

**Examining Relationships Between Board Effectiveness and Organizational Performance  
at Special Olympics**

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**by**

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APPROVAL PAGE

Examining Relationships Between Board Effectiveness and Organizational Performance  
At Special Olympics

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## Abstract

Nonprofit boards of directors are responsible for ensuring the adequacy of resources and monitoring mission-based programs, as affirmed by the resource dependency and agency theories. Yet nonprofit boards have faced increased difficulty in fulfilling their responsibilities amid the recent economic downturn. The specific problem examined in this study was that Special Olympics (SO) chapter boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs in line with the resource dependency and agency theories, which could potentially impair SO's future ability to provide valued services to athletes. Across the globe, SO revenues and coaches per athlete had declined as athlete rolls increased. While causes of the trends were unclear, SO established goals to accelerate fundraising and increase athlete rolls and coaches. The purpose of this mixed method study was to evaluate board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related measures in 52 SO chapters across the United States. For the quantitative component of the study, SO chapter board chairpersons were asked to complete the Board Self-Assessment Questionnaire (BSAQ) to evaluate board effectiveness. Results were correlated to both financial and program delivery measures. For the qualitative aspect of the research, a multiple case study involving ten semi-structured interviews and other data was conducted. Quantitative results of the study revealed no statistically-significant correlations between overall BSAQ scores and: financial performance ( $r = -.11, p = .45$ ), athlete rolls ( $r = -.02, p = .90$ ), or volunteer coaches ( $r = -.15, p = .30$ ). The qualitative component of the study revealed that board

chairpersons viewed financial performance to be the most significant objective that receives most of their attention, particularly in SO chapters that were relatively more financially vulnerable than others. Most viewed the recruitment of athletes and/or coaches as primarily a staff function. The findings revealed a prominence of the resource dependency theory and evidence of the agency theory, as well as an influence of the contingency theory. The study also revealed several additional findings, practical recommendations, and areas for further research.

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## Chapter 1: Introduction

Nonprofit boards of directors are responsible for overseeing organizational performance by ensuring the adequacy of resources and monitoring mission-based programs (Brown & Guo, 2010; Callen, Klein, & Tinkelman, 2010; Laughlin & Andringa, 2007). These responsibilities are affirmed by the resource dependency theory, which asserts that board members are responsible for providing resources to management (Brown, 2007; Callen et al. 2010). These duties are also underscored by the agency theory, in which boards of directors serve as agents of stakeholders to continuously monitor management's activities to advance the missions and programs of nonprofit organizations (Callen et al., 2010; Miller-Millesen, 2003; Mwenja & Lewis, 2009).

However, throughout the nonprofit sector, many boards of directors have experienced difficulty in providing adequate resources and monitoring the delivery of mission-based programs. This trend was accentuated during the recent economic downturn as nonprofits faced shrinking revenues and increased demands for health and human services (Eschenfelder, 2010; Vaughn, 2010). These trends were also evident at Special Olympics Incorporated (SOI), a global nonprofit organization that provides sports training, athletic competitions, and health programs to individuals with intellectual disabilities (*Special Olympics Official General Rules*, 2010). Across the United States, 52 chapters have been formed to deliver programs in line with SOI's mission. Similar to many nonprofits and SOI, various local Special Olympics (SO) chapter boards were not fully providing adequate resources for programs amid increasing demands for services (*SO Strategic Plan*, 2010), which could impair SO's sustainability and its programs. The

difficulties have been accentuated by recent SOI goals to accelerate fundraising and increase athlete rolls and volunteer coaches (*SO Strategic Plan*, 2010).

Assessments of nonprofit boards in the literature have often been subjective in nature (Jackson & Holland, 1998; Nielsen & Huse, 2010), or have been limited to evaluating theory or organizational performance by measuring either financial performance (Brown, 2007; Callen et al., 2010; Herman & Renz, 2008) or the delivery of mission-based programs (Jiang, Lockee, Bass, & Fraser, 2009). These approaches may limit knowledge of how nonprofit board effectiveness relates to organizational performance using broader quantitative measures of performance (Herman & Renz, 2008; Miller-Millesen, 2003). As such, there is a need for more research that considers both financial performance and program delivery measures when investigating board effectiveness, as both types of measures are critical to nonprofit organizations (Bradshaw, 2009; Herman & Renz, 2008; Miller-Millesen, 2003; Vaughan, 2010). Additional qualitative research can enrich our knowledge further for nonprofit organizations such as SO, whose board members must balance efforts to improve organizational performance as they seek to improve both financial performance and program delivery measures simultaneously (Miller-Millesen, 2003; *SO Strategic Plan*, 2010).

Chapter 1 includes a summary of background information relevant to the current study, as well as statements of the problem and purpose of the research. A theoretical framework is provided regarding the responsibilities of boards of directors of nonprofit organizations to provide context for the study. Research questions are outlined and related hypotheses are presented in the context of relevant theory. The nature of the study is outlined, as well as its significance to both theory and practice for nonprofit boards of

directors. Definitions of unique terms are also included in Chapter 1 to operationally describe terminology that is relevant to the research.

## **Background**

Extensive research has been conducted on nonprofit boards of directors, and there has been much discussion and prescriptive literature that outline the roles and responsibilities of nonprofit boards (*BoardSource*, 2007; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008; Laughlin & Andringa, 2007; Marx & Davis, 2012). The focus on board governance and effectiveness has increased even further in recent years following corporate accounting scandals (Moody, 2007) and other lapses in board supervision that have been widely publicized (Barton, Shenkir, & Walker, 2010). Board effectiveness has also continued to gain prominence as government agencies have relied increasingly on nonprofit organizations to provide health and human services effectively, particularly amid the economic downturn as government resources have been constrained (Ridder, Piening, & Baluch, 2012; Vaughan, 2010).

Empirical studies of nonprofit board effectiveness have often been based on subjective data, such as perceptions of how well boards of directors function or personal views of how nonprofit organizations operate, which may limit the effectiveness of such assessments (Bradshaw, 2009; Brown, 2007; Jackson & Holland, 1998; Nielsen & Huse, 2010). Research involving more objective measures has explored relationships between board effectiveness and organizational performance, which have typically been measured in terms of either financial performance or the delivery of mission-based programs (Brown, 2007; Callen et al., 2010; De Andrés-Alonso, Azofra-Palenzuela, & Romero-Merino, 2010; Gazley et al., 2010; Herman & Renz, 2008; Jackson & Holland, 1998;

Jiang et al., 2009; Mwenja & Lewis, 2009). Within for-profit companies and the nonprofit sector, financial performance has been measured to assess the monetary aspects of organizational performance (Brown & Guo, 2010; Callen et al., 2010; Epstein & McFarlan, 2011). However, the heterogeneous nature of nonprofit organizations and their missions can make it difficult to assess program-related organizational performance across varying nonprofit segments and types of organizations (Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Miller-Millesen, 2003). As such, there is a need to more fully understand how board effectiveness relates to nonprofit organizational performance using both financial and program-delivery measurements because it is critical that nonprofits perform well with both types of measures – relative to both theory and practice (Bradshaw, 2009; Herman & Renz, 2008; Vaughan, 2010). The need is further heightened as nonprofit organizations seek to demonstrate organizational effectiveness in order to attract financial resources (Keller, 2010). This is particularly true during economic downturns, as external donors increase their focus on identifying successful organizations that are worthy of support (Ridder et al., 2012; Vaughan, 2010).

Amid the recent economic downturn, many nonprofit boards of directors have experienced increased difficulty in providing adequate resources and monitoring the delivery of programs as nonprofit organizations faced shrinking revenues and increasing demands for services (Eschenfelder, 2010; Jagannathan, Kapoor, & Schaumburg, 2012; Vaughn, 2010). Similar to other nonprofits, SO has faced decreased funding levels and fewer volunteer coaches per athlete to support the delivery of programs as athlete rolls have increased (*SO Strategic Plan*, 2010). While the causes are unclear, the responsibility of SO board members to ensure the adequacy of resources and monitor programs have

been reinforced by SO strategic goals to accelerate fundraising and increase athlete rolls and coaches (*SO Strategic Plan, 2010*).

Using the resource dependency and agency theories as a basis for the current study, quantitative empirical research was performed to more fully understand relationships between nonprofit board effectiveness and organizational performance – using measures of both financial performance and program delivery simultaneously (Bradshaw, 2009; Herman & Renz, 2008; Vaughan, 2010). SO chapters share a common mission and also share common strategic objectives to improve financial performance and expand program delivery (*SO Strategic Plan, 2010*). As such, the study of SO chapters provided a valuable opportunity to assess board effectiveness relative to the resource dependency and agency theories, by concurrently examining financial and non-financial measures of organizational performance that are shared across SOI.

The criticality of assessing the effectiveness of nonprofit board practices for SO chapters lies in balancing SO chapter objectives as nonprofit organizations in terms of both theory and practice. Each chapter's primary role is to deliver programs (*SO Strategic Plan, 2010*), but must also maintain finances to sustain the organization to continue to provide valuable programs to athletes (*BoardSource, 2007; Hartarska & Nadolnyak, 2012*). Miller-Millesen (2003) asserts that board members may prioritize behaviors, activities, and outcomes over others, depending upon the needs and context of the nonprofit organization. As such, qualitative research supplemented the quantitative component of the study in order to investigate how board members balance and prioritize SO's concurrent objectives to improve finances and expand the delivery of programs

(Jackson & Holland, 1998; Herman & Renz, 2008; Miller-Millesen, 2003; *SO Official General Rules*, 2010; *SO Strategic Plan*, 2010).

SO chapter board members can benefit by improving board practices that may maximize the effectiveness of chapter financial performance and program delivery. Otherwise, unaddressed trends of reduced funding and fewer coaches could potentially jeopardize the quality of SO programs and sustainability of its mission. As SO chapter board members work to improve board effectiveness and organizational performance, individual athletes, families, and communities can benefit from the continued delivery and expansion of SO's programs across the United States.

### **Statement of the Problem**

Nonprofit boards of directors are responsible for providing adequate resources and monitoring management's delivery of mission-based programs, as outlined by the resource dependency and agency theories, respectively (Herman & Renz, 2008). However, boards face trade-offs in pursuing objectives to raise resources and monitor programs simultaneously (Callen et al., 2010). During the recent economic downturn, as the nonprofit sector encountered shrinking financial resources and growing demands for services, boards experienced difficulty in fulfilling their responsibilities (Eschenfelder, 2010).

The specific problem examined in the current study was that SO boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs in line with the resource dependency and agency theories (*SO Strategic Plan*, 2010). Since the 2007 recession started, SO revenues declined over 10% and the number of coaches had grown just 4%, well behind the 19% growth in athlete rolls



(Jagannathan et al., 2012; *SO Strategic Plan*, 2010). The causes of these trends were unclear. Reduced funding and fewer coaches per athlete could jeopardize the sustainability of SO's mission to provide valued services to athletes in 52 SO chapters across the United States.

Previous studies of nonprofit boards were often subjective (Jackson & Holland, 1998), limited to assessments of theory (Herman & Renz, 2008), financial performance, or program delivery (Brown, 2007; Jiang et al., 2009). These approaches limit understanding of nonprofit board effectiveness, as they do not simultaneously consider financial and programmatic measures – both critical to nonprofit organizations (Bradshaw, 2009). More quantitative studies are needed to better understand how board effectiveness relates to multiple performance measures and build upon previous theoretical research (Bradshaw, 2009; Vaughan, 2010). Additional qualitative research is also needed because we do not fully understand how boards balance priorities to achieve multiple performance objectives (Herman & Renz, 2008).

### **Purpose of the Study**

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. The resource dependency and agency theories served as a basis for the study. For the quantitative component of the study, bivariate correlational analyses were conducted to investigate relationships between SO chapter board effectiveness and both financial and program-related measures of organizational performance. To measure board

effectiveness, 52 chairpersons of SO chapter boards were asked to complete the Board Self-Assessment Questionnaire (BSAQ) developed by Jackson and Holland (1998). A power analysis confirmed a minimum required sample size of 47 participants. For each SO chapter, the overall BSAQ score was correlated to three dependent variables to test three hypotheses. Specifically, the financial vulnerability index (FVI) developed by Tuckman and Chang (1991) was calculated from Internal Revenue Service (IRS) filings to reflect SO chapters' financial position. Additionally, two program delivery measures for SO chapters aligned with the mission and strategy of SOI: to increase the number of athletes and certified coaches. For the qualitative component of the research, a multiple case study was performed: a sub-population of BSAQ respondents was asked to participate in semi-structured interviews to explore how board members balanced concurrent objectives to provide financial resources and monitor the delivery of programs. Two BSAQ respondents were selected from each of SO's five peer groupings to participate in the interviews. The BSAQ was also used to provide scores as descriptive data for six distinct dimensions of board competency.

### **Theoretical Framework**

Two theories appear prominently in the literature and provide a foundational basis for conducting the study: resource dependency theory and the agency theory (Bradshaw, 2009; Brown, 2007; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Miller-Millesen, 2003). First, the resource dependency theory asserts that the abilities of nonprofit organizations to acquire and maintain resources are critical, and that boards of directors are responsible for ensuring the adequacy of those resources (Laughlin & Andringa, 2007; Miller-Millesen, 2003). Numerous authors advocate use of resource

dependency theory (Brown, 2007; Callen et al., 2010; McDonagh, 2006). Based on the need for boards to provide resources to management, these resources may include board members' skills, knowledge, and expertise (e.g., human resources), networks of constituents (e.g., relationship resources), and contributions (e.g., financial resources) in nonprofit organizations (Miller-Millesen, 2003).

Second, the agency theory asserts that boards of directors serve as agents of stakeholders to continuously monitor management's actions and decisions, to ensure that actions taken advance the missions of nonprofit organizations (Callen et al., 2010; Miller-Millesen, 2003; Mwenja & Lewis, 2009). Under the agency theory, Mwenja and Lewis (2009) and Miller-Millesen (2003) also assert that boards of directors help protect nonprofit organizations against the self-interests of management by monitoring the advancement of mission-based programs. Additional research (Daniels, Turner, & Beeler, 2006; De Andrés-Alonso et al., 2009, 2010) supports the application of both resource dependency and agency theories in evaluating the effectiveness of boards. Investigators find both theories to be relevant, complementary, and valid, depending upon the stability and circumstances of the nonprofit organization (Callen et al., 2010; Gazley et al., 2010; Herman & Renz, 2008).

The theoretical assertion of using multiple theories builds upon prior foundational work of Miller-Millesen (2003), who cited two notable gaps in the literature and theory in explaining board effectiveness. First, the author provided theoretical foundations for best practices in the literature regarding board governance, and then linked theory and practice in new ways (Miller-Millesen, 2003). Second, the author cited a need to consider the context of the environmental factors that may impact the degree of relevance for various

theories – both individually and collectively – and may also affect board behaviors and activities (Miller-Millesen, 2003). Consequently, Miller-Millesen (2003) developed a model for using multiple theories to understand board practices and organizational effectiveness, as board members may prioritize their behaviors and activities based on the perceived financial and non-financial needs of a nonprofit organization. Both resource dependency and agency theories are advanced, as well as institutional theory, which considers the influence of factors such as institutional practices, rules, and norms on board activities (Miller-Millesen, 2003). Several researchers cite Miller-Millesen's work as foundational, and build upon it to affirm relevance of the resource dependency and agency theories (Brown & Guo, 2010; Mwenja & Lewis, 2009). Furthermore, various authors have called for more quantitative studies to build upon and further affirm the application of the theoretical research (Herman & Renz, 2008; Miller-Millesen, 2003).

Two theories are particularly relevant as a basis for this study: the resource dependency theory and the agency theory. Management in local SO chapters rely on the effectiveness of board members' varied skills for raising funds (*SO Official General Rules*, 2010), in line with resource dependency theory. At the same time, SO boards are responsible for overseeing local management of each SO chapter (*SO Official General Rules*, 2010), affirming the relevance of agency theory. As such, the resource dependency and agency theories provide appropriate bases for assessing the SO boards of directors, and the impact on organizational measures of financial performance and program delivery (Bradshaw, 2009; Brown, 2007; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Miller-Millesen, 2003).

With respect to research that tests the theories, Brown and Guo (2010) and Lecy, Schmitz, and Swedlund (2012) note challenges with quantifying evidence to support theory when those resources go beyond financial measures. Unlike for-profit companies in which organizational performance can be measured consistently relative to financial performance, the nonprofit sector has a broad array of missions that can be difficult to test consistently in empirical research (Brown & Guo, 2010; Cohen, Krishnamoorthy, & Wright, 2010; Epstein & McFarlan, 2011; Miller-Millesen, 2003). Nonprofit performance in delivering programs can be difficult to measure consistently across the nonprofit sector, given the diversity of organizations' goals and activities, and performance may be measured differently by various stakeholders (Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Lecy, Schmitz, & Swedlund, 2012; Miller-Millesen, 2003). Because SO chapters around the world share common missions and organizational goals (*SO Strategic Plan*, 2010), there was an opportunity to conduct empirical research in a manner that can consistently calculate and test program delivery measures across SO chapters during this study, while also considering financial measures of organizational performance.

This mixed methods study, which incorporated both financial and non-financial measures of nonprofit organizational performance, was designed to overcome limitations in previous research by consistently measuring, testing, and analyzing a broader array of data in concurrently applying both the resource dependency and agency theories. Furthermore, within the literature, there is a desire to verify the resource dependency and agency theories and to more fully understand how board effectiveness relates to multiple measures of organizational performance (Bradshaw, 2009; Herman & Renz, 2008; Lecy

et al., 2012). There remain gaps in literature and a continuing call for more empirical research to affirm theory by using broader measures of organizational performance (Bradshaw, 2009; Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003; Vaughan, 2010).

Beyond the quantitative aspects to the current research, our knowledge relative to the resource dependency and agency theories can be further enriched by understanding how board members balance objectives to improve both financial performance and program delivery measures in SO chapters across the United States. The mixed method research approach was designed to enhance the understanding of nonprofit board effectiveness quantitatively by simultaneously testing measures of financial performance and program delivery. The approach was also designed to expand knowledge of how board members qualitatively balance and prioritize activities to influence and achieve improvements in financial and non-financial measures – both critical to nonprofit organizational performance.

### **Research Questions**

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. The study has been designed to investigate the specific problem that SO boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs in line with the resource dependency and agency theories (Herman & Renz, 2008; *SO Strategic Plan*, 2010). The following research questions were developed to

address the problem and purpose of the study. The first three questions were addressed by the quantitative component of the study and the remaining five questions were addressed via the qualitative component of the study.

**Q1.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the financial performance of the SO chapters measured by the FVI?

**Q2.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in athlete rolls?

**Q3.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in volunteer coaches?

**Q4.** How do board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?

**Q5.** What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?

**Q6.** What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?

**Q7.** What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?

**Q8.** What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?

### **Hypotheses**

The following hypotheses were developed to address the first three research questions – the quantitative component of the study.

**H1<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

**H1<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

**H2<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.

**H2<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.



**H3<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

**H3<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

### **Nature of the Study**

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. The research was conducted relative to the resource dependency and agency theories, which outline the duties of nonprofit boards of directors to ensure the adequacy of resources and to monitor the effectiveness of mission-based programs (Brown & Guo, 2010; Callen, Klein, & Tinkelman, 2010; Laughlin & Andringa, 2007; Miller-Millesen, 2003).

The mixed method design was appropriate for the study because the research objectives of the study were both quantitative and qualitative in nature (Tashakkori & Teddlie, 2010). The quantitative, correlational research was appropriate for this study as it was designed to identify associations between variables and investigate the extent to which the variables are related (Black, 1999; Gazley, 2010; Tashakkori & Teddlie, 2010; Vogt, 2007; Yaremko, Harari, Harrison & Lynn, 1986). The quantitative research method and correlational design were appropriate and specifically tailored to investigate relationships between effective board practices and multiple measures of financial

performance and program delivery in SO chapters relative to the resource dependency and agency theories. The research approach was designed to both address the research questions and enable testing of the related hypotheses (Black, 1999; Tashakkori & Teddlie, 2010). The qualitative aspect of the study allowed the researcher to evaluate in-depth “how” and “why” questions through an assessment of a multiple cases for a defined period of time (Black, 1999; Leedy & Ormrod, 2005; Moustakas, 1994; Tashakkori & Teddlie, 2010). The multiple case study research included the use of qualitative, semi-structured interviews and additional quantitative descriptive data regarding SO chapter boards; the use of multiple data sources involving both qualitative and quantitative data in research can help strengthen the logic of conclusions drawn in research relative to practice and theory (Moustakas, 1994; Tashakkori & Teddlie, 2010).

**Quantitative aspect of study.** For the quantitative, correlational component of the research, the BSAQ (Jackson & Holland, 1998) was used to assess board effectiveness for the population of 52 SO chapters across the United States. BSAQ surveys were sent to the board chairperson of each chapter and compiled using Survey Monkey, an internet-based online survey tool. Responses to the BSAQ surveys were scored and the resulting overall measure of board effectiveness was considered the independent variable for each SO chapter to test hypotheses (Black, 1999; Tashakkori & Teddlie, 2010).

Multiple measures of organizational performance were calculated as dependent variables to reflect financial performance and program delivery of SO chapters. The financial vulnerability index (FVI) developed by Tuckman and Chang (1991) was calculated from publicly-available Internal Revenue Service (IRS) filings to reflect a

composite indicator of SO chapters' financial condition and performance. Because a universal measure of programs does not exist across all nonprofit organizations (Callen et al., 2010; Mwenja & Lewis, 2009), program delivery measures were aligned with the mission and strategy of SOI to increase in the number of SO athletes and certified coaches (*SO Strategic Plan*, 2010). The 12-month percentage changes in athletes and certified coaches for each SO chapter were used as variables that directly reflect organizational objectives, as desired outputs are considered valid and reliable measures of performance (Grossmeier, Terry, Cipriotti, & Burtaine, 2010; Herman & Renz, 2008; LeRoux, 2010; *SO Strategic Plan*, 2010). The data were available from SO's national headquarters.

Several hypotheses were developed to test relationships between measures of SO chapter board effectiveness and organizational performance. Bivariate correlational analyses using Pearson's correlation coefficients were conducted (Black, 1999; Callen et al., 2010; Jackson & Holland, 1998; Mwenja & Lewis, 2009; Tashakkori & Teddlie, 2010; Vogt, 2007). While researchers have previously conducted more sophisticated statistical tests on larger samples of diverse nonprofit organizations, those tests have been limited to assessing financial results due to the varied nature of the nonprofits tested (Callen et al., 2009; Jackson & Holland, 1998; Lecy et al., 2012; Mwenja & Lewis, 2009). The current study involved a relatively small population size of SO chapters, and thus a small sample size. Therefore, the approach limited the use of more sophisticated statistical tests and analyses due to small population and sample size (Yin, 2009). As a result, correlational analyses represented the most appropriate statistical technique given the population and sample sizes (Black, 1999; Tashakkori & Teddlie, 2010). However,

the mixed method approach provided an advantage of building upon previous research to investigate how board members balanced objectives to improve financial and non-financial measures (Herman & Renz, 2008; Yin, 2009).

**Qualitative aspect of study.** For the qualitative, multiple case study component of the study, semi-structured interviews were conducted. The purpose of conducting semi-structured interviews was to go beyond the descriptions of phenomena that could be discerned with the quantitative component of the study and to gain a deeper understanding as to how or why the phenomena are occurring (Shank, 2006). A sub-population of ten BSAQ participants were asked to participate in the interviews: two participants were selected from each of SO's five peer group categories, which SO had established subjectively based on athlete rolls, finances and geography (*SO Official General Rules*, 2010). Participants were asked to participate based on those who first responded to BSAQ surveys and agreed to be interviewed. The interviews were conducted to gain insight into how board members balanced and prioritized concurrent SO objectives to achieve improvements in SO chapter finances and program delivery (Herman & Renz, 2008; Miller-Millesen, 2003).

To assist with the interviews and qualitative analysis, the BSAQ survey results also provided a source of descriptive data for each SO chapter. The BSAQ (Jackson & Holland, 1998) scores for the six dimensions of board competency were calculated to provide descriptive data relative to the effectiveness of each SO chapter board. The descriptive data were shared with interview participants for their respective chapter, and analyzed with interview results to more fully assess how board members balanced objectives to improve financial performance and program delivery measures in SO

chapters simultaneously. When seeking to gain insight from semi-structured interviews, Shank (2006) asserts that it is best to include data from descriptive questions. Using data derived from various and multiple sources can enrich research analysis as it may converge to corroborate the same fact, phenomenon, or conclusion – known as *triangulation* – and may occur within or across multiple case studies (Patton, 2002; Shank, 2006; Yin, 2009).

The descriptive data were organized in terms of the six dimensions of board competency (Jackson & Holland, 1998); efforts were made to code and categorize the interview data relative to the six dimensions. The approach helped to ground the study in the theories that underlie the current research and the BSAQ itself (Jackson & Holland, 1998; Patton, 2002). However, the researcher was not be restricted to conducting content analysis of the interviews relative to the six dimensions alone, and sought convergence, patterns, and regularities of data that reflect *internal homogeneity* (Patton, 2002). Conversely, *external heterogeneity* can be revealed in research, if differences among observations are boldly and clearly evident (Patton, 2002). As such, the researcher was not restricted to the six defined categories (e.g., the six dimensions of board competency) in seeking broader trends or themes, synthesizing data, and seeking meaning in the results, whether in individual case studies or across them (Patton, 2002; Shank, 2006).

The additional qualitative analyses provided greater depth in understanding how board effectiveness related to organizational performance, and how the resource dependency and agency theories could be applied (Jackson & Holland, 1998; Lecy et al., 2012; McDonagh, 2006; Mwenja & Lewis, 2009). The research also provided board

members with insight to potentially improve board practices in SO chapters (Brown & Guo, 2010; Jackson & Holland, 1998; Laughlin & Andringa, 2007).

### **Significance of the Study**

The research was designed to build knowledge relative to both theory and practice. First, the significance of the study lies in understanding the responsibilities and effectiveness of nonprofit boards relative to the resource dependency and agency theories (Archibald, 2010; Laughlin & Andringa, 2007; Herman & Renz, 2008). The resource dependency and agency theories are prominent in the literature (Brown & Guo, 2010; Callen et al., 2010; Lecy et al., 2012; Miller-Millesen, 2003); however, there has been little research to analyze quantitatively how board effectiveness relates concurrently to measures of financial performance and program delivery, particularly when nonprofit organizations pursue objectives to simultaneously improve the outcomes of both. The research was designed to build knowledge relative to theory by assessing how effective board practices may relate to both the financial performance and program delivery of SO chapters simultaneously.

Second, the criticality of the study also lies in understanding the effectiveness of nonprofit board practices in balancing the objectives of nonprofit organizations. The primary objective of a nonprofit organization is to deliver mission-based programs to its clients, yet it must also maintain finances in order to sustain the organization and continue to provide programs in the future (*BoardSource*, 2007; Hartarska & Nadolnyak, 2012; Laughlin & Andringa, 2007), as outlined by the resource dependency and agency theories. Yet nonprofit boards of directors have been experiencing increased difficulty in discharging their responsibilities, particularly as the nonprofit sector has faced shrinking

revenues and increasing demands for services during the current economic downturn (Eschenfelder, 2010; Vaughn, 2010). Like other nonprofit organizations, SO chapters have faced similar objectives and challenges. Each SO chapter's primary role is to deliver mission-based programs to athletes (*SO Strategic Plan, 2010*), and finances are also needed to sustain each SO chapter. However, SO boards around the world have experienced decreased funding levels and fewer volunteer coaches per athlete as athlete rolls increased (*SO Strategic Plan, 2010*). If the trends were not addressed, the quality of SO programs and sustainability of its mission to provide valued sports programs to individuals with intellectual disabilities could be jeopardized (*SO Strategic Plan, 2010*). As such, it is important to understand how the resource dependency and agency theories may be applied in examining how board effective practices relate to measures of SO chapter financial performance and program delivery.

Finally, the mixed method study was designed to gain insight into how board members may balance objectives to improve SO chapter finances and program delivery (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003). The mixed method approach provides insight into understanding the application of theory and how board practices can influence improvements in financial performance or program delivery measures within SO chapters across the United States. Results of the research provide board members with knowledge and insight on ways that board practices in SO chapters may relate to financial performance and program delivery, and identify opportunities to improve board practices to help sustain SO's mission and continue its ability to provide valued services to athletes (Jackson & Holland, 1998; Laughlin & Andringa, 2007). This mixed method approach for the study expands understanding of nonprofit board

effectiveness quantitatively by testing measures of financial performance and program delivery simultaneously. It also expands knowledge qualitatively regarding of how board members balance and prioritize activities to improve various measures of nonprofit organizational performance.

### **Definition of Key Terms**

**Athletes.** Athletes refer to individuals with intellectual disabilities (ID) within the SO movement, who participate in SO training or SO games under the rules of SOI at least once every four months (*SO Strategic Plan, 2010*). Athletes are the central focus and intended beneficiaries of SO's global mission and Strategic Plan (2010).

**Games.** Games throughout the world-wide SO movement represent the primary program provided to SO athletes and require the assistance of certified volunteer coaches to supervise athletes and teams at competitions (*SO Official General Rules, 2010*). Games are multi-sport events that include competitions, awards presentations, and Olympic-like pageantry (*SO Strategic Plan, 2010*). Games are a core component of SO's programs designed to benefit the health and well being of athletes.

**Programs.** Programs at SO include several activities: games, integrated sports, athlete leadership programs, healthy athlete programs, entertainment, and educational activities, provided that they involve SO athletes and operate under the rules of SO (*SO Strategic Plan, 2010*). The delivery of these various programs, particularly the delivery of athletic training and games, reflect the mission and purpose of SO globally (*SO Strategic Plan, 2010*).



## Summary

Within Chapter 1, the researcher summarized the context and background of the study. Underpinning the research is evidence that nonprofit boards of directors are encountering increased difficulties in discharging their responsibilities, particularly as the nonprofit sector faces shrinking revenues and increasing demands for services during the current economic downturn (Eschenfelder, 2010; Vaughn, 2010). SO boards are also experiencing difficulty to ensure adequate resources for programs amid increasing demands for services (*SO Strategic Plan*, 2010). Specifically, the problem examined in the current study was that SO chapter boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs, while athlete rolls increased (*SO Strategic Plan*, 2010). Although causes of these trends were unclear, the need for SO chapter boards to improve financial performance and program delivery capability was underscored by goals to accelerate fundraising, increase the number of coaches, and expand athlete rolls (*SO Strategic Plan*, 2010).

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. Relative to the resource dependency and agency theories, the researcher evaluated the effectiveness of SO chapter boards using the BSAQ (Jackson & Holland, 1998). For the quantitative component of the study, the researcher conducted bivariate correlational analyses between measures of overall board effectiveness and variables reflecting both financial performance and program delivery (Black, 1999; Tashakkori & Teddlie, 2010).

Research questions were outlined and related hypotheses were presented to address the research questions in the context of relevant theory.

For the qualitative component of the study, semi-structured interviews were conducted for a sub-population of SO chapter board members to more fully assess how boards balance and prioritize concurrent SO objectives to improve both financial performance and program delivery in SO chapters (Leedy & Ormrod, 2005; Shank, 2006; Tashakkori & Teddlie, 2010). To provide greater depth to this aspect of the study, the six distinct dimensions of board competency (Jackson & Holland, 1998) were calculated to help describe dimensions of SO chapter board effectiveness (Mertens & McLaughlin, 2004; Shank, 2006). The data were shared with individuals who participated in the semi-structured interviews for their respective chapter to better understand how board members balanced multiple objectives to improve organizational performance of SO chapters. The correlation results were compared and contrasted with the interviews. The mixed method approach provided insight to the application of theory as well as to those board practices that were perceived to most significantly influence improvements in the measures of the financial performance or program delivery in SO chapters (Black, 1999; Mertens & McLaughlin, 2004; Patton, 2002; Shank, 2006; Tashakkori & Teddlie, 2010).

The nature and significance of the study has been outlined relative to both theory and practice for the boards of directors of nonprofit organizations. The quantitative and qualitative aspects of the study were designed to build knowledge by analyzing how board practices relate to organizational performance relative to the resource dependency and agency theories. Boards face trade-offs in pursuing concurrent objectives to raise resources and monitor programs simultaneously (Callen et al., 2010). As such, it was

critical to investigate how board members balanced efforts to simultaneously pursue concurrent objectives to provide financial resources and monitor the delivery of programs. By understanding how the effectiveness of nonprofit board practices relate to both financial performance and program delivery – particularly when organizations simultaneously pursue objectives to improve both – researchers and practitioners can expand knowledge and theory. SO board members may also benefit by improving board practices that maximize effectiveness in sustaining and advancing SO's mission. In turn, SO athletes, families, and their local communities can benefit from the continued delivery and expansion of SO's valued programs across the United States

## Chapter 2: Literature Review

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. The quantitative, correlational component of the study was designed to measure the effectiveness of SO chapter boards and analyze how effective board practices may correlate to measurements of financial performance and the delivery of mission-based programs in SO chapters (Bradshaw, 2009; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008). The qualitative component of the research was designed as a multiple case study to gain insight regarding how boards may balance and prioritize SO's concurrent objectives to influence and achieve improvements in SO chapter finances and program delivery measures (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). Research results provide insight regarding how board effectiveness can be explained by the resource dependency and agency theories. The results also provide board members with knowledge that may help improve board practices in SO chapters (Jackson & Holland, 1998; Laughlin & Andringa, 2007; Marx & Davis, 2012).

### Documentation

For the current study, the researcher's strategy of the literature review was to examine information pertaining to (a) theoretical bases regarding the roles of nonprofit boards of directors, (b) research relating to the roles and effectiveness of nonprofit boards, (c) empirical studies relating board effectiveness to the financial performance of nonprofit organizations, and (d) empirical studies that related board effectiveness to the

delivery of mission-based programs by nonprofit organizations. Academic and publicly-available databases of peer-reviewed, published literature were the primary sources of information for the literature review, as well as specific reports outlining SO strategies and operational guidelines. Detailed references are included throughout the literature review. Other relevant materials that were reviewed, such as unpublished dissertations or textbooks, were not referenced as they did not meet the required standards for scholarly literature reviews.

The literature review begins with an overview of the various theories related to nonprofit board governance and the roles of boards of directors (Brown, 2007; Callen et al., 2010; De Andrés-Alonso et al., 2009; McDonagh, 2006; Mwenja & Lewis, 2009). The theoretical views provide a basis for much of the research that is explored later in the literature review, including several empirical and quantitative studies (Bradshaw, 2009; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008; Mwenja & Lewis, 2009).

The literature review continues with research pertaining to the roles of nonprofit boards of directors and assessments regarding the effectiveness of nonprofit board practices (Bradshaw, 2009; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008). There are significant empirical studies that pertain to the effectiveness of nonprofit boards of directors (Bradshaw, 2009; Brown, 2007; Nielsen & Huse, 2010), including the BSAQ, which was used in this study (Jackson & Holland, 1998). Furthermore, Herman and Renz (2008) discuss several theses that summarize views on the roles of boards and provide considerations when assessing the effectiveness of nonprofit board of directors in both practice and theory.

Additional empirical studies are examined. There is extensive research involving board effectiveness and the financial performance of nonprofit organizations, given the lack of a common measure to reflect program-related performance across the numerous types of nonprofit organizations with diverse activities and missions (Callen et al., 2010; Jackson & Holland, 1998; Kirk & Nolan, 2010; Lecy et al., 2012; McDonagh, 2006; Mwenja & Lewis, 2009). Moreover, there is a variety of financial measures used in research of nonprofit organizations, leading Tuckman and Chang (1991) to develop the FVI to provide a comprehensive, composite indicator of a nonprofit organization's financial position and performance.

The literature review then continues with an examination of empirical studies that relate board effectiveness to the delivery of mission-based programs by nonprofit organizations (Gazley et al., 2010; Jiang et al., 2009; Studer & von Schnurbein, 2012). The literature review concludes with the rationale regarding the need for more research to understand how the resource dependency and agency theories may apply to relationships between nonprofit board effectiveness and organizational performance – using measures of both financial performance and program delivery (Bradshaw, 2009; Herman & Renz, 2008; Lecy et al., 2012; Vaughan, 2010). Specifically, authors have cited a need for more quantitative studies to build upon previous theoretical research (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003) to more fully understand how board effectiveness relates to various measures of organizational performance (Bradshaw, 2009; Studer & von Schnurbein, 2012; Vaughan, 2010). Furthermore, qualitative research was also needed to build an understanding of how board members balance simultaneous SO

objectives to improve both financial and program delivery measures (Herman & Renz, 2008; Miller-Millesen, 2003; Studer & von Schnurbein, 2012).

### **Theoretical Context**

**The resource dependency theory.** There are several theories revealed in the literature that relate to the roles, responsibilities, and activities of nonprofit boards of directors in providing oversight and governance for nonprofit organizations (Bradshaw, 2009; Brown, 2007; Brown & Guo, 2010; Callen et al., 2010; Hentz, 2009; Jackson & Holland, 1998; Miller-Millesen, 2003). These theories provide a basis for research with respect to the effectiveness of nonprofit boards of directors and nonprofit organizational performance. First, Brown (2007), Callen et al. (2010), McDonagh (2006), and others advocate the resource dependency theory. In the context of the resource dependency theory, there is a need for boards to provide resources or other internal mechanisms to help nonprofit organizations to function well – given the context of their external environments (Callen et al., 2010). As such, nonprofit organizations may appoint individuals to boards to provide support internally to the organizations, or to help influence the external environment to the organizations' advantage (Brown, 2005; Callen et al., 2010).

The resource dependency theory suggests that board members are responsible for providing resources to management (Brown, 2007; Callen et al. 2010; Hodge & Piccolo, 2012; Marx & Davis, 2012). As highlighted in the literature, board members may provide financial resources directly or indirectly to nonprofit organizations (Brown, 2007; Brown & Guo, 2010; Callen et al., 2010; Hodge & Piccolo, 2012; Jackson & Holland, 1998; Miller-Millesen, 2003; Zimmermann, 2008). Financial resources include personal

financial contributions that are given directly by board members to the nonprofit organizations (Brown, 2007). The financial resources may also be provided indirectly, through board members' fundraising efforts and solicitation of contributions from external relationships and constituencies (Callen et al., 2010; Reed-Woodard, 2007). Fundraising activities and the provision of direct or indirect financial support are considered key responsibilities of nonprofit board members in discharging their duties (Brown & Guo, 2010; Callen et al., 2010; Laughlin & Andringa, 2007; Marx & Davis, 2012; Miller-Millesen, 2003).

The resources provided to nonprofit organizations may also include non-financial resources, such as board members' personal skills, knowledge, and expertise, as well as ties to external relationships and networks of constituents (Brown, 2007; Callen et al., 2010). Brown (2007) collectively refers to these as *board capital*. Through the use of board capital, boards of directors provide resources or access to resources that may help nonprofit organizations understand, adapt to, operate in, and thus reduce uncertainty from the external environment (Brown, 2007; Miller-Millesen, 2003). These resources may come directly from individual board members with the relevant skills, knowledge, and expertise for understanding the external environment, or indirectly through other external relationships and constituencies (Brown, 2007; Laughlin & Andringa, 2007). Moreover, resources can be applied to help shape the external environment of the nonprofit organization, such as by appointing elected officials to nonprofit boards who may help shape public policy or legislation, or by appointing individuals to the boards with highly regarded public standing in the community (Bradshaw, 2009).



