by Tricker (1984) who stated:

It is apparent from the mainstream of management literature, that the management role has been primarily perceived as running the business operations efficiently and effectively – the product design, procurement, personnel, management, production, marketing and finance functions, and so on within the boundaries of the company under which it trades. Activities are often referred to as internal or external to the company. The focus is on managing the business. By contrast, the governance role is not concerned with running the businesses of the company, per se, but with giving overall direction to the enterprise, with overseeing and controlling the executive actions of management and with satisfying legitimate expectations of accountability and regulation by interests beyond the corporate boundaries. (p.6-7)

Governance and the performance of a board in exercising its authority over an organisation have been of interest to academic researchers and practitioners only recently. Two separate schools of research into governance have evolved over the last twenty years. The first deals with governance of corporate entities that focus on protecting and enhancing shareholder value, while the second deals exclusively with the governance of nonprofit organisations. The focus of this study is the governance of VSOs so it is important to clarify the context of governance for these types of organisations. A brief summary of corporate and nonprofit governance and the differences between them is presented in the following sections.
Corporate governance

Studies of corporate governance have predominantly dealt with the governance of profit seeking companies and corporations that focus on protecting and enhancing shareholder value. These studies have covered “concepts, theories and practices of boards and their directors, and the relationships between boards and shareholders, top management, regulators and auditors, and other stakeholders” (Tricker, 1993, p.2). The literature in this field focuses on the two primary roles of the board in first, ensuring conformance by management, and second of enhancing performance of the organisation. Conformance deals with the processes of supervision and monitoring of the work of managers by the board and ensuring that adequate accountability measures are in place to protect the interests of shareholders. Enhancing organisational performance focuses on the development of strategy and policy to create the direction and context within which managers will work.

The interest in corporate governance as a field of research was sparked by a series of failures in corporate governance in the UK and later around the globe (Clifford & Evans, 1996). “The early ‘80s saw the growth of hostile bids, particularly in the United States, the United Kingdom and Australia, although other countries felt the pressures … [and]… fundamental issues of governance power came to the fore” (Tricker, 1993, p.1). As the incidence of litigation and the search for compensation due to poor governance of corporate entities rose, the role and structure of boards was questioned and demands for an improvement in the performance of boards increased (Tricker, 1993).

A direct result of these corporate failures was the creation of two committees of inquiry on opposite sides of the globe. In the UK, the 1993 Cadbury Committee on the Financial Aspects of Corporate Governance “focussed attention on the way companies are governed and on the importance of strong, independent non-executive participation at board level” (Tricker, 1994, p.1). The recommendations of the committee concentrated on improving the conformance aspects of board operations, with an increased focus on ensuring compliance of management to its fiduciary responsibilities.
In contrast, the 1993 Hilmer Report on improving corporate governance in Australia recommended that the board’s key role is to ensure that corporate management continuously and effectively strives for above average performance (Hilmer, 1993b). Establishing what is an appropriate balance between these two roles – management conformance and enhancement of organizational performance – and how to achieve it has been the focus of researchers and practitioners in the field of corporate governance in recent years. Empirical research has also sought to “test whether certain types of boards or board structure actually affect corporate performance positively or negatively” (Hilmer, 1993a, p.28).

While the focus of governing corporate entities is well defined, the governance of nonprofit organisations involves a range of issues and circumstances that set them apart. The differences between corporate and nonprofit governance are explored in the following section.

**Nonprofit governance**

Profit seeking organisations exist to meet demands in the market and will, under normal circumstances, survive on the basis of their ability to effectively meet those demands more efficiently and effectively than their competitors. The corporate governance framework consequently focuses on the twin requirements of ensuring conformance by management and staff and enhancing organisational performance to preserve and enhance shareholder value. The unique characteristics of nonprofit organisations, however, demand a governance framework different to that of the corporate firm. If the overriding purpose of nonprofit organisations is different to profit seeking entities, it follows that the decision-making structures and processes, and the relationships between decision makers – the governance framework – will also differ (Drucker, 1990b). The management processes employed to carry out the tasks of the organisations might well be similar but a fundamental difference between nonprofit and corporate organisations is the governance framework adopted.
McFarlan (1999) outlined the differences in the governance characteristics of nonprofit and corporate organisations. He highlighted five areas – mission, measure, leadership, board composition and board members – that illustrated these differences. The mission of a profit seeking organisation is clear – to increase its profitability and shareholder value. In contrast, the nonprofit organisation seeks to provide services to its key constituencies. How their respective performances are measured differs. The financial position is paramount for profit seeking organisations, while nonprofit bodies must balance financial viability with service delivery. The executive of the profit seeking entity provides the primary leadership focus, while the nonprofit organization takes its leadership from a mixture of the executive and the board chair. The board composition of each will also differ, with the boards of nonprofit organisations focusing on securing board members and being involved in operations. The profile of board members also differs, with profit seeking organisations appointing predictable business oriented people, while the profile of the nonprofit board member is frequently more diverse (McFarlan, 1999).

Differences between the profit oriented firm and the nonprofit organisation are related to the respective governance frameworks adopted and the criteria used to assess their performance. Other authors such as Mason (1984), Young (1986, 1998), Drucker (1990b) and Alexander and Weiner (1998) have also argued that nonprofit organisations, and particularly their governance frameworks, are fundamentally different to profit oriented firms.

Mason (1984, p.21-22) identified 14 major differences between nonprofit and profit seeking organisations:

- The market value of their services cannot be measured as precisely as in business.
- Their purposes are other than profit-seeking.
- Their principal tool is volunteerism produced by persuasion.
- The production of resources and the provision of services are two distinct systems. Whereas in business the systems are integrated.
- Nonprofit voluntary organisations have a special kind of constituency.
- Money is a means in the voluntary sector, while in business it is an end.
Nonprofit groups enjoy a special legal status.
Nonprofit voluntary organisations do not have a profit and loss criterion with which to monitor operational effectiveness.
Management requires more diplomacy.
Nonprofit voluntary organisations tend to accumulate multiple purposes.
Nonprofit voluntary organisations have a distinct social character.
The resources available to nonprofit groups are not as limited as business resources.
The groups can persist even though their consumption of resources consistently exceeds their tangible output.
Nonprofit voluntary organisations are more complex than their business counterparts.

Young (1986) contended that there were six major differences between profit oriented and nonprofit organisations and suggested that nonprofit organisations were: generally smaller in size; younger; primarily focused on service delivery; had managers with more service experience; exhibited sensitivity to self motivating personnel; and, had a greater need to articulate their overriding organisational purpose. Young (1998) later provided additional criteria that differentiated nonprofit organisations from the corporate world. These included: the primacy of their service missions; their multiplicity of funding sources; the mix of paid and volunteer labour; expressive as well as instrumental roles they play in people’s lives; their governance by volunteer boards; and, their role in advocating for social change.

Drucker (1990b) lamented that few resources had been designed to assist nonprofit organisations with issues of governance and that little attention had been paid to the “distinct characteristics of the non-profits or to their specific central needs” (p.x). Drucker (1990b) highlighted the following characteristics that set nonprofit organisations apart from profit oriented firms: mission; the results of the organisation; strategies employed to market their services and obtain funds; the need to attract, develop and manage volunteers; managing a diversity of constituent groups; fund raising and fund development; problems of individual burnout due to
commitment to a ‘cause’; and importantly, the “very different role that the board plays in the non-profit institution” (p.x).

Hodgkin (1993) provided a comprehensive argument for the rejection of the corporate governance model for nonprofit organisations. He cited six reasons why nonprofit organisations need a governance structure to reflect their unique characteristics. Firstly, the complexity of defining a corporate mission for a nonprofit organisation demands that the board continually revisit the question of why they exist. Corporate boards have a far clearer task – make money for the shareholders. For the nonprofit organisation:

The process of mission definition is extraordinarily complex, often fuzzy, and generally philosophical, constituency based, and values oriented. The corporate model was designed for fact-based, vote-and-move-on decision-making, not for a subjectively based, values laden, consensus building process that normally extends over many weeks or months (Hodgkin, 1993, p. 418).

Secondly, measures of success for a nonprofit organisation are more subjective than those of the business corporation that focus on the simple measure of profitability. Thirdly, nonprofit boards may be dominated by a range of community members who consider a wide range of issues rather than corporate entities that rely on insiders or senior managers to make many decisions for the board. Nonprofit organisations have a very different decision-making environment that demands a different decision-making process. Fourthly, the accountability of the nonprofit organisation to the public trust is much greater than that of the corporate entity. Corporations are amoral institutions that should not give primary regard to the moral dimensions of their activities, whereas nonprofit organisations have a “duty to not only be efficient and effective, but also to reflect the basic moral values that society seeks to promote” (Hodgkin, 1993, p.421). Subsequently, nonprofit organisations need to adopt a governance structure that incorporates “their moral imperatives and promotes ongoing consciousness and proper consideration of them” (Hodgkin, 1993, p.421). Fifthly, corporations are directly responsible to one group - their shareholders - whereas nonprofit organisations “serve multiple constituencies characterized by differing (and often conflicting) needs and expectations” (Hodgkin, 1993, p.423). Balancing these responses to these constituencies must be “incorporated into the
governing structure” (Hodgkin, 1993, p.423). Finally, Hodgkin argued that nonprofit organisations need to adopt a different governance model because in many nonprofit organisations the board has responsibility for fundraising. When the board is responsible for fundraising, it must accept responsibility for governing the expenditure of the funds, unlike the corporate entity where the executive has responsibility for financial management.

A study into governance practices of hospital boards conducted by Alexander and Weiner (1998) examined the issue of whether nonprofit organisations should adopt a corporate governance model. The study highlighted some important differences between the nonprofit and corporate governance models. For example, the nonprofit model “stresses the values of community participation, due process, and stewardship (whereas) the corporate model stresses the value of strategy development, risk taking, and competitive positioning” (Alexander & Weiner, 1998, p.224). Alexander and Weiner concluded “the adoption of structures and practices from the for-profit sector is not a universal solution to the problems facing the nonprofit sector” (p.240). Furthermore, they argued that nonprofit organisations may not be able to adopt corporate governance models because of “strong pressures to adhere to traditional values of voluntarism, constituent representation, and stewardship” (Alexander & Weiner, 1998, p.240).

Lyons (2001) noted that for almost all nonprofit organisations, the governance framework is democratic, with members electing directors to a board to oversee the governance of the organisation, a feature not found in profit oriented firms. He further suggested that nonprofit organisations also differ from profit oriented firms because they are formed on the basis of a central set of values, they have complex revenue generating schemes, it is difficult to judge their performance, they may experience difficulty ensuring accountability, they have a heavy reliance on volunteers, and there is often conflict between boards and their employees.

In summary, the literature suggests that clear differences exist between profit oriented and nonprofit organisations, most noticeably in the way they are governed. These differences can be summarised as nonprofit organisations having:

- Multiple measures of organisational performance.
• Shared leadership between an executive and board chair.
• More diversity in board membership.
• A diversity of constituent groups to serve.
• Pressures to maintain volunteer decision-making structures and processes.

The focus of this study is the governance of VSOs, therefore the remainder of the literature review focuses on the nonprofit literature. The body of knowledge dealing exclusively with the governance of nonprofit organisations that has emerged in recent years is based on the premise that it is inappropriate for nonprofit organisations to adopt corporate models of governance. The various models of nonprofit governance that have gained acceptance within both the practitioner-oriented and empirical research literature are now reviewed.

**Models of nonprofit governance**

Both practitioners and researchers have developed a number of nonprofit governance models over the past twenty years. The models have been developed on the basis of observation, consulting, working with and on governing boards, as well as through training board and staff members of nonprofit organisations. The concerns of executive directors, financial supporters and board members about boards not effectively performing their governance responsibilities have led to the development of these models. Perceptions within the nonprofit sector that nonprofit boards are not working, and the perceived tendency of boards to meddle in management issues, has also driven the creation of various governance models (Fletcher, 1999).

Governance models of nonprofit organisations must consider a wide range of issues such as: ensuring representation in decision-making by a diverse number of stakeholders; clarifying roles of the board, executive and staff; clarifying leadership of the organisation; establishing a clear mission and a system to evaluate the organisation’s performance; and, guiding policies for the conduct of the organisation’s activities. There are three widely accepted nonprofit governance models that address these issues in slightly different ways and each is considered in turn.
**Houle traditional model**

Houle (1960, 1997) espoused what is widely accepted as the ‘traditional model’ of nonprofit governance. His model is centred on organisations that have “boards that are parts of tripartite systems in which the staff and executive are separate and distinguishable from each other” (Houle, 1997, p.3). He made this distinction on the basis that boards that effectively carry out the ‘hands on’ work of the organisation, such as a small community club, are “usually so strongly influenced by personalities and special circumstances that few generalizations can be made about their general nature or how they may be improved” (Houle, 1997, p.3). Indeed, all the models reviewed here relate to organisations of a certain ‘critical mass’ that are governed by boards which employ a paid executive and staff to carry out their work.

Houle (1997, pp17-18) outlined a series of criticisms of boards. He indicated that boards:

- Reduce the authority of the executive officer and therefore the ability to achieve the aims of the organisation.
- Are unduly protective of the institutions they were established to control, preventing real advancement.
- Are too unwieldy to enable effective cooperation between organisations controlled by boards.
- Operate too slowly and ineffectively to resolve issues.
- Tend to compromise on decisions, seeking agreement on the lowest common denominator.
- Are often weighed down with incompetent or mediocre members.
- Are often powerless against an influential executive.
- Tend to be too conservative with long term members hindering progress and the infusion of new ideas.
- Give the public a false sense of security, simply by having a board conjures up images of control and legitimacy which are often not warranted.

Furthermore, he suggested that some board members may use the position for personal gain and influence decisions against the mission of the organisation and some board members are zealots, meddling in affairs in the domain of the executive.
Based on this list, Houle (1997) observed that many people believe that the quality of boards is uneven but in reality it is just that “some are bad, and some are worse” (p.19). It is not surprising then that Houle advocated a model that focuses on role clarification for the board, executive and staff and establishing clear processes for all aspects of governance.

The traditional model advocates that “the work is done by the staff, the administration by management and the policy making by the board; in this traditional model, the board is truly in charge of the organization” (Fletcher, 1999, p.435). The role of board chair is pivotal to the ability of the board to function effectively. Houle (1997) advocated a strong chair is crucial to effect change, and control the activities of both the board and primary executive officer. The responsibilities of the board and executive should be clearly defined, with some accommodation made between them on the issues of setting policy and leadership of the organisation (Houle, 1997). The model does not blindly advocate that the board simply makes policy for the executive and staff to implement. It recognises the reality that they “are not three separate entities collaborating with one another; they are three parts of an integrated whole” (Houle, 1997, p.6).

The model developed by Houle (1960, 1997) is based on five elements: the human potential of the board; the structure of the board; the relationships between the board, executive and staff; the operations of the board; and the external relationships of the board. For each element, Houle (1960, 1997) outlined general principles, functions, processes, and checklists for the board to use in creating a comprehensive governance system for any nonprofit organisation which involves paid executives and staff.

Critics of this model have pointed to the idealistic view that the board alone has ultimate responsibility for the organisation (Heimovics & Herman, 1990), and the rather simplistic notion of the board making policy while the staff do the work (Herman & Heimovics, 1990b). The idea of the board-executive relationship as a partnership has also been discounted by Middleton (1987). Despite these criticisms, this model has been widely used amongst nonprofit organisations.
An alternative model proposed by Carver (1997), was also developed on the basis of consulting and industry experience, rather than systematic theory building or empirical research.

Carver policy governance model

Carver (1997) lamented the poor performance of the majority of governing boards across a wide array of industry sectors, including nonprofit organisations. He claims that although boards “bear ultimate accountability for organizational activity and accomplishment” (Carver, 1997, p.5) they “have not been vessels of exemplary efficiency in the best of situations” (Carver, 1997, p.7).

Carver provided a comprehensive list of comments by leading management authors over the last 40 years concerned with how poorly governing boards have performed due to inadequate governance structures or processes. He draws from the work of Drucker, Neu and Sumek, Geneen, Witt, Smith, Juran and Louden (Carver, 1997, pp.7-8), all of whom provided evidence suggesting that “where opportunity for leadership is greatest, job design for leadership is poorest” (Carver, 1997, p.8).

Carver (1997, pp.9-10) identified the shortcomings of boards as being:

- Spending time on the trivial rather than the important matters.
- Focussing on short term outcomes and past performance rather than the strategic future of the organisation.
- Being reactive rather than proactive.
- Monitoring performance rather than setting directions.
- Having poor accountability processes.
- Unclear lines of authority for decision-making.

Having argued that governing boards need significant improvement, Carver (1997) outlined five elements of an effective governing board. These elements were presented as a new model Carver called ‘policy governance’, which described what an effective board might look like and the sort of work it would undertake:
1. Establishing ends: This involves determining the mission and strategic direction of the organisation, with a focus on the desired outcomes, rather than becoming immersed in the detail of the means to achieve them.

2. Setting executive limitations: Good governance involves setting constraints for the staff to work within, or limiting the scope of the work practices and the means that staff employ to achieve the ends set by the board.

3. Clear board and executive relationships: For good governance to occur the respective roles of the board, CEO and staff need to be clearly established. The board should only relate to staff through the CEO, and no board member should direct individual staff members.

4. Clearly defined governance processes: The important elements of governance process that need to be addressed by the nonprofit sector include: the process for board member selection and succession, how the board conducts its business, the reporting of activities of the board and staff, and ensuring the board focuses on the policies of the organisation rather than cases or specific issues.

5. Monitoring and review: The Board’s role should be more than that of a watch-dog ensuring conformance to financial procedures and ethical management practice. It should also develop clear performance measures related to strategic outcomes, so that the monitoring of performance is focussed on the ends that the organisation is striving to achieve.

Carver’s model promotes the view that policy making by the board is its sole focus. The relationship between the board and its executive is based on the board putting in place a set of polices that ensure adequate accountability of the actions of the executive. The executive has no responsibility for the board itself, only to the board, implying that the board should create a policy framework to enable the organisations' operation and performance to be monitored by the board as part its regular activities.

Fletcher (1999) noted that there have been criticisms of Carver’s model including it’s “idealized view of the board, operating above the messiness of the board-executive relationship as it really exists in nonprofit organizations” (p.436). The model also does not address the important role of the board in managing external relationships and it “clearly subordinates the CEO to the board and expects the board alone to set the parameters of the relationship” (Fletcher, 1999, p.436). This is in direct contrast
to Houle’s traditional model that promotes the need for the board and executive to work closely to clarify the leadership roles and develop policy in a realistic partnership.

While the Houle and Carver models were developed from consulting and industry experience, a third alternative governance model was developed through empirical research.

**Reality model**

The third model of nonprofit governance that has earned some degree of legitimacy in the literature could be termed the “Reality model”. The Reality model has been advanced by several authors (Block, 1998; Drucker, 1990a; Herman & Heimovics, 1990b, 1994), all of whom have used a variety of terms to describe their ideas with no single author claiming ownership. The Reality model contrasts both with Houle’s traditional model and Carver’s policy governance model and advocates the executive as central to the success of nonprofit organisations. Drucker (1990a) stated that the board of a nonprofit should ‘meddle’ in the affairs of their organisation but should do so in an organised fashion. Furthermore, the ultimate responsibility for the performance of a nonprofit organisation, including its governance, should rest with the executive. Herman and Heimovics (1990b) echoed Drucker’s ideas when they found that the reality of most boards was that they depended on their executive for information almost exclusively and looked to them to provide leadership.

Herman and Heimovics (1994) promoted the idea that a social constructionist perspective can clarify the executive’s role in nonprofit organisations and the dynamics of executive and board relations. The social constructionist perspective ignores what may be quite hierarchical organisational structures and official rules and examines what actually occurs within an organisation. Social constructionism is not a specific model for measuring effectiveness, but is a “more general ontological perspective that considers reality or some parts of reality to be created by the beliefs, knowledge, and actions of people” (Herman & Renz, 1997, p.187). The social constructionist perspective treats effectiveness not as an identifiable ‘thing’ but as the collective judgements of those individuals directly involved with the object being
judged. These judgements are developed by individuals in an “ongoing process of sensemaking and implicit negotiation” (Herman & Renz, 1997, p.188) and may change over time according to the interactions or impressions collected by the individuals making the judgement. The individuals may also not be consciously aware of the criteria or information they use to form judgements, and as such these judgments cannot be assumed to be stable over time. The value in adopting a social constructionist perspective lies in explaining the performance of a board and the relations that exist within the board using the personal judgements of the individuals who collectively make up the board.

Using this perspective, Herman and Heimovics (1994) examined a series of events in nonprofit organisations and discovered that “all (including chief executives) see the executive as centrally responsible for what happens in nonprofit organizations” (p.140). They advocated that if this is the reality of most boards, with executives being held responsible, then the executive must accept this responsibility and “work to see that boards fulfil their legal, organizational and public roles” (Herman and Heimovics, 1994, p.140). Herman and Heimovics (1994) concluded by stating:

We are not advocating that chief executives dominate or ‘demote’ their boards. Boards, in addition to their legal and moral duties, can contribute a great deal to achieving their organization’s mission. What our results and experience demonstrate is that chief executives can seldom expect boards to do their best unless chief executives, recognizing their centrality, accept the responsibility to develop, promote, and enable their boards’ effective functioning (p.140).

Block (1998) supported both Druckers’ (1990a) and Herman and Heimovics’ (1994) assertions that the executive is central to the operation of the nonprofit organisation. He argued that because the executive is working in an organisation much more than the average board member, they have better access to information. Because they also have a constant focus on the activities of the organisation they must also "be at the core of leadership and decision-making activities” (Block, 1998, p.107). His argument for maintaining the centrality of the executive even extends to stating “the executive director is the real key to board success” (Block, 1998, p.108).
These three nonprofit governance models all support the notion that the board has a key role to play in the performance of the organisation, although they differ on the mechanisms employed. For example, the Carver model advocates that policy development rests solely with the board, while the Houle model suggests the board is primarily responsible but involves the executive in the policy development process. In contrast, the Reality model suggests that the board works closely in hand with the executive who leads policy development.

There is general agreement amongst the models on key governance elements such as the board being involved in setting policy, carrying out its legal and moral duties, and being involved in setting the direction for the organisation and monitoring its progress. However, the role the board should play in external relations differs with each model; the Houle model advocates the board take primary responsibility in this area; the Carver model rates it as a minor issue; and, the Reality model implies the executive should take responsibility for this role.

The most prominent difference between the models focuses on the relationship between the board and the executive. Houle (1997) argued that the relationship is crucial for board functioning, that the board should control the executive and that the position of board chair should clearly be the most powerful. Carver (1997) promoted the notion of the board setting limitations for executive action, clearly defining the relationship between the board and executive, and that the executive has no responsibility for board performance. In direct contrast to both these views, the Reality model promotes the executive as being central to the proper functioning of the board and that the executive has primary responsibility for board performance, even though the board employs the executive.

The models also differ on the manner in which board performance should be assessed. Both Houle (1997) and Carver (1997) argued that the performance of the board is dependent on the personal ability of individual board members and the use of appropriate processes for board activities, and leaves performance assessment up to the board itself. The Reality model suggests that a range of constituent groups should assess the performance of the board in order to cater for the diverse criteria
for assessment that constituents will employ in their respective assessments. These differences are highlighted in Table 2.1.

### Table 2.1
Models of nonprofit governance

<table>
<thead>
<tr>
<th>Governance Model</th>
<th>Role of the board</th>
<th>Board-executive relations</th>
<th>Board performance</th>
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</thead>
<tbody>
<tr>
<td>Houle Traditional Model</td>
<td>Policy development rests primarily with the board</td>
<td>Board tightly controls the actions of the executive</td>
<td>Assessments of board performance should be determined by the board</td>
</tr>
<tr>
<td></td>
<td>Board has an important role to play in external relations</td>
<td>The board-executive relationship is important for board functioning. Board chair is seen as most powerful</td>
<td></td>
</tr>
<tr>
<td>Carver Policy Governance Model</td>
<td>Board sets policy regarding the pursuit of ends – the goals and methods of the organisation</td>
<td>Board sets limitations for executive powers and responsibilities</td>
<td>Assessments of board performance should be determined by the board</td>
</tr>
<tr>
<td></td>
<td>Board role in external relations not deemed important</td>
<td>Board must clearly define the relationship between the board and the executive</td>
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<td></td>
<td></td>
<td>Executive is not responsible for the board performance</td>
<td></td>
</tr>
<tr>
<td>Reality Model</td>
<td>Board works in conjunction with executive to develop policy</td>
<td>Executive is central to the proper functioning of the board</td>
<td>Range of constituent groups should assess board performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Executive has primary responsibility for the board’s performance</td>
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</tbody>
</table>

Herman (1989b, p.193) observed that although “there is no uniform prescriptive model that all authorities accept and endorse” there were elements of nonprofit governance that enjoyed widespread support, to which all nonprofit organisations should aspire. These included:

1. The nonprofit board of directors has and uses a systematic process for assessing the strengths and weaknesses of the composition of the current board. Strengths/weaknesses are usually assessed on demographic characteristics and experiences and skills, resulting in a board profile.
2. The board profile is used to identify the personal characteristics and expertise/skills desired in new recruits to the board.
3. Recruitment of potential board members is systematic and rigorous, in that potential members are thoroughly informed as to the mission and goals of the organisation, its financial condition, and the time, effort and level of contributions expected of them. Similarly, potential members are interviewed by a board committee (and perhaps the full board) as to their motives and interests in volunteering for board service.

4. New board members receive additional, thorough training and orientation, beyond that provided during recruitment and selection.

5. Board members commit significant time to board duties, not only attending committee and board meetings, but also preparing for meetings and undertaking other assignments.

6. Board meetings are characterized by a process though which all are encouraged to participate and disagreement is welcomed, while relationships are collegial and consensual. The board works as a team.

7. The board undertakes and uses processes of assessing the performance of the board as a whole and of assessing the performance of individual members. The board has and follows standards for removing members who do not perform.

8. The board’s chief tasks are to (a) select, evaluate and if necessary, dismiss the chief executive, (b) define and periodically re-evaluate the organization’s mission and major goals, develop a strategic plan, approve budgets and policy statements consistent with the plan, and (c) ensure that the organization obtains the resources necessary to meet the plan (1989b, pp.193-194).

Subsequent to Herman’s (1989b) summary of the ideal characteristics of a nonprofit board, a number of studies have been undertaken which have expanded and enhanced understanding of how governance occurs in nonprofit organisations and what steps should be taken for governance improvement. The research into the governance of nonprofit organisations is now reviewed with particular reference to the models discussed above.
Empirical studies of nonprofit governance

Research in the field of nonprofit organisations is relatively underdeveloped compared to mainstream organisational theory. It was not until the 1980s that the “problems of management, leadership and governance were identified as critical issues for nonprofit organisations” (Young, 1993, p.2). Therefore, the majority of the empirical research relating to nonprofit organisations has only been conducted in the past two decades. The issue of governance was identified as one of the more important research issues related to nonprofit organisations when Young (1993) stated that “clearly, issues of organisational governance are prominent in the minds of those concerned with the proper functioning of nonprofit organisations” (p.4).

Herman (1989a), writing in one of the first academic texts devoted to nonprofit governance, noted that the increasing number of research studies, texts, and prescriptive manuals devoted to nonprofit governance and specifically the improvement of the board’s performance indicated in a “generalized sense that there’s some distance between what boards are supposed to be and do and what they are” (p.1). Significantly, he also stated that “the gap between prescription and practice seems to occur for all board functions” (Herman, 1989a, p.4). The majority of the descriptive research until that time found “uncertainty and confusion about what board members are really expected to do” (Herman, 1989a, p.4). Little research attention had been given to board functions, behaviours and performance, with the most prescriptive governance models based on experience rather than empirical research. Subsequent research efforts in nonprofit governance attempted to tackle a wide range of issues related to board functions, and focused on the “disparity between reality and widely-held beliefs [of governance]” (Herman, 1989a, p.6).

Herman (1989b) concluded that this gap between reality and prescriptive models, what he termed the ‘board gap’, was the “result of two realities – the ownership issue and the structure of incentives for board participation and performance” (p.194). By their nature, nonprofit organisations do not allow board members to lay claim to assets or have equity in the organisation. This implies that the member of a nonprofit board that is legally responsible for the organisation must develop some form of
‘psychological ownership’ in order to be motivated to actively participate in the governance process. Herman (1989b) believed that this is unrealistic because:

while a nonprofit board of directors is legally responsible for the conduct of a nonprofit organisation, the chief executive is typically the person with the greatest sense of ownership of the organization, the person everyone (including himself or herself) expects to take responsibility. This pattern of psychological ownership in nonprofit organisations contributes to the gap between ideal and actuality. Those with little psychological sense of ownership are unlikely to invest substantial time, energy and effort. (p.196)

Subsequently, a nonprofit organisation that does not facilitate opportunities for individual board members to participate and perform, will not establish the conditions that might enable this vital sense of psychological ownership to develop. The incentives that people seek from board service are “achieved primarily through membership and participation in meetings” (Herman, 1989b, p.196). Ensuring that the board is doing important work that individual members will value and that the social interaction at board functions facilitates active participation are important incentives. Much of the nonprofit related governance research (Harris, 1989; Inglis, Alexander & Weaver, 1999; Middleton, 1987; Stone, 1996; Widmer, 1993) has focused on developing ways to close the ‘board gap’.

Drucker (1990a) supported this focus on clarifying the role of the board and executive with his observation that in reality this “governance structure malfunctions as often as it functions” (p.7). There appears to be a need to improve the governance functions within nonprofit organisations particularly “what governance the institution needs, what the task of each organ of governance should be, and how they should work together” (Drucker, 1990a, p.8). In discussing what the respective roles of the board and executive officer should be, Drucker (1990a) noted that the conventional answer is that “the board makes policy and the executive officer executes it” (p.11). In reality, he observed that no one really knows what policy is and how far policy development extends, with resulting friction between the board and executive. Importantly, Drucker also addressed the question of who is responsible for the governance of a nonprofit organisation, the performance of the board and how the relationship between the board and its executive is managed, key foci of the present
study. The conventional answer is the board chairperson, however there is “one thing wrong with this: it does not work” (Drucker, 1990a, p.13). Drucker argued that there are few chairpersons who have the time to devote to this crucial role and the responsibility should lie with the executive.

Hollister (1993) also supported the view that nonprofit boards underperform and stated that “the pervasive weakness of many boards and dysfunctional board-staff relations are a major problem” (p.310). He claimed that although managers and board members alike are more enlightened about the role of the board, they will continue to underperform while “we are still functioning within the perspective that the boards of directors of nonprofits are somehow a separate, detachable concern” (Hollister, 1993, p.310). Some four years after Herman (1989b) coined the term ‘board gap’, Hollister (1993) argued that further research was required into the role of boards and the relationships between boards and executives.

More recently, Young (1998) reviewed the current state of nonprofit management studies in the United States and concluded that “considerable progress has been made in research in a wide variety of nonprofit management areas where nonprofits tend to be different, especially governance” (p.39). In direct contrast, Lyons (2001) stated that “very little research has been done on the composition of boards in Australia's third sector” (p.125) or “systematic research into the chief executives of Australian nonprofits” (p.126). While reported research into the governance of nonprofit organisations has increased in recent years, particularly in the area of how boards operate, little of this research has occurred in the Australian context, let alone VSOs.

Summary

This section has discussed the concept of governance and its relevance to VSOs. It included an explanation of the differences between management and governance, and the differences between corporate and nonprofit governance frameworks. The value of drawing on the wider nonprofit research literature to inform this study has also been established. Existing models of nonprofit governance and the research efforts related to the governance of VSOs were discussed. However, the extent to which any of these models are present within VSOs has not been investigated empirically.
The models differ in terms of their designation of responsibility for board performance and how it is measured, the nature of the board-executive relationship and what role the board has in the governance of the organisation. This study draws on these key differences between the models of nonprofit governance.

This section has also identified that while a considerable amount of research has been conducted on the governance of nonprofit voluntary organisations overseas, very little has been undertaken in Australia. Further, while elements of governance have been studied amongst VSOs, there have been only four published studies (Inglis, 1997a, 1997b; Papadimitriou, 1999; Shilbury, 2001) that have specifically examined the boards of VSOs, and only one of which had been completed in Australia.

The following sections examine theoretical and empirical literature relating to each of the variables of this study - board performance, board structures, and board-executive relations.

**Board performance**

Bradshaw, et al. (1992) summarised the practitioner-oriented literature on board performance as being prescriptive in nature, consisting of recommended board practices and assertions that these will lead to better board performance. However, this prescriptive literature did not define effective or better board performance. Bradshaw et al. (1992) also noted “how fragmented and exploratory our empirical understanding of the impact of nonprofit boards actually is” (p. 229) and that, at that time, no shared measures of board performance existed nor had the correlates of effectiveness been well defined. Similarly, Herman and Renz (2000) identified that a major issue in the study of board effectiveness “is the manner in which effectiveness should be conceived as a real characteristic of the board … or as a socially constructed judgement reached by multiple constituencies” (p.150). The following section reviews research of board performance in nonprofit organisations and VSOs. A summary of the theoretical frameworks used to conceptualise board performance is also provided.
Empirical studies of nonprofit board performance

Empirical studies in the area of board performance have focussed on three themes: investigations of elements that influence the ability of boards to perform their roles effectively (Bradshaw, Murray & Wolpin, 1992; Dart, Bradshaw, Murray & Wolpin, 1996; Fletcher, 1992; Holland & Jackson, 1998; Kearns, 1995; Taylor, Chait & Holland, 1991; Wood, 1992); the development of empirically tested board evaluative tools (Holland, 1991; Jackson & Holland, 1998); and attempts to establish a causal link between board performance and overall organisational performance (Green & Griesinger, 1996; Herman & Renz, 1997, 1998, 2000; Provan, 1980). The research that is of particular relevance to this thesis that has been undertaken on the performance of boards of nonprofit organisations is summarised in Table 2.2. Studies relating to each of these themes are now reviewed in detail.

Elements that influence the ability of the board to perform

Of the three research themes into board performance, the question of what organisational or board elements influence the ability of a board to perform has attracted the most amount of attention. Taylor et al. (1991) studied the relationship between the effectiveness of governing boards in private colleges and the factors that motivated trustees to serve on these boards. The study established that the more effective boards had members whose motivations were “institution-specific and institution-centred, springing from deep affection for and connection to a college” (Taylor et al., 1991, p.222). This connection could be fostered through properly orienting board members to the operations of the college, ensuring individual members’ skills were utilised and involving the board in social events with the entire organisation. The study highlighted the need to consider the motivations of board members, the level of attachment they feel with the nonprofit organisation and their impact on the performance of the board.
### Table 2.2

**Research on performance of nonprofit boards**

<table>
<thead>
<tr>
<th>Sub theme</th>
<th>Author</th>
<th>Research focus and findings</th>
</tr>
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<tbody>
<tr>
<td>Elements that influence the ability of the board to perform</td>
<td>Taylor, Chait &amp; Holland (1991)</td>
<td>Effective boards had members whose specific motivations were centred on advancing the cause of the institution</td>
</tr>
<tr>
<td></td>
<td>Fletcher (1992)</td>
<td>The role the executive plays in developing the board is crucial to how the board performs</td>
</tr>
<tr>
<td></td>
<td>Wood (1992)</td>
<td>A cyclical pattern, triggered by a crisis, exists in the operation of boards, which affect their ability to perform optimally</td>
</tr>
<tr>
<td></td>
<td>Bradshaw, Murray &amp; Wolpin (1992)</td>
<td>Findings supported the accepted prescriptive literature on the structure and processes that should be adopted by the board, particularly the emphasis on strategic planning</td>
</tr>
<tr>
<td></td>
<td>Kearns (1995)</td>
<td>Executives and board chairs use different criteria to judge individual board member effectiveness in carrying out their duties</td>
</tr>
<tr>
<td></td>
<td>Dart, Bradshaw, Murray &amp; Wolpin (1996)</td>
<td>Boards only partially behave in a manner described by life-cycle models, and suggest caution in explaining the behaviour of boards based on age or position in a life cycle models</td>
</tr>
<tr>
<td></td>
<td>Holland &amp; Jackson (1998)</td>
<td>Boards that undertake board development activities experience gains in board competencies</td>
</tr>
<tr>
<td>Development of empirically tested board evaluative tools</td>
<td>Holland (1991)</td>
<td>Development of a systematic measurement of board performance across six competencies, called the BSAQ</td>
</tr>
<tr>
<td></td>
<td>Jackson &amp; Holland (1998)</td>
<td>Found that the BSAQ provides reliable, valid, and sensitive measures of board performance</td>
</tr>
<tr>
<td>Attempts to establish links between board performance and overall organisational performance</td>
<td>Provan (1980)</td>
<td>Boards were important in organisational effectiveness but how they were was unclear. Findings reflect the need to consider board performance as a much more complex social construct</td>
</tr>
<tr>
<td></td>
<td>Green &amp; Griesinger (1996)</td>
<td>First study to clearly establish a significant relationship between board performance and organisational effectiveness.</td>
</tr>
<tr>
<td></td>
<td>Herman &amp; Renz (1997, 1998, 2000)</td>
<td>Stakeholders use a social constructionist perspective to form judgements of organisational effectiveness. Board effectiveness was deemed to be the most important determinant of organisational effectiveness for all types of stakeholders</td>
</tr>
</tbody>
</table>

Undertaking board development work has also been seen as influencing board performance. A study by Fletcher (1992) attempted to match well-performing boards (as scored on a number of prescriptive criteria by their executives) with the work carried out by the executives to develop their respective boards. The role the executive plays in developing the board was seen as crucial to how the board performed. The activities identified by Fletcher (1992) that were undertaken by those executives who worked for well-performing boards included:

- Being actively involved in recruiting new board members.
- Undertaking the primary role to orient and train the new board members in the workings of the board.
• Setting the agenda for board meetings in conjunction with the chair of the board.
• Supporting the work of the board’s committees.
• Assisting the board in policy development but not taking a leading role.
• Getting the board involved in public relations and fundraising.
• Supporting but not leading the board’s strategic planning function.
• Supporting the board’s financial oversight function.
• Helping the board chair do their job and moulding their own role to suit each new incoming board chair.
• Cultivating individual board members and discovering their motivations for becoming a board member.

Fletcher (1992) also found that executives believed the key to developing a successful board involved careful recruitment and selection of board members, ensuring the “board is truly committed to the cause and has great respect for the agency” (p.291), and having effective committees, efficient meetings and having board members who are happy to work with one another.

In an attempt to develop an integrative framework to identify a board's potential, Wood (1992) studied 21 nonprofit agencies delivering youth services. She identified a cyclical pattern in the operation of the boards in these agencies, which, when triggered by a crisis situation, affected their ability to perform optimally. The first stage of the cycle involved a founding stage with high levels of input from board members and a very collegiate atmosphere within the board as they worked to get the agency established. The second stage was titled ‘supermanaging’, where board members recognise it is time to manage the board in a more organised fashion, committees are activated, and there is a high level of involvement in operational matters by the board. The third stage, ‘corporate’, involves the board trying to emulate the workings of a corporate board with an emphasis on process rather than the mission of the organisation. At this stage the board relies heavily on the executive for information and guidance in decision-making. The fourth stage, ‘ratifying’, is the beginning of the end, with board members being more interested in the prestige of their position than the mission of the agency, committees look good
on paper but not in reality, there are generally low levels of interest or commitment in the business of the agency, and the board is unable to respond to crises.

Boards may move through these stages over a period of years until a crisis forces the board to reevaluate their role and board processes. Thus the cycle begins again. The forces behind the transition between stages were unclear. Wood (1992) recognised that “time is implicated as a prime variable – clearly, watches tick audibly in many a boardroom” (p.158). Wood (1992) also noted that it would be:

useful to explore further the cultural values and norms that appear to hold corporate and ratifying boards in thrall. We need to understand more specifically why and how a board becomes more preoccupied with bureaucratic procedures and efficiency than programs and mission, more invested in the community’s perception of agency success than actual performance, and increasingly eager to equate a crowded calendar of appointments with social and professional worth (p.158).