Whether considering the provision of financial or non-financial resources to nonprofit organizations, the resource dependency theory is relevant in assessing the effectiveness of nonprofit boards and board members (Bradshaw, 2009; Brown, 2007; Brown & Guo, 2010; Callen et al., 2010). Consequently, the resource dependency theory serves as an appropriate basis for this study.

**The agency theory.** In the literature, De Andrés-Alonso et al. (2009), Mwenja and Lewis (2009), and others highlight the agency theory, where the board serves as an agent of donors, beneficiaries, and other stakeholders to monitor the self-interests of management in advancing and delivering mission-based programs. Relative to the agency theory, activities of the nonprofit board of directors are differentiated from those of management, as the self-interests of management may not consistently align with the interests of stakeholders in advancing nonprofit organizations' missions (Aggarwal, Evans, & Nanda, 2012; Bhandari, 2010; Mwenja & Lewis, 2009). Because performance of nonprofit organizations can be highly subjective, Bradach, Tierney, and Stone (2008) assert that nonprofit organizations should explicitly state desired outcomes of their respective mission to serve as a basis for measuring performance.

Within the agency theory, a segregation of governance responsibilities is established when boards of directors serve as agents of stakeholders by assuming the responsibility to continuously monitor and ratify the operational decisions made, and monitor actions taken by management of the nonprofit organization (Callen et al., 2010; Miller-Millesen, 2003; Marx & Davis, 2012; Mwenja & Lewis, 2009). By segregating oversight and management responsibilities in this manner, the stakeholders of nonprofit organizations have a level of assurance that resources are being used efficiently – and in a

manner in which they were intended – to advance the mission of the nonprofit organization (Callen et al., 2010; Lecy et al., 2012; Miller-Millesen, 2003; Mwenja & Lewis, 2009).

In the context of the agency theory, the literature indicates that boards of directors are responsible for monitoring finances, including expenses, of nonprofit organizations (Callen et al., 2010). The agency theory also suggests that the board has a responsibility to ensure that resources are not misused or expropriated (De Andrés-Alonso et al., 2009). Moreover, boards are responsible to ensure the efficient and effective use of any resources (financial and non-financial), and that they are appropriately deployed in line with the organization's stated mission (Callen et al., 2010; Miller-Millesen, 2003). The responsibilities of boards of directors to monitor the use of both financial and non-financial resources, as outlined by the agency theory, are fundamental in overseeing the nonprofit organization and delivering programs to advance its mission on behalf of all stakeholders (Callen et al., 2010; De Andrés-Alonso et al., 2009; Lecy et al., 2012; Miller-Millesen, 2003; Mwenja & Lewis, 2009).

Relative to the current study, the concurrent use of both the resource dependency and agency theories were used in a new way to analyze quantitatively the relationships between effective board practices and measurements of both financial performance and the delivery of programs in SO chapters. The quantitative correlational component of the research were complemented with a qualitative, multiple case study to provide greater insight regarding the application of the resource dependency and agency theories. Additionally, a sub-population of BSAQ respondents was asked to participate in semi-structured interviews in order to understand how board chairpersons or members may

balance and prioritize SO's concurrent objectives to influence and improve SO chapter finances and program delivery measures (*SO Strategic Plan*, 2010). Improving SO chapter finances and program delivery measures directly relate to the resource dependency and agency theories, respectively (Herman & Renz, 2008; Miller-Millesen, 2003). As such, both the resource dependency and agency theories are relevant in serving as a basis for the current study.

**Additional theories.** There are several other theories that have been discussed in the literature and are summarized (Bradshaw, 2009; Brown & Guo, 2010; Jackson & Holland, 1998; McDonagh, 2006; Miller-Millesen, 2003; Mwenja & Lewis, 2009). The theories are sometimes used and studied in conjunction with the resource dependency and agency theories (Herman & Renz, 2008; Jackson & Holland, 1998; Miller-Millesen, 2003).

***The group/decision process theory.*** While the resource dependency and agency theories are frequently used in research involving the effectiveness of nonprofit boards of directors (Brown & Guo, 2010), additional theories have also been cited in the literature. For example, Mwenja and Lewis (2009) explored the impact that boards of directors have on the performance of nonprofit organizations using three theories: the agency theory, the resource dependency theory, as well as the group/decision process theory where board performance is dependent upon good information flows to make decisions (Brown, 2005; Mwenja & Lewis, 2009). The group/decision process theory addresses the manner in which information flows to boards of directors and how boards of directors interact with each other in making decisions (Mwenja & Lewis, 2009). The authors conducted their research to review board and organizational performance in the context of six dimensions

of board competency (Mwenja & Lewis, 2010) that are embedded within the BSAQ (Jackson & Holland, 1998). Similar to McDonagh (2006), the dimensions include context of the organization, education of board members, interpersonal cohesiveness of the board, analytical abilities of board members, political environment with constituencies, and strategic focus. Based on a survey of 30 nonprofit organizations that answered 34 questions in the BSAQ (Jackson & Holland, 1998), Mwenja and Lewis (2010) drew several conclusions.

First, in the contextual dimension, there was no relationship between boards that viewed themselves as stewards for the nonprofit (i.e., the agency theory) and organizational performance (Mwenja & Lewis, 2010). Second, in the strategic and political dimensions, the boards that viewed themselves as resource providers for the organization (i.e., the resource dependency theory) tended to support higher levels of organizational performance (Mwenja & Lewis). Third, in the analytical, educational, and interpersonal dimensions, there was no relationship between boards that viewed themselves as setting processes and procedures to guide the organization (i.e., the group/decision process theory) and the actual organizational performance of the nonprofit (Mwenja & Lewis). Fourth, there was no relationship between boards that viewed themselves as diverse and the actual organizational performance of the nonprofit (Mwenja & Lewis).

Neither the population nor the sampling techniques were described in the article; however, Mwenja and Lewis (2010) indicated that most of the respondents were religious organizations, which may limit the broad applicability of conclusions. Nevertheless, the research is useful in understanding the impact that boards have on the perceived

performance of nonprofit organizations in the context of theory and relative to dimensions of board competency outlined in the BSAQ (Jackson & Holland, 1998). The current study conceptually aligns with the article, but extended further to investigate both financial and non-financial performance of nonprofit organizations. The dimensions of interpersonal cohesiveness of the board, analytical abilities of board members, and strategic focus can impact information flows and decision making processes (Jackson & Holland, 1998; Mwenja & Lewis, 2010), and are embedded in the BSAQ (Jackson & Holland, 1998) that was used in the study.

*The institutional theory.* While dating to 2003, Miller-Millesen's foundational work expands theory-based research related to boards of directors and the governance of nonprofit organizations, including the institutional theory. The author cites gaps in the literature and theory in explaining board effectiveness, and advances the use of multiple theories in researching the effectiveness of nonprofit boards of directors (Miller-Millesen, 2003). Specific to the gaps in the literature that are cited, the author provides the theoretical foundations that underlie board governance best practices in the literature – linking theory and practice in new ways (Brown & Guo, 2010; Miller-Millesen, 2003). In addition, Miller-Millesen (2003) cites the need to consider the context of environmental factors that may impact the extent to which various theories – both individually and collectively – are relevant and applied in research, and how they may also affect board behaviors and activities.

As a result of these gaps in the literature, Miller-Millesen (2003) developed a model for using multiple theories to understand board practices and organizational effectiveness. The model incorporates the resource dependency and agency theories, as

well as institutional theory, which considers the influence of factors such as institutional practices, rules, and norms such as regulatory forces and societal expectations on board activities (Miller-Millesen, 2003). For example, the author asserts that institutionalization occurs when boards of directors implement practices and behaviors that may be perceived as expected or customary in the functioning of a board. Miller-Millesen asserts that the practices could include the use of board committees, self-assessments, or the use of Robert's Rules of Order in conducting board activities. To the degree that expected or customary practices may be adopted, the activities could be perceived as legitimizing board practices as perceived by stakeholders, or even the board itself (Miller-Millesen). The institutional theory could also explain at least some of the similarities among practices adopted by nonprofit boards of directors (Miller-Millesen).

Miller-Millesen (2003) provides a new means of schematically depicting the use of multiple theories, organizational attributes, environmental factors, and recruitment activities for studying boards of directors and organizational governance. The author provides hypotheses for using each theory (Miller-Millesen). While new empirical research is not performed, Miller-Millesen develops a means of linking theories with board practices. The author also presents a new theory-based framework that identifies environmental and organizational conditions that are likely to impact boards (Miller-Millesen). While Miller-Millesen's model was not used in the current study, the article provides a legitimate basis for considering multiple theories simultaneously in evaluating board practices. In the current study, the resource dependency and agency theories are cited as particularly relevant in assessing SO chapter boards of directors.

*The contingency theory.* In the literature, the use of the contingency theory is advanced by Bradshaw (2009) as well as Brown and Guo (2010), who suggest that a single approach to board governance should not be used for all organizations. Rather, the governance structure should be adapted and tailored to contingencies that reflect the internal and external environments of each organization (Bradshaw, 2009; Brown & Guo, 2010). Bradshaw (2009) explores various board practices, which may evolve over time relative to factors such as a nonprofit organization's age, size, strategy, structure, stability, and complexity. Accordingly, the contingency theory suggests that nonprofit board structures and practices should dynamically evolve as internal and external environments evolve for each nonprofit organization (Bradshaw, 2009; Brown & Guo, 2010). Therefore, a single approach to governance would not be optimal for all organizations, and should vary considerably across the nonprofit sector and evolve over time (Bradshaw, 2009; Brown & Guo, 2010).

Bradshaw (2009) also evaluates five potential governance configurations in the context of the contingency theory. Within the study, Bradshaw (2009) consulted with board members and management of two nonprofit organizations and reported that board members found the contingency theory useful in evaluating alternative governance structures in the context of their environment. However, Bradshaw's (2009) study has limitations as it dealt with only two organizations and focused only on board practices – not the actual performance of nonprofit organizations. As such, it is difficult to relate board activities or effectiveness with organizational performance, such as financial performance or the delivery of mission-based programs. Nevertheless, Bradshaw's (2009) use of contingency theory is congruent with research by Brown and Guo (2010),

Callen et al., (2010), and Miller-Millesen (2003) in affirming the basis for using multiple theories in the study of nonprofit boards of directors. In the current study, the resource dependency and agency theories provided appropriate bases for assessing SO chapter boards of directors, particularly in light of SO's objectives increase funding levels (the resource dependency theory) while deploying resources to advance its mission by expanding athlete rolls and numbers of certified coaches (*SO Strategic Plan, 2010*).

**Use of multiple theories in research.** There are several theories revealed in the literature that explore the effectiveness of nonprofit boards of directors and often relate board activities to organizational performance, including measures for both financial performance and program delivery (Bradshaw, 2009; Brown, 2007; Brown et al., 2011; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Miller-Millesen, 2003). The studies in the literature demonstrate that each theory is useful in creating knowledge regarding the behaviors, practices, and effectiveness of nonprofit boards of directors (Bradshaw, 2009; Brown, 2007; Brown et al., 2011; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Miller-Millesen, 2003). Herman and Renz (2008) assert that the effectiveness of nonprofit boards of directors is a social construction – that is, all stakeholders can conclude for themselves whether nonprofit boards are effective. There is no universally accepted basis for conclusively confirming the effectiveness of nonprofit organizations and their boards (Herman & Renz, 2008; Lecy et al., 2012). As such, the use of multiple theories in research has become more common in the literature given the complexities of internal and external factors that influence nonprofit boards of directors and the growing consensus that there is no single,



optimal model for effective board governance (Bradshaw, 2009; Brown & Guo, 2010; Herman & Renz, 2008; Miller-Millesen, 2003; Mwenja & Lewis, 2010).

*Theoretical basis for using multiple theories in research.* In the current study, the theoretical assertion of using multiple theories builds upon prior foundational work of Miller-Millesen (2003). The author cited gaps in the literature and theory in explaining board effectiveness, and developed a new model for using multiple theories to understand board practices and organizational effectiveness, including both financial performance and program delivery constructs (Miller-Millesen). Cited more recently by Brown and Guo (2010), Callen et al. (2010), and Mwenja and Lewis (2009), Miller-Millesen's (2003) is viewed as foundational in expanding the concurrent use of multiple theories within a single model when studying the effectiveness of nonprofit boards of directors. While theory is advanced with Miller-Millesen's (2003) work, new empirical research is not performed. Nevertheless, the author provides a new means of linking theories with board practices and provides a basis for continued research (Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009). While Miller-Millesen's model was not specifically used in the current research, an underlying basis of the study was the concurrent use of multiple theories in research.

Furthermore, Herman and Renz (2008) assert that nonprofit organizational effectiveness is multidimensional, and there are linkages between the effectiveness of nonprofit boards of directors and the performance of the organizations themselves that impact both theory and practice. This underscores the appropriateness of using multiple theories in research (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003). However, the relationships between board effectiveness and organizational performance

involving both financial performance and program delivery are not clear (Herman & Renz, 2008). Herman and Renz (2008) assert that additional research is warranted to better understand theoretical and empirical relationships between the effectiveness of boards or directors and nonprofit organizations. The research can help contribute to various theories, as well as to better understand and apply those theories (Herman & Renz, 2008).

Lastly, Bradshaw (2009) and Brown and Guo (2010) advocate the use of contingency theory and suggest that a single approach to governance should not be used for all organizations. Rather, the governance structure should be adapted and tailored to contingencies that reflect the internal and external environment of each organization (Bradshaw, 2009). The manner in which theories are applied is not fully understood, and additional research is needed to further understand the contingencies of the internal and external environments that impact nonprofit organizations (Bradshaw, 2009).

*Affirming the use of multiple theories in research.* Two of the theories that are most commonly used (Brown & Guo, 2010) also provide a foundational basis for conducting the quantitative research. Brown and Guo (2010), Callen et al. (2010), McDonagh (2006), and others advocate the resource dependency theory based on the need for boards to provide resources to management. The resources may include board members' skills, knowledge, and expertise (human resources), networks of constituents (relationship resources), and contributions (financial resources). Mwenja and Lewis (2009) highlight the agency theory, where the board serves as an agent of other donors and beneficiaries to monitor the self-interests of management. Additional research (Daniels, Turner, & Beeler, 2006; De Andrés-Alonso et al., 2009, 2010) supports the

application of both the resource dependency and agency theories in evaluating the effectiveness of boards. Callen et al., (2010) and Gazley et al., (2010) find both theories to be relevant, complementary, and valid, depending upon the stability and circumstances of the nonprofit organization. Beyond the theoretical basis for using multiple theories simultaneously in research, Brown and Guo (2010), Callen et al. (2010), and Mwenja and Lewis (2009) build upon Miller-Millesen's work with case studies to affirm the concurrent use of the resource dependency, agency, and other theories in research of nonprofit boards of directors and organizations.

*Use of the agency and resource dependency theories.* Callen et al. (2010) use the agency and resource dependency theories to study relationships between the nonprofit environment, board structures, and the impact on organizational effectiveness, considering both financial performance and program delivery concepts. Callen et al. (2010) assert that board characteristics impact organizational conditions, hypothesizing that board monitoring practices (i.e., the agency theory) are more likely to be effective for stable organizations, and efforts to collect resources (i.e., the resource dependency theory) are more effective for less stable organizations.

The authors developed a survey to investigate board monitoring and resource development for nonprofits in New York (Callen et al., 2010). Because the population exceeded 7,000, Callen et al. (2010) focused on the largest organizations and reduced the study to 473 nonprofits. By reviewing surveys from 123 nonprofits (a response rate of 26%) and correlating data to financial results, the authors confirmed their hypotheses. Callen et al. (2010) also concluded that the theories are both complementary and valid, and may be applied in various ways depending upon the stability of the organization. The

primary research is relevant as it provides multiple theoretical bases for understanding relationships of board effectiveness and financial performance of nonprofits (Callen et al., 2010). In the current research, the resource dependency and agency theories were used to assess nonprofit boards via the BSAQ (Jackson & Holland, 1998).

*Research involving multiple theories.* In addition to using the resource dependency and agency theories as a basis for research, Mwenja and Lewis (2009) also utilize the group/decision process theory to assess board performance based on good information flows and board interactions in making decisions. The authors conducted their work in line with research suggested by Jackson and Holland (1998) to review board and organizational performance in the context of six dimensions (Mwenja & Lewis, 2009). Similar to McDonagh (2006), the dimensions included context of the organizations, education of board members, interpersonal cohesiveness of the board, analytical abilities of board members, political environment with constituencies, and strategic focus. The study of Mwenja and Lewis (2009) was based on a survey of 30 nonprofit organizations that answered 34 questions in the BSAQ (Jackson & Holland, 1998).

In their research, Mwenja and Lewis (2009) drew several unique conclusions for each of their hypotheses, but used similar techniques and methods (e.g., dimensions of board competency of the BSAQ) that were also used by other investigators (Jackson & Holland, 1998; McDonagh, 2006). First, in the contextual dimension, there was no relationship between boards that viewed themselves as stewards for the nonprofit and organizational performance (Mwenja & Lewis, 2009). Second, in the strategic and political dimensions, and boards that viewed themselves as resource providers for the

organization tended to support higher levels of organizational performance (Mwenja & Lewis). Third, in the analytical, educational, and interpersonal dimensions, there was no relationship between boards that viewed themselves as setting processes and procedures to guide the organization and its actual performance (Mwenja & Lewis). Fourth, there was no relationship between boards that viewed themselves as diverse and the actual organizational performance of the nonprofit (Mwenja & Lewis).

The authors indicated that most of the respondents were religious organizations (Mwenja & Lewis, 2009), which may limit the interpretation of results or the broad applicability of conclusions. Nevertheless, the research is useful in understanding the impact that boards have on the perceived performance of nonprofit organizations in the context of the resource dependency, agency, and other theories and relative to dimensions of board competency as outlined in the BSAQ (Jackson & Holland, 1998). The current research is conceptually aligned with the article, but extended the study to investigate both financial and non-financial performance of nonprofit organizations.

*Context and contingencies of multiple theories.* Brown and Guo (2010) cite both the resource dependency and agency theories in their research, yet also highlight the criticality of the contingency theory in investigating the impact that boards of directors may have on nonprofit organizations. Of 677 community foundations identified in records of the Internal Revenue Service, Brown and Guo (2010) explored roles for nonprofit boards by conducting semi-structured interviews with executives for a convenience sample of 121 foundations. Brown and Guo (2010) identify 13 different roles and explored which roles are more prevalent based on attributes of organizations and their environments. The researchers found that internal and external forces influenced

roles relative to multiple theories (Brown & Guo, 2010), based on the contextual environment of the nonprofit organizations. For example, Brown and Guo (2010) concluded that nonprofits facing resource constraints would more likely emphasize fundraising (i.e., the resource dependency theory), and organizations operating in complex external environments tended to prioritize strategy setting activities based on their internal and external environments (i.e., the contingency theory).

The primary research focused on community foundations that provide grants to other nonprofit organizations relative to the resource dependency theory. None of the board roles cited included monitoring programs (i.e., the agency theory) of other nonprofits supported by foundations. This may reflect the distinct nature of foundations, yet is unusual in the literature, which includes program monitoring among key responsibilities of nonprofit boards (Brown & Guo, 2010; Callen et al., 2010; Mweñja & Lewis, 2009). As a result, the advancement of theory was considered tenuous based on their study, as the authors noted challenges with quantifying evidence in evaluating nonprofit organizational performance – beyond the perceptions of stakeholders – given the broad array of nonprofit organizations with diverse missions (Brown & Guo, 2010). Furthermore, it was difficult to support resource dependency theory when nonprofit resources go beyond financial measures, given the difficulty quantifying certain resources provided by board members, such as their intellectual capital (Brown & Guo, 2010). While the research does not explore how board practices relate to the delivery of nonprofit programs (Brown & Guo, 2010), the current study addresses this within SO chapters, it affirms the use of multiple theories in research of nonprofit organizations.

### **Empirical Research of Nonprofit Board Effectiveness**

The literature review continues with research pertaining to the roles of nonprofit boards of directors and assessments regarding the effectiveness of nonprofit boards of directors (Bradshaw, 2009; Brown, 2007; Brown, Hillman, & Okun, 2011; Callen et al., 2010; Davis, 2011; Nielsen & Huse, 2010). More specifically, there have been empirical studies influencing the research pertaining to the effectiveness of nonprofit organizations relative to measures of financial performance and the delivery of mission-based programs (Bradshaw, 2009; Brown, 2007; Brown & Guo, 2010; Callen et al., 2010; Herman and Renz, 2008; Jackson & Holland, 1998; Jiang et al., 2009; Miller-Millesen, 2003; Mwenja & Lewis, 2009; Nielsen & Huse, 2010). Some of the research includes the use and demonstrated validity, reliability, and sensitivity of the BSAQ (Jackson & Holland, 1998), which was utilized in this study. Furthermore, Herman and Renz (2008) discuss several theses that can advance research regarding nonprofit organizational effectiveness relative to both financial performance and program delivery considerations.

Additional empirical studies explore relationships between board effectiveness and the financial performance of nonprofit organizations (Callen et al., 2010; De Andrés-Alonso, 2009; Jackson & Holland, 1998; Kirk & Nolan, 2010; Lecy et al., 2012; McDonagh, 2006; Mwenja & Lewis, 2009). Further, there are a variety of financial measures used in research of nonprofit organizations, leading Tuckman and Chang (1991) to develop the FVI, which is further examined and used in research (Cordery & Baskerville, 2010; Hager, 2001; Hodge & Piccolo, 2012; Tuckman & Chang, 1991). There is also literature regarding empirical studies that relate board effectiveness to the delivery of mission-based programs by nonprofit organizations (Gazley et al., 2010; Jiang

et al., 2009; Lecy et al., 2012; Mwenja & Lewis, 2009). The literature review is concluded with an explanation regarding the need for additional research in the field of nonprofit board effectiveness.

As it relates to this study, every SO chapter is expected to operate in line with global SOI policies and accreditation requirements, yet these chapters are subject to local governance by 52 separate volunteer-based boards of directors (*SO Official General Rules*, 2010). Each SO chapter board of directors oversees a local chief executive officer who is responsible for managing the SO chapter, including finances and the delivery of mission-based programs (*SO Strategic Plan*, 2010). Despite sharing a common global mission, the practices and effectiveness of SO's boards of directors may vary among the 52 chapters due to the individuality and uniqueness of each leader, each chapter board of directors, and each nonprofit chapter organization (Laughlin & Andringa, 2007). The financial condition and performance of each chapter may also vary, as well as the effectiveness of each chapter's delivery of SO programs (Brown & Guo, 2010; Laughlin & Andringa, 2007; *SO Strategic Plan*, 2010).

From a theoretical perspective, local SO chapters are highly dependent on the effectiveness of boards of directors for raising funds and providing resources in line with the resource dependency theory. Concurrently, SO boards are also responsible for overseeing local directors' management of each SO chapter, affirming the relevance of agency theory. Aspects of both theories are applicable and provide bases in researching board effectiveness and using the BSAQ (Jackson & Holland, 1998). From an empirical perspective, the research is also useful as SO is experiencing decreased funding levels and fewer coaches, while athlete rolls increase (*SO Strategic Plan*, 2010). Although



causes of these trends are unclear, the need for SO chapter boards to improve financial performance and program delivery capability is aligned with SO goals to accelerate fundraising, increase the number of coaches, and expand athlete rolls (*SO Strategic Plan*, 2010). As such, the BSAQ (Jackson & Holland, 1998) results can be useful in evaluating quantitatively the relationships between SO chapter board effectiveness and both financial performance and non-financial, program delivery measurements.

In the current study, determining quantitatively how SO chapter board effectiveness relates simultaneously to financial and program delivery measures was intended to help build knowledge relative to both theory and practice (Bradshaw, 2009; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008). Qualitatively examining how SO chapter board members balanced and prioritized concurrent SO objectives to improve financial and non-financial measures provided greater insight and depth of knowledge in applying theory in practice (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003; *SO Strategic Plan*, 2010; Trochim & Donnelly, 2008; Yin, 2009).

**Assessments of nonprofit board effectiveness.** The underlying basis of much of the literature reflects the desire to build knowledge, realize the benefits of evaluating the effectiveness of nonprofit boards of directors, and to advance the missions of nonprofit organizations (Bradshaw, 2009; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008; Hodge & Piccolo, 2012; Jackson & Holland, 1998; Mwenja & Lewis, 2010). Research has been conducted to investigate board effectiveness through the competencies of individual board members (Brown, 2007). Other research has been performed to assess board effectiveness through more measurable performance criteria of the performance of

nonprofit organizations (Brown & Guo, 2010; Eschenfelder, 2010; Herman & Renz; Vaughan, 2010).

Prompting further research, Herman and Renz (2008) discuss several theses that summarize views on the roles of boards and provide considerations when empirically assessing the effectiveness of nonprofit board of directors in both practice and theory. In their research, Herman and Renz (2008) explore the effectiveness of nonprofit organizations and assert that nonprofit effectiveness is multidimensional in that it includes financial and non-financial data as well as a social construction that is defined differently by the various stakeholders of nonprofit organizations. It is also important to differentiate organizational effectiveness – the organization as an entity that most studies assess, from program effectiveness – the underlying mission of the nonprofit organization (Herman & Renz; Lecy et al., 2012). Finally, during economic downturns, the demand for health and human services often increases while revenues shrink – for both government and nonprofit organizations – leading stakeholders to more thoroughly assess nonprofit organizational efficiency and effectiveness (Ridder et al., 2012; Vaughan, 2010). These various concepts underscore the need to use multiple dimensions, including measures of financial performance and program delivery, when assessing the overall performance of nonprofit organizations (Herman & Renz; Lecy et al., 2012).

***Board composition and effectiveness of boards.*** Other research has been performed regarding the composition, role, and effectiveness of boards of directors for nonprofit foundations. For example, De Andrés-Alonso et al. (2009) explore the factors that influence how nonprofit boards are structured in Spain. Specifically, De Andrés-Alonso et al. sent questionnaires to 645 nonprofit foundations that belonged to the

Spanish Association of Foundations. Having analyzed 104 (16%) complete responses, De Andrés-Alonso et al. asserted that nonprofit boards are influenced by similar internal and external factors that are faced by corporate boards. Internal factors of the nonprofit organization, such as strategy, organization size, complexity, and maturity intersect with external forces such as industry, competition, and environment to impact the board of directors' composition, role, and practices (De Andrés-Alonso et al., 2009).

Through these internal and external forces, nonprofit board attributes and roles are closely linked to the organizations that they oversee (De Andrés-Alonso et al., 2009), which can influence their effectiveness and financial condition. Specifically, the organizational characteristics such as size, complexity, maturity/life cycle stage, volume of funds, and financial budgets impact board attributes such as board size, independence from management, and number of external board members. De Andrés-Alonso et al. (2009) note that in the absence of remuneration for nonprofit boards, the most experienced board members devoted relatively more time to the largest, oldest, most financially viable, and most prestigious nonprofit organizations.

This observation aligns with Miller-Millesen's (2003) view that institutional practices, rules, and norms can impact board activities, as more experienced directors may implement practices and behaviors that may be perceived as expected or customary in the functioning of a board. To the degree that expected or customary practices may be adopted, the board activities could be perceived by stakeholders as being effective or legitimized (Herman & Renz, 2008). However, there are some limitations in applying these specific research results in the United States due to differences in the regulatory and cultural environment in Spain as well as the rigor of recordkeeping and tax reporting (De

Andrés-Alonso et al., 2009). Nevertheless, the research is useful in understanding factors that impact the attributes and activities of nonprofit boards, which lead to levels of board performance.

Unlike the study of De Andrés-Alonso et al. (2009), which can be useful for understanding the role and composition of nonprofit boards that can influence board effectiveness, the current research focused more directly on board effectiveness. The study investigated how SO chapter board effectiveness relates simultaneously to financial and program delivery measures, as well as how SO chapter board members balance and prioritize concurrent SO objectives to improve financial and non-financial measures. In this context, the internal and external factors impacting board composition in the research of De Andrés-Alonso et al. (2009) align significantly with several of the dimensions of board competency (e.g., strategy, complexity, competition, environment) that are outlined in the BSAQ (Jackson & Holland, 1998). This supports the validity and relevance of the research approach for the quantitative component of the current study.

Kim, Burns, and Prescott (2009) also affirm the concept that board composition and configurations can impact nonprofit organizations. Kim et al. identify four configurations of boards of directors through varying combinations of relationships involving the concentration of board leadership and the level of board diversity. The authors assert that each configuration influences the formulation and implementation of nonprofit organizations' strategies differently. The authors conclude that board configurations should be tailored to and aligned with the environment and needs of the organization to maximize the strategic action capabilities of the top management team (Kim et al.). These concepts align with the contingency theory, which suggests that

governance structures should be adapted and tailored to contingencies that reflect the internal and external environments of each organization (Bradshaw, 2009; Brown & Guo, 2010).

The composition and effectiveness of boards are investigated further in a study that focuses on gender differences among board members. The increased role of women on boards of directors is investigated by Nielsen and Huse (2010) by assessing the behaviors observed of boards and individuals. Drawing on theories of gender differences and group effectiveness, the researchers develop a survey to identify and assess the demographics, perceptions, and behaviors of boards of directors (Nielsen & Huse). Surveys were sent to the chief executive officers of 762 Norwegian firms identified as having between 50 and 5,000 employees; 234 (31%) responses received of which 201 (26%) were complete and usable.

In conducting the research, Nielsen and Huse (2010) accept different tendencies among genders that are defined in literature. For example, the authors cite characteristics of men being more assertive, aggressive, ambitious, and daring, and women being more communal, affectionate, interpersonally sensitive, nurturing, and gentle. Based on statistical analyses of the survey results, the authors observe that women directors can positively influence the strategic focus on boards of directors, overall board effectiveness, and board development activities through decreased levels of conflict. However, there is no evidence to suggest that women directors decrease the level of debate in meetings. The authors conclude that women's contributions on boards of directors may be attributable to their different leadership styles; however, board and committee processes and tasks heavily influence research results and overall board effectiveness.

The research of Nielsen and Huse (2010) could be perceived as controversial by some due to the stated gender biases, and there may be limitations to the research given cultural differences that may exist between for-profit firms in Norway and nonprofit organizations in the United States. The research provides alternative views for assessing board performance based on gender differences and perceptions of board members (Nielsen & Huse, 2010), rather than more substantive outcomes of financial performance or program delivery measures often expected by stakeholders (Mwenja & Lewis, 2009). While the current research was not designed to assess the impact of gender on the effectiveness of SO chapter boards, board activities that are deemed relevant and investigated by Nielsen and Huse (2010) were embodied in the study. For example, the BSAQ (Jackson & Holland, 1998) used in the current study included dimensions of board competency and questions that addressed the strategic focus of boards, views of board effectiveness, board development activities, and levels of discussion and debate in board meetings, which were deemed relevant by Nielsen and Huse (2010).

The perceived effectiveness of nonprofit boards and the performance of nonprofit organizations and their chief executive officers are also quantitatively explored by Harrison, Murray, and Cornforth (2012). In their study, the authors developed a survey to investigate the quality of relationships and frequency of interaction between board members, as well as the perceptions of the board chairperson's emotional intelligence (Harrison et al., 2012). The results of the survey were correlated to survey responses regarding the perceived performance levels of the board, the chief executive officer, and the nonprofit organization itself (Harrison et al., 2012). Based on responses from 690 nonprofit organizations in the United States and the United Kingdom (the total sample

was not disclosed), Harrison et al. (2012) concluded that the quality of relationships and the board chairperson's emotional intelligence positively impacted the perceived performance levels of the board, the chief executive officer, and the nonprofit organization. There was no significant relationship noted between the frequency of interactions among board members' perceptions of board, chief executive officer, and nonprofit organizational performance (Harrison et al., 2012). The study aligns with the assertion of Jackson and Holland (1998) that interpersonal relationships and interactions reflect a key dimension of board competency. However, while the research confirms that relationships do exist between the board member activities and interactions and the perceived levels of nonprofit organizational performance (Harrison et al., 2012), it is unclear how the board member activities may actually influence nonprofit organizational performance. As such, qualitative research of nonprofit board effectiveness can assist with understanding how board activities may influence nonprofit organizational performance of SO chapters.

***Board member competencies and board effectiveness.*** Research has been conducted to assess how recruitment, orientation, and the evaluation of board members impact the competencies of board members, and in turn board performance (Brown, 2007). For example, Brown developed a survey to assess board activities and the perception of board performance at nonprofit credit unions. Two surveys were sent to a sample of 1,600 chief executive officers of credit unions, who were asked to complete one and also send the survey to their board chairperson (Brown), and responses were received from 713 (45%) credit unions. The survey addressed board development

practices, including recruitment, orientation, and evaluation, to the performance of individual board members and the overall board of directors (Brown).

Overall, Brown (2007) concluded that strong development practices led to more competent board members and improved board performance. Specifically, recruitment and orientation practices had greater impact on perceived board effectiveness, compared to evaluation practices (Brown). However, there are limitations with Brown's research, as it did not assess the performance of the nonprofit organizations themselves. Furthermore, the effectiveness of board performance was based on perceptions of board members, limited to a segment of the nonprofit sector, and did not address the ongoing training and education of board members – a key component of development (Brown, 2007). While Brown's research provided insight to perceived levels of board effectiveness, the current research has been designed to expand upon the assessment of board effectiveness by examining relationships between board practices and actual measures for both the financial performance of SO chapters and the delivery of SO programs to athletes. Furthermore, current study was also designed to investigate how SO chapter board members balance and prioritize objectives to improve multiple organizational performance measures at the same time.

***Board effectiveness and organizational performance.*** In the nonprofit sector, there is a need to demonstrate organizational effectiveness in order to attract financial resources and advance its mission (Keller, 2010; Vaughan, 2010). Economic downturns can lead donors of nonprofit organizations, including both government agencies and private donors, to increase their focus on identifying successful organizations even further (Eschenfelder, 2010; Ridder et al., 2012; Vaughan, 2010). Nonprofit boards must



ensure the adequacy of resources and monitor program effectiveness (Brown & Guo, 2010), as affirmed by the resource dependency and agency theories. The result is a greater need for nonprofit boards of directors to be effective in their oversight, management of scarce resources, and achievement of nonprofit missions and goals (Hartarska & Nadolnyak, 2012; Vaughan, 2010).

Herman and Renz (2008) provide a theoretical assertion in their research that the effectiveness of nonprofit organizations is, among other things, a social construction that is defined by the views and perceptions multiple stakeholders and observers. The stakeholders, which may come from the public, private, or nonprofit sectors, have multidimensional views that may include a wide variety of performance success factors, including financial and non-financial information (Herman & Renz, 2008). As such, the authors suggest that it is important to differentiate organizational effectiveness measures based on stakeholder views, from the actual organizational performance reflected by measures of financial performance and program effectiveness underlying mission of the nonprofit organization (Herman & Renz, 2008). The need to accurately measure nonprofit organizational performance is underscored by Lecy et al. (2012), who conduct a comprehensive, interdisciplinary review of nonprofit effectiveness using citation analysis. The authors conducted a structured literature review within citations, rather than a conventional content-based literature review (Lecy et al., 2012). The review affirmed that (a) uni-dimensional measures of nonprofit performance are not useful, (b) there is a lack of consensus regarding how to operationalize measures of nonprofit organizational effectiveness, and (c) there remains a need for more empirical research with expanded measures of board effectiveness (Lecy et al., 2012). The design of the current study is

aligned with the conclusions of Lecy et al. (2012) by using broader measures of financial performance and program delivery relative to each SO chapter.

*Views of the public sector.* Governmental agencies support many nonprofit organizations in advancing their respective missions (Eschenfelder, 2010; Vaughan, 2010). To gain an understanding of how they evaluate and identify successful nonprofit organizations, Vaughan (2010) conducted a survey to review government administrators' perceptions regarding nonprofit effectiveness in advancing their missions and managing their finances. The survey was sent to 61 local governments that were members of the Alliance for Innovation, a collaborative association of 300 cities and counties that share information to help address challenges faced by local governments (Vaughan). The researcher investigated alternative means of evaluating nonprofits: reporting on expenditures, on-site reviews, self-evaluations, or external evaluations (Vaughan). Multiple means of assessing nonprofit organizations are used by government agencies, including the use of funds and the achievement of mission (Vaughan). This concept supports the design approach of the current study, which focused on financial and non-financial measures of assessing SO chapters' financial performance and delivery of SO programs, respectively.

Techniques used by government agencies to evaluate nonprofit organizations included the reporting on how funds were spent, on-site reviews, self-evaluations by nonprofit staff, or external evaluations (Vaughan, 2010). While financial reporting techniques were frequently used to evaluate nonprofit organizations, alternative and multiple means for assessing nonprofit organizations were preferred by various respondents (Vaughan). Regardless of the evaluation format, preferences reflected the use

of funds and nonprofit outcomes – or the achievement of their missions (Vaughan, 2010). In contrast to the agency theory, efficiency in use of funds was not cited as a key factor for government agencies in deciding whether to fund nonprofit organizations; rather, Vaughan asserted that the achievement of nonprofit mission-based goals was perceived to be more important by government agencies.

The research has limitations, as only 21 valid responses were received, 15 of which were from the southern United States – a small respondent pool that could reflect biases in that region (Vaughan, 2010). Furthermore, the research reflects views of government administrators – not the views of beneficiaries. However, the importance of nonprofit board monitoring of both financial and non-financial performance of nonprofit organizations is underscored relative to both the resource dependency and agency theories (Brown & Guo, 2009; Jackson & Holland, 1998; Mwenja & Lewis, 2010; Vaughan, 2010).

*Views of the private sector.* Other stakeholders interested in the performance of nonprofit organizations come from the private sector (Herman & Renz, 2008). Assessments of board effectiveness are evaluated by Brown and Guo (2010) relative to the financial performance of nonprofit organizations, which is considered a key measure of performance by private donors (Eschenfelder, 2010; Keller, 2010, Vaughan, 2010). Further, other stakeholders include community leaders and beneficiaries of nonprofit organizations (Eschenfelder, 2010; Herman & Renz, 2008; Mwenja & Lewis, 2009).

Eschenfelder (2010) asserts that the basis for guiding and ultimately evaluating nonprofit organizations should lie in conducting an assessment of community needs, which would then shape the mission and priorities of nonprofit organizations. The

purpose of the assessments are to better understand the number and type of services needed, the relative need for services across different communities, the capacity and coordination of existing service providers, and the appropriateness of services provided (Eschenfelder, 2010). While such activities are often left to government agencies (Vaughan, 2010), the author asserts that community needs assessments have been deprioritized as public service departments have been financially constrained due to current economic downturn (Eschenfelder, 2010; Ridder et al., 2012). Furthermore, the economic downturn has led to an increasing need for human services and a reduced level of government resources to meet those needs (Eschenfelder, 2010; Ridder et al., 2012). The resulting environment places even greater pressures on nonprofit organizations to prioritize limited resources and services in pursuing their missions and priorities (Eschenfelder, 2010).

The study focuses on the Clearwater Salvation Army, which sought to improve their services in Pinellas County in Florida (Eschenfelder, 2010). The author conducted a survey of various stakeholders – an approach advocated by Herman and Renz (2008) – including 334 Salvation Army clients, six focus groups of 52 social service providers, 25 interviews of community leaders and health and human services administrators, and 104 surveys of community residents (Eschenfelder, 2010). The involvement of numerous stakeholders of the nonprofit organization is crucial to gaining knowledge of the multidimensional views involving a variety of performance success factors, including financial data, non-financial data, and the subjective perceptions of numerous individuals (Eschenfelder, 2010; Herman & Renz, 2008).

The needs assessment provided insight as to the most pressing health care (e.g., medical, dental, vision, prescription drugs) and financial needs (e.g., housing assistance, homeless services, transportation) of the community (Eschenfelder, 2010). The study also provided insight to the organizational effectiveness of the Clearwater Salvation Army (Eschenfelder, 2010), while challenging it to revisit its mission-based priorities based on the services provided by an array of other nonprofit service providers in the area. The multidimensional approach of the research is aligned with the views advocated by Herman and Renz (2008).

There are limitations with the research in that it involves a single case study of one health and human services organization in Florida. Nevertheless, the study underscores the increasing need for nonprofit organizations and their boards of directors to understand community needs in setting mission and priorities, optimizing performance, and monitoring effectiveness. It also aligns with research (Brown, 2007; Callen et al., 2009; Mwenja & Lewis, 2009) and the literature in Laughlin and Andringa (2007) regarding roles and responsibilities of boards of directors for nonprofit organizations.

With regard to the current study, the contextual, analytical, and strategic dimensions of board competency outlined in Jackson and Holland's (1998) BSAQ, which were used in the study of SO chapters, support the need for boards to understand the environment and community needs as suggested by Eschenfelder (2010). These concepts are underscored by the contingency theory, which asserts that governance structures and board activities should be adapted to changes and contingencies in the internal and external environments (Bradshaw, 2009; Brown & Guo, 2010). Finally, Eschenfelder (2010) highlights the need for nonprofits to effectively manage finances while also

delivering programs in line with their mission – a component of the current research. This is further heightened amid the economic downturn, which has resulted in an increasing need for human services and reduced level of resources to meet those needs.

*Views of the nonprofit sector.* Based on the theoretical assertion of Herman and Renz (2008) – that the effectiveness of nonprofit organizations is defined by the perceptions multiple stakeholders and observers – views of the nonpublic sector itself should be considered. The stakeholders have multidimensional views that include a variety of performance success factors, including financial and non-financial information (Herman & Renz). The concept is underscored by Williams and Taylor (2012), who assert that defining accountability and the attainment of specific goals of nonprofit organizations may vary among the constituents and stakeholders of the nonprofit organization. The research conducted by Brown and Guo (2010) of 677 community foundations concluded that both internal and external forces influenced roles of boards, and ultimately their effectiveness. Examples include: (a) nonprofits facing resource constraints would more likely emphasize fundraising, and (b) organizations operating in complex external environments tended to prioritize strategy-setting activities (Brown & Guo, 2010). Brown and Guo's (2010) research provides insight to relationships between board effectiveness and financial performance – the key area of focus for foundations and private donors (Eschenfelder, 2010; Keller, 2010, Purdy & Lawless, 2012; Vaughan, 2010). The current research extends beyond measures of financial performance – exploring how board practices relate to the delivery of nonprofit programs in SO chapters, as well as how board members balance priorities to improve multiple measures of nonprofit performance.

*Board effectiveness and organizational performance: Stakeholder views.* There are views that underscore the benefits of research that go beyond the perceptions of board members may, in part, reflect the nature of nonprofit organizations (Herman & Renz, 2008; Laughlin & Andringa, 2007). Specifically, nonprofit organizations have objectives beyond those of for-profit organizations, which seek to provide financial returns to owners and shareholders (Epstein & McFarlan, 2011; Laughlin & Andringa, 2007). Herman and Renz (2008) provide a theoretical assertion in their research that the effectiveness of nonprofit organizations is, among other things, a social construction that is defined by the perceptions multiple stakeholders and observers. The stakeholders have multidimensional views, which may include wide variety of performance success factors including financial and non-financial information. As such, the authors suggest that it is important to differentiate organizational effectiveness measures based on stakeholder views and the actual financial performance and program effectiveness that reflect the underlying mission of the organization (Herman & Renz, 2008; Lecy et al., 2012; Tuckman & Chang, 1991).

For example, Bradshaw (2009) investigated nonprofit board practices relative to multiple theories and various organizational factors. The author asserted that board practices are most effective when they are uniquely tailored to the needs of the nonprofit organization (Bradshaw, 2009). Yet conclusions could be limited if based on board members' perceptions of the effectiveness of board practices, rather than on the effectiveness of nonprofit organizations themselves (Bradshaw, 2009; Herman & Renz, 2008). In a separate study, the research of Brown (2007) focused on evaluating the impacts that board recruitment, orientation, and training have on the competency of board

members and effectiveness of boards of directors. Similar to Bradshaw's (2009) research, Brown's (2007) conclusions regarding the competency of board members and the effectiveness of boards are based on the perceptions of board members, rather than more specific measures of nonprofit organizational performance, such as financial performance or program delivery. The impact that gender differences have on board practices and board effectiveness has also been studied, with conclusions based on board members' perceptions on the effectiveness of board practices (Nielsen & Huse, 2010).

While these types of studies can be useful in researching the effectiveness of boards and their individual directors, the studies fall short of the potential to understand relationships between the effectiveness of nonprofit boards and both financial performance and program delivery. The desire to understand linkages between the effectiveness of nonprofit board practices and the performance of nonprofit organizations has led to research involving additional measures of financial performance and program delivery capabilities.

Nonprofit boards are responsible for ensuring the adequacy of resources and monitoring the effectiveness of programs (Brown & Guo, 2010; Laughlin & Andringa, 2007; Lecy et al., 2012; Marx & Davis, 2012), which are affirmed by the resource dependency and agency theories. Research has continued to focus on exploring the effectiveness of nonprofit boards, relative to both theories, by measuring either the financial performance (Brown & Guo, 2010; Callen et al., 2010) or the delivery of mission-based programs of nonprofit organizations (Gazley et al., 2010; Jiang et al., 2009). Seldom does research analyze quantitatively how board practices relate to both financial performance and program delivery of nonprofit organizations. The current



research was designed to address this gap by investigating relationships among a broader array of organizational performance measures – by quantitatively identifying how board effectiveness relate to both financial and program delivery measures simultaneously. To provide additional insight to understanding the effectiveness of nonprofit boards and the application of theory, the study was also designed to qualitatively explore how SO chapter board members balance and prioritize objectives to simultaneously improve financial and non-financial measures.

**Board effectiveness and nonprofit financial performance.** Assessments of nonprofit board effectiveness in the literature are often based on subjective data, such as perceptions of how well boards of directors function or nonprofit organizations operate, which may limit their effectiveness (Bradshaw, 2009; Brown, 2007; Jackson & Holland, 1998; Nielsen & Huse, 2010). Perceived limitations of research conclusions based on subjective views of nonprofit board members or stakeholders led Jackson and Holland (1998) to develop the BSAQ to provide a valid, reliable, and sensitive tool for assessing nonprofit boards. The BSAQ was designed to help assess the overall effectiveness of board practices, although it can also be used to evaluate six distinct dimensions of board competency, including: contextual, educational, interpersonal, analytical, political, and strategic dimensions (Jackson & Holland, 1998).

***Development of the BSAQ.*** Although the initial research dates to 1998, the foundational research resulted in the development of the BSAQ (Jackson & Holland, 1998) that others have continued to use more recently (Hopkins et al., 2007; McDonagh, 2006; Mwenja & Lewis, 2009). The BSAQ was designed to assess board performance overall and among six dimensions of competency that reflect highly effective boards

(Jackson & Holland, 1998). The dimensions of board competency include: contextual, educational, interpersonal, analytical, political, and strategic dimensions (Jackson & Holland, 1998). The dimensions of board competency are further defined by Jackson and Holland (1998) as:

- Contextual: The board understands and takes into account the culture, norms, and values of the organization it governs.
- Educational: The board takes the necessary steps to ensure that members are well informed about the organization and the professions working there as well as the board's own roles, responsibilities, and performance.
- Interpersonal: The board nurtures the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.
- Analytical: The board recognizes complexities and subtleties in the issues it faces, and it draws on the multiple perspectives to dissect complex problems and to synthesize appropriate responses.
- Political: The board accepts as one of its primary responsibilities the need to develop and maintain healthy relationships among all key constituencies.
- Strategic: The board envisions and shapes institutional direction and helps to ensure a strategic approach to the organization's future. (p. 160)

Using the resource dependency and agency theories as a basis for research, the BSAQ has continued to be used by other researchers to investigate relationships between nonprofit board effectiveness and financial performance (Brown, 2005; Hodge & Piccolo, 2012; Mwenja & Lewis, 2009). The research has also affirmed the BSAQ's usefulness, reliability, and validity as a means of assessing board effectiveness (Brown, 2005; Hodge

& Piccolo, 2012; Hopkins et al., 2007; McDonagh, 2006; Mwenja & Lewis, 2009). While Jackson and Holland's (1998) study was useful in this regard, it was not designed to investigate how board effectiveness may relate to – or how boards may balance – multiple measurements associated with nonprofit organizational performance as outlined in the current research.

In assessing the strategic leadership of nonprofits, Phipps and Burbach (2010) also address leadership concepts in six areas. Specifically, strategic leaders can influence an organization's: capacity to learn, ability to change, agility to innovate, ability to perform, and sustained focus on the organization's mission (Phipps & Burbach, 2010). The context of the organization also impacts a strategic leader's performance (Phipps & Burbach, 2010). While the study by Phipps and Burbach (2010) relates directly to the executive leaders of nonprofits, there are implications regarding board activities and practices, as McDonagh (2006) and Mwenja and Lewis (2009) investigate dimensions of organizational context, learning/education, and strategic focus, which also relate to areas of strategic leadership cited by Phipps and Burbach (2010). These studies are conceptually aligned with evaluating specific dimensions of board competency as advocated by Jackson and Holland (1998).

*Alternative board assessment tools and techniques.* Other tools and techniques have been developed to assess the effectiveness of nonprofit boards of directors (Callen et al., 2010; De Andrés-Alonso, Azofra-Palenzuela, & Romero-Merino, 2010; Gill, Flynn, and Reissing, 2005; McDonagh, 2006). While considered an important governance practice (Hannah, 2011), in some cases, the tools have not been statistically

tested for validity and reliability and thus were not considered for use in the current research.

*The Governance Self-Assessment Checklist (GSAC)*. For example, Gill et al. (2005) developed a GSAC that was based on a review of other board assessment tools. The GSAC was developed with 144 survey items in 12 areas that are assessed self-assessed by board members using subjective scales (Gill et al., 2005). The authors extended invitations to use the GSAC broadly to nonprofit organizations in Canada; however, the number of invitations was not disclosed (Gill et al., 2005). In response, 32 nonprofit organizations agreed to participate, and valid 312 responses were obtained from 281 board members and 31 executive directors (Gill et al., 2005).

The GSAC was used to identify strengths and weaknesses in organizational governance, help educate board members about effective governance, and improve board practices (Gill et al., 2005). Both the content and structure of the GSAC share many similarities with the BSAQ (Jackson & Holland, 1998), as the tools are statistically proven to be valid, reliable, and aligned with effective board practices outlined by Laughlin and Andringa (2007). The results of the study indicated that GSAC was effective at identifying and discriminating between strong and weak aspects of board activities and effectiveness. The study has limitations, however, in that the number of organizations was relatively small and the 32 organizations were all from Canada and voluntarily chose to participate, which could result in selection bias.

While the GSAC represents a valid research tool and aligns well with the BSAQ, it is a lengthy tool of 144 questions, more than twice the length of the BSAQ's 65 questions. This may be necessary as, unlike the BSAQ, the GSAC was also designed to

be an educational tool to inform participating respondents. The factors within the GSAC are relevant for researching the effectiveness of nonprofit boards. However, the length of the GSAC could negatively impact response rates of the research, given the busy schedules and time constraints faced by many board members and chief executives of nonprofit organizations (Laughlin & Andringa, 2007). Because the BSAQ and GSAC share many similarities in content and structure, and there is no purpose to directly educate individual survey respondents in the study, the BSAQ was identified as the preferred tool for the research.

*Additional survey tools.* Other research involving the development of customized surveys has been conducted to assess board effectiveness, including the correlation of results to nonprofit financial performance. However, the validity, reliability, and sensitivity of the tools have not been statistically tested. As a result, the tools were not considered for use in the current research. For example, Callen et al. (2010) developed a survey to investigate resource development and board monitoring for nonprofit organizations in New York, and correlate those results to financial data. The authors confirm hypotheses that board monitoring practices (i.e., the agency theory) are more likely to be effective for stable organizations, and efforts to collect resources (i.e., the resource dependency theory) are more effective for less stable organizations (Callen et al., 2010).

Surveys were also used by McDonagh (2006) in researching the relationship of board effectiveness to the organizational effectiveness of hospitals. While the study demonstrated that higher performing boards had better financial performance (e.g., profitability, lower expenses), the research has limitations in focusing only on healthcare

industry financial performance, and not the effectiveness of programs (e.g., quality of healthcare, risk-adjusted mortality rates).

*Subjective quantitative assessments.* Additional studies have involved the use of uniquely tailored quantitative analyses of measures involving board characteristics and practices, as well as the financial performance of nonprofit organizations. In the context of both the agency and resource dependency theories, De Andrés-Alonso et al. (2010) investigate the extent that nonprofit board characteristics influence organizational performance in Spain. De Andrés-Alonso et al. study nonprofit Spanish foundations, which raise revenue from both public and private resources to help advance their respective missions. The researchers draw a sample to quantitatively investigate demographic characteristics of boards (e.g., age, experience on other boards, executives, experts in fundraising). Of an estimated 645 nonprofit foundations in Spain, De Andrés-Alonso et al. conducted a survey and received 119 (18%) complete responses. They gained insight regarding organizational relationships and decision-making processes, while also assessing the nonprofits' ability to advance their missions at minimal costs using various financial ratios, such as the percentage of revenues that are dedicated to programs (De Andrés-Alonso et al.).

The authors conclude their primary research by asserting that board size and independence do not influence organizational financial performance significantly; rather, board members' knowledge, experience, and active participation in decision-making impact nonprofit performance (De Andrés-Alonso et al., 2010). The study has limitations in focusing primarily on financial measures to assess organizational performance (De Andrés-Alonso et al.). However, the article was relevant to the current study, as the

dimensions of board competency outlined by Jackson and Holland (1998) in the BSAQ include elements of the collective knowledge, experience, and active participation in decision-making among boards.

Using a unique approach for reviewing the activities and practices of boards of directors, Kirk and Beth Nolan (2010) explored relationships between the mission statements of nonprofit organizations and the respective financial performance. The approach was based on the authors' assertion that mission statements can guide and improve financial performance (Kirk & Beth Nolan, 2010). Mission statements provide a framework for decision making within organizations, while guiding the construct of communications with external stakeholders and donors outside the organization. The researchers limited their study to women's rights organizations as reported in annual filings to the IRS (Kirk & Beth Nolan, 2010). The approach yielded a sample size of 138 organizations, from which various mathematical ratios were calculated to assess the financial efficiency and performance of fundraising for the organizations. Kirk and Beth Nolan (2010) used annual IRS Form 990 filings (IRS, 2010) as a source of the financial data in the research. The researchers conclude that nonprofit mission statements with concentrated geographic focus had lower overhead, while mission statements with large groups of targeted beneficiaries received relatively higher contributions from donors (Kirk & Beth Nolan, 2010).

Overall, the statistical relationships in this primary research were weak and thus raised some question regarding the importance of mission statements (Kirk & Beth Nolan, 2010). Nevertheless, the study is relevant for considering alternative techniques to test relationships between board practices to set mission statements and the financial

performance that helps to sustain the organizations. Other limitations are a result of the research being restricted to a single type of nonprofit, and the narrow dimension of organizational performance being restricted to financial measures only. The authors recognized the need for more multidimensional methods of assessing organizational performance (Kirk & Beth Nolan). The current study is designed to broaden the assessment of organizational performance measures by including measurements for both financial performance and the delivery programs in SO chapters.

*Financial performance measurements.* Annual filings that nonprofit organizations are required to file with the IRS are often used to identify and assess financial measures among nonprofits, which may have very diverse missions and measures of success (Brown, 2005). The review of relationships between board practices and the financial performance of nonprofit organizations using IRS filings is a common and valid technique for evaluating boards of directors (Callen et al., 2010; Mwenja & Lewis, 2009). However, within the literature, there is a lack of consensus regarding which specific measures may best reflect the financial performance of nonprofit organizations (Brown, 2005; Callen et al., 2010; Doherty & Hoye, 2011; Kirk & Nolan 2010; McDonagh; 2006; Mwenja & Lewis, 2009).

Tuckman and Chang (1991) conducted foundational research to develop a model that assesses the financial vulnerability of nonprofit organizations, based on threats to funding sources and increased demands for services during times of economic stress. The FVI reflects the risk of cuts in programs and services in the event of a financial shock, such as the current economic slowdown. The FVI is composed of four vulnerability criteria: equity balances, revenue concentration, administrative costs, and operating



margins, and is designed to consider the relative vulnerability of nonprofit organizations within their segment of the nonprofit sector (e.g., religious, health care, education).

Financial data to complete the FVI were obtained from annual tax filings via IRS Form 990 (Tuckman & Chang, 1991). The FVI model provides a more comprehensive measure of a nonprofit organization's financial condition, performance, and vulnerability than a single measure of financial performance (Cordery & Baskerville, 2010; Hodge & Piccolo, 2012; Tuckman & Chang, 1991).

Tuckman and Chang (1991) asserted that equity balances (e.g., assets minus liabilities) can serve as collateral to borrow funds or can be converted to cash to replace revenues. Revenue concentration reflects the reduced risk that can result from diversifying revenue sources. High administrative costs can help nonprofits that have greater opportunity to cut back on internal expenses without negatively impacting programs. Operating margins (e.g., revenues minus expenditures) can provide surplus cash flows in the event of short-term revenue shortfalls. The model was developed based on a sample of 4,730 charitable nonprofit organizations that covered several segments of the nonprofit sector. Financial data to complete the FVI were obtained from annual tax filings via IRS Form 990.

Within the literature, there continues to be a lack of consensus regarding which specific measures may best reflect the financial performance of nonprofit organizations (Brown, 2005; Callen et al., 2010; Hodge & Piccolo, 2012; Kirk & Nolan 2010; McDonagh, 2006; Mwenja & Lewis, 2009), and most of the research considers only elements of the financial measures that comprise the FVI. As such, it was advantageous to use the FVI in the current study because it reflected a composite view of a nonprofit

organization's financial condition, fundraising capabilities, and expense management. Further, the FVI reflects the risk of cuts in programs and services in the event of a financial shock, which makes it quite relevant to use during the current economic slowdown (Hodge & Piccolo, 2012; Tuckman & Chang, 1991).

Cited as pioneering work, Hager (2001) reviewed the FVI model (Tuckman & Chang, 1991) relative to various arts organizations to assess the validity and reliability of the FVI. By correlating results for the entire sample of arts organizations as well as sub-groups such as visual arts organizations, museums, performing arts centers, dance organizations, theatres, music, and other groups, Hager (2001) affirmed the FVI model's financial components for different types of nonprofit arts organizations. Distinct differences exist in varying types of nonprofit organizations (Cordery & Baskerville, 2010; Hager, 2001; Tuckman & Chang, 1991), which aligned with Hager's (2001) conclusion that the FVI was more effective as a tool within each segment of the nonprofit sector, rather than across all types of nonprofit organizations. Because the FVI was applied to a common nonprofit organization across SO chapters in the United States, such multi-sector differences are not relevant.

More recently, Cordery and Baskerville (2010) have affirmed the FVI model in research of financial vulnerability among different types of amateur sports clubs in New Zealand. The researchers underscored the need to consider the diversity of the nonprofit sector when evaluating performance, as financial vulnerability can vary across different types of sports organizations due to varying characteristics and accounting structures of different amateur sports structures (Cordery & Baskerville, 2010). While less valuable when compared across an array of varying types of nonprofit organizations, the FVI

provides a more consistent measure for organizations within common segments of the nonprofit sector with shared characteristics (Cordery & Baskerville, 2010). This is also the case for the study of SO chapters, which operate in a common segment in the nonprofit sector – in fact, it is a common organization that shares a single mission, strategic plan, and set of operating rules (*SO Official General Rules*, 2010; *SO Strategic Plan*, 2010). As such, the FVI is an appropriate and valuable tool for comprehensively measuring SO chapters' financial condition and performance.

Further, drawing on a study of 112 nonprofit organizations in central Florida, Hodge and Piccolo (2012) examined relationships among three areas of interest: board effectiveness, private philanthropy, and financial vulnerability, including the use of the BSAQ and FVI measurements. Research results suggested that nonprofit board effectiveness is related to financial performance measures in a significant way, and affirmed the use of the FVI as an effective measurement of financial performance (Hodge & Piccolo, 2012). The authors identified a clear link between board effectiveness and the overall financial health of a nonprofit organization (Hodge & Piccolo, 2012). Specifically, when boards were perceived as effective along six dimensions of board competency, the nonprofit organizations were less vulnerable to interruptions in funding or catastrophic changes in the economic landscape (Hodge & Piccolo, 2012).

Other research has been completed to compare models that forecast bankruptcy filings within the corporate sector (Keating, Fischer, Gordon, & Greenlee, 2005). The authors compare tools developed by Altman (1968) and Ohlson (1980) with the FVI model that was developed by Tuckman and Chang (1991) for the nonprofit sector (Keating et al., 2005). The Ohlson corporate financial vulnerability model had higher

explanatory power than either Tuckman and Chang's or Altman's in predicting financial vulnerability (Keating et al., 2005); however, the conclusion was drawn at an aggregate level across all nonprofit organization types, rather than within types or segments (e.g., education, health care, arts). Tuckman and Chang (1991) developed the FVI model for nonprofit organizations on a relative basis within sector segments, making it a more appropriate tool for assessing financial performance among SO chapters that are within a common nonprofit sector. Furthermore, the FVI represents a tool that was specifically designed for the nonprofit sector, which has different accounting rules from the corporate for-profit sector (Tuckman & Chang, 1991) and thus made the FVI more appropriate to use for the current study.

In addition, Keating et al. (2005) proposed an alternative model to assess the financial vulnerability of nonprofit organizations. Specifically, additional variables were considered to represent commercial types of activity that may generate revenues and the sufficiency of endowments (Keating et al., 2005). Because SO does not engage in commercial activities to generate revenue, such as program fees, commercial sales of goods and services, (*SO Official General Rules*, 2010) and endowment balances are considered in the FVI equity balance calculations for SO, the additional factors are not relevant for the current research study. As such, the FVI model was the most appropriate means of assessing the financial performance of the SO chapter organizations.

*Expanding research beyond financial performance measures.* While the research can be useful in understanding relationships between effective board practices and the financial performance of nonprofit organizations, the studies do not incorporate other non-financial measures of organizational performance. Within the nonprofit sector,

universally accepted measures of success are difficult to identify (Brown, 2005; Herman & Renz, 2008) given the broad diversity in the types of nonprofit organizations that exist and their varying missions and goals. Because nonprofit boards are responsible for monitoring the effectiveness of programs (Brown & Guo, 2010; Laughlin & Andringa, 2007) in line with the agency theory, there are benefits to expanding research to also include the delivery of mission-based programs (Gazley et al., 2010; Jiang et al., 2009). There is a continuing need for research to expand knowledge of theory and more fully understand relationships between the effectiveness of nonprofit boards of directors and organizational performance (Bradshaw, 2009; Baruch & Ramalho, 2006; Herman & Renz, 2008; Mwenja & Lewis, 2009; Vaughan, 2010; Williams, 2010), using both financial and non-financial measures.

**Board effectiveness and the delivery of programs.** Nonprofit organizations are taking on an increasing share of society's work and face increasing pressure from stakeholders to show results in achieving their stated missions (Bradach et al., 2008). However, many studies of nonprofit board effectiveness rely heavily on evaluations of nonprofit financial performance, given the lack of a common measure to reflect program-related performance across the numerous types of nonprofit organizations (Brown, 2005; Callen et al., 2010; Herman & Renz, 2008; Jackson & Holland, 1998; Mwenja & Lewis, 2009). Unlike for-profit companies where organizational performance can be measured across many organizations relative to financial performance, the nonprofit sector has a broad array of missions and very diverse goals (Callen et al., 2010; Epstein & McFarlan, 2011; Herman & Renz, 2008; Mwenja & Lewis, 2009). Therefore, nonprofit objectives

can be difficult to measure and may be measured differently by various stakeholders (Herman & Renz, 2008).

Furthermore, focusing on relationships between board effectiveness and financial performance alone can limit the boundaries of research if broader measures of organizational effectiveness are not considered when evaluating nonprofit boards (Callen et al., 2010; Mwenja & Lewis, 2009). This was confirmed by Herman and Renz (2008), who present several theses and conclusions regarding the effectiveness of nonprofit organizations in a theoretical paper, and suggested that further research be performed regarding the effectiveness of nonprofit organizations. Herman and Renz (2008) asserted that organizational effectiveness is (a) related to board effectiveness; (b) comparative in nature – relative to previous performance or other comparable organizations; (c) a social construction – defined by multiple stakeholders and observers; (d) multidimensional – including financial and non-financial organizational data. Herman and Renz (2008) suggest it is useful to distinguish among organization types, given the wide variety of nonprofits that exist. Their final conclusion is that it is important to differentiate organizational effectiveness – the organization as an entity that most studies assess, from program effectiveness – the underlying mission of the organization (Herman & Renz, 2008). Researchers have begun to push beyond the traditional financial measures that are frequently used in research to focus increasingly on the delivery of mission-based programs of nonprofit organizations (Gazley et al., 2010; Jiang et al., 2009).

***Board practices and the delivery of programs.*** To build knowledge regarding the relationship between board practices and the delivery of mission-based programs, Jiang et al. (2009) investigated these relationships in line with the underlying mission of a single

type of nonprofit organization: hospitals. The authors reviewed efforts of hospital governing boards that sought to improve their oversight of the quality of healthcare, as measured by performance in healthcare delivery processes and risk-adjusted mortality rates.

The focus on quality in hospitals stems from legal, regulatory, and accreditation standards that place legal responsibility for program quality on the board of directors (Jiang et al., 2009). The authors found that the effectiveness of board practices, such as the use of quality committees, correlated with better performance in healthcare delivery and lower patient mortality rates. While relationships between board effectiveness and program delivery were identified amid legal responsibilities to oversee program quality, the financial performance of hospitals was not investigated as part of the research (Jiang et al., 2009).

Based on a previous survey of 3,800 hospitals conducted by The Governance Institute in May 2006, data were reviewed based on the responses of 490 responding hospital presidents and chief executive officers (Jiang et al., 2009). The quality of healthcare was measured by performance in healthcare delivery processes and risk-adjusted mortality rates, and Jiang et al. found that several board practices were correlated with better performance in healthcare delivery and mortality rates. The board practices associated with improved performance included: having a board quality committee, developing strategic goals to improve quality, helping to establish quality as an objective, and addressing quality at full board meetings (Jiang et al.). Good practices also included monitoring performance relative to national quality benchmarks and linking executive performance evaluations to quality-related measures, and those organizations

with physicians on board quality committees achieved even higher measures of quality performance (Jiang et al.).

Although the secondary research of Jiang et al. (2009) focuses on a single industry, it is useful in exploring relationships between board practices and the delivery of programs by nonprofit organizations; however, the study does not incorporate financial measures of performance. In contrast, much of the research on nonprofit board effectiveness in the literature tends to focus on relationships of board activities and financial performance. The research is relevant as it aligns with aspects of the current research in exploring relationships between the effectiveness of SO chapter boards and the delivery of programs, although financial performance of SO chapter boards was also be explored.

Similarly, Bradach et al. (2008) cite the success of nonprofit family centers in employing a framework focused on clearly stating nonprofit missions, and evaluating organizations based on achievements relative to those missions. Based on case studies of more than 150 nonprofits with which the authors have worked, family centers that revisited and clarified mission statements discontinued activities that were not aligned with the specific outcomes outlined in their mission statement, and undertook new initiatives that would better focus the nonprofit organization to achieve their stated goals (Bradach et al.). While the research is not based on statistically based sampling techniques (Bradach et al.), it provides insight on the importance of measuring and improving the performance based on the missions of nonprofit organizations. The study by Bradach et al. is important for understanding relationships of effective board practices



(e.g., setting mission statements and monitoring results) and mission-oriented performance metrics.

Nonprofit organizations including SO are highly dependent on the support and assistance of volunteers to help deliver mission-based programs (Herman & Renz, 2008; *SO Strategic Plan*, 2010). Accordingly, Studer and von Schnurbein (2012) examine the literature of volunteers and volunteer management related to nonprofit organizations. The qualitative review was designed to survey organizational factors affecting volunteers, as well as the recruitment, training, management, and retention of volunteers supporting nonprofit organizations (Studer & von Schnurbein, 2012). The authors systematically reviewed and selectively coded the abstracts of 386 publications that were relevant to volunteer coordination to identify key organizational constructs and additional areas of research.

Three propositions were identified in the literature, which reflect that volunteer engagement was influenced by (a) nonprofit instruments and techniques of volunteer management, (b) organizational attitude toward volunteers, and (c) the structural features that define the scope and approach of volunteer coordination (Studer & von Schnurbein, 2012). While the authors did not conduct empirical testing, they noted that studies generally focused on the volunteers themselves – few examined organizational methods and constructs, or the organizations themselves, and only a limited number included quantitative methods (Studer & von Schnurbein, 2012). The authors called for more empirical research involving quantitative methods as well as studies that may investigate tradeoffs among the various nonprofits' organizational needs or the needs of the volunteers (Studer & von Schnurbein, 2012). Although the current research was not

designed to investigate the interests and needs of volunteers, the design does help build knowledge regarding the application of theory and the linkages between board practices and the desired growth of SO volunteers (*SO Strategic Plan*, 2010).

***Board characteristics and the delivery of programs.*** Similar research has been performed linking board characteristics and the effectiveness of board practices to the delivery of programs and services in community mediation centers (Gazley et al., 2010). Researchers have hypothesized that board diversity and the representativeness of stakeholders can impact the organizational performance of community mediation centers (Gazley et al., 2010). The composition of nonprofit boards of directors can often reflect those who can secure financial support for the organization, which can lead boards to focus on financial performance rather than the delivery of mission-based programs (Keller, 2010). Nonprofit boards can benefit by having a balanced composition that reflects the organizations (Keller, 2010). In line with this concept, Gazley et al. (2010) conducted surveys to investigate the demographic characteristics of boards of directors (e.g., gender, racial/ethnic, stakeholder diversity).

In their study of community mediation centers, Gazley et al. (2010) drew a sample from a population of 392 community mediation centers from across the United States that were current or eligible members of the National Association for Community Mediation and received 174 (44%) responses. The researchers obtained quantitative measures of organizational performance relative to social cases opened, cases settled, budget size, and other factors relative to the delivery of mission-based services of community mediation centers (Gazley et al.). In their primary research, the authors found that board diversity and representativeness led to more cases being opened and settled,

and relatively larger budgets and scopes of service provided by the community mediation centers (Gazley et al., 2010). While there was a positive association between the diversity of stakeholder representation on boards and some of the organizational accomplishments, Gazley et al. concluded that there was no clear association between racial/ethnic or gender diversity.

The study provides insight on how board diversity and representativeness of stakeholders can impact the delivery of mission-based programs and services of community mediation centers (Gazley et al., 2010). Measures of gender or racial/ethnic diversity were more easily quantified, yet precise measures of stakeholder representativeness were less quantitative, and more subjective of board members (Gazley et al., 2010). While the research of Gazley et al. may have limitations focusing primarily on a single service industry, the study identifies relationships between board characteristics and the delivery of programs to assess organizational performance. The current study expanded research of board practices by correlating factors of board effectiveness to both financial performance and program delivery nonprofit SO chapter boards simultaneously.

Similar to the study by Jiang et al. (2009), Gazley et al. (2010) did not explore how board effectiveness could impact the financial performance of community mediation centers. Nonprofit boards of directors are facing increased difficulty in discharging their responsibilities and there is an emerging need for nonprofit organizations to improve both financial performance and program delivery capability. Accordingly, there is a need for more empirical research to investigate quantitatively how board effectiveness is explained by the resource dependency and agency theories, (Bradshaw, 2009; Herman &

Renz, 2008; Vaughan, 2010; Williams, 2010). This is particularly relevant at organizations, including SO, that pursue objectives to simultaneously improve financial performance and program delivery (*SO Strategic Plan*, 2010).

**Need for additional research on board effectiveness.** There are multiple theories in the literature that relate nonprofit board practices and effectiveness to both financial performance and program delivery (Brown & Guo, 2010; Callen et al., 2010; Miller-Millesen, 2003). Despite the extent of theory-based literature, there has been little empirical research to analyze quantitatively how nonprofit board practices may simultaneously relate to both financial performance and program delivery relative to the resource dependency and agency theories. There is a need for more empirical research to investigate quantitatively how board effectiveness is explained by the resource dependency and agency theories, including the use of broader measures of nonprofit organizational performance (Bradshaw, 2009; Baruch & Ramalho, 2006; Herman & Renz, 2008; Lecy et al., 2012; Mwenja & Lewis, 2009; Studer & von Schnurbein, 2012; Vaughan, 2010; Williams, 2010). Consequently, there are benefits of conducting the quantitative research to analyze the concurrent relationships between effective board practices and organizational performance using both financial and non-financial measures. The current research helped to address this gap.

Furthermore, the understanding of how board effectiveness leads to the desired outcomes of nonprofit organizations remains elusive (Herman & Renz, 2008; Lecy et al., 2012). Identifying those board practices that lead to board effectiveness and ultimately the achievement of nonprofit missions may vary over time as the environment and expectations of stakeholders evolve (Herman & Renz, 2008; Miller-Millesen, 2003). A

more complete understanding involves a multi-dimensional measure of organizational performance and deeper insight to processes that influence board effectiveness (Herman & Renz, 2008; Lecy et al., 2012; McDonagh, 2006; Miller-Millesen, 2003), including board trade-offs among measures of performance (Studer & von Schnurbein, 2012). The current research was designed to explore how SO chapter board members balance and prioritize objectives to simultaneously improve financial and non-financial measures.

*Theoretical drivers for more research.* Research related to the effectiveness of nonprofit boards has been extensive, yet there are opportunities to expand knowledge further with respect to both the resource dependency and agency theories. In their research, Herman and Renz (2008) explored the effectiveness of nonprofit organizations and presented nine theses and conclusions. The authors asserted that nonprofit effectiveness is (a) comparative in nature – relative to performance of other organizations and (b) multidimensional – including financial and non-financial data (Herman & Renz, 2008; Lecy et al., 2012). Organizational effectiveness is also related to (c) board effectiveness – but how is not fully clear, and (d) good management practices, yet is (e) a social construction that is defined by each stakeholder (Herman & Renz, 2008). Also, Herman and Renz (2008) assert that (f) there unlikely to be best practices that can be prescribed for all nonprofits, which Lecy et al. (2012) affirm in their research, (g) perceived organizational responsiveness is a relevant measure of effectiveness, and (h) distinguishing among organizational types is useful, given the wide variety of nonprofits that exist. Lastly, (i) it is important to differentiate organizational effectiveness – the organization as an entity that most studies assess, from program effectiveness – the underlying mission (Herman & Renz, 2008; Lecy et al., 2012).

Nonprofit boards are responsible for ensuring the adequacy of resources provided to organizations and monitoring management to advance their respective missions (Brown & Guo, 2010; Laughlin & Andringa, 2007) in line with the resource dependency and agency theories. Therefore, there are benefits to expanding research to simultaneously measure nonprofit financial and non-financial performance (Brown & Guo, 2010; Callen et al., 2010). The nine theses (Herman & Renz, 2008) provide relevant foundations for researching relationships between effective practices for nonprofit boards of directors, and measurements for both financial performance (e.g., the resource dependency theory) and delivery of nonprofit programs (e.g., the agency theory). The current research addressed the application of theory while addressing gaps that reflect the need to broaden the use of measurements for nonprofit organizational performance (Bradshaw, 2009; Herman & Renz, 2008; Lecy et al., 2012; Mwenja & Lewis, 2009; Studer & von Schnurbein, 2012). The current study is also designed to address continuing needs to investigate those board processes that contribute to nonprofit board effectiveness (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003), while exploring how board members make trade-offs to prioritize and balance the pursuit to improve various measures of organizational performance (McDonagh, 2006; Studer & von Schnurbein, 2012). The current research was designed to explore how SO chapter board members balance and prioritize objectives to simultaneously improve financial and non-financial measures relative to the resource dependency and agency theories – while also addressing the research problem, questions, and hypotheses.

***Empirical drivers for more research.*** There are several possible reasons why empirical research has not investigated quantitatively how effective board practices may

relate to both the financial performance and program delivery of nonprofit organizations. First, research of nonprofit boards in the literature are often based on subjective data or limited to theoretical assessments, as nonprofit board or program effectiveness can be considered a social construction that varies based upon the constituent's point of view (Bradshaw, 2009; Brown, 2007; Herman & Renz, 2008; Jackson & Holland, 1998; Nielsen & Huse, 2010). Criteria for board or program effectiveness may be defined very differently by board members, management, donors, volunteers, and beneficiaries (Herman & Renz, 2008).

Second, many studies of nonprofit board effectiveness rely heavily on the evaluation of organizational financial performance, given the lack of a common measure of program-related performance across the numerous types of nonprofit organizations (Brown, 2005, 2007; Callen et al., 2010; Herman & Renz, 2008; Jackson & Holland, 1998; Lecy et al., 2012; Mwenja & Lewis, 2009). Third, in other research of nonprofit board effectiveness, assessments that are based on nonprofits' delivery of mission-based programs often reflect the organizational objectives to attain public funding or accreditation within segments of the nonprofit sector, such as hospitals or community centers (Gazley et al., 2010; Jiang et al., 2009; Lecy et al., 2012). In such cases, the research may concentrate more on measures for program delivery, rather than a combination of financial and non-financial performance measures (Gazley et al., 2010; Jiang et al., 2009). This may be attributable, in part, to the assertion that government agencies that provide funding to these nonprofit organizations often see the achievement of stated goals as more important than financial performance (Vaughan, 2010).