Bradshaw et al. (1992) conducted a study that (in part) explored the contribution of board structure and board process to overall board performance. Their rationale for undertaking such a study was the fragmented and exploratory nature of the empirical understanding of the impact of nonprofit boards and the lack of definition for the correlates of board effectiveness (Bradshaw et al., 1992). While the prescriptive literature was clear in describing the structural attributes of the ideal board, rarely had these assumptions been tested empirically. They measured board performance in two ways. The first was a single item of respondents’ satisfaction with the board’s performance. The second was a seven-item scale asking respondents to rate board performance across seven different board functions. Their findings supported the accepted prescriptive literature on the structure and processes that should be adopted by boards, particularly the emphasis on strategic planning. However, their study was not able to clearly answer the question of why a correlation between board structure and performance existed. One of the aims of the present study, therefore, is to investigate this question.

Kearns (1995) investigated the elements that influence the ability of the board to perform their roles effectively by exploring the personal and professional attributes
of board members and their relationship to the performance of the board. Due to the relatively small size of the study sample, Kearns’ (1995) findings may not be generalizable, but they do highlight several important aspects of possible determinants of board performance. Kearns (1995) found that executives and board chairs use different criteria to judge individual board member effectiveness in carrying out their duties, possibly due to a desire to select people with attributes to assist them perform their respective duties themselves.

In a more recent study, Dart, Bradshaw, Murray and Wolpin (1996) offered a contrary view to Wood (1992). Interpreting the work of Wood (1992) and Mathiasen (1990) they posited that board life cycle models can be interpreted as a set of general statements that describe the elements of a nonprofit board that change as the organisation it governs ages. These included:

- Board members will be recruited with more managerial and professional skills.
- The board will have less involvement with volunteers and/or operational roles.
- The board will have more involvement with governance roles (policy development and planning).
- Fundraising activity by the board will increase.
- The board will become more formally organised.
- The board will have a more elaborate committee structure.
- The board will be larger in size.
- The community profile of board members will increase so that they will be selected in part for their prestige in the community.

However, their study had mixed results that did not support the use of a life-cycle model as a way of explaining the performance of nonprofit boards. Specifically, their “findings challenge the validity or utility of unquestioningly applying a life-cycle model to NPO (non profit organisations) boards” and that “NPO boards only partially behave in a manner described by life-cycle models” (Dart et al., 1996, p.376). The three elements of the life-cycle model that were supported by their study were that, in general, as a nonprofit organisation develops, the board will become more formally organised, the board will have a more elaborate committee structure and the board will be larger in size. They concluded by suggesting “caution in
explaining the behaviour of NPO boards with simple one-variable models such as those based on age or position in a life cycle” (Dart et al., 1996, p.377).

Holland and Jackson (1998) investigated the impact on board performance of boards undertaking board development activities in a three year study of 24 diverse nonprofit organisations. Using a board competency framework of six elements: contextual; educational; interpersonal; analytical; political; and strategic (developed in an earlier study by Holland, Chait & Taylor, 1989) they found evidence that boards that undertook board development activities experienced “statistically significant gains in every board competency but one” (Holland & Jackson, 1998, p. 129). The study involved working closely with each of the sample organisations and through undertaking a range of developmental projects with them over the three year study period, they were able to show that “boards of a variety of nonprofit organizations can take intentional steps that improve board effectiveness” (Holland & Jackson, 1998, p. 133).

In summary, a variety of elements have been empirically demonstrated to influence the ability of a board to perform. A major theme has been the structure of the board and its relationship to board performance, a key component of this study. Other elements have included the motivation of individual board members, the carrying out of board development work, and the personal and professional attributes of the board members themselves. While the concept of boards moving through a series of lifecycle stages has also been examined, the results of these studies are inconclusive.

The second theme of research that has evolved in the area of board performance has been the development of tools to evaluate board performance. Studies relating to this theme are now reviewed.

**Development of empirically tested board evaluation tools**

Despite the attention afforded nonprofit board performance in the literature, there have been surprisingly few attempts to empirically develop board evaluative tools. Two studies that have been conducted are those by Holland (1991) and Jackson and Holland (1998). Holland (1991) noted that much of the literature espousing notions
of how to achieve the ideal board was “based almost entirely upon individual experience and opinion, tends to be exhortative rather than empirical, is more anecdotal than systematic, and provides a limited basis for understanding the problems or improving the practices of governance” (p. 26).

In noting this gap in the knowledge of nonprofit boards, Holland (1991) sought to answer two key questions: “first, is it possible for a board to measure its own functioning and identify its strengths and weaknesses accurately; and second, what means could a board use to assess its own performance so that the conclusions of the assessment are trustworthy guides to action” (p.26). Holland (1991) sought to create a scale of 69 items covering six board competencies: (a) understands institutional context, (b) builds capacity for learning, (c) nurtures the development of the board as a group, (d) recognises complexities and nuances, (e) respects and guards the integrity of the governance process, and (f) envisions and shapes institutional direction. The study tested the validity and reliability of the scale, termed the Board Self Assessment Questionnaire (BSAQ), and after several revisions of the scale items Holland (1991) was able to demonstrate “positive, although modest, support for the reliability and validity of the revised scales” (p.34). Holland (1991) concluded that the scale created for the study provided a “systematic measurement of a board’s performance in six competencies that have been empirically demonstrated to differentiate effective boards from ineffective ones” (p.35). The study was significant because it was the first empirically developed instrument that allowed a board to utilise external information, such as financial performance criteria, in the process of assessing its own performance.

Some seven years later, Holland and Jackson (1998) sought to further develop the BSAQ. Using the data from four separate studies they examined the reliability, validity and sensitivity of the instrument. Furthermore they studied the relationship between board performance scores and indicators of the organisation’s financial performance in order to assess the validity of the instrument against some external criteria. The final instrument involved 65 items with respondents scoring each item with a four point Likert-type scale. After a comprehensive study and numerous iterations in refining the scale, Holland and Jackson (1998) reported “that the BSAQ provides reliable, valid, and sensitive measures of board performance” (p.176).
While cautioning that their data were derived from several non-random convenience samples, and that some of the scales require further refinement, they concluded that the BSAQ was a “useful tool for guiding efforts to understand and strengthen the governance of nonprofit organizations” (Holland & Jackson, 1998, p.177). The BSAQ was the first empirically tested instrument available for practitioners and researchers to objectively assess the performance of a board. The BSAQ has not been reported as being used in any other research into board performance, perhaps because the number of scale items requires very large samples to undertake factor analyses and testing for scale reliability.

To summarise, there has been only one empirically developed board evaluative tool created for nonprofit boards. This tool has not been used in any other published study of board performance.

The third theme of research that has evolved in the area of board performance has been the attempt to establish a link between board performance and overall organisational effectiveness. Studies relating to this theme are now reviewed.

**Attempts to establish a link between board and overall organisational performance**

The difficulty of conducting organisational effectiveness studies is well documented (see Forbes, 1998 for a comprehensive review of nonprofit organisational effectiveness studies from 1977 to 1997). Nevertheless the issue has attracted significant attention. Most studies have focussed on three areas: outright assessment of organisation effectiveness, searching for correlates of effectiveness, and exploring the effectiveness assessment process (Forbes, 1998).

Provan (1980) used a system resource approach to assess organisational effectiveness, where the ability to acquire scarce resources is considered to be a key criteria for producing organisational effectiveness. Provan recognised the shortcomings of the approach as it did not measure the ability of the organisation to achieve stated goals, but it was used because he was only studying “the contribution to agency effectiveness of one particular organizational unit; namely, a powerful board of directors whose primary purpose is to facilitate the acquisition of scarce
resources from the agency’s external environment” (p.224). The findings of the study were mixed. While Provan reported that boards were important in organisational effectiveness it was unclear how they were important. Boards were able to positively influence the amount of funding received by an agency if the agency was already receiving large amounts of funding (ie: the board could help maintain the level of funding) but in terms of “enabling an agency to be effective in its efforts to acquire funding, the results of this study strongly suggest that a powerful board of directors may be less important than previously believed” (Provan, 1980, p.234). This early study relied on a simple measure of board performance and its findings reflect the need to consider board performance as a more complex construct.

A study by Bradshaw et al. (1992) introduced earlier in this review also addressed the link between board performance and organisational effectiveness. Their findings were inconclusive, with issues of common source variance (they only asked executives and board chairs to rate the performance of the board) and a limited sample size noted as explanations for these results. They did find that the involvement of the board in activities such as strategic planning, good meeting management, sharing of a common vision, involving themselves in the operations of the organisation and avoiding conflicts with staff were correlated with organisational effectiveness.

A seminal study by Green and Griesinger (1996) established a significant relationship between board performance and organisational effectiveness for the first time. The criterion Green and Griesinger established for organisational effectiveness was “the quality and sustainability of needed services to the client” (p.384), based on the goal approach to organisational effectiveness. They utilised three sources to rate this criterion – expert ratings based on reports from a government accrediting agency, an officer who dealt with case management for clients, and the researchers' own ranking. Their findings “confirmed that board members and CEOs in our sample concurred with the normative literature prescribing the duties and responsibilities of nonprofit boards” (Green & Griesinger, 1996, p.398) and that significant correlations existed between board performance and organisational effectiveness. The boards of effective organisations were more involved in “policy formulation, strategic planning, program review, board development, resource
development, financial planning and control, and dispute resolution than were boards of less effective organizations” (Green & Griesinger, 1996, p.398).

Three other published studies explored the process used to evaluate organisation effectiveness. Herman and Renz (1997, 1998, 2000) used a social constructionist perspective (explained previously) and a multiple constituency model to investigate stakeholder judgements of nonprofit charitable organisation effectiveness. The multiple constituency model “recognizes that organizations have (or comprise) multiple stakeholders or constituents who are likely to differ in the criteria they use to evaluate the effectiveness of an organization” (Herman & Renz, 1997, p.187). To measure board performance, Herman and Renz (1997) used an 11 item scale based on the work of Slesinger (1991).

Herman and Renz (1997) concluded that while practitioners and experts (consultants and other authors) preferred to judge effectiveness on the basis of following correct procedure, other stakeholders such as board members preferred different criteria such as financial data. Using evidence of following correct procedures is but one measure of organisational effectiveness. All the stakeholders in the study used a social constructionist perspective to form judgements of organisational effectiveness, and having an effective board was deemed to be the most important determinant of organisational effectiveness for all stakeholders. They also concluded that the “idea that there is a single objective organizational effectiveness independent of the judgements of various stakeholders is no longer tenable or useful” (Herman & Renz, 1997, p.202). From a practical sense, the implication of their research was that different constituencies judge organisational and board effectiveness using different criteria but every constituent will be likely to judge board effectiveness as important in determining overall organisational effectiveness.

Herman and Renz (1998, 2000), using a sub-set of data from their 1997 study, sought to establish the difference between the most effective and least effective organisations, in an attempt to generate greater consensus “about the relationships between correct procedure and judgements of effectiveness” (Herman & Renz, 1998, p.34). By focussing on the most and least effective organisations in the larger study, the differences in board performance judgements became more apparent. While not
claiming to have established a causal connection, the study supported the practitioner-oriented view about the benefits of using correct procedures to foster greater performance at board and organisational levels. The increased use of recommended board processes can be interpreted as increasing the formalisation of the board structure.

In summary, the studies that have attempted to establish a link between board performance and organisational effectiveness have shown the need to consider board performance as a complex social construct, and to gather perceptions of board performance from those individuals directly involved with the board. Additionally, it seems useful to compare effective and ineffective boards to illustrate differences in board characteristics that may, in turn, be related to board performance.

These studies into the elements that influence board performance, the creation of board evaluation tools, and attempts to link board performance to overall organisational effectiveness have highlighted several issues. Firstly, the idea that a single objective organisational performance measure may not exist, may also indicate that a single objective performance measure for a discrete organisational unit (the board) may also not exist. Therefore adopting a social constructionist approach to the measurement of board performance may be useful. Secondly, when assessing board performance consideration should be given to the views of more than one source, and should primarily focus on the perceptions of individuals directly involved with the board. Thirdly, certain elements of the structures adopted by boards appear to influence board performance, as does the board-executive relationship. The theoretical and empirical literature related to board structures are issues that are explored in the following sections of this chapter. What follows now is a review of the research related to the performance of the boards of VSOs.

**Empirical studies of sport board performance**

In direct contrast to the nonprofit literature, there have been few reported studies of the performance of the boards of VSOs. A notable exception is a study by Papadimitriou (1999) into the boards of Greek NSOs. By surveying a range of external constituent groups’ views of the performance of their respective boards and
organisations, Papadimitriou (1999) found that each constituent group agreed that motivated, competent and influential individuals were a prerequisite for good organisational performance. However, the constituents differed on their criteria for measuring board performance, and each board in the study had varying degrees of influence exerted by the executive in decision-making. It was found that NSO boards “run according to inflexible decision-making authority structures which constitute sources of ineffectiveness in the perceptions of different constituent groups” (Papadimitriou, 1999, p.98). No research has been reported that examines the relationship between board performance, board structures and board-executive relations for VSOs.

**Summary**

This section has reviewed research on the performance of boards of nonprofit organisations, and for VSOs. While there have been a number of efforts to explore board performance reported in the nonprofit literature, only one reported study has examined the board performance of VSOs. There is a gap in the knowledge of how the boards of VSOs are performing or indeed how board performance of VSOs might be measured. This study addresses (in part) the need to examine the question of how to measure VSO board performance.

In seeking to select an appropriate theoretical framework for the assessment of board performance for this study, the trend of organisational effectiveness studies adopting a social constructionist perspective (Forbes, 1998) was considered. The context within which boards operate in a practical sense also dictates the use of such an approach. The workings of a board are often only known to those people who are members or work closely with the board. It is difficult, without any clear objective measures available, for others outside the board to pass judgement on their performance (Herman & Renz, 1997). Adopting a social constructionist perspective, which relies on those people intimately involved with the board to pass judgement on the board's performance using a range of criteria, offers a solution to this problem. A reliable scale (Slesinger, 1991) is available for the assessment of board performance using this approach, and has been used by previous researchers (Herman & Renz, 1997, 1998, 2000). The use of the social constructionist perspective is a key aspect
of the theoretical framework for this study and has been used in the approach to data gathering and analysis in relation to board performance and board-executive relations.

The following sections review research on board structures and board-executive relations. Finally, the theoretical frameworks and empirical research on board performance, board structures and board-executive relations are synthesised before articulating a problem statement for the study.

**Board structure**

This section reviews the theoretical frameworks used and the research that has been conducted on the structure of boards of nonprofit organisations and VSOs. The first major research question of this study attempts to examine the relationship between board performance and board structure, hence the need to review the theoretical and empirical literature in this area.

**Empirical studies of nonprofit board structure**

The research carried out on the structure of nonprofit boards has used a variety of measures to investigate dimensions of structure. Some of the research has been atheoretical, with little attempt being made to conceptualise various elements of governance structures in terms of classic organisational theory. Studies by Saidel (1998), Smith and Shen (1996), and Weiner and Alexander (1993) have explored board structure in terms of attributes of the accepted governance models (eg: Houle, Carver and Reality models discussed earlier). In comparison, research conducted by Bailey (1992), Bradshaw et al. (1992), Herman, Renz and Heimovics (1997), and Stone (1996) has utilised elements of structure from classic organisational theory such as complexity, formalisation and centralisation. Table 2.3 provides a summary of this empirical research. The studies within each of these themes relevant to this thesis are now reviewed in detail.
### Table 2.3
Research on nonprofit board structure

<table>
<thead>
<tr>
<th>Sub theme</th>
<th>Author</th>
<th>Research focus and findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigating board structure using elements</td>
<td>Weiner &amp; Alexander (1993)</td>
<td>Investigated changes in size, committee structure and activity, board member selection, board composition, CEO power and influence, and bylaws and activities.</td>
</tr>
<tr>
<td>of governance models</td>
<td></td>
<td>Smith &amp; Shen (1996) Investigated changes in size, committee structure and activity, board member selection, board composition, CEO power and influence, and bylaws and activities.</td>
</tr>
<tr>
<td>Investigating board structure using classical organisational theory - complexity, formalisation and centralisation</td>
<td>Bailey (1992)</td>
<td>Complexity and centrality of governance structures diminish over time. The formalisation of governance structures remained high, while size had increased.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bradshaw, Murray &amp; Wolpin (1992) Explored the contribution of board structure and board process to overall board performance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stone (1996) Governance structure becomes more formalised as it expands.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Herman, Renz &amp; Heimovics (1997) No clear relationship between the use of these practices and judgements of board effectiveness.</td>
</tr>
</tbody>
</table>

**Investigating board structure using elements of governance models**

Kushner and Poole (1996, p.120) noted that "there is no general treatment of nonprofit structure in the scholarly literature", a fact borne out by the variety of approaches adopted by Weiner and Alexander (1993), and Smith and Shen (1996). Weiner and Alexander (1993) analysed the extent to which hospital governance structures exhibited attributes of either corporate or philanthropic governance models. Attributes included size, committee structure and activity, board member selection, board composition, CEO power and influence, and bylaws and activities. Their results demonstrated that hospital governance structures were in general a hybrid of the corporate and philanthropic governance models. Smith & Shen (1996) found the existence of committees or size of committees had no effect on organisational effectiveness for nonprofit voluntary associations who employed no staff.

A study by Saidel (1998) into the role that advisory groups play in nonprofit organisations found that they offer additional benefits both to the board in fulfilling its governance obligations and to the organisation in accomplishing its objectives. Advisory groups can “enhance organizational governance capacity by providing...”
additional programmatic, service delivery, and accountability assistance” (Saidel, 1998, p. 433), without “undermining the strengths of the current board of directors” (Saidel, 1998, p.434). The role of advisory groups is particularly relevant for membership based nonprofit organisations that exist to serve members rather than charitable nonprofit organisations that exist to serve an identified client population. The membership base of these organisations have “significant governance responsibilities” (Saidel, 1998 p.434) and as such, any analysis of the governance of these entities should take into account “this wider range of participants as well as the full array of significant governance activities performed by various participants” (Saidel, 1998, p.434).

*Investigating board structure using classic organisational theory*

There have been several studies which have utilised the classic dimensions of organisational structure (complexity, formalisation and centralisation) to explore governance structures (Bailey, 1992; Bradshaw et al., 1992; Herman, Renz & Heimovics, 1997; Stone, 1996). Bailey (1992) explored the history of the governance structures of two voluntary associations, utilising the dimensions of complexity, formalisation, centralisation, and size. Bailey (1992) found that over time the complexity and centralisation of the governance structures of the organisations had diminished, the formalisation of both governance structures remained high, and their size had increased.

As discussed in the previous section, Bradshaw et al. (1992) explored the contribution of board structure and board process to overall board performance. Board structure was deemed to include “board size, number and types of committees, existence of position descriptions, written manuals and policies regarding terms of office and attendance at meetings”(Bradshaw et al., 1992, p. 230). Board processes were characterised as the “nature and extent of strategic planning efforts, how board meetings are conducted, what issues are presented to the board and how it deals with them, who dominates decision-making, the extent to which a common vision of the organization exists, the amount of conflict within the board or between the board and staff” (Bradshaw et al., 1992, p. 230). The study found that the involvement of board
members in strategic planning activities (an indicator of board formalisation) was related to higher levels of board performance.

Stone (1996) traced the development of a single organisation's governance structure over a 40 year period and concluded that over time the governance structure became more formalised as the organisation expanded in size. This result supported (in part) the findings of Dart et al. (1996) discussed earlier in this chapter that as a nonprofit organisation develops, the board will become more formally organised, the board will have a more elaborate committee structure and the board will be larger in size.

Herman, Renz and Heimovics (1997) investigated the relationship between board performance and the use of what they described as prescribed board practices. These practices can be conceptualised as indicators of the degree of formalisation of the board. They found no clear relationship between the formalisation of the board structure and judgements of board effectiveness. However, as discussed previously, a later study by Herman and Renz (2000) reported that the increased use of board processes can be interpreted as increasing the formalisation of the board structure which, in turn, was associated with higher levels of board performance.

In summary, this review highlights the value of using classic organisational theory as a way of conceptualising, analysing and interpreting board structures. More specifically, analysing board structures in terms of complexity, formalisation and centralisation – key components of classical organisational theory – offers a way of understanding board structures and their relationship to board performance and is used in this study. The following section reviews the empirical studies that have addressed the issue of board structure within VSOs.

**Empirical studies of board structures of voluntary sport organisations**

The use of classic organisational theory in the analysis of structures for VSOs is well established. Studies by Amis and Slack (1996), Frisby (1986b), Kikulis, Slack and Hinings (1992,1995b), Kikulis, Slack, Hinings and Zimmermann (1989), Thibault, Slack and Hinings (1991), and Theodoraki and Henry (1994) have all utilised the concepts of complexity (or specialisation), formalisation (or standardisation) and
centralisation as a framework for their research. Three broad questions have been addressed in these studies (see Table 2.4). These are; firstly, investigating the relationship between organisational structure and organisational effectiveness; secondly, attempts to categorise organisational types; and thirdly, exploring the impact of professionalisation on various elements of organisational structure. While these studies have focussed on organisational rather than board structure per se, they are relevant to this study. Board structures are a fundamental part of the wider organisational structure of VSOs. The measures of complexity, formalisation and centralisation of organisational structure used in these studies have all incorporated elements of board structure to varying degrees.

Table 2.4
Research on governance structures of VSOs

<table>
<thead>
<tr>
<th>Sub theme</th>
<th>Author</th>
<th>Research focus and findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship between organisational structure and organisational effectiveness</td>
<td>Frisby (1986b)</td>
<td>Some measures of higher formalisation, decreased centralisation and increased specialisation were related to higher levels of organisational effectiveness</td>
</tr>
<tr>
<td>Development of a structural taxonomy or categorising organisational types</td>
<td>Kikulis, Slack, &amp; Hinings (1989)</td>
<td>Eight identifiable structural designs for VSOs can be established based on different combinations of levels of specialisation, standardisation and centralisation</td>
</tr>
<tr>
<td></td>
<td>Kikulis, Slack &amp; Hinings (1992)</td>
<td>Three discernible design types can be established for VSOs based on a combination of organisational values and structural dimensions</td>
</tr>
<tr>
<td></td>
<td>Theodoraki &amp; Henry (1994)</td>
<td>Six identifiable structural designs for VSOs can be established based on different combinations of levels of specialisation, standardisation and centralisation</td>
</tr>
<tr>
<td>Impact of the introduction of professional staff on elements of organisational structure</td>
<td>Thibault, Slack &amp; Hinings (1991)</td>
<td>The introduction of professional staff leads to increased specialisation and formalisation. Centralisation increases initially and then decreases over time.</td>
</tr>
<tr>
<td></td>
<td>Kikulis, Slack, &amp; Hinings (1995b)</td>
<td>Institutional theory can help explain the role that human agents and personal choice can play in determining structures of VSOs.</td>
</tr>
<tr>
<td></td>
<td>Amis &amp; Slack (1996)</td>
<td>Contrary to other research, as VSOs become larger, centralisation decision-making remains with the board.</td>
</tr>
</tbody>
</table>
Of particular relevance to this thesis is a study by Kikulis et al. (1989) who developed a structural taxonomy for provincial (state) Canadian amateur sport organisations based on the organisational dimensions of specialisation, standardisation and centralisation. The evolution of Canadian sport organisations in the 1980s to a more professional and bureaucratised form prompted the researchers to attempt to establish exactly what form this evolution had taken. The dimensions of change did not just relate to the management structure (the internal organisation of staff) but also to the issue of governance. The dimension of centralisation, representing the level and involvement of positions within the hierarchy in decision-making, is an important component of the governance construct. Kikulis et al. (1989) identified eight structural designs for VSOs, ranging in scale of complexity for the three structural dimensions. Theodoraki and Henry (1994), in a similar study to Kikulis, et al. (1989), defined a typology of structures for British sport governing bodies. They too utilised the structural elements of specialisation, standardisation and centralisation to distinguish between various structural designs.

Identifying design types for national level sport organisations was the focus of a study by Kikulis, et al. (1992) who used organisational values and organisational structure dimensions to identify three distinct designs – kitchen table, boardroom and executive office. Each design represents a distinct mix of organisational values which comprise: their orientation toward private or public interests; the domain of activities conducted (ranging from broad participation based to a focus on high performance results); the degree of professional involvement in decision-making; and the criteria used to evaluate effectiveness. These design types considered (in part) the concept of governance by assessing the values held by an organisation toward organising principles and the degree of centralisation of decisions undertaken by volunteers.

The impact of the introduction of paid professional staff on the structure of Canadian provincial VSOs was explored by Thibault et al. (1991). They found that specialisation and formalisation increased after the introduction of professional staff, but that centralisation, after initially increasing, actually decreased over time. It was suggested that centralisation increased because volunteer board members sought to
retain control over decisions, and then decreased as the relationship between board members and staff stabilised.

Kikulis, Slack and Hinings (1995b) studied the changes in specialisation, standardisation and centralisation of Canadian NSOs over a four year period. They found that incumbent volunteers resisted change across all three elements of organisational structure, highlighting the role of human agents and personal choice in determining organisational change outcomes. In interpreting the changes that occurred, they utilised institutional theory to explain the resistance of NSO board members to external forces (key funding bodies) attempts to institutionalise the management of these sporting organisations.

The relationship between size and organisational structure of national VSOs, including the decision-making structure, was the focus of a study by Amis and Slack (1996) who stated that much of the research into the relationship between organisational size and degree of centralisation suggested that as “organisations become larger, decision-making becomes more decentralised” (p.83). Amis and Slack (1996) found that as organisational size increases, control over organisational decision-making remains at the voluntary board level and concluded that the “central role of decision-making as a means of control and the desire for volunteers to retain this control” (p.84) meant that the boards of many sport organisations were reluctant to relinquish control to professional staff. This occurrence in sport organisations is similar to that experienced in other nonprofit organisations. As discussed earlier, Middleton (1987) described the board-executive relationship as a paradox, with its subsequent impact on what roles are assumed by the board and the executive in relation to decision-making.

In summary, the research that is related to board structures of VSOs has utilised organisational theory to a far greater extent than the nonprofit research reviewed earlier in this chapter. The use of the key concepts of complexity (or specialisation), formalisation (or standardisation) and centralisation to explore issues surrounding organisational structure is well established in the literature. Conceptualising board structure in terms of complexity, formalisation and centralisation appears to offer both a theoretically sound and empirically valid way of exploring the relationship
between board performance and board structure and is an approach adopted by this study.

Summary

This section has reviewed research into the structure of boards of nonprofit organisations, and for VSOs. Research carried out on the structure of nonprofit boards has not been developed in a cohesive manner, with many variations and measures used to investigate dimensions of structure. The research that has been conducted in relation to board structures of VSOs, however, has utilised organisational theory to a far greater extent. Conceptualising board structure in terms of complexity, formalisation and centralisation has been argued as a theoretically sound and empirically practical way of exploring the relationship between board performance and board structure. This study uses these three elements of organisational theory to conceptualise, analyse and interpret variations in board structures between effective and ineffective boards.

What follows is a detailed examination of the theoretical frameworks used and the research that has been conducted on board-executive relations within nonprofit organisations and VSOs. The subsequent section provides a synthesis of the theoretical frameworks and empirical research on board performance, board structures and board-executive relations before articulating a problem statement for the study.

Board-executive relations

Middleton (1987) observed that the perception of the board-executive relationship as “a partnership built on mutual trust and effective communication” (p.152) does not accurately depict practice and that the board-executive relationship may be regarded as a paradox. The board has ultimate responsibility for decisions yet their basis for making them depends on the information provided by the executive, an individual who is also “hired and can be fired by the board and needs the board for crucial external functions” (Middleton, 1987, p.152). The relationship between the board and executive could therefore be more accurately described as a dynamic interaction than a true partnership.
Identifying the elements that lead to effective board-executive relations in the prescriptive literature is difficult. Houle (1997) stated that “the relationship between the board and executive is a subtle one, usually built up over a long time” (p. 97). In practice, board members follow procedures developed by their predecessors, while executives are compared to previous incumbents. Accordingly, any change in the relationship between boards and executives involves a “great deal of interplay” (Houle, 1997, p.97). However, guidelines for how this interplay occurs, or how executives and board members might approach the development of their relationship, are not clear. Carver (1997) argued that while the relationship between the board and executive is crucial for effective board performance, it is also the least understood aspect of governance. To ensure an effective relationship, he suggested that the:

- Respective roles and expectations of the board and executive are clearly defined.
- Executive is only accountable to the board as a whole, rather than any single individual within the board.
- Executive is accountable rather than responsible for carrying out the wishes of the board.

The second major research question of this study attempts to examine the relationship between board performance and board-executive relations. The next section reviews the theoretical frameworks used and the research that has been conducted on board-executive relations within nonprofit organisations and VSOs.

**Empirical studies of nonprofit board-executive relations**

Exploring the relationship between boards and their executives has been the subject of several empirical studies (Golensky, 1993; Harris, 1989; Heimovics & Herman, 1990; Heimovics, Herman & Jurkiewicz, 1995; Herman & Tulipana, 1989; Murray, Bradshaw & Wolpin, 1992). As noted earlier, one of the differences between the prescriptive governance models centres on board-executive relations. It is not surprising then that researchers have focussed on exploring this issue. Empirical research that has been reported on board-executive relations has addressed questions such as the influence that the board and executive exert respectively in the leadership of the organisation, the distribution and use of power within nonprofit boards and organisations, and the increasing acceptance of the centrality of the executive in
providing leadership for both the board and the nonprofit organisation. These research efforts are summarised in chronological order in Table 2.5.

<table>
<thead>
<tr>
<th>Author</th>
<th>Research focus and findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harris (1989)</td>
<td>Self fulfilling cycles of expectations between the board and staff impacted on their respective roles</td>
</tr>
<tr>
<td>Herman &amp; Tulipana (1989)</td>
<td>The ‘duality’ of the executives’ position as both member of the dominant coalition and able to be fired by the Board accounts for much of the subtle interpersonal and political dynamics that often characterise board-executive directors’ relations.</td>
</tr>
<tr>
<td>Heimovics &amp; Herman (1990)</td>
<td>The executive is more central to the performance of the board than had previously been recognised</td>
</tr>
<tr>
<td>Murray, Bradshaw &amp; Wolpin (1992)</td>
<td>Five patterns of board power relations exist; the CEO dominated board; the Chair dominated board; the fragmented power board; the power sharing board; the powerless board.</td>
</tr>
<tr>
<td>Golensky (1993)</td>
<td>Discounted the notion of the partnership between the board and executive as too simplistic and that the five patterns of governance postulated by Murray, Bradshaw &amp; Wolpin (1992) were probably closer to describing the variations that occur within the board-executive relationship</td>
</tr>
<tr>
<td>Heimovics, Herman &amp; Jurkiewicz (1995)</td>
<td>More effective executives operate within a political framework and in so doing demonstrate leadership of the organisation</td>
</tr>
</tbody>
</table>

Harris (1989) used a case study analysis to explore issues associated with the implementation of the governing body role in voluntary organisations in the United Kingdom. Harris (1989) found that the concept of self-fulfilling cycles of expectations between the board and staff impacted on their respective roles. Staff may not share “professional and administrative information, decisions, and problems” (Harris, 1989, p.327) with their board for a variety of reasons. These could be to retain power by limiting access by the board to information, to save board members time, assuming that the board may not be interested, or having a perception that these things are not relevant to the work of a board. Whatever the motivations for this behaviour by staff, the effect on the board is the same. They are continually denied opportunities to fully participate and gain a complete understanding of the issues facing staff and therefore unable to focus on the key issues or make informed decisions. Subsequently, they are seen as “remote” or disinterested by staff, who continue the cycle of resisting the sharing of information and fully involving board members in the work of the organisation. Harris (1989)
made the point that the position of the executive may be a key determinant of the success of the governance structure with their ability to access and control information to both staff and the board.

A significant aspect of a study conducted by Herman and Tulipana (1989) focussed on exploring the quality of board-executive relations and its impact on the performance of the board. Board-executive relations are “multi faceted and could be characterized on many dimensions (eg., frequency, status differentials, trust, and communication patterns)” (Herman & Tulipana, 1989, p.50). One dimension that is frequently mentioned in the literature is the amount and distribution of influence that occurs within the internal workings of a board. Through a survey of board members and executives of seven nonprofit organisations, Herman and Tulipana (1989) found that participants “experience less actual influence than they think they should have” (p.56). Boards are not part of the technical core of nonprofit organisations, and are often far removed from daily decision-making processes. Herman and Tulipana (1989) also found that board members’ perceptions of their influence was “positively related to the frequency of board meetings and the extent to which board members feel informed of their duties” (p.56). This perceived lack of influence is also due in part to the existence of a ‘dominant coalition’, the group of individuals who truly control the organisation. This dominant coalition may include senior staff, the executive, some board members, and “representatives of major funders, regulatory and licensing agencies, and sometimes regional or national bodies in the same domain” (Herman & Tulipana, 1989, p.58). Herman and Tulipana (1989) concluded that:

Executive directors are frequently a very important part of the dominant coalition, and thus they are centrally involved in decisions about who to include on the board, as well as in training new board members and setting expectations. While executive directors are ordinarily part of the dominant coalition they are also employees, who are hired and fired by the board. It is this ‘duality’ that accounts for much of the subtle interpersonal and political dynamics that often characterise board-executive relations. Sometimes this duality is further exacerbated by substantial status differences between the executive director and the board members. (p.58)
These two studies have highlighted the importance of the position of the executive in being able to control information supplied to the board, the ability of the executive to exert substantial influence over decisions, and the potentially political nature of the board-executive relationship. These are important aspects of the board-executive relationship explored by this study.

Heimovics and Herman (1990) examined the reality of the board-executive relationship by adopting a social constructionist perspective. In identifying critical incidents facing their organisation, the overwhelming view of staff, executives and board members was that “the chief executive, not the board president, is assigned predominant responsibility” (Heimovics & Herman, 1990, p.68). Their research called into question the “prescriptive, taken-for-granted role and interpretation of final responsibility of boards for outcomes in the nonprofit organization” (Heimovics & Herman, 1990, p.70), and highlighted the idea that the executive is more central to the performance of the board than had previously been recognised.

Heimovics, Herman and Jurkiewicz (1995) continued this line of inquiry by exploring the political dimensions of leadership in nonprofit organisations. They summarised their previous research findings in this area thus: “effective chief executives understand the centrality of their leadership role and accept responsibility as initiators of action, with their boards, to find resources and revitalise the missions of their organisations” (Heimovics, et al, 1995, p.234). They termed this phenomenon as a belief in the “psychological centrality of the chief executive role in a hierarchy of responsibility for organizational outcomes … and explains the reason why … nonprofit chief executives are expected (by others and themselves) to take substantial responsibility for organizational outcomes” (Heimovics, et al, 1995, p.235). In their study of the political nature of the leadership of nonprofit organisations, they identified that more effective executives operate within a political framework and in so doing demonstrate true leadership of the organisation. They concluded that:

Effective nonprofit chief executives recognize that their organizations are part of a complex political system and behave accordingly. Effective executives use their political skill to understand and act on factors in their environment so as to advance the interests of their organizations (although both the effective
executives and those not deemed effective are much less willing to advocate the political frame than to enact it). (p.246).

Their study provided further evidence that the prescriptive notion of the board-executive relationship being a partnership is overly simplistic and does not adequately reflect reality.

These studies of board-executive relations concern the use and distribution of power within boards. Power can be defined as “an individual’s capacity to influence decisions” (Robbins & Barnwell, 1998, p. 223). Slack defined power as “the ability to get someone to do something they would not have otherwise done” (1997, p. 179). The concept of power can be used to analyse and explain the relationships between actors within an organisation such as the executive and their respective board chairs and board members. Pfeffer (1992) noted that “it is generally agreed that power characterized relationships among social actors” (p.405). The nature of the power that an individual is able to accumulate is only relative to the amount of power held by another actor, and may also vary according to the nature of decisions being undertaken.

Many studies into nonprofit boards (Golensky, 1993; Murray et al. 1992; Provan, 1980) have used power as a construct for exploring the dynamics of decision-making within boards and the nature of the relationship between boards and their executives. The board-executive relationship has been described variously as: (a) a partnership, (b) being part of a system where conflict exists between policy, management and service domains, (c) a source of conflict due to perceived or real differences in interests, and (d) as a dynamic interaction (Golensky, 1993). Much of the literature regarding nonprofit board power focuses on what the “ideal balance of power should be between the board and the CEO or top management team” (Murray, et al, 1992, p.166). However, in a wide ranging study of nonprofit voluntary organisations in Canada, Murray et al. (1992) identified five patterns of board power relations; the executive dominated board; the chair dominated board; the fragmented power board; the power sharing board; and the powerless board. The executive dominated board depends heavily on guidance from the executive and tends to make decisions with little argument or debate, looking to the executive and staff for direction. The chair
dominated board is controlled by the chair on the basis of charisma and personality, even intimidating other board members to side with their decisions. The fragmented power board is in constant conflict, with factional views making it hard to make decisions. Power is a constant topic and there is much competition for board positions. The power sharing board is based on principles of equality and democracy, with decisions sometimes taking a long time due to the need to reach consensus. The powerless board is best described as being unclear of its role, plagued with uncertainty, and with strong leadership absent from any source. Murray et al. (1992) concluded that the “existence of any given pattern does not necessarily guarantee either success or failure for the organization or the board” (Murray et al., 1992, p.180).

A qualitative study of the board-executive relationships within four nonprofit organisations by Golensky (1993) supported the work by Murray et al. (1992). By studying the relationship between boards and their respective executives over a period of time, Golensky (1993) was able to identify the “existence of alternative patterns of interaction within the leadership core not only from setting to setting but also at different times in the same organization” (p.188). The dominant view in the prescriptive literature at this time was that the board and executive worked in a true partnership on all occasions. Golensky (1993) however, noted that “under one set of conditions, the board and executive may constitute a partnership; the same individuals could become locked in a power struggle in other circumstances” (p.188). This research discounted the notion of the partnership between the board and executive as too simplistic and that the five patterns of governance postulated by Murray et al. (1992) were probably closer to describing the variations that occur within the board-executive relationship.

These two studies have highlighted the existence of a range of power patterns within nonprofit boards and their potential impact on the ability of the board to perform. The majority of research concerning power in organisations has focused on identifying the sources of power held by individuals. However, as this study focuses (in part) on the relationship between board performance and board-executive relations, the sources of power within the board will not be investigated. Rather, the
study identifies the patterns of power that exist within the board and explores their respective relationship with board performance.

In summary, the studies into board-executive relations have demonstrated that the relationship is complex and multi-faceted, and that any future study of the dynamics of the relationship needs to consider the:

- Existence of a range of power patterns within the board rather than a simple dichotomy between board or executive led leadership.
- Importance of the position of executive being able to control information supplied to the board and exert influence over decisions.
- Potentially political nature of the board-executive relationship.
- Use of adopting a social constructionist view of the board-executive relationship which will more closely reflect the practice of the dynamics in the relationship.
- Existence of a psychological belief in the centrality of the chief executive role in a hierarchy of responsibility for organisational outcomes.

The following section reviews empirical studies that have addressed the issue of board-executive relations within VSOs.

**Empirical studies of sport board-executive relations**

Board-executive relations in VSOs has been the subject of a handful of published research, only two of which have been conducted in Australia. Board-executive relations are a fundamental element of the decision-making process of VSOs and more research needs to be undertaken in this area. The research on nonprofit boards reviewed in the previous section has shown that board-executive relations impact on the decision-making process, and consequently may be related to board performance.

In the first reported study that empirically examined the role of the board of VSOs, Inglis (1997a) investigated the relevance of the roles ascribed to nonprofit boards to the boards of Canadian VSOs. An important foundation for the study was the notion of “a sense of changing roles of the board with an emphasis on the distinction between roles for the volunteer board members and roles for the paid staff” (Inglis, 1997a, p.162). The findings support the notion that the board role could be
conceptualised as comprising four elements – developing a mission, conducting planning functions, managing the executive director and a community relations role. The study identified significant differences between paid staff and volunteer perceptions of board performance and the importance of some roles. Inglis (1997a) concluded that further study should address “the dynamics of the relationship between board and staff … [and that these would] … advance the present knowledge of the governance of sport organizations” (p.175). A similar study was conducted by Shilbury (2001) that highlighted the increasing influence of paid staff in decision-making within VSOs.

The literature related to board-executive relations that has been undertaken in VSOs is relevant to both of the major research questions of this study. The studies relevant to board-executive relations (see Table 2.6) have addressed the dual issues of elements of board structure and board-executive relations. The centralisation of board structures within VSOs has been measured using perceptions of influence in decision-making held by volunteers and staff. Elements of board-executive relations have also been explored by examining changes in decision-making due to the professionalisation of VSOs in recent years through the introduction of increasing numbers of paid staff.