The approach for the current study addressed the continuing need for research to expand knowledge of theory and more fully understand relationships between the effectiveness of nonprofit boards of directors and multiple measures of organizational performance (Bradshaw, 2009; Baruch & Ramalho, 2006; Herman & Renz, 2008; Lecy et al., 2012; Mwenja & Lewis, 2009; Vaughan, 2010; Williams, 2010) using both financial and non-financial measures. The approach of the study also addressed calls for additional research regarding volunteer activities (Studer & von Schnurbein, 2012). Influences that organizational practices may have on volunteer management, and specifically how practices of SO chapter board members may influence the growth and retention of volunteers as well as other measures of organizational performance, can develop knowledge for both theory and practice.

The approach for the current research was designed to provide new insights regarding nonprofit boards of directors relative to both the resource dependency theory using measures of financial performance, as well as the agency theory using measures of program delivery in SO chapters. The effectiveness of independently run nonprofit boards of SO chapters was assessed relative to other nonprofit organizations that share a common mission (e.g., other SO chapters). The approach could help identify board practices that were perceived to improve the effectiveness of nonprofit boards in achieving desired improvements in measures of financial performance and program delivery (*SO Strategic Plan*, 2010). The approach helped eliminate variability in research results that could result from a study of nonprofit boards of organizations with varying missions, objectives, and expected outcomes. The relationships between effective board



practices and measures for both financial performance and the delivery of mission-based programs were examined.

*Practice-related drivers for more research.* The need for the research is accentuated as nonprofit organizations encounter shrinking revenues and increasing demands for services, and boards of directors face greater difficulties in discharging their duties (Eschenfelder, 2010; Vaughn, 2010). In the nonprofit sector, there is also a need to demonstrate organizational effectiveness in order to attract financial resources and advance its mission (Keller, 2010; Vaughan, 2010). During economic downturns, expectations of nonprofits are heightened further as donors increase their focus on identifying successful organizations that are worthy of financial support (Ridder et al., 2012; Vaughan, 2010). Moreover, the need for understanding is underscored by the concept that stakeholders of nonprofit organizations have multidimensional views, which include wide variety of performance success factors, including both financial and non-financial information (Herman & Renz, 2008; Lecy et al., 2012).

As it relates to SO specifically, there is a need for SO chapter boards to improve board effectiveness and both financial performance and program delivery capabilities, as SO is encountering decreased funding levels and fewer volunteer coaches to support the delivery of programs (*SO Strategic Plan*, 2010). SOI has established goals to accelerate fundraising and increase athlete rolls and coaches to improve organizational performance (*SO Strategic Plan*, 2010). There is need for, and a lack of, formal research on the effectiveness of SO chapter board activities and how board practices relate to the financial performance and program effectiveness within each chapter. The lack of SO-specific research and the benefits of conducting research were confirmed by R. Markey,

SO's Director of Organizational Development (R. Markey, personal communication, March 17, 2011). Expanding the study with qualitative analyses focused on how board members balance simultaneous to improve financial and program measures, the research results that may help SO chapters to improve board effectiveness, strengthen financial performance, and enhance the delivery of program (*SO Strategic Plan*, 2010).

Unaddressed trends of reduced funding and fewer volunteer coaches could jeopardize the viability and sustainability of SOI, its mission, and its ability to serve SO athletes.

### **Summary**

Nonprofit boards are responsible for ensuring the adequacy of resources and monitoring program effectiveness (Brown & Guo, 2010; Callen et al., 2010). The resource dependency and agency theories affirm these responsibilities, yet research of nonprofit boards have often been based on subjective data, limited to theoretical assessments, or limited to evaluating either financial or non-financial performance (Bradshaw, 2009; Baruch & Ramalho, 2006; Gazley et al., 2010; Herman & Renz, 2008; Jiang et al., 2009; Mwenja & Lewis, 2009; Vaughan, 2010; Williams, 2010). Furthermore, research that addresses financial measures alone may be attributed to difficulties in identifying common program measures across numerous types of nonprofits (Brown, 2007; Herman & Renz, 2008; Jackson & Holland, 1998). Research of board effectiveness relative to program measurements often reflect needs for public funding or accreditation (Gazley et al., 2010; Jiang et al., 2009), as public agencies often see programs as more important than financial performance (Vaughan, 2010). Such research approaches limit understanding of nonprofit board effectiveness, as they do not simultaneously consider measures of both financial performance and program delivery –

both critical to nonprofit organizations (Bradshaw, 2009; Herman & Renz, 2008; Lecy et al., 2012; Studer & von Schnurbein, 2012; Vaughan, 2010).

There is a continuing need to expand knowledge and the application of theory by more fully understanding relationships between the effectiveness of nonprofit boards of directors and organizational performance – using measurements of both financial performance and non-financial measures such as the delivery of mission-based programs (Bradshaw, 2009; Baruch & Ramalho, 2006; Herman & Renz, 2008; Lecy et al., 2012; Mwenja & Lewis, 2009; Studer & von Schnurbein, 2012; Vaughan, 2010; Williams, 2010). Authors have cited a need for more quantitative studies to build upon previous theoretical research (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003) to more fully understand how board effectiveness relates to various measures of organizational performance (Bradshaw, 2009; Hodge & Piccolo, 2012; Lecy et al., 2012; Vaughan, 2010). Qualitative research is also needed to build an understanding of how board members balance simultaneous SO objectives to improve both financial and program delivery measures (Herman & Renz, 2008; Lecy et al., 2012; Miller-Millesen, 2003; Studer & von Schnurbein, 2012).

The need for research is heightened as nonprofit boards of directors face increased difficulty in discharging their responsibilities, as the nonprofit sector faces shrinking revenues and increasing demands for services during periods of economic contraction or slow growth (Eschenfelder, 2010; Ridder et al., 2012; Vaughn, 2010). Several theories in the literature provide a basis for the extensive research that has been done on nonprofit boards of directors (Callen et al., 2010; Herman & Renz, 2008; Jackson & Holland, 1998; Miller-Millesen, 2003). The resource dependency and agency theories are among the

most prevalent in the literature (Herman & Renz, 2008; Jackson & Holland, 1998; Miller-Millesen, 2003) and provide the most suitable basis for the current research.

The criticality of assessing theoretical relationships of effective board practices lies in balancing SO chapter objectives as nonprofit organizations. Each chapter's primary role is to deliver programs (*SO Strategic Plan, 2010*), but must also maintain finances to sustain the organization to provide programs in the future (Hartarska & Nadolnyak, 2012; Herman & Renz, 2008; Laughlin & Andringa, 2007). Yet SO chapter boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs in line with the resource dependency and agency theories (*SO Strategic Plan, 2010*). As such, it is imperative to understand how theories of effective board practices concurrently relate to SO chapter financial performance and program delivery, as well as how board members balance simultaneous objectives to improve both the financial and program delivery measures of SO chapters. Such efforts could help sustain SO and its ability to provide valued services to SO athletes.

This mixed method study builds upon and expands the existing theory by simultaneously investigating relationships between effective board practices and measures of nonprofit financial performance and program delivery. By understanding how effective nonprofit board practices concurrently relate to both financial performance and program delivery – and how board members balance objectives to improve both measures when SO has established simultaneous objectives to improve both – researchers and practitioners can expand knowledge and theory. The study helps add to both the resource dependency and agency theories by using the BSAQ (Jackson & Holland, 1998) and expanding on proven research techniques to complete quantitative research in a new

manner – to simultaneously investigate quantitative relationships between SO board effectiveness and both financial performance and program delivery measurements, while also conducting qualitative assessments of board priorities and practices. The additional qualitative research can enhance the depth of knowledge by understanding how board members make trade-offs to balance SO objectives to improve financial and program delivery measures simultaneously. SO chapter board members can benefit by improving board practices that maximize the effectiveness of chapter financial performance and program delivery. Furthermore, unaddressed trends of reduced funding and fewer coaches could jeopardize the sustainability of SO and its mission.

### Chapter 3: Research Method

Nonprofit boards of directors are responsible for ensuring the adequacy of resources and monitoring the delivery of mission-based programs, as affirmed by the resource dependency and agency theories (Bradshaw, 2009; Brown & Guo, 2010; Herman & Renz, 2008). However, boards of directors are not consistently fulfilling these responsibilities (Eschenfelder, 2010; Vaughan, 2010). The specific problem examined in the current study is that SO boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs (*SO Strategic Plan*, 2010) in line with the resource dependency and agency theories, which could impair SO's sustainability and its ability to provide valued services to athletes.

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. If boards do not reverse recent trends or are unable to provide adequate resources and monitor the delivery of programs (*SO Strategic Plan*, 2010), then the long-term sustainability of SO and its mission could be at risk. Consequently, it is important to understand how SO chapter board effectiveness relates to multiple measures of organizational performance simultaneously, and how board members balance the two objectives to both provide financial resources and monitor the delivery of programs in 52 SO chapters across the United States. The study was conducted relative to both the resource dependency and agency theories.

Chapter 3 includes a summary of the research method and design of the study, including the identification of the research participants. The instruments used in the study are described, as well as the operational definition of variables. Data collection, processing, and analysis procedures are outlined. Assumptions made in the methodology, limitations, and delimitations are also summarized. The chapter concludes with the ethical assurances taken in the research, including protections of participants in the study.

Based on the purpose of this mixed method study, several research questions and hypotheses were established. Collectively, they were designed to address the problem and purpose that underlie the current study. The first three questions were addressed by the quantitative component of the study and the remaining five questions were addressed via the qualitative component of the study.

**Q1.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the financial performance of the SO chapters measured by the FVI?

**Q2.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in athlete rolls?

**Q3.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in volunteer coaches?

**Q4.** How do board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?

**Q5.** What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?

**Q6.** What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?

**Q7.** What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?

**Q8.** What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?

The following hypotheses were developed to address the first three research questions – the quantitative component of the study.

**H1<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

**H1<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

**H2<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.



**H2<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.

**H3<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

**H3<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

### **Research Method and Design**

Research can be conducted using the methodologies of quantitative, qualitative, or mixed methods (Black, 1999; Shank, 2006; Tashakkori & Teddlie, 2010). Quantitative research is concerned with the collection and statistical analysis of numerical data used to describe current conditions, relations, or cause-effect phenomena (Gay, Mills & Airasian, 2009). The quantitative research procedure involves a defined population of participants; data collection is usually in the form of tests or questionnaires with little interaction between researcher and participants; the process defines limits and can be completed in a relatively short time frame; and validity and reliability measures are used to ensure data trustworthiness (Black, 1999; Creswell et al., 2009; Tashakkori & Teddlie, 2010). Thomas and Brubaker (2000) indicated quantitative research methods were “merely extensions of qualitative, representing an effort to determine with some precision (1) the amount or frequency of existing characteristics (incidence) or (2) the degree of relationship among characteristics (correlation)” (p. 141). A quantitative research method

is often used when the researcher is focused on obtaining data that can be coded (Black, 1999; Onwuegbuzie & Leech, 2005; Tashakkori & Teddlie, 2010) and is useful when determining relationships between variables (Black, 1999).

Qualitative research methods are used to explore “(1) how people interpret their experiences (2) how they construct their worlds, and (3) what meaning they attribute to their experiences” (Merriam, 2009, p. 23). Bogden and Biklen (1992) indicated qualitative research utilized natural settings as the data source with the researcher as the key data collection instrument; the study primarily described and only analyzed as a secondary focus; utilized inductive methods, and focused on what things meant, why events occurred as well as what happened. Qualitative research provides depth and breadth to the participants’ perceptions of experiences relayed in the quantitative responses of the survey instrument.

After careful review of quantitative and qualitative methodologies, it was determined a mixed methodology approach utilizing a combination of quantitative and qualitative research methodologies should be conducted to obtain the data needed to address all the research questions of this study. A mixed methodology utilizes both quantitative and qualitative methods “to collect more varied data and strengthen the validity of the final conclusions” (Butin, 2010, p. 76). This study utilized quantitative numerical assessment and statistical procedures to test hypotheses and to evaluate relationships to determine how effective board practices relate to measures of financial performance and program delivery in SO chapters. In addition, the qualitative research method provided more in-depth insight into how board members balance objectives to

improve both financial performance and program delivery in SO chapters across the United States through open response questions.

For the current study, a mixed method design was the most appropriate because the research objectives include aspects that are both quantitative and qualitative in nature. Quantitative, correlational research is suitable for the current study because it is designed to identify relationships between variables and investigate the degree to which the variables are related (Black, 1999; Gazley, 2010; Vogt, 2007; Yaremko, Harari, Harrison & Lynn, 1986). The quantitative, correlational component of the current study was designed to investigate relationships between SO chapter board effectiveness and multiple measures of financial and programmatic organizational performance. In addition, the qualitative component of the study involving multiple case studies was appropriate for exploring how board members balance and advance concurrent objectives to improve financial and program-related performance measures simultaneously (Black, 1999; Leedy & Ormrod, 2005; Tashakkori & Teddlie, 2010). The multiple case study included the use of semi-structured interviews and additional quantitative descriptive data from BSAQ surveys that pertained to SO chapter board effectiveness. Using a mixed method approach, the researcher addressed the quantitative and qualitative research questions, and enabled testing of the related hypotheses (Black, 1999; Tashakkori & Teddlie, 2010). The use of multiple data sources in research, including both qualitative and quantitative elements, can strengthen the rigor of the approach and the conclusions drawn (Tashakkori & Teddlie, 2010).

**Quantitative aspect of study.** For the quantitative component of the research, the design was a non-experimental, correlational study that investigated relationships

between effective board practices and multiple measures of financial performance and program delivery in SO chapters. Board chairpersons of each SO chapter in the United States were asked to complete the BSAQ (Jackson & Holland, 1998). If the board chairperson was unable or unwilling to complete the survey, a member of the board with at least one year of board service was alternatively permitted to complete the survey (Brown, 2007).

The BSAQ (Jackson & Holland, 1998) surveys were scored to measure the overall effectiveness of each SO chapter board. The overall BSAQ (Jackson & Holland, 1998) score was considered the independent variable; it was correlated to three dependent variables to test several hypotheses. The FVI (Tuckman & Chang, 1991), which represents a composite indicator of SO chapters' financial condition and performance, was calculated for each SO chapter from publicly available IRS filings. Additional dependent variables were the program delivery measures for each chapter that aligned with the mission and strategy of SOI: to increase the number of SO athletes and certified coaches (Grossmeier et al., 2010; *SO Strategic Plan*, 2010). The annual percentage increase of SO athletes and certified coaches were appropriate for the SO-specific research because the variables aligned with SO goals and a common or universal measure of programs does not exist for nonprofit organizations (Callen et al., 2010; Grossmeier et al., 2010; Mwenja & Lewis, 2009).

Correlational designs enable researchers to collect and analyze data from a sample during a designated timeframe, often conducted over a period of several weeks (Vogt, 2007; Tashakkori & Teddlie, 2010; Yaremko, Harari, Harrison, & Lyn, 1986). Correlational research was appropriate for this study as it was designed to identify

associations between variables and investigate the extent to which the variables were related (Black, 1999; Gazley, 2010; Vogt, 2007). The quantitative research method and correlational design were appropriate and specifically tailored to address the research questions and enable testing of the hypotheses. In current study, the independent variable was defined by the BSAQ score of SO board effectiveness, and the dependent variables include three measures of SO chapter organizational performance: (a) financial performance, measured by the FVI; (b) program delivery, measured by the percentage change in athlete rolls; and (c) program delivery, measured by the percentage change in volunteer coaches. While correlations do not prove causation, Jackson and Holland (1998) and Mwenja and Lewis (2009) assert that improvements in board effectiveness appear to be related to improvements in the nonprofit organizations that they oversee and govern. A non-experimental research approach involves variables that are studied as they exist which are not manipulated by the researcher (Belli, 2008), and was appropriate for this study because the researcher is seeking to understand what is happening or has happened without changing the parameters. The small population size of 52 SO chapters, and thus a small sample size, limits the use of more sophisticated statistical tests and analyses (Yin, 2009).

**Qualitative aspect of study.** For the qualitative component of the research, a multiple case study and embedded design was used. The qualitative research included the use of semi-structured interviews and additional quantitative descriptive data regarding SO chapter boards; the use of multiple data sources involving both qualitative and quantitative data in research can help strengthen the logic of conclusions drawn in research (Tashakkori & Teddlie, 2010). Specifically, a sub-population of BSAQ

respondents were invited to participate in semi-structured interviews to gain insight to how they may balance and prioritize SO's concurrent objectives to improve chapter finances and program delivery measures (Herman & Renz, 2008; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). Because SOI management classifies SO chapters into five sets of peer groupings across the United States, subjectively based on athlete rolls, finances, and geography, two BSAQ respondents were selected from each of the peer groupings. This sub-population of interview participants represents a nested subset of the larger group of all BSAQ respondents who participated in the quantitative component of the study (Johnson & Christensen, 2008). Additional research on the sub-population of BSAQ participants can provide rich data and additional insight in investigating the research objectives and questions (Johnson & Christensen, 2008).

To assist with the qualitative component of the study, the BSAQ (Jackson & Holland, 1998) was used to provide additional data. Specifically, the BSAQ was designed to assess board practices within six distinct dimensions of board competency, in addition to the overall BSAQ score used for the quantitative component of the study. The six dimensions include: contextual, educational, interpersonal, analytical, political, and strategic dimensions (Jackson & Holland, 1998). The BSAQ (Jackson & Holland) surveys were scored and the six dimensions of board competency were calculated to provide descriptive data regarding the effectiveness of each SO chapter board. The data were shared with individuals who participated in the semi-structured interviews for their respective chapter. The approach provided insight to how board members balance multiple objectives to improve organizational performance of SO chapters relative to the six dimensions of board competency. The use of descriptive quantitative data in case

studies, in addition to the qualitative data derived from the semi-structured interviews, can enhance analyses to better understand how board members may prioritize their activities based on perceived needs of the nonprofit organization (Miller-Millesen, 2003; Shank, 2006; Tashakkori & Teddlie, 2010).

The multiple case study approach was used because case studies can be used to describe, explore, or explain a case (Yin, 2009). The case study allows the researcher to evaluate in-depth “how” and “why” questions – the intent of the current research – through an assessment of a case or cases for a defined period of time (Black, 1999; Leedy & Ormrod, 2005; Tashakkori & Teddlie, 2010). Case studies are typically used when the goal of the research is to explore and understand the unique attributes of a case or program being studied (Black, 1999). Case studies are less defined and more open-ended in approach; therefore a semi-structured interview was used in the data collection of qualitative data (Black, 1999; Yin, 2009). Furthermore, the use of a case study is appropriate when the goal is to investigate outcomes and describe the connections between actions and outcomes, such as “examining differences among cases to help the reader better understand how outcomes are achieved” (Black, 1999; Leedy & Ormrod, p. 308). The researcher used both quantitative and qualitative methods to examine the data (Tashakkori & Teddlie, 2010). The inclusion of many situations from respondents on their experiences of how board members may balance SO’s concurrent objectives to improve finances and expand the delivery of programs, based on the resource dependency and agency theories, necessitated the use of a multiple case study approach.

The use of descriptive data – the scores for the six dimensions of board competency – to support the qualitative analysis of how levels of SO board effectiveness

may concurrently relate to multiple measures of organizational performance supported the use of a mixed methodology approach, because it allows the researcher a chance to increase the precision of the research results (Creswell, 2009; Yin, 2009). The mix of qualitative and quantitative data provided alternative viewpoints as a result of cross-comparison of the findings of the two data sets and generalizations can be formed during data analysis as a result of the comparison. According to Collins and O’Cathain (2009), the rationale for merging multiple methodologies is to permit the results of qualitative data to inform the development of quantitative data. The quantitative data answered the “what” questions pertaining to the relationship between variable while the qualitative methods addressed the “how and why” questions to collect more varied data and strengthen the validity of the final conclusions. The quantitative analysis provided the ability to quantify the results of the data gathered (e.g., BSAQ surveys, FVI, athlete and coach data) and described relationships between variables to establish correlations, but were of limited utility in defining causation or accounting for diverse human interactions in complex social settings (Cronbach, 1975). On the other hand, qualitative analysis is much more useful than quantitative methods in attempting to understand the attitudes, behaviours, motivations and concerns of a targeted research group (Babbie & Benaquisto, 2009).

Overall, the research method and design addressed the specific problem of the study and research questions to provide insight to the difficulties that SO chapter boards are facing in discharging their responsibilities (*SO Strategic Plan*, 2010). Relationships between SO chapter board effectiveness and multiple aspects of organizational performance can be quantitatively identified as SO revenues, non-cash donations, and



coaches-per-athlete have declined, while athlete rolls have expanded (*SO Strategic Plan*, 2010). Within SO chapters, the qualitative research involving semi-structured interviews was designed to provide insight regarding how board members balance and prioritize SO's concurrent objectives to improve both financial and program delivery measures in each chapter (Herman & Renz, 2008; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). Descriptive data regarding the effectiveness of each SO chapter board, relative to the six dimensions of board competency, provided additional data for more in-depth analyses and insight regarding the effectiveness of specific board practices relate to those efforts (Jackson & Holland, 1998; Johnson & Christensen, 2008; Herman & Renz, 2008; Miller-Millesen, 2003; *SO Strategic Plan*, 2010)

Furthermore, the research method and design addressed gaps in the literature regarding the application of the resource dependency and agency theories (Herman & Renz, 2008; Miller-Millesen, 2003). The current study was designed to incorporate multiple measures of organizational performance – both financial and non-financial variables – simultaneously. Prior research of nonprofit boards has often been subjective (Jackson & Holland, 1998), or limited by evaluating either financial performance (Brown, 2007; Callen et al., 2010; Herman & Renz, 2008) or program delivery (Jiang et al., 2009). These approaches limit understanding of nonprofit board effectiveness, as they do not simultaneously consider measures of both financial performance and program delivery – both critical to nonprofit organizations (Bradshaw, 2009; Herman & Renz, 2008).

The current research method and design addressed calls for more studies that consider measures of both financial performance and program delivery in investigating

board effectiveness (Bradshaw, 2009; Herman & Renz, 2008; Miller-Millesen, 2003; Vaughan, 2010). Continuing research can build knowledge regarding the application of the resource dependency and agency theories (Herman & Renz, 2008; Miller-Millesen, 2003). The approach was also designed to enrich our knowledge for nonprofit organizations such as SO, whose board members must balance efforts to improve both financial and programmatic measures of nonprofit organizational performance simultaneously (Miller-Millesen, 2003; *SO Strategic Plan*, 2010).

### **Population**

The population of the study was composed of 52 SO chapter boards of directors, based in states or geographic regions across the United States. Given the relatively small size of the population of SO chapters, all SO chapters were invited to participate in the survey and research. In the literature, there are studies involving surveys of board effectiveness that are sent to either chief executive officers (Gazley et al., 2010; Jiang et al., 2009; Nielsen & Huse, 2010), board members (Jackson & Holland, 1998), or both groups (Brown, 2005, 2007). With regard to the current study of SO chapter board effectiveness, the board chairpersons were invited to participate in completing the BSAQ (Jackson & Holland, 1998). The chairperson has the overall accountability for presiding over board meetings, developing meeting agendas (in conjunction with the chief executive officer), appointing committee membership, and generally overseeing the operation of the board of directors (*BoardSource*, 2007; *SO Official General Rules*, 2010). If the chairperson of the board was unable or unwilling to complete the survey, a member of board of directors was alternatively permitted to complete the survey (Brown, 2007). In such cases, the participating member of the board was required to have

experience of at least one year of service on the SO chapter board, to ensure that responses may reflect ongoing workings of the board (e.g., annual budget cycles, financial statement audits, year-end reporting). This approach helped to ensure that respondents were able to complete the BSAQ based on relevant experience on the SO chapter board (Brown, 2007).

The chief executive officer also participates in SO board meetings and could provide insight and informed responses regarding the operation of the SO chapter board of directors (*SO Official General Rules*, 2010). However, the chief executive officer has primary day-to-day responsibilities for overall management of the SO chapter, fundraising and financial management, and delivery of SO programs to athletes in the chapter (Bradshaw, 2009; *SO Official General Rules*, 2010). As such, the chief executive officer may not represent an objective source to respond to the BSAQ survey (Brown, 2007). Overall, the approach to request board chairpersons to complete the BSAQ can help minimize any response bias that may occur as a result of receiving responses from those serving as a paid staff member – the chief executive officers (Brown, 2007).

The targeted participants of the BSAQ survey were asked to voluntarily complete the survey. The approach of distributing surveys to nonprofit board chairpersons via their respective chief executive officers was acceptable as it was used successfully in previous research (Brown, 2005, 2007). While alternative approaches to provide BSAQ surveys directly to chapter board chairpersons were explored, the approach was not acceptable to SO in light of objectives to protect the privacy of board chairpersons and adhere to SO's long-standing customary practices of communicating with board chairpersons via their respective chief executive officers (R. Markey, Director of Organizational Development

for SO North America, personal communication, March 17, 2011). This approach was also in line with other research in the literature (Brown, 2005, 2007; Jackson & Holland, 1998).

### **Sample**

For the quantitative, correlational component of the research, the BSAQ (Jackson & Holland, 1998) was used to assess board effectiveness for the population of 52 SO chapters across the United States. A power analysis was performed using G\*Power software (Faul, Erdfelder, Buchner, & Lang, 2009) to confirm the minimum required sample size, which can reduce the likelihood of rejecting a false null hypothesis due to the sample size being too small. By collecting at least the minimum required sample size computed from the power analysis, the probability of rejecting a false null hypothesis was greatly reduced (Keuhl, 2000; Vogt, 2007). Several factors were considered when calculating a sample size: the statistical analysis power, the statistical analysis effect size, and the level of significance (Faul et al., 2009). The possibility of a rejection of a false null hypothesis in the statistical results is dictated by the power of the statistical analysis (Keuhl, 2000; Vogt, 2007).

For the first factor, the statistical analysis power of at least .80 was used for this study. Second, the measurement of the extent of the relationship with the independent and dependent variables is the effect size, of which this study considered a medium-high scale effect size of .40 noted in similar studies that have been conducted (Jackson & Holland, 1998; McDonagh, 2006). The third factor is the level of significance, of which this study aimed for a 95% confidence level, with a confidence interval of  $\pm 5\%$ , therefore providing a level of significance of .05. Additionally, the number of independent

variables per statistical analysis should be considered in a power analysis: 1 for this study (Keuhl, 2000).

Considering the parameters above, the minimum required sample size as computed using G\*Power was 47 for conducting bivariate correlations, which achieved a power of .833. For this study, the BSAQ surveys were sent to the board chairpersons at each of the 52 SO chapters. While the individuals targeted to receive the survey could have resulted in a potential risk of oversampling slightly above the required minimum sample size of 47, the effort of compiling 52 survey responses would not have been excessive, particularly because the BSAQs were completed online. The Director of Organizational Development for SO North America indicated that a high response rate – 47 of 52 chapters, or 90% – was reasonable, as SO chapters were accustomed to answering surveys that typically resulted in very high response rates (R. Markey, personal communication, March 17, 2011). Furthermore, the Organizational Development function of SO North America endorsed the completion of the research project, and had agreed to encourage participation to help achieve the required response rate (R. Markey, personal communication, March 17, 2011). In response the distribution of the 52 BSAQ online surveys for the current study, 47 responses were received – the minimum required sample size as computed from the power analysis.

For the qualitative component of the study, a multiple case study was performed using an embedded design that involved a sub-population of individuals who responded to the BSAQ (Jackson & Holland, 1998; Yin, 2009). Semi-structured interviews were performed to gain insight regarding how board members balance and prioritize SO's concurrent objectives to achieve improvements in SO chapter finances and program

delivery measures (Herman & Renz, 2008; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). SOI management classifies SO chapters across the United States into five sets of peer groupings, subjectively based on athlete rolls, finances, and geography. Two interview participants were selected from each of the five peer groupings by requesting phone-based interviews. The individuals were selected from among the five peer groupings based on (a) first, those who submitted BSAQ responses and (b) second, those who agreed to participate in the interviews. The interview participants represented a nested subset of the larger group of all BSAQ respondents who participated in the quantitative component of the study (Johnson & Christensen, 2008). The target group for the qualitative component was 10 respondents in total. According to Polkinghorne (2005), small purposive selections between five and 25 are usually selected from the target populations to take part in interviews of qualitative case studies. The selection of 10 participants was acceptable for case study approaches and it was also enough for the responses not to be saturated and still distinct across the SO peer groupings and participants.

Because board composition and performance can be influenced by organizational characteristics (De Andrés-Alonso et al., 2010) and other external factors and contingencies (Herman & Renz, 2008; Miller-Millesen, 2003), selecting interview participants from each peer group helped avoid bias in the test results. Individuals were asked to participate in the interviews in order of those who first submitted BSAQ responses and agreed to participate in the interviews. The sub-population of interview participants from diverse peer groupings represented a nested subset of the larger group

of BSAQ participants involved in the quantitative component of the research (Johnson & Christensen, 2008).

The research approach aligned with a replication design and can advance reliability (Shank, 2006) as well as validity of the study (Shank, 2006; Yin, 2009). First, the theoretical conditions and relevance of the resource dependency and agency theories applied consistently to all SO chapter boards as nonprofit organizations, which reinforced alignment with a replication design (Herman & Renz, 2008; Shank, 2006; Yin, 2009). Further, all SO chapter boards are subject to the same exact conditions associated with the macro economy and nonprofit tax code in the United States, as well as the common mission, purpose and rules governing SO (IRS, 2011; *SO Official General Rules*, 2010; *SO Strategic Plan*, 2010; Yin, 2009).

Second, it was important to gain insight from multiple parties in conducting semi-structured interviews (Shank, 2006; Patton, 2002). Selecting two case studies from each of the five peer groupings allowed the researcher to complement the theoretical replications that applied to all nonprofits with “literal replications within each subgroup” (Yin 2009, p. 59). Furthermore, the value of selecting two participants from each of SO’s five peer groupings was that it allowed the researcher to compare common research results that could be replicated within peer groupings or noted across the peer groupings (Shank, 2006; Yin, 2009). The researcher could contrast research results across peer groupings – understanding the different experimental conditions that differentiate peer groupings – to gain additional insight to address the research problem and questions (Shank, 2006; Yin, 2009).

## Materials/Instruments

**Board Self-Assessment Questionnaire.** For the quantitative component of the study, the BSAQ (Appendix A) developed by Jackson and Holland (1998) was used to evaluate boards and to calculate BSAQ measures regarding the effectiveness of each SO chapter board (Appendix B). (The researcher requested and received written approval from the publisher to use the tool; Appendix C & D.) The overall BSAQ score was the independent variable for each SO chapter, which were then correlated to dependent variables pertaining to the financial condition and delivery of programs in each respective SO chapter. The six dimensions of board competency were also scored and compiled, and used as descriptive data to assist in conducting qualitative analyses and help address the research questions.

The authors developed the BSAQ with 65 statements designed to assess board practices relative to the six distinct dimensions of board competency (Jackson & Holland, 1998). Respondents were asked to respond to each survey question using Likert-type scale responses, with a range of *strongly agree*, *agree*, *disagree*, and *strongly disagree* (Jackson & Holland). The Likert-type design of the BSAQ allowed the researcher to assign weights to different responses in order to facilitate analysis. Using the BSAQ, overall board effectiveness of each SO chapter could then be assessed.

To develop, test, and refine the BSAQ, extensive data were collected from 623 board members (60% of the 1,036 questionnaires sent) belonging to 34 nonprofit organizations to conduct primary research (Jackson & Holland, 1998). While the population of all potential nonprofit organizations was not disclosed, the 34 organizations represented small private colleges and seminaries (Jackson & Holland, 1998). This was to



provide a common, consistent group of participants that can provide meaningful comparisons; the authors asserted that the group shared common financial reporting practices, patterns, and measures of board performance (Jackson & Holland, 1998).

Using several statistical tests during and at the conclusion of the BSAQ's development, Jackson and Holland (1998) verified the reliability, validity, and sensitivity of the BSAQ. To analyze the reliability of the BSAQ, Jackson and Holland used Cronbach's alpha, citing it as a commonly used statistical procedure for assessing the consistency and repeatability of responses provided to items on a given scale. The authors used Cronbach's alpha among the individual board competencies, for the BSAQ in total and in an iterative manner to refine questions within the BSAQ as it was being developed (Jackson & Holland). Initial alpha statistics ranged from .53 to .79 for the six board competencies, with an overall statistic of .70, which led the authors to further refine the BSAQ. When the BSAQ was finalized, the alpha statistics among the six board competencies had increased to a range of .69 to .87, with an overall alpha statistic of .77 for the entire BSAQ (Jackson & Holland). These were deemed to be good results for the individual competencies and BSAQ overall (Jackson & Holland).

To further confirm reliability and validity, Jackson and Holland (1998) assessed the consistency among raters and the equivalence of scores under common conditions. Scores among board members may vary somewhat as they have individual experiences or tenure on boards. In testing the BSAQ, the average scores of responses received from various members of the same board agreed 79.6 % of the time within Jackson and Holland's (1998) sample. Among the six competencies measured, the average scores among raters were in agreement between 70.5% and 87.4% of the time, which were also

deemed to be good results reflecting consistency and reliability of the BSAQ (Jackson & Holland).

Jackson and Holland (1998) also used factor analyses to assess whether the six dimensions were in fact unique and valid, or whether they could be described using a smaller number of categories. The Kaiser-Mayer-Olkin (KMO) statistical procedure was used to confirm the appropriateness of factor analysis with the data collected. Among the six competencies measured, the KMO statistics ranged from .80 to .92, which confirmed the appropriateness of using factor analysis (Jackson & Holland). This led Jackson and Holland to conduct scree tests; the resulting scree plots confirmed that each of the six dimensional scales measured a unique, distinct construct. The analyses for each of the six dimensions of board competency resulted in factor loadings of BSAQ items that were all greater than the minimum of .3, and theta reliability coefficients ranging from .75 to .86, which affirmed the reliability of the BSAQ (Jackson & Holland). Further assessments of validity were conducted with external input from consultants who independently assessed the effectiveness of boards that were selected in Jackson and Holland's study, and comparing the results to BSAQ results using Spearman's coefficient. As a result, the BSAQ was determined to be a sufficiently reliable and valid instrument to use in the current study.

To assist with the qualitative component of the study, the BSAQ (Jackson & Holland, 1998) was again used because it was also designed to assess board practices within six distinct dimensions of board competency. The six dimensions include: contextual, educational, interpersonal, analytical, political, and strategic dimensions (Jackson & Holland, 1998). The BSAQ (Jackson & Holland, 1998) surveys were scored

and the six dimensions of board competency were calculated to provide descriptive data for each SO chapter board. Because the quantitative variables and qualitative research were collected at approximately the same time, the results can be compared and contrasted for similarities and differences (Teddlie & Tashakkori, 2009). The approach allowed for the collection of a richer and stronger set of evidence to more fully assess how board members balance and prioritize concurrent SO objectives to influence and improve both financial performance and program delivery measures in SO chapters (Yin, 2009).

**Financial Vulnerability Index (FVI).** Given the diversity of nonprofit organizations and the realization that a single measure is neither comprehensive nor sufficient to assess financial performance, Tuckman and Chang (1991) developed the FVI (Appendix E) to provide a composite indicator of financial condition and economic health. Tuckman and Chang (1991) conduct foundational research to develop a model that assesses the financial vulnerability of nonprofit organizations, based on threats to funding sources and increased demands for services during times of economic stress. The FVI reflects the risk of cuts in programs and services in the event of a financial shock, such as the current economic slowdown.

Considered foundational work (Cordery & Baskerville, 2010; Hager, 2001; Hodge & Piccolo, 2012; Keating, Fischer, Gordon, & Greenlee, 2005), the FVI is composed of four vulnerability criteria: equity balances, revenue concentration, administrative costs, and operating margins, and is designed to consider the relative vulnerability of organizations within their segment of the nonprofit sector (e.g., religious, health care, education). Tuckman and Chang (1991) assert that equity balances (e.g.,

assets minus liabilities) can serve as collateral to borrow funds or can be converted to cash to replace revenues. Revenue concentration reflects the reduced risk that can result from diversifying revenue sources. High administrative costs can help nonprofits that have greater opportunity to cut back on internal expenses without negatively impacting programs. Operating margins (e.g., revenues minus expenditures) can provide surplus cash flows in the event of short-term revenue shortfalls. The model was developed based on a sample of 4,730 charitable nonprofit organizations that covered several sector segments.

Financial data to calculate the FVI were obtained from annual tax filings via IRS Form 990 (Tuckman & Chang, 1991) and demonstrated to be predictive in measuring financial strength or vulnerability: as FVI scores increase, organizations face greater risk that they may not sustain themselves (Tuckman & Chang). Approximately 41% of the nonprofit organizations tested by Tuckman and Chang were determined to be at-risk, with less than 1% of the organizations being deemed severely-at-risk. The FVI was relevant to the research as it reflected the financial performance, fundraising, and equity building of SO chapters, while also reflecting resiliency to financial shock in the event of an economic downturn.

Within the literature, there continues to be a lack of consensus regarding which specific measures may best reflect the financial performance of nonprofit organizations (Brown, 2005; Callen et al., 2010; Hodge & Piccolo, 2012; Kirk & Nolan 2010; McDonagh; 2006; Mwenja & Lewis, 2009), and most of the research considers only elements of the financial measures that comprise the FVI. The FVI model provides a more comprehensive measure of a nonprofit organization's financial condition,

performance, and vulnerability than a single measure of financial performance (Cordery & Baskerville, 2010; Hodge & Piccolo, 2012; Tuckman & Chang, 1991). As such, it was advantageous to use the FVI in the current study, because it represented a composite view of a nonprofit organization's financial condition, fundraising capabilities, and expense management.

For the current research, the overall FVI score for each SO chapter was calculated using annual tax filings on IRS Form 990 (IRS, 2010), which were considered dependent variables pertaining to the financial condition of each respective SO chapter. (The researcher requested and received written approval from the publisher to use the FVI; refer to Appendix F & G.) The IRS Form 990 filings were available from public web sites, SO chapters, and SO's national headquarters in Washington D.C. The calculated results were included in the bivariate correlational analyses with BSAQ scores to assess relationships between BSAQ scores and the financial performance of SO chapters.

**Annual Percentage Change in Athletes.** Due to the diverse missions among nonprofit organizations that have very different operations, goals, and objectives (Kirk & Nolan, 2010; Mwenja & Lewis, 2009), there is a lack of a universal measure that may best reflect the program delivery of nonprofit organizations. For SO, a chapter scorecard (Appendix H) was developed for SO management to monitor the delivery of chapter-based programs. The scorecard data were available and obtained from SO's national headquarters in Washington, D.C. The researcher measured program delivery using two variables that were based on the mission and strategy of SOI: increasing the number of SO athletes and certified coaches (*SO Strategic Plan*, 2010).

The two separate measurements of program delivery were considered dependent variables pertaining to the program delivery of each respective SO chapter. The first program variable was the full-year percentage change in athlete rolls for each SO chapter. The variable reflects an output indicator (i.e., athletes involved in sports training or competitions), which was considered valid and reliable measurement of nonprofit organizational performance (Grossmeier et al., 2010; LeRoux, 2010). As such, the data provided appropriate and valid measures to assess program delivery in SO chapters across the United States. The calculated results were included in the bivariate correlational analyses with BSAQ scores to assess relationships between BSAQ scores and annual athlete growth of SO chapters.

**Annual Percentage Change in Coaches.** Similar to the approach used for identifying and calculating the annual percentage change in athlete rolls, SO chapter scorecards (Appendix H) were used for calculating the annual percentage change in certified volunteer coaches in each SO chapter. The measurement reflects a component of the mission and strategy of SOI: increasing the number of certified coaches (*SO Strategic Plan, 2010*).

The variable reflects the workload of SO chapters, and having sufficient numbers of trained coaches can help enable the delivery of SO's mission-based programs (*SO Strategic Plan, 2010*). As such, full-year percentage change in certified volunteer coaches was considered a valid and reliable measure of performance (Grossmeier et al., 2010; LeRoux, 2010). The full-year percentage changes in certified volunteer coaches were used in the bivariate correlational analyses with BSAQ scores to assess relationships between BSAQ scores and the program delivery of SO chapters.

**Case study interviews.** For the qualitative component of the study, a set of interview questions was created (Appendix I) to develop insight with respect to how individual board members may balance and prioritize SO's concurrent objectives to influence and achieve the desired improvements in SO chapter finances and program delivery measures (Herman & Renz, 2008; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). The interview questions were developed to allow the researcher to gain insight and a deeper understanding of previously unexplored perspectives regarding the research problem and purpose statements (Shank, 2006). The interview questions begin with the words 'how' or 'what' that are appropriate for qualitative research (Tashakkori & Teddlie, 2010). Specifically, the semi-structured interview questions were designed to address the research questions (Q4-Q8) regarding how board members prioritize concurrent, multiple objectives to improve financial performance and program delivery measures, how they perceive their ability to influence that performance, and how they specifically work (e.g., specific actions that board members take) to improve those measures.

The research and interview questions were developed and then reviewed by experts involved in nonprofit organizational management research as well as leadership within SO North America. Specifically, the research questions were developed in consultation with Dr. Gary F. Keller, a professor of management at the University for Graduate Studies in Management at the Monarch Business School of Switzerland, who has conducted research of nonprofit organizational management and governance (2010). In addition, the Director of Organizational Development for SO North America has granted permission to conduct the study (Appendix J) and has confirmed that the research

questions (Q4-Q8) designed for the semi-structured interviews align with the strategic objectives of Special Olympics and their interests and objectives as a nonprofit organization (Appendix J). All interview questions were asked of all participants. The interview participants were also requested to provide their informed consent in conjunction with the interviews (Appendix K).

The first four interview questions were designed to collect basic demographic information to identify the individual being interviewed to confirm that a signed consent form was on record (APA, 2010). The questions included: (a) the participant's name – in order to verify that an informed consent form was on record; (b) the participant's SO chapter to enable data analysis; as well as (c) the role of the participant and (d) the participant's length of service in that role, which collectively served to confirm the participant's eligibility in the interview (APA, 2010; Jackson & Holland, 1998; De Andrés-Alonso et al., 2010). Beginning with the introductory demographic questions also set a conversational tone to help the interview participant and the researcher to feel relaxed, comfortable, and ready to address the research questions (Shank, 2006).

The remaining open-ended questions were each directly aligned to the research problem, purpose, and objectives (Shank, 2006; Yin, 2009). Specifically, the fifth interview question was "How do board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?" (Appendix J). The question reflects the underlying resource dependency and agency theories which assert that board members are responsible for ensuring the adequacy of resources and monitoring the effectiveness of delivering mission-based programs (Herman & Renz, 2008). However, the



effectiveness of SO chapter boards lies in balancing SO objectives as nonprofit organizations: each chapter's primary role is to deliver programs (*SO Strategic Plan*, 2010), but they must also maintain finances to sustain the organization to provide programs in the future (*BoardSource*, 2007). Miller-Millesen (2003) asserts that board members may prioritize behaviors, activities, and outcomes over others, depending upon the needs and context of the nonprofit organization. Therefore, the interplay of balancing the trade-offs in prioritizing the multiple objectives well may impact the effectiveness of SO chapter boards (*BoardSource*, 2007; Callen et al., 2010; Miller-Millesen, 2003; *SO Strategic Plan*, 2010).

The sixth interview question was "What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?" (Appendix J). The question was relevant because boards face trade-offs in pursuing concurrent objectives to raise resources and monitor the effectiveness of mission-based programs simultaneously (Callen et al., 2010). Similar to the fifth interview question, the interplay of balancing these trade-offs may impact the effectiveness of SO chapter boards, or possibly result in difficulties in achieving the outcomes reflected in the unique needs of SO chapters (*BoardSource*, 2007; Callen et al., 2010; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). Both the fifth and sixth research questions also addressed an aspect of the study's purpose: to explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in SO chapters.

The next three interview questions were designed to assess how board members help to improve the three organizational performance measures in each chapter – the FVI score, annual percentage change in athletes, and the annual percentage change in coaches. These measures were established in line with SO's mission and strategies, and are affirmed by the resource dependency and agency theories (*BoardSource*, 2007; Herman & Renz, 2008; Jackson & Holland, 1998; Miller-Millesen, 2003; *SO Strategic Plan*, 2010). Relative to the resource dependency theory, the seventh interview question was “What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?” (Appendix J). With respect to the agency theory, the eighth and ninth questions addressed what actions that board members take to help achieve growth of athlete rolls and volunteer coaches, respectively, within their SO chapter.

For each of the three measures of organizational performance explored in interview questions 7-9, the data gathered were relevant, as the data aligned with the resource dependency and agency theories and relate directly to the specific problem and purpose of the study. The questions fundamentally addressed how – with what specific actions – board members can help to improve organizational performance measures in line with SO's mission (*SO Strategic Plan*, 2010). The questions were broad, open-ended questions that provided the flexibility to explore an array of board actions or activities, but narrow enough to explore board activities that can distinctly influence the issues under investigation (Tashakkori & Teddlie, 2010) – the three distinct measures of organizational performance. Questions 7-9 also contained language seeking specific actions of board members, which provides a focus for the interview participants as to the

nature of the information sought, while giving them opportunities to describe activities in their own words (Tashakkori & Teddlie, 2010). The questions also contained language seeking the actions that are most commonly taken by board members to guide the investigator to the most relevant and meaningful information of interest (Tashakkori & Teddlie, 2010), while narrowing the discussion away from an exhaustive list all possible actions that board members could possibly ever take to improve board effectiveness in practice (*BoardSource*, 2007).

Furthermore, analyses were performed in conjunction with the BSAQ results, which provided descriptive data relative to the six dimensions of board competency (Jackson & Holland, 1998). Views and perceptions of board members are valid means of assessing board practices and performance (Nielsen & Huse, 2010), and the BSAQ descriptive data complemented the quantitative component of the research. The results were also intended to help address an aspect of the purpose of the study: to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance. To gain insight from semi-structured interviews, Shank (2006) asserts that it is optimal to include such data from descriptive questions. The use of descriptive data, coupled with data derived from various other sources can enrich research analysis and may converge to corroborate the same fact, phenomenon, or conclusion (Shank, 2006; Yin, 2009). It can also add rigor to a study and strengthen the conclusions drawn (Mertens & McLaughlin, 2004; Shank, 2006).

The final interview question was “Are there any other comments that you would like to make regarding the research topic or the efforts of your board to help improve the organizational performance of SO chapters?” (Appendix J). This provided the participant

the opportunity to discuss related topics, add additional comments, or address relevant issues that the research questions may not have addressed, which the interview participant believes to be important (Shank, 2006; Yin, 2009). This broad, open-ended question provided the researcher with the opportunity to obtain more comprehensive data and gain additional insights to address the research objectives (Shank, 2006; Yin, 2009).

### **Operational Definition of Variables**

Several variables were used in the study. First, measures of SO chapter board effectiveness were calculated using the BSAQ (Jackson & Holland, 1998). Measures included an overall score of board effectiveness, as well as descriptive data involving six distinct dimensions of board competency and effectiveness (Jackson & Holland, 1998). Separate measures were also calculated to reflect the overall financial performance of each SO chapter, as well as measures that reflect the SO programs delivered in each SO chapter across the United States.

**BSAQ: Effectiveness of boards of directors.** For the quantitative component of the study, the overall board effectiveness was measured using the BSAQ (Appendix A), where results from the BSAQ survey were scored (Appendix B) to establish BSAQ overall measures regarding the effectiveness of SO chapter boards (Jackson & Holland, 1998). SO chapter board chairpersons were asked to respond to each of the 65 survey questions using a 4-point Likert-type scale. Each of the 65 items in the BSAQ were scored by assigning 3 to a response of *strongly agree*, 2 to a response of *agree*, 1 to a response of *disagree*, and 0 to a response of *strongly disagree* (Jackson & Holland, 1998). For 22 of the 65 items in the survey, the responses were reverse-scored based on how the questions are worded (Jackson & Holland, 1998). As such, the total of the board

effectiveness score for each SO chapter can range from a high of 129 to a low of -66. The total score was then divided by the number of items answered by the respondent (a potential of 65 items) and divided that number by 3, which provided the final overall BSAQ score – with a range of .00 to 1.00 (Appendix B). The overall BSAQ score was treated as an interval scale measurement (Jackson & Holland, 1998). The higher the BSAQ score received by the SO chapter overall, the more effective the board of directors was considered to be functioning (Jackson & Holland, 1998). The overall scores regarding the effectiveness of SO chapter boards were then used for addressing the research questions and testing the hypotheses.

In addition, the six dimensions of board competency that comprise the overall BSAQ score were also measured as distinct variables to provide descriptive data in conjunction with the qualitative component of the study (Jackson & Holland, 1998). The scoring for each dimension of board competency (Appendix B) was conducted in a similar manner as the overall score of SO chapter board competency. The total scores for each dimension of board competency provided descriptive data for answering research questions for the qualitative component of the study (Q4-Q8), and can range as follows (Jackson & Holland, 1998):

- Contextual: score may range from a high of 24 to a low of -12.
- Educational: score may range from a high of 27 to a low of -9.
- Interpersonal: score may range from a high of 21 to a low of -12.
- Analytical: score may range from a high of 15 to a low of -15.
- Political: score may range from a high of 18 to a low of -6.
- Strategic: score may range from a high of 24 to a low of -12.

The total score was then divided by the number of items answered for each dimension of board competency, and then divided by 3 to provide the final BSAQ score for each dimension of board competency – with a range of .00 to 1.00 (Appendix B). The higher the BSAQ score received for each of the dimensions of board competency, the more effective the board of directors is considered to be functioning relative to that dimension of board competency (Jackson & Holland, 1998).

**FVI: Financial performance of SO chapters.** The financial performance of SO chapters was measured through the FVI (Appendix E), of which the data elements are publicly available through the annual SO chapter filings on IRS Form 990 (IRS, 2010). The FVI provided a score based on five variables (Appendix E), which represented an interval measure regarding the financial position, performance, and vulnerability to financial shock on a relative basis (Tuckman & Chang, 1991). The FVI scores were calculated based on the most recent tax filings were available for SO chapters, and then were correlated to BSAQ scores.

The FVI represents a composite measurement of the relative financial position of nonprofit organizations within a common sector, such as among SO chapters (Tuckman & Chang, 1991). The FVI was developed to be evaluated on a relative basis: nonprofit organizations that score higher on the FVI measure were considered to be more vulnerable than others, and would be less able to recover from a financial disruption (Tuckman & Chang, 1991). There is no reported range of the FVI score, given the vast array of variables that comprise the FVI score (Cordery & Baskerville, 2010; Hager, 2001; Hodge & Piccolo, 2012; Trussel, Greenlee, & Brady, 2002; Tuckman & Chang, 1991)

The assessment methodology for the FVI was advanced further by Trussel et al. (2002) through research involving regression analysis. The researchers developed a formula including coefficients for each of the variables that comprise the FVI score, weighting the individual influence of each variable of FVI (Trussel et al., 2002). The variables that comprise the FVI score include: equity balances, revenue concentrations, administrative costs, operating margin, and size of the nonprofit organization (Tuckman & Chang, 1991). Based on the work of Trussel et al. (2002), the following decision rule in Table 1 was used to interpret the FVI scores:

Table 1

*FVI Decision Rule*

Value of FVI	Financial condition of nonprofit organization
> .20	nonprofit organization is financially vulnerable
< .10	nonprofit organization is not financially vulnerable
.10 - .20	the result is deemed inconclusive

For the present study, the overall FVI score was relevant for the quantitative, correlational analysis to the BSAQ score for SO chapters across. The decision rule of Trussel et al. (2002) provides a useful means of classifying the financial vulnerability of SO chapters for both the quantitative and qualitative components of the study.

**Annual percentage change in athletes.** For SO chapters across the United States, a chapter scorecard (Appendix H) has been developed for SO management to monitor the delivery of chapter-based programs. The scorecards track chapter-level program measures, including the number of athletes in each chapter for each calendar

year. The data have been recorded for at least two years, and for many chapters the data are available for more than two years. From the data, the full-year percentage change in athlete rolls was calculated for the same calendar year (e.g., 2011) for which the FVI was calculated (Appendix H).

The percentage change in the numbers of athletes was more relevant than the absolute numbers of athletes and coaches for this study, as percentage changes reflect the stated growth plans of the SO Strategic Plan (2010). A ratio scale, the calculation of a percentage reflects relative performance regardless of the varying size of SO chapters, as SO chapters vary in size considerably. The absolute growth of athletes for chapters that operate in more populous states are difficult to compare athlete growth in less populous states, without the use of percentages. As a result, the full-year annual percentage changes in athlete rolls for each chapter provided appropriate measures for correlational analyses to BSAQ scores.

**Annual percentage change in coaches.** Similar to the approach used for identifying and calculating the annual percentage change in athlete rolls, SO chapter scorecards (Appendix H) were used for calculating the annual percentage change in certified volunteer coaches in each SO chapter. From the data, the full-year percentage change in volunteer coaches was calculated for the same calendar year (e.g., 2011) for which the FVI and the full-year percentage change in athlete rolls was calculated (Appendix H). A ratio scale, the full-year percentage change in certified volunteer coaches provided appropriate measures for correlational analyses to BSAQ scores.



### **Data Collection, Processing, and Analysis**

Several activities were performed to conduct the current research of SO chapter boards, address the research questions, test each hypothesis, and conduct additional data analyses. The data collection and analysis involved the evaluation and scoring of SO chapter board effectiveness, and correlating results to measures of SO chapter financial performance and program delivery.

**Data collection and processing.** As board effectiveness and competencies were measured through the BSAQ (Jackson & Holland, 1998), the BSAQ was sent electronically via e-mail to the chief executive officers of the 52 SO chapters, with an automated link to the survey using Survey Monkey. Each chief executive officer was asked to forward the BSAQ survey to their respective board chairperson, an approach that has been used successfully in research conducted by Brown (2005, 2007). Informed consent was incorporated into the survey cover letter (Appendix L) and was reiterated in the online survey cover message (Appendix M). The SO chapter was also recorded in the BSAQ online survey (Appendix A) in order to conduct follow-up phone calls for non-responses, and conduct related quantitative correlational analyses and select individuals for interviews. The researcher followed up with a reminder e-mail to those who had not responded three weeks after the initial e-mail request was sent.

The researcher made additional telephone requests for non-responses at approximately four and five weeks after the initial survey request was sent via e-mail. The investigator reminded board chairpersons that if they were unable or unwilling to complete the BSAQ survey, then alternatively, it was permissible for a board member with at least one year of service to complete the survey. As needed, the Directors of

Organizational Development for SO North America agreed to make telephone calls to encourage completion of the survey in order to ensure that the minimum number of BSAQ responses was obtained from board members (R. Markey, personal communication, March 17, 2011). When 47 responses were obtained and the response due date had passed, the researcher compiled survey responses from board chairpersons via the Survey Monkey tool, downloaded the results into an Excel spreadsheet, and calculate the overall BSAQ scores (Appendix B).

Archived data were collected to compute for the variables of financial performance of SO chapters and program delivery in SO chapters (for SO athletes and certified volunteer coaches). Specifically, IRS 990 Forms were obtained from public web sites for 2011 – the most recent year available – to calculate for the FVI score (Appendix E) for each SO chapter, which represented the financial performance of SO chapters. The program delivery of SO chapters for SO athletes, and program delivery of certified volunteer coaches were presented as percentage changes. For each of the SO chapters across the United States, chapter scorecards were used to track chapter-level program measures. The researcher obtained the chapter scorecards from SO's national headquarters in Washington D.C. and calculated the full-year percentage change in athlete rolls, as well as for certified volunteer coaches, for 2011.

The primary data collection method for the qualitative aspect of study was semi-structured, open-ended questions that were asked during in-person or telephone interviews with respondents. The use of open-ended questions in in-depth interviewing allows the individuals being interviewed to basically shape their own interviews (Horrocks & King, 2010). With open-ended questions being asked, the discussion was

allowed to proceed in such a way as to permit free expression by the participants regarding personal feelings and experiences. This method was ideal for collecting detailed information about an individual's thoughts and behaviours (Shank, 2006; Yin, 2009).

The selection of case studies for the qualitative component of the study – the semi-structured interviews – were 10 respondents, composed of two interview participants from each of the five peer groupings of SO chapters. The individuals were selected based on those who first submitted BSAQ responses and also agreed to participate in the interviews. For the recruitment of the interview participants, all individuals who completed the online BSAQ survey were invited to voluntarily self-select themselves by requesting to participate in the interviews. As respondents completed the BSAQ survey, they were invited to optionally and confidentially provide their name, telephone number, and/or e-mail address to be contacted to schedule an interview.

If there was an insufficient number of volunteers who requested to participate in the interviews at the time that the BSAQ was completed, then the researcher would have contacted individuals via e-mail to request their participation in the semi-structured interviews until two individuals have been selected from each peer grouping of SO chapters. Because there was an insufficient number of volunteers from one of the five peer groupings, then an alternative interview was sought from one other peer grouping – in order to maintain the objective to conduct 10 semi-structured interviews. This effort was not necessary, as there were insufficient BSAQ respondents from one peer group who volunteered to be interviewed. Since there were more volunteers than the required

number of interview participants, then out of courtesy the researcher notified those who were not selected that a sufficient sample of interview participants had been obtained.

For the BSAQ respondents who were selected to participate in the interviews, the individuals were e-mailed a letter that provided a short description of the purpose and benefits of the interview, their anticipated involvement, the voluntary nature of the interviews, and description of their informed consent in relationship to the survey they have answered (Appendix K). The list of questions was also attached in the letter (Appendix I). The participants were asked to sign the consent form prior to the start of the interview or send an e-mail reply agreeing to the terms of the informed consent form. Participants who were unwilling to sign the consent form would imply withdrawal from the study. (This did not occur.) Participants were not contacted following the study to assure confidentiality.

During the actual interview, following a few introductory questions to identify demographic information of the interviewee, the researcher asked open-ended questions that aligned with research questions (Q4-Q8). The in-depth interviews were conducted with the use of Appendix I to guide the interview. The six distinct dimensions of board competency were calculated to provide descriptive data relative to the effectiveness of each SO chapter board. The data were shared with individuals who participated in the semi-structured interviews for their respective chapter (Appendix I). A face-to-face interview was conducted in the data collection if possible; however, given the expansive geography of SO chapter across the United States, many interviews occurred via telephone. The interviews were held in a private, quiet place of mutual agreement of the researcher and interviewee.

During the interview, the researcher asked follow-up questions, as needed, to confirm understanding of interviewee responses to the structured interviewed questions. It was important that the research created an environment where the people interviewed became comfortable and relaxed. The researcher asked questions on how levels of board effectiveness may relate to organizational performance in SO chapters across the United States. If permitted by the interviewee, the interview was tape recorded for the purpose of data collection. Each tape recorded interview and telephone interview lasted approximately 45-60 minutes. In addition to a simple digital recorder, paper and pen was used to record observations and any relevant information that presented itself in the interview.

In line with the ethical considerations, permission of the interviewee was necessary prior to any recording taking place. In the event that an interviewee refused to be recorded, written options would have been employed; however, each of the interviewees agreed to have the interviews be tape recorded. Nevertheless, the researcher took notes during all interviews in case a technical failure occurred with the recording device. Also, the researcher made a concerted effort to build a rapport with each interviewee. It is preferable not to ask leading or complicated questions, although it may be necessary to ask probing or follow-up questions to gain a clear understanding of interviewee responses to the established questions (Appendix I). For example, in most of the interviews, Board chairpersons described the existence of Finance Committees, Development Committees, and other committees of the Board regarding the influence that they have on financial performance in their respective SO chapters. The researcher inquired about the role and purpose of each committee, to understand the specific

functions of each committee and the responsibilities of Board members who served on those committees. Answers to these follow-up questions revealed a variety of responses, as committee roles varied among SO chapters. The responses helped to clarify what actions that Boards and Board members took to improve the financial performance of SO chapters. The researcher took a similar approach when Board Chairpersons described the existence and purpose of Program Committees and task forces used by Boards in varying ways to improve the organizational performance of SO Chapters.

**Data analysis.** The first three research questions and related hypotheses pertain to the quantitative component of the mixed method study. The overall BSAQ scores for each SO chapter were ranked to identify levels of effectiveness among SO chapters on a relative basis. Aggregate results of FVI scores and program delivery scores were also presented. Histograms were prepared to determine the normality of their distributions for the BSAQ scores, FVI scores, and program delivery scores measured by percentage change in athlete rolls and percentage change in certified coaches. Normality of the data collected was reviewed initially through visual inspection of histograms. If the normality of distributions were unclear from the visual inspection of histograms, then SPSS software could be used to conduct Kolmogorov-Smirnov (K-S) statistical tests for normality, (Norusis, 2006). Based on visual inspection of the histograms, which did not definitively reflect normal distributions for the current study, K-S statistical tests were performed, and the skewness and kurtosis of the data were assessed. The tests affirmed that all the data of the four study variables were normally distributed.

The final five research questions pertained to the qualitative component of the mixed method study. The multiple case study design included the conduct of semi-

structured interviews to gain insight from participants who previously responded to the BSAQ (Jackson & Holland, 1998). Interview results were recorded, and answers related to board member activities and practices were coded and categorized relative to the six dimensions of board competency (Jackson & Holland, 1998), where feasible. While the researcher made an effort to code the data relative to the six dimensions of board competency, other coding categories and data classifications were considered and used based on the matching of patterns that emerged from the interviews (Yin, 2009). The NVivo 9 software program was utilized to assist in the effort.

Additionally, board effectiveness scores for each of the six dimensions of board competency within the BSAQ (Jackson & Holland, 1998) were calculated (Appendix B) and quantitative research results were reviewed in conjunction with the interview results. The data relative to contextual, educational, interpersonal, analytical, political, and strategic dimensions (Jackson & Holland, 1998) were shared with individuals who participated in the semi-structured interviews for their respective chapter. Grouping the data relative to the six dimensions of board competency provided insight to how the effectiveness of board practices may relate to and influence nonprofit organizational performance using financial and programmatic measures. The data were analyzed to investigate how SO chapter board members may balance and prioritize SO's concurrent objectives to improve financial measures while also growing program-related activities, such as athlete rolls and the number of certified volunteer coaches.

Separate hypotheses were not tested regarding the relationships between the six dimensions of board competency and the three measures of organizational performance. The complexity of testing 18 additional hypotheses for the 18 different relationships

among the various combinations of variables had the potential to create a Type I error; such an approach represents a quantitative technique that was not necessary for addressing the research questions (Q4-Q8). Nevertheless, the analysis of this descriptive data provided depth in understanding how board effectiveness relates to organizational performance. The analysis also provided insight to how board effectiveness can be explained by the resource dependency and agency theories (Jackson & Holland, 1998; McDonagh, 2006; Mwenja & Lewis, 2009). In addition, the study identified additional areas of future research, and may also provide board members with knowledge to improve board practices in SO chapters (Brown & Guo, 2010; Jackson & Holland, 1998; Laughlin & Andringa, 2007; Marx & Davis, 2012).

*Addressing research question 1.* Bivariate correlational analysis was used to examine how the variables for board effectiveness and financial performance may relate to each other (Brown, 2005; Jackson & Holland, 1998; Mwenja & Lewis, 2009). Specifically, a Pearson's correlation test was conducted to measure the correlation between variables for research question one. The Pearson's correlation statistical test uses the  $r$ -moment coefficient to measure the strength of direction of association existing between two variables. To determine the relationship, correlation coefficients describe nature and relative strength of relationships between measures of board effectiveness and financial performance: correlation coefficients ( $r$ ), which may range from -1 to 1, reveal the degree to which variables may relate positively or negatively to each other (Black, 1999; Brown, 2005; Jackson & Holland, 1998; Mwenja & Lewis, 2009).

The Pearson's correlation test first computes for the  $p$ -value of the Pearson's  $r$  coefficient to test the significance of the relationship.  $P$ -value is significant if it is equal



or less than the level of significance of .05, implying that there is a linear relationship existing between the variables. If the  $p$ -value is significant, the direction (positive or negative) of the correlation can then be investigated with the value of the correlation  $r$  coefficient. A positive correlation between the variables exists when the correlation coefficient is positive while a negative correlation exists when the value is negative. Positive correlation means that that change of independent variable results to the same direction of change for the dependent variable (i.e., variable B increases if variable A increases). On the other hand, a negative correlation means that the relationship is opposite (i.e., variable B decreases if variable A increases, or the other way around). In addition, the correlation coefficient also measures the strength of correlation which is summarized in Table 2.

Table 2

*Strength of Correlational Relationships*

Value of $r$	Strength of correlational relationship
0 to $-.3$ or 0 to $.3$	Weak
$-.3$ to $-.7$ or $.3$ to $.7$	Moderate
$-.7$ and above or $.7$ and above	Strong

The first null hypothesis ( $H_{10}$ ) indicated that there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI. To test the hypothesis, the researcher assessed whether the coefficient of the Pearson's correlation test was statistically significant. The null hypothesis would be rejected only if the coefficient of

the Pearson's correlation test was statistically significant. Results of the test are detailed in chapter 4.

*Addressing research question 2.* To assess the relationships between effective board practices and program delivery of SO chapters, BSAQ measurements of overall board effectiveness (Jackson & Holland, 1998) were analyzed relative to two separate measurements of program delivery. The measurements included the full-year percentage change in athlete rolls and full-year percentage change in certified volunteer coaches. Bivariate correlational analysis, specifically a Pearson's correlation test, was used to examine how the variables for board effectiveness and the percentage change in athlete rolls may relate to each other (Brown, 2005; Jackson & Holland, 1998; Mwenja & Lewis, 2009).

The second null hypothesis ( $H_{2_0}$ ) indicated that there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls. The null hypothesis would be rejected only if the coefficient of the Pearson's correlation test was statistically significant; results are detailed in chapter 4.

*Addressing research question 3.* Bivariate correlational analysis, specifically a Pearson's correlation test, was used to understand how the variables for board effectiveness and percentage change in certified coaches may relate to each other (Brown, 2005; Jackson & Holland, 1998; Mwenja & Lewis, 2009).

The third null hypothesis ( $H_{3_0}$ ) indicated that there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in

certified coaches. The null hypothesis would be rejected only if the coefficient of the Pearson's correlation test was statistically significant; results are detailed in chapter 4.

*Addressing research questions 4-8.* The fourth research question was designed to explore how SO chapter board members prioritize concurrent, multiple objectives to improve financial performance and program delivery measures in SO chapters. Data were collected from semi-structured interviews to gain insight from participants who previously responded to the BSAQ (Jackson & Holland, 1998). Additionally, board effectiveness scores for each of the six dimensions of board competency within the BSAQ (Jackson & Holland, 1998) were calculated (Appendix B). This data along with other research results from the quantitative component of the study were analyzed in conjunction with the semi-structured interviews.

The fifth research question was designed to explore how SO chapter board members describe their SO chapter board's ability to improve financial performance, growth of athlete rolls, and growth of volunteer coaches in SO chapters. Data were collected from both semi-structured interviews and as well as board effectiveness scores for each of the six dimensions of board competency (Appendix B) embodied within the BSAQ (Jackson & Holland, 1998).

The sixth research question was designed to explore how SO chapter board members influenced and helped achieve improvements in financial performance measures of SO chapters. Data were collected from both semi-structured interviews as well as board effectiveness scores for each of the six dimensions of board competency (Appendix B) embodied within the BSAQ (Jackson & Holland, 1998).

The seventh research question was designed to explore how SO chapter board members influenced and helped achieve growth of athlete rolls within SO chapters. Data were collected from both semi-structured interviews and as well as board effectiveness scores for each of the six dimensions of board competency (Appendix B) embodied within the BSAQ (Jackson & Holland, 1998).

The eighth research question was designed to explore how SO chapter board members influenced and helped achieve growth of volunteer coaches within SO chapters. Data were collected from both semi-structured interviews and as well as board effectiveness scores for each of the six dimensions of board competency (Appendix B) embodied within the BSAQ (Jackson & Holland, 1998).

To analyze the interview results for research questions 4 to 8, the answers recorded in the semi-structured interviews were structurally coded to obtain thematic categories as a summary of the interview data collected. Coding to create categories to group together relevant information by topic was used. The six dimensions of board competency served as a basis for coding the results (Jackson & Holland, 1998); however, the researcher coded and categorized data beyond these six classifications as needed. Open coding of interview responses was conducted to obtain various themes or categories that summarized the interview data. According to Strauss and Corbin (1990), using the “open coding process, by breaking down, examining, comparing, conceptualizing, and categorizing data, often, in terms of materials and measurements, then pouring over of data in order to sunder it and produce codes could proceed line by line” (p. 61). This was accomplished by segregating the interview data into words, phrases, sentences, or paragraphs that emphasized the functional relation between parts and the whole of the

entire interview conversation. Coding is the process of analyzing the data that moves data from diffuse text to organized ideas about what is going on (Morse & Richards, 2002). At this point in the research, the researcher must differentiate and combine the response retrieved and make reflections about the information. Codes are labels for assigning meaning to the descriptive information compiled so far during the study. They are usually words or phrases that 'chunk' sections of information together. They may be a straightforward category, or it could be a metaphor. Using the codes the researcher retrieves relevant information from the text (Miles & Huberman, 1994).

Once developed, codes for this research were grouped at an abstract level, which is called categorization (Strauss & Corbin, 1990). Then, these categories were analyzed in a similar manner as the groups of ideas or themes that were coded. Specifically, the phrases, concepts, or ideas that were looked for in the transcripts and notes from the interviews were those related directly to the research questions.

The analysis of the qualitative data and the quantitative research results for the respective chapters consisted of organizing the data into themes and categories, including the six dimensions of board competency. A software program, NVivo 9, was employed to assist in categorizing the data into manageable themes for analysis and interpretation. The NVivo software was used to store and organize the themes and topics that were discovered, as they were located. In addition, it was used for searches and re-coding to help identify various relationships in the data. Finally, NVivo was useful not merely the analysis of data, but also in the process of report writing.

With regard to analyzing the case study evidence, data were available from multiple sources to address the research questions and provide insight on the application

of the resource dependency and agency theories. The case study evidence included data from (a) the semi-structured interviews, (b) descriptive data of BSAQ scores for the six dimensions of board competency, (c) research results from the quantitative component of the study, and (d) the researcher's interview notes and observations. Similar to data triangulation that involves numerous sources of data, the data derived from various sources in the current study may converge to corroborate the same fact, phenomenon, or conclusion (Yin, 2009). Conversely, non-convergence of evidence may result in multiple conclusions being drawn from the various data sources (Yin, 2009). Combining the quantitative research component with the qualitative research component allows triangulate exploration and examination of several different possible relationships, and can add rigor to a study and strengthen the conclusions drawn (Mertens & McLaughlin, 2004; Shank, 2006). Conversely, non-convergence of evidence may result in multiple conclusions being drawn from the various data sources (Yin, 2009). The importance of triangulation in research designs is that the strengths of one research method can counterbalance the weaknesses of the other research method (Black, 1999; Mertens & McLaughlin, 2004).

Although hypotheses were not specifically tested within the qualitative component of the study, the observations or conclusions from the case studies may – or may not – align with results of the quantitative component of the study. Alternatively, the observations or conclusions may reveal additional areas that warrant further research.

### **Assumptions**

The study was intended to provide insight to relationships between effective board practices and organizational performance measures, including financial

performance and program delivery. It was designed to benefit both practice and theory. Precautions have been taken to maintain validity of the study by using an appropriate correlational design that includes tools that have been validated statistically through empirical research. The tools have been proven to be effective across the nonprofit sector (e.g., BSAQ) and within common segments of the nonprofit sector (e.g., FVI). The use of additional measures has been aligned with SO's strategic plans and mission-based objectives (Grossmeier et al., 2010; LeRoux, 2010; *SO Strategic Plan*, 2010). However, the study was based on several assumptions, and thus subject to various limitations and delimitations. The assumptions, limitations, and delimitations should be considered carefully, and caution used, when interpreting and applying the research results and findings (Brown & Guo, 2010; Callen et al., 2010; Laughlin & Andringa, 2007; Norusis, 2006; Vogt, 2007).

With respect to the assumptions of this study, it was assumed that survey respondents would complete the BSAQ honestly and accurately. Precautions were taken to communicate to targeted BSAQ participants the voluntary nature and confidential nature of the survey. Privacy and the confidentiality of survey and interview responses can help improve the integrity associated with those responses (Vogt, 2007). Using the informed consent forms (Appendix L, M, & K) helped mitigate potential concerns for confidentiality. It was also assumed that only individuals who were targeted to respond to the survey (e.g., SO chapter board chairpersons, or board members with tenure of one year or more if the board chairperson was unable to complete the survey) were the ones who actually completed the BSAQ and semi-structured interviews, and that duplicates were not received. Because the survey were sent to known SO chapter representatives,

includes notations of role (e.g., chairperson, board member), the possibility of improper or duplicate surveys was somewhat mitigated – although not fully mitigated.

The study was also based on the assumption that IRS filings of SO chapters, which were used as a basis for FVI calculations, were accurate. There are incentives for SO chapters to ensure the accuracy of data filed on IRS Form 990s (IRS, 2010), as penalties can be imposed for inaccurate filings. Further, many nonprofit organizations have financial statements and tax filings independently audited for accuracy and completeness (Callen et al., 2010; IRS, 2010; Tuckman & Chang, 1991). Finally, Form 990 filings are required to be made publicly available (IRS, 2010), and Form 990 includes an indication as to whether the nonprofit organization was subject to an independent audit, which create incentives for chapters to provide accurate and audited financial and tax records. Similarly, the data on SO chapter scorecards that were used to calculate variables for program delivery was assumed to be accurate. The data were reviewed and monitored by SO management at SO's national headquarters, which may help ensure that data anomalies or inaccuracies are detected and corrected (*SO Official General Rules*, 2010).

### **Limitations**

The study was limited by the bivariate correlational design, which can effectively highlight the relationships between board effectiveness and the organizational performance measures included in the study. However, correlation does not prove causation (Callen et al., 2010; Mwenja & Lewis, 2009). While improvements in board effectiveness may appear to be related to improvements in the organizations they govern (Jackson & Holland, 1998; Callen et al., 2010; Mwenja & Lewis, 2009), more research



continues to be needed to assess and prove causation between board effectiveness and organizational performance. The qualitative component of the study explored how board members balance priorities to improve organizational performance, but was limited by the scope of a single nonprofit organization. A major limitation was that the sample sizes for this study were relatively small, which precludes the use of more sophisticated statistical analyses. However, the sample adequately addressed the population of SO chapters and provided appropriate power to the study while covering each of the SO chapter peer groups across the United States.

The use of a Likert-type scale of the BSAQ created an inherent limitation, as Likert type scales can be imprecise, subject to interpretation, and are based on perception that may vary over time (Jackson & Holland, 1998; Vogt, 2007). Nevertheless, views of board chairpersons and board members regarding the effectiveness of nonprofit boards of directors provide valuable perspectives (Brown, 2007; Callen et al., 2010; Mwenja & Lewis, 2009). Furthermore, the BSAQ has been statistically tested extensively and confirmed to be a tool that provides reliable, valid, and sensitive measures of nonprofit board effectiveness (Jackson & Holland, 1998; Mwenja & Lewis, 2009).

Additionally, the percentage changes in athlete rolls and certified volunteer coaches for each chapter provided useful measures regarding the effectiveness of program delivery (e.g., athletes) and program delivery capability (e.g., certified coaches) that align with the mission of SO chapters across the United States. As such, the measures were appropriate for the study (Grossmeier et al., 2010; LeRoux, 2010). However, the measures did not reflect the qualitative assessments of various stakeholders

that other research has highlighted (Herman & Renz, 2008), which were also considered valid.

Finally, the study's validity was limited by the bias created if board members were self-conscious or concerned to the point that they provided false or incomplete information. Board members could have potentially felt concerned with revealing information about board failures, if perceived as a blemish to their own reputation. The researcher was responsible for creating a comfortable environment for research participants to respond comprehensively and honestly (Moustakas, 1994). Participants who were comfortable with the researcher and the environment were more likely to share information and express candid and complete perceptions (Patton, 2002). Open communications occurred with participants to indicate the purpose and processes of the study, describe the research methods and design, provide assurance that questions need not be answered if participants were not comfortable in doing so, and that they were permitted to withdraw at any time. These measures, along with efforts to communicate the confidentiality of information supported positive relations and a comfortable environment with respondents (Guthrie & Anderson, 2010). To further mitigate this threat, the researcher complied with all ethical standards for preserving the confidentiality of research information.

### **Delimitations**

The study was delimited in that it focused on a single segment of the nonprofit sector with a single mission and purpose. It also was limited to nonprofit activities within the United States. While the research design provided a basis for assessing organizational performance using various financial and program measures simultaneously, additional

studies in other segments of the nonprofit sector and alternative measures of program delivery could reveal different results and alternative insights (Gazley et al., 2010; Jiang et al., 2009).

Furthermore, the use of the FVI provided a relevant composite score regarding the financial position, performance, and vulnerability to financial shock on a relative basis (Tuckman & Chang, 1991). Nevertheless, it should be recognized that the current study was conducted following an economic recession and during a subsequent period of relatively slow economic recovery. Board practices could have alternative impacts on nonprofit organizations amid differing macroeconomic climates.

Continued study in this field provides an opportunity for researchers to contribute to both theory and practice, and can benefit nonprofit boards of directors and the organizations that they serve. In turn, improved effectiveness of nonprofit boards can benefit those who utilize nonprofit-driven programs and services, their families, and their communities with the continued delivery and expansion of programs in society.

### **Ethical Assurances**

There are four areas of ethical considerations in scholarly research including: (a) protection from harm, (b) informed consent, (c) right to privacy, and (d) honesty with professional colleagues. The current study has been designed to maintain integrity and ethics in planning, conducting, and concluding on the research. The research was conducted in line with the American Psychological Association (APA) standards within the ethical principles and code of conduct (APA, 2010). This helped to ensure the safety, welfare, rights, and dignity of all research participants. Furthermore, the Institutional

Review Board's (IRB) approval of Northcentral University was obtained prior to any collection of data.