As discussed in the section on board structures, Thibault et al. (1991) investigated the changes in the structuring of voluntary sport organisations that occurred as a result of the introduction of paid professional staff. They found that after professional staff were hired, the degree of specialisation and formalisation of processes increased rapidly, but that the dimension of centralization did not change drastically (Thibault et al., 1991, p.93). Following the hiring of professional staff, the degree of centralisation increases with the volunteer board centralising the decision-making process, and then decreases, often to a point lower than before the commencement of the professional staff member. This pattern can be attributed to volunteers initially fearing the “challenge that professionals pose to the culture of voluntary sport organizations” (Thibault et al., 1991, p.93) and after a period of time becoming more comfortable with the notion of professionals’ involvement, or alternatively that professionals manage to somehow takeover the decision-making process. This study highlighted “a particular difficulty over control which could be a specific
consequence of volunteer – professional relations” (Thibault et al., 1991, p.95) and requires further empirical investigation.

Kikulis, Slack and Hinings (1995a) explored the control over decision-making within 36 Canadian national sport organisations, and noted that "decision making is perhaps the most complex and least understood organisational system critical to both organisational design and strategic change" (p.277). They found that while the majority of the organisations had been professionalised in recent years, the organisations maintained a volunteer controlled and professionally supported decision-making structure. Koski and Heikkala (1998) reached a similar conclusion in their study of the process of professionalisation that had occurred within Finnish NSOs. They found that volunteers had managed to maintain a certain level of control over decision-making, but that professionals had accumulated a significant amount of power in recent years.

<table>
<thead>
<tr>
<th>Author</th>
<th>Research focus and findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thibault, Slack &amp; Hinings (1991)</td>
<td>Increasing centralisation of decision-making due to the introduction of professional staff, followed by a reduction of centralisation as the board-executive relationship is developed</td>
</tr>
<tr>
<td>Kikulis, Slack &amp; Hinings (1995a)</td>
<td>Decision-making structures are volunteer controlled and professionally supported within VSOs employing professional staff</td>
</tr>
<tr>
<td>Inglis (1997b)</td>
<td>Volunteers and staff are involved and prefer to remain involved in certain types of decision-making within a board setting, and that the amount of influence exerted by various board members varied according to the type of decisions being made.</td>
</tr>
<tr>
<td>Koski &amp; Heikkala (1998)</td>
<td>Professionalisation of NSOs has increased, in particular the increase in power held by professional staff and board chairs.</td>
</tr>
<tr>
<td>Auld (1997a)</td>
<td>Both volunteers and professionals perceived that professionals had the most influence, that both groups perceived that the other should have more influence in the future, and that there were certain roles that were clearly perceived to be the responsibility of one group over another.</td>
</tr>
<tr>
<td>Auld &amp; Godbey (1998)</td>
<td>An important implication from the study was the recognition that the policy development / implementation split between volunteers and professionals may be too simplistic</td>
</tr>
<tr>
<td>Shilbury (2001)</td>
<td>Increasing influence of paid staff in decision-making within VSOs.</td>
</tr>
</tbody>
</table>
The difference in actual and preferred levels of influence on nine board functions for board members and staff of provincial sport organisations in Canada was the subject of a study by Inglis (1997b). Her study found that volunteers and staff are involved and prefer to remain involved in certain types of decision-making within a board setting, and that the amount of influence exerted by various board members varied according to the type of decisions being made. Auld (1997a) explored this phenomenon more directly by investigating the professionalisation of sport organisations and its effects on board and staff relationships. Specifically his study addressed the perceptions of influence in decision-making of volunteer and professional administrators of Australian NSOs and the factors that related to these perceptions. Auld found that both volunteers and professionals perceived that professionals had the most influence, and that both groups perceived that the other should have more influence in the future. Additionally, there were certain roles that were clearly perceived to be the responsibility of the volunteers over the executive and vice versa. The notion of the executive experiencing feelings of psychological centrality as argued by Heimovics et al. (1995) seems to warrant further investigation in relation to board staff relations in VSOs in Australia.

Applying a similar methodology to Canadian NSOs, Auld and Godbey (1998) found that influence in decision-making was not perceived as reciprocal between volunteers and professionals, and that some areas of decision-making were perceived to be the domain of either the professionals or volunteers. An important implication from the study was the “recognition that the policy development / implementation split between volunteers and professionals may be too simplistic” (Auld & Godbey, 1998, p.20). This finding highlighted the importance of further investigation into the role of the board and the relationship between the board and paid staff of VSOs. Clarifying what are the exact roles of the board and which of those roles are performed by volunteers or professionals is an important question to address.

In summary, these studies have demonstrated that the board-executive relationship within VSOs is as complex and multi-faceted as for nonprofit organisations. Slack (1997) noted that professional staff within VSOs had become very powerful in recent years, yet despite this, power was one of the most neglected topics in sport management. The research that has been completed has established that the control
over the decision-making process, a key aspect of board-executive relations, has been a major source of conflict between volunteer board members and executives. One of the reasons for its importance could be the potential of board-executive relations to determine the ability of the board to perform, a question that has not yet been addressed by any empirical research into VSOs. It has also been demonstrated that the literature related to board-executive relations that has been undertaken in VSOs is relevant to both of the major research questions of this study. Influence over the decision-making process within VSOs is not only a reflection of board-executive relations but also an indicator of the centralisation of the board, a key structural feature.

Summary

The board-executive relationship has attracted more research attention in the general nonprofit literature than for VSOs. The board-executive relationship has been shown to be complex and multi-faceted, with any future studies of the dynamics of the relationship needing to consider a range of issues. These include the importance of the position of executive being able to control information supplied to the board and exert substantial influence over decisions, the existence of a psychological belief in the centrality of the executive role in ensuring organisational outcomes, and the potentially political nature of the board-executive relationship. The existence of a range of power patterns within boards has also been identified rather than a simple dichotomy between board or executive led leadership.

The research has established that the control over the decision-making process, a key aspect of board-executive relations, has been a major source of conflict between volunteer board members and executives within VSOs. The question of whether the nature of board-executive relations is related to the ability of the board to perform, has been identified as a question that has not yet been addressed by any empirical research into VSOs. Decision-making processes have also been shown to be relevant to both of the major research questions of this study. Influence over the decision-making process within VSOs is an important element to explore in terms of board-executive relations and board structure.
The final section to this chapter synthesises the theoretical frameworks that have been used and the empirical research conducted on board performance, board structures and board-executive relations, before articulating the problem statement for this study.

**Synthesis and implications**

The governance of Australian VSOs has been cited repeatedly as an important issue requiring further empirical research (see Commonwealth of Australia, 1999). Articulating a clear role for the board and its executive, and creating appropriate structures for board activities are difficult to achieve. Developing and maintaining an effective working relationship between the board and executive, and conducting meaningful evaluations of board performance are also some of the many governance challenges facing Australia’s VSOs. While considerable research has been conducted on elements of governance of nonprofit voluntary organisations overseas, very little has been undertaken in Australia. Further, while elements of governance have been studied amongst VSOs, a review of literature revealed that there have been only four published studies that have specifically examined the boards of VSOs, only one of which was conducted in Australia.

This chapter has outlined the differences between management and governance, and the differences between corporate and nonprofit governance frameworks. The value of drawing on the wider nonprofit research literature to inform this study has also been established. In general, the few reported empirical studies related to sport governance support the findings of the studies reported in the wider nonprofit governance literature. These include: the role of the general nonprofit board is similar to the role of the nonprofit voluntary sport board; that the decision-making role is at the heart of the relationship between boards and their executives; and, that assessments of the performance of the board differ between constituents.

Three models of nonprofit governance and the differences between them were identified. These differences related to the manner in which boards are structured, the board-executive relationship, and responsibility for and the measurement of board performance. It was also established that the extent to which any of these
models are present within VSOs has not been investigated empirically. This study focuses on these key differences between the models of nonprofit governance, by exploring the relationship between board performance, board structures and board-executive relations.

While a number of efforts to explore board performance have been reported in the nonprofit literature, similar studies of VSOs do not exist. There is a gap in the knowledge of how the boards of VSOs are performing or indeed how board performance might be measured for these organisations. In seeking to select an appropriate theoretical framework for the assessment of board performance for this study, the utility of adopting a social constructionist perspective has been identified. The context within which boards operate in a practical sense appears to support the use of such an approach. The workings of a board are often only known to those people who are a member or work closely with the board. It is difficult, without any clear objective measures available for others outside the board to pass judgement on their performance (Herman & Renz, 1997). Adopting a social constructionist approach, which relies on those people intimately involved with the board to pass judgement on the board's performance using a range of criteria, offers a solution. A reliable scale using this approach is available for the assessment of board performance (Slesinger, 1991), and has been used by previous researchers (Herman & Renz, 1997, 1998, 2000).

A review of the research carried out on the structure of nonprofit boards has shown that such research has not been developed in a cohesive manner, with many variations and measures used to investigate dimensions of structure. Research related to board structures of VSOs, however, has utilised classic organisational theory to a far greater extent than research of nonprofit board structures. It has been established that the relationship between board structure and board performance of VSOs has not been examined empirically. Conceptualising board structure using classic organisational theory (complexity, formalisation and centralisation) appears to offer both a theoretically sound and empirically valid way of exploring this relationship.
The concept of board-executive relations has attracted more research attention in the general nonprofit literature than for VSOs. The board-executive relationship has been shown to be complex and multi-faceted, with any future studies of the dynamics of the relationship needing to consider a range of issues. These include the importance of the position of executive being able to control information supplied to the board and exert substantial influence over decisions, the existence of a psychological belief in the centrality of the executive role in ensuring organisational outcomes, and the potentially political nature of the board-executive relationship. The existence of a range of power patterns within boards has also been identified rather than a simple dichotomy between board and executive leadership. The research related to board-executive relations amongst VSOs has established that the control over the decision-making process, a key aspect of board-executive relations, has been a major source of conflict between volunteer board members and executives. The question of whether the nature of board-executive relations is related to the ability of the board to perform has not yet been addressed by any empirical research into VSOs. Using the concept of power to provide an analytical and interpretative framework to explore the nature of board-executive relationships has also been identified.

**Problem statement**

The focus of this study was to investigate the relationships between board performance, board structures and board-executive relations for Australian VSOs. Two major research questions were developed. The first major research question was “What is the relationship between board performance and board structure in Australian VSOs?” Board structure was conceptualised as three distinct elements: complexity, formalisation, and centralisation. Accordingly, a separate sub question was developed for each of these elements.

a) What is the relationship between board performance and board complexity in Australian VSOs?
b) What is the relationship between board performance and board formalisation in Australian VSOs?
c) What is the relationship between board performance and board centralisation in Australian VSOs?
The second major research question was “What is the relationship between board performance and board-executive relations in Australian VSOs?” This question was broken into two sub questions:

a) What is the relationship between board performance and board power patterns for Australian VSOs?

b) What is the relationship between board performance and the nature of board-executive relations for Australian VSOs?

The following chapters specify the methodology used, present and discuss the results obtained, draw conclusions, and explain implications for theory building, organisational practice and future research.
CHAPTER 3
METHODOLOGY

The purpose of this chapter is to explain the procedures used to explore the research questions outlined in chapter 2. The chapter discusses the research design, the selection of cases, the sampling frame and selection of subjects, instrumentation, pilot study, data collection procedures, and treatment of the data.

Research design
The focus of this study was to investigate the relationship between board performance, board structures and board-executive relations for Australian VSOs. The research design sought firstly, to identify two groups of VSOs whose boards could be considered to be performing effectively versus ineffectively. This was done using a panel of experts to identify VSOs whose boards were perceived to be performing either effectively or ineffectively. If it could be demonstrated that the boards of these VSOs were performing at relatively different levels, then these boards could be regarded as effective versus ineffective. Identifying and analysing the differences between these two groups of boards in terms of their board structures and board-executive relations would then form the basis for the remainder of the study. In this way the relationship between the dependent variable (board performance) and each of the two dependent variables (board structure and board-executive relations) could be explored.

The dependent variable, board performance, was operationalised as the perceptions of board performance that individuals (executives, board chairs, and board members) held of their respective boards. The independent variables were board structure, and board-executive relations. Board structure was operationalised as formalised elements of governance structure (complexity, formalisation and centralisation). Board-executive relations was operationalised as the perceptions that individuals (executives, board chairs, and board members) held firstly, of the patterns of board power that existed within the board, and secondly, the nature of board-executive relations.
In order to collect data on each of these three variables, four stages of data collection were undertaken:

- Stage 1: Structured interviews of the executives of each organisation.
- Stage 2: Collection of documents relating to the board and background of each organisation.
- Stage 3: Self-administered questionnaire of executives, board chairs and board members.
- Stage 4: Semi-structured interviews with the executive, board chair and one board member from each organisation.

The research design utilised both quantitative and qualitative methods and conducted statistical analysis of questionnaire data and qualitative analysis of transcripts of the semi-structured interviews.

Table 3.1 outlines how each dependent and independent variable was operationalised and the procedure employed to gather data on the variables at each stage of data collection. The instrumentation utilised for each of the four stages of data collection is explained in subsequent sections of this chapter.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Procedure</th>
<th>Sample</th>
<th>Operational Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Structured interviews of executives</td>
<td>7 executives</td>
<td>Board structure (complexity and formalisation)</td>
</tr>
<tr>
<td>2</td>
<td>Identification and collection of board documents</td>
<td>7 executives</td>
<td>Board structure (complexity and formalisation)</td>
</tr>
<tr>
<td>3</td>
<td>Self-administered questionnaire of executives, board chairs and board members</td>
<td>7 executives, 7 board chairs, 39 board members</td>
<td>Board structure (centralisation), Board- executive relations (power patterns), Board performance</td>
</tr>
<tr>
<td>4</td>
<td>Semi-structured interviews of executives, board chairs and selected board members</td>
<td>7 executives, 7 board chairs, 7 board members</td>
<td>Board- executive relations (nature of board-executive relations), Board performance</td>
</tr>
</tbody>
</table>
Olafson (1990) criticised the quality of sport management research and identified a need to improve the quality of research methods, specifically with “more rigorous research designs and analyses than has been the case” (p.117). In particular, he argued that future research efforts should “consider the use of more than a single data source, must use repeated data collection procedures, should use multiple data gathering methods, and must use valid instruments” (Olafson, 1990, p.117). Slack (1996) supported this view with his call “to broaden the approaches to research that we use in our field” (p.103), in particular the need for more qualitative approaches. Lee (1999) argued for the use of both quantitative and qualitative methods on organisational research. This study sought to avoid such criticisms through triangulation. Many researchers have advocated the use of triangulation as a way of overcoming problems of validity or bias (Minichiello et al., 1995). Triangulation can be interpreted as the “combination of different techniques of collecting data in the study of the same phenomenon” (Minichiello et al., 1995, p.187) and can be achieved by data source, method, researcher, theory, or data type (Denzin, 1978; Miles & Huberman, 1994). The research design for this study employed the concept of triangulation through a variety of data collection instruments, data sources, and data types in order to provide stronger substantiation of the research findings and to aid in the analysis and interpretation of the data.

The following section explains the sampling frame and procedures used for the identification of the two groups of VSOs whose boards were considered to be performing effectively versus ineffectively. Subsequent sections explain the sampling frame and procedures used for the selection of subjects, instrumentation, pilot study method, data collection procedures, and treatment of the data.

**Selection of effective and ineffective VSOs**

State Sporting Organisations (SSOs) were chosen as the organisational type for the study as this would enable the results to be generalised across a variety of VSOs that employed paid staff. The head offices of each Victorian SSOs were also located in the metropolitan area and were therefore accessible to the researcher. The case organisations were drawn from Victorian SSOs that were: (a) recognised by the Victorian Department of Sport and Recreation as a SSO; and, (b) employed a full-time, paid executive to manage the operation of the organisation.
At the time of the study there were 140 SSOs in Victoria, of which 45 employed a paid executive. A staff member from the Victorian Department of Sport and Recreation was consulted to ensure that the list of SSOs with paid executives was accurate. The sample was limited to those SSOs with a paid executive because one of the major research questions focussed on the key issue of board-executive relations and its relationship with board performance.

A panel of 10 experts selected by the researcher was used to identify a set of effective and ineffective cases. All panel members had extensive experience and contact with the SSOs in the course of their roles working for funding agencies, major event organisers, lobby groups, professional associations or elite athlete support agencies, and therefore brought a range of perspectives to bear on the issues of effective governance. The panel members were selected on the basis of their position with these key organisations as either a current or previous employee. Individuals agreed to participate on the panel on the basis that their individual responses could not be identified.

Each panel member received a covering letter (see Appendix 1) explaining the aim of the research project, a statement ensuring confidentiality of their responses, instructions for completing the questionnaire, the contact details of the researcher, a reply paid envelope and the questionnaire containing the list of 45 SSOs which employed paid executives (see Appendix 2). Each questionnaire was coded to facilitate data collection from potential non-respondents. The questionnaire required respondents to independently identify five SSOs whose boards they believed to be performing effectively and five SSOs whose boards they believed to be performing ineffectively. No specific criteria were provided to the panel members as it was expected, based on the social constructionist approach, that each would utilise a variety of criteria to make their judgements. These judgements would be made on the basis of individual panel members’ perceptions of the organisations due to the different manner in which each of the panel members had interacted with the organisations. The questionnaires were administered between March and April, 2001.
Each individual panel member identified between two and six SSOs whose boards they perceived to be effective, and between two and five SSOs whose boards they perceived to be ineffective (see Table 3.2). A total of 19 different organisations were cited as having effective boards, while 21 different organisations were cited as having ineffective boards. Only three of the organisations were not categorised clearly as having either an effective or ineffective board. One organisation was cited once in both categories, one organisation was cited twice as effective and once as ineffective, while another organisation was cited twice in both categories. The results of the questionnaire administered to the panel are provided in Appendix 3.

The four SSOs cited most frequently in each of the effective and ineffective categories were selected as cases. The selection of eight cases enabled sufficient quantitative and qualitative data to be collected in order to conduct an analysis of the differences between the two categories. It should be noted that the names of the cases have been replaced with pseudonyms to ensure anonymity for the organisations and subjects who participated in the study. The four effective cases were renamed Eff₁, Eff₂, Eff₃, and Eff₄ and were cited seven, six, five and four times respectively. The four ineffective cases were renamed Ineff₁, Ineff₂, Ineff₃ and Ineff₄ and were cited seven, six, six and five times respectively by the panel. None of the cases were cited in both categories.

Each of the eight SSOs was contacted by telephone to seek agreement to participate in the study and to confirm that it did not plan to change board membership during the data collection period (ie: were not conducting an Annual General Meeting to elect new members of the board during the data collection period). The nature and purpose of the study was explained to the executives via a letter (see Appendix 4), which assisted in eliciting their support and commitment to the study. Seven out of eight SSOs agreed to participate in the study. One of the SSOs categorised as ineffective (Ineff₂) did not have a paid executive employed during the period of the study, and although attempts to appoint a new executive were made on two occasions during the data collection period (which would have allowed the researcher to commence data collection), both were unsuccessful. As board-executive relations were an important aspect of the study, the organisation was deleted from the study. A substitute case was not selected due to time constraints.
### Table 3.2

Identification of SSOs by expert panel

<table>
<thead>
<tr>
<th>Panel Member No.</th>
<th>Sport Industry Sector</th>
<th>Panel Member’s Role</th>
<th>Effective</th>
<th>Ineffective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Government Sport Department</td>
<td>Manager Major Projects</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>State Government Sport Department</td>
<td>Manager SSO funding scheme</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Health Promotion Agency</td>
<td>Former Manager SSO sponsorship</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Health Promotion Agency</td>
<td>Manager SSO sponsorship</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>State Sports Federation</td>
<td>Chief Executive Officer</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>State Sports Federation</td>
<td>Former Chief Executive Officer</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Elite Sports Institute</td>
<td>Chief Executive Officer</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Professional Association of Sport Administrators</td>
<td>Chief Executive Officer</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>State Government Education Department</td>
<td>Manager Sport Program</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Major Event Organising Body</td>
<td>Operations Manager</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Total organisations cited: 43 45
Total different organisations cited: 19 21

Eisenhardt (1989) stated that the selection of cases for research can be made for the purpose of providing examples of polar types, particularly when the focus of the study is “transparently observable” (p.537). Further, “while the cases may be chosen randomly, random selection is neither necessary, nor even preferable (Eisenhardt, 1989, p.537). However, the cases themselves were not the focus of the study. By selecting dichotomous cases, the differences between the groups of cases in the areas of board structure and board-executive relations had greater potential to be highlighted. While the use of a panel of experts had identified these two groups as effective versus ineffective in governing their respective sports, the board performance of each of the cases within the groups had to be established. The procedures used to measure the board performance of these cases, and to gather data
relating to their board structures and board-executive relations are described in the following sections.

**Sampling frame and selection of subjects**

**Units of analysis**
The principal units of analysis were the boards of SSOs that had been identified as either effective or ineffective in the governance of their respective sport by the panel of experts. Individuals within SSOs whose role was either as a volunteer board member or paid executive were also a focus of the study for several reasons. Firstly, board members and executives are responsible for the strategic direction of sport organisations through the working of boards and committees. Secondly, board members and executives interact primarily through board processes and within a formal board structure. As such, from a social constructionist perspective, they are in the best position to make assessments of the performance of their respective boards, and the relationships that exist between the board and the executive. Finally, the executive of these boards had access to the information regarding formal board structures.

**Sample for structured interviews (Stage 1)**
The executives of the seven cases were used for the structured interviews in Stage 1 of the data collection process. The purpose of the structured interviews was to collect data on board structures, specifically board complexity and board formalisation. It was assumed that the executive of each case organisation would have access to the information regarding formal board structures.

**Sample for collection of board documents (Stage 2)**
The executives of the seven cases were used as the contact point for the identification and collection of board documents in Stage 2 of the data collection process. In each case it was assumed that the executive would have access to the documents regarding formal board structures.

**Sample for self-administered questionnaire (Stage 3)**
All executives, board chairs and board members (64 individuals) from the seven cases were selected to participate in the self-administered questionnaire in Stage 2 of
the research design. The purpose of the questionnaire was to collect data from executives, board chairs and board members on their perceptions of board centralisation, patterns of board power, and board performance. By employing a social constructionist approach, the perceptions of executives, board chairs and board members were used to conduct a comprehensive analysis of the boards of each organisation. A total of 53 self-administered questionnaires were returned from the sample of 64. The executives and board chairs from each organisation all returned their questionnaires, which together with 39/50 board members (78%) generated an overall return rate of 82.8%. The number of board members from each organisation who returned their questionnaires ranged from a low of 4/7 (57.1%) to a high of 6/6 (100%).

Sample for semi-structured interviews (Stage 4)
In total, three respondents were selected for interview from each of the seven case organisations, making a total of 21 interviews. All potential interview subjects agreed to be interviewed. The executives and board chairs of all seven cases were selected for interview, as well as a single board member from each case. The perceptions of these individuals in their respective positions was an important element of the study, particularly in exploring the relationship between board performance and board-executive relations.

Only the board members who had returned a self-administered questionnaire (total 39/50) in Stage 3 of the study and had served on their respective board for more than 12 months (total 30/39) were identified for potential selection. The self-administered questionnaire included a question on the length of time individuals had served on the board, so non respondents to the self-administered questionnaire were excluded from the possible sample for interviews. One board member was randomly selected from this list from each case. The criterion for selection of individual board members was imposed to ensure that interview subjects had at least experienced the workings of their board for a full year. That subjects had completed a self-administered questionnaire in the months leading up to their interview was assumed to not have had any impact on the responses they provided during the interview.
Instrumentation

Three data collection instruments were developed for the study: A structured interview schedule for Stage 1, a self-administered questionnaire for Stage 3, and a semi-structured interview schedule for Stage 4.

Stage 1 Research instrument: Structured interview schedule

A structured interview schedule for executives was designed to collect data about the structure of the board and general background information regarding the organisation. A copy of the interview schedule appears in Appendix 5. The structural characteristics of the board were selected on the basis of organisational theory and empirical research reviewed in the previous chapter. They included board complexity, formalisation and centralisation. Data regarding board complexity and formalisation were collected during this stage, while data concerning board centralisation were collected in Stage 3.

Board complexity was measured in four ways; board size, board turnover, horizontal differentiation, and vertical differentiation. The schedule of items used to measure complexity is displayed in Table 3.3.

Board size was determined to be the number of board members specified in the organisation’s constitution. The board size had not changed in the previous three years in any of the seven organisations studied. Board turnover was determined by calculating the ratio of new board members elected or appointed to the board in the previous three years to the size of the board. Horizontal differentiation of the board was measured in two ways. The first was the number of standing sub committees of the board in existence at the time of the study. The second was the number of board members allocated specific roles or portfolios within the board (Bradshaw et al., 1992). Vertical differentiation of the board was estimated to be the existence of either or both an executive committee or the existence of sub committees of the board, consistent with measures used by Bradshaw et al. (1992).
### Table 3.3

**Schedule of items used to measure board complexity**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Structured interview item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Size</td>
<td>Number of board members</td>
</tr>
<tr>
<td>Board turnover</td>
<td>Number of new board members elected or appointed in previous three years</td>
</tr>
<tr>
<td>Horizontal differentiation</td>
<td>Number of sub committees of the Board</td>
</tr>
<tr>
<td></td>
<td>Number of board members with formal roles / portfolios</td>
</tr>
<tr>
<td>Vertical differentiation</td>
<td>Number of decision-making levels within the board (ie: executive committee and/or sub committees exist)</td>
</tr>
</tbody>
</table>

Based on the work of Bradshaw et al. (1992) and Herman et al. (1997) the degree of formalisation of the board was estimated as the extent to which certain board processes were used. The use of a total of 30 board processes were investigated. These processes included: limits to the total and consecutive terms of board members and board chairs; descriptions of the role of the board and board members in the Constitution and governance documents; and, whether board membership was limited to club or association delegates directly elected by the membership. The items also included processes such as the use of a board manual for the management of board work, the use of competitive hiring processes for the executive, board evaluation processes and whether the board profile is used in the recruitment of new board members. For each board process, their use by the board was recorded as a yes or no for each case. The schedule of items used to measure the formalisation of the board is displayed in Table 3.4.
<table>
<thead>
<tr>
<th>Item no.</th>
<th>Structured interview item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Limits to the total number of terms of board members</td>
</tr>
<tr>
<td>2</td>
<td>Limits to the consecutive number of terms of board members</td>
</tr>
<tr>
<td>3</td>
<td>Limits to the total number of terms an individual can serve as board chair</td>
</tr>
<tr>
<td>4</td>
<td>Limits to the consecutive number of terms an individual can serve as board chair</td>
</tr>
<tr>
<td>5</td>
<td>Description of the role of the board in the Constitution</td>
</tr>
<tr>
<td>6</td>
<td>Description of the role of the board in governance documents</td>
</tr>
<tr>
<td>7</td>
<td>Description of the role of individual board members in the Constitution</td>
</tr>
<tr>
<td>8</td>
<td>Description of the role of individual board members in governance documents</td>
</tr>
<tr>
<td>9</td>
<td>Board able to co-opt people from outside the organisation.</td>
</tr>
<tr>
<td>10</td>
<td>Nominating or board development committee</td>
</tr>
<tr>
<td>11</td>
<td>Board profile used in recruiting new members</td>
</tr>
<tr>
<td>12</td>
<td>Nominees interviewed</td>
</tr>
<tr>
<td>13</td>
<td>Written selection criteria for board members</td>
</tr>
<tr>
<td>14</td>
<td>Board manual</td>
</tr>
<tr>
<td>15</td>
<td>Orientation for new board members</td>
</tr>
<tr>
<td>16</td>
<td>Written policy about attendance at board and committee meetings</td>
</tr>
<tr>
<td>17</td>
<td>Written policy on dismissal for absenteeism</td>
</tr>
<tr>
<td>18</td>
<td>Absenteeism policy enforced</td>
</tr>
<tr>
<td>19</td>
<td>All board members have office or sub committee responsibility</td>
</tr>
<tr>
<td>20</td>
<td>Annual board retreat conducted for planning</td>
</tr>
<tr>
<td>21</td>
<td>Collective board self evaluation conducted</td>
</tr>
<tr>
<td>22</td>
<td>Board self evaluation used</td>
</tr>
<tr>
<td>23</td>
<td>Evaluation undertaken of individual board members</td>
</tr>
<tr>
<td>24</td>
<td>Members receive feedback from individual evaluations</td>
</tr>
<tr>
<td>25</td>
<td>Board uses competitive hiring process for Executive</td>
</tr>
<tr>
<td>26</td>
<td>Board process for Executive performance appraisal</td>
</tr>
<tr>
<td>27</td>
<td>Recognition of retiring board members for their service</td>
</tr>
<tr>
<td>28</td>
<td>Agenda and minutes distributed prior to meetings</td>
</tr>
<tr>
<td>29</td>
<td>Board usually uses consensus decision-making processes</td>
</tr>
<tr>
<td>30</td>
<td>Executive has some role in nominating new board members</td>
</tr>
</tbody>
</table>
Stage 3 Research instrument: Self-administered questionnaire

The second instrument developed for the study was a self-administered questionnaire (see Appendix 6) designed to elicit responses about individuals’ perceptions of board performance, board structure and board-executive relations. The self-administered questionnaire also sought selected demographic characteristics from the respondents in order to describe the characteristics of the individuals involved with the boards.

The 11 item Self Assessment for Nonprofit Governing Boards Scale (SANGBS) developed by Slesinger (1991) was adapted to assess perceptions of board performance. One of the items “Giving and soliciting contributions” was deleted from the scale because it was not considered relevant to the boards of VSOs. In addition one item “Executive selection and review and working relationship between board and executive” was considered too complex and was split into two items; (a) Executive selection and review, and (b) Working relationship between board and executive. Respondents were asked to indicate on a five point Likert scale 1 (very poor) to 5 (very good) their perception of their board’s performance for each item.

The scale was used by Herman and Renz (1997) who determined it to be a reliable and valid measure of board performance. Using factor analysis, they found the 11 items constituted a single factor, and also justified the validity of the scale "because it has been widely used with boards and is considered meaningful by board members" (Herman & Renz, 1997, p. 192). The face validity of the scale used in this study was established by checking the appropriateness of each of the items with the board members, board chair and executive of the SSO used for the pilot study. Herman and Renz (1997) reported a Cronbach alpha of .89 for the scale, indicating high reliability.

Data regarding the degree of centralisation of the board were also collected through the self-administered questionnaire. Centralisation is defined as the locus of authority for decision-making (Thibault et al., 1991; Slack & Hinings, 1992). The degree of centralisation of the board was measured by respondents indicating their perceptions of the amount of influence the executive, board chair and board members had in relation to decision-making at board level across ten areas of decision-
The ten items were based on an approach used by Herman and Tulipana (1989), Searle (1989), and Auld and Godbey (1998) in studies investigating the level of influence of executives and board members in decision-making. Searle (1989), who used a nine item scale, justified the face validity of the scale as being "determined through the use of an appropriateness and relevancy scale" (p.358) sent to respondents in a pilot study. Similarly, this study determined the face validity of the scale by checking the appropriateness of each of the ten items with the board members, board chair and executive of the SSO used for the pilot study. Searle (1989) found his nine item scale to be reliable (Cronbach Alpha's ranged from .81 to .86 for the four different applications of the scale) as did Auld and Godbey (1998), who found their scales revealed Cronbach Alpha's ranging from .76 to .85.

For each item concerning decision-making at board level, respondents were asked to indicate their perceived level of personal influence and their desired level of personal influence. Alternative responses included: 1 (little or no influence), 2 (some influence), 3 (quite a bit of influence), 4 (a great deal of influence), and 5 (a very great deal of influence). In addition, each respondent was asked to indicate their perceptions of actual influence and desired levels of influence for the other categories of respondents. This meant that each respondent rated each item six times. Accordingly, there were three forms of this measure developed, one for the executives, one for board chairs and one for board members, each with slightly different wording for the item stems.

One dimension of board-executive relations, board power patterns, was measured using the instrument developed by Murray et al. (1992). The instrument required respondents to rate on a five point Likert-like scale 1 (not at all close) to 5 (very close), the extent to which they agree or disagree that each of five statements accurately depict the pattern of board power relations on their board. Although the five statements incorporated the executive dominated board, chair dominated board, fragmented power board, power sharing board and the powerless board, they were not labelled as such (see Appendix 6).

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1It should be noted that Inglis (1997b) used perceptions of the amount of influence executives and board members had in relation to decision-making as an indicator of board-executive relations (see Chapter 2).
The final section of the questionnaire collected data on the demographic characteristics and board involvement of the respondents and used items based on those used by Murray et al. (1992). These items included the number of hours spent on board business per month, number of board meetings attended in previous 12 months, number of committees involved in, number of years on the board, and other roles played in the organisation. In addition, data on the age, gender, education level, and employment status of respondents were collected.

**Stage 4 Research instrument: Semi-structured interview schedule**

The third data collection instrument developed for the study was a semi-structured interview schedule for executives, board chairs and board members. The focus of the semi-structured interviews was to gather qualitative data on board performance, board structure, and board-executive relations. The interview schedule consisted of a series of general questions with prompts to remind the researcher to probe further on particular topics (see Appendix 7).

**Pilot study**

A pilot study was conducted primarily to clarify respondent understanding of the self-administered questionnaire and the interview schedules. The pilot study, incorporating all three research instruments, was conducted on a single Victorian SSO in April, 2001. The SSO was randomly selected from the list of SSOs that were not selected as cases.

A structured interview was conducted with the executive of the SSO to clarify wording of the interview schedule. As a result minor modifications were made to clarify the wording of several items. For example, the original wording of the item "what has been the turnover of board members for the previous three years?" was changed to "how many different board members have been appointed or elected in the previous three years?"

The self-administered questionnaire was shown to eight board members, the board chair and the executive of the same SSO to clarify wording of the questionnaire items. In particular, the wording for items that were part of the Self Assessment for Nonprofit Governing Boards Scale (Slesinger, 1991), and the scale measuring
perceptions of influence in decision-making were checked to ensure respondents understanding. No changes to any of the items were necessary.

A semi-structured interview was conducted with the board chair of the SSO to clarify wording of the interview questions. As a result of the pilot study, minor modifications were made to clarify the wording of two items to be included in the semi-structured interview schedule.

**Data collection procedures**

Consistent with the research design outlined previously in Table 3.1, data collection was undertaken in four discrete stages:

- **Stage 1:** Structured interviews of the executives of each organisation.
- **Stage 2:** Collection of documents relating to the board and background of each organisation.
- **Stage 3:** Self-administered questionnaire of all executives, board chairs and board members.
- **Stage 4:** Semi-structured interviews with the executive, board chair and one board member from each organisation.

Prior to undertaking data collection, ethical clearance was obtained by the researcher from the relevant University body (see Appendix 8).

**Stage 1 - Structured interviews**

Each potential interviewee was contacted by telephone to explain the purpose and nature of the interview in relation to the study and to seek consent to be interviewed. All potential interviewees agreed to be interviewed. Interviews were conducted at the office of the respective SSO and took approximately 30 to 45 minutes to complete. The interview schedule was provided to the subjects in advance to facilitate timely and accurate collection of data. The interviews were not taped. Responses to each of the items on the interview schedule were recorded directly onto the interview schedule. The interviews were conducted in the following order: Eff1, Ineff1, Eff2, Ineff2, Eff3, Ineff3, and Eff4. A total of seven interviews were conducted during May, 2001.
Stage 2 - Document collection

Documents related to board structures and the backgrounds of each organisation were collected at the conclusion of the structured interviews. The request for the documents was made at the same time as arranging interview times with each interviewee. The documents that were requested included constitutions, annual reports for the previous three years, board manuals, board induction kits, and performance reviews of the board. The availability of documents from each organisation varied, but the constitutions and current annual reports were collected from all seven organisations. Altogether, 39 documents consisting of 7 constitutions, 17 annual reports, and 15 other board related documents were collected from the 7 case organisations (see Appendix 9). In all cases, the documents provided to the researcher were copies that were made available by the executives of each organisation. The researcher did not seek access to any other files or other records of the organisations. The contents of the documents were used to verify the information regarding board structures provided by the executive in Stage 1 of data collection (structured interviews). The documents also provided background information on each organisation such as the number of registered organisational members, and the number of years the organisation had been in existence. Annual reports were collected only for the three years prior to the study to help ensure the organisational data related to the current board membership as much as possible.

Stage 3 - Self-administered questionnaire

The third stage of data collection involved the distribution of self-administered questionnaires to all executives, board chairs, and board members from each of the seven cases. The questionnaire elicited data regarding perceptions of board performance, board centralisation and board-executive relations, as well as selected demographic characteristics of respondents. Each subject received a covering letter (see Appendix 10) explaining the aim of the research project, a statement ensuring confidentiality of their responses, instructions for completing the questionnaire, the contact details of the researcher, a reply paid envelope and the questionnaire. Each questionnaire was coded to facilitate data collection from potential non-respondents.

The executives of each organisation were reluctant to provide contact details for individual board members so the questionnaires were distributed to the sample via
the executive for each organisation. In order to allow each executive time to distribute the questionnaires and for respondents to return the questionnaires, a reminder letter (see Appendix 11) with an accompanying questionnaire and reply paid envelope was sent to non-respondents (via the executive) one month after the questionnaires were supplied to executives for distribution. A further one month after this reminder was sent, a third and final letter (the same as the first reminder letter - see Appendix 11) with an accompanying questionnaire and reply paid envelope was sent to non-respondents, again via the executive. The questionnaires were administered between May and August, 2001.

Stage 4 - Semi-structured interviews
Stage 4 of data collection consisted of semi-structured interviews with executives, board chairs and a sample of board members focussing on board performance. These interviews enabled additional data to be collected on the three major variables of the study; board performance, board structure and board-executive relations. These data were used to triangulate the results in order to provide stronger substantiation of the research findings. For example, the interviews allowed issues such as board-executive relations to be explored in more detail, and how elements of board structures were perceived to impact on board performance.

The telephone numbers of interviewees were obtained from the executives from each organisation. Each potential interviewee was contacted by telephone to explain the purpose and nature of the interview in relation to the study and to seek consent to be interviewed. All potential interviewees agreed to be interviewed. Interviews were conducted either at the interviewees’ place of work, at their home, or at the office of the respective SSO, whichever was most convenient to the interviewee. Each interview was between 30 and 45 minutes duration and was audio recorded and transcribed verbatim for later analysis. The interviews (21 in total) were conducted over a period of 10 weeks, between August and October, 2001.

In order to focus on the factors associated with the differences in board performance between effective and ineffective cases, interviews were conducted in a strict order, alternating between effective and ineffective cases (see Table 3.5). This enabled the researcher to modify and add questions as each successive interview was conducted
so that as issues arose within each case, they could be pursued in the interviews with individuals from subsequent cases. By using this process of convergence, each issue was considered for both effective and ineffective cases. The interviews within each case were conducted in the following sequence: first, executive; second, board chair; and third, board member. Table 3.5 illustrates the sequence in which interviews were conducted.

The recursive model of interviewing was employed, where open-ended questions were asked to encourage a broad range of information from the respondent, and more specific questions subsequently asked as the interview progressed. For example, an interview would start with the question “How is your board currently performing?” Subsequent questions would follow up the interviewee’s answer by seeking clarification if required, exploring issues about why the board may be performing in the manner described by the interviewee, or asking the interviewee to expand on an issue raised in their answer. This approach was supported by Eisenhardt (1989) who maintained that the aim of the researcher is to understand each case individually and in as much detail as possible. Rather than view such an approach as unsystematic, it should be seen as the researcher taking “advantage of the uniqueness of a specific case and the emergence of new themes to improve resultant theory” (Eisenhardt, 1989, p.539).

Table 3.5
Sequence of semi-structured interviews

<table>
<thead>
<tr>
<th>Case</th>
<th>Identification by expert panel members</th>
<th>Executive</th>
<th>Board Chair</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eff₁</td>
<td>Effective (cited 7 times)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Ineff₁</td>
<td>Ineffective (cited 7 times)</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Eff₂</td>
<td>Effective (cited 6 times)</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Ineff₂</td>
<td>Ineffective (cited 6 times)</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Eff₃</td>
<td>Effective (cited 5 times)</td>
<td>13</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Ineff₃</td>
<td>Ineffective (cited 5 times)</td>
<td>16</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Eff₄</td>
<td>Effective (cited 4 times)</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
</tbody>
</table>

Note: Ineff₂ was deleted from the study due to the lack of an executive being employed during the data collection period.
Each interview was transcribed and coded before conducting the next interview as recommended by Miles and Huberman (1994). In this way the emergent themes assisted in the development and refinement of the interview questions. A detailed explanation of the coding process is included in the following section.