**Protection from harm.** The first component of research involved an assessment SO chapter board effectiveness using the BSAQ (Jackson & Holland, 1998). Respondents were asked to express their personal views by responding to each survey and interview question. Because completion of the survey or interview was voluntary and would not involve stress on the participant, the research involved minimal risk. The information did not deal with personal information of athletes, individual board members, or members of the staff; however, there were ethical considerations regarding the fiduciary responsibilities of board members.

All members of the board of directors have an implicit and often explicit expectation that they fulfill a fiduciary role in protecting the financial condition and records of the organization (Laughlin & Andringa, 2007). Whether in an empirical or theoretical context, the fiduciary responsibilities of board members are evident in the literature (Brown & Guo, 2010; Laughlin & Andringa, 2007; Marx & Davis, 2012; Mwenja & Lewis, 2009). Failure to exercise due professional care or fulfill expected fiduciary duties, which could potentially be revealed during the survey, interview, or data analysis processes, could pose reputational risks of chief executive officers, board chairpersons who completed the BSAQ survey or interview, and potentially other SO chapter board members who did not complete the BSAQ survey or interview. To minimize such risk, no specific names of board members nor SO chapters were disclosed in the research manuscript, as readers could be familiar with the respondents of specific SO chapters. As such, the data collected and the results of the study were considered

confidential. Data had either been reported only in aggregate for all SO chapters, or was presented in a manner such that no specific SO chapters or board members can be individually identified in the manuscript. The approach is in line with the APA ethical principles and code of conduct and the Belmont Report's principle of beneficence, which refers to the need for research to both maximize benefits and minimize harmful effects to participants (APA, 2010).

**Informed consent.** In line with the principles of the Belmont Report and guidelines of the APA (2010), informed consent of the respondents was requested, completed, and received both electronically and in writing using cover letters that accompanied the survey and structured interviews (Appendix L, M, & K). The cover letter for the BSAQ survey included informed consent language (Appendix L), and the online survey included an electronic means of providing informed consent or exiting the online survey (Appendix M). Additionally, a letter including informed consent was used for interview participants (Appendix K). The two letters also included language that addressed several considerations. The considerations included: (a) the expected benefits of the research; (b) that participation was voluntary and individuals could withdraw from participation at any time, without consequence; (c) that individuals' names, responses, and SO chapter data would be considered strictly confidential; (d) that the researcher may use data and results in a manner that maintains confidentiality and does not disclose individual responses or individually-identifiable SO Program information in the final manuscript; and (e) contact information of the researcher should participants have questions (Grossmeier, 2010). By providing a cover letter with the BSAQ survey and interview, the intended respondents were informed of ethical and integrity considerations

of the research when considering completion of the survey. The approach was in line with the principles of the Belmont Report and guidelines of the APA (2010).

**Right to privacy.** With respect to privacy, much of the data associated with the study is publicly available information, including financial and program delivery data (IRS, 2010; *SO Strategic Plan*, 2010). With respect to the BSAQ (Jackson & Holland, 1998), the research questions and content of the survey do not deal with individuals or private personal information, and the answers to questions in the survey reflect personal perceptions of board activities, attributes, and effectiveness. To help protect the anonymity of BSAQ survey respondents, the researcher did not request that names of individuals be disclosed in completing the survey or interview. However, information was requested to identify the name of the SO chapter and role of the respondent (e.g., board chairperson or board member) in order to monitor the completeness of responses, facilitate follow-up efforts to obtain responses, and enable analyses of the data. Consent forms for the semi-structured interviews included signatures and e-mail confirmations, and were secured in a confidential location. The cover letter to the survey also stated the confidentiality of the survey to minimize potential concern of participants and encourage honesty and transparency in participants completing the survey (APA, 2010).

Regarding the financial performance and program delivery data for each SO chapter, the data reflected common and consistent means of measuring performance for all SO chapters across the United States (*SO Strategic Plan*, 2010). The data were already collected and disclosed by the IRS in accordance with their filing and operating requirements (IRS, 2010) and by SOI in conjunction with their publicly stated goals and global mission (*SO Strategic Plan*, 2010). Such data has often been used by nonprofit

organizations to demonstrate their effectiveness when soliciting financial contributions (Keller, 2010). No data were collected regarding individual athletes, their names, physical and medical needs, or their intellectual disabilities, providing protection of athlete's non-public, personal information. Summary data of SO chapter populations of athletes and volunteer coaches were sought to facilitate data analyses, eliminating any concerns associated with the privacy and protection of individual athletes.

**Honesty with professional colleagues.** There are fundamental expectations that integrity and ethics be maintained by adhering to professional standards that ensure the accuracy, rigor, and appropriateness of research methodologies, while also helping to ensure that knowledge gained is accurate, responsible, and complete (Committee on Science, Engineering, & Public Policy, 2009). Adherence to professional standards are grounded in researchers' obligations to (a) honor the trust in each other by conducting accurate and reliable research; (b) themselves to build and maintain personal integrity; and (c) act in ways that serve and protect the public by conducting and concluding studies in safe, accurate, and reliable ways (Committee on Science, Engineering, & Public Policy, 2009).

Conducting a comprehensive literature review helped to lay the foundation for conducting research in an ethical manner (Ellis & Levy, 2008). The researcher has taken care to properly cite others' work in the literature and use peer-reviewed articles to advance the ethics and integrity of research, while also fostering professional standards of research methodology and researchers' conduct (Committee on Science, Engineering, & Public Policy, 2009).

The review of relationships between board practices and the financial performance of nonprofit organizations using IRS filings is both an ethical and valid technique for evaluating the effectiveness of boards of directors (Callen et al., 2010; Mwenja & Lewis, 2009). The data among all 47 SO chapters were subjected to equal treatment, analyses, and calculation of the FVI using the methodology of Tuckman and Chang (1991), which helped to maintain the integrity of the study and minimize the potential for bias (APA, 2010).

The third area of the research has been designed to measure program delivery in each SO chapter based on the mission and stated strategy of SOI: increasing the number of SO athletes and certified coaches in each chapter (*SO Strategic Plan*, 2010). The recommendations of Herman and Renz (2008) and the research by Jiang et al. (2009) support the efforts of this author's research to assess the impact that board practices can have on the delivery of non-profit programs using non-financial measures. The review of relationships between board practices and the program delivery of nonprofit organizations, using their missions and stated goals, is both an ethical and valid technique for evaluating the effectiveness of boards of directors (Herman & Renz, 2008; Jiang et al., 2009).

**Conclusion on ethical considerations.** The investigator's research focused principally on data pertaining to organizational entities – SO chapter boards of directors, financial performance and condition of SO chapters, and programs delivered within SO chapters. To a large degree, the data are institutionally-focused, and are not based on private, personal information of individuals. Nevertheless, because ethical concerns could



potentially surface in many different phases of a research project, each aspect of data collection and analysis was considered from an ethical perspective.

The data collection risk was minimal relative to the assessment of board practices within the BSAQ (Jackson & Holland), with no risk associated with the collection and analysis of publicly available data related to SO chapter financial performance (IRS, 2010) and program delivery measurements (*SO Strategic Plan*, 2010). Nevertheless, the researcher conducted the study in line with APA's principles of beneficence to do no harm, fidelity to build trust, integrity in the conduct of work, justice and respect for people's rights and dignity (APA, 2010).

The data among the SO chapters were subjected to equal treatment and analyses using the BSAQ (Jackson & Holland) and other measures of organizational performance, which maintained the integrity of the research and minimized bias that could otherwise surface within a sample selection process. The research was conducted in line with the American Psychological Association (APA) standards relative to the ethical principles and code of conduct (APA, 2010). This helped to ensure the safety, welfare, rights, and dignity of all research participants.

### **Summary**

Nonprofit boards of directors are responsible for overseeing organizational performance by ensuring the adequacy of resources and monitoring the effectiveness of mission-based programs (Brown & Guo, 2010; Laughlin & Andringa, 2007). These responsibilities are affirmed by the resource dependency and agency theories, respectively (Bradshaw, 2009; Brown & Guo, 2010; Herman & Renz, 2008). However, boards of directors across the nonprofit sector are experiencing increased difficulty in

discharging their duties, particularly as they encounter shrinking financial resources and increasing demands for services during the current economic downturn (Eschenfelder, 2010; Vaughn, 2010). The specific problem examined in the current study was that SO boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs (*SO Strategic Plan*, 2010) in line with the resource dependency and agency theories, which could impair SO's sustainability and its ability to provide valued services to athletes. Since the start of the 2007 recession, SO revenues, non-cash donations, and the number of coaches per athlete supporting programs have fallen, while demands for programs have grown rapidly (*SO Strategic Plan*, 2010). Unaddressed trends of reduced funding and fewer coaches per athlete could jeopardize the sustainability of SO and its mission.

Previous research of nonprofit boards have often been subjective (Jackson & Holland, 1998), or limited by evaluating either financial performance (Brown, 2007; Callen et al., 2010; Herman & Renz, 2008) or program delivery (Jiang et al., 2009). Such research approaches limit understanding of nonprofit board effectiveness, as they do not simultaneously consider measures of both financial performance and program delivery – both critical to nonprofit organizations (Bradshaw, 2009; Herman & Renz, 2008). Authors have cited a need for more quantitative studies to build upon previous theoretical research (Herman & Renz, 2008; Miller-Millesen, 2003) to more fully understand how board effectiveness relates to various measures of organizational performance (Bradshaw, 2009; Vaughan, 2010). Furthermore, qualitative research is also needed to build an understanding of how board members balance simultaneous SO objectives to improve

both financial and program delivery measures (Herman & Renz, 2008; Miller-Millesen, 2003).

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. Eight research questions and three null and three alternative hypotheses were formulated to address the research problem.

For the quantitative component of the study, bivariate correlational analyses were conducted. Board chairpersons of SO chapters across the United States were asked to complete the BSAQ surveys (Jackson & Holland, 1998). The surveys were scored to measure the overall effectiveness of SO chapter boards, and were considered an independent variable for each SO chapter to test several hypotheses. The overall BSAQ (Jackson & Holland, 1998) scores were correlated to three dependent variables. The FVI (Tuckman & Chang, 1991) was calculated to reflect a composite indicator of SO chapters' financial condition and performance. Program delivery measures for each chapter aligned with the mission and strategy of SOI to increase the number of SO athletes and certified coaches (Grossmeier et al., 2010; *SO Strategic Plan*, 2010).

For the qualitative component of the study, a multiple case study was performed. A sub-population of BSAQ respondents were asked to participate in semi-structured interviews to gain insight regarding how they may balance and prioritize SO's concurrent objectives to influence and achieve improvements in SO chapter finances and program delivery measures (Herman & Renz, 2008; Miller-Millesen, 2003; *SO Strategic Plan*,

2010). Two BSAQ respondents were selected from each of the five peer groups, based on those who first submitted BSAQ responses and volunteered for the interviews. To assist with the qualitative component of the study, the BSAQ (Jackson & Holland, 1998) was used to provide descriptive data for each SO chapter board, because the BSAQ was also designed to assess and score board practices within six distinct dimensions of board competency (Jackson & Holland, 1998). Because the quantitative variables and qualitative research are collected at approximately the same time, the results can be compared and contrasted for similarities and differences (Teddlie & Tashakkori, 2009).

Overall, a mixed method approach was optimal as it could help identify differences in the financial performance and the program delivery of SO chapter boards of directors in relation to BSAQ scores. The criticality of assessing the effectiveness of nonprofit board practices lies in balancing SO chapter objectives as nonprofit organizations. Each chapter's primary role is to deliver programs (*SO Strategic Plan*, 2010), but must also maintain finances to sustain the organization to provide programs (*BoardSource*, 2007). The quantitative component of this study also addressed gaps in the literature and to expand our knowledge of how effective board practices simultaneously relate to the financial performance and program delivery of SO chapters in the United States. The qualitative component of the study also helps build knowledge of how board members may balance and prioritize SO's concurrent objectives to improve finances and expand the delivery of programs (Jackson & Holland, 1998; Herman & Renz, 2008; Miller-Millesen, 2003; *Special Olympics Official General Rules*, 2010; *SO Strategic Plan*, 2010). Collectively, both components help build knowledge of how the resource

dependency and agency theories are applied to SO's nonprofit boards of directors (Bradshaw, 2009; Herman & Renz, 2008; Miller-Millesen, 2003).

Finally, SO chapter board members can benefit by gaining insight on improving board practices that may maximize the effectiveness of chapter financial performance and program delivery. Furthermore, unaddressed trends of reduced funding and fewer coaches could jeopardize the quality of SO programs and sustainability of its mission. As SO chapter board members work to improve board effectiveness and organizational performance, individual athletes, families, and communities can benefit from the continued delivery and expansion of SO's programs across the United States.

## Chapter 4: Findings

The objective of this mixed method study was to investigate how nonprofit board practices relate to multiple measures of organizational performance, and explore how board members balance and prioritize concurrent objectives to improve both financial and program-related performance at SO. For the quantitative aspect of the study, overall board effectiveness was measured using the BSAQ (Jackson & Holland, 1998) and financial performance was measured for each SO chapters using the FVI (Tuckman & Chang, 1991). Additional measures of organizational performance in each SO chapter aligned with SOI's purpose, mission, and priorities (*SO Strategic Plan*, 2010). The variables included the annual percentage change in athletes and the annual percentage change in coaches, and were calculated using SO chapter scorecards (Appendix H). Statistical analysis of the data was conducted using Pearson's correlation test to investigate any possible relationships between overall board effectiveness and the variables of financial performance, athlete rolls, and changes in volunteer coaches. For the qualitative aspect of the study, BSAQ descriptive data were analyzed and semi-structured interviews were conducted with a sub-population of BSAQ respondents to gain insight as to how board members balanced concurrent objectives to improve financial and program delivery measures.

### Results

**Quantitative component of the study.** This chapter begins with the quantitative component of the study and a summary of descriptive statistics of the study variables. Tests of data normality were conducted for the study variables because the Pearson's correlation test is a parametric test and requires the data to be normally distributed.

Following that, results of the Pearson's correlation test are presented to address the research questions.

The online BSAQ survey was disseminated electronically to the chief executive officers of 52 SO chapters, who were asked to distribute the surveys to their respective nonprofit board chairpersons. Of the 52 chapters, 47 responses were received – the required minimum sample – after conducting follow-up “reminder” telephone calls. The 47 responses were collected, recorded, and BSAQ scores were calculated and analyzed. All other data were collected and variables were calculated in line with the research methods described in chapter 3.

*Descriptive statistics of study variables.* The descriptive statistics of the study variables are presented in this section, including the mean and standard deviation. The study variables include overall board effectiveness measured by the BSAQ scores, financial performance measured by the FVI scores, 12-month percentage change in athlete rolls, and 12-month percentage change in volunteer coaches at SO chapters (Appendix N). These variables were central to addressing the hypotheses of this study. The names of SO chapters were randomly changed to “A,” “B,” “C,” etc. by the researcher in order to maintain anonymity.

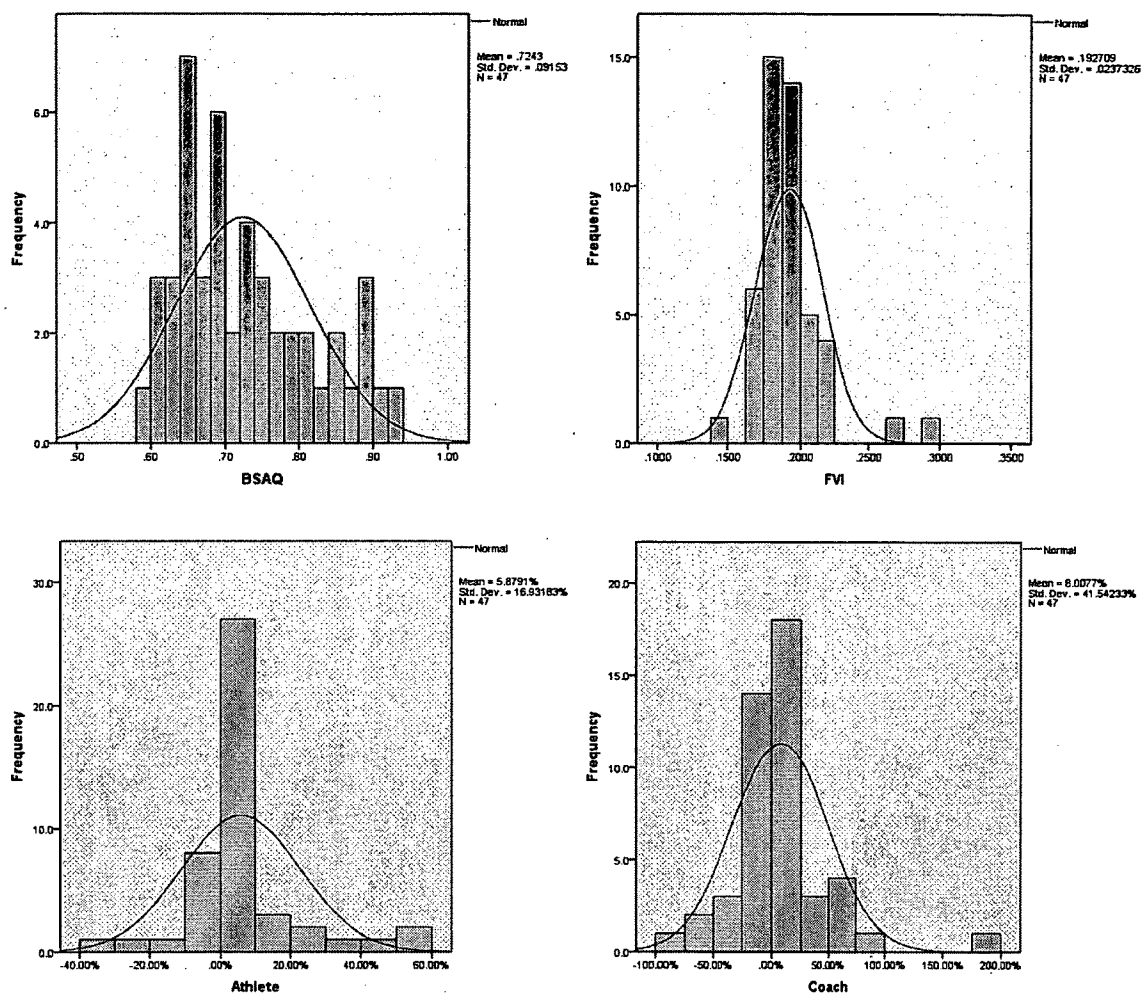
The overall BSAQ board effectiveness scores among the 47 SO chapters had a score range of .59 and .93, while the mean score was .72. The mean score was in the lower end of the .59 to .96 range of overall board effectiveness scores among the 47 SO board directors. For the financial performance of the SO, the 47 SO chapters had an FVI score range of .1499 to .2910, while the mean score was .1927. The mean score was in the higher end of the .1499 to .2910 range of financial performance scores (the lower the

score, the higher the performance) among the 47 SO chapters. For the percentage change in athletes of the SO chapters, the athlete score range of -0.39 and 0.54, while the mean score was 0.05 (5.88%). The mean score was in the lower end of the -0.39 to 0.54 range of percentage of change in athlete among the 47 SO chapters. For the percentage change in coaches of the SO, the 47 SO chapters had a score range of -0.80 and 1.82, while the mean score was 0.08 (8.01%). The mean score was in the lower end of the -0.80 to 1.82 range of percentage of change in coaches among the 47 SO chapters. Based on a comparison of means, it was determined that the mean scores for overall board effectiveness was low, financial performance was high, percentage change in athletes was low, and the percentage change in coaches was low.

***Tests of normality.*** Prior to conducting the statistical analysis of Pearson's correlation test to address the three research questions and hypotheses, preliminary screening of the data was conducted to ensure the integrity of the findings from the analysis. This was important in order to assure that the results of each statistic were acceptable and reasonable. The data set for each study variable should reflect a normal distribution since it is the required assumption for the Pearson's correlation test.

Tests of normality were conducted on the study variables. First, visual inspections of histograms for each of the study variables were conducted (Figure 1). The histograms did not precisely reflect normal bell-shaped curves, and thus did not definitely demonstrate that all the variables (e.g., BSAQ scores, FVI scores, percentage change in athletes, and percentage change in coaches) were all normally distributed. As such, additional statistical tests were performed to assess the normality of distributions for each of the variables.





**Figure 1** Histograms of study variables.

Because the histograms did not definitely illustrate that variables were normally distributed, Kolmogorov-Smirnov (K-S) tests were conducted and skewness and kurtosis statistics of the data were assessed to assess the normality of distributions. The results of the K-S tests are summarized in Table 3. The resulting K-S statistics showed that all the *p*-value (significance level) of the variables were all less than .05, suggesting that all the data of the four study variables were normally distributed (Kline, 2005).

Table 3

*Kolmogorov-Smirnov Test of Normality*

	Kolmogorov-Smirnov		
	Statistic	df	Sig.
BSAQ	0.14	47	0.03
FVI	0.18	47	0.00
Athletes	0.22	47	0.00
Coaches	0.18	47	0.00

In addition to the K-S tests, skewness and kurtosis statistics of the data were also investigated for each of the study variables in order to validate the normality of the distributions. To determine whether the data follows normal distribution, skewness statistics greater than three indicate strong non-normality while kurtosis statistics between 10 and 20 also indicate non-normality (Kline, 2005). As indicated in Table 4, the skewness statistic values of the study variables enumerated ranged between 0.62 and 2.21 while the kurtosis values ranged between -0.65 and 6.03. The skewness and kurtosis statistics of all study variables fell within the criteria enumerated by Kline (2005), indicating that all the data of the study variables were normally distributed.

Table 4

*Skewness and Kurtosis of Variables*

	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Overall BSAQ scores	47	0.62	0.35	-0.65	0.68
FVI scores	47	2.21	0.35	7.19	0.68
Percentage change in athletes	47	0.73	0.35	2.87	0.68
Percentage change in coaches	47	1.46	0.35	6.03	0.68

Thus, the investigation of the skewness and kurtosis statistics confirmed the results of the K-S test for normality. The test results confirmed that the Pearson's correlation test could be conducted since all the data of the four study variables exhibited normal distributions.

**Research question 1.** The first research question of this study was "To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the financial performance of the SO chapters measured by the FVI?" The corresponding null hypothesis was that there is no statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

To answer Research Question 1, a Pearson's correlation test was conducted to determine the extent of any relationship between overall board effectiveness as measured by the BSAQ and the variable of financial performance measured by the FVI in SO chapters. A level of significance of .05 was used in the hypothesis testing. A significant relationship would exist if the probability value of significance was less than or equal to

the level of significance value. The Pearson's correlation test also investigated the degree of the correlation (positive or negative) and the strength of the correlation. The test results provided in Table 5 showed that there was no significant correlation between overall board effectiveness and the financial performance of the 47 SO chapters ( $r = -.11$ ,  $p = .45$ ). There was no significant relationship since the p-value was greater than the level of significance value of .05. Therefore, the first null hypothesis was not rejected, and it was concluded that there was no statistically-significant relationship between the overall board competency in SO chapters measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

Table 5

*Pearson Correlation Tests for Board Effectiveness (Overall BSAQ Score)*

	Financial Performance	Percentage Change in Athletes	Percentage Change in Coaches
Pearson Correlation ( $r$ )	-.11	-.02	-.15
Significance ( $p$ ), 2-tailed	0.45	0.90	0.30
N	47	47	47

**Research question 2.** The second research question of this study was “To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in athlete rolls?” The corresponding null hypothesis was that there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.

To answer Research Question 2, a Pearson's correlation test was conducted to determine the extent of any relationship between overall board effectiveness and the percentage change in athlete rolls in SO chapters. A level of significance of .05 was used in the hypothesis testing. The test results provided in Table 5 showed that there was no significant correlation between overall board effectiveness and the change in athlete rolls ( $r = -.02, p = .90$ ), since the p-value was greater than the level of significance value of .05. Therefore, the second null hypothesis was not rejected, and it was concluded that there was no statistically-significant relationship between the overall board competency in SO chapters measured by the BSAQ and the program delivery of SO chapters measured by the percentage change in athlete rolls.

**Research question 3.** The third research question of this study was "To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in volunteer coaches?" The corresponding null hypothesis was that there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

To answer Research Question 3, a Pearson's correlation test was conducted to determine the extent of any relationship between overall board effectiveness and the percentage change in volunteer coaches in SO chapters. A level of significance of .05 was used in the hypothesis testing. The test results provided in Table 5 showed that there was no significant correlation between overall board effectiveness and the change in volunteer coaches ( $r = -.15, p = .30$ ), since the p-value was greater than the level of significance

value of .05. Therefore, the third null hypothesis was not rejected, and it was concluded that there was no statistically-significant relationship between the overall board competency in SO chapters measured by the BSAQ and the program delivery of SO chapters measured by the percentage change in volunteer coaches.

**Qualitative component of the study.** This multiple case study was conducted in order to explore how SO chapter board members balance concurrent objectives to improve financial and program-related performance measures in SO chapters across the United States. This section outlines the data collected from ten semi-structured interviews conducted via telephone and face-to-face meetings. The qualitative component of the study was performed to complement the results of the quantitative aspect of the research. Ten interviews with board chairpersons were conducted; results were coded, categorized, and organized into themes to aid in understanding better the overall effectiveness of the board and its organizational performance at SO.

**Demographic information of interview participants.** Of the 10 interview participants, all 10 were board chairpersons and classified themselves as white, and 9 (90%) were male. The average age of participants was 57.1 years; ages of participants ranged from 48 years to 71 years. All of the respondents were required to have board experience (in any capacity) of at least one year in order to participate in the interviews; the researcher verified each participant's eligibility. The average experience of interview participants was 8.0 years, and tenure as board chairperson averaged 2.1 years.

**Descriptive information for chapters of interviewed participants.** For the ten individuals who participated in the interviews, results from the quantitative component of the study are depicted in Table 6 as descriptive data for the qualitative component of the

study. The peer groupings of SO chapters were randomly changed to “ $\alpha$ ,” “ $\beta$ ,” “ $\gamma$ ,” etc. by the researcher in order to maintain anonymity, similar to what was done to change SO chapter names to “A,” “B,” “C,” etc. Because only one individual from peer group “ $\epsilon$ ” volunteered to be interviewed, a volunteer was selected from peer group “ $\beta$ ” to achieve the desired number of 10 interviews. In the ten chapters where interviews were conducted, the BSAQ scores averaging .74 compared favorably to the average results of .72 for all 47 chapters. The average FVI score of .1892 compared favorably to the average FVI score of .1927 for all 47 chapters. Two (20%) of the chapters interviewed were considered financially vulnerable, similar to 21% those considered financially vulnerable among the 47 SO chapters. Among those interviewed, average program scores involving changes in athletes (1.22%) compared unfavorably to the average for all 47 chapters (5.88%). Average scores for coaches (-12.28%) compared unfavorably to the 47 chapters (8.01%) in the quantitative component of the study. Due to these differences in variables, the semi-structured interview data and results may not be fully reflective of the population of SO chapters. The interview results may reflect more effective board practices (e.g., BSAQ scores) and positive financial performance (e.g., FVI scores), relative to those chapters that were not interviewed. Conversely, the interview data results may reflect less positive growth of athletes or more negative changes in the number of coaches, relative to those chapters that were not interviewed.

Table 6

*BSAQ, FVI, and Program-related Scores – Interviewed Chapters*

Peer Groups	Chapter	BSAQ Score	FVI Score	Percentage $\Delta$ in Athletes	Percentage $\Delta$ in Coaches
$\alpha$	AA	.66	.2212	- 19.18	- 0.89
$\alpha$	Y	.61	.1656	2.16	8.93
$\beta$	FF	.90	.1856	4.54	0.62
$\beta$	N	.74	.2249	- 8.14	- 3.80
$\beta$	A	.73	.1833	5.26	- 33.33
$\gamma$	LL	.86	.1805	- 39.31	6.34
$\gamma$	R	.65	.1703	5.32	0.08
$\Delta$	E	.80	.2000	3.28	- 80.12
$\Delta$	HH	.63	.1774	4.09	- 9.73
$\varepsilon$	V	.81	.1835	54.17	- 10.87
Totals		.74	.1892	1.22	- 12.28

BSAQ scores for the six dimensions of board competency are also depicted as descriptive data in Table 7 for the SO chapters of interview respondents, which was used to assist in the completion of the multiple case studies. Among the interview respondents, the average scores for the educational (.65) and analytical (.70) dimensions were relatively lower among than the scores for the other dimensions. Similar phenomena were observed when considering all 47 chapters, where average scores for the educational (.63) and analytical (.72) dimensions lagged the other dimensions, which ranged from .73 to .78. Additional insights to these relatively lower measures were also revealed during the semi-structured interviews that were conducted. BSAQ scores for the six dimensions of board competency were calculated for all 47 SO chapters (Appendix O).



Table 7

*BSAQ Scores for Six Dimensions of Board Competency*

Peer Groups	Chapter	Contextual	Educational	Interpersonal	Analytical	Political	Strategic
$\alpha$	AA	.69	.56	.73	.70	.71	.61
$\alpha$	Y	.64	.58	.58	.57	.67	.64
$\beta$	FF	1.00	.86	.91	.80	.92	.89
$\beta$	N	.83	.72	.79	.70	.67	.69
$\beta$	A	.86	.53	.79	.67	.67	.83
$\gamma$	LL	.81	.72	.88	.83	.96	.92
$\gamma$	R	.70	.61	.61	.63	.67	.69
$\Delta$	E	.89	.72	.82	.67	.71	.94
$\Delta$	HH	.64	.53	.67	.67	.67	.61
$\varepsilon$	V	.76	.69	.85	.80	.96	.85
Totals		.78	.65	.76	.70	.76	.76

**Addressing qualitative research questions.** To analyze the interview results for each of the research questions 4 to 8, respondents' answers from the semi-structured interviews were recorded and structurally coded to summarize data and obtain thematic categories. Coding was used to create categories to group together relevant information by topic. The six dimensions of board competency were considered to serve as a basis for coding the results (Jackson & Holland, 1998); however, the researcher coded and categorized data beyond these six classifications as needed. Open coding of interview responses enabled the researcher to identify various themes to summarize the interview data. The analysis of the qualitative data and the descriptive quantitative research results for the respective chapters consisted of organizing the data into categories and themes. The researcher used NVivo 9<sup>®</sup> software to encode and program the interviews of all ten

participants to organize the data, categorize and code responses, and effectively identify the concepts and themes.

Data were available from multiple sources to address the research questions and provide insight on the application of the resource dependency and agency theories. The multiple case study evidence included data from (a) the semi-structured interviews, (b) descriptive data of BSAQ scores for the six dimensions of board competency, (c) research results from the quantitative component of the study, and (d) the researcher's interview notes and observations. Similar to data triangulation that involves numerous sources of data, the data derived from various sources in the current study may converge to corroborate the same fact, phenomenon, or conclusion (Yin, 2009). The importance of triangulation in research designs is that the strengths of one research method can counterbalance the weaknesses of another research method (Black, 1999; Mertens & McLaughlin, 2004).

**Research question 4.** The fourth research question of this study was “How do board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?”

The fourth research question was designed to explore how SO chapter board members prioritize concurrent, multiple objectives to improve financial performance and program delivery measures in SO chapters in line with SOI's global mission (*SO Strategic Plan*, 2010). The board chairpersons indicated that for them, financial performance was the most significant objective that was given attention and priority most of the time. Thematically, this emerged from seven of the ten (70%) interviewed

respondents. The remaining three board chairpersons interviewed had other, varied responses that did not reflect a meaningful theme or trend.

In addition to the interview responses, other data from the quantitative component of the study were collected from semi-structured interviews to gain insight from participants who previously responded to the BSAQ (Jackson & Holland, 1998). BSAQ scores and program-related variables are depicted in Table 8. The seven interview participants who indicated that financial performance was the highest priority represented SO chapters that had a higher average FVI score (.1951) compared to the collective group of SO chapters for which interviews were conducted and when compared to all 47 chapters. These seven chapters included two chapters that were financially vulnerable (FVI scores > .2000). This phenomenon aligns with the resource dependency theory, and may reflect the board members' realizations that the need to improve financial performance was critical to the SO chapters' long-term viability and sustainability of its mission (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009).

Among the seven interview participants who indicated that financial performance was the highest priority, the average program scores were also negative for both athletes (- 6.95%) and coaches (- 15.87%). Both measures were lower for these seven chapters, when compared to athlete scores and coach scores for the collective group of the 10 chapters interviewed and relative to all 47 chapters.

Table 8

*Board Priorities and the BSAQ, FVI, and Program-related Scores*

Groups No. peer groups	BSAQ Score	FVI Score	Percentage $\Delta$ in Athletes	Percentage $\Delta$ in Coaches
Seven respondents for which financial performance is top priority:				
4 peer groups	.76	.1951	- 6.89	- 15.87
All 10 interviewed respondents:				
5 peer groups	.74	.1892	1.22	- 12.28
All 47 chapters:				
5 peer groups	.72	.1927	5.88	8.01

Additionally, board effectiveness scores for each of the six dimensions of board competency within the BSAQ (Jackson & Holland, 1998) were calculated (Appendix B). This data is presented in Table 9. Those who indicated that financial performance was the highest priority had relatively higher contextual (.83) and strategic (.80) scores compared with the collective group of 10 interview respondents or all 47 chapters. This group also had relatively lower educational (.67) and analytical (.71) dimensions, in line with the results for the 10 chapters depicted in Table 7.

In three of these chapters, board chairpersons indicated that strategic planning was emphasized as a high priority for the board to be effective, and formal structures were developed to maintain a forward-looking focus. Strategic or long-range planning committees as well as retreats were highlighted as key board entities. For example, one chairperson emphasized the importance of strategic planning by saying "Let's step back and evaluate: What are the events that we're doing? What are the ones that are valuable? Where are we invested in, and are we getting the return that we want?" The concept

underscores the prominence of the agency theory, where the board monitors management to ensure that resources are used efficiently for the advancement of the mission (Callen et al., 2010; Mwenja & Lewis, 2009). In discussion nonprofit boards of directors, another chairperson stated “they should be futuristic in their thinking and envision what the organization should look like down the road – almost think about what the organization could become – and then provide the help to get there.” The view aligns with the resource dependency theory to provide the right resources to advance the mission (Callen et al., 2010; Mwenja & Lewis, 2009).

Table 9

*Board Priorities and Dimensions of Board Competency*

Group	Contextual	Educational	Interpersonal	Analytical	Political	Strategic
Seven respondents for which financial performance is top priority:						
Averages:	.83	.67	.79	.71	.76	.80
All 10 interviewed respondents:						
Averages:	.78	.65	.76	.70	.76	.76
All 47 chapters:						
Averages:	.78	.63	.73	.72	.73	.75

**Research question 5.** The fifth research question of this study was “What are the perceptions of board members regarding their board’s actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?”

The fifth research question was designed to explore how SO chapter board members describe their SO chapter board’s ability to improve financial performance,

growth of athlete rolls, and growth of volunteer coaches in SO chapters. Results are summarized in Table 10.

Table 10

*Perceptions of board abilities to improve financial performance, expand athlete rolls, and increase coaches in their SO chapters*

Invariant Constituents	Number of occurrences	Percentage of occurrences
Board members believe that they have the ability to improve the three measures by getting personally engaged and actively participating in SO activities and board meetings.	7	70%
Board members believe that they provide resources and tools to their CEO or staff members, who have the greatest influence in advancing the three organizational performance measures.	5	50%

Data were also collected from semi-structured interviews to gain insight from participants who previously responded to the BSAQ (Jackson & Holland, 1998). BSAQ scores and program-related variables are depicted in Table 11. Collectively, the seven respondents who indicated that they have the ability to improve organizational performance by getting personally engaged and actively participating in SO activities and board meetings had, on average, a higher FVI score of .1939. This score was relatively higher compared to the collective group of SO chapters for which interviews were conducted and when compared to all 47 chapters. The average score indicated that the collective group of chapters with this view was not considered financially vulnerable (FVI scores > .2000); however, two of these chapters were financially vulnerable. Programmatic scores were also negative, on average, for athletes (-6.95) and coaches (-17.35). Overall, the interview responses reflect a collective view among board

chairpersons that actions taken by board members can impact SO chapter financial performance.

Table 11

*Perceptions of Board Abilities and the BSAQ, FVI, and Program-related Scores*

Groups No. peer groups	BSAQ Score	FVI Score	Percentage $\Delta$ in Athletes	Percentage $\Delta$ in Coaches
The 7 respondents who can improve performance through personal engagement:				
4 peer groups	.72	.1939	- 6.95	- 17.35
The 5 respondents who can improve performance by providing tools/resources:				
4 peer groups	.77	.1836	13.88	- 22.95
All 10 interviewed respondents:				
5 peer groups	.74	.1892	1.22	- 12.28
All 47 chapters:				
5 peer groups	.72	.1927	5.88	8.01

Notwithstanding the chairpersons' views that SO chapter performance can be improved by getting personally engaged and actively participating, results for the BSAQ, FVI, and athlete scores all compared unfavorably to the other response group (e.g., which indicated performance can be improved by providing tools and resources), the collective group of SO chapters for which interviews were conducted, as well as all 47 chapters. The chairpersons' responses align with the resource dependency theory to provide resources to nonprofit organizations, and the agency theory to monitor performance of management during SO activities and board meetings (Brown & Guo, 2010; Mwenja & Lewis, 2009).

The five additional responses reflected a theme that directly aligns with the resource dependency theory (Callen et al., 2010; Mwenja & Lewis, 2009). There were five respondents who indicated that organizational performance can be improved by the board providing the CEO and staff with sufficient tools, resources, and empowerment to drive performance. One board chairperson indicated “That’s what we need to do – provide them the tools to be successful.” Overall BSAQ scores for this group was relatively higher (.77) than other groups, and FVI scores reflected that the SO chapters were not financially vulnerable.

With respect to the dimensions of board competency (Jackson & Holland, 1998), results for the interview participants are outlined in Table 12. Overall, the educational dimension scored the lowest among all of the dimensions for each of the response groups. Among the respondents who indicated that board members can improve performance by providing tools and resources to the CEO and staff, this group also had relatively high score for the contextual (.83) and strategic (.83) dimensions. This trend was evident among the response groups, and compared with the collective group of 10 interview respondents as well as all 47 chapters.



Table 12

*Perceptions of Board Abilities and Dimensions of Board Competency*

Group	Contextual	Educational	Interpersonal	Analytical	Political	Strategic
The 7 respondents who can improve performance through personal engagement:						
Averages:	.77	.63	.76	.70	.72	.76
The 5 respondents who can improve performance by providing tools/resources:						
Averages:	.83	.68	.79	.70	.79	.83
All 10 interviewed respondents:						
Averages:	.78	.65	.76	.70	.76	.76
All 47 chapters:						
Averages:	.78	.63	.73	.72	.73	.75

**Research question 6.** The sixth research question of this study was “What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?”