**Treatment of the data**

This section outlines the procedures used to screen and explore the quantitative and qualitative data prior to its analysis in addressing the research questions. The procedures applied to the data are discussed in order of the four stages of the study: (1) Structured interviews; (2) Document collection; (3) Self-administered questionnaires; and, (4) Semi-structured interviews.

**Stage 1 - Structured interviews**

Data regarding board structures and general organisational characteristics from each of the structured interviews were recorded into a file for each organisation. These data were then used to create a descriptive profile of each organisation in order to allow comparisons to be made between the two groups of cases.

Data for each board structural characteristic were either recorded directly into the file if no further treatment was required, or used to calculate a variable to enable valid comparisons between cases. For example, the existence of voting rights for executives was recorded as a simple yes or no for each case. In contrast, data for the number of new board members appointed in the previous three years for each case were calculated as an average percentage turnover of board membership for each case. In this way, data for each case were calculated to enable more appropriate and valid comparisons to be made.

A vertical differentiation index score was calculated for each board by allocating a one (1) for the existence of an executive committee, a one (1) for the existence of standing sub committees, and a zero (0) if neither committee were a structural characteristic of the board. Total scores for each group of boards were calculated and converted to a percentage score to enable the groups to be compared.
Data relating to the formalisation of the boards (use of board processes) were used to calculate a percentage score indicating their use by each group of boards. A board process index score was also calculated by totalling the number of processes used by each group of boards and dividing by the total number of processes. General organisational data regarding membership numbers and financial performance were also simply recorded in the file. There were no missing values for any of the data.

**Stage 2 - Documentation**

The documents collected that described board structures and performance outlined earlier in this chapter were used to verify or clarify the information provided by executives in the first stage of the study. This was done by comparing the data from each structured interview conducted in Stage 1 with the data in the documents that were collected for each case organisation.

**Stage 3 - Self-administered questionnaire**

Quantitative data from each of the completed questionnaires were systematically coded according to a purpose designed code book. Data were then entered and saved in a Statistical Package for Social Sciences (SPSS) computer file on a case by case basis. Invalid codes were checked using the frequencies command of the SPSS software program. The frequency distributions, and where appropriate, the means, standard deviations, minimum and maximum values were checked to identify unrealistic and out of range values. When encountered, such results were checked against the original questionnaires and either confirmed or corrected before further analysis.

Mean scores for the ten items relating to the perceived level of influence in decision-making by executives, board chairs and board members were calculated for all respondents. Mean scores for each of the five statements relating to board power patterns (executive lead, chair lead, power sharing, fragmented, and powerless) were calculated for all respondents. Mean scores for each item on the 11 item SANGBS were calculated for all respondents as well as a mean board performance score. Due to the sample size of the study, factor analysis was not conducted to assist in validation of any of the scales.
Data regarding the demographic characteristics and extent of involvement in the board of respondents was either recorded directly into the file if it required no further treatment, or the data were used to compute a variable to enable valid comparisons between cases. For example, the gender of respondents was simply recorded as male or female. However, because the number of scheduled board meetings varied between organisations, the data for the number of board meetings attended in the previous 12 months were calculated as a ratio of meetings attended versus meetings scheduled for each respondent. In this way, data for each respondent were computed to enable appropriate comparisons to be made between respondents from each case regarding the demographic characteristics and involvement of board members.

**Stage 4 - Semi-structured interviews**

The data from the interviews were audio recorded and transcribed into separate computer files for each subject. In total, approximately 120,000 words of data were transcribed for the 21 interviews. These computer files were saved in Rich Text Format (RTF) and imported into a NUD*IST Vivo software program (Nvivo). The Nvivo program was used to code the data from individual transcripts and facilitate the analysis of the data.

Codes were established prior to data collection based on the conceptual framework, research questions and key variables of the study. In this study 23 provisional descriptive codes were established (see Appendix 12). As the interviews were undertaken, data transcribed and subsequently coded, additional codes were established that aided in the initial description of the data. It should be noted that the codes changed and developed as the collection and analysis of data progressed. Some codes accumulated too much data, which was a signal to break down the code into sub codes, aiding the interpretation of the data. Other codes did not attract data, in which case they were omitted as they did not assist the analysis. Codes that emerged during the analysis process assisted the researcher in adapting the provisional descriptive codes to fit the data rather than attempting to force the data into a rigid set of codes.

Consistent with the data treatment procedures recommended by Strauss (1987), the coding and analysis of the interview data by the researcher was undertaken in the
following manner. Each transcript was first read to gain a familiarity with the contents, and dominant concepts, themes and issues relating to the research questions noted. Paragraphs and sentences within each transcript were coded according to the provisional descriptive coding scheme, with additional codes being added if the data did not appear to fit the original codes.

Coding is the process where codes are assigned to the data – words, phrases, sentences or paragraphs – connected or unconnected to a specific setting, in order to dissect them meaningfully, while keeping the relations between the parts intact (Miles & Huberman, 1994). The focus of the coding process is not the words themselves but their meaning. As such, the context in which the words are stated is crucial to the analysis. The choice of particular words or phrases to describe an event or issue within a case must be analysed in light of the context in which that event or issue has occurred. The codes are used to retrieve and organise the various words, phrases, sentences and paragraphs into a system where they are clustered relating to a particular research question, construct or theme (Miles & Huberman, 1994).

Miles and Huberman (1994) further noted that there are three important things about codes and the coding process. Firstly, codes can be at different levels of analysis, ranging from the descriptive to the inferential. Second, the application of these codes can occur at different times of the analysis, but typically move from the descriptive to the inferential. Third, codes are astringent, pulling together a lot of material permitting later analysis, and they act rather like factors in statistical analysis, identifying themes for data to be grouped into a more inclusive and meaningful whole (Miles & Huberman, 1994).

Creating the codes to enable the data to be described and eventually explained can be undertaken in a number of ways. Codes can be ‘discovered’ as the data are collected through an inductive approach espoused by Strauss and Corbin (1990). Alternatively, codes can also be established prior to fieldwork based on the conceptual framework, research questions and key variables of the study. Such an approach was adopted by this study. An example of the coding process used in the study appears in Figure 3.1.
Speaker | Transcript Text | Code
---|---|---
RH | Who do you think is responsible for the performance of the board? | 
Interviewee | I think it’s the chairman’s role to maintain the standard of the board. The chief executive and the management team can complement I guess that but it’s more of the chairman’s role to identify deficiencies, talk to the board member about how do you think you’re going and so on, and discuss issues of policy with you where you are responsible for a particular segment of the business. In my case I’m involved in four sub-committees, chairman of one and I talk to (name deleted) on a regular basis about how we might react to some of those situations that arise so I think it’s the chairman’s responsibility, but you rely heavily on the support of the senior management team to make sure that you’re sure you get where you want to get. | Board Performance Responsibility

**Figure 3.1**
Excerpt from interview transcript

During the initial stage of coding, the informant’s response was coded as “Board Performance Responsibility” - a provisional descriptive code that described comments relating to who has the responsibility for the performance of the board. In the Nvivo software program each of these codes was termed a “free node”. Free nodes allow identification of specific pieces of data to be categorised or coded, without any reference to other codes. The free node Board Performance Responsibility was therefore a collection of references to discrete pieces of data (paragraphs or sentences) from individual transcripts that were similarly coded.

At the completion of all the interviews, the second stage of coding took place. This stage involved the examination of all the text within each free node and applying more explanatory coding categories to the data. In this way, the free node Board Performance Responsibility was broken into sub codes that allowed more detailed analysis to occur. An example of the coding used in the second stage appears in Figure 3.2.
Segments of individual transcripts that have been coded to free node ‘Board Performance Responsibility’

| I think it’s the chairman’s role to maintain the standard of the board. | Board Chair |
| The chief executive and the management team can complement that I guess | Executive |
| but it’s more of the chairman’s role to identify deficiencies, talk to the board member about how do you think you’re going and so on, and discuss issues of policy with you where you are responsible for a particular segment of the business. In my case I’ve involved in four sub-committees, chairman of one and I talk to him on a regular basis about how we might react to some of those situations that arise so I think it’s the chairman’s responsibility | Board Chair |
| But you rely heavily on the support of the senior management team to make sure that you’re sure you get where you want to get. | Executive |
| Well I think it is something I should be doing as part of my role as CEO | Executive |
| I think it’s all our responsibilities, I do not believe each person, each, I mean you know that old saying you’re only as strong as your weakest link, and I think that applies in any group myself, | Shared Role |
| That’s an interesting question, I think a fair amount goes back to the CEO. When it all comes down to everybody around the table are volunteers, except for the CEO whose a more highly paid professional who has all the material at her fingertips, where she wants the organisation to go and the staff want the organisation to go, along with board’s vision, but really there has to be still a fair bit of direction from that CEO. | Executive |
| No, we tried to change as a board in that we’ve become much more involved with policy making, writing policies, asking questions, changing parts of policies rather than it just directly coming from the CEO, but there’s still that difference of the fact that people are volunteers, have only got certain amounts of periods of time, and in the wash-up if you depend on the board to be the total drivers of what was happening, you would have very slow movement through your issues. | Shared Role |

Figure 3.2
Excerpt from free node Board Performance Responsibility

Each free node was examined in turn as the coding process was conducted, moving from the descriptive to the more inferential and interpretive codes. The code Board Performance Responsibility was broken into three emergent sub codes: (1) Board Chair, (2) Executive, and (3) Group Role. During the second stage of coding, several sentences from code Board Performance Responsibility were further coded into code “Executive”. Figure 3.3 shows these sentences within an excerpt from code Executive.
The chief executive and the management team can complement that I guess

But you rely heavily on the support of the senior management team to make sure that you’re sure you get where you want get.

Well I think it is something I should be doing as part of my role as CEO

That’s an interesting question, I think a fair amount goes back to the CEO. When it all comes down to everybody around the table is, are volunteers, except for the CEO whose a more highly paid professional who has all the material at her fingertips, where she wants the organisation to go and the staff want the organisation to go, along with board’s vision, but really there has to be still a fair bit of direction from that CEO.

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**Figure 3.3**
Excerpt from code Executive

The coding process involved two stages for the majority of the data, while the data for some larger codes were subsequently coded twice into more specific codes. As suggested by Strauss (1987), the coding and recoding process was halted when no further codes were created and all the data had been sufficiently categorised. The final coding schema of 33 codes appears in Appendix 13.

The Nvivo software program enables these free nodes to be grouped into a hierarchical set of nodes called ‘Tree Nodes’. After the data were coded, the analysis was conducted by grouping the various nodes into meaningful tree nodes. The tree nodes were developed according to the conceptual framework, research questions and key variables of the study. The final stage of qualitative analysis involved searching on nodes by position of the informant (executive, board chair or board member), by particular case, and by comparing data from effective versus ineffective cases. This enabled each variable to be explored in a variety of ways, facilitating an extensive and deep analysis of the data.

**Summary**

This chapter has explained the procedures that were used to explore the research questions. The chapter discussed and justified the research design, the selection of cases, the sampling frame and selection of subjects, instrumentation, pilot study, data collection procedures, and treatment of the data. The following chapters present and discuss the results obtained, draw conclusions, and explain implications for theory building, governance of VSOs and future research.
CHAPTER 4
RESULTS

The purpose of this chapter is to present the results of the data analysis procedures used to address the two major research questions investigated in this study:
1. What is the relationship between board performance and board structure for nonprofit voluntary sport organisations?
2. What is the relationship between board performance and board-executive relations for nonprofit voluntary sport organisations?

The results of the analysis of board performance that distinguish the two groups of boards used in the study as effective and ineffective are presented prior to the analysis of the research questions. Subsequent sections address each research question in turn with a combination of quantitative and qualitative data analyses. A summary to the chapter provides an overview of the major results. The first section of this chapter provides an overview of the organisations and individuals that comprised the sample.

Description of organisations and subjects studied

A summary of the characteristics of the seven case organisations used in the study is presented in Table 4.1. The age of the organisations ranged from 69 to 141 years, with a mean of 90 years. The number of registered players or participants with each organization ranged from 2,000 to 112,000 players with a mean of 59,929. The number of staff employed by each organisation ranged from 3 to 35, with a mean of 14.4. The mean income for the last four years for each organisation ranged from $231,952 to $9,848,383, with a mean of $2,533,576. There were observable differences between the organisations identified as having either effective or ineffective boards. In general, the ineffective cases tended to be younger, had fewer players or participants, employed fewer staff and received less income than their effective counterparts. The difference in size between the cases is a potential limitation of the study and will be addressed in the following chapter.
Table 4.1
Descriptive statistics of the structural attributes of the organisations studied

<table>
<thead>
<tr>
<th>Case organisations</th>
<th>Years of operation</th>
<th>Registered players</th>
<th>No of Staff</th>
<th>Mean annual income last 4 years ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eff₁</td>
<td>79</td>
<td>112,000</td>
<td>30</td>
<td>3,719,625</td>
</tr>
<tr>
<td>Eff₂</td>
<td>141</td>
<td>105,000</td>
<td>35</td>
<td>9,848,383</td>
</tr>
<tr>
<td>Eff₃</td>
<td>82</td>
<td>92,000</td>
<td>12</td>
<td>1,184,383</td>
</tr>
<tr>
<td>Eff₄</td>
<td>117</td>
<td>100,000</td>
<td>15</td>
<td>2,040,638</td>
</tr>
<tr>
<td><strong>Sub total mean</strong></td>
<td>105</td>
<td>102,250</td>
<td>23</td>
<td>4,198,258</td>
</tr>
</tbody>
</table>

| Ineff₁             | 71                 | 2,000              | 3           | 340,858                           |
| Ineff₂             | 69                 | 5,000              | 3           | 231,952*                          |
| Ineff₃             | 71                 | 3,500              | 3           | 369,195**                         |
| **Sub total mean** | 70                 | 3,500              | 3           | 314,002                           |
| Overall Mean       | 90                 | 59,929             | 14          | 2,533,576                         |

Note: * data unavailable for 1997 and 1998 so mean figure is for 1999 and 2000; ** data unavailable for 1997 so mean figure is for 1998 to 2000.

Descriptive statistics of subjects studied

The samples for Stages 1 and 2 of data collection comprised the executives of each of the seven case organisations. The sample for Stage 3 (self-administered questionnaire) comprised the executives, board chairs and board members of the seven case organisations. The sample for Stage 4 (semi-structured interviews) comprised the executives, board chairs and a single board member from each case organisation. The descriptive statistics for each of the Stage 3 and 4 samples are presented below.

Sample for self-administered questionnaire

The demographic characteristics of the 53 respondents to the self-administered questionnaire are summarised in Table 4.2. The majority of respondents (54.7%) were over 49 years of age, with a mode of 40-49 years of age. There were 11 (20.8%) females out of 53 total respondents. The respondents' education levels ranged from secondary to postgraduate, with a mode of undergraduate (30.2%). Almost half of the respondents were employed full-time (49.1%).
Table 4.2
Demographic characteristics of self-administered questionnaire respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Value</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>20-29</td>
<td>3</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>2</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>40-49</td>
<td>19</td>
<td>35.8</td>
</tr>
<tr>
<td></td>
<td>50-59</td>
<td>15</td>
<td>28.3</td>
</tr>
<tr>
<td></td>
<td>60+</td>
<td>14</td>
<td>26.4</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>11</td>
<td>20.8</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>42</td>
<td>79.2</td>
</tr>
<tr>
<td>Education Level</td>
<td>Secondary</td>
<td>10</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>TAFE trade or diploma</td>
<td>13</td>
<td>24.5</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>16</td>
<td>30.2</td>
</tr>
<tr>
<td></td>
<td>Postgraduate</td>
<td>14</td>
<td>26.4</td>
</tr>
<tr>
<td>Employment Status</td>
<td>Full-time</td>
<td>26</td>
<td>49.1</td>
</tr>
<tr>
<td></td>
<td>Part time</td>
<td>5</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>Self employed</td>
<td>10</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>Home duties</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td></td>
<td>Retired</td>
<td>10</td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>Student</td>
<td>1</td>
<td>1.9</td>
</tr>
</tbody>
</table>

(N=53)

The board involvement characteristics of the respondents to the self-administered questionnaire are summarized in Table 4.3. The mean number of years respondents had served on the board, or in the position of executive, was 4.2. The mean number of other roles within organisations undertaken by respondents was 1.6. The mean number of sub committees respondents were involved in was 1.5. The mean number of hours per month that respondents devoted to board business (including meetings, reading papers, and other work) was 22.7 hours. The mean percentage of meetings attended by respondents in the previous 12 months was 93.1%.

Table 4.3
Board involvement of self-administered questionnaire respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years on the Board</td>
<td>4.2</td>
<td>4.6</td>
<td>53</td>
</tr>
<tr>
<td>Other roles undertaken by board members</td>
<td>1.6</td>
<td>1.4</td>
<td>53</td>
</tr>
<tr>
<td>Numbers of sub committees in which involved</td>
<td>1.5</td>
<td>1.4</td>
<td>53</td>
</tr>
<tr>
<td>Hours per month devoted to board business</td>
<td>22.7</td>
<td>17.8</td>
<td>51</td>
</tr>
<tr>
<td>% meetings attended</td>
<td>93.1</td>
<td>12.6</td>
<td>53</td>
</tr>
</tbody>
</table>
Sample for semi-structured interviews

The demographic characteristics of the individuals interviewed during Stage 4 of the study are summarised in Table 4.4. A total of 21 semi-structured interviews were conducted with the executive, board chair and a single board member from each case organisation. The majority of interviewees (52.4%) were over 49 years of age, with a mode of 40-49 years. Four out of the 21 interviewees were female (19%). The interviewees’ education levels varied from secondary to postgraduate, with a mode of undergraduate. Their employment status was predominantly full-time (66.7%).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Value</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>20-29</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>2</td>
<td>9.5</td>
</tr>
<tr>
<td></td>
<td>40-49</td>
<td>8</td>
<td>38.1</td>
</tr>
<tr>
<td></td>
<td>50-59</td>
<td>6</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>60+</td>
<td>5</td>
<td>23.8</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>4</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>17</td>
<td>81.0</td>
</tr>
<tr>
<td>Education Level</td>
<td>Secondary</td>
<td>3</td>
<td>14.3</td>
</tr>
<tr>
<td></td>
<td>TAFE trade or diploma</td>
<td>4</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>8</td>
<td>38.1</td>
</tr>
<tr>
<td></td>
<td>Postgraduate</td>
<td>6</td>
<td>28.6</td>
</tr>
<tr>
<td>Employment Status</td>
<td>Full-time</td>
<td>14</td>
<td>66.7</td>
</tr>
<tr>
<td></td>
<td>Part time</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Self employed</td>
<td>2</td>
<td>9.5</td>
</tr>
<tr>
<td></td>
<td>Home duties</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Retired</td>
<td>5</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>Student</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(N=21)

The board involvement characteristics of the individuals interviewed during Stage 4 of the study are summarized in Table 4.5. The mean number of years respondents had served on the board, or in the position of executive, was 5.2. The mean number of other roles within organisations undertaken by respondents was 1.4. The mean number of sub committees the interviewees were involved in was 1.8. The mean number of hours per month devoted to board business (including meetings, reading papers, and other work) was 31.9 hours. The mean percentage of meetings attended by respondents in the previous 12 months was 96.9%.
Table 4.5
Board involvement of subjects for semi-structured interviews

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years on the Board</td>
<td>5.2</td>
<td>5.0</td>
<td>21</td>
</tr>
<tr>
<td>Other roles undertaken by board members</td>
<td>1.4</td>
<td>1.4</td>
<td>21</td>
</tr>
<tr>
<td>Number of sub committees in which involved</td>
<td>1.8</td>
<td>1.9</td>
<td>21</td>
</tr>
<tr>
<td>Hours per month devoted to board business</td>
<td>31.9</td>
<td>20.8</td>
<td>19</td>
</tr>
<tr>
<td>% meetings attended</td>
<td>96.9</td>
<td>5.5</td>
<td>21</td>
</tr>
</tbody>
</table>

Board performance

The dependent variable in this study was board performance and was operationalised as the perceptions of performance that individuals held of their respective boards. As discussed in chapter 3, the research design for the study utilised a panel of experts to firstly identify two groups of VSOs whose boards were considered to be either effective or ineffective. If the board performance of these two groups of boards was also perceived by the individuals involved with the boards (executives, board chairs, and board members) to be at different levels, then these boards could be regarded as being different. That is, one group of boards could be categorised as effective, and another group categorised as ineffective.

This section presents the results of the analysis of board performance, based on data collected in Stage 3 (self-administered questionnaire of executives, board chairs and board members), and Stage 4 (semi-structured interviews with selected executives, board chairs and board members). Due to the size of the sample and the sample selection process (ie: non-random) the statistical tests conducted mainly utilised non-parametric analysis of variance procedures, in particular Kruskal-Wallis tests.

Quantitative analysis of board performance

Board performance was measured by asking respondents to indicate on a 5 point Likert scale 1 (very poor) to 5 (very good) their perception of how well their board was performing for each item of the 11 item SANGBS (Slesinger, 1991). The mean scores for each item and a mean board performance score are presented in Table 4.6.
<table>
<thead>
<tr>
<th>Scale item</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working relationship between board and executive</td>
<td>4.34</td>
<td>.76</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Working relationship between board and staff</td>
<td>4.00</td>
<td>.78</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Executive selection and review process</td>
<td>3.83</td>
<td>.89</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Financial management</td>
<td>3.81</td>
<td>.88</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Conduct of board and committee meetings</td>
<td>3.79</td>
<td>.93</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Board mission statement and review of the mission</td>
<td>3.47</td>
<td>1.01</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>3.47</td>
<td>.97</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Matching operational programs to the mission and monitoring program performance</td>
<td>3.42</td>
<td>.86</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Role in risk management</td>
<td>3.21</td>
<td>1.01</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>New board member selection and training</td>
<td>2.98</td>
<td>.97</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Marketing and public relations</td>
<td>2.98</td>
<td>1.07</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Mean Board Performance</td>
<td>3.57</td>
<td>.67</td>
<td>2.09</td>
<td>4.82</td>
</tr>
</tbody>
</table>

Due to the sample size ($N=53$) and low case to scale item ratio, dimensionality testing using factor analysis was not conducted (Tabachnick & Fidell, 2001). However, as discussed in chapter 3, Herman and Renz (1997) had reported that the 11 items constitute a single factor and argued that it is a valid measure of board performance. The SANGBS recorded high reliability ($\alpha = 0.91$) in this study.

The cases were selected as examples of VSOs whose boards were considered to be either effective or ineffective based on the perceptions of a panel of experts. To test whether there was a significant difference between organisations whose boards were considered to be effective or ineffective, the mean board performance scores for each group of organisations were calculated (see Table 4.7). Analysis of variance (Kruskal-Wallis test) of the mean scores revealed a significant difference ($H = 26.77$, $p = 0.00$) between the boards considered to be effective ($M = 3.97$) and ineffective ($M = 3.06$). These results indicate that the boards of these two groups of organisations can be considered to be performing at different levels that are statistically significant. Also, the boards of the group of organisations classified as effective were perceived by their members to be performing better than the boards of the group of organizations classified as ineffective. While this difference in scores
represents a relative difference between the performance of each group of boards, for the sake of clarity these groups will simply be referred to as either effective or ineffective.

A MANOVA was also performed to investigate the differences between the two groups of organisations in the mean scores for each item of the SANGBS. The 11 items of the SANGBS were used as the dependent variables. The independent variable was the level of effectiveness (effective or ineffective) as identified by the panel of experts. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of covariance matrices, and multicollinearity, with no violations noted. There was a statistically significant difference between effective and ineffective boards on the composite dependent variable \( F(11,41) = 6.27, p = .00; \) Wilks' Lambda = .37, partial eta squared = .63). When the results for the dependent variables were considered separately, nine of the 11 items were statistically significant using a Bonferroni adjusted alpha level of .0045.

In order to examine more closely the difference in board performance between these two groups of organisations, the mean performance scores for each item of the SANGBS for the effective and ineffective boards were also calculated (see Table 4.7). Non parametric analysis of variance (Kruskal-Wallis test) indicated significant differences, using a Bonferroni adjusted alpha level of .0045, between the performance scores for effective and ineffective boards for nine of the eleven items in the SANGBS. These items are summarised in Table 4.7. The mean performance scores for two items of the SANGBS; working relationship between board and staff, and the executive selection and review process were not significantly different.
Table 4.7
Differences in mean performance scores for effective and ineffective boards

<table>
<thead>
<tr>
<th>Scale Item</th>
<th>Effective Boards</th>
<th>Ineffective Boards</th>
<th>Anova Kruskal Wallis (H)</th>
<th>Sig p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean (n=30)</td>
<td>SD</td>
<td>Mean (n=23)</td>
<td>SD</td>
</tr>
<tr>
<td>Working relationship between board and executive</td>
<td>4.60 .62</td>
<td>4.00 .80</td>
<td>8.65</td>
<td>.0033*</td>
</tr>
<tr>
<td>Working relationship between board and staff</td>
<td>4.13 .78</td>
<td>3.83 .78</td>
<td>1.81</td>
<td>.1780</td>
</tr>
<tr>
<td>Executive selection and review process</td>
<td>4.03 1.00</td>
<td>3.57 .66</td>
<td>6.64</td>
<td>.0100</td>
</tr>
<tr>
<td>Financial management</td>
<td>4.20 .66</td>
<td>3.30 .88</td>
<td>12.90</td>
<td>.0003*</td>
</tr>
<tr>
<td>Conduct of board and committee meetings</td>
<td>4.17 .79</td>
<td>3.30 .88</td>
<td>11.94</td>
<td>.0005*</td>
</tr>
<tr>
<td>Board mission statement and review of the mission</td>
<td>3.93 .83</td>
<td>2.87 .92</td>
<td>15.78</td>
<td>.0001*</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>3.90 .92</td>
<td>2.91 .73</td>
<td>15.70</td>
<td>.0001*</td>
</tr>
<tr>
<td>Matching operational programs to the mission and monitoring program performance</td>
<td>3.87 .73</td>
<td>2.83 .65</td>
<td>19.76</td>
<td>.0000*</td>
</tr>
<tr>
<td>Role in risk management</td>
<td>3.80 .61</td>
<td>2.43 .90</td>
<td>24.55</td>
<td>.0000*</td>
</tr>
<tr>
<td>New board member selection and training</td>
<td>3.43 .82</td>
<td>2.39 .84</td>
<td>16.47</td>
<td>.0000*</td>
</tr>
<tr>
<td>Marketing and public relations</td>
<td>3.57 .82</td>
<td>2.22 .85</td>
<td>21.38</td>
<td>.0000*</td>
</tr>
<tr>
<td>Mean Board Performance</td>
<td>3.97 .55</td>
<td>3.06 .43</td>
<td>26.77</td>
<td>.0000*</td>
</tr>
</tbody>
</table>

* significant using a Bonferroni adjusted alpha level of .0045

In summary, the two groups of boards were found to be performing at statistically significant different levels of effectiveness, based on the analysis of data collected in Stage 3 (self-administered questionnaire of executives, board chairs and board members). In order to substantiate and further explore the findings from this analysis, data relating to board performance were also collected in Stage 4 of the study (semi-structured interviews with selected executives, board chairs and board members). The results of the analysis of these data are now presented.

**Qualitative analysis of board performance**

During Stage 4 of the study (semi-structured interviews with selected executives, board chairs and board members), interviewees were asked to comment on how well they felt their board was currently performing. In general, the interviewees from the effective boards used words and phrases such as ‘harmony’, ‘effective’, ‘successful’,
and ‘performing extremely well’ to describe their boards' current performance. This contrasts with the interviewees from the ineffective boards, who described their boards as ‘poorly performed’ and made mention of issues such as ‘conflict’, ‘instability’ and ‘disharmony’.

As an example, the Board Member\textsuperscript{2} interviewed from Eff\textsubscript{2} stated that\textsuperscript{3} "the board over the last 18 months to two years has travelled very well [and] that's evidenced by the fact that there have been no challenges [in the forthcoming annual general meeting] to the current board members". This experience contrasts with that of the Board Chair of Ineff\textsubscript{1}, who said "I think we've got a couple of board members who are looking very much after their own particular interests rather than looking out for Ineff\textsubscript{1}'s interests, so that creates a bit of disharmony within the board, so we've got a long way to go".

A further example of the difference in how the performance of the effective and ineffective boards was perceived can be found in the following comments. The Board Chair of Eff\textsubscript{4} described the board's performance as "working quite well and one of the reasons we work so well is because we all get on pretty well". He also said that:

"probably the key to our harmony and to the success of Eff\textsubscript{4} over the last four or five years is that it's a good structure and we've had some people that have got on pretty well and when there's not back-stabbing and no sort of malice being thrown and no undermining of portfolios, it's amazing the progress you can make".

The Executive of Ineff\textsubscript{3} however, portrayed a very different scenario, when he described in some detail the recent history of the board and how it continued to affect current board performance.

\textsuperscript{2} To aid in the identification of interviewees, their position has been capitalised, ie: Board Member, Board Chair, or Executive
\textsuperscript{3} To improve readability, the APA style for reporting quotations from interviewees has been adapted: Quotes have been italicised as well as inserted within quotation marks.
"Yes, it's getting better, the board had a period of instability over the period 1998 to mid 2001, failed special general meetings, a lot of in-fighting, a lot of discontent, a lot of blame being laid at the foot of the board for the ills of Ineff3 at the time ... and most things were pointed at the bad performance of the board".

This interviewee also stated that the board needed to address what its role is, and was sceptical that the board would ever "have that sort of fully professional type thinking".

In summary, interviewees from each of the boards provided comments that supported the categorisation of their respective board as either effective or ineffective. None of the interviewees from the effective boards described their boards' performance in negative terms. Similarly, none of the interviewees from the ineffective boards portrayed their boards' performance as positive. The analysis of the qualitative data relating to board performance also indicates that the two groups of boards can be considered as effective versus ineffective.

This section has presented the results of the analysis of board performance, the dependent variable in this study, based on data collected in Stage 3 (self-administered questionnaire of executives, board chairs and board members), together with data from Stage 4 (semi-structured interviews with executives, board chairs and board members). The analysis has shown the SANGBS is a reliable measure of board performance for VSOs. The analysis also revealed that there were statistically significant differences in the board performance scores of those organisations whose boards were identified by the panel of experts as effective, compared with the board performance scores of those organisations whose boards were identified as ineffective. The comments from individuals involved with the boards of the seven case organisations also supported the quantitative results that categorised each board as either effective or ineffective. As discussed earlier in this section, while the difference in scores represents a relative difference between the performance of each group of boards, these two groups will be referred to as either effective or ineffective for simplicity and clarity.
The focus of the remainder of this chapter is on the presentation of results relating to the differences between these two groups of boards in terms of their structures and board-executive relations. As the two groups of boards can be regarded as performing at different levels, this has enabled an analysis of the data in relation to the major research questions:

1. What is the relationship between board performance and board structure for nonprofit voluntary sport organisations?
2. What is the relationship between board performance and board-executive relations for nonprofit voluntary sport organisations?

The following section presents the analysis of board structure and explores how various elements of board structure were related to board performance. Subsequent sections present the analysis of board-executive relations and how board-executive relations were related to board performance.

**Board structure and board performance**

The first major research question examined the relationship between board structure and board performance. This section presents the results of the analysis of board structures, based on data collected in Stage 1 (structured interviews with executives), Stage 2 (document collection), Stage 3 (self-administered questionnaire) together with data from Stage 4 (semi-structured interviews with selected executives, board chairs and board members). The structural characteristics of the boards examined in the analyses were:

- Complexity (board size, board member turnover, horizontal differentiation, and vertical differentiation).
- Formalisation (use of board processes).
- Centralisation (perceptions of influence in decision making).

For each structural characteristic, results of the analysis of quantitative data are presented first. In order to triangulate the results, this is followed by a review of the qualitative data where applicable. The focus of the data analysis is also in two parts. Firstly, the differences in board structure between the effective and ineffective ...
boards are analysed, followed by the examination of the nature of the relationship between board structure and board performance.

**Complexity and board performance**

Five measures of the complexity of board structure were utilised. These included the size of the board and the annual average rate of board member turnover in the previous three years. Horizontal differentiation was measured in two ways - the number of standing committees of the board and the number of board members with specific roles or portfolios (defined areas of responsibility) within the board. Vertical differentiation was measured by the existence of either or both standing sub committees or an executive committee of the board. The quantitative data for each of these measures were collected in Stage 1 (structured interviews with executives) and Stage 2 (document collection) of the study. The qualitative data were collected in Stage 4 (semi-structured interviews with selected executives, board chairs and board members) of the study. The analysis of each of these measures of board structure and their relationship to board performance is now presented.

**Board size**

Board size was determined to be the number of board members specified in each organisation's constitution. Board sizes for the seven case organisations ranged from 7 to 11, with a mean of 8.7. Board sizes in the effective group ranged from seven to nine, with a mean of 8.5, while those in the ineffective group ranged from 7 to 11, with a mean of 9. A Mann-Whitney U Test was conducted to compare the board sizes of the two groups. There was no significant difference in board size between the effective and ineffective boards ($U = 5.00, p = .69$).

Interviewees from all the boards commented that seven was an ideal size for the board. The Executive of Eff$_2$ thought the size of their board (7) had "*always worked pretty well*", as did the Board Chair of Eff$_2$, who said "*I think the board size is ideal, fantastic actually*". The Board Member interviewed from Eff$_2$ suggested that seven was the ideal board size, by saying "*I think seven's about the right number, it gives you the opportunity to get a cross section of views, a blend of experiences, perhaps a bit of youth, so that you've got a bit of continuity coming through as well as*
experience”. These comments are consistent with those of members of the other effective boards.

Interviewees from the effective boards also commented on how to reduce the size of the board and what benefits that might bring. The Executive of Eff1 said that reducing the size of the board (from 9) had been considered but "was probably one of those [issues] that was put in the too hard basket, but really in reality the board is too big". The reason why the board was too big was clarified by the Board Chair of Eff1 who suggested that the question of what size the board should be is a matter of efficiency in decision making, and said "I just believe a smaller group could work more efficiently together ... I mean the bigger the group, the harder it is to pull everyone in together in their line of thinking too, whether it's good or bad". Similar comments were provided by the interviewees from Eff4 and Eff3, who indicated that their boards could be reduced in size and that doing so would aid the decision making process. The Executive of Eff3, however, made the point that "it's a matter of balancing that representation issue, anything smaller than that [board size of 9] and we could very well be seen to be excluding certain elements of the Eff3 community, I think nine is a manageable number".

Interviewees from the three ineffective boards were also of the view that the smaller the board, the more efficient is the decision making process. The Board Member of Ineff1 observed that "it's very difficult when you start getting ten, twelve, fifteen people on a board to make decisions, certainly five, or maybe a maximum of seven people who are consistently involved in the management of the sport can make relevant decisions". This view was supported by the Board Chair of Ineff1, who said that although there were 11 on the board, they rarely had 11 people attend board meetings. If they all turned up then the size of the board would be an issue. A point was made by the Board Chair of Ineff3 regarding the dangers of having too small a board and not being able to reach a quorum due to absenteeism of individual board members. The Executive of Ineff3 supported this view and said "I think if you're going to have a board, seven seems to be okay, any less and you start getting into problems with maintaining quorums".
In summary, while it was observed that effective boards were smaller than ineffective boards, the difference was not significant. The analysis of qualitative data illustrated widespread support from interviewees of both effective and ineffective boards that smaller boards, with an optimal size of approximately seven, were more effective.

Board turnover

The second measure of board complexity, board turnover, was measured by calculating the ratio of new board members elected or appointed to the board in the three years prior to the study to the size of the board. The annual mean rate of board member turnover for the period 1998-2000 was calculated for each board by dividing the total number of different board members elected or appointed in that time by the board size (see Table 4.8). Board turnover for the seven case organisations ranged from 7.4% to 51.5%, with a mean of 23.5%. The results show that effective boards ($M = 16.5\%$) had experienced a lower rate of board member turnover than ineffective boards ($M = 32.9\%$). However, a Mann-Whitney U Test revealed no significant difference in board turnover between the effective and ineffective boards ($U = 2.00$, $p = .16$).

No qualitative data relating to board turnover was collected. To summarise, effective boards experienced a lower rate of board member turnover than ineffective boards, however, this difference was not statistically significant.

<table>
<thead>
<tr>
<th></th>
<th>Effective Boards (n=4)</th>
<th>Ineffective Boards (n=3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Range</td>
</tr>
<tr>
<td>Board Size</td>
<td>8.5</td>
<td>7 - 9</td>
</tr>
<tr>
<td>Number of new board members</td>
<td>4.25</td>
<td>2 - 8</td>
</tr>
<tr>
<td>Board Turnover (3 yr mean)</td>
<td>16.5%</td>
<td>7.4 - 29.6</td>
</tr>
</tbody>
</table>
Horizontal differentiation

The third measure of board complexity was horizontal differentiation, which was measured in two ways. The first was by the number of standing sub committees of the board in existence at the time of the study. Three of the four effective boards did not have any standing sub committees and one of them had seven ($M = 1.8$). All of the ineffective boards had at least two standing sub committees ($M = 4.0$) (see Table 4.9). A Mann-Whitney U Test revealed there was no significant difference in the number of standing sub committees between the effective and ineffective boards ($U = 2.50, p = .20$).

The second measure of horizontal differentiation was the percentage of board members who were allocated portfolios. The board members of two of the effective boards were all allocated portfolios, while the other two effective boards only had one person (11% of board members) with a portfolio (in both cases this was the board chair). All of the board members for ineffective boards held a portfolio responsibility. A Mann-Whitney U Test was conducted to compare the percentage of board members who were allocated portfolios of the two groups of boards. There was no significant difference in the percentage of board members who were allocated portfolios between the effective and ineffective boards ($U = 3.00, p = .18$).

While it was observed that both measures of horizontal differentiation illustrated that the effective boards were less horizontally differentiated than ineffective boards, the difference was not statistically significant.

<table>
<thead>
<tr>
<th></th>
<th>Effective Boards (n=4)</th>
<th>Ineffective Boards (n=3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of standing sub committees</td>
<td>1.8</td>
<td>4</td>
</tr>
<tr>
<td>Percent board members with portfolios</td>
<td>55.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.9
Horizontal differentiation characteristics of effective and ineffective boards
There was only one substantive comment made in the interviews in relation to standing sub committees. The Executive of Eff$_i$ raised the possibility that introducing standing sub committees as a formal part of the board's structure could alleviate the volume of work for individual board members. By using standing sub committees as a way of accessing people with skills or knowledge outside the board to assist in specific areas or projects, he felt that the board could benefit by receiving reports from such standing sub committees rather than doing the work themselves. He also thought that involving board members in these standing sub committees could address the twin issues of the "imbalance in the work load of board members and [the fact that] some board members are very active on issues and projects and others aren't, others will just attend board meetings and from meeting to meeting won't be involved in any work".

There were a far greater number of comments made by interviewees in relation to the second measure of horizontal differentiation – the allocation of portfolios of responsibility for board members. All of the three ineffective boards and two of the effective boards had allocated portfolios to their respective board members. Of the two effective boards without allocated portfolios, Eff$_i$ was in the process of doing so and had allocated only one board member a portfolio at the time of the study. The other board, Eff$_i$, had deliberately abolished the concept of portfolios for board members, except for the Board Chair who also filled the role of President, with some specific ceremonial duties. In effect Eff$_i$ was the only board that did not have a policy of allocating portfolios to individual board members.

The analysis of the comments from interviewees regarding the allocation of portfolios for board members suggests that such an approach is problematic. On the one hand, it creates the possibility of board members becoming too narrowly focussed and unable to consider broader strategic issues outside their portfolios. Equally, the benefit of allocating portfolios was seen to be a way of focussing the efforts of board members on specific tasks, yet it may also be difficult to match board members' skills to the requirements of particular portfolios. There were also concerns expressed regrading the utility of allocating portfolios if the work of the board did not specifically address each portfolio area. A final concern was that
allocating portfolios to board members who may not fulfil their duties adequately might inhibit the ability of the board to perform.

The potential for board members to avoid the strategic issues was part of the reason why Eff1 abolished portfolios, and was summed up by the Executive of Eff1, who said "What we found was that they [board members] were so involved in [their portfolios] that it was at the expense of their knowledge of everything else, a broader picture of where the organisation was going". The Executive of Eff1 summised that board members "really loved the portfolio system because they loved being involved in that area, that's naturally what they'd like to do". The shift to having board members focus on the broad organisational issues has meant that while in the past, decisions may have been made in isolation, the Eff1 Executive believed that "now we have identified what the priorities are and decisions are made in the context of does that fit in with our participation, membership, or communication". The Board Chair of Eff1 was also very critical of the portfolio system and felt that it did not allow her to understand the workings of the whole organisation and therefore be an "efficient board member". The interviewee also outlined the benefits of abolishing portfolios as board members being "better educated to the role of the organisation, the understanding of what goes on, and I think there is more of a broad understanding by board members of the organisation".

In direct contrast, the Board Chair of Ineff3 believed that the allocation of portfolios was beneficial for individual board members to provide some structure to their role. He said that "it can be very frustrating being an ordinary board member but you don't have any responsibilities, other than to attend meetings, and therefore you don't really get a feel for the organisation, whereas having a portfolio you become an expert on that, the staff and the other associations in Ineff3".

Matching board members' skills to the requirements of specific portfolios was seen as a difficulty by the Executive of Eff3. Although his was one of the effective boards, he stated that due to the relatively poor skills of some board members, he would "really worry about someone putting some portfolios directly with some of those board members". His reasons were that "others simply don't have a skill set that you can match up so [previously] they proved they're more harm than good" in
the work they undertook in their particular portfolio area. These concerns were shared by the Board Chair of Eff3 who said that "we are our own worst enemy, we put the portfolio bits out in front of us, and then selected the wrong people for those tasks". The Board Member from Ineff3 also observed that "the person needs to be selected carefully" for specific portfolios.

The utility of allocating portfolios for individual board members if the work of the board did not specifically address each portfolio area was also questioned by some interviewees. The Board Member from Ineff3 said that while individual board members were allocated portfolio responsibilities, the "agenda doesn't contain portfolio reports on it, we've got this generalised agenda and there's no place for these reports to happen". This lack of consistency in the use of the portfolio system was apparent in other ineffective boards. For example, the Board Chair of Ineff4 said "one of my gripes about the composition of the board is that we have some effective portfolios but we probably have two board members that don't have well defined roles [for holders of portfolios]."

The Board Member interviewed from Eff1 raised the issue that individual portfolios could lead to board members having an over-reliance on individuals, and subsequently having a narrow focus as a board member. She said that under the old portfolio system she had been guilty of a narrow focus as a board member and that now "you don't have perhaps as much detailed understanding of the entire organisation as that one particular area [portfolio] but I think you're working much better as a board member". This issue was also highlighted by the Board Chair of Eff4 who said that although he might have an opinion on a certain matter "the person who's got that particular portfolio would have a greater knowledge or more in-depth opinion [than] another board member who's not involved in that particular portfolio". This situation can lead to only one or two individuals addressing the entire strategic direction of the organisation. For example, the Board Member for Eff4 stated "in my time I'd say the overall strategic policy tends to come from the board chair and the executive", again illustrating the problematic nature of allocating portfolios to board members.
The effective use of portfolios of responsibility for individual board members seemed to depend on several factors. These included ensuring that the skill set of people matched their area of portfolio responsibility, that the activity of board member's in their respective portfolios was regularly reported and monitored by the board, and that the scope of the workload for each portfolio was of a manageable size. The advantages of using portfolios were seen as assisting individual board members contribute to the work of the board, and to assist the board perform some of its work, especially for smaller organisations with few paid staff. The disadvantages of the portfolio system were the potential for board members to be less informed and therefore less able to consider broader strategic issues for the organisation outside the realm of their respective portfolios.

In summary, it was observed that data for both measures of horizontal differentiation illustrated that effective boards were less horizontally differentiated than ineffective boards. However, this difference was not statistically significant. On the other hand, the analysis of qualitative data suggested that increasing the horizontal differentiation, specifically the allocation of portfolios of responsibility for individual board members, may be associated with more effective board performance under certain conditions.

**Vertical differentiation**

The fourth measure of board complexity was vertical differentiation. As discussed in the previous section, the measures used to establish the degree of horizontal differentiation of the boards were the number of standing sub committees and percentage of board members with portfolios. The degree of vertical differentiation of the board was determined to be simply the *existence* of either or both an executive committee or standing sub committees of the board. The actual number of people in an executive committee or the number of standing sub committees was considered unimportant in this instance, because simply establishing that they existed, would indicate the number of decision making levels (or vertical differentiation) present within the board.
An executive committee was defined as a core group of decision makers who were formally charged with responsibility for decision making between scheduled board meetings. These typically included the Board Chair, Treasurer, Executive, and perhaps one other board member. Standing sub committees were deemed to be standing sub committees of the board, usually chaired by a board member, although membership of the standing sub committees often involved organisational members from outside the board. The typical relationship observed between boards, executive committees and standing sub committees is presented in Figure 4.1.

![Figure 4.1](image)

**Figure 4.1**

Relationship between the board, executive committee, and standing sub committees

Only one board in each of the effective and ineffective groups had an executive committee. Only one of the four effective boards had standing sub committees, while all of the ineffective boards had standing sub committees. A vertical differentiation index score was calculated for each board by allocating a one (1) for the existence of an executive committee, a one (1) for the existence of standing sub committees, and a zero if neither committee were a structural characteristic of the board. Total scores for each group of boards were calculated and converted to a percentage score to enable the groups to be compared (see Table 4.10). The quantitative data for vertical differentiation illustrated that the effective boards (25%) were less vertically differentiated than ineffective boards (66%). A Mann-Whitney U Test revealed there was no significant difference in vertical differentiation between the effective and ineffective boards ($U = 2.50$, $p = .19$).
Table 4.10
Vertical differentiation characteristics of effective and ineffective boards

<table>
<thead>
<tr>
<th></th>
<th>Effective Boards (n=4)</th>
<th>Ineffective Boards (n=3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of an executive committee</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Existence of standing sub committees</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Vertical differentiation index score</td>
<td>25%</td>
<td>67%</td>
</tr>
</tbody>
</table>

As discussed in the previous section on horizontal differentiation and board performance, there was only one substantive comment made in the interviews in relation to standing sub committees. Similarly, very little data were collected related to executive committees despite all interviewees being asked a question on the topic. One issue raised was that while only two of the boards had a formal executive committee, all of the other executives utilised key board members and their respective board chairs as an *informal* executive committee. They used these individuals to gauge potential reactions to proposals for the board or as a key advisory group. For example, the Executive of Eff₁ said that "I'll actually check with a couple of the board members that I know have a good understanding, and then I'll put it out to the rest of the board". Similarly, the Board Chair and the Executive of Eff₄ both mentioned the use of a similar informal approach within their board. The Board Chair of Eff₁ said "I'll pick up the phone and talk to three or four board members, if there's an opinion, if there's an issue that the CEO needs a quick response on he'll fax five or six of us and we'll respond accordingly or I'll get on the phone to two or three people and say look this is your portfolio, what do you think?"

The ability of the informal executive committee to contribute to effective board performance would therefore depend on the efficacy of the relationship between the executive and the board members. As this issue is the focus of the second major research question in this study, the nature of this relationship is explored in later sections of this chapter.

Overall, while it was observed that effective boards were less vertically differentiated than ineffective boards, this difference was not statistically significant. The analysis of qualitative data suggested that regardless of the existence of a formal executive committee, an informal executive committee is used by executives and board chairs from all boards to assist in decision making.
To summarise, the quantitative data collected on each of the measures of board complexity (board size, board turnover, and both horizontal and vertical differentiation) indicated effective boards were less complex than ineffective boards. However, none of the differences were statistically significant. The analysis of the qualitative data illustrated that:

- Smaller boards, with an optimal size of approximately seven, were perceived to be more effective.
- Increasing the horizontal differentiation of boards, specifically the allocation of portfolios of responsibility to individual board members, may be related to more effective board performance under certain conditions.
- Regardless of the existence of a formal executive committee, an informal executive committee exists within all boards and is used by executives and board chairs to assist the work of the board. However, its ability to contribute positively to board performance is dependent on the efficacy of the relationship between the executive and the board.

On the basis of the evidence gathered in this study, board complexity is not related to the level of board performance. Complexity was one of three major concepts in organisational theory to be investigated in relation to board performance. The second structural characteristic investigated in relation to board performance was the degree of board formalisation.

**Formalisation and board performance**

The degree of formalisation of the board was measured by the extent to which 30 board processes were utilised. These processes are specified in Table 4.11 and were based on the work of Bradshaw et al. (1992) and Herman et al. (1997) as discussed in chapter 3. The quantitative data were collected in Stage 1 (structured interviews with executives) and Stage 2 (document collection) of the study. The qualitative data were collected in Stage 4 (semi-structured interviews with selected executives, board chairs and board members) of the study. In order to triangulate the results the analysis of quantitative data is presented first, followed by the analysis of qualitative data where applicable, as in the previous section.
The level of use of each of the board processes, as indicated by the executive of each board during the structured interviews (Stage 1 of data collection), was simply recorded as a yes (1) or no (0) for each item. Where possible, the responses from the executive were checked against the documents collected from each organisation at the conclusion of the interviews (Stage 2 of data collection). In all cases where documentary evidence was available the information provided by the executive matched the data available in the documents. A list of these processes and a percentage score indicating their use by each group of effective and ineffective boards appears in Table 4.11. The relative percentage difference was calculated by subtracting the percentage score for the ineffective boards from the percentage score for the effective boards for each board process. The items are listed in the table in terms of the relative difference in their use by each group of boards. A positive percentage difference meant that effective boards used the board process more frequently than ineffective boards, whereas a negative percentage difference meant that ineffective boards used the board process more frequently than effective boards.

In addition, a board process index score was calculated by totalling the number of processes used by each group of boards and dividing by the total number of processes. The four effective boards used a total of 53 processes out of a possible score of 120, compared with the three ineffective boards that used a total of 28 out of a possible score of 90. The board process index scores indicated that the effective boards used 44.2% of the recommended board processes, compared with 31.1% used by the ineffective boards, indicating that the effective boards are more formalised than the ineffective boards. A Mann-Whitney U Test revealed there was a significant difference in the use of board processes between the effective and ineffective boards \( (U = 1.00, p = .06) \), using an alpha level of 0.10. The use of a more lenient significance criterion for sample sizes less than 20 has been advocated as a legitimate way to improve the power of tests (Cohen, 1988; Murphy & Myors, 1998; Stevens, 1996).
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Board Process Items</th>
<th>Effective Boards $(n=4)$</th>
<th>Ineffective Boards $(n=3)$</th>
<th>Relative % difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recognition of retiring board members for their service</td>
<td>100</td>
<td>33</td>
<td>67</td>
</tr>
<tr>
<td>2</td>
<td>Board usually uses consensus decision making processes</td>
<td>100</td>
<td>33</td>
<td>67</td>
</tr>
<tr>
<td>3</td>
<td>Board able to co-opt members from outside the organisation</td>
<td>50</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>4</td>
<td>Board profile used in recruiting new members</td>
<td>50</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>Nominees interviewed</td>
<td>50</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>6</td>
<td>Board self evaluation used</td>
<td>50</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>7</td>
<td>Orientation for new board members</td>
<td>50</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>8</td>
<td>Annual board retreat conducted for planning</td>
<td>75</td>
<td>33</td>
<td>42</td>
</tr>
<tr>
<td>9</td>
<td>Members receive feedback from individual evaluations</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>10</td>
<td>Board manual</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>11</td>
<td>Limits to the consecutive number of terms of board members</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>12</td>
<td>Description of the role of the board in governance documents</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>13</td>
<td>Collective board self evaluation conducted</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>14</td>
<td>Board process for Executive performance appraisal</td>
<td>50</td>
<td>33</td>
<td>17</td>
</tr>
<tr>
<td>15</td>
<td>Absenteeism policy enforced</td>
<td>75</td>
<td>67</td>
<td>8</td>
</tr>
<tr>
<td>16</td>
<td>Board uses competitive hiring process for Executive</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>Agenda and minutes distributed prior to meetings</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>18</td>
<td>Description of the role of the board in the Constitution</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>19</td>
<td>Limits to the total number of terms of board members</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td>Description of the role of individual board members in governance documents</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>21</td>
<td>Nominating or board development committee</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>22</td>
<td>Written selection criteria for board members</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>23</td>
<td>Evaluation undertaken of individual board members</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>24</td>
<td>Limits to the consecutive number of terms an individual can serve as board chair</td>
<td>25</td>
<td>33</td>
<td>-8</td>
</tr>
<tr>
<td>25</td>
<td>Description of the role of individual board members in the Constitution</td>
<td>25</td>
<td>33</td>
<td>-8</td>
</tr>
<tr>
<td>26</td>
<td>Written policy about attendance at board and committee meetings</td>
<td>50</td>
<td>67</td>
<td>-17</td>
</tr>
<tr>
<td>27</td>
<td>Written policy on dismissal for absenteeism</td>
<td>75</td>
<td>100</td>
<td>-25</td>
</tr>
<tr>
<td>28</td>
<td>Limits to the total number of terms an individual can serve as board chair</td>
<td>0</td>
<td>33</td>
<td>-33</td>
</tr>
<tr>
<td>29</td>
<td>Executive has some role in nominating new board members</td>
<td>25</td>
<td>67</td>
<td>-42</td>
</tr>
<tr>
<td>30</td>
<td>All board members have office or standing sub committee responsibility</td>
<td>50</td>
<td>100</td>
<td>-50</td>
</tr>
</tbody>
</table>

Board process index 44.2 31.1
Four distinct groups of board processes are evident in Table 4.11. These are board processes that are:

- Used more by the effective boards than ineffective boards (items 1-15).
- Used by both groups of boards (items 16–18).
- Not used by either group of boards (items 19-23).
- Used more by the ineffective boards than effective boards (items 24-30).

The first group of board processes (items 1-15), comprising almost half of the recommended board processes, were used more by the effective boards than ineffective boards. These included recognising retiring board members for their service, engaging in consensus decision making processes, imposing limits to the consecutive number of terms of board members, and enforcing policies related to absenteeism from board meetings. These processes also included ten items related to the recruitment, orientation and evaluation of board members and the board. These included the use of a board profile in recruiting new members, and interviewing board nominees. These boards also developed board manuals, conducted orientation for new board members, and had a description of the role of the board in governance documents other than the constitution. Effective boards were also more likely to use some form of board self evaluation, provide members with feedback from individual evaluations, conduct collective board self evaluation, perform a formal performance appraisal of the Executive, and conduct an annual board retreat. It seems that effective boards pay more attention to the three key functions of recruitment, orientation and evaluation of board members, as revealed by their more frequent use of the recommended board processes.

The second group of board processes (items 16-18) included three processes used by all effective and ineffective boards. These included using a competitive hiring process for the executive, distributing agendas and minutes prior to board meetings, and having a description of the role of the board in the constitution. These three processes could all be considered either mandatory (prescribed by incorporation legislation) and/or standard practice amongst organisations and did not distinguish between the boards.
The third group of board processes (items 19-23) included five processes that were not used by either group of boards. These included imposing limits to the total number of terms of board members, having a description of the role of individual board members in governance documents other than the Constitution, using a nominating or board development committee to recruit new board members, developing written selection criteria for board members, and undertaking evaluations of individual board members.

The fourth group of board processes (items 24-30) included seven processes more likely to be used by ineffective boards than effective boards. These included imposing limits to the consecutive and total number of terms an individual can serve as board chair, having a description of the role of individual board members in the Constitution, developing written policies about attendance at board and committee meetings and dismissal of board members for absenteeism. These processes also included ensuring the Executive had some role in nominating new board members, and ensuring all board members have office or standing sub committee responsibility.

The quantitative data for board formalisation illustrated that the effective boards were more formalised than ineffective boards as measured by the use of recommended board processes. However, the data also showed that while some board processes were used more by effective boards, there were also some that were used more by ineffective boards. Additionally there were some board processes that were utilised to the same extent by both groups of board, and some that were not used by either group of boards.

In addition to the quantitative measures of board formalisation, a great deal of qualitative data were collected regarding board processes. Comments from interviewees from Stage 4 of the data collection procedures covered a number of themes regarding the relationship of board formalisation to board performance, including:

- Board member election, appointment and selection.
- Board member orientation and induction.
- The role of board members.
• Strategic planning.
• Decision making processes.
• Board evaluation.
• Limits to terms of board members and board chairs.

The analysis of the comments made on each of these themes is now presented and discussed in relation to the use of the recommended board processes.

Board member election, appointment and selection

As discussed previously, the data in Table 4.11 showed that effective boards used more of the recommended processes related to board member selection, specifically using the board profile to recruit new members and interviewing nominees for board positions. However, neither board type used a nominating or board development committee to seek new members or had written selection criteria for board members. In addition, the ineffective boards were more likely to involve the executive in nominating new board members. It was these elements of board structure - the processes in place to elect, appoint or select individuals for positions on the board - that attracted the largest number of comments from interviewees. Issues were raised regarding the efficacy of electing board members, the value of externally appointed board members, the potential lack of independence of elected board members, the use of the board profile to select new members, and the system in place to elect or appoint board chairs.

A concern raised by interviewees from both effective and ineffective boards was the efficacy of electing board members on the basis of popularity rather than ability to actively contribute to the board. The Executive of Eff1 cited the following example of how ineffective the election process could be:

"One of our board members, who perhaps from a true business sense, is probably better placed than a lot of people [to be an effective board member] was voted off last year because no one knows her, she didn't play for Australia, she's not a member of the association, she wasn't prepared to go out and lobby people to vote for her, and she was voted off".
This view was supported by the Board Member from Eff₂, who said that the "board is only as good as those [people] that are prepared to put their hand up to be representatives of the clubs". The interviewee went on to say that "it begs the question as whether or not you can go on having a board that's insular in terms of its appointments, or whether or not there ought to be scope for say three or four from the delegates system, and maybe a couple of outside board members".

The Executive of Eff₃ explained the issue of membership representation on the board as an "important part of the sport's social fabric" and that if it was totally removed, then "we could disenfranchise the members, so practically we have to keep it there". The interviewee added that it was necessary to find the right balance "between having people who represent a particular faction or component of the sport, but also have a skill set that they can think beyond their little bit of turf". The Executive of Ineff₁ suggested that while the factions of the sport will always be there because "they're the people that know their particular part of the sport and on the ground how to run an event", it was important that the "strategic direction and the policy needs to be overseen by a professional board". These comments seem to indicate that boards that only elect or appoint their membership from a relatively narrow organisational membership base run the risk of not attracting the appropriately skilled people to the board. It also appears that maintaining an adequate member representative structure on the board is important. However, this needs to be tempered by ensuring those people who are elected by an organisations' membership have the requisite skills to perform as a board member.

While only two boards (Eff₁ and Eff₄) currently had the ability through their constitution to appoint external members to their boards, comments from interviewees from both effective and ineffective boards were made regarding the value of external appointments to the board. The Board Member from Eff₂ thought that external appointments would "expand the depth and knowledge that's about, give you a chance to select people with certain qualities that you mightn't have at your disposal through the delegate system, so it does give you the capacity to strengthen the board". The Executive of Eff₁ highlighted the value of external appointments to other board members, when he said that if the board could "recognise their weaknesses collectively, that the board doesn't have this level of expertise, then they
should be big enough to seek it outside and bring in people that are not factional, that can apply certain skill sets, and the board collectively can learn”. The Board Member from Ineff₁, a sport with many factions, also cited the important benefits that come from seeking to appoint external people to the board. He said "if you have people come in at board level with the right skills, then you're not carrying any political agenda because they are not going to be from one particular faction in the sport, we may get people on the board that are from across the disciplines and that would be ideal". While the interviewees from both effective and ineffective boards identified the potential value of outside appointments, only two of the effective boards currently had such a formal arrangement.

The Board Member from Eff₄, a board that had changed from a delegate structure to an independent board five years prior to the study, mentioned the lack of independence of former elected board members as a major problem. He recalled that the "previous board was full of in-fighting, and I thought it was elected for the wrong reasons, I couldn't see how a twelve man board [of delegates] could ever make any decisions, it had no independence, it had no chance of going forward because each member was representing his club". The Executive of Eff₄ thought that the change in the board structure to an independent board where, once elected, board members must resign all roles with Eff₄ member clubs and associations, "has made a difference and taken the pressure off individuals to answer to stakeholder groups". In direct contrast, the Executive of Ineff₃ provided an example of board members seeking to further the interests of a particular faction within a sport rather than the whole sport: "certainly board members and people in control of Ineff₃ right across the nation have personal interests and sometimes those personal interests outweigh the greater benefit of the sport". The effective boards seemed to have developed ways to combat this problem, whereas the ineffective boards were still subject to the problem of ensuring greater independence of their board members.

Regardless of the system in place to elect or appoint board members, none of the boards used a nominating or board development committee to seek new members for the board, nor did any of the boards have any written selection criteria for board members (see Table 5.6). However, two of the effective boards (Eff₂ and Eff₄) used their existing profile of board member skills to identify new board members who
could bring certain skills to the board and interviewed potential board members. The Executive of Eff\textsubscript{1} thought that it was better to have board members who could think in broad strategic terms for the sport rather than have a board full of skill based appointments. The interviewee also said that "these days I think if we want legal experience we have them on a retainer" and because "we can actually bring so many different people in to help the organisation now in other ways, that it's not a major problem" if board members lack certain skills.

The Board Chair of Eff\textsubscript{2} described the election process as more the senior board members "anointing" new board members on the basis of their "qualifications and their networking ability". He went on to say that this process has "over the last eight years nearly everyone that's come on to the board is a person we have wanted for the board, not because they're yes men or anything like that, purely and simply because they've got something to offer". The Executive of Eff\textsubscript{4}, a board that could co-opt up to two people to the board, said the board continually looked "to say where are the gaps in the board's collective knowledge and experience" when seeking new board members. It appears that the effective boards use the profile of existing board member skills to consciously seek new board members to fill gaps in existing board members' skills or expertise, whereas ineffective boards are not so empowered.

The issue of how board chairs are elected or appointed was raised by interviewees from two of the effective boards. The Board Member from Eff\textsubscript{4}, where the board chair is elected by the general membership, suggested that it would be better if the board chair was elected by the board itself. His reasons were "if the board chair is elected from within the board, then he's shown or demonstrated some skills or some outstanding aspect of his background or his participation in board activities", so that his fellow elected board members are more likely to work co-operatively with him. The Executive of Eff\textsubscript{4} supported this view, and said "I feel that there is a risk that the stakeholders may elect a board chair who can't work with his own board members, whereas if you allow the group who are elected to elect their chair, to nominate their leader, there is a better chance, no guarantee, that they will work very co-operatively together". The Executive of Eff\textsubscript{3} also thought that the board chair "should be elected by the board because again it is a particular skill set and it's not necessarily the case of who's the most popular out there or who's lobbied out there, which is invariably
what happens, it's really about who can drive the board in the best possible way”. All the board chairs in this study were elected directly by their respective memberships. However, the potential benefit of boards electing their own chair seems to be acknowledged by some members of the effective boards.

In summary, the board member election and appointment systems raised several issues related to board performance. These included the need to balance maintaining an adequate member representative structure on the board with ensuring board members have the skills to perform their duties as a board member. A structure that allows for the appointment of external board members on the basis of skill was also perceived as associated with effective board performance. However, selection of new board members by a board nominating or development committee, or the use of formal selection criteria appears problematic within the context of VSOs, due to the need to maintain a board that is representative of the organisation’s members.

**Orientation and induction of new board members**

As shown in Table 4.11, only one board (Eff1) had a board manual that was a comprehensive guide to the working of the board and the role of the board members. Eff1 was also the only board that conducted a formal orientation for new board members. The Board Member from Eff2 described the typical experience for most board members, when he said "we don't have any induction system, you sort of attend the first meeting and they say you sit there, and this is what happens, and after that we'll have a meal together and that's that". The Executive of Eff2 described the lack of an orientation system as "board members tend to get thrown in the deep end a bit". The Board Chair of Eff2 was even more specific, saying "it's like an old boy's club, no one tells you anything, you've got to work it out for yourself". The Board Member from Eff2 felt that a better process would be "a half day session on what happens or something like that, just so that people don't go in cold, you can explain your expectations, what are the expectations of you, just so you've got an appreciation of the breadth and depth" of the role. However, the Board Chair of Eff2 thought that the absence of a proper board manual and accompanying formal orientation procedure was due to a lack of resources rather than will. He said "we just haven't got the time to put together a nice manual, it would be ideal, it's one of the things
that are down on the wish list, but there are probably more important things that crop up from time to time, but I think it would be worthwhile".

The Executive of Eff\textsubscript{3} highlighted the anomaly of not conducting an orientation for board members when he said "there isn't a formal orientation process, we do it with all staff but the board doesn't do it for their own board members, I think that is a deficiency and it's a weakness". The Executive of Eff\textsubscript{3} cautioned that any such orientation should be very practical "so that they can walk in there and say okay I know my job is to think strategically, I know my job is to represent the organisation, I know my job is to help with the planning or to review the finances and this is the way I do it". The Board Chair of Eff\textsubscript{3} thought that is was essential so that "people knew what was expected of them".

In direct contrast to these ideas, the Board Member from Ineff\textsubscript{1} thought that an orientation was not required because "it's pretty easy, just go to the meetings and take notes or whatever it is and report back to your specific faction". This informality was also highlighted by the Executive of Ineff\textsubscript{1}, who said "there's no induction that I've seen".

Although Ineff\textsubscript{3} did not offer new board members an orientation process, the Board Chair of Ineff\textsubscript{3} still thought such a process would be valuable. He said:

"I think that's very important that a person knows what they're doing when they come on, knows what's expected of them and knows what their rights are, it's no different to somebody starting a job, just because they're doing it voluntary doesn't mean to say it's less important either for the person or the organisation".

The Executive of Ineff\textsubscript{3} also recognised the value of a board manual and orientation process but "unfortunately we just haven't got the physical and manpower resources to be able to produce those things [and] in the perfect scenario you'd like them all [board members] to be really equipped before they went to their first board meeting [but] the real world sort of dictates that they come and learn as they go". The situation at Ineff\textsubscript{4} was even more informal. The Executive of Ineff\textsubscript{4} said that "I think they should be given a kit or whatever on their portfolio or on everything including
the constitution, [but] we don't even give them a copy of the constitution and yet that's what is supposed to be the guide".

For both effective and ineffective boards, the need to provide effective induction and orientation programs for new board members is recognised. However, both groups of boards did not appear to have the resources to do so or failed to make it a priority, even though the benefits of such processes for improving board performance are acknowledged.

Description of the role of the board and board members

The absence of formal statements regarding the role of the board and board members in documents other than the constitution for the majority of boards seems to be an important issue (see Table 4.11). Only one of the effective boards had a role description of the role of the board in documents other than the constitution. None of the boards had any role descriptions of individual board members. Interviewees repeatedly mentioned the need for board members to have greater clarity of what their respective roles were, yet little documentation was available to assist board members in this area. For example, the Executive of Eff3, said that board members are not "really performing well in the sense of understanding their role in adding value to the organisation" and that "we've got a problem with their overall understanding of what their role is as a board".

However, the Executive of Eff1 said that the issue of documentation was perhaps just the start of the process of increasing board member's understanding of their role, and that the important issue was providing continual education for board members about their role. She stated that "you want to have all the documentation of their role in place, and that it is then about their understanding of it, and educating them, so their induction is really important but then it's reinforcing it". There appears to be a need for good documentation and associated education of the role of board members and the board to aid individuals gaining a clearer understanding of their role and that of the board. This was perceived by most interviewees to contribute to improvements in board performance.
Strategic planning

Three of the effective boards (Eff₁, Eff₄, and Eff₃) conducted an annual board retreat for the purposes of strategic planning, compared to only one ineffective board (Ineff₁) (see Table 4.11). The fact that Eff₂ did not conduct a board retreat could be explained by the influence of the management team and executive at Eff₂ for the development of strategy rather than board members. The Board Member from Eff₂ commented that "board doesn't necessarily take the lead as much as it should on strategic development anyway". Similarly, the Executive of Eff₂ said the reliance of the board on the management team and executive was because board members “do have a life outside Eff₂, they have other things on their mind as well, so they tend to rely on us".

The Board Chair of Eff₄ thought that the board did a "pretty good job" of strategic planning but that "it's probably the staff I'd say have probably got a slightly more important role" in strategic planning. The Executive of Eff₄ also confirmed that the difficulty in the board conducting strategic planning "has been getting the time commitment from the group to look at the strategic planning issues". The Board Chair of Eff₃ also suggested that the strategy development comes more from the executive and the management team, than the board.

The Executive of Ineff₁ thought the issue of strategic planning was problematic because most board members were "still very much caught up in the day to day stuff which is inherent because they're chairman of the factions, so their day to day worries are quite real", which makes it very difficult to prioritise strategic planning. The Executive of Ineff₃ was sceptical of the ability of his board members to involve themselves in planning. He said that "I've written them a strategic plan and I would think some of the board members wouldn't know what's in it". He further went on to explain the reasons for that when he said "we've all got strategic planning models, and goodness knows what, how we'd like everyone to think but you can only work with the people that are there and some people haven't got that capability".

The Executive of Ineff₄ stated that the "board believed that it is my role to create the strategic plan as such and not necessarily in conjunction with the board". The
reluctance of the board members of Ineff4 to engage in strategic planning was a source of frustration for the Executive of Ineff4 who also said that "for me to assume that I know everything is just crazy, and this is where the problem comes in getting them together to be part of a forum to discuss where we're heading and what we're doing is near impossible, so I don't think it's taken seriously". The Board Chair of Ineff4 was also sceptical of the planning skills of the board, stating "we're quite thin on commercial experience on this board, there are really only two of us now who have much in that area, and the rest are just members of the clubs essentially".

It seems that the impetus for strategic planning rests with the executives of all boards. However, the board members of effective boards are more involved in strategic planning processes than the members of ineffective boards. The use of a formal process such as a board retreat to involve board members in strategic planning activities appears to be associated with higher levels of board performance.

**Decision making**

All of the effective boards used consensus decision making all of the time compared with only one of the ineffective boards (see Table 4.11). Voting in these boards was only undertaken to formally record the passing of a motion by the board or to indicate an individual board member's objection to a decision. The Board Chair of Eff1 described what appears to be the typical decision making process within all the effective boards, when she said "everyone has the opportunity to speak up if you don't want to ratify something, so the end result is the same, you're either approving it or not" rather than the formal moving of motions. The Board Member from Eff1 also said that "we used to go to a vote and do things very formally, but now a lot more is ratification and to me that's a much more sensible way of proceeding through the operations and it certainly makes your meeting move a lot quicker".

In contrast, only one of the ineffective boards (Ineff3) indicated they used consensus decision making some of the time, preferring to vote formally to reach decisions in most circumstances. The Board Chair of Ineff3 said that they "try and do it by consensus" but that often it falls to him to "try and come up with a view that the majority could accept" and then they vote. The Executive of Ineff1 described the
process within his board of being very formal, with voting on decisions the norm. The Executive of Ineff\textsubscript{4} said that due to the style of the Board Chair, who "really moves the meeting along, cutting everyone off", that most decisions attract little discussion and are passed by a formal vote.

The value of good chairmanship to aid consensus decision making was highlighted by the Board Member from Eff\textsubscript{2} who said, "he provides good leadership, gives everyone a chance to say what they think and brings it to a conclusion, identifies the issues and puts it to a vote [for the sake of recording only]". The Board Member from Eff\textsubscript{1} also highlighted the importance of good chairmanship, when she said "you also need strong leadership from your chair to make sure that your board works in the most efficient manner".

It seems that the effective boards use consensus decision making processes as the norm, and vote formally to simply record the result of the decision making process. In contrast, ineffective boards tended to use formal decision making processes, voting on almost every decision. Additionally, the utility of consensus decision making was perceived as being dependent on the ability of the board chair to facilitate the process.

*Board evaluation*

Attempts to undertake any form of individual or collective board evaluation was another distinguishing feature when comparing effective and ineffective boards (see Table 4.11). None of the ineffective boards had attempted any form of individual or collective performance evaluation. Two of the effective boards (Eff\textsubscript{1} and Eff\textsubscript{4}) had used a board self-evaluation process, where board members evaluated their own contributions to the board. One of the effective boards (Eff\textsubscript{1}) had attempted a collective board evaluation, where the board as a group discussed its performance. Eff\textsubscript{1} was also the only board to distribute feedback to board members about their individual performance, but this was done on a very informal basis as part of a planning retreat. None of the boards had undertaken a formal written evaluation of the performance of individual board members. The majority of comments from interviewees on the subject of performance evaluation were centred on the issues of
how to undertake such evaluations, the reactions of board members if asked to undergo an evaluation, and the need to create clear performance criteria to make any such evaluation useful.

The Executive of Eff1 thought "any evaluation should be objective and should be something they [board members] do themselves". The Board Member from Eff1 thought that it was appropriate to evaluate the performance of board members since we "expect to evaluate our staff, and we expect to review our CEO", and any review of the board should "probably be looking at us reviewing ourselves". The Executive of Eff4 outlined how their board conducted their evaluation, "we do it ourselves internally, we sort of will sit down every 12 months when portfolios are reviewed and say well, how have you performed, what have you done and things like that, and that's been a fairly good process". He recognised the informality of the process when he further described it as "a bit of self evaluation and sort of everyone putting their hand up and sort of giving their opinion as to how for example, you've performed in your portfolio, and it would be fair to say that's it's probably not as hard hitting as perhaps it could be, we tend to be a little bit soft on each other". Possible reasons for the informality and the soft evaluation were highlighted by the Board Chair of Eff4 who said that it was "because we're doing it in an honorary capacity and for that reason we are not as harsh as we should be at each other".

The Executive of Eff2 expressed some concern about the process when he said "I guess the application of it might be a bit interesting, because I'm not too sure how the board would react to that and who should do it". He also felt that "if that was to be done by an external source I think it would probably received in a more objective fashion than if it was just done by me". The Board Member from Eff3 also thought board members might not react positively to an evaluation. He said "I'd love that question [of evaluating the board] to be put to the board and just see what their reaction would be, the Executive has had to be wary because there's always been this culture of we are the directors, they're only the staff" which would make it difficult for the executive to implement such an evaluation.

The Board Member from Eff2 identified the need to create clear performance criteria to make any such evaluation useful when he said "I think it's possible, you'd have to
develop appropriate assessment criteria”. The Board Chair of Eff₂ supported this view, although he said "I have a little bit of difficulty coming to grips with how you actually put in place the actual performance criteria". The Executive of Eff₄ thought that evaluating the performance of the board was difficult because "in terms of the board itself, there's probably no structure or guidelines for how they're going to operate". He felt that in order to undertake an evaluation there first "needs to be some structure, some guidelines which will then provide a basis to evaluate performance of the board as a group and individually".

The Executive of Ineff₃ thought that one of the reasons the board of Ineff₃ had never attempted any form of individual or collective performance evaluation was that it was "in the too hard basket". This was indicative of the opinions of all the interviewees from the ineffective boards. The reality facing the ineffective boards was highlighted by the Executive of Ineff₃ when he said "if you had a competitive arrangement and a competitive structure where people were striving to be board members, you could possibly do some assessment of how they perform". The fact that the ineffective boards struggle to attract new board members at all, makes the implementation of an evaluation all the more difficult. The Executive of Ineff₄ offered an even more pessimistic assessment of the possibility of undertaking an evaluation of board performance within an ineffective board when he said "well I think you sort of have to [evaluate the board's performance] but it doesn't mean that they will pay any attention".

To summarise, effective boards were more likely to have addressed the issue of performance evaluation of the board and board members, than the ineffective boards. However, the issues of how to conduct such evaluations and what criteria to impose to evaluate the performance of individual board members and the board itself were of concern to interviewees from both groups of boards.

Limits to terms of board members and board chairs

Attempts to impose limits to the terms of board members and board chairs also distinguished the two groups of boards (see Table 4.11). One effective board limited the number of consecutive terms a board member could serve, compared with none
of the ineffective boards. In contrast, the ineffective boards were more likely to impose limits to the consecutive and total number of terms an individual can serve as board chair. None of the boards imposed limits to the total number of terms board members could serve. The issue of imposing either minimum or maximum terms for board members and for specific positions on the board drew many comments from the interviewees.

Most of the comments regarding term limits were on the value of imposing maximum term limits rather than minimums. The Board Member from Eff\textsubscript{2} summed up the views of most interviewees when he said "if they're performing I don't believe in throwing a person out who's performing just for the sake of [a term limit]."

The Board Chair of Eff\textsubscript{1} mentioned that the imposition of any such limits may concern some board members whose role as a board member was "the main focus of their life". She also said that imposing a minimum term limit to fill a position on the board "would have been off putting to me to have to commit to three years".

However, the Board Member from Eff\textsubscript{1} (where 2 year terms are the norm before re-election) observed that the two year term was almost too short as "most people feel when they come for that two years, that the first year they're only just getting hold of what's happening, and the next year they're just sort of getting their teeth into it, and then they could be virtually off the board". This view was supported by most interviewees, that it took at least one year to understand the role of a board member and the following two years were when most people started really contributing to the activities of the board.

The Board Member of Eff\textsubscript{3} isolated the issue of term limits to the position of the Board Chair. He felt that Board Chairs should not "be there forever" and that five years was about the limit for an individual to hold that position. He went on to say that the imposition of term limits was problematic, in that "you've got to have succession, you've got to know who it is that's coming [onto the board]". The Executive of Ineff\textsubscript{3} said that it would be beneficial to impose term limits but that it was "dependent on who's prepared to stand, that someone who has been there for 16 years might be better than some new person, or even worse having no one stand for the position, so you've got those sort of predicaments you've got to measure it
against". The Board Member from Ineff₄ supported these sentiments by saying that it was difficult to attract people to stand for the board anyway, so after "say six or nine years as a board member and they're not allowed to stand any more, and there's no one else to take their place, what happens?".

Overall, it seems that imposing maximum term limits for board members raises several issues. These include the potential loss of well performing board members for the sake of imposing an arbitrary limit, which was perceived as diminishing the ability of the board to perform. However, there seems to be some concern for the need to have a mechanism in place (other than regular elections) to move people off the board if they are not performing. Finally, the need to undertake succession planning for board members and for specific roles on the board, appears to be important for effective board performance, regardless of the existence of any term limits.

In summary, the quantitative data illustrated that the effective boards were more formalised than ineffective boards as measured by the use of recommended board processes and that a higher degree of formalisation of board structure was associated with a higher level of board performance. The analysis of the qualitative data regarding the formalisation of the boards highlighted a number of themes related to board performance. These themes are summarised in Table 4.12.

Formalisation was the second of three major concepts in organisational theory to be investigated in relation to board performance. The third board structural characteristic that was investigated in relation to board performance was the degree of centralisation of the board. The analysis of the centralisation of the board and the relationship to board performance is now presented.
Table 4.12
Summary of board formalisation themes related to board performance

<table>
<thead>
<tr>
<th>Theme</th>
<th>Key points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board member election, appointment and selection system</td>
<td>Need to balance maintaining an adequate member representative structure with ensuring board members have the requisite skills. Structure should allow the appointment of external board members on the basis of skill. Board members, once elected, should operate as truly independent members, rather than representing a particular faction of the sport. Selection of new board members by a board nominating or development committee, or the use of formal selection criteria appears problematic within the context of voluntary sport organisations, due to the need to maintain a board that is representative of the organisation’s members. Some support for the notion that board chairs should be elected by the board rather than directly from the general organisational membership.</td>
</tr>
<tr>
<td>Board member are orientation and induction</td>
<td>The need to provide effective induction and orientation programs for new board members is recognised, however, both types of boards do not appear to have the resources to do so.</td>
</tr>
<tr>
<td>Description and education of the role of board members and the board</td>
<td>Good documentation and associated education of the role of board members and the board was seen as beneficial to aid individuals gaining a clearer understanding of their role and that of the board, as well as leading to better board performance.</td>
</tr>
<tr>
<td>Involvement of board members in formal strategic planning activities</td>
<td>The impetus for strategic planning rests with the executives of all boards. The use a formal process such as a board retreat to involve board members in strategic planning activities appears to be related to more effective board performance.</td>
</tr>
<tr>
<td>Use of consensus decision making processes</td>
<td>Effective boards use consensus decision making processes as the norm, and vote formally to simply record the result of the decision making process. In contrast, ineffective boards tended to use formal decision making processes, usually voting on every decision. The efficacy of consensus decision making was perceived as being dependent on the ability of the board chair to facilitate the process.</td>
</tr>
<tr>
<td>Undertaking steps to evaluate the board</td>
<td>Effective boards had addressed the issue of board and board member evaluation in varying degrees, compared with none of the ineffective boards. The issues of how to conduct such evaluations and what criteria to impose to evaluate individual board members and the board were unclear.</td>
</tr>
<tr>
<td>Imposition of limits to terms of board members and board chairs</td>
<td>Imposing a maximum term limit for board members was perceived as possibly diminishing the ability of the board to perform if well performing board members were prevented from serving for the sake of imposing an arbitrary limit. There seems to be some need to have a mechanism in place (other than regular elections) to move people off the board if they are not performing. The need to undertake succession planning for board members and for specific roles on the board, appears to be important for effective board performance, regardless of the existence of any term limits.</td>
</tr>
</tbody>
</table>
Centralisation and board performance

A single measure of the degree of centralisation of board structure was utilised. Centralisation was operationally defined as the locus of authority to make decisions within the board structure. In other words, which part of the board (executives, board chairs or board members) was perceived to have the most influence in decision making. The quantitative data were collected in Stage 3 (self-administered questionnaire) of the study. The qualitative data were collected in Stage 4 (semi-structured interviews with selected executives, board chairs and board members) of the study. As in the previous section, the analysis of quantitative data is presented first, followed by the analysis of qualitative data where applicable, in order to triangulate the results and provide a greater depth of understanding about issues relating to centralisation and board performance.