The sixth research question was designed to explore how SO chapter board members influenced and helped achieve improvements in the financial performance of SO chapters. Respondents often indicated that multiple techniques were commonly used to help improve the financial performance measures for their respective SO chapters. One of the themes depicted in Table 13 strongly aligns to the agency theory for monitoring management (Brown & Guo, 2010). Specifically, 80% of the respondents indicated that oversight and monitoring through board committees were critical to improving the financial performance of SO chapters. Despite the prevalence of this view, the

observation was not revealed in the quantitative component of the study. In fact, 80% of the SO board chairpersons cited the use of a finance committee of the board to monitor budgets and spending, and/or a development committee to monitor fundraising activities. The financial skills and expertise of board members were cited as being critical to the effectiveness of these committees, which has been recommended in the literature (*BoardSource*, 2007; Jackson & Holland, 1998).

Table 13

*Actions Board Members Take to Improve Financial Performance.*

Invariant Constituents	Number of occurrences	Percentage of occurrences
Board members recruit other board members with deep experience in financial management, or work through board committees in order to help improve their fiscal performance.	8	80%
Board members focus on public relations and publicity via fundraising activities, conducting capital campaigns, and events to engage supporters and prospective supporters.	6	60%
Board members maintain a "give or get" philosophy and formally encourage all board members to donate directly to the SO chapter.	6	60%
Board members hire staff members who have deep knowledge on fundraising or financial management.	5	50%
The board members cultivate relationships through their connections and interactions with the community to generate funds.	5	50%

Many of the board practices revealed in the interviews align with the resource dependency theory – to provide sufficient resources for nonprofit management to be

successful (Brown & Guo, 2010; Mwenja & Lewis, 2009). The practices include the direct, active involvement of board members in fundraising activities (60%), donating directly to the chapter (60%), and hiring dedicated staff members for fundraising (50%). One board chairperson indicated “If you want more athletes and you want more to improve the quality of your programming, you have to have the funds to be able to do it.” Another stated “We are here to provide for the athletes, and you have to be fiscally responsible in order to achieve that. You can’t just offer something and then not have any money to pay for it.” Several SO chapters also focus on the cultivation of relationships with board members’ constituencies to raise funds (50%). One board member indicated “Board members who are employees at larger corporations are typically good advocates for us in petitioning their employer’s foundation or employer’s charitable giving arm for funds.” However, as illustrated in Table 6, results of interviews may reflect more positive financial performance (e.g., FVI scores) relative to those chapters that were not interviewed.

It should be noted that two board chairpersons cited competition with SOI in fundraising efforts, which created a challenge for local SO chapters. According to these chairpersons, SOI has designated certain nation-wide corporations across the United States as national donors or prospective fundraising targets of SOI, for which local SO chapters are not permitted to interact with or conduct fundraising efforts. The restriction leaves a smaller pool of potential donors for SO chapters, even when there are personal relationships between SO chapter board members and corporate representatives of the local operations of the SOI donor or prospect. Also, it could potentially help explain, in part, the lack of correlation between the BSAQ and FVI scores among SO chapters.

**Research question 7.** The seventh research question of this study was “What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?”

The seventh research question was designed to explore how SO chapter board members influenced and helped achieve growth of athlete rolls within SO chapters. Although 80% of the interview participants indicated that increasing athlete rolls was a responsibility of the local SO staff members, only 30% of respondents cited the use of board meetings or attendance at athletic events and competitions to oversee the growth of athlete rolls in line with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). As outlined in Table 14, additional techniques cited that reflect the involvement of board members. Specifically, board members indicated that they were indirectly involved with athlete recruitment by attending or showing involvement at athletic events (50%) and by cultivating relationships or promoting partnerships with school systems (50%). In this case, through board member relationships, school administration officials can provide sources of athletes as well as facilities for athletic training or competition.

This observation aligns with the resource dependency theory, which calls for board members to provide sufficient resources for nonprofit management to be successful (Brown & Guo, 2010; Mwenja & Lewis, 2009). However, as illustrated in Table 6, results of interviews may reflect less positive growth of athletes relative to those chapters that were not interviewed.

Table 14

*Actions Board Members Take to Achieve Growth in Athlete Rolls.*

Invariant Constituents	Number of occurrences	Percentage of occurrences
Board members are involved in the local programs and this is how they can actively impact recruitment on athletes by showing their engagement in various athletic events.	5	50%
Board members focus on getting the athletes more involved directly by promoting partnerships with and activities in local school systems.	5	50%
Board members get engaged at board meetings and overseeing SO athletic events and competitions.	3	30%

**Research question 8.** The eighth research question was “What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?”

The eighth research question was designed to explore how SO chapter board members influenced and helped achieve growth of volunteer coaches within SO chapters. Results are summarized in Table 15. Although 80% of the interview participants indicated that increasing the number of volunteer coaches in SO chapters was a responsibility of the local staff members, several chairpersons (60%) indicated that they were involved with increasing coaches by attending and monitoring athletic events, which aligns with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). Respondents also indicated that board members were engaged by personally serving as a coach for athletes (40%), in line with the resource dependency theory through the provision of coaching resources (Brown & Guo, 2010; Mwenja & Lewis, 2009).

Underscoring the relevance of the resource dependency theory, board members also developed partnerships with universities for staff to cultivate the development of more coaches (40%). The activity aligns well with the resource dependency theory, which calls for board members to provide sufficient resources for nonprofit management to be successful (Brown & Guo, 2010; Mwenja & Lewis, 2009). In contrast to research question 6 where 80% of the respondents indicated that oversight and monitoring through board committees were critical to improving the financial performance of SO chapters, only 20% of the chairpersons cited a subcommittee of the board for monitoring the growth of coaches. The observation does not align well with the agency theory, yet was mitigated by the 60% of board chairpersons who indicated that they monitor activities first-hand at athletic competitions. However, as illustrated in Table 6, results of interviews may reflect more negative changes in the number of coaches relative to those chapters that were not interviewed.

Table 15

*Actions Board Members Take to Increase Volunteer Coaches.*

Invariant Constituents	Number of occurrences	Percentage of occurrences
Board members encourage coaching by attending programs and competitions, monitoring activities first-hand, and soliciting feedback from coaches.	6	60%
Board members are personally involved in coaching athletes, and thus foster the growth of volunteer coaches by setting an example.	4	40%
Board members engage in building relationships and partnerships with universities, which represent a valuable source for volunteers and coaches.	4	40%
Board members monitor the growth of coaches via a subcommittee of the board.	2	20%

**Additional findings.** During the conduct of the semi-structured interviews, the researcher identified additional findings that were not directly related to the established research questions. The additional findings are relevant and useful to the investigation of board effectiveness, the specific research problem, and the purpose of the study. The findings also led to practical recommendations, as well as recommendations for potential future research that are detailed in chapter 5.

**Board member responsibilities and engagement.** Six board chairpersons interviewed revealed a desire for greater engagement of board members. Notwithstanding the ability of board members to influence performance, interviewees in four (40%) chapters indicated the existence of some or several members of their respective boards who contributed relatively little in time, effort, or financial contributions – and reduced the potential effectiveness of the board and potentially the performance of the respective

SO chapters. One chairperson cited recent progress in this area, stating “We have recruited better board members and have been ‘termining out’ unproductive board members.” Respondents in two (20%) additional chapters cited a need for board members to be more consistently involved, active, and engaged. Among the six SO chapters which sought greater engagement of board members, five chairpersons disclosed a need to improve governance practices regarding board member responsibilities or engagement. Specifically, three chairpersons indicated that the expectations and responsibilities of board members were not formalized, a commonly suggested board practice (*BoardSource*, 2007). One board chairperson indicated that responsibilities were formalized, but not followed. Another chairperson indicated that board member expectations and responsibilities had been formalized, but commented that board members were not evaluated periodically as to whether they met expectations. A lack of clarity in board member expectations and responsibilities appeared as a common trait among SO chapters where board members were not actively involved to influence organizational performance. This could be a factor contributing to the research problem that has resulted in a lack of consistent board effectiveness in providing resources and advancing mission-based programs.

Furthermore, for research questions 7 and 8, the interview data was further nuanced. For example, board members in eight chapters (80%) viewed the recruitment of athletes and/or coaches to be primarily a staff function, and that board members spent relatively little time on those activities, despite them being key priorities of SOI’s global mission (*SO Strategic Plan*, 2010). Participants in two of those eight chapters specifically emphasized the importance of clearly delineating the distinct roles and responsibilities of



board members vs. paid staff members. One board member indicated that financial performance functions were split between board members and staff: that investment management was a board responsibility and fundraising was more of a staff function to be monitored by the board. The observations aligned with benefits of formalizing the responsibilities of board members, which could be used to both clarify the expectations of board members and help delineate the distinct roles and responsibilities of board members vs. paid staff members.

***Board member education.*** In five of the SO chapters, board chairpersons cited the need for more education, orientation, or mentoring programs to help board members to be more effective, a frequently prescribed practice (*BoardSource, 2007*). One chairperson indicated that they had received excellent training on nonprofit board governance from *BoardSource (2007)*, a widely-recognized authority in the nonprofit sector. Conversely, another chairperson indicated that “New people on the board seem deficient, have an education gap, and it’s hard to get younger members at sporting events.” Individuals from only three SO chapters cited the existence of effective orientation programs to help new board members become effective in influencing the performance of the organization. The low scores for the educational dimension outlined in Table 7 aligned with the interview data calling for more education, orientation, and mentoring. However, among those interviewed, the average program scores involving changes in athletes (1.22%) and coaches (– 12.28%) compared unfavorably to the averages for all 47 chapters. As a result, results of the interview data may not be reflective of board practices or SO chapter performance for those chapters that were not interviewed.

*Diversity of board members.* Seven (70%) board members indicated that the diversity of board members' skills has helped the board of directors to be collectively more effective in providing resources and monitoring SO chapters. One individual indicated that "Diversity of skills of board members has been helpful to the board." Another board chairperson stated that "Our ability to influence [SO chapter] performance depends on the times and the skills of the individual board members." This finding was in line with other research that explored the impact that board composition had on nonprofit organizations (Gazley et al., 2010; Kim et al., 2009).

Three chairpersons also indicated a desire for enhanced board membership, with high-level, high-profile, senior-level people with connections to philanthropies, charitable foundations, and corporate sponsors. Chairpersons also suggested that additional publicity could result from the effort, helping to spread the word about the mission, benefits, and resource needs of SO, as well as contribute to the advancement of its mission overall. Researchers have confirmed that board diversity and the representativeness of stakeholders can positively impact the organizational performance of nonprofit organizations (Gazley et al., 2010; Kim et al., 2009). However, Keller (2010) warns that the composition of nonprofit boards of directors can often reflect those who can secure financial support for the organization, which can lead boards to focus on financial performance rather than the delivery of mission-based programs. Keller (2010) asserted that nonprofit boards can benefit by having a balanced composition that reflects the organizations.

The additional findings provided insight to the research problem and led to areas for potential future research, which are detailed in chapter 5.

## **Evaluation of Findings**

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. The resource dependency and agency theories served as a basis for the study.

**Quantitative component of the study.** For the quantitative component of the study, bivariate correlational analyses were conducted to investigate relationships between SO chapter board effectiveness and both financial and program-related measures of organizational performance. To measure board effectiveness, 47 overall BSAQ scores (Jackson & Holland, 1998) were correlated to three dependent variables: FVI scores (Tuckman & Chang, 1991), the annual percentage changes in the number of athletes, and annual percentage changes in the number of certified coaches. The results of the Pearson's correlation test (Table 5) showed that there were no significant correlations between overall board effectiveness and the variables of financial performance or the two program-related scores (e.g., 12-month percentage changes in athletes and coaches) at Special Olympics. There were no significant relationships since the p-values were greater than the level of significance value of .05. The results of the Pearson's correlation test showed that the null hypothesis for research questions one, two, and three were not rejected.

The results of the quantitative component of the study did not align with what is reflected in theory and the literature regarding board effectiveness and the financial performance of SO chapters. The resource dependency theory asserts that the abilities of

nonprofit organizations to acquire and maintain resources are critical, and that boards of directors are responsible for ensuring the adequacy of those resources (Laughlin & Andringa, 2007; Miller-Millesen, 2003). Numerous authors advocate use of resource dependency theory (Brown, 2007; Callen et al., 2010; McDonagh, 2006). The resources provided by board members include individuals' skills, knowledge, and expertise (e.g., human resources), networks of constituents (e.g., relationship resources), and contributions (e.g., financial resources) in nonprofit organizations (Miller-Millesen, 2003). The quantitative test results of this study showed no significant correlation between overall board effectiveness and financial performance measured by the FVI; however, resources needed by and provided to nonprofit organizations extend beyond the financial resources.

Similarly, the results of the quantitative component of the study did not clearly align with theory and the literature with respect to board effectiveness and the program-related performance of SO chapters, measured by changes in athlete rolls and coaches. The agency theory asserts that boards of directors serve as agents of stakeholders to continuously monitor management's actions taken and operational decisions made, to ensure that actions taken advance the missions of nonprofit organizations (Callen et al., 2010; Mwenja & Lewis, 2009). Insights to the quantitative results were revealed in the qualitative aspect of the study. Specifically, several chairpersons indicated that SO boards spent relatively little time influencing the growth of athletes or coaches. While certain monitoring activities were revealed during the semi-structured interviews, 80% of the board chairpersons indicated that they viewed the growth of athletes or coaches to be responsibilities of hired staff members in SO chapters.

**Qualitative component of the study.** For the qualitative, multiple case study component of the study, semi-structured interviews were conducted to go beyond the descriptions of phenomena that could be discerned from the quantitative component of the study. A sub-population of ten BSAQ participants were asked to participate in the interviews. The interviews were conducted to gain insight into how board members balanced and prioritized concurrent objectives to improve financial performance, growth in athlete rolls, and increase volunteer coaches in SO chapters. To assist with the qualitative analysis, BSAQ scores for the six dimensions of board competency were calculated to provide descriptive data relative to the effectiveness of SO chapter boards.

With regard to the interview results and priorities of board members, 70% of the board members interviewed indicated that financial performance was the most significant objective that received their attention most of the time. While the observation aligns with the resource dependency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009), the finding was significant in contrast to the quantitative component of the study, which showed no correlation between board effectiveness and the financial performance of SO chapters. Further, the SO chapters that indicated that financial performance was the most significant objective had relatively unfavorable FVI scores of .1951 (Table 8), which may have reflected a need to improve finances; however, those chapters also had significant declines in athlete rolls and volunteer coaches.

Collectively, most respondents (70%) also indicated that they believed that board members actually can influence SO's financial performance by getting personally engaged and actively participating in SO activities and board meetings (Tables 10 & 11). On average, they had a lower BSAQ score of .72 and a higher FVI score of .1939 and

were not considered financially vulnerable as a group; however, two of the chapters were financially vulnerable. In addition, programmatic scores were negative, on average, for athletes and coaches, which align with interview responses that financial performance was the most significant objective (70%) and that growth in athletes and coaches tended to be viewed as a staff function (80%). The observations also align with the resource dependency theory to provide resources to nonprofit organizations, and the agency theory to monitor performance of management (Brown & Guo, 2010; Mwenja & Lewis, 2009).

Other results reflected themes that directly align with the resource dependency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). Five respondents indicated that organizational performance can be improved by the board providing sufficient resources and tools to the CEO and staff. On average, they had a high BSAQ score of .77 and a lower FVI score of .1836 and were not considered financially vulnerable as a group.

Regarding the activities of boards to improve financial performance (Table 13), 80% of the respondents indicated that oversight and monitoring through board committees were critical to improving the financial performance of SO chapters. This observation strongly aligns with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). The direct, active involvement of board members in fundraising activities (60%), use of a “give or get” philosophy to formally encourage board members to donate (60%), the hiring of dedicated staff members for fundraising or financial management (50%), and the cultivation of relationship to raise funds (50%) all strongly align with the resource dependency theory – to provide sufficient resources for nonprofit management to be successful (Brown & Guo, 2010; Mwenja & Lewis, 2009).

The interview data also revealed that board members in eight chapters (80%) viewed the recruitment of athletes and/or coaches to be primarily a staff function, and that board members spent little time on those activities. Furthermore, only 30% of respondents cited the use of board meetings or attendance at athletic events and competitions to oversee the growth of athlete rolls in line with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). Several chairpersons (60%) indicated that they were involved with increasing coaches by attending and monitoring athletic events (60%), or monitoring activities via board subcommittees (20%), which both align with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009).

However, board members indicated that they were involved with athlete recruitment (Table 14) by showing involvement at athletic events (50%) and promoting partnerships with school systems (50%) in line with the resource dependency theory (Brown & Guo, 2010). Similarly, board members indicated that they were involved with increasing coaches (Table 15) by attending athletic events and monitoring activities (60%), which aligns with the agency theory to monitor management and the advancement of mission-based programs (Brown & Guo, 2010; Mwenja & Lewis, 2009). Respondents commented that board members were engaged by personally serving as a coach for athletes (40%), and developing partnerships with universities for staff to cultivate more coaches (40%) in line with the resource dependency theory (Brown & Guo, 2010). Additional findings were also noted, which led to recommendations for practice or future research.

## Summary

In chapter 4, the results of the quantitative and qualitative aspects of the research were presented, along with potential meanings of the observations, and relevance to the resource dependency and agency theories. Potential explanations for unexpected results were explored, along with noteworthy trends and observations.

With respect to the quantitative component of the study, the purpose was to examine the relationships between board effectiveness and three measures of organizational performance in SO chapters across the United States. This was conducted by examining whether a statistically significant relationship existed between overall board effectiveness and the variables of financial performance. Descriptive statistics of study variables and tests of normality were presented. As a result of the Pearson's correlation tests that were conducted, none of the null hypotheses were rejected for the research questions. First, the results showed that there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI. Second, there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls. Third, there was no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

The results of the quantitative component of the research were not in line with what is reflected in theory and the literature regarding board effectiveness and the financial performance of SO chapters. The resource dependency theory has been



advocated by numerous authors and it asserts that boards of directors are responsible for ensuring the adequacy of those resources (Brown, 2007; Callen et al., 2010; Laughlin & Andringa, 2007). The quantitative test results of this study showed no significant correlation between overall board effectiveness and financial performance measured by the FVI; however, resources needed by and provided to nonprofit organizations extend beyond the financial resources, such as skills, knowledge, expertise, and networks of constituents (Miller-Millesen, 2003). Further observations within the qualitative component of the study reflect that board members perceive that they influence the financial performance of SO chapters, but the extent of that phenomenon was not fully clear.

With regard to the qualitative analysis component of the study, the data gathered and findings collected from ten semi-structured interviews were presented. The purpose of the qualitative aspects of the research was to explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures. During the multiple case study, the researcher conducted and documented interviews, and then examined and analyzed the perceptions and experiences of the members of the boards from the different SO chapters in the United States. Demographic information of interview participants, and descriptive information for the chapters of interviewed were also presented. The researcher developed key themes and observations central to the five research questions that were formed earlier for the qualitative component of the study.

Interviewed board members indicated that financial performance was the most significant objective (70%). On average, these seven SO chapters had a relatively higher

FVI score of .1951. This phenomenon aligns with the resource dependency theory, and may reflect the board members' realizations of their need to improve financial performance and that it was critical to the SO chapters' long-term viability and sustainability of its mission. Separately, most respondents (70%) indicated that organizational performance can be improved by getting personally engaged, reflecting a view that direct actions taken by board members can impact SO chapter performance. With respect to boards' influence of SO financial performance, one theme strongly aligns to the agency theory for monitoring management (Brown & Guo, 2010). Specifically, 80% of respondents indicated that oversight and monitoring through board committees were critical to improving the financial performance of SO chapters. This observation was not revealed in the quantitative component of the study, yet was prevalent among SO chapter boards. Interview responses align with the resource dependency theory, such as with board members' fundraising activities, direct donations, recruitment of dedicated fundraisers, and the cultivation of outside relationships to raise funds.

Regarding boards' influence of SO athlete growth, board members indicated a level of involvement (e.g., attending events, partnerships with local school systems). Similar to the observations regarding athletes, a more significant observation was the overarching view that board members reiterated their views that increasing coaches was considered a staff responsibility (80%). Respondents cited the use of board meetings to oversee and monitor athletic events, athlete activities, and the growth of athlete rolls. These observations strongly align with the agency theory to monitor management and the advancement of mission-based programs (Brown & Guo, 2010; Mwenja & Lewis, 2009).

With respect to boards' influence of SO on increasing volunteer coaches, board members indicated a level of involvement (e.g., involvement at athletic events, serving as coaches, cultivating relationships with school systems). Yet board members reiterated their views that the growth of athlete rolls was considered a staff responsibility (80%). Participants indicated that they would also use board meetings to oversee and monitor the level of coaches, primarily at athletic events and competitions, and to a much lesser degree at board meetings. These observations strongly align with the agency theory to monitor management and the advancement of mission-based programs (Brown & Guo, 2010; Mwenja & Lewis, 2009).

Finally, additional findings were noted that led to recommendations for practice or future research that are detailed in chapter 5. Also included in the next chapter, implications of the research results are more fully investigated. The researcher's conclusions are also presented.

## Chapter 5: Implications, Recommendations, and Conclusions

The boards of directors of nonprofit organizations are responsible for ensuring the adequacy of resources and monitoring mission-based programs; these duties are affirmed by the resource dependency and agency theories, respectively (Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009). As demands for nonprofit services had grown and resources shrank amid the recent economic downturn, boards of directors across the nonprofit sector faced increased difficulty in fulfilling their responsibilities (Eschenfelder, 2010; Vaughn, 2010). The specific problem examined in this study was that local SO chapter boards were not fully providing adequate resources and monitoring management's delivery of mission-based programs, which could potentially impair SO's future sustainability and its ability to provide valued services to athletes. As athlete rolls have increased round the world, both revenues and coaches per athlete have declined at SO (*SO Strategic Plan*, 2010). While causes of the trends were unclear, SO established goals to accelerate fundraising and increase athlete rolls and coaches (*SO Strategic Plan*, 2010).

The purpose of this mixed method study was to evaluate board effectiveness relative to multiple measures of organizational performance, and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. For the quantitative component of the study, SO chapter board chairpersons were asked to complete the BSAQ survey to evaluate board effectiveness. The BSAQ has been tested extensively to confirm the validity, reliability, and sensitivity of the survey tool (Jackson & Holland, 1998). BSAQ results were then correlated to financial measures (e.g., FVI

scores) and programmatic data (e.g., annual percentage changes in athletes and coaches). For the qualitative aspect of the study, ten semi-structured interviews were conducted with a sub-population of BSAQ respondents to gain insight as to how board members balanced concurrent objectives to improve financial and program related measures. BSAQ descriptive data were analyzed in multiple cases studies. The use of both quantitative and qualitative data revealed both convergent and divergent observations.

There were several limitations associated with the study.

- The study was limited by the scope of a single world-wide organization with a common mission, purpose and global strategic plan (*SO Strategic Plan, 2010*), and focused only on local chapters that operate in the United States.
- Another limitation was also the small population of 52 SO chapters across the United States, and thus the resulting sample sizes for this study. This precluded the use of more sophisticated statistical analyses; however, the sample of 47 chapters adequately addressed the population of SO chapters in the United States.
- While the BSAQ has been statistically tested extensively and confirmed to be a tool that provides reliable, valid, and sensitive measures of nonprofit board effectiveness across many types of nonprofit organizations, similar tests had not been performed extensively on a single, nonprofit organization with a common mission, purpose and global strategy (Jackson & Holland, 1998; Mwenja & Lewis, 2009).
- The use of the BSAQ's Likert-type scale created an inherent limitation in research, as Likert type scales can be imprecise, subject to interpretation, and are based on individuals' perceptions that may vary over time (Vogt, 2007).

Nevertheless, subjective views of the effectiveness of nonprofit boards can provide valuable perspectives (Brown, 2007; Callen et al., 2010).

- The research was designed to highlight potential relationships between board effectiveness and the organizational performance measures; however, correlation analyses and various qualitative data do not prove causation (Callen et al., 2010; Mwenja & Lewis, 2009). Improvements in board effectiveness may be related to improvements in the organizations they govern (Callen et al., 2010; Mwenja & Lewis, 2009), but more research is needed to assess and prove causation between the effectiveness of board practices and organizational performance.
- The current study was conducted following an economic recession and during a subsequent period of relatively slow economic recovery. Board practices could have alternative impacts on nonprofit organizations amid differing macroeconomic environments (Bradshaw, 2009; Brown & Guo, 2010).
- Dependent variables (e.g., the annual percentage changes in athlete rolls and certified volunteer coaches for each chapter) provided useful measures that align with SO's mission (Grossmeier et al., 2010; LeRoux, 2010; *SO Strategic Plan*, 2010). However, they did not reflect the other equally-valid qualitative assessments such as program quality, value, and effectiveness that other research has highlighted (Herman & Renz, 2008).
- The study's validity could be limited by any biases created if board members were self-conscious or concerned to the point that they provided false or incomplete information. Compliance with all ethical standards for preserving the confidentiality of research information, the use of informed consent disclosures

and forms, as well as efforts to communicate the confidentiality of research data were used to mitigate such threats (Guthrie & Anderson, 2010).

- The study was also limited by any inaccuracies that that may have existed within the IRS filings of SO chapters that were used as a basis for FVI calculations, or errors within the SO chapter scorecards used to calculate program variables.

The researcher complied with established ethical standards throughout the study, including the APA standards embodied within the ethical principles and code of conduct (APA, 2010). The research involved minimal risk and was conducted on a voluntary basis. Participants received, acknowledged, and signed informed consent forms prior to participating in any aspect of the study, which helped to ensure the safety, welfare, rights, and dignity of all participants (APA, 2010). Much of the data associated with the study were publicly available information, including financial and program delivery data (IRS, 2010; *SO Strategic Plan*, 2010) and the research questions and survey content did not deal with individuals' or private personal information. Nevertheless, the study's method, design, and data retention and security procedures have provided for the anonymity of participants and the confidentiality of all research data. Finally, the approval of Northcentral University's Institutional Review Board was obtained in advance to collecting data for the study.

This chapter includes a discussion of implications of the findings for each of the research questions and related hypotheses in this study. Recommendations for the practical application of findings and potential areas of future research are outlined. The chapter concludes with key findings in relation to both the theoretical framework of the study as well as other research in the literature.

## **Implications**

While there were limitations with the study, the research design and questions were aligned with underlying problem and purpose of the study, which also revealed several additional findings. Some of the findings diverged from previous studies, and other findings were aligned with both theory and prior research.

**Research question 1.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the financial performance of the SO chapters measured by the FVI?

**H1<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

**H1<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

The Pearson's correlation test revealed that there was no significant correlation between overall board effectiveness and the financial performance of the 47 SO chapters ( $r = -.11, p = .45$ ). Therefore, the first null hypothesis was not rejected, and it was concluded that there was no statistically-significant relationship between the overall effectiveness of SO chapter boards measured by the BSAQ and the financial performance of SO chapters measured by the FVI.

The lack of statistically-significant correlation between the overall BSAQ and FVI scores was uncommon in the literature and was not expected relative to the resource dependency theory (Cordery & Baskerville, 2010; Hodge & Piccolo, 2012; Tuckman &



Chang, 1991). However, there were limitations in current study: (a) population and thus sample sizes for this study were relatively small and focused on a single segment of the nonprofit sector; (b) the Likert-type scale of the BSAQ can be imprecise, subject to interpretation, and based on perceptions that may vary over time (Jackson & Holland, 1998; Vogt, 2007); and (c) correlation does not prove causation (Callen et al., 2010; Mwenja & Lewis, 2009). Also, (d) the potential for errors in IRS filings, which were used as a basis for calculating FVI scores for each chapter, could have impacted the results. Among SO's chapters, individual board chairpersons may view effective board practices and success in different ways, and thus provide inconsistent views. These limitations also impact research questions 2 and 3.

The lack of correlation between the overall BSAQ and FVI scores implies that improvements in SO chapter board effectiveness would have no relationship to improvements in the financial performance of SO chapters. Boards face trade-offs in pursuing objectives to raise resources and advance mission-based programs simultaneously (Callen et al., 2010). Thus, as SO board members work to improve multiple measures of organizational performance (*SO Strategic Plan, 2010*), it was possible that other non-financial performance measures may have been prioritized by some SO boards. In terms of theory, the impact of the agency theory may outweigh that of the resource dependency theory among the 47 SO chapters evaluated in this study. In addition, other internal or external forces may be more relevant to the financial performance of SO chapters, such as fundraising efforts of chapter CEOs and staff members or broader societal forces impacting donations to SO chapters, which were not reflected in the BSAQ scores. However, these quantitative findings regarding the lack of

correlation between the overall BSAQ scores and FVI scores diverged with the qualitative component of the study. The qualitative findings are discussed further with the implications for research questions 4, 5, and 6.

Board chairpersons also made comments that may help explain the lack of correlation. For example, one stated “When I did the BSAQ survey and looked at these interview questions, I didn’t see anything that we did perfectly, and I didn’t see anything that we did poorly. That’s why the scores are kind of middle-of-the-road. I see a lot of areas for enhancement to be more effective as a board, and that’s what I’m pushing for this year. All board members are expected to donate and seek funds.” This SO chapter had a low overall BSAQ score (.67, third quartile) – below the mean score (.70) for the 47 SO chapters. Yet the SO chapter in question was relatively high performing: with a low FVI score (.1703, top quartile among 47 chapters) reflecting relatively low financial vulnerability, and positive growth in athletes (+5.32%, second quartile) and coaches (+0.08%, third quartile).

In addition, while the FVI has been extensively tested and found to be an effective financial measure, particularly in a single industry within the nonprofit segment (Cordery & Baskerville, 2010; Hodge & Piccolo, 2012), the resources provided to nonprofit organizations may include non-financial resources, such as board members’ personal skills, knowledge, and expertise, as well as ties to external relationships and networks of constituents (Brown, 2007; Callen et al. 2010). These were not reflected in the FVI, and may partially explain a lack of correlation. For example, the qualitative aspects of the study revealed that board members also focus on nonfinancial resources for the staff (e.g., relationship-building with constituencies) in research questions 7 and 8.

Finally, the competition that SO chapters face with SOI in fundraising efforts could also partially explain the lack of correlation between SO chapter board effectiveness and financial performance measures. Even highly effective boards were not permitted to raise funds at large national corporations designated by SOI, restricting potentially lucrative sources of revenues for the local SO chapters. The extent of the financial impact of these restrictions; however, was not fully clear from the current research.

**Research question 2.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in athlete rolls?

**H2<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.

**H2<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in athlete rolls.

The Pearson's correlation test demonstrated that there was no significant correlation between overall board effectiveness and the percentage change in athlete rolls ( $r = -.02, p = .90$ ). As a result, the second null hypothesis was not rejected, and it was concluded that there was no statistically-significant relationship between the overall effectiveness of SO chapter boards measured by the BSAQ and the annual percentage change in athlete rolls in SO chapters.

The lack of correlation between the overall BSAQ and the percentage change in athlete rolls was unexpected relative to the agency theory. However, limitations in the

current study that impacted research question 1 also impacted question 2, including: (a) the small population and sample sizes of SO as a nonprofit in the United States; (b) the imprecision, subjectivity, and variability of a Likert-type scale in the BSAQ (Vogt, 2007); and that (c) correlation between variables does not prove causation (Callen et al., 2010). Furthermore, (d) the percentage change in athlete rolls did not reflect any qualitative assessments of stakeholders, which are also considered valid for assessing the advancement of nonprofit missions and goals (Herman & Renz, 2008). Lastly, (e) the potential for errors in SO chapter scorecards, which were used as a basis for calculating the percentage change in athlete rolls for each chapter, could have impacted the results.

The lack of correlation between the overall BSAQ and the percentage change in athlete rolls implies that improvements in SO chapter board effectiveness would have no relationship to increased numbers of athletes in SO chapters. Because boards face trade-offs in simultaneously pursuing dual objectives to raise resources and advance mission-based programs (Callen et al., 2010), other board activities or SO chapter performance measures may be considered to be more important in at least some SO chapters. However this would not be expected because increasing athlete rolls is central to SO's mission and strategic goals (*SO Strategic Plan*, 2010).

Unlike the observations for the FVI in research question 1, there was a degree of convergence with the quantitative and qualitative components of the study for research question 2. Specifically, 80% of the SO board chairpersons stated that they viewed increases in athlete rolls as a responsibility of local SO staff members, which may also help to explain, in part, the lack of correlation for research question 2. These qualitative findings are discussed further with the implications for research questions 4, 5, and 7.

**Research question 3.** To what extent, if any, is there a relationship between overall board effectiveness as measured by the BSAQ and the program delivery of SO chapters measured by the 12-month percentage changes in volunteer coaches?

**H3<sub>0</sub>.** There is no statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

**H3<sub>a</sub>.** There is a statistically-significant relationship between the overall board competency measured by the BSAQ and the program delivery capability of SO chapters measured by the percentage change in volunteer coaches.

To answer research question 3, a Pearson's correlation test showed that there was no significant correlation between overall board effectiveness and the change in certified volunteer coaches ( $r = -.15, p = .30$ ). Therefore, the third null hypothesis was not rejected, and it was concluded that there was no statistically-significant relationship between the overall effectiveness of SO chapter boards measured by the BSAQ and the percentage change in volunteer coaches.

The lack of correlation between the overall BSAQ and the percentage change in volunteer coaches was not expected. Similar to the observations for research questions 1 and 2, the lack of statistical correlation between the overall BSAQ and change in volunteer coaches may have reflected limitations with the current study. Research limitations included: (a) the small population and sample sizes of the SO organization; (b) the imprecision, subjectivity, and variability of the Likert-type scale used in the BSAQ (Vogt, 2007); and that (c) correlation does not prove causation (Callen et al., 2010). In addition, (d) the percentage change in volunteer coaches did not reflect

qualitative assessments of stakeholders – also considered valid measures for assessing nonprofit organizations (Herman & Renz, 2008). Finally, (e) the potential for errors in SO chapter scorecards, used to calculate the percentage change in volunteer coaches for each chapter, could have impacted the results.

The lack of correlation between the overall BSAQ and the percentage change in certified volunteer coaches implies that improvements in SO chapter board effectiveness would have no relationship to increased numbers of volunteer coaches in SO chapters. Boards face trade-offs when pursuing multiple objectives to raise resources and advance mission-based programs concurrently (Callen et al., 2010). As such, other various board activities or alternative performance measures may have been considered to be more important than increases in certified coaches in at least some SO chapters, despite the fact that increasing coaches was a key goal of SO (*SO Strategic Plan*, 2010).

In contrast to the observations for the FVI in research question 1, there was a degree convergence with the quantitative and qualitative components of the study for research question 3. Specifically, most (80%) of the SO board chairpersons indicated that they typically viewed the increase in volunteer coaches as a responsibility of the local SO staff. This observation may also help to explain, in part, the lack of correlation for research question 3. These qualitative findings are discussed further with the implications for research questions 4, 5, and 8.

**Research question 4.** How do board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?

The majority of board members – 70% of the interviewed respondents – indicated that financial performance was the most significant objective that receives most of their time and attention for their respective SO chapters. Because of limitations in the current study, which involved small population and sample sizes, focused on a single organization, and assumed that board chairpersons provided complete and accurate information, this finding may not be broadly applied for the entire nonprofit sector. However, for SO, the finding was in line with the resource dependency theory (Mwenja & Lewis, 2009) and is commonly prescribed responsibility of nonprofit boards in the literature (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Hentz, 2009).

The finding implies that SO board chairpersons are strongly influenced by the resource dependency theory to provide adequate resources, which are commonly prescribed board practices (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009). In relative terms, the board chairpersons are less influenced by the agency theory for ensuring and monitoring the advancement of mission-based programs, despite the fact that SO's global objectives include improvements in all three measures (*SO Strategic Plan*, 2010). The vast majority of the SO board chairpersons interviewed stated that they viewed increases in athlete rolls and volunteer coaches to be responsibilities of local SO staff members.

The seven board chairpersons who indicated that financial performance was the highest priority represented SO chapters with a higher average FVI score (.1951) and were relatively more financially vulnerable compared with the average FVI score of the 47 chapters (.1927). From a practical standpoint, this may reflect the board members' understanding of the need to improve financial performance, which is critical to the SO

chapters' long-term viability and sustainability of its mission (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009). Those chapters also had relatively higher contextual (.83) and strategic (.80) scores: strategic planning was cited in the literature as a high priority for boards to be effective (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Mwenja & Lewis, 2009).

The findings were in line with research conducted by Brown and Guo (2010), which concluded that internal and external forces influenced roles of nonprofit boards, and ultimately their effectiveness. Examples include: (a) nonprofits facing resource constraints would more likely emphasize fundraising, and (b) organizations operating in complex external environments tended to prioritize strategy-setting activities (Brown & Guo, 2010). Brown and Guo's (2010) research provides insight to relationships between board effectiveness and financial performance – a key area of focus for foundations and private donors (Eschenfelder, 2010; Keller, 2010, Purdy & Lawless, 2012; Vaughan, 2010).

The results of the data reflect the prominence of both the resource dependency theory in the literature related to board effectiveness (Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Callen et al., 2010; Mwenja & Lewis, 2009), as well as the research problem and purpose of the study. Results also align with the contingency theory found elsewhere in the literature. The contingency theory suggests that nonprofit board structures and practices should dynamically evolve as internal and external environments evolve for each nonprofit organization (Bradshaw, 2009; Brown & Guo, 2010). Therefore, a single approach to governance – and thus a single priority of organizational performance – would not be optimal for all SO chapters, which vary



considerably across the nonprofit sector and evolve over time (Bradshaw, 2009; Brown & Guo, 2010).

Since boards face trade-offs in pursuing concurrent objectives to raise resources and monitor programs simultaneously (Callen et al., 2010), the data suggests that SO chapter boards tend to prioritize financial performance improvements over other goals to improve SO programmatic measures, despite the fact that both types of measures are critical to SO's mission (*SO Strategic Plan*, 2010). While the study was not based on the contingency theory (Bradshaw, 2009; Brown & Guo, 2010), there was evidence of it in the priorities among SO chapters – a noteworthy finding.

**Research question 5.** What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?

Two key themes were revealed for research question 5: (a) board members perceive that they have the ability to influence organizational performance directly, and (b) board members believe they can influence organizational performance indirectly. Due to limitations in the current study, which involved small population and sample sizes, focused only on SO, and assumed that SO board chairpersons provided complete and accurate interview responses, these findings may not be applicable to all nonprofit organizations.

First, board chairpersons indicated that they have the ability to influence organizational performance directly. Data collected from semi-structured interviews revealed that seven (70%) respondents indicated that they have the ability to improve organizational performance by getting personally engaged and actively participating in

SO activities and board meetings. It reflects a view that direct actions taken by board members can be impactful. However the finding implies that more action is needed to improve the organizational performance of these SO chapters as these seven chapters had greater financial vulnerability (.1939) than the collective group of 47 SO chapters (.1927), and also had negative programmatic scores for both athletes (– 6.95) and coaches (– 17.35).