Centralisation was measured using a ten item scale of the perceptions of the amount of influence the executive, board chair and board members each currently had and should have in relation to decision making within the board. The items covered ten areas of decision making and were based on an approach used by Herman and Tulipana (1989), Searle (1989), Inglis (1997b), Auld (1997) and Auld and Godbey (1998) in studies investigating the level of influence of executives and board members in decision making. The scale was used to measure perceptions of influence in decision making in six different categories of how much influence respondents perceived that:

1. executives currently had.
2. board chairs currently had.
3. board members currently had.
4. executives should have.
5. board chairs should have.
6. board members should have.

Using a five point Likert-type scale, alternative responses included 1 (little or no influence), 2 (some influence), 3 (quite a bit of influence), 4 (a great deal of influence), and 5 (a very great deal of influence). Mean scores were calculated for the ten item scale in each of the six categories defined above. This yielded six mean
scores for the combined perceptions of all respondents of the amount of influence in decision making that executives, board chairs and board members had and should have in decision making (see Table 4.13). Due to the sample size ($N=53$) and low case to scale item ratio, dimensionality testing using factor analysis was not conducted (Tabachnick & Fidell, 2001). However, as discussed in chapter 3, the face validity of the scale was determined during the pilot study.

Reliability analysis revealed the scale to be highly reliable in all six categories when the perceptions of all respondent types were combined (see Table 4.13). Cronbach alpha values were equal to or greater than .85. When the perceptions of all respondents were combined, board members ($M = 2.60$) were perceived to currently have the least amount of influence in decision making, followed by board chairs ($M = 3.16$), with executives ($M = 3.60$) perceived to currently have the most amount of influence in decision making. Similarly, the perceptions of the amount of influence that board members should have ($M = 3.10$) were lower than that of board chairs ($M = 3.59$) and executives ($M = 3.97$).

However, these combined mean scores were a mixture of scores from respondents judging their own and others perceived amount of influence in decision making. This meant that the mean scores for the amount of influence board members currently have and should have included the perceptions of board members themselves plus the perceptions of executives and board chairs. Similarly, the mean scores for board chairs and executives were based on a mixture of independent and self-perceptions. In order to investigate whether the self-perception mean scores were different to the perceptions of others of the amount of influence in decision making, the mean scores for each group of respondents were also calculated (see Table 4.13). When the perceptions of all respondent types were considered separately, reliability analysis revealed the scale to be reliable (Cronbach alphas ranged from .70 to .95) for all respondent types except for executives' perceptions of the amount of influence that board members currently have in decision making ($\alpha = .54$).
Table 4.13
Mean scores of perceptions of influence in decision making

<table>
<thead>
<tr>
<th>Scale</th>
<th>Mean</th>
<th>SD</th>
<th>N</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members currently do have as perceived by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members combined</td>
<td>2.60</td>
<td>.70</td>
<td>53</td>
<td>.85</td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members weighted</td>
<td>2.55</td>
<td>.69</td>
<td>138</td>
<td>.85</td>
</tr>
<tr>
<td>Board Members</td>
<td>2.49</td>
<td>.67</td>
<td>39</td>
<td>.83</td>
</tr>
<tr>
<td>Board Chairs</td>
<td>2.93</td>
<td>.96</td>
<td>7</td>
<td>.95</td>
</tr>
<tr>
<td>Executives</td>
<td>2.89</td>
<td>.48</td>
<td>7</td>
<td>.54</td>
</tr>
<tr>
<td>Board Chairs currently do have as perceived by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members combined</td>
<td>3.16</td>
<td>.81</td>
<td>53</td>
<td>.90</td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members weighted</td>
<td>3.17</td>
<td>.82</td>
<td>138</td>
<td>.90</td>
</tr>
<tr>
<td>Board Members</td>
<td>3.19</td>
<td>.82</td>
<td>39</td>
<td>.90</td>
</tr>
<tr>
<td>Board Chairs</td>
<td>3.01</td>
<td>1.03</td>
<td>7</td>
<td>.94</td>
</tr>
<tr>
<td>Executives</td>
<td>3.19</td>
<td>.66</td>
<td>7</td>
<td>.80</td>
</tr>
<tr>
<td>Executives currently do have as perceived by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members combined</td>
<td>3.60</td>
<td>.80</td>
<td>53</td>
<td>.89</td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members weighted</td>
<td>3.54</td>
<td>.80</td>
<td>138</td>
<td>.88</td>
</tr>
<tr>
<td>Board Members</td>
<td>3.50</td>
<td>.81</td>
<td>39</td>
<td>.88</td>
</tr>
<tr>
<td>Board Chairs</td>
<td>3.49</td>
<td>.76</td>
<td>7</td>
<td>.88</td>
</tr>
<tr>
<td>Executives</td>
<td>4.30</td>
<td>.45</td>
<td>7</td>
<td>.75</td>
</tr>
<tr>
<td>Executives should have as perceived by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members combined</td>
<td>3.10</td>
<td>.69</td>
<td>53</td>
<td>.85</td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members weighted</td>
<td>3.07</td>
<td>.69</td>
<td>138</td>
<td>.86</td>
</tr>
<tr>
<td>Board Members</td>
<td>3.02</td>
<td>.68</td>
<td>39</td>
<td>.85</td>
</tr>
<tr>
<td>Board Chairs</td>
<td>3.33</td>
<td>.82</td>
<td>7</td>
<td>.93</td>
</tr>
<tr>
<td>Executives</td>
<td>3.27</td>
<td>.56</td>
<td>7</td>
<td>.70</td>
</tr>
<tr>
<td>Board Chairs should have as perceived by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members combined</td>
<td>3.59</td>
<td>.64</td>
<td>53</td>
<td>.86</td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members weighted</td>
<td>3.61</td>
<td>.64</td>
<td>138</td>
<td>.86</td>
</tr>
<tr>
<td>Board Members</td>
<td>3.64</td>
<td>.62</td>
<td>39</td>
<td>.86</td>
</tr>
<tr>
<td>Board Chairs</td>
<td>3.36</td>
<td>.87</td>
<td>7</td>
<td>.93</td>
</tr>
<tr>
<td>Executives</td>
<td>3.56</td>
<td>.55</td>
<td>7</td>
<td>.71</td>
</tr>
<tr>
<td>Executives should have as perceived by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members combined</td>
<td>3.97</td>
<td>.68</td>
<td>53</td>
<td>.87</td>
</tr>
<tr>
<td>Executives, Board Chairs and Board Members weighted</td>
<td>3.94</td>
<td>.67</td>
<td>138</td>
<td>.87</td>
</tr>
<tr>
<td>Board Members</td>
<td>3.94</td>
<td>.66</td>
<td>39</td>
<td>.85</td>
</tr>
<tr>
<td>Board Chairs</td>
<td>3.70</td>
<td>.84</td>
<td>7</td>
<td>.93</td>
</tr>
<tr>
<td>Executives</td>
<td>4.44</td>
<td>.42</td>
<td>7</td>
<td>.80</td>
</tr>
</tbody>
</table>

The combined mean scores for the perceptions of influence in decision making in each of the six categories may also have been influenced by the disproportionate number of respondents who were board members. In order to compensate for the disproportionately high number of board members ($n=39$) compared to executives...
(n=7) and board chairs (n=7), a weighted mean score for the perceptions of influence in decision making was also calculated for each of the six categories (see Table 4.13). The scales were reliable for each of the six categories with Cronbach alpha values greater than or equal to .85. When the perceptions of all respondents were weighted, board members (M = 2.55) were perceived to currently have the least amount of influence in decision making, board chairs (M = 3.17) with slightly more influence, and with executives (M = 3.54) perceived to have the most amount of influence in decision making. Similarly, the perceptions of the amount of influence that board members should have (M = 3.07) was lower than that of board chairs (M = 3.61) and executives (M = 3.94). There were minimal differences between the weighted and unweighted mean scores for the combined perceptions of respondents for each of the six categories, with the mean score differences ranging from .01 to .06 (see Table 4.13).

To test whether there was a significant difference in the mean scores for perceptions of the amount of influence in decision making for each of the six categories for each type of respondent, analysis of variance in the mean scores using a Kruskal-Wallis test was conducted (see Table 4.14). There was no significant difference in the mean scores between the perceptions of executives, board chairs or board members for the amount of influence that either board members or board chairs currently have ($H = 4.46, p = 0.11$) and ($H = .35, p = .84$) respectively. Nor was there any significant difference in the mean scores between the perceptions of executives, board chairs or board members for the amount of influence that either board members, board chairs, or executives should have ($H = 2.06, p = 0.36$), ($H = .87, p = .65$) and ($H = 4.19, p = .12$) respectively.

There was, however, a significant difference in the mean scores between the perceptions of executives, board chairs and board members for the amount of influence that executives currently have ($H = 6.47, p = .04$). An inspection of the mean ranks for the groups of respondents suggests that executives rate their own amount of decision making influence higher (M = 4.30) than either board chairs (M = 3.49) or board members (M = 3.50) rate the amount of influence held by executives (see Table 4.14).
The perceptions of the amount of influence in decision making held by the three types of respondents were not significantly different, except for the perceptions of executives of their own current amount of influence in decision making. This suggests that the weighted combined mean scores of the perceptions of influence in decision making can be used for further analyses of the differences between effective and ineffective boards. However, it should be noted that the study utilised a relatively small sample size and the interdependency of the perceptions of respondents may therefore be a limitation. A larger sample size may have enabled the analysis to be conducted on the differences in the perceptions of only independent respondents rather than a mixture of self and others perceptions of influence in decision making. The analysis that follows uses the weighted combined mean scores of the perceptions of influence in decision making.

Table 4.14
Mean scores of perceptions of influence in decision making for each respondent type

<table>
<thead>
<tr>
<th>Scale</th>
<th>Perceptions of Executives</th>
<th>Perceptions of Board Chairs</th>
<th>Perceptions of Board Members</th>
<th>Anova Kruskal Wallis (H)</th>
<th>Sig (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived amount of influence in decision making that</td>
<td>Mean (n=7)</td>
<td>SD</td>
<td>Mean (n=7)</td>
<td>SD</td>
<td>Mean (n=39)</td>
</tr>
<tr>
<td>Board Members currently do have</td>
<td>2.89</td>
<td>.48</td>
<td>2.93</td>
<td>.96</td>
<td>2.49</td>
</tr>
<tr>
<td>Board Chairs currently do have</td>
<td>3.19</td>
<td>.66</td>
<td>3.01</td>
<td>1.03</td>
<td>3.19</td>
</tr>
<tr>
<td>Executives currently do have</td>
<td>4.30</td>
<td>.45</td>
<td>3.49</td>
<td>.76</td>
<td>3.50</td>
</tr>
<tr>
<td>Board Members should have</td>
<td>3.27</td>
<td>.56</td>
<td>3.33</td>
<td>.82</td>
<td>3.02</td>
</tr>
<tr>
<td>Board Chairs should have</td>
<td>3.56</td>
<td>.55</td>
<td>3.36</td>
<td>.87</td>
<td>3.64</td>
</tr>
<tr>
<td>Executives should have</td>
<td>4.44</td>
<td>.42</td>
<td>3.70</td>
<td>.84</td>
<td>3.94</td>
</tr>
</tbody>
</table>

* significant at the $p < .05$ level

To test whether there was a significant difference in the mean scores for perceptions of the amount of influence in decision making for the effective and ineffective groups of boards, the weighted combined mean scores of respondents' for each group of boards were calculated (see Table 4.15).
Table 4.15
Differences in combined weighted mean scores of perceptions of the amount of influence in decision making for effective and ineffective boards

<table>
<thead>
<tr>
<th>Scale</th>
<th>Effective Boards</th>
<th>Ineffective Boards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived amount of influence in decision making that</td>
<td>Weighted Mean (N=78)</td>
<td>SD</td>
</tr>
<tr>
<td>Board Members currently do have</td>
<td>2.47 .66</td>
<td>2.67 .73</td>
</tr>
<tr>
<td>Board Chairs currently do have</td>
<td>3.16 .90</td>
<td>3.18 .70</td>
</tr>
<tr>
<td>Executives currently do have</td>
<td>3.80 .71</td>
<td>3.20 .77</td>
</tr>
<tr>
<td>Board Members should have</td>
<td>2.89 .66</td>
<td>3.30 .66</td>
</tr>
<tr>
<td>Board Chairs should have</td>
<td>3.54 .64</td>
<td>3.70 .63</td>
</tr>
<tr>
<td>Executives should have</td>
<td>3.93 .68</td>
<td>3.95 .67</td>
</tr>
</tbody>
</table>

* significant at the $p < .05$ level

Analysis of the variance in the mean scores using a Kruskal – Wallis test for perceptions of the amount of influence in decision making, showed there was a significant difference in the amount of influence executives currently have ($H = 19.77, p = .00$) between effective ($M = 3.80$) and ineffective ($M = 3.20$) boards. Executives of effective boards were perceived to have greater influence in decision making than the executives of ineffective boards.

There was also a significant difference in the amount of influence board members should have ($H = 10.99, p = .00$) between effective ($M = 2.89$) and ineffective ($M = 3.30$) boards. Board members of ineffective boards were perceived (using the weighted combined mean scores of respondents') as though they should have greater influence in decision making than the board members of effective boards.

The centrality of decision making within each board type was investigated by conducting a Friedman Test to determine differences in the mean scores for the amount of influence in decision making executives, board chairs and board members were perceived to have currently (see Table 4.16). The Friedman Test was used to rank the amount of influence in decision making currently held by executives, board chairs and board members as perceived by each respondent, and to determine the degree of significance between the mean ranking scores.
Table 4.16
Weighted mean rank scores for the perceived amount of influence in decision making executives, board chairs and board members currently do have

<table>
<thead>
<tr>
<th>Weighted Mean Rank Score</th>
<th>Perceived amount of influence in decision making</th>
<th>N</th>
<th>Chi sq.</th>
<th>Sig p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board Members currently do have</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Boards</td>
<td>1.35</td>
<td>78</td>
<td>65.87</td>
<td>.00*</td>
</tr>
<tr>
<td>Ineffective Boards</td>
<td>1.42</td>
<td>60</td>
<td>30.62</td>
<td>.00*</td>
</tr>
</tbody>
</table>

* significant at the $p < .05$ level

For both effective and ineffective boards, the executive was perceived to currently have the most influence in decision making. Board chairs were perceived to be the next most influential, with board members the least influential in decision making, for both types of boards. These rankings were significantly different for both effective $\chi^2(2, N = 78) = 65.87, p=.00$ and ineffective boards $\chi^2 (2, N = 60) = 30.62, p=.00$ (see Table 4.16).

The centrality of future decision making within each board type was investigated by conducting a Friedman Test to determine the difference in the mean scores for the amount of influence in decision making that executives, board chairs and board members should have (see Table 4.17). For both effective and ineffective boards, the executive was perceived as the one that should have the most influence in decision making in the future. Board chairs were perceived as the ones that should be the next most influential, with board members perceived as the ones who should be the least influential in decision making for both types of boards. Again, these rankings were significantly different for both effective $\chi^2 (2, N = 78) = 81.89, p=.00$ and ineffective boards $\chi^2 (2, N = 60) = 32.19, p=.00$ (see Table 4.17).
Table 4.17
Weighted mean rank scores for the perceived amount of influence in decision making executives, board chairs and board members should have

<table>
<thead>
<tr>
<th>Weighted Mean Rank Score</th>
<th>Perceived amount of influence in decision making</th>
<th>N</th>
<th>Chi sq.</th>
<th>Sig. p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board Members should have</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board Chairs should have</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executives should have</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Boards</td>
<td>1.27</td>
<td>78</td>
<td>81.89</td>
<td>.00*</td>
</tr>
<tr>
<td>Ineffective Boards</td>
<td>1.47</td>
<td>60</td>
<td>32.19</td>
<td>.00*</td>
</tr>
</tbody>
</table>

* significant at the $p < .05$ level

The relationship between board performance (as measured by the SANGBS) and perceptions of influence in the amount of decision making (as measured by the scale of perceptions of influence in decision making) was investigated using Pearson product-moment correlation coefficient (see Appendix 14). Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity, and homoscedasticity. There was a moderate, positive correlation between board performance and the perceptions of the amount of influence in decision making executives currently have ($r = .37$, $p = .00$). Higher levels of board performance were related to higher levels of perceived influence in decision making by executives. There were no significant correlations between board performance and the perceptions of the amount of influence in decision making board chairs and board members have or should have, or that executives should have.

In summary, the quantitative data analysis found that:

- For all boards, the executive was perceived as the one who currently has and should have the most amount of influence over decision making.
- Executives of effective boards were perceived to have greater influence in decision making than executives of ineffective boards.
- Higher levels of board performance were related to higher levels of perceived influence in decision making by executives.

In addition to the quantitative measure of board centralisation, qualitative data were collected regarding the centralisation of decision making within the board. The comments from interviews generally supported the result of the quantitative data analysis that for all boards, executives currently had and should have the greatest
amount of influence in decision making. The Executive of Eff₁ said that "I agree I have the influence here where I can push something on that I want to see happen". The Board Member from Eff₁ provided a typical response from the majority of interviewees from the effective boards when she said that "the executive has a huge influence" over decisions made by the board. Executives influenced decisions within the board by lobbying board members prior to meetings in order to gauge reactions to proposals and agenda items requiring decisions. For example, the Executive of Eff₁ said she often would "sound out decisions with other board members before meetings, and I know the ones that might support a position, and I'll talk to them about it". She further went on to say "I think I do try and influence things and I will actually ask staff to write things in a certain way to ensure they get passed [and] if I think that this issue could be a bit dicey I'll actually just talk to someone about it". Such lobbying behaviour was not restricted to the executives of effective boards. The Executive of Ineff₁ stated that "I will make my theories known prior to the meeting or discuss it individually with people and see where they're coming from".

However, there were contrasting views offered about who was perceived to have the most amount of influence within the board. The Executive of Eff₂ said that "I think probably the board chair wields the most influence, not only does he control the meetings very well but he does provide leadership, so I think he does, I think he'd have to have the most influence". For the board of Eff₃, it was clearly the board chair who was perceived to wield the most amount of influence in decision making within the board. The Board Member from Eff₃ said "the board chair, definitely" has the most influence. This view was supported by the Board Chair of Eff₃ who said that "yes look, if I don't sort of lead the charge, we would not get very far".

The Executive of Ineff₃ thought that the "board chair's a reasonably strong character" and influenced many decisions. The Executive of Ineff₄ thought that the board chair, through "his aggressive personality" influenced most of the decisions at the board table. He went on to say "during a meeting I take the minutes and offer a few statements but the reality is I prefer to see and listen to the board take him [the board chair] on rather than me, I get my chance other times, and it is much better if they [the other board members] fight my battles for me in a sense". The Board Chair of Ineff₄ said that "there's nobody who really tries to take an overall lead [in decision
making] other than myself" although he would "prefer to see the executive take more of a lead in the decision making process".

These comments suggest that the influence in decision making was perceived to be shared between the executive and the board chair. Further, how this decision making influence was distributed seemed to depend on the nature of the decision. The Board Chair of Eff₄ thought that it would "really depend on the issue at hand" who wielded the most influence. The Board Member from Eff₄ said that the most amount of influence in decision making was wielded by "the person with the best prepared argument and the best information".

To summarise, the analysis of the qualitative data collected regarding centralisation of the board generally supported the result of the quantitative data analysis that executives currently have the most amount of influence over decision making, and that lobbying board members outside of formal board meetings assist them to gain this influence. Board chairs were also seen to influence decision making within the board, a result that also supported the quantitative data analysis, which found board chairs were perceived to have less influence than executives but more than board members. Finally, how decision making influence was distributed seemed to depend on the nature of the decision.

Centralisation was the third and final concept in organisational theory that was investigated as part of the first major research question in relation to board performance. The following section presents the results concerning the analysis of data related to the second major research question.

**Board-executive relations and board performance**

The second major research question focused on examining the nature of the relationship between board-executive relations and board performance. This section presents the results of the analysis of board-executive relations, based on data collected in Stage 3 (self-administered questionnaire of executives, board chairs and board members), and data from Stage 4 (semi-structured interviews with selected executives, board chairs and board members) of the study. Quantitative data
regarding board power relations were collected via the self-administered questionnaire. Qualitative data of the nature of board-executive relations, and its relationship to board performance were collected via the semi-structured interviews. The quantitative data analysis is presented first, followed by the qualitative data analysis. The data analysis focussed on analysing the differences in board-executive relations between the effective and ineffective boards and then examining the nature of the relationship between board-executive relations and board performance.

**Board power patterns and board performance**

Board power patterns were measured using an instrument developed by Murray, Bradshaw and Wolpin (1992). Respondents were asked to rate on a 5 point scale 1 (*not at all close*) to 5 (*very close*) how closely each of five statements represented the pattern of power on their respective board. The statements described five possible patterns of power; executive led, chair led, power sharing, fragmented and powerless. The statements were not labelled. The mean scores for respondents from effective and ineffective boards for each of the five statements in the instrument are presented in Table 4.18.

An analysis of variance of the mean scores using a Kruskal – Wallis test revealed significant differences in the mean scores between respondents from effective and ineffective boards for the statements describing the boards to be fragmented ($H = 33.76, p = .00$), powerless ($H = 18.91, p = .00$), or led by the chair ($H = 5.34, p = .02$). There were no significant differences in the mean scores for the statements describing the board to be led by the executive, or to be a power sharing board. The results suggest that the power pattern within ineffective boards is more likely to be perceived by their members as either fragmented, powerless or led by the chair of the board, than for effective boards.
Table 4.18

Differences in mean scores for perceptions of power patterns for effective and ineffective boards

<table>
<thead>
<tr>
<th>Statements of Board Power Patterns</th>
<th>Effective Boards</th>
<th>Ineffective Boards</th>
<th>Anova</th>
<th>Sig. p</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean (N=30)</td>
<td>Mean (N=23)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fragmented</td>
<td>1.23 0.50</td>
<td>3.35 1.19</td>
<td>33.76</td>
<td>.00*</td>
</tr>
<tr>
<td>Powerless</td>
<td>1.27 0.78</td>
<td>2.17 0.94</td>
<td>18.91</td>
<td>.00*</td>
</tr>
<tr>
<td>Chair led</td>
<td>1.97 1.00</td>
<td>2.65 1.15</td>
<td>5.34</td>
<td>.02*</td>
</tr>
<tr>
<td>Executive led</td>
<td>2.50 1.17</td>
<td>2.43 1.27</td>
<td>.07</td>
<td>.79</td>
</tr>
<tr>
<td>Powersharing</td>
<td>3.46 1.14</td>
<td>3.26 1.01</td>
<td>.54</td>
<td>.46</td>
</tr>
</tbody>
</table>

* significant at the p < .05 level

The relationship between board performance (as measured by the SANGBS) and power patterns (as measured by scores for each of the five statements of board power patterns) was investigated using Pearson product-moment correlation coefficient (see Table 4.19). Preliminary analyses revealed no violation of the assumptions of normality, linearity, and homoscedasticity. There was a strong, negative correlation between board performance and the perception of the board power pattern as powerless \( r = -.63, p = .00 \). Higher levels of board performance were associated with the perception of lower levels of board powerlessness. There was also a strong, negative correlation between board performance and the perception of the board power pattern as fragmented \( r = -.58, p = .00 \). Higher levels of board performance were associated with the perception of lower levels of board fragmentation.

Table 4.19

Pearson product-moment correlations between measures of board performance and board power patterns

<table>
<thead>
<tr>
<th>Measures</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Board Performance</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Fragmented</td>
<td>-.58**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Powerless</td>
<td>-.63**</td>
<td>.48**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Chair led</td>
<td>-.13</td>
<td>.29*</td>
<td>.18</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Executive led</td>
<td>-.15</td>
<td>.06</td>
<td>.11</td>
<td>-.08</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>6 Powersharing</td>
<td>.24</td>
<td>-.08</td>
<td>-.10</td>
<td>-.05</td>
<td>-.04</td>
<td>1.00</td>
</tr>
</tbody>
</table>

N = 53, *p<.05, **p<.01
In order to test whether these relationships were influenced by confounding variables, partial correlation was used to explore the relationship between board performance and the perception of the board power pattern as powerless, while controlling separately for each of the other four possible patterns of board power. Controlling for the description of the board power pattern as fragmented, partial correlation yielded a smaller but still strong, negative correlation between board performance and the perception of the board power pattern as powerless ($r = -.50, p = .00$), with higher levels of board performance associated with lower levels of board powerlessness. An inspection of the zero order correlation ($r = -.63$) suggested that controlling for the description of the board power pattern as fragmented had a significant impact on the strength of the relationship between the board performance and the perception of the board power pattern as powerless. Controlling for the board power patterns of chair lead, executive lead, and powersharing yielded similar strong, negative, partial correlations between board performance and the perception of the board power pattern as powerless ($r = -.62, p = .00; r = -.63, p = .00; r = -.63, p = .00$ respectively).

Partial correlation was also used to explore the relationship between board performance and the perception of the board power pattern as fragmented, while controlling for the other four possible patterns of board power. Controlling for the description of the board power pattern as powerless, partial correlation yielded a smaller but still strong, negative correlation between board performance and the perception of the board power pattern as fragmented ($r = -.40, p = .00$), with higher levels of board performance associated with lower levels of board fragmentation. An inspection of the zero order correlation ($r = -.58$) suggested that controlling for the description of the board power pattern as powerless had a significant impact on the strength of the relationship between board performance and the perception of the board power pattern as fragmented. Controlling for the board power patterns of chair lead, executive lead, and powersharing yielded similar strong, negative, partial correlations between board performance and the perception of the board power pattern as fragmented ($r = -.57, p = .00; r = -.58, p = .00; r = -.58, p = .00$ respectively). These results suggest that individuals involved with boards may be unable to clearly distinguish between the description of the board power pattern as powerless and the description of the board power pattern as fragmented.
In summary, the results suggest that the power pattern within ineffective boards is more likely to be perceived by their members as either fragmented, powerless or led by the chair of the board, than for effective boards. There were no significant differences in the perceptions of members from effective and ineffective boards in describing their boards to be led by the executive, or to be a power sharing board. While causality cannot be proven, strong negative relationships between board performance and the perception of a board power pattern as either powerless or fragmented were identified. This result indicates that boards perceived by their members as powerless or fragmented are more likely to perform poorly than the boards not perceived as powerless or fragmented. However, the results also showed that if the board power pattern is described as either executive led or power sharing, there is no relationship to the level of board performance.

The difference in board power patterns was the first concept of board-executive relations that was investigated in relation to board performance, and relied exclusively on quantitative data. In addition, a large amount of qualitative data were collected on the nature of board-executive relations and the relationship to board performance. The analysis of these data is now presented.

**The nature of board-executive relations and board performance**

Data regarding the nature of board-executive relations and the relationship to board performance were collected during Stage 4 (semi-structured interviews with selected executives, board chairs and board members) of the study. As outlined in chapter 3, interviewees were asked a general question regarding the nature of the board-executive relationship. The comments from the interviewees revealed a number of themes, including:

- Descriptions of the relationship between the board and the executive.
- Board leadership.
- Trust between the board and the executive.
- Control of information flow to the board.
- Responsibility for board performance.

The analysis of comments made on each of these themes is now presented.
Descriptions of the relationship between the board and the executive

The data from the semi-structured interviews provided a detailed picture of how the interviewees described the nature of the relationship between their respective boards and executives. For the effective boards, the relationship between executives and their respective boards was perceived as very positive. The Board Member interviewed from Eff1 provided an indication of the nature of the relationship within the group of effective boards by stating "I believe that there's a very good relationship between the executive and the board, and the board and the staff". The Board Chair of Eff2 said "we have one of the nicest people you can ever meet as our executive, his relationship with the board is just first class". The Board Chair of Eff4 stated that the board has "formed a very good and healthy relationship with our executive", a view that was confirmed by the Executive of Eff4 when he said "I'd say it's a positive relationship". Similar comments about the positive relationship between the board of Eff3 and their Executive were made. For example, the Executive of Eff3 said "I get on well with them, it's usually quite a positive environment", and the Board Member from Eff3 also stated that "I think the relationship is quite good".

In contrast, board-executive relations within ineffective boards were described as positive but elements of mistrust, frustration and conflict were evident. For example, the Executive of Ineff1 said "they're a bit more receptive to ideas and putting some trust in the staff which we haven't had for a long time". The reasons for this, as described by the Executive of Ineff1, were "I just think there's been a lot of mismanagement, and it's hard for volunteers to manage effectively and professionally". The Executive of Ineff3 described the relationship as "pretty good" but "I'm frustrated at the lack of commitment from the entire Ineff3 community [including the board] to take the sport forward". This sense of frustration was evident when the respondent also said "I would like to see some real positives happen very quickly, or I'll be leaving". The Executive of Ineff4 was more specific, describing his relationship with the board as "generally really good" but that his relationship with the board chair was full of conflict because "we just have a very dictatorial and controlling board chair". This view was supported by the Board Member interviewed from Ineff4, who said the relationship between the executive
and the board was "excellent [but] there is friction between the board chair and the executive".

It appears that board-executive relations are perceived as very positive for effective boards, but less so for ineffective boards. Apart from descriptions of the relationship between the executive and the board, interviewees raised several other issues about the nature of the relationship. These included who was perceived to provide leadership to the board, the importance of establishing mutual trust between the executive and the board, the dependency of board members on the executive for information, and who had responsibility for board performance. Each of these emergent themes is now addressed in turn.

**Board leadership**

The question of who provided leadership to the board drew varied responses from the interviewees. The leadership of the boards was perceived to come either from the executive, shared by the executive and board chair, or from a small group of senior board members, including the board chair and executive. In many cases the executives perceived that they provided much of the leadership for the board. For example, the Executive of Eff\textsubscript{1} said "I think my leadership style is not about forcing issues or being aggressive about the way I see things happening, it's about me trying to convince them [the board] that ultimately they have to make the decisions". The Executive of Eff\textsubscript{3} was more forthright when he said "I think its largely myself to be honest [providing the leadership]". He later qualified this statement when he said "the board chair is certainly influential and probably has the power over the board [but] if it's about getting them [the board] from A to B then the leadership would sit with me, if it's about managing dissent then that's the board chair principally, I'll get out of that one". The Executive of Ineff\textsubscript{1} also thought that a lot of the leadership came from him and said "some of the initial ideas and concepts might come from me because of my background". The Executive of Ineff\textsubscript{4} thought that he provided the real leadership to the board because "the main difference is that what I've said I'm going to do I've done" compared to the relative inactivity of the board chair. However, none of the board chairs or board members from either effective or
ineffective boards perceived the executive to provide sole leadership to their respective boards.

The most prevalent view from interviewees from all boards was that the leadership was shared by the executive and the board chair. The Board Member interviewed from Eff4 said "in my time I'd say the overall strategic policy tends to come from the board chair and the executive". The Executive of Eff4 supported this view and stated "a lot of the key decisions have come from myself [and that] there's been a time when some issues the board chair has had a strong commitment to as well [so the leadership has come from a] combination of the executive and the board chair". The same perceptions were held by the Board Chair of Ineff1 who said "I think to get a process going it comes from the executive and probably the board chair [and] as far as formal leadership it does come from the board chair and executive". The Board Chair of Ineff3 also described the leadership as shared and said "I think that I'm sort of leading it on the organisational aspects, linking the associations together, while the overall side of it rests with the executive, leading it in the development of projects and getting out into the community".

A third perception of board leadership was provided by a number of interviewees from the effective boards, who described the leadership as being shared between the executive and selected board members. The Board Member interviewed from Eff2 described the leadership as coming from "probably the executive in combination with some of the long standing senior board members". He also said "you are always going to have to rely on some of the senior guys to provide leadership otherwise the show would fall over with people just coming on and in five minutes dealing with issues that are pretty important". This view was also shared by the Board Chair of Eff2 who said "we have a couple of board members who are very good leaders, we have a President that has a lot of presence about him because he's a controller, he is intelligent, he is excellent, his ability to speak, he's first class, he's a very good leader". The Board Member interviewed from Eff4 also said "I think the executive thinks through strategically very well and presents some very good long term ideas, but I also think so do some of the board members, though not all of them".
In summary, it seems that the leadership of all boards was perceived as being shared by the executive and the board chair. However, the leadership of effective boards was also perceived to be shared between a small group of senior board members, including the board chair and executive. In addition, the executives of both types of boards perceived that they provided the majority of leadership to the board, however this perception was not shared by board chairs and board members.

*Trust between the board and executive*

The importance of the board and executive having trust in one another's abilities was raised by almost all of the interviewees from the effective boards. The Board Member interviewed from Eff₂ said "*I think the range of skills and abilities that he [the executive] demonstrates gives the board confidence and therefore the relationship is quite sound*". The Executive of Eff₂ perceived that both parties having trust in each other was important for the board to operate well and said "*I think there's always been a healthy respect in both ways*". The Board Chair of Eff₄ also underlined the importance of confidence when he said "*there's an element of trust in each other and we know that if the decision is made he doesn't undermine us and we don't undermine him*". The Executive of Eff₄ thought that this confidence and trust between the board and himself provided the "*opportunity always for myself to speak freely about my opinions, ideas and to comment on any proposals to the board and we have pretty open and robust discussions*".

In contrast, the Executive of Ineff₁ was the only interviewee from an ineffective board to mention the issue of confidence between the board and the executive. He said that he had "*gone out of my way to get to all the meetings and I've spent more time than I've needed to trying to get involved and understand their [the board] issues and their problems and offer support*". He had had to do so because prior to his appointment, there was a "*total lack of trust and there needed to be some rebuilding*" of confidence in the position of the executive. He concluded that the key to securing the trust of the board in the executive could only be done "*by doing what you say you're going to do, being truthful at all times, being very open, being very communicative, and I think treating everybody fairly, being transparent*".
In summary, it seems that developing and maintaining a sense of mutual trust between the board and the executive is an important aspect of board-executive relations, and is more likely to be associated with effective board performance.

Information control

Interviewees also commented on the dependency of board members who rely almost exclusively on the executive to supply the information they use to make decisions. This was highlighted by the Executive of Eff₁ who said "I think the board were very dependent on the previous executive and I know that three members of the board that have gone now were really dependent, whereas I don't want them to be dependent on me". She further went on to say "I'm trying to make them independent people who think by themselves about the issues". The issue was also raised by the Board Member interviewed from Eff₄, who said the executive "has to present [information] to the board members in a fair and reasonable manner so that they can comprehend and understand the situation". The Executive of Ineff₃ explained that he controlled the information flow to board members when he said "I suppose as the executive I prepare the agenda, so I actually decide a lot of what gets discussed". These comments on the unique position of the executive controlling the information flow to board members highlight it as an important element of board-executive relations, and its observed impact on board performance.

Responsibility for board performance

The final aspect of the relationship between the board and executive that emerged from the interviews was the issue of who was responsible for board performance. The predominant view of the interviewees from both types of boards was that ultimate responsibility for the performance of the board rested with the board chair. The Board Member interviewed from Eff₂ said "I think it's the board chair's role to maintain the standard of the board, the executive and management team can complement it I guess, but it's more of the board chair's role to identify deficiencies". The Board Chair of Eff₂ was "certain that it's the board chair's role to make sure the board performs". The Board Member interviewed from Eff₃ thought that "the buck stops with the board chair [and] he's got to be responsible for all of them working together and working well". Similarly, the Executive of Eff₃ said "I think the bottom
line has got to be the board chair's responsibility [and] he's the one responsible for driving the board". The Board Member interviewed from Ineff3 supported these views, when he said "the Board Chair of any group is the one that should be holding the reins". The Board Chair of Ineff4 said that "I think ultimately it [board performance] does fall to me, given that the executive reports to the board".

In summary, board-executive relations were perceived as very positive for effective boards, but less so for ineffective boards. Apart from descriptions of board-executive relations, interviewees raised several issues about the nature of the relationship between board-executive relations and board performance. The leadership of both effective and ineffective boards was perceived as being shared by the executive and the board chair. However, the leadership of effective boards was also perceived to be shared between a small group of senior board members, including the board chair and executive. In addition, the executives of both types of boards perceived that they provided the majority of leadership to the board, however this perception was not shared by board chairs or board members. Developing and maintaining a sense of mutual trust between the board and the executive was perceived as an important aspect of board-executive relations, and was associated with effective board performance. The unique position executives have in controlling the information flow to board members was also seen as an important aspect of board-executive relations that was related to board performance. Finally, the predominant view of the interviewees from both types of boards was that ultimate responsibility for the performance of the board rested with the board chair.

This section has presented the results of the analysis of the relationship between board-executive relations and board performance. The final section to this chapter summarises the results related to the two major research questions of the study.

Summary

The purpose of this chapter was to present the results of the data analysis processes used to address the two major research questions in this study.

1. What is the relationship between board performance and board structure for nonprofit voluntary sport organisations?
2. What is the relationship between board performance and board-executive relations for nonprofit voluntary sport organisations?

As discussed in chapter 3, the research design for the study utilised a panel of experts to identify two groups of VSOs whose boards were considered to be either effective or ineffective. The first stage of the data analysis therefore, was to establish if the board performance of these two groups of boards was also perceived by the individuals involved with the boards (executives, board chairs, and board members) to be at different levels. There were statistically significant differences in the board performance scores of those organisations whose boards were categorised by the panel of experts as effective, compared with the organisations whose boards were identified as ineffective. Comments from board members describing the performance of the boards also supported the categorisation of each board as effective or ineffective. The focus of the remainder of the chapter was on analysing the differences between these two groups of boards in terms of their structures and board-executive relations and examining the relationship of board structures and board-executive relations with board performance.

In terms of board structure, three structural characteristics were examined - complexity, formalisation and centralisation. The quantitative data collected on each of the measures of board complexity (board size, board turnover, and both horizontal and vertical differentiation) indicated that effective boards were less complex than ineffective boards. However, none of the differences were statistically significant. The analysis of the qualitative data illustrated that:

- Smaller boards, with an optimal size of seven, were perceived to be more effective.
- Increasing the horizontal differentiation of boards, specifically the allocation of portfolios of responsibility to individual board members, may be related to more effective board performance under certain conditions.
- Regardless of the existence of a formal executive committee, an informal executive committee exists within all boards and is used by executives and board chairs to assist the work of the board. However, its ability to contribute positively to board performance is dependent on the efficacy of the relationship between the executive and the board.
The quantitative data illustrated that the effective boards were more formalised than ineffective boards as measured by the use of recommended board processes and that a higher degree of formalisation of board structure was associated with a higher level of board performance. The analysis of the qualitative data regarding the formalisation of the boards highlighted a number of themes related to board performance including:

- Board member election, appointment and selection.
- Board member orientation and induction.
- The role of board members.
- Strategic planning.
- Decision making processes.
- Board evaluation.
- Limits to terms of board members and board chairs.

Structurally, effective boards were more centralised than ineffective boards. The quantitative data analysis in relation to the question of the relationship between centralisation and board performance found that:

- For all boards, the executive was perceived as the one who currently has and should have the most amount of influence over decision making.
- Executives of effective boards were perceived to have greater influence in decision making than executives of ineffective boards.
- Higher levels of board performance were related to higher levels of perceived influence in decision making by executives.

The analysis of the qualitative data regarding centralisation of the board generally supported the result of the quantitative data analysis that executives currently do and should have the most amount of influence over decision making, and that lobbying board members outside of formal board meetings assists them to gain this influence. Board chairs were also seen to influence decision making within the board, a result that also supported the quantitative data analysis, which found board chairs were perceived to have less influence than executives but more than board members. Finally, how decision making influence was distributed seemed to depend on the nature of the decision.
Overall, in terms of the first major research question, the results indicated that:

- Higher levels of board performance were related with higher levels of board centralisation.
- Higher levels of board performance were associated with higher levels of board formalisation.
- Board complexity was not related to board performance.

The second major research question focused on examining the relationship between board-executive relations and board performance. The power pattern within ineffective boards was more likely to be perceived by their members as fragmented, powerless or led by the chair of the board, than for effective boards. Higher levels of board performance were strongly related to lower levels of perception of the board power pattern as either powerless or fragmented.

The relationship between the board and the executive was perceived as very positive for effective boards, but less so for ineffective boards. The important elements of the board-executive relationship that were related to board performance were perceived to include:

- Who provided leadership to the board.
- Establishing mutual trust between the executive and the board.
- The control of information flow to board members via the executive.
- Who had responsibility for board performance.

The following chapter summarises and discusses the conclusions drawn from these results, explains implications for theory building and organisational practice, and makes recommendations for future research.
CHAPTER 5
DISCUSSION AND CONCLUSIONS

The purpose of this chapter is to discuss and draw conclusions from the results of this study and to identify its major limitations. A discussion of implications for theory and practice, particularly in the governance of VSOs, is followed by a number of recommendations for future research. Finally, the contribution of the study to the field is discussed followed by a concluding statement.

The governance of VSOs in Australia was once the exclusive domain of volunteers. However, changes in government policy and funding levels led to the introduction of professional staff into these organisations. Rapid changes to the external operating environment have created new complexities with which VSOs and their governing boards must grapple. While the process of professionalisation within VSOs has been well documented (Auld, 1997a; Kikulis, 2000; Thibault et al., 1991), very little research has examined factors that may influence the ability of the boards of VSOs to perform effectively. While a significant body of research into governance, and specifically board performance, has been developed in the nonprofit literature, there is a paucity of such research in sport.

The study identified a need to address the matter of board performance of VSOs. Boards are the main decision making body for VSOs, and as such they have a significant impact on the governance of these organisations, and ultimately their ability to effectively deliver services to members. Two broad themes concerning research into board performance were identified through a review of the nonprofit literature. These were the structural characteristics of boards and the relationship between boards and executives. These two themes have also been researched to a limited extent within the sport management field, but not specifically in relation to board performance.

This study investigated the relationship between board performance, board structures and board-executive relations for Australian VSOs. It investigated the differences in board structure between effective and ineffective boards, and the relationship
between board performance and various elements of board structure. The differences in the nature of board-executive relations between effective and ineffective boards, and the relationship of board performance to board-executive relations were also investigated. The study utilised both quantitative and qualitative methods. To facilitate the analysis and interpretation of the data and provide stronger substantiation of the research findings, the validation process of triangulation was applied throughout the study by the use of a variety of data collection instruments, data sources, and data types. The following sections discuss and draw conclusions from the results related to each of the major research questions.

**Board structure and board performance**

The first major research question investigated the structural elements of complexity, formalisation, and centralisation of the board in relation to board performance. These three structural elements are well established in the classic organisational theory literature and have been examined by previous researchers in both the nonprofit and sport management literature.

**Board complexity and board performance**

The study found that effective boards were less complex than ineffective boards. However, the difference in complexity was not statistically significant. Smaller boards, with an optimal size of seven, were perceived to be more effective. A higher level of horizontal differentiation of boards, specifically the allocation of portfolios of responsibility to individual board members, was also related to more effective board performance under certain conditions. In addition, an informal executive committee was found to exist within all boards and was used by executives and board chairs to assist the work of the board. However, its ability to contribute positively to board performance was dependent on the efficacy of the relationship between the executive and the board.

While the analysis of quantitative data related to board size did not find a significant difference between effective and ineffective boards, the qualitative data illustrated that individuals involved with both types of boards perceived smaller boards to be more effective, and that an optimal board size was seven individuals, excluding an
executive. This result contrasts with the finding of Bradshaw et al. (1992) who, using quantitative data, also found no significant correlation between board performance and board size. A board size of seven possibly reflects what is promoted as a desirable figure in the prescriptive literature (Houle, 1997; Carver, 1997). Speculatively however, because the number was cited by executives (who perhaps are more likely to read the prescriptive literature) as well as board chairs and board members (who are perhaps less likely to read such material) it may also be a realistic assessment of optimal board size by those people directly involved in board activities. Establishing the optimal size for any VSO board is a compromise between ensuring adequate member representation and facilitating efficient decision making. The reluctance of many executives in the study to advocate a smaller board than seven was due to this very issue - the vexed question of how to ensure that members from all relevant sport sections within a sport organisation were adequately represented at the board table, while maintaining a manageable number of people to enable decisions to be made efficiently.

There was no significant difference in the horizontal differentiation of effective and ineffective boards. It was found that the number of sub committees within VSOs was not related to board performance. This result contrasts with the finding of Bradshaw et al. (1992) who found the number of sub committees was positively correlated with board performance. Most VSOs, irrespective of the level of effectiveness, establish sub committees for various disciplines, functions or age groups for participation in the sport. Therefore, the number of sub committees in existence may be a constitutional and structural imperative and bear no relation to a conscious effort by a board to increase its horizontal differentiation.

The quantitative results concerning the allocation of portfolios for board members supported Bradshaw et al. (1992) who found no correlation with board performance. However, the qualitative data revealed there were mixed sentiments about the merits of using portfolios for board members. Portfolios were seen as advantageous for assisting individual board members to contribute to the work of the board. However, portfolios were also perceived to have the potential to limit the ability of board members to consider the broader strategic issues for the organisation outside the realm of their respective portfolios. The assigning of portfolios to board members
was perceived as effective only under three conditions. These were: (a) when the
skills of board members matched the requirements of the portfolio; (b) when the
activities of board members in their respective portfolios were regularly reported and
monitored; and, (c) when the scope of the workload for a portfolio was considered
manageable. However, it was found in this study, that the majority of portfolios
were assigned to board members on the basis of expressing a personal interest in an
area rather than on the basis of possessing the requisite skills and experience to
effectively carry out the work. There is scope for the boards of VSOs to improve the
process by which board members are allocated portfolios. While not discounting the
importance of board members being motivated for individual roles, VSOs should
consider taking steps to ensure that the skill level and experience of board members
match the demands for portfolios, that their work in portfolios is reported to and
monitored by the board, and that workloads for portfolio roles are appropriate.

The size of the organisation may also influence the use of portfolios for individual
board members. In this study, all of the ineffective boards were part of organisations
with smaller membership bases and less paid staff than effective boards. Allocating
portfolios to board members within smaller organisations may be a necessity to
ensure that the work of the organisation is completed.

Executives of all boards tended to use an informal group of senior board members to
assist in decision making regardless of the existence of a formal executive committee
of the board. This result is consistent with the findings of Herman and Tulipana
(1989) who described the existence of an informal executive committee or a
‘dominant coalition’ as the norm in most boards. While this study identified the
existence of an informal executive committee for all boards, irrespective of the level
of effectiveness, their efficacy in relation to board performance was not specifically
addressed. Bradshaw et al. (1992) found the existence of an informal executive
group within the board contributed to a higher level of board performance. Some of
the difference in board performance between the two groups of boards in this study
may therefore be due to differences in how these informal executive committees
operate.
The absence of a formal executive committee for the majority of the boards was seen as an advantage. While executives and board chairs may appreciate the counsel and advice they receive from a dominant coalition of senior board members, they seem to prefer that the process is unencumbered by the bureaucracy associated with a formally constituted executive committee. This suggests that informal structural elements are used to overcome some inadequacies in the formal structure of boards within VSOs. The existence of informal structures in organisations has been well documented (Schermerhorn, 1996; Van Fleet, 1991) and is usually considered to be the “unofficial, but often critical, working relationships among organisational members” (Schermerhorn, 1996, p.219). In particular the groups that make up the informal structure “actually get much of the organization’s work done” (Van Fleet, 1991, p.388). Informal structures exist within the boards of VSOs and assist in the decision making and other work of the board.

**Board formalisation and board performance**

The results indicated that effective boards were more highly formalised than were ineffective boards and that a higher degree of board formalisation was associated with a higher level of board performance. This result supports the findings of Herman and Renz (2000) and Bradshaw et al. (1992) that higher levels of board performance are related to greater use of prescribed board processes and also supports the recommendations found in the literature for the use of these board processes (Houle, 1997). These results justify and support the adoption by the boards of VSOs of many of the recommended board processes from the nonprofit literature. The reported use of these processes by VSO boards is now discussed.

None of the ineffective boards in the study used any of the recommended processes relating to the selection, orientation or evaluation of board members. This was in direct contrast to effective boards that tended to utilise processes such as using the existing board profile to identify new board members who could bring certain skills to the board, interviewing new board members, and developing a board manual. The use of such processes appears to assist boards in the areas of selection and orientation of board members, and the evaluation of their performance as a board member. These results are similar to those found by Herman and Renz (2000). This study has
not established a causal link between the use of these board processes and improved board performance. Speculatively though, the reluctance or lack of prioritisation by the ineffective boards to utilise such processes may explain, to some extent, their lower level of board performance. Board members who do not possess appropriate skills, who are unsure of their role due to the absence of individual role descriptions, or have not been adequately oriented to an organisation, may find it difficult to contribute optimally to the board and thereby impact negatively on board performance.

Recruiting board members is largely concerned with finding an appropriate balance between maintaining adequate member representation on the board and ensuring board members possess the skills to perform their roles effectively. Board member recruitment processes are a particularly important issue for VSOs that exist to serve the interests of members. None of the boards had written selection criteria for board members with most members being elected to their boards on the basis of representing a particular discipline, stakeholder group or geographic area of the sport. Thus the collective skills of a board is more a function of a ballot process conforming to a constitution than of careful planning and selection to enhance the ability of board members and the board to perform optimally. The potential lack of skills or inappropriate mix of skills held by elected board members might be addressed by enabling boards to appoint some board members on the basis of their skills. While only two of the boards in the study had the capacity to do so, the impression from most boards, irrespective of effectiveness, was that such a capacity would be advantageous in improving the performance of the board. The fact that so few boards actually appoint people on the basis of skills may be due to a reluctance to diminish the capacity for member representation through constitutional change with the potential to disenfranchise the organisation’s membership.

None of the boards used a nominating or board development committee to recruit new board members. The lack of utilisation of such processes can probably be explained by the organisational context within which these boards operate. As member-based organisations they predominantly recruit new board members through an election or ballot process. Therefore, the use of a committee to seek new members or the imposition of selection criteria would counteract the open ballot
process required constitutionally by these organisations. The fact that board members are subject to regular re-elections (ranging from one to three years) was perceived to operate as a proxy evaluation of their own performance.

The benefits of the board providing effective induction and orientation programs for new board members were recognised in this study. However, VSOs seem to lack either the will or the ability to make it a priority irrespective of their level of board effectiveness. This could be due to resource constraints that are common to most VSOs or a general lack of understanding of induction and orientation of board members within the sector. Allied to this issue were the needs for good role descriptions for individual board members and to educate and train individuals of their role on the board. The ability of board members to work effectively within a board structure depends, in part, on their ability to understand how the structure works and the context of what their individual role, and the role of the board is in the governance of an organisation. The majority of boards did not have such role descriptions developed, nor had they invested time in educating or training board members in their role or responsibilities or that of the board overall. The lack of documentation of board member roles and accompanying induction, orientation, education and training programs for board members appears to influence the ability of VSO boards to perform effectively.

While effective boards had addressed the issue of board evaluation in a variety of ways, none of the ineffective boards had addressed this issue. The questions of how to conduct such evaluations, what criteria to use and who should perform board and board member evaluations were of concern to board members and executives alike. It seems that evaluating individuals who are usually elected volunteers presents a number of problems for the boards of VSOs. Evaluating the performance of board members who are elected by their general membership, in addition to subjecting them to regular re-elections, may deter many members from standing for election to the board. The development of overall board and individual board member evaluation criteria, clear processes for conducting evaluations, reporting the results of evaluations and undertaking action as a result of an evaluation are areas which have received minimal attention in either the prescriptive or the research literature.
Irrespective of their categorisation as effective or ineffective, all boards used processes such as distributing agendas and minutes prior to meetings and a competitive hiring process for appointing new executives. These processes would appear to be fundamental to the workings of the majority of VSO boards, irrespective of the level of board performance.

The processes used more frequently by ineffective boards included ensuring the executive had some role in nominating new board members. This result contrasts with the findings of Herman and Renz (2000) that the executives of effective boards were involved in board nominations. Nonprofit organisations that do not represent members but deliver services to clients, may encourage their executive to assist the board to seek new board members for specific roles on the board. However, the members of VSOs elect their board members, so the involvement of executives in nominating candidates could potentially be seen as interfering with an open political process. Speculatively, the fact that ineffective boards had executives involved in nominating board members more frequently than effective boards, suggests that this process may not be appropriate for the boards of VSOs to adopt.

The need to ensure that board members act as truly independent members rather than representing a particular faction of the sport was associated with board performance. Board members, once elected to the board, should think strategically regarding the direction of the whole organisation, rather than consider the interests of their club or association from which they were elected. Having board members resign their roles with their original organisations could potentially facilitate this strategic thinking and diminish the possibility of board members creating disharmony within the board through pursuing the sectional interests of a small number of stakeholders. This issue appears to be a particularly important for the workings of VSO boards in contrast to nonprofit boards generally.

There was support amongst members of both groups of boards to have board chairs elected by the board rather than from a ballot of wider organisational membership. This would alleviate the problem of the wider membership electing a board chair who would be potentially unable to work co-operatively with the other elected board members. Such a process would also reflect the practice that occurs in the majority
of nonprofit organisations and what is recommended in the normative literature (Houle, 1997). There is some merit in the argument that rather than have the general membership of a VSO elect a board chair on the basis of popularity, with little regard for the skills required for the position, it may be more appropriate for the board itself to elect a board chair who is perceived to be most able to perform the important functions associated with that role.

While it was found that the responsibility for strategic planning generally rests with the executives of VSOs, the board members of effective boards were more involved in strategic planning efforts than their counterparts on ineffective boards. This finding supported Bradshaw, et al (1992) who found that boards which engaged in strategic planning activities were associated with a higher level of board performance. It also supports the contention by Carver (1997) that strategic planning is a fundamental role of the board. This could be due to a number of reasons, such as the ability of the executive to influence decisions by the board, the lack of strategic planning skills of board members, or the lack of time board members have to devote to strategic planning activities.

The imposition of maximum term limits for board members or for specific positions within the board was seen to be difficult to implement. Limiting the terms for board members was perceived to have the potential to degrade the quality of board members who would be available to serve on the board. However, there seemed to be a need for maximum term limits to be in place to enable members to be moved off the board if they were not performing but were still being re-elected. The lack of competition for most positions on the boards examined in this study suggests that the imposition of mandatory term limits for board members would diminish the ability of boards to fill all their available positions. A more positive approach to the issue of longevity of board members might involve the use of succession planning for board members and for specific roles on the board. This approach was perceived as complimenting any structural limits being imposed, and would help to ensure that individuals did not burn out through over exposure to any single role on the board. It would also strengthen the skill levels of board members by rotating individuals through specific roles within the board.
Board centralisation and board performance

The degree of centralisation of the board was measured by the amount of influence in decision making that executives, board chairs and board members were perceived to currently have and should have within the board. The study found that effective boards were more centralised than ineffective boards, and that higher levels of centralisation, specifically in terms of decision making being centralised to executives, was positively related to higher levels of board performance.

The results indicated that executives of effective boards were perceived to have greater influence in decision making than the executives of ineffective boards. Auld (1997a, 1997b) found that executives were perceived to have the most influence in decision making in VSOs but he made no distinction between effective and ineffective boards. The results of the present study also indicated that executives exercise this influence by lobbying board members outside of formal board meetings to seek support for decisions. While the measure of centralisation used in this study identified that decision making is centralised to executives within effective boards, the process of how executives develop, maintain and exercise their influence requires further exploration. This study has identified that executives engage in lobbying behaviour with the members of their respective boards but exactly how this is done is unclear.

The finding that executives currently have the most influence in overall decision making and that they should continue to do so, is in contrast to the Australian Sports Commission governance framework being promoted as best practice for national and state sporting organisations. The Australian Sports Commission framework, based on the Carver (1997) model of nonprofit governance, states that the board sets limitations to the decision making power of the executive (Australian Sports Commission, 1999a). Implicit in this directive is the concept that the board exercises the ultimate decision making power, not the executive. However, as this study has found, the executive currently has the most influence in decision making. The implications of this finding in relation to current Australian government policy regarding sport governance are discussed later in this chapter.
The nature of particular decisions was also perceived as affecting who had the most amount of influence. This result is consistent with the findings of both Auld and Godbey (1998) and Inglis (1997b) who found that the amount of influence in decision making varied between executives and volunteer board members according to the type of decision. Inglis (1997b) suggested that this variation in influence according to the nature of the decision indicates that board members, board chairs and executives are “assuming policy as well as management roles, thus not supporting the assumptions and prescriptions by Carver (1990) of a clear demarcation between board and staff roles” (p.28). Thus while overall decision making is centralised to the executive, there seems to be some flexibility in the amount of influence exerted by board members and executives in policy and operational management decision making areas.

This study also found that compared with board chairs and board members, the executive was perceived as the one who currently has and should have the most influence in decision making irrespective of the level of board effectiveness. The concept of the “psychological centrality” of the executive developed by Heimovics and Herman (1990) offers an explanation. Executives have control over the majority of information available for decision making by the board and deal with the issues on a daily basis. Board chairs and board members, on the other hand, may only involve themselves in board work occasionally between board meetings and often this may only be restricted to a specific portfolio context. On the other hand, executives develop professional expertise and experience based on their expert overall knowledge of the organisation, which provides them with “the potential to influence the organisation” (Heimovics & Herman, 1990, p. 2).

Board members from effective boards are perceived by executives, board chairs and board members to warrant less influence in decision making in the future than their counterparts on ineffective boards. This could be due to the fact that because executives currently have the most amount of influence in decision making for effective boards, board members are not perceived to need to increase their amount of influence in the future because of their boards’ current high level of performance. In contrast, board members of ineffective boards were perceived as needing to
exhibit more influence in the future arguably because their board is not performing effectively.

In summary, higher levels of board performance were associated with higher levels of board formalisation, and were positively related to higher levels of board centralisation. Board performance was not related to board complexity. However, the introduction of a certain level of complexity (namely the allocation of portfolios to board members and the use of an informal executive committee) was perceived to be associated with effective board performance.

**Board-executive relations and board performance**

The second major research question investigated board power patterns and the nature of board-executive relations in relation to board performance. As discussed in chapter 2, the issue of power within boards is well established in the nonprofit literature and has been investigated by previous researchers (Golensky, 1993; Murray, et al, 1992). However, such research had not been conducted in relation to VSOs. The nature of board-executive relations had been explored within both the nonprofit and the sport management literature.

**Board power patterns and board performance**

The majority of prescriptive and research literature concerning power within boards has focused on a dichotomy between executive and board control. In this study, board power patterns were measured using an instrument developed by Murray et al. (1992) that encapsulated five potential patterns of board power, rather than the dichotomous approach. The study found that, compared to effective boards, the power pattern within ineffective boards was more likely to be described as fragmented, powerless or led by the chair of the board. Higher levels of board performance were strongly related to perceptions of the board power pattern as either less powerless or less fragmented. In other words, boards perform better if their power pattern is not perceived as powerless or fragmented. These results are comparable to those of Murray et al. (1992) who found that boards that were dominated by the board chair were likely to be ineffective, and that perceptions of the board as fragmented and powerless were strongly related to perceptions of poor
board performance. However, in contrast to Murray et al. (1992), who found that executive led boards were positively correlated with board performance, this study found no such relationship.

While Murray et al. (1992) concluded that the powerless board was the only pattern to signal poor board performance they were constrained by their methodology, which relied exclusively on the perceptions of executives. This study has examined the perceptions of executives, board chairs and board members in relation to board power patterns to avoid the issue of common source variance. The influence of a pattern of board power on the performance of the board is important. Boards that are fragmented may find it difficult to reach consensus on decisions and work toward a common vision of the board’s purpose. Similarly, boards that are powerless would also find it difficult to move forward with a clear vision for a sporting organisation.

The finding that, compared to effective boards, the power pattern within ineffective boards was more likely to be described as led by the board chair may be related to an issue of organisational size. Smaller organisations, with fewer paid staff, fewer members, and less financial resources, may attract relatively less skilled and experienced executives than larger organisations. Within this context there is potentially more scope for a strong individual to become board chair and influence the board members and the executive. The ability of the board to perform effectively in this situation therefore becomes dependent (in part) on the ability of the board chair.

**The nature of board-executive relations and board performance**

The elements of the board-executive relationship related to effective board performance have not been well defined in the prescriptive literature. While the prescriptive governance models (Houle, 1997; Carver, 1997) have defined the hierarchical nature of the relationship, and offer broad guidelines for the respective roles of the board and the executive, very little qualitative research had been undertaken in this area. This study sought to have individuals (executives, board chairs and board members) describe the nature of the relationship between the board
and the executive and then explain the elements of board-executive relationships that are related to effective board performance.

Effective boards were found to have positive working relationships with their respective executives, while amongst the ineffective boards there were elements of mistrust, frustration and conflict evident in the relationship. The nature of the relationship between boards and their executives was also affected by who was perceived as providing leadership to the board, the existence of trust between the board and executive, the dependency of board members on the executive for information and direction, and who was perceived to have responsibility for the performance of the board. The existence of these issues supports Middleton (1987) who described the relationship between the board and the executive as a paradox. The paradox exists because the board is ultimately responsible for the organisation, yet relies on the executive (an individual whom the board hires and fires) for information and guidance in making decisions. This duality of the executive position within the governance framework of nonprofit organisations requires that the board-executive relationship be clearly established (Herman & Tulipana, 1989).

The leadership of the board appeared to come from both the executive and board chair, irrespective of the level of effectiveness of the boards. There was also some support for the notion that senior board members occasionally provided leadership. This result is consistent with the previous discussion concerning the existence of an informal executive committee or dominant coalition within the board. Inglis (1997b) suggested that these “core groups are part of the culture of sport organizations” (p.28). In addition, Bradshaw et al. (1992) found that the existence of a core group was positively related to effective boards of nonprofit organisations. The fact that these core groups exist within VSOs, irrespective of the level of board effectiveness, suggests that the leadership function is shared between volunteers and executives.

There was evidence that board members were dependent on the executive for information and direction. As Harris (1989) noted, the position of the executive may be a key determinant to the performance of the board because of the dependency of the board on the executive for information and direction when making decisions. It seems that the increasingly complex nature of organised sport (see chapter 1), with
increased requirements for both paid staff and volunteers to understand a broad range of issues, has increased dependence on the executive. Heimovics et al. (1995) stated that “because of their central position in information flow and expertise, nonprofit chief executives occupy a leadership position of psychological centrality” (p.246). The results of this study also suggest that executives of VSOs occupy a central role regarding information flow and the provision of expertise to the board, and as such have a unique operational ability to influence the performance level of the board.

All of the executives studied engaged in some form of lobbying (see earlier discussion) of board members prior to meetings in order to influence the decisions of individuals, irrespective of the level of board effectiveness. This finding is consistent with that of Heimovics et al. (1995) who found that executives of nonprofit organisations engage in lobbying behaviour within a political framework. This behaviour seems to be even more exaggerated within the context of membership-based organisations such as VSOs, where sometimes diverse stakeholder interests must be balanced in decision making processes. The executive is in a unique position to gather these views and influence the decision making process by engaging in lobbying behaviour, or as Heimovics et al. (1995) stated “use their political skill to understand and act on factors in their environment so as to advance the interests of their organisations” (p.246).

The importance of creating mutual trust between the board and executive was highlighted in the study. The nature of the interdependent relationship between the board and the executive demands that for the relationship to function effectively there must be mutual trust between the two parties. Mutual trust manifested in this study as the board trusting executives to carry out their wishes without undue monitoring, executives being able to speak freely in board meetings without fear of retribution, and the board trusting that proposals brought to it by their executives are based on evidence. Speculatively, an absence of trust between the board and executive would create conflict, diminish the ability of both the executive and the board to carry out their respective roles, and may ultimately lead to a lower level of board performance.
The individual perceived to be most responsible for the performance of the board was the board chair. Drucker (1990a) stated that the conventional wisdom is that the board chair is responsible for board performance. However, Drucker (1990a) argued that in reality this does not work because board chairs of nonprofit organisations rarely have the sort of time required to invest in board development, let alone performance evaluation. Given many VSO board members often fulfil other roles simultaneously within organisations such as workers, clients, and owners as suggested by Pearce (1993) the situation may be exacerbated within VSOs. Because of these multiple roles, the construct of ‘role transitions’ (Ashforth, Kreiner & Fugate, 2000) may be a fruitful approach to understanding how this very common demand in the nonprofit sector impacts on board performance. In addition to the time constraints, such role transitions may also create role ambiguity when sitting on the board, thus impacting on board performance.

In contrast to conventional wisdom, Drucker (1990a) argued that the executive should be responsible for the performance of the board. This argument is supported by proponents of the Reality model of nonprofit governance (Block, 1998; Herman & Heimovics, 1994). Heimovics and Herman (1990) found that the executive rather than the board chair was assigned predominant responsibility for most aspects of the organisation, including board performance. There is some merit in this argument, because the executive is in the best position to facilitate the performance of the board (Heimovics & Herman, 1990). However, the duality of the board-executive relationship, as discussed earlier, may prevent the executive being given the endorsement from the board to undertake board development work. Volunteer board members may be reluctant to undertake development work facilitated by someone they have employed or may not see it as a priority.

In summary, the results of this study indicated that executives of VSOs were central to the performance of the board. Executives occupy a unique position, being able to control information distributed to the board and engage in lobbying behaviour to facilitate and influence decision making by the board. However, executives are not seen as having responsibility for board performance. Board chairs are seen as ultimately responsible for the performance of the board. However, board chairs often do not have the time or the expertise to undertake board development work. If
the boards of VSOs ceded responsibility to their executives to undertake board development work, their levels of board performance may improve.

**Limitations of the study**

As with most research there are limitations that may have influenced the results and subsequent conclusions. A number of limitations concerning the sample size, instrumentation, data collection procedures, and analytical techniques used in the study are now presented.

As discussed in chapter 4, dimensionality testing using factor analysis for the SANGBS was not conducted due to the sample size and low case to item ratio. However, Herman and Renz (1997) found that the SANGBS constituted a single factor and justified the validity of the scale based on its widespread use and the fact it was considered a meaningful measure by board members. The face validity of the items used in this study was determined by checking the appropriateness of each item during the pilot study as explained in chapter 3.

Dimensionality testing using factor analysis for the ten item scale used to measure perceptions of influence in decision making was also not conducted due to the sample size and low case to item ratio. However, using a similar process to that used by Searle (1989) and Auld and Godbey (1998), the face validity of the items in the scale was determined during the pilot study as explained in chapter 3.

One of the measures of horizontal differentiation of the board was the number of standing sub committees used by the board. However, the way in which the competition and participation opportunities for different sports are structured often dictates the number of standing sub committees in existence. The utility of this measure therefore may be diminished in the context of certain sport organisations. For example, one of the organisations in the study had six disciplines, each of which was required by the constitution to maintain a standing sub committee of the board. The horizontal differentiation of the board would therefore necessarily be high, instead of any specific decision by the board to increase its complexity.
In part, the data collection process relied on self-administered questionnaires. Aside from establishing their face validity, the researcher had no control over respondents’ interpretations of the items in the questionnaire. The relationships and differences observed could have been associated with, or the result of, factors not accounted for in the study.

The use of self-administered questionnaires also heightened the potential for subject dropout due to personal or unforeseen reasons. This problem was minimised by employing follow up procedures based on those recommended by Dillman (1978). Nonetheless, the results could be biased to the extent that the views of non-respondents were not known and may differ from those who completed the study.

The collection of data concerning board performance occurred after executives had provided information about the use of recommended board processes. This raised the possibility for common source variance, with executives discerning that the responses concerning board processes they provided during their structured interviews should be consistent with their judgements of board performance they provided in completing the self-administered questionnaire. This was minimised by independently confirming the use of board processes through the examination of board documents and using the combined judgements of board performance from executives, board members and board chairs. As board chairs and board members were not interviewed regarding the use of board processes prior to completing the self-administered questionnaires, their judgements of board performance would not have been affected by any expectations regarding the use of recommended board processes.

The results concerning perceptions of the amount of influence in decision making were based on weighted combined mean scores from the respondents to the self-administered questionnaire. The combined mean scores were a mixture of scores from respondents judging their own and others perceived amount of influence in decision making. This meant that the mean scores for the amount of influence board members “currently have” and “should have” in decision making within the board included the perceptions of board members themselves plus the perceptions of executives and board chairs. Similarly, the mean scores for board chairs and
executives were based on a mixture of independent and self-perceptions. In order to lessen the potential for the interdependency of the perceptions of respondents to affect the results, differences in the perceptions of the amount of influence in decision making held by the three categories of respondents was investigated. It was found that the mean scores were not significantly different, except for the perceptions of executives of their own “currently have” amount of influence in decision making. Based on this analysis, it was decided that the weighted combined mean scores of the perceptions of influence in decision making be used for analyses of the differences between effective and ineffective boards. It should be noted that this study has relied upon a relatively small sample size and the issue of the interdependency of the perceptions of respondents may be a limitation of the study. A larger sample size may have enabled the analysis to be conducted on the differences in the perceptions of only independent respondents rather than a mixture of self and others perceptions of influence in decision making.

The collection and analysis of the qualitative data for this study had the potential to be affected by some limitations such as bias from the researcher due to the influence of elite respondents. A systematic interview sequence was used to collect the data, with respondents from each case organisation interviewed in the same order (executive, board chair, and finally board member) and alternating between effective and ineffective cases. This process enabled the issues concerning board performance, board structures and board-executive relations to be contrasted between effective and ineffective cases. The coding of the qualitative data collected from the semi-structured interviews was undertaken according to procedures recommended by Miles and Huberman (1994). The analysis of the data involved examining the data in terms of the position of the informant (executive, board chair or board member), by particular case, and by comparing data from effective versus ineffective cases. This enabled each variable to be explored in a variety of ways, facilitating an extensive and deep analysis of the data. The use of these procedures diminished the potential for the researcher to be influenced by elite respondents or to drop disconfirming evidence, thereby increasing the accuracy and reliability of the analysis (Eisenhardt, 1989).
A further limitation may be that the boards categorised as effective cases in the study were part of larger organisations (in terms of annual revenue and membership) than the boards of organisations used as ineffective cases. Larger organisations may have a larger pool of potential candidates from which to elect board members, may be able to afford to pay higher salaries to more qualified and experienced executives, and also have more paid employees to carry out the activities of the organisation. All of these factors may contribute to differences in the relative performance level of the boards of large or small organisations. However, the unit of analysis in this study was the board, and not the organisation. The impact of organisational size was minimised by ensuring that each board used as a case in this study had a fulltime executive, thus ensuring that all the organisations had at least acquired a “critical mass”. In addition, while none of the expert panel members reported any criteria they used to make their judgements regarding board performance, they may have used organisational size as an indicator of effective board performance as they would have been aware of the size of the majority of the sample organisations.

As explained in chapter 3, one of the ineffective case organisations did not employ a paid executive throughout the data collection period of the study, and as a consequence was deleted from the study. The information that would have been collected from this organisation may have affected the results and therefore the conclusions drawn.

Finally, the extent to which the findings of this study based on a sample of seven case organisations can be generalised to the population of Australian VSOs could be considered a limitation. However, the characteristics of the case organisations in terms of their funding, service delivery systems and dependence on volunteer boards were broadly representative of Australian VSOs and indeed VSOs from other countries such as Canada and the United Kingdom.

Despite these limitations, the study utilised both quantitative and qualitative methods, and employed a triangulation process through a variety of data collection instruments, data sources, and data types. This aided in the analysis and interpretation of the data and provided substantiation of the research findings. The theoretical implications of the findings of the study are now discussed.
Implications for theory

The board performance of VSOs was found to be related to certain elements of board structure, board power patterns and the nature of the relationship that exists between the board and the executive. The following section considers the implications of this study for theory, specifically social constructionism, classic organisation theory, institutional theory, and organisational culture.

The study adopted a social constructionist perspective for the determination of board performance. The social constructionist perspective was utilised as it treats effectiveness not as an identifiable “thing” but as the collective judgements of those individuals directly involved with the object being judged. The value in adopting a social constructionist perspective allowed the researcher to explain the performance of the board based on the personal judgements of the individuals who collectively make up the board, rather than imposing an objective measure of board performance. This enabled the researcher to distinguish between effective and ineffective boards and thus investigate the differences between these two groups of boards. One of the implications of this study is that the social constructionist perspective has been identified as a useful and appropriate theoretical approach for the investigation of board performance of VSOs.

Organisational theory suggests that the ability of an organisation or a unit within an organisation to perform is related to its structure. This study explored the relationship between board performance and formal elements of board structure, namely complexity, formalisation and centralisation. Applying these classic elements of organisational theory proved useful in the analysis of the structure of the board as a discrete organisational unit. The majority of studies of VSO structure reviewed in chapter 2 had focussed their analyses at the overall organisation level. This study therefore represents a new application of organisational theory in the study of VSOs.

Certain elements of board structure that had a relationship with board performance were related to the member representation system. Because the majority of nonprofit organisations are not membership based, member representation systems have not
been a focus of previous research into the determinants of board performance for these organisations. Consequently much of the body of knowledge about nonprofit organisations does not address the issue of member representation systems. The results of this study suggest that the relationship between board structure and board performance for VSOs is heavily dependent on the member representation system. Therefore, the application of models and theoretical frameworks concerning governance of the nonprofit sector, while generally applicable for the investigation of the governance of sport organisations, need to be used in light of the need for member representation in the governance of VSOs.

Institutional theory suggests that many of the formal structures of organisations reflect the tradition of their institutional environments instead of being designed to meet the demands of their work activities (Meyer & Rowan, 1977). Kikulis (2000) noted that while sport organisations have become more professional and business-like in their operational management, their governance and decision making structures have remained relatively unchanged. The formal structures of governance have remained stable while the actual working relations between individuals have been adapted to fit within these existing structures. For example, while it was perceived that executives currently had and should have the most influence in decision making, the formal structures in place within VSOs position the executive as subservient to the board. Institutional theory provides a useful framework for the explanation of why the formal structures of VSOs may not have changed from traditional structures designed for decision making solely by volunteers. However, institutional theory does not appear to provide a framework for the analysis of how membership representation systems may be changed to improve the ability of boards to perform.

A number of informal structural elements that contributed to board performance were also evident in this study. The existence of a dominant coalition or informal executive committee within the board, the lobbying behaviour of executives to influence decision making by board members between formal meetings, and the informal use of the board profile by some boards in seeking new board members were examples of informal structural elements of boards. While these were not codified elements of the board structure, they were perceived as the status quo, or
“the way in which things were done” within certain boards. In this way, they can be treated as informal elements of the board structure. The implication that such informal structural elements exist within boards and that these are perceived to contribute to effective board performance, highlights a limitation of classic organisational theory. Informal structural elements are not considered through measuring structure in terms of complexity, formalisation and centralisation. The implication of this is that future analyses of board structure need to consider not only the formal elements of board structure but also informal elements, perhaps through the application of theories related to organisational culture.

The nonprofit governance model that the effective boards most closely resemble appears to be a mixture of the Reality and Houle traditional model. The roles of the board are characterised by the board working in conjunction with the executive to develop policy and strategic initiatives, as is the case in the Reality model. Board-executive relations also follow the Reality model, and appear to depend on the executive being central to the operation of the board and having the most influence over decision making within the board. However, in regard to who is seen to be responsible for board performance and how the performance of the board should be evaluated, the boards of VSOs follow the Houle traditional model. Board-executive relations within VSOs contrast sharply with the model proposed by Carver (1997) who advocated a clear distinction between the roles of the board and that of the executive. This study found that the roles of the board and executive are intermingled and subject to ongoing negotiation. This is a similar result to Inglis (1997b) who noted that such a result does not support Carver’s model of a “clear demarcation between board and staff roles” (p.28). As discussed earlier in this section, the application of models concerning governance of the nonprofit sector such as Carver’s, while generally applicable for the investigation of the governance of sport organisations, need to be used in light of the need for member representation in the governance of VSOs.

The relationship between the board and executive within VSOs is associated with board performance. The findings of this study support those of other studies of nonprofit organisations in this regard. The centrality of the executive, the duality of their role, and the nature of the board power patterns that may exist are all theoretical
concepts applicable to the study of VSOs. The implications for theory are that future analyses of boards, and particularly board performance, should recognise the centrality of the executive. Specifically, the centrality of the executive is crucial for effective board performance for VSOs. The findings on each of the major research questions were related to the notion of executive centrality. In terms of board structure, effective boards were more centralised, with executives perceived to have the most influence over decision-making within the board. In terms of board-executive relations, the executive was perceived to be in a unique position to control the flow of information to board members. Effective board performance was perceived to be related to the existence of trust between the board and executive, and leadership being shared between a dominant coalition that included the executive.

**Implications for practice**

This study has sought to establish the nature of the relationship between board performance, board structure and board-executive relations. Based on findings of the study there are a number of implications for the effective governance and enhancement of board performance within VSOs.

The SANGBS developed by Slesinger (1991) and adapted for this study was found to be useful in measuring the board performance of VSOs. It provides the boards of VSOs with a practical way of analysing their performance. Given the time and other resource constraints of VSOs, it offers an efficient, low cost mechanism to assess the perceptions about the overall performance of their boards. VSOs would be able to use the SANGBS to efficiently measure and report board performance on an ongoing basis.

For practitioners, the results also suggest that rather than boards attempting to improve their performance by addressing all of the areas of board responsibility in the SANGBS, which may not be practical due to resource constraints, there may be some merit in focussing initially on some key areas. The boards of VSOs should attempt to improve their performance in those areas of board responsibility that have the lowest scores. For the boards in this study, these included the processes used to select and train new board members, and risk management. Three other areas that
also warrant attention are the allied areas of the board’s role in strategic planning, setting and reviewing the mission of the organisation, and matching operational programs to the mission and monitoring program performance. Board development work could be tailored to focus initially on those areas of board activity requiring the most improvement. The SANGBS could then be used to reassess the level of improvement and indicate further areas in which to focus efforts to improve board performance.

In terms of designing board structure for VSOs, several principles regarding board size, the selection of board members and board chairs, the allocation of portfolios for board members, and the clarification of board member roles were apparent. The optimal size of a board was perceived to be seven but the ultimate number of board members should strike a balance between member representation and the skill requirements of the board. A board of seven, not including the executive, would appear to enable timely decisions to be made, quorums to be maintained as well as ensuring a range of opinions are canvassed.

Boards that rely solely on the traditional delegate system to provide their members run the risk of a board being split along factional lines, having board members without appropriate skills to perform their roles and board members being subjected to pressure from stakeholders within the sport. This could potentially lead to less effective board performance. It should be the aim of VSOs to be governed by a board whose members possess the appropriate skills and independence that enables effective governance to take place. The reality of membership-based organisations is that it is frequently a constitutional requirement for membership representation on the board because the members are the ‘owners’ or custodians of the organisation. VSOs are no different to the extent that they exist because of their membership. The results of this study suggest that the structure of their boards should be a mixture of elected board members supplemented by a number of appointed board members to compliment the existing skills of the board. Elected board members should act independently, resigning all positions with member clubs and associations upon appointment to the board, so that they act in the interests of the entire organisation, not just the discipline or membership element of the sport in which they were associated. VSOs might consider reviewing their constitutions to enable the
appointment of independent board members while maintaining appropriate levels of membership representation. A selection and recruitment procedure should also be developed to facilitate this process.

There was strong support for the view that board chairs should be elected by the board rather than directly from the general organisational membership. This would alleviate the potential problem of a board chair being elected by the general members who may be less likely to be able to work co-operatively with the other elected board members. A board chair elected by a board from within its own ranks and perhaps on the basis of selection criteria would be more likely to have both the requisite skills and the support of the majority of the board to carry out the role of board chair effectively. VSOs should consider reviewing their constitutions to enable the election of the board chair by the board rather than directly from the general membership.

There is scope for the introduction of selection criteria for the allocation of portfolios to board members. The allocation of portfolios of responsibility for board members should be done only when three conditions are met. The skills of board members should match the requirements of the portfolio, the activity of board members in their respective portfolios should be regularly reported and monitored, and the scope of the workload for each portfolio should be of a manageable size. VSOs should consider analysing the skill requirements for their board members, develop appropriate selection criteria and initiate selection and recruitment processes for new board members. VSOs should also consider evaluating the skills of their existing board members and take steps to improve individual skills as required through appropriate education and training.

There is a need for good documentation, education and training for board members about their roles and the role of the board. The ability of board members to work effectively within a given structure depends, in part, on their ability to understand how the structure works and the context of what their individual role, and the role of the board may be in the governance of an organisation. VSOs should consider documenting the role of the board and individual board member positions, by
implementing an orientation and induction process for new board members, and providing education and training for new and continuing board members.

Boards of VSOs should consider increasing their level of formalisation through adopting many of the recommended board processes highlighted in this study. While recognising the resource constraints of VSOs, they should consider, at the very least, introducing procedures relating to the selection, orientation, education, training and evaluation of board members. Boards should also attempt to conduct a collective board evaluation and provide feedback to individual board members about their performance.

This study found that higher levels of board performance were strongly related to higher levels of perceived influence in decision making by executives. This finding suggests that boards which recruit capable executives and then allow them to influence the decisions of the board are perhaps more likely to achieve higher levels of board performance. This is not an argument to diminish volunteer control of decision-making within the board. The executive is central to the ability of the board to perform effectively, and is well placed to evaluate objectively the best course of action for a board. Executives have access to information and deal with the organisational issues on a daily basis. If the board has selected an executive wisely, then the board should trust the executive to perform their role, including working with the board to make decisions. The boards of VSOs should recognise that the executive is in the best position to facilitate the performance of the board and thus should empower executives to undertake board development work.

In order for the board-executive relationship to function effectively it is important for the boards’ expectations of the executive to be clear for both parties. The importance of creating mutual trust was highlighted in the study. Executives and board members should recognise the importance of a positive board-executive relations for effective board performance, and devote considerable time and effort to fostering their relationship.
Recommendations for further research

The findings and limitations of this study provide a basis to make several recommendations about further research into the boards of VSOs and other nonprofit voluntary organisations. The following recommendations for further research may help to clarify additional elements of board structure and board-executive relations that are related to board performance, as well as other potential correlates of board performance. They may also contribute to a better understanding of the overall governance of VSOs and other nonprofit voluntary organisations.

The SANGBS developed by Slesinger (1991) and adapted for this study has been shown to be a reliable and valid measure of board performance. These results are comparable with those found by Herman and Renz (2000) in their research on the performance of boards of nonprofit charitable organisations. The SANGBS offers researchers a useful tool to further explore the dynamics of board performance. Future research efforts on board performance measurement should apply the SANGBS across a much larger sample size and conduct a more rigorous assessment of its applicability in this setting, specifically dimensionality testing using factor analysis. The application of the scale with a larger sample size will also enable the differences between effective and ineffective boards on each item of the SANGBS to be explored in more detail.

In addition, there was no significant difference between effective and ineffective boards for two of the scale items in the SANGBS; the relationship between board and staff, and the selection and review of the executive. Further research efforts should attempt to clarify the reasons the relationship between the board and staff, and the selection and review of the executive seems to be performed to a similar level in both effective and ineffective boards of VSOs.

The study found that effective boards used more recommended board processes than ineffective boards. This list was based on those processes recommended in the nonprofit literature. However, there is a need to determine the range of board processes that are employed by boards which may not have been addressed using the instruments in this study, and to investigate their relationship with board
performance. Future research, possibly using a much larger sample, should
determine the relevant processes that are used by boards of VSOs and the nature of
their relationship with board performance.

The study findings indicated that board power patterns are related to board
performance. Five types of board power patterns were identified within a sample of
seven boards for this study, suggesting that the use of larger sample will enable a
more rigorous examination of the relationship between board performance and board
power patterns to be undertaken. Future research should attempt to clarify the nature
of this relationship and explore the reasons why such board power patterns exist
within VSOs.

The relationship between board member attributes and board performance was not
explored in this study. A small number of interviewees alluded to the need for board
members to have certain skills and experience in order to be effective. Future
research should explore the nature of the relationship between board performance
and the attributes of board members such as attitudes, skills, experience or abilities.

The finding that board leadership was perceived as being shared between the
executive, board chair and senior board members suggests that situational leadership
and the nature of the leadership function within the boards of VSOs may be related to
board performance. To this end, the relationship between board leadership and board
performance and who has ultimate responsibility for the performance of the board
warrants further investigation.

Finally, the relationship between organisational culture and board performance is an
important area for future research. As discussed earlier in this chapter, the mean
scores of the perceptions of board performance held by executives, board chairs and
board members did not differ significantly, irrespective of the level of board
performance. That is, executives, board chairs and board members from a single
organisation shared a common perception of the level of performance of their
respective board. While not a focus of the study, this finding raises the question of
what impact organisational culture may have on the performance of the board. The
culture of an organisation may be a powerful influencing agent over the ability of
individuals to objectively judge board performance as well as influencing performance itself. The link between organisational culture and organisational effectiveness has been well documented (Peters & Waterman, 1982; Robbins & Barnwell, 1998). Boards may need to examine the processes they use to reinforce the status quo of their organisational culture through processes such as the selection of executives and the election and appointment of board members. Future research into board performance should explore the nature of the relationship between organisational culture and board performance.

**Contribution of the study**

The study investigated the relationship between board performance, board structure, and board-executive relations of VSOs. The study has contributed to the body of knowledge concerning the governance of VSOs, specifically the measurement of board performance, and the investigation of its relationship with board structure and board-executive relations.

The study established the utility of adopting a social constructionist perspective to measure board performance of VSOs. Specifically, the SANGBS adapted from Slesinger (1991), was shown to be a valid and reliable measure of board performance that was able to differentiate between effective and ineffective boards. This development has provided researchers with a useful tool to further explore the performance of VSO boards.

The study identified that structural elements of VSO boards were able to be conceptualised, operationalised and measured using classic organisational theory. While the elements of complexity, formalisation and centralisation had been used to explore a range of issues within sport organisations, they had not previously been applied specifically to VSO boards. It was concluded that higher levels of board performance were related with higher levels of board centralisation and associated with higher levels of board formalisation. Board complexity was not related to board performance.
The study also concluded that a range of power patterns existed within VSO boards, specifically, that board power patterns perceived to be powerless or fragmented were related to lower levels of board performance. As Murray et al, (1992) noted "the most well developed hypotheses in the current literature about the distribution of power on boards has to do with predicting the degree of CEO dominance" (p.178). The findings of this study contribute to the debate that has appeared in the sport management literature. As discussed in chapter 2, the board-executive relationship has largely been viewed as a dichotomy of volunteer or executive led. While some authors have identified that a more complex distribution of influence in decision making exists within VSOs (Auld, 1997; Auld & Godbey, 1998; Inglis, 1997b), the present study has identified there is diversity in how power is distributed within boards of VSOs and that this is related to board performance.

Elements of the board-executive relationship that were related to effective board performance were identified as establishing trust between the board and executive, the control of information by the executive, shared board leadership and the responsibility for board performance. As such, this study has furthered knowledge of the board-executive relationship within VSOs, an area identified as being subject to only limited research.

Overall, the study identified the centrality (in a structural sense) of the executive in determining the ability of the board to perform. The executive was identified as having the most influence in decision making irrespective of current levels of board performance and the perceived amount of influence in decision making held by the executive was related to the level of board performance. The executive was also identified as being a part of the core informal group providing leadership to the board, controlling information made available to the board for decision making, and engaging in lobbying behaviour to influence decision making by the board.

The study also extended what is known about the models of nonprofit governance and their utility in explaining the workings of VSO boards. While elements of both the Houle and Reality models were evident in the boards examined in this study, the Carver policy governance model was not. Specifically, Carver’s view that the executive is subservient to the board and that the board and executive operate in
harmony was not supported by this study. As discussed earlier, the Australian Sports Commission’s (1999a) guide for governing sport organisations is based on the Carver model (1997). The findings of this study do not support a number of the recommendations made by this guide in relation to board structure and board-executive relations. The Carver model states that the board establishes the strategic direction and priorities of the organisation (ASC, 1999a, p.3). In contrast, this study found that executives were the primary source of strategic development for VSOs.

The Carver model also advocates that the board establishes policies regarding the relationship between the board and executive (ASC, 1999a, p.10). However, this study found that relationships between boards and executives were negotiated on an ongoing basis and dependent on the establishment of mutual trust, how the executive controlled information for the board, who was perceived to be responsible for board performance, and who was perceived to provide leadership to the board. The model also assumes that the board-executive relationship is static. However, the reality is that the membership of VSO boards change on a yearly basis and thus the relationship between the executive and board members would be in a continual cycle of negotiation.

The Carver model also states that boards should be comprised of members who possess skills in the areas of law, marketing, strategic planning, business administration and finance (ASC, 1999a, p.14). The ASC guide does not address the question of maintaining adequate member representation on the board for effective board performance, a key finding of this study. Further, the capacity of VSOs to identify members with these skills is questionable, and the ASC guide offers no suggestions about how this difficulty might be overcome.

The final contrast between the Carver model and the findings of this study concern decision making influence within the board. The model states that the board sets the limits to decision-making power of the executive (ASC, 1999a, p.19). As discussed earlier, this suggests that the board exercises the ultimate decision-making power, not the executive. However, as this study has found, the executive currently has the most influence in decision-making.
As discussed in chapter 1, the increased accountability requirements imposed by government on VSOs include an expectation that VSOs will attempt to improve their governance. One of the reasons for undertaking this study was the lack of research that had been conducted on the governance of VSOs. The governance framework developed by the ASC is based on a nonprofit model. As this study has shown, there is a need to adapt such models for the organisational context of member-based organisations such as VSOs.

Finally, a number of implications for improving the performance of VSO boards were identified by the study. These included recommendations for VSOs to measure board performance using the SANGBS and to undertake board development work based on the subsequent results. Recommendations were also made regarding board size, selection of board members and board chairs, the use of portfolios for board members, the clarification of board and board member roles, and the use of recommended board processes.

**Concluding statement**

The study identified a need to investigate the governance of VSOs, in particular the performance of their boards. A theoretical and conceptual framework for the investigation of the board performance of these organisations was drawn from the fields of nonprofit governance and sport management. Two research questions were developed focusing on the relationship between board performance and board structure, and the relationship between board performance and board-executive relations.

It was concluded that effective board performance was related to a higher level of board centralisation and associated with a higher level of board formalisation. Board performance was not related to board complexity. Board power patterns that were perceived to be powerless or fragmented were related to lower levels of board performance. Elements of the board-executive relationship that were related to effective board performance were identified as establishing trust between the board and executive, the control of information by the executive, shared board leadership and the responsibility for board performance. Importantly, the study identified the
central role executives have in determining the ability of VSO boards to perform effectively. It should be noted, however, that these conclusions are made only in relation to VSOs that employ paid executives.

The boards of sporting organisations are “responsible for ensuring that their organisations are well placed to deal with future challenges and capitalise on opportunities” (ASC, 1999a, p.1). These challenges will come from increased requirements from government for VSOs to demonstrate accountability for the use of public monies and the increasingly globalised and complex social, political and economic environment in which VSOs operate. Effective governance is a crucial aspect if VSOs are to be well placed to meet these challenges and make the most of new opportunities. VSOs also play a role in developing and maintaining social capital. Developing effective governance will assist VSOs maintain the traditions of community involvement and voluntary service in Australian sport.

The effective governance of VSOs depends ultimately on the willingness of individuals to participate in and accept responsibility for the governance function and board performance. Having enthusiastic volunteers and executives to fulfil the various roles is not sufficient in and of itself to ensure effective board performance. Appropriate and relevant structures as well as the development of transparent and effective board-executive relations contribute to effective board performance. VSOs that seek to improve board structures, and the manner in which their board members and executives relate to one another should reap the benefits of higher levels of board performance. This in turn should enable boards to more effectively carry out their governance role and contribute to the enhancement of service delivery in community-based sport.
REFERENCES


Paton, G. (1987). Sport management research - what progress has been made? 

London: Routledge.


Appendix 1

Expert panel questionnaire information cover letter
Dear <Name>,

Further to our recent telephone conversation regarding your participation in the above research project being conducted by Griffith University, I enclose the following information.

**Aim of the Research Project**
The research project aims to identify why board performance may vary between different sport organisations. Little is known about how the boards of sport organisations operate and this project will clarify what structures, processes and other factors influence board performance.

The first stage of the project seeks to identify some examples of sport organisations that exhibit either effective or ineffective board performance. Since many sport organisations may not feel comfortable providing assessments of their own performance, we are attempting to identify them using independent experts. Based on your experience and knowledge of sport organisations in Victoria, you have been selected as one of ten members of an independent panel of experts.

**What are we asking you to do?**
We would like you to indicate from the list provided, the five organisations you believe exhibit the most effective board performance and also the five organisations that exhibit the least effective board performance.

This survey should take about 10 to 15 minutes to complete. Once you have completed the survey, please return it using the reply paid envelope provided.

**Confidentiality**
All data collected will be confidential and neither yourself or organisation that you represent will be identified in any published material. To ensure a completely independent assessment is carried out, we ask that you not discuss the exercise with anyone else as they may have been asked to perform the exercise.

**Do you have any questions?**
If you require any clarification of these details, please do not hesitate to contact Russell Hoye on (03) 9436 5311 or on email hcg1@bigpond.com.

We appreciate your time commitment for this project which we are sure will be a worthwhile exercise for the sport industry.

Yours sincerely,

---

Russell Hoye  
PhD Student  
Griffith University

Associate Professor Chris Auld  
PhD Supervisor  
Griffith University

Gold Coast Campus Griffith University PGR 50 Gold Coast Mail Centre Queensland 9726 Australia
Logan Campus Griffith University University Drive Meadowbrook Queensland 4131 Australia
Mt Gravatt Campus Griffith University Brisbane Queensland 4111 Australia
Nathan Campus Griffith University Brisbane Queensland 4111 Australia
Queensland College of Art Griffith University PO Box 84 Morningside Brisbane Queensland 4170 Australia
Queensland Conservatorium Griffith University PO Box 3429 South Brisbane Queensland 4101 Australia
Appendix 2

Expert panel questionnaire
Board performance of sport organisations – instructions for panel members

Please indicate from the list provided, five organisations you believe exhibit the most effective board performance and five organisations that exhibit the least effective board performance.

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List of sport organisations

Athletics Victoria
Victorian Little Athletics association
Badminton Victoria
Victorian Baseball Association
Basketball Victoria
Royal Victorian Bowls Association
Victorian Ladies Bowling Association
Calisthenics Victoria
Victorian Canoe Association
Victorian Cricket Association
Victorian Women’s Cricket Association
BMX Victoria
Cyclesport Victoria
Dancesport Victoria
Victorian Diving Association
Equestrian Federation of Australia – Victorian Branch
Pony Club of Victoria
Victorian Amateur Football Association
Victorian Metropolitan Football League
Victorian Golf Association
Women’s Golf Victoria
Victorian Gymnastic Association
Handball Federation of Victoria
Victorian Hockey Association
Victorian Women’s Hockey Association
Victorian Korfball
Lacrosse Victoria
Motorcycling Victoria
Netball Victoria
Victorian Rowing Association
Victorian Rugby League
Victorian Rugby Union
Victorian Rifle Association
Victorian Soccer Federation
Victorian Softball Association
Victorian Squash Federation
Surfing Victoria
Swimming Victoria
Table Tennis Victoria
Tennis Victoria
Victorian Touch Association
Volleyball Victoria
Victorian Water Polo
Victorian Weight Lifting Association
Victorian Yachting Council

Once you have finished, please drop it in the mail using the reply paid envelope supplied.

Thank you.

To be returned to:
Russell Hoye
108 Stockdale Way
Mill Park VIC 3082

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Appendix 3

Results of expert panel questionnaire
Organisations whose boards were identified as either effective or ineffective

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<tr>
<td>Ineff₁</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Ineff₂</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Ineff₃</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Ineff₄</td>
<td>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Total organisations cited</td>
<td>43</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

* cited in both categories
✓ denotes cited as effective
✗ denotes cited as ineffective
Appendix 4

Preliminary information letter to executives of case organisations
Dear <Name>,

Following on from our telephone conversation regarding the participation of your organisation in a research project from Griffith University, I enclose the following information.

Aim of the Research Project
The research project is attempting to identify why the boards of some sport organisations may perform better than others. Not much is known about how the boards of sport organisations operate and this project is attempting to identify what structures, processes and other influences lead to better board performance.

What will you be asked to do?
Three stages of data collection will be undertaken. The first stage will involve a 45 minute interview with the executive office to collect information on the basic organisational profile, the governance structure for the organisation and whether certain recommended processes are used by the board.

The second stage will be a voluntary self administered questionnaire for all board members, board chair and the executive to complete and return by reply paid mail. This questionnaire will take about 15 minutes to complete and cover aspects of how the board currently operates. To ensure the best possible return rate for the questionnaires I will require the individual addresses of board members which will only be used for the purposes of the study.

The third stage will involve some separate in depth interviews of about 60 minutes with the board chair, executive officer and 1 or 2 other board members. These will be used to clarify issues that are raised in the survey responses from stage 2.

When will all this take place?
- Stage 1 – initial interviews with executive officers – May 2001.
- Stage 2 – surveys of board members, board chairs and executives – May and June 2001.

What benefits will your organisation receive?
Your organisation will receive a summary report of how their board operation compares with the results from the total sample of State Sporting Organisations. This will include information on structures, processes and other issues that may lead to better board performance.

Confidentiality
All data collected will be confidential and no individual or organisation will be identified in any published material, and no other organisation will receive data other than summary information for the entire sample of State Sporting Organisations.
Do you have any questions? If you require any clarification of these details please do not hesitate to contact me on (03) 9436 5311 or on email hcg1@bigpond.com.

I appreciate your time commitment for this project which I am sure will be a worthwhile exercise for the sport industry and your organisation.

Yours sincerely,

[Signature]

Head, School of Leisure Studies

Russell Hove
PhD Student
Griffith University

Associate Professor Chris Auld
PhD Supervisor
Griffith University
Appendix 5

Schedule for structured interviews with executives
SSO Executive Interview Schedule – Part A Board Structure

Organisation:

Contact person:

Interview date / time / venue:

<table>
<thead>
<tr>
<th>Interview Item</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Could you describe the governance structure of your organisation?</td>
<td></td>
</tr>
<tr>
<td>Draw diagram</td>
<td></td>
</tr>
<tr>
<td>Number of board members</td>
<td></td>
</tr>
<tr>
<td>How many different board members have been appointed or elected in the previous three years?</td>
<td></td>
</tr>
<tr>
<td>Number of sub committees of the Board?</td>
<td></td>
</tr>
<tr>
<td>Number of board members with formal roles / portfolios?</td>
<td></td>
</tr>
<tr>
<td>How many levels of decision making exist within the board?</td>
<td></td>
</tr>
<tr>
<td>(ie: executive committee and / or sub committees exist)</td>
<td></td>
</tr>
</tbody>
</table>
SSO Executive Interview Schedule Part A – cont.

For each of the following statements please indicate whether the process is currently used by the board.

<table>
<thead>
<tr>
<th>No</th>
<th>Structured interview item</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Limits to the total number of terms of board members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Limits to the consecutive number of terms of board members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Limits to the total number of terms an individual can serve as board chair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Limits to the consecutive number of terms an individual can serve as board chair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Description of the role of the board in the Constitution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Description of the role of the board in governance documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Description of the role of individual board members in the Constitution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Description of the role of individual board members in governance documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Board able to co-opt people from outside the organisation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Nominating or board development committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Board profile used in recruiting new members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Nominees interviewed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Written selection criteria for board members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Board manual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Orientation for new board members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Written policy about attendance at board and committee meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Written policy on dismissal for absenteeism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Absenteeism policy enforced</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>All board members have office or sub committee responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Annual board retreat conducted for planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Collective board self evaluation conducted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Board self evaluation used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Evaluation undertaken of individual board members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Members receive feedback from individual evaluations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Board uses competitive hiring process for Executive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Board process for Executive performance appraisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Recognition of retiring board members for their service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Agenda and minutes distributed prior to meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Board usually uses consensus decision making processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Executive has some role in nominating new board members</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SSO Executive Interview Schedule Part B – Organisational Data

<table>
<thead>
<tr>
<th>Survey Item</th>
<th>Value / Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of years the organisation has been in existence</td>
<td></td>
</tr>
<tr>
<td>Number of registered organisational members</td>
<td></td>
</tr>
<tr>
<td>• Individuals</td>
<td></td>
</tr>
<tr>
<td>• Clubs</td>
<td></td>
</tr>
<tr>
<td>• Affiliated associations</td>
<td></td>
</tr>
<tr>
<td>Total income from all sources for previous three years</td>
<td></td>
</tr>
<tr>
<td>• Year 1</td>
<td></td>
</tr>
<tr>
<td>• Year 2</td>
<td></td>
</tr>
<tr>
<td>• Year 3</td>
<td></td>
</tr>
<tr>
<td>Total expenditure for all activity for previous three years</td>
<td></td>
</tr>
<tr>
<td>• Year 1</td>
<td></td>
</tr>
<tr>
<td>• Year 2</td>
<td></td>
</tr>
<tr>
<td>• Year 3</td>
<td></td>
</tr>
</tbody>
</table>

Documents to be mailed / collected:

- Governance structure chart or diagram if available
- Annual Reports for last 3 years
- Current constitution
- Any documents related to board manuals, guides, orientation, etc.
Appendix 6
Example self-administered questionnaire

Notes:
1. The questionnaires were printed in booklet form A5 size.
2. This is the questionnaire sent to board members. A similar questionnaire was sent to executives and board chairs with minor changes to:
   Part A where the individuals listed in the second column were adjusted according to the respondent, and
   Part D where the last item (9) was deleted from the questionnaire for executives.
Board Performance in State Sporting Associations

Questionnaire for Board members.

This questionnaire will be used to develop strategies to assist the boards of state sporting organisations carry out their work.

Your time commitment of approximately 15 minutes in completing this questionnaire is greatly appreciated.

Once you have finished, please drop it in the mail using the reply paid envelope supplied.

Thank you.

Russell Hoye
PhD student, Griffith University, Qld.

To be returned to:

Russell Hoye
108 Stockdale Way
Mill Park VIC 3082
Ph: (03) 9436 5311
Part A

For the following individuals, how much influence do you feel each does have and should have in the areas of decision making listed below?

*Please circle the appropriate number for each statement and individual using the following key:*

<table>
<thead>
<tr>
<th>(1) little or no influence</th>
<th>(2) some influence</th>
<th>(3) quite a bit of influence</th>
<th>(4) a great deal of influence</th>
<th>(5) a very great deal of influence</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Area of decision making</th>
<th>Individuals</th>
<th>Amount of influence does have</th>
<th>Amount of influence should have</th>
</tr>
</thead>
<tbody>
<tr>
<td>In determining the organisation's mission and purpose</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In the development and monitoring of the annual budget</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In matters concerning liaison with the national body</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In matters concerning liaison with other state bodies</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Area of decision making</td>
<td>Individuals</td>
<td>Amount of influence does have</td>
<td>Amount of influence should have</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>--------------------</td>
<td>-------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>In developing requests for government funding</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In the establishment of specific operating policies</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In the approval of specific sponsorship agreements</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In approving and monitoring the organisation's programs and services</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In event and / or competition planning and management</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>In strengthening the effectiveness of the board</td>
<td>Yourself</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Board Chair</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
Part B

For each of the following statements please indicate with a tick (✓) the extent to which you agree it represents the situation on your own board.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Extent of agreement</th>
</tr>
</thead>
</table>
| The board tends to be more of a figurehead than a major influence on the organisation. It depends heavily on guidance from the paid senior staff member, who is highly influential and trusted because of their expertise, experience, and track record of successfully managing the organisation. The board does not take an active role in the creation of plans or budgets other than to scan them before giving its approval. It usually tends to do this without much disagreement or debate. Meetings of the board tend to be orderly with clear distinctions between the roles and responsibilities of the board and staff. | Not at all close ☐  
Not close ☐  
Undecided ☐  
Close ☐  
Very close ☐ |
| The board tends to be dominated by the elected leader – whether that person is the President or Board Chair. The person has a certain charismatic quality that exerts influence over board members. The paid senior staff member of the organisation mainly tries to carry out a role defined by that leader. The leader selects other board members through personal acquaintance and/or their belief in the leader’s vision. Disagreements at meetings rarely arise and if there are plans for the organisation, they tend to come from the mind of the leader. The leader is well connected in the organisation and maintains positive relationships with key people. | Not at all close ☐  
Not close ☐  
Undecided ☐  
Close ☐  
Very close ☐ |
| The board tends to be characterised by conflict. Various individuals or groups on the board represent differing beliefs or ideologies about what the organisation should be doing and why. Meetings of the board tend to be stormy, and the group finds it difficult to make decisions. Strategic planning is rarely attempted. Board members cast blame when things go wrong and resignations on principle are possible. Considerable politicking goes on before major decisions are made, and game playing of various kinds is seen as common board behaviour. There is the presence of competition for the most powerful positions on the board and the organisation. | Not at all close ☐  
Not close ☐  
Undecided ☐  
Close ☐  
Very close ☐ |
<table>
<thead>
<tr>
<th>Statement</th>
<th>Extent of agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The members of the board share a strong ideological commitment to the values of equality and democracy. The board rejects any kind of dominant leadership by one person or group, instead insisting on processes such as equal participation in decision making and extensive communication and consultation on any given issue. Conflicts certainly arise but the board members tend to keep talking until they reach consensus. There is low emphasis on formal positions, titles and fixed committees. Sometimes it is hard to achieve major changes because of the time taken up with consultation and gaining consensus on decisions.</td>
<td>Not at all close ☐</td>
</tr>
<tr>
<td></td>
<td>Not close ☐</td>
</tr>
<tr>
<td></td>
<td>Undecided ☐</td>
</tr>
<tr>
<td></td>
<td>Close ☐</td>
</tr>
<tr>
<td></td>
<td>Very close ☐</td>
</tr>
<tr>
<td>No one on the board is too clear about the board’s roles and responsibilities but then no one seems to care too much about it either. There is little in the way of strong leadership from any source, either board or paid staff. Things get done either because the board repeats past practices or because some individual has an idea and is allowed to carry it out as long as he or she is prepared to do most of the work. Meetings tend to be poorly organised, poorly attended, and indecisive. Planning in any form is absent, and there is a lack of both upward and downward communication.</td>
<td>Not at all close ☐</td>
</tr>
<tr>
<td></td>
<td>Not close ☐</td>
</tr>
<tr>
<td></td>
<td>Undecided ☐</td>
</tr>
<tr>
<td></td>
<td>Close ☐</td>
</tr>
<tr>
<td></td>
<td>Very close ☐</td>
</tr>
</tbody>
</table>
Part C

The following statements describe a variety of possible actions by boards.

Please mark with a tick (✓) the choice that most accurately describes your assessment of how well the board performs each of the following actions.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very poor</th>
<th>Poor</th>
<th>Average</th>
<th>Good</th>
<th>Very good</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Board mission statement and review of the mission</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. CEO selection and review process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Working relationship between board and CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Matching operational programs to the mission and monitoring program performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Strategic planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. New board member selection and training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Working relationship between board and staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Marketing and public relations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Conduct of board and committee meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Role in risk management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part D

1. On average, how many hours would you spend on board business per month (including meeting time, discussions between meetings, reading board papers, etc.)?

............ hours per month

2. How many scheduled board meetings have you attended in the previous 12 months?

............ meetings out of a scheduled ........... meetings

3. How many sub committees of the board are you involved in at the moment?

............ sub committees

4. How long have you served on the Board?

............ years and ........... months

For each of the following questions / statements please indicate with a tick (✓) the most accurate response.

5. What other roles do you currently perform in the organisation?

[ ] no other roles
[ ] player
[ ] coach
[ ] umpire, referee, or official
[ ] club or regional association level administrator

[ ] other (please specify): ..................................................
6. What is your age?
   [ ] 19 years or less
   [ ] 20 to 29
   [ ] 30 to 39
   [ ] 40 to 49
   [ ] 50 to 59
   [ ] 60 years or more

7. What is your gender?
   [ ] male
   [ ] female

8. What is your highest level of education completed?
   [ ] primary school
   [ ] some secondary school
   [ ] secondary school
   [ ] TAFE trade or diploma qualification
   [ ] undergraduate qualification
   [ ] postgraduate qualification

9. What is your current employment status?
   [ ] employed full time
   [ ] employed part time
   [ ] self employed
   [ ] home duties
   [ ] unemployed
   [ ] retired
   [ ] student
   [ ] other (please specify): .................

Thank you for participating in this study – your time is greatly appreciated.

Please place the survey in the reply paid envelope supplied
and drop it in the mail.

Thank You.
Appendix 7
Interview schedule for semi-structured interviews with executives, board chairs and board members
<table>
<thead>
<tr>
<th>Board Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>How well do you feel your board is performing?</td>
</tr>
<tr>
<td>What criteria do you use to make your assessment?</td>
</tr>
<tr>
<td>What criteria would you use to judge the performance of individual board members?</td>
</tr>
<tr>
<td>How do you or would you conduct an evaluation of board performance?</td>
</tr>
<tr>
<td>What role does the exec, chair and board members play in improving board performance?</td>
</tr>
<tr>
<td>Who do you feel is ultimately responsible for the board’s performance? Why?</td>
</tr>
<tr>
<td>Do you feel that the board members are clear on their respective roles?</td>
</tr>
<tr>
<td>Should there be a formal evaluation of board performance?</td>
</tr>
<tr>
<td>Should individual board members be evaluated?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the size of the board matter? Why?</td>
</tr>
<tr>
<td>Would limits to terms of board members improve performance?</td>
</tr>
<tr>
<td>How well does the executive committee function?</td>
</tr>
<tr>
<td>Portfolios – do they work effectively?</td>
</tr>
<tr>
<td>Does the election / voting system impact on the ability of the board to perform?</td>
</tr>
<tr>
<td>Since people are elected and not appointed does this lead to any problems?</td>
</tr>
<tr>
<td>Is there a place for appointed independent board members?</td>
</tr>
<tr>
<td>What impact does the structure of your board have on its performance?</td>
</tr>
<tr>
<td>Are the board selection and orientation processes satisfactory?</td>
</tr>
<tr>
<td>Do you think there is a need for a board manual?</td>
</tr>
<tr>
<td>Is there a need for training of board members?</td>
</tr>
<tr>
<td>Does the board engage in strategic planning exercises effectively?</td>
</tr>
<tr>
<td>Do you think a retreat for the board would be useful?</td>
</tr>
<tr>
<td>How are decisions reached – consensus or voting?</td>
</tr>
<tr>
<td>Are these processes effective? Do they impact on the board’s performance? How?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive Board Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>How would you describe the relationship between the executive and the board?</td>
</tr>
<tr>
<td>What makes the relationship work or not work?</td>
</tr>
<tr>
<td>What impact does the relationship have on board performance?</td>
</tr>
<tr>
<td>Who would you say provides the leadership to the board? Why?</td>
</tr>
<tr>
<td>Are the roles of the executive and chair clearly defined and adhered to?</td>
</tr>
<tr>
<td>Who wields the most influence over decision making at the board table? Example?</td>
</tr>
</tbody>
</table>

Finally – what would you change about the board at the moment? Any of the above?
Appendix 8

Letter granting ethical clearance to commence data collection
Monday 26 February 2001

Russell Hoye  
C/- School of Leisure Studies  
Griffith University  
Mt Gravatt campus

Ethical Clearance

Dear Russell,

This is to confirm that the School of Leisure Studies Honours and Postgraduate Studies Committee has granted you ethical clearance to collect data for your study "Board performance of nonprofit voluntary sport organisations".

Yours sincerely,

Dr. Maureen Harrington  
Chairperson  
School of Leisure Studies Honours and Postgraduate Studies Committee
Appendix 9

Data collected from each case organisation
<table>
<thead>
<tr>
<th>Data collection stage</th>
<th>Effective cases</th>
<th>Ineffective cases</th>
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</thead>
<tbody>
<tr>
<td><strong>Stage 1 - Structured interviews</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>with Executives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational data</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Board Complexity</td>
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<td>✓</td>
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<tr>
<td>Board Formalisation</td>
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<td>✓</td>
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<tr>
<td><strong>Stage 2 - Documents collected</strong></td>
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<tr>
<td>Annual Report 1998</td>
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<td>✓</td>
</tr>
<tr>
<td>Annual Report 1999</td>
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<tr>
<td>Annual Report 2000</td>
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<tr>
<td>Constitution</td>
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<td>✓</td>
</tr>
<tr>
<td>Various board documents eg:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>reviews of governance structures,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>board manuals, minutes of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>meetings, and board induction kits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3</td>
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<td><strong>Stage 3 - Self administered</strong></td>
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<td>Questionnaires</td>
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<tr>
<td>Executive</td>
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<td>✓</td>
</tr>
<tr>
<td>Board Chair</td>
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<td>✓</td>
</tr>
<tr>
<td>Board Members</td>
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<td>6 / 6</td>
</tr>
<tr>
<td></td>
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<td>4 / 7</td>
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<td></td>
<td>6 / 10</td>
<td>5 / 5</td>
</tr>
<tr>
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<td>6 / 8</td>
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<tr>
<td>Total returns</td>
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<tr>
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<td>8 / 9</td>
<td>8 / 12</td>
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<tr>
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<td>7 / 7</td>
<td>8 / 10</td>
</tr>
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<td><strong>Stage 4 - Semi Structured</strong></td>
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<tr>
<td>Interviews</td>
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<td>✓</td>
</tr>
<tr>
<td>Executive</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Board Chair</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Board Members</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Appendix 10

Self-administered questionnaire information cover letter (original) for executives, board chairs, and board members
Griffith University Research Project

Dear Board Member,

Thank you for your participation in this study of governing boards for sport organisations. To ensure the study is a success, I need your cooperation by completing the enclosed questionnaire. It will take about 10 to 15 minutes to complete. Please read the instructions carefully and use the reply paid envelope provided to return your completed questionnaire.

All members of your board have received a copy of the questionnaire. To ensure complete independence in your answers please do not discuss your answers with anyone else before completing the questionnaire.

Aim of the Research Project
Not much is known about how the boards of sport organisations operate and this project is attempting to identify what structures, processes and other influences lead to better board performance. This questionnaire will provide important information about your opinions on how your board operates.

Confidentiality
All data collected will be confidential and no individual or organisation will be identified in any published material. No other organisation will receive data other than summary information for the entire sample of State Sporting Organisations.

What benefits will your organisation receive?
Your organisation will receive a summary report of how their board operation compares with the results from the sample of State Sporting Organisations. This will include information on structures, processes and other issues that may lead to better board performance.

Do you have any questions?
If you have any questions please contact me on (03) 9436 5311 or on email hcg1@bigpond.com.

I appreciate your time commitment for this project which I am sure will be a worthwhile exercise for the sport industry and your organisation.

Yours sincerely,

[Signature]

Head, School of Leisure Studies

Russell Hove
PhD Student
Griffith University

Associate Professor Chris Auld
PhD Supervisor
Griffith University
Appendix 11
Self-administered questionnaire information cover letter (1st and 2nd reminder)
for executives, board chairs, and board members
Dear Board Member,

A few weeks ago you were sent a questionnaire as part of a study of governing boards for sport organisations. As of today I have not received your reply. In case my earlier correspondence was misplaced or did not reach you, a replacement questionnaire is enclosed. It will take about 10 to 15 minutes to complete. Please read the instructions carefully and use the reply paid envelope provided to return your completed questionnaire.

All members of your board have received a copy of the questionnaire. To ensure complete independence in your answers please do not discuss your answers with anyone else before completing the questionnaire.

**Griffith University Research Project**

**Aim of the Research Project**

Not much is known about how the boards of sport organisations operate and this project is attempting to identify what structures, processes and other influences lead to better board performance. This questionnaire will provide important information about your opinions on how your board operates.

**Confidentiality**

All data collected will be confidential and no individual or organisation will be identified in any published material. No other organisation will receive data other than summary information for the entire sample of State Sporting Organisations.

**What benefits will your organisation receive?**

Your organisation will receive a summary report of how their board operation compares with the results from the sample of State Sporting Organisations. This will include information on structures, processes and other issues that may lead to better board performance.

**Do you have any questions?**

If you have any questions please contact me on (03) 9436 5311 or on email hcg1@bigpond.com.

I appreciate your time commitment for this project which I am sure will be a worthwhile exercise for the sport industry and your organisation. If you have replied to the original questionnaire, please disregard this reminder and I thank you for your time in participating in the study.

Yours sincerely,

---

**Russell Haye**  
PhD Student  
Griffith University

**Associate Professor Chris Auld**  
PhD Supervisor  
Griffith University

---

Gold Coast Campus, Griffith University, P/MB 50 Gold Coast Mail Centre, Queensland 4226, Australia  
Logan Campus, Griffith University, University Drive, Meewoobok, Queensland 4131, Australia  
Mt Gravatt Campus, Griffith University Brisbane, Queensland 4111, Australia  
Nathan Campus, Griffith University, North Brisbane, Queensland 4111, Australia  
Queensland College of Art, Griffith University PO Box 84 Morningside, Brisbane Queensland 4170, Australia  
Queensland Conservatorium, Griffith University PO Box 3428 South Brisbane Queensland 4101, Australia
Appendix 12

Provisional codes used for analysis of data from semi-structured interviews of executives, board chairs and board members
| Board Performance | Group evaluation  
|                  | Group performance  
|                  | Individual evaluation  
|                  | Individuals performance  
| Board Structure  | Board size  
|                  | Board member portfolios  
|                  | Executive committee  
|                  | Sub committees  
|                  | Board member selection  
|                  | Member representation  
|                  | Board member orientation  
|                  | Role clarity  
|                  | Strategic planning  
|                  | Decision process  
|                  | Board reporting  
|                  | Board member attendance  
|                  | Meetings  
|                  | Term limits  
| Board executive relationship | Board-executive relations description  
|                  | Board leadership  
|                  | Clear roles  
|                  | Decision influence  
|                  | Board Performance Responsibility  

Appendix 13

Final codes used for analysis of data from semi-structured interviews of executives, board chairs and board members
| Board Performance | Group evaluation  
| Group performance  
| Individual evaluation  
| Individuals performance  |
| Board Structure | Board size  
| Board member portfolios  
| Executive committee  
| Sub committees  
| Board member selection  
| Member representation  
| Election system  
| Ability to co-opt members  
| Board profile  
| Selection criteria  
| Nominees interviewed  |
| Board member orientation | Board manual  
| Induction process  
| Training  |
| Role clarity | Board  
| Board members  |
| Strategic planning | Process  
| Leadership role  |
| Decision process | Consensus  
| Formal voting  |
| Board evaluation |  |
| Term limits | Board members  
| Board Chair  |
| Board executive relationship | Board performance responsibility  
| Executive  
| Board Chair  
| Shared role  |
| Board-executive relations description |  |
| Board leadership |  |
| Trust |  |
| Information control |  |
Appendix 14

Pearson product-moment correlations between measures of board performance and perceptions of influence in decision making
<table>
<thead>
<tr>
<th>Measures</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Board Performance</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Amount of Influence Board Members currently do have</td>
<td>0.093</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Amount of Influence Board Chairs currently do have</td>
<td>0.252</td>
<td>0.554**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Amount of Influence Executives currently do have</td>
<td>0.375**</td>
<td>0.158</td>
<td>0.137</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Amount of Influence Board Members should have</td>
<td>−0.043</td>
<td>0.739**</td>
<td>0.293*</td>
<td>0.051</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Amount of Influence Board Chairs should have</td>
<td>0.100</td>
<td>0.518**</td>
<td>0.654**</td>
<td>0.200</td>
<td>0.504**</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>7. Amount of Influence Executives should have</td>
<td>0.093</td>
<td>0.217</td>
<td>0.138</td>
<td>0.722**</td>
<td>0.303*</td>
<td>0.408**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

N = 53, *p<.05, **p<.01