Second, board chairpersons asserted they can influence organizational performance indirectly. In five (50%) instances, board chairpersons also indicated that they can improve organizational performance by providing resources and tools to their chapter's CEO or staff members, who have the greatest influence in advancing the three organizational performance measures. The SO chapters for these five respondents had the lowest average FVI scores (.1836) and had much higher athlete growth (+13.88) than the collective 47 chapters, although they had much lower coach scores (– 22.95). These responses strongly align with the resource dependency theory (Mwenja & Lewis, 2009), and imply that board actions can be effective in providing resources, as the chapters had the lowest average FVI scores and high growth of athletes. A reliance on CEOs and staff members converged with observations that 80% of board chairpersons indicated that the recruitment of athletes and/or coaches were primarily staff functions, which is discussed further in research questions 7 and 8.

The findings underscore the relevance of both the resource dependency and agency theories at SO (Mwenja & Lewis, 2009). These SO chapters also had relatively high BSAQ scores for the contextual and strategic dimensions, suggesting the importance of strategic planning that is found in the literature (*BoardSource*, 2007). The findings are

also in line with other research and guidance for practitioners in the literature that suggest that strong, engaged boards can improve performance of nonprofit organizations (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998; Hentz, 2009).

**Research question 6.** What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?

Data for the sixth research question revealed that board members commonly use multiple techniques – in line with both the resource dependency and agency theories – to help improve the financial performance measures for their respective SO chapters. Overall, 80% of the respondents indicated that it was critical to have skilled and experienced board members to provide oversight and monitoring through board committees in order to improve the financial performance of SO chapters. In light of limitations in the current study, such as small population and sample sizes, a focus only the SO organization alone, and assumptions that SO board chairpersons provided complete and accurate interview responses, the finding may not reflect other nonprofit organizations. Nevertheless, the finding was broadly noted by most SO board chairpersons and thus was considered significant among SO chapters.

The observation implies that board members' skills, knowledge, and expertise on financial matters are viewed as key success factors in ensuring the effectiveness of monitoring via board finance and development committees – a good practice within the literature (*BoardSource*, 2007). The finding reflects a strong alignment with the agency

theory, where a highly experienced and skilled board monitors management to ensure the advancement of the mission (Callen et al., 2010; Mwenja & Lewis, 2009).

Several other practices align strongly with the resource dependency theory – to provide sufficient resources for nonprofit management to be successful (Brown & Guo, 2010; Mwenja & Lewis, 2009). The practices include the direct, active involvement of board members in fundraising activities (60%), donating directly to the chapter through “give or get” practices (60%), hiring dedicated staff members for fundraising (50%), and cultivating relationships with board members’ constituencies to raise funds (50%). The prominence of these responses was well grounded in theory (Brown & Guo, 2010; Mwenja & Lewis, 2009) and practice (*BoardSource*, 2007).

The number of interview responses pertaining to the provision of resources implies that board members view the resource dependency theory as a significant influence that guides their activity toward various means of providing financial support. However, the specific research problem – SO chapter boards were not fully providing adequate resources and monitoring management’s delivery of mission-based programs – suggests that practices were not fully adequate, effective, or consistent, and that improvements are warranted. Additional observations beyond those addressed by the research questions were revealed during the semi-structured interviews, and are discussed in a section below for additional findings.

**Research question 7.** What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?

Results for the seventh research question revealed that 80% of the interview participants indicated that increasing athlete rolls was a responsibility of the local SO staff members, yet only 30% of respondents cited the use of board meetings or attendance at athletic events and competitions to oversee the growth of athlete rolls in line with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). This observation – considered to be significant finding in the study – may in part explain the lack of statistical correlation of the overall BSAQ and athlete variables in the quantitative component of the study. It also provides insight to the research problem, as board chairpersons typically view the SO chapter staff as the primary factor that impacts athlete growth. Despite the fact that athlete growth is a strategic priority for SO (*SO Strategic Plan*, 2010), this finding implies that the focus to increase athlete rolls is highly dependent upon the effectiveness of the SO chapter staff members. The potential for inconsistencies in the rigor of board monitoring could help explain why the overall BSAQ measure did not strongly correlate to athlete growth. In light of the research problem, the finding also implies that there is a need for boards to improve the monitoring of management in advancing the growth of athletes in line with the agency theory. These are also commonly prescribed board practices found in the literature (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009). It may also provide an area to strengthen practices among SO chapters in line with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009).

In light of limitations in the current study (e.g., small population and sample sizes, a focus only on SO, and assumptions that interview respondents provided complete and accurate answers), the finding may not reflect practices in other nonprofit organizations.

Although SO board chairpersons indicated that boards spent relatively less time in the area of athlete recruitment, there were several techniques cited by board members that reflect their indirect involvement. Board members indicated that they attended or showed involvement at athletic events (50%), and cultivated relationships or promoting partnerships with school systems (50%).

**Research question 8.** What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?

Similar to the results for research question 7, data revealed that 80% of the interview participants indicated that increasing volunteer coaches in SO chapters was a responsibility of the local SO staff members. Again, this finding was considered significant and it may help explain, in part, the lack of statistical correlation of the overall BSAQ and coach-related variables in the quantitative component of the study. Like the observation for athletes, it also provides insight to the research problem, as board chairpersons view the SO chapter staff to be the primary factor that impacts increasing the number of volunteer coaches in SO chapters. Since increasing the number of volunteer coaches is also a strategic priority for SO (*SO Strategic Plan, 2010*), this finding implies that the focus to increase volunteer coaches is highly dependent upon the effectiveness of the SO chapter staff members. Similarly, due to the limitations of the current study, including small population and sample sizes, a focus only on SO chapters, and assumptions that interview respondents provided complete and accurate answers, the finding may not reflect practices in other nonprofit organizations.

Unlike the results for research question 7, a total of 70% of SO board chairpersons cited various techniques for monitoring the growth of coaches in line with the agency theory (Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009). Specifically, 60% of the chairpersons indicated that they monitored increases in coaches at athletic events and competitions, and 20% cited the use of board meetings to monitor increases in coaches. The active monitoring of management by SO boards also aligns with widely prescribed board practices found in the literature (*BoardSource*, 2007).

In aggregate, there was a higher level of monitoring activities cited among SO chapters for coaches (70%) compared with the monitoring of athletes (30%) in line with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). This implies that SO chapter boards may be more interested in increasing coaches, which also represent resources for SO management in conducting athletic competitions, in line with resource dependency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). Potential inconsistencies in the rigor of board monitoring could explain, at least in part, why the overall BSAQ measure did not strongly correlate to changes in volunteer coaches. It may also provide an area to strengthen practices among SO chapters in line with the agency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009).

Although several interview participants indicated that increasing the number of volunteer coaches in SO chapters was a staff responsibility, there were various actions taken by board members that reflect their indirect involvement. For example, board members indicated that they were personally serving as a coach for athletes (40%), thus providing resources to the SO chapters in line with the resource dependency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009).

**Additional Findings.** During the conduct of the semi-structured interviews, the researcher identified additional findings that were relevant to the research problem and purpose of the study. Although the findings were not directly related to answering the specific research questions, the additional findings relate to the investigation of board effectiveness, the specific research problem, and the purpose of the study. The findings also led to practical recommendations for SO and recommendations for potential future research.

***Board member responsibilities and engagement.*** During the semi-structured interviews that were completed, six board chairpersons revealed a need for greater engagement among board members. Although chairpersons asserted that board members can influence organizational performance, 40% indicated that some or several members of their respective boards contributed little time, effort, or financial donations, and 20% cited a need for board members to be more consistently involved, active, and engaged. The observations imply that the effectiveness of SO chapter boards – and possibly the organizational performance of SO chapters – may be limited by the lack of engagement of at least some of the board members, thus contributing to the research problem. One chairperson cited efforts to improve in this area, stating “We have recruited better board members and have been ‘termining out’ unproductive board members.”

Within these six SO chapters where board members were not fully engaged, five chairpersons also revealed a need to improve governance practices regarding the expectations and responsibilities of board members, which are commonly suggested board practices (*BoardSource*, 2007). Specifically, the expectations and responsibilities of board members were either not formalized, monitored, or consistently followed in



these chapters. This implies that a lack of full understanding of, or adherence to, the expectations and responsibilities of board members may contribute to their lack of engagement and involvement. This could also be a contributing factor to the research problem regarding a lack of consistent board effectiveness in providing resources and advancing mission-based programs.

Finally, 80% of board chairpersons viewed the recruitment of athletes and/or coaches to be primarily a staff function, and that board members spent relatively little time on those activities, despite them being key priorities of SOI's global mission (*SO Strategic Plan*, 2010). Participants in two chapters specifically emphasized the importance of clearly delineating the distinct roles and responsibilities of board members vs. paid staff members, and another indicated that financial management functions were split between board members and staff. This reinforced the benefits of formalizing the responsibilities of board members to help address the research problem. The effort could also potentially help delineate the distinct roles and responsibilities of board members vs. paid staff members.

***Board member education.*** In five of the SO chapters, board chairpersons cited the need for more education, orientation, or mentoring programs to help board members to be more effective. Ongoing educational programs for board members are frequently prescribed board practices (*BoardSource*, 2007). Brown (2007) also concluded that strong development practices led to more competent board members and improved board performance for nonprofit organizations. Specifically, recruitment and orientation practices had greater impact on perceived board effectiveness, compared to evaluation practices (Brown).

The need for additional education implies that board members may not be equipped with basic knowledge or skills to be effective board members. The finding could be more concerning in light of the need to clarify the expectations and responsibilities of board members cited by SO chairpersons. The low scores for the educational dimension outlined in Table 7 reinforced the interview data calling for more education, orientation, and mentoring.

*Diversity of board members.* Seven (70%) board members indicated that the diversity of board members' skills has helped the board of directors to be collectively more effective in providing resources and monitoring SO chapters. One individual indicated that "Diversity of skills of board members has been helpful to the board." Another board chairperson stated that "Our ability to influence [SO chapter] performance depends on the times and the skills of the individual board members." This was in line with other research that explores the impact that board composition and configurations can have on nonprofit organizations (Gazley et al., 2010; Kim et al., 2009).

Three chairpersons also indicated a desire for enhanced board membership, with high-level, high-profile, senior-level people with connections to philanthropies, charitable foundations, and corporate sponsors. Chairpersons also suggested that additional publicity could result from the effort, helping to spread the word about the mission, benefits, and resource needs of SO, as well as contribute to the advancement of its mission overall. Researchers have confirmed that board diversity and the representativeness of stakeholders can positively impact the organizational performance of nonprofit organizations – and even relatively larger budgets and scopes of service provided by the nonprofit organizations (Gazley et al., 2010; Kim et al., 2009). Further,

Keller (2010) warns that the composition of nonprofit boards of directors can often reflect those who can secure financial support for the organization, which can lead boards to focus on financial performance rather than the delivery of mission-based programs. These concepts can provide areas for potential future research for SO chapters and other nonprofit organizations.

The additional findings imply that (a) more consistent board member engagement is needed in at least some SO chapters; (b) more education, orientation, and mentoring is needed to help board members to be effective; and (c) there is a need to formalize and adhere to documented expectations and responsibilities for board members – all have the potential to improve the consistency of board practices and effectiveness. Together, these have the potential to improve consistency of board practices relative to the research problem, and relative to the resource dependency and agency theories.

### **Recommendations**

**Practical recommendations.** There are several practical recommendations that may assist SO chapters in improving the consistency of board practices and effectiveness in providing adequate resources and monitoring the delivery of programs. Practical recommendations are inherently constrained by the limitations of the study. Therefore, SOI and SO officials, board chairpersons, board members, and chief executive officers should consider the following recommendations, which are based on the results of the study, within the context of the limitations of the study.

- Ensure that SO chapter boards discuss and agree upon the relative importance and priority of various strategic and performance objectives, including financial performance, athlete growth, increasing coaches, and other measures, of SO

chapters, as well as means to achieve them. The discussion and setting of strategic objectives and prioritizing the use resources was cited as particularly useful to advance SO's mission; this was accomplished in three chapters via strategic, long-range planning sessions or retreats.

- Ensure that SO chapters have formalized the expectations and responsibilities of board members for providing resources, monitoring SO chapter activities, and defining levels of engagement in line with commonly prescribed practices (*BoardSource, 2007*). The effort should aim to inform board members and also increase engagement, as revealed in the study. The effort should also aim clarify the roles and responsibilities of board members vs. local SO staff members, cited as particularly important by board chairpersons. Specifically, the document should include expectations of board members related to (a) personal donations and descriptions of expected fundraising activities; (b) the development of relationships and partnerships with corporate sponsors or school/university systems; and (c) attendance at, and monitoring of, SO athletic programs.
- As part of this, evaluate the responsibilities of board committees within SO chapters in light of agreed financial and program-related priorities and relative to best practices. This can help improve the monitoring of program-related activities that were typically viewed as staff responsibilities. This could also help provide the right level and consistency of board-level strategy setting and monitoring activities to assess various techniques to advance SO chapter goals, resource needs, progress being made, milestones achieved, and problems encountered – collectively cited as valuable activities by SO chairpersons.

- Assess current board education, orientation programs, and mentoring activities relative to the expectations and responsibilities of board members. Strengthen and/or provide additional orientation and mentoring programs for new board members, as well as ongoing education for all board members, in line with the expressed need for more education.
- Monitor or periodically assess board members' adherence to documented expectations and responsibilities of board members. Where there is a need to increase the engagement and involvement of individual board members, provide education and mentoring, or take other actions, such as allowing individuals to "term off" the board.
- Foster more strategic recruitment more consistently in light of the perceived financial and program-related benefits derived from (a) the diversity of board members' skills in discharging board responsibilities (b) the publicity SO chapters may receive from high-profile, widely recognized athletes, celebrities, public officials, or community leaders.

#### **Recommendations for future research.**

The relationship, interplay, and causality between nonprofit board effectiveness and nonprofit organizational performance is complex and dynamic, and thus continuing research is warranted to advance the development of knowledge and understanding of both theory and practice (Herman & Renz, 2008; Miller-Millesen, 2003). Based on this study, the following areas are recommended for further research:

- Continued quantitative research is warranted regarding relationships between board effectiveness and measures of organizational performance, which may

advance both theory and practice. Alternative tools and additional measures (e.g., the number of athletic events, quality of programs, athlete satisfaction or impact) should be considered, as well as investigating causality. Increasing sample sizes should also be considered to overcome one of this study's limitations – perhaps by involving additional SO chapters globally or other nonprofit organizations supporting individuals with intellectual disabilities (e.g., Best Buddies International).

- The effectiveness of SO chapter board oversight and monitoring should be evaluated relative to both the agency theory and practice, including the use and effectiveness of committees. This could prove insightful in light of the varied board committees and activities that were revealed among SO chapters.
- The provision of resources provided by boards beyond financial components measured by the FVI could add to our understanding of the resource dependency theory. Resources could include board members skills, knowledge, and expertise (e.g., human resources), networks of constituents (e.g., relationship resources), and personal contributions (e.g., financial resources) in SO chapters (Miller-Millesen, 2003).
- The application of the contingency theory and how board priorities and practices may vary based on the perceived needs of SO chapters that may also vary over time (Bradshaw, 2009; Brown & Guo, 2010). In addition, it would be constructive to understand how the financial or programmatic needs of a chapter may affect priorities, goal setting, and strategic planning relative to both the resource dependency and agency theories as well as to SO board practices.

- The manner in which the diversity of SO chapter boards impact board practices, board effectiveness, and organizational performance could build upon previous research on diversity and board composition (Gazley et al., 2010, Keller, 2010; Kim et al., 2009; Nielsen & Huse, 2010). This was particularly relevant, given the extent to which SO chapter board chairpersons cited the benefits of diversity among board members and their continued focus on increasing diversity of board membership.

### **Conclusions**

The purpose of this mixed method study was to evaluate SO chapter board effectiveness relative to multiple measures of organizational performance and explore how board members balance and prioritize concurrent objectives to improve financial and program-related performance measures in 52 SO chapters across the United States. The resource dependency and agency theories served as a basis for the study (Callen et al., 2010; Herman & Renz, 2008).

Results of the study did not reveal statistically-significant correlations between composite measures of SO chapter board effectiveness (e.g., overall BSAQ scores) and three measures of SO chapter organizational performance (e.g., FVI scores, changes in athletes, changes in coaches). These quantitative results did not align with the resource dependency or agency theories as has been seen in prior research – where board effectiveness typically correlated positively with measures of financial performance or the delivery of programs (Bradshaw, 2009; Brown, 2007; Callen et al., 2010; Herman & Renz, 2008; Jiang et al., 2009). However, this study of SO was uncommon in quantitatively assessing how board effectiveness related concurrently to various measures

of financial performance and the delivery of programs. The lack of correlation was noteworthy as SO is a nonprofit organization seeking to simultaneously improve the outcomes of financial performance and mission-based programs. Potential explanations and additional insights were revealed in the qualitative component of the study.

With respect to financial performance, 70% of the board chairpersons interviewed indicated that financial performance was the most significant objective that receives most of their time and attention in SO chapters – a significant finding. Collectively, these SO chapters had a higher average FVI score (.1951) and were more financially vulnerable compared with the average FVI score of all 47 chapters (.1882). This may reflect board members' recognition that financial performance was stressed and that they needed to improve financial performance to sustain their SO chapters' long-term viability and SO's mission (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Mwenja & Lewis, 2009).

Notwithstanding SO's objectives to simultaneously improve all three measures of financial performance, athlete growth, and volunteer coaches, SO chapter boards with relatively higher financial vulnerability chose to focus on financial performance (i.e., the resource dependency theory), and admitted spending less board time on advancing mission-based programs (i.e., the agency theory). These findings revealed that the boards' prioritization of financial performance and the prevalence of the resource dependency theory prevailed in chapters where financial vulnerability was relatively higher compared to other SO chapters. Although not a basis for this study, the findings also reflected the relevance of the contingency theory at SO, where board structures and practices dynamically evolved based on internal factors and external environments



(Bradshaw, 2009; Brown & Guo, 2010). Therefore, a single approach to governance – and thus a single priority of organizational performance – would not be optimal for all SO chapters (Bradshaw, 2009; Brown & Guo, 2010).

In addition, 20% board chairpersons indicated that SO chapters faced competition with SOI in fundraising efforts. Even highly effective boards were restricted from raising funds at large national corporations designated and targeted by SOI, which could partially explain the lack of correlation between SO chapter board effectiveness and financial performance measures. With regard to the agency theory, 80% of board chairpersons indicated that oversight and monitoring activity via board committees was critical to improving the financial performance of SO chapters. Yet the effectiveness of monitoring activity was unclear in light of the quantitative results of the study as well as additional findings from the qualitative component of the research – in the semi-structured interviews.

With regard to improving program-related measures of organizational performance, 80% of the board chairpersons indicated that boards tended to spend less time on the recruitment of athletes and/or coaches, given the financial priorities of the respective SO chapters. Board chairpersons indicated that the recruitment of athletes and/or coaches were primarily staff functions, even though improving these program related measurements were key priorities for SO globally (*SO Strategic Plan*, 2010). Further, only 30% of respondents cited the use of board meetings or attendance at athletic events and competitions to oversee the growth of athlete rolls. In contrast, there was a higher level of monitoring activities cited among SO chapters for coaches at athletic events or board meetings (70%) in line with the agency theory (Brown & Guo, 2010;

Mwenja & Lewis, 2009). This may suggest that board members may be more interested in increasing coaches in line with resource dependency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009), as coaches also represent resources for SO management in conducting athletic competitions. However, the effectiveness of board monitoring, and thus the prevalence of the agency theory, was unclear as there was no statistically-significant correlation between the overall BSAQ scores of board effectiveness and the percentage changes in athletes or percentage change in coaches among SO chapters.

Although SO board chairpersons indicated that boards spent relatively less time in the area of athlete recruitment, there were several techniques cited by board members that reflect their indirect involvement. Board members showed involvement at athletic events and cultivated relationships or promoting partnerships with school systems in line with the resource dependency theory (Brown & Guo, 2010; Mwenja & Lewis, 2009). Various actions were also taken by board members that reflect their indirect involvement in increasing the number of volunteer coaches, such as by serving as a coaches or building relationships and partnerships with universities, which represent a valuable source for volunteers and coaches.

Additional findings were identified relevant to the research problem and purpose of the study. While these findings were not directly related to the established research questions, they related to the investigation of board effectiveness, the specific research problem, and the purpose of the study. The findings also led to practical recommendations for SO and recommendations for potential future research. For example, six board chairpersons revealed a need for greater engagement among board members. The lack of full board member engagement provided further insight relative to

the specific problem and purpose of the study regarding boards not fully providing adequate resources and monitoring management's delivery of mission-based programs in line with the resource dependency and agency theories. A factor that may have contributed to inconsistencies in SO chapter board effectiveness was that 50% of the SO chapters did not have documented board member expectations and responsibilities, a frequently prescribed practice (*BoardSource*, 2007), or monitoring of the documented expectations and responsibilities. The need to clarify roles and responsibilities between board members and SO staff members was also viewed as important to effective of SO board practices.

Additionally, in 50% of the SO chapters, board chairpersons sought more education, orientation, or mentoring programs to help board members to be more effective, as is often found and prescribed in the literature (*BoardSource*, 2007; Brown & Guo, 2010; Callen et al., 2010; Jackson & Holland, 1998). Collectively, the converging observations regarding a desire for more consistent board member engagement, formal expectations and responsibilities, and education were considered significant relative to the research problem. Finally, the impact of diversity of board membership was cited as an area of critical importance and ongoing focus to improve board effectiveness, but the impact was unclear as the topic went beyond the means of this study.

Overall, the prioritization of financial performance in SO chapters, the prominence of the resource dependency theory, and the relevance of the agency and contingency theories at SO led to various practical recommendations for SO chapters that have the potential to improve board practices and organizational effectiveness. In light of limitations in the current study, the findings and recommendations may not apply equally

to all 47 chapters, and may not reflect the needs of other organizations across the nonprofit sector. However, the practical recommendations should be considered as SO chapter board members work to improve board effectiveness and organizational performance. In turn, individual athletes, families, and communities can benefit from the continued delivery and expansion of SO's programs across the United States. Finally, there was evidence of the resource dependency, agency, and contingency theories that impact SO chapter boards across the United States, and the interplay among those theories also revealed areas for further research.

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**Appendixes**

## Appendix A:

### Board Self-Assessment Questionnaire

State/Chapter: \_\_\_\_\_ Date: \_\_\_\_\_

Completed by: Board Chairperson \_\_\_ Board Member \_\_\_ (Please indicate with "X" in the designated space.)

Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
1. This board takes regular steps to keep informed about important trends in the larger environment that might affect the organization.				
2. I have participated in board discussions about what we should do differently as a result of a mistake the board made.				
3. I have had conversations with other members of this board regarding common interests we share outside this organization.				
4. I have been in board meetings where it seemed that the subtleties of the issues we dealt with escaped the awareness of a number of the members.				
5. Our board explicitly examines the "downside" or possible pitfalls of any important decision it is about to make.				
6. Orientation programs for new board members specifically include a segment about the organization's history and traditions.				
7. This board is more involved in trying to put out fires than in preparing for the future.				
8. The board sets clear organizational priorities for the year ahead.				
9. This board communicates its decisions to all those who are affected by them.				
10. At least once every two years, our board has a retreat or special session to examine our performance, how well we are doing as a board.				
11. Many of the issues that this board deals with seem to be separate tasks, unrelated to one another.				
12. In discussing key issues, it is not unusual for someone on the board to talk about what this organization stands for and how that is related to the matter at hand.				
13. Values are seldom discussed explicitly at our board meetings.				
14. If our board thinks that an important group or constituency is likely to disagree with an action we are considering, we will make sure we learn how they feel before we actually make the decision.				
15. Differences of opinion in board decisions are more often settled by vote than by more discussion.				
16. This board delays action until an issue becomes urgent or critical.				
17. This board periodically sets aside time to learn more about important issues facing organizations like the one we govern.				
18. I can recall an occasion when the board acknowledged its responsibility for an ill-advised decision.				

## Appendix A:

### Board Self-Assessment Questionnaire

Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
19. This board has formed ad hoc committees or task forces that include staff as well as board members.				
20. This board is as attentive to how it reaches conclusions as it is to what is decided.				
21. Most people on this board tend to rely on observation and informal discussions to learn about their role and responsibilities.				
22. I find it easy to identify the key issues that this board faces.				
23. When faced with an important issue, the board often "brainstorms" and tries to generate a whole list of creative approaches or solutions to the problem.				
24. When a new member joins this board, we make sure that someone serves as a mentor to help this person learn the ropes.				
25. I have been in board meetings where explicit attention was given to the concerns of the community.				
26. I have participated in board discussions about the effectiveness of our performance.				
27. At our board meetings, there is at least as much dialogue among members as there is between members and administrators.				
28. When issues come before our board, they are seldom framed in a way that enables members to see the connections between the matter at hand and the organization's overall strategy.				
29. I have participated in discussions with new members about the roles and responsibilities of a board member.				
30. This board has made a key decision that I believe to be inconsistent with the mission of this organization.				
31. The leadership of this board typically goes out of its way to make sure that all members have the same information on important issues.				
32. This board has adopted some explicit goals for itself, distinct from goals it has for the total organization.				
33. The board periodically requests information on the morale of the professional staff.				
34. I have participated in board discussions about what we can learn from a mistake we have made.				
35. Our board meetings tend to focus more on current concerns than on preparing for the future.				
36. At least once a year, this board asks that the executive director articulate the vision for the organization's future and strategies to realize that vision.				
37. I have been present in board meetings where discussions of the history and mission of the organization were key factors in reaching a conclusion on a problem.				



## Appendix A:

### Board Self-Assessment Questionnaire

Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
38. I have never received feedback on my performance as a member of this board.				
39. It is apparent from the comments of some of our board members that they do not understand the mission of the organization very well.				
40. This board has on occasion evaded responsibility for some important issue facing the organization.				
41. Before reaching a decision on important issues, this board usually requests input from persons likely to be affected by the decision.				
42. There have been occasions where the board itself has acted in ways inconsistent with the organization's deepest values.				
43. This board relies on the natural emergence of leaders, rather than trying explicitly to cultivate future leaders for the board.				
44. This board often discusses where the organization should be headed five or more years into the future.				
45. New members are provided with a detailed explanation of this organization's mission when they join this board.				
46. This board does not allocate organizational funds for the purpose of board education and development.				
47. Recommendations from the administration are usually accepted with little questioning in board meetings.				
48. At times this board has appeared unaware of the impact its decisions will have within our service community.				
49. Within the past year, this board has reviewed the organization's strategies for attaining its long-term goals.				
50. This board reviews the organization's mission at least once every five years.				
51. This board has conducted an explicit examination of its roles and responsibilities.				
52. I am able to speak my mind on key issues without fear that I will be ostracized by some members of this board.				
53. This board tries to avoid issues that are ambiguous and complicated.				
54. The administration rarely reports to the board on the concerns of those the organization serves.				
55. I have been in board meetings where the discussion focused on identifying or overcoming the organization's weaknesses.				
56. One of the reasons I joined this board was that I believe strongly in the values of this organization.				
57. This board does not recognize special events in the lives of its members.				
58. The board discusses events and trends in the larger environment that may present specific opportunities for this organization.				

## Appendix A:

### Board Self-Assessment Questionnaire

Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
59. Former members of this board have participated in special events designed to convey to new members the organization's history and values.				
60. This board provides biographical information that helps members get to know one another better.				
61. This board seeks information and advice from leaders of other similar organizations.				
62. This board makes explicit use of the long range priorities of this organization in dealing with current issues.				
63. This board understands the norms of the professions working in this organization.				
64. Members of this board seldom attend social events sponsored by this organization.				
65. More than half of this board's time is spent in discussions of issues of importance to the organization's long-range future.				

## Appendix B:

### BSAQ Scoring Guidelines

The BSAQ (Jackson & Holland, 1998) is composed of 65 items, which constitute six dimensions of board competency of high-performing boards. The items are randomly ordered and should be grouped for scoring as follows:

- Competency no. 1: Understands context: 6, 12, 13, 30, 37, 39, 42, 45, 50, 56, 59, 63.
- Competency no. 2: Builds learning: 2, 10, 17, 18, 21, 24, 26, 29, 34, 38, 46, 51.
- Competency no. 3: Nurtures group: 3, 15, 20, 27, 31, 32, 43, 52, 57, 60, 64.
- Competency no. 4: Recognizes complexity: 1, 4, 5, 11, 22, 23, 28, 47, 53, 61.
- Competency no. 5: Respects process: 9, 14, 19, 25, 33, 41, 48, 54.
- Competency no. 6: Shapes direction: 7, 8, 16, 35, 36, 40, 44, 49, 55, 58, 62, 65.

Items are scored by assigning 3 to a response of *strongly agree*, 2 to a response of *agree*, 1 to a response of *disagree*, and 0 to a response of *strongly disagree*. For those items that are underscored above, the responses should be reverse-scored (based on how the question is worded).

Once the responses are scored, each respondent's scores are summed for each competency set, and divided by the number of items composing each competency set (e.g., there are 12 items in competency number 1). After completing the steps noted above, add up each respondent's scores in each competency set, then divide that number by 3, which gives the average score for the set.

## Appendix C:

## Request to use Board Self-Assessment Questionnaire



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**Nonprofit and voluntary sector quarterly**

ISSN: 1552-7395

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Author/Editor: Association of Voluntary Action Scholars (U.S.) ; Association for Research on Nonprofit Organizations and Voluntary Action

Publication type: e-Journal

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## Appendix C:

### Request to use Board Self-Assessment Questionnaire

**Results: 1 to 2 of 2 for Title: Measuring the Effectiveness of Nonprofit Boards  
Date Range: From: Jan 1998 To: Dec 1998**

#### 1. Measuring the Effectiveness of Nonprofit Boards

[Continue](#)

**Author(s):** Jackson, D. K. ; Holland, T. P.

**DOI:** 10.1177/0899764098272004

**Date:** Jun 1, 1998

**Volume:** 27

**Issue:** 2

**Start Page:** 159

**End Page:** 182

#### 2. Measuring the Effectiveness of Nonprofit Boards

**Author(s):** Jackson, Douglas K. ; Holland, Thomas P.

**DOI:** 10.1177/0899764098272004

**Date:** Jun 1, 1998

**Volume:** 27

**Issue:** 2

**Start Page:** 159

**End Page:** 182

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## Appendix D:

### Permission to use Board Self-Assessment Questionnaire



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**Title:** Measuring the Effectiveness of  
Nonprofit Boards  
**Author:** Douglas K. Jackson, Thomas P.  
Holland  
**Publication:** Nonprofit & Voluntary Sector  
Quarterly  
**Publisher:** Sage Publications  
**Date:** 06/01/1998

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Account #:  
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## Appendix E:

### Financial Vulnerability Index

#### **FVI Components**

The following components of the FVI (Tuckman & Chang, 1991) outline the key data sources from IRS Form 990 (IRS, 2010) and detailed calculations confirmed by regression analyses of Trussel et al. (2002).

Equity balances (Debt): liabilities / assets

- a. Liabilities: part X, line 26
- b. Assets: part X, line 16

Revenue concentrations (Concen):  $\sum(\text{revenue source} / \text{revenues})^2$

- a. Private funding (contributions): part VIII, lines 1h-1e
- b. Government funding: part VIII, line 1e
- c. Commercial (program) funding: part VIII, line 2g
- d. Indirect private funding: part VIII, lines 3-11

Administration costs (Admin): administrative expenses / total expenses

- a. Administrative expenses: part IX, line 25(C)
- b. Total expenses: part IX, line 25(A)

Operating margin (Margin): (revenues – expenses) / revenues

- a. Revenues: part I, line 12
- b. Expenses: part I, line 18

Size of the organization (Size): natural logarithm of total assets

- a. Total assets: part X, line 16

#### **FVI Equation Calculation**

Based on detailed regression analyses conducted by Trussel et al. (2002), the calculation for  $FVI = 1/(1+e^{-Z})$ , where

$$Z = .7754 + .9272 \text{ Debt} + .1496 \text{ Concen} - 2.8419 \text{ Margin} + .1206 \text{ Admin} - .1665 \text{ Size, and} \\ e = 2.718.$$

## Appendix F:

## Request to use Financial Vulnerability Index



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ISSN: 1552-7395

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Article author:	<input type="text" value="Tuckman, Cha"/>	(last name, first name)						
DOI:	<input type="text"/>	Volume:	<input type="text"/>	Issue:	<input type="text"/>	Start page:	<input type="text"/>	<input type="button" value="Clear"/>
Publication date:	<input type="text" value="January"/> <input type="button" value="v"/>	Year:	<input type="text" value="1991"/>	To	<input type="text" value="December"/> <input type="button" value="v"/>	Year:	<input type="text" value="1991"/>	

Sort results by:



**Appendix F:****Request to use Financial Vulnerability Index**

**Results: 1 to 2 of 2 for Title: A Methodology for Measuring the Financial Vulnerability of Charitable Nonprofit Organizations Date Range: From: Jan 1991 To: Dec 1991**

**1. A Methodology for Measuring the Financial Vulnerability of Charitable Nonprofit Organizations**

[Continue](#)

**Author(s):** Tuckman, Howard P. ; Chang, Cyril F.  
**DOI:** 10.1177/089976409102000407  
**Date:** Dec 1, 1991  
**Volume:** 20  
**Issue:** 4

**Start Page:** 445  
**End Page:** 460

**2. A Methodology for Measuring the Financial Vulnerability of Charitable Nonprofit Organizations**

**Author(s):** Tuckman, H. P. ; Chang, C. F.  
**DOI:** 10.1177/089976409102000407  
**Date:** Dec 1, 1991  
**Volume:** 20  
**Issue:** 4

**Start Page:** 445  
**End Page:** 460

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## Appendix G:

## Permission to use Financial Vulnerability Index



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**Title:** A Methodology for Measuring the  
Financial Vulnerability of  
Charitable Nonprofit  
Organizations

**Author:** Howard P. Tuckman, Cyril F.  
Chang

**Publication:** Nonprofit & Voluntary Sector  
Quarterly

**Publisher:** Sage Publications

**Date:** 12/01/1991

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## Appendix H:

### Example SO Chapter Scorecard

Special Olympics Scorecard						State			
						Peer Group		1	
OPERATIONAL METRICS									
	2007	2008	2009	2010	Average Annual Growth	Peer Group Average 2009	Peer Group Average 2010	% Difference: 2010 Self & Peer Group Average	
Athletes (less non-competing Participants)	330	273	273	273	-4.63%	4,887	4,936	-179.0%	
Participants	50	64	62	62	5.53%	600	622	-163.7%	
Athlete Total	380	337	335	335	-3.10%	5,487	5,558	-177.3%	
Coaches	37	35	43	43	3.83%	719	833	-180.4%	
Competitions	6	10	10	10	13.62%	65	60	-142.9%	
Paid staff	0	1	0	0	N/A	4	3	-200.0%	
Athlete to Participant	7	4	4	4	-9.62%	17	14	-104.3%	
Athlete and Participant to Coach	10	10	8	8	-6.67%	10	10	-24.8%	
Athlete and Participant to Staff	N/A	337	N/A	N/A	3.83%	1,708	1,231	N/A	

SO Chapter Scorecards are developed and maintained by (and obtained from and with the permission of) the Office of Organizational Development for Special Olympics North America.

The SO Chapter Scorecards for 2011 were obtained upon approval of the study by the Graduate School and Institutional Review Board of Northcentral University.

#### **Calculation for Annual Percentage Change in Athletes ( $\Delta_A$ )**

The calculation was as follows:

$$\Delta_A = \frac{(2011 \text{ Athlete Total}) - (2010 \text{ Athlete Total})}{(2010 \text{ Athlete Total})}$$

#### **Calculation for Annual Percentage Change in Coaches ( $\Delta_C$ )**

The calculation was as follows:

$$\Delta_C = \frac{(2011 \text{ Coaches Total}) - (2010 \text{ Coaches Total})}{(2010 \text{ Coaches Total})}$$

## Appendix I:

### Nonprofit Board Member Interview Questions

#### Demographic Information

1. What is your name? *(to confirm that a signed consent form is on record)*
2. What local SO chapter do you serve? *(e.g., state, region)*
3. What is your role? *(e.g., board chairperson, board member)*
4. How long have you served in that role? *(to confirm eligibility to participate)*

#### Board Member Activities

5. How do SO chapter board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?
6. What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?
  - a. Is your board able to influence any of these outcomes more than others?
  - b. If so, how?
7. What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?
  - a. Which activities do you consider to be the most effective in improving financial performance of your SO chapter?
8. What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?
  - a. Which activities do you consider to be the most effective in growing athlete rolls within your SO chapter?
9. What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?
  - a. Which activities do you consider to be the most effective in growing the number of volunteer coaches within your SO chapter?
10. Are there any other comments that you would like to make regarding the research topic or the efforts of your board to help improve the organizational performance of SO chapters?

## Appendix I:

### Nonprofit Board Member Interview Questions

#### Six Dimensions of Board Competency

The six dimensions of board competency (Jackson & Holland, 1998) as well as the BSAQ scores for the SO Chapter of the interview participant were presented below, for reference purposes during the interview. The higher the score (ranging from 0 to 1.00), the board's effectiveness is considered to be relatively stronger for that dimension of board competency.

<b>Dimensions of Board Competency</b>	<b>SO Chapter Score for _____*</b>
<p><b><u>Contextual:</u></b> The board understands and takes into account the culture, norms, and values of the organization it governs.</p>	
<p><b><u>Educational:</u></b> The board takes the necessary steps to ensure that members are well informed about the organization and the professions working there as well as the board's own roles, responsibilities, and performance.</p>	
<p><b><u>Interpersonal:</u></b> The board nurtures the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.</p>	
<p><b><u>Analytical:</u></b> The board recognizes complexities and subtleties in the issues it faces, and it draws on the multiple perspectives to dissect complex problems and to synthesize appropriate responses.</p>	
<p><b><u>Political:</u></b> The board accepts as one of its primary responsibilities the need to develop and maintain healthy relationships among all key constituencies.</p>	
<p><b><u>Strategic:</u></b> The board envisions and shapes institutional direction and helps to ensure a strategic approach to the organization's future.</p>	

\* The SO Chapter Score for each dimension of board competency were calculated and shared with the interview participant for reference during the semi-structured interview.

## Appendix J:

### SO North America Permission to Conduct Research



**Special Olympics**

**Be a fan**

**To:** Peter Bakkala, Student at Northcentral University  
and To Whom It May Concern at Northcentral University

**From:** Chris Hoyles  
Director of Organizational Development, Special Olympics North America

**Date:** November 15, 2012

**Subject:** Dissertation / Research Project involving Special Olympics

I am writing to provide you with the permission and endorsement of your dissertation research at Northcentral University, which involves Special Olympics Boards of Directors across the United States.

We understand that the purpose of this mixed method study is to explore how levels of SO board effectiveness relate to financial and program-related measures of organizational performance simultaneously, and how board members balance objectives to improve both financial performance and program delivery in 52 SO chapters across the United States. As you have described:

- the quantitative component of the research will involve a survey of board chairpersons – using the statistically validated Board Self Assessment Questionnaire (BSAQ). In addition, we understand that you will conduct additional quantitative correlational research “behind-the-scenes” by reviewing chapter financial records (IRS Form 990s) and program information (Chapter Scorecards from SONA).
- the qualitative component of the study will involve semi-structured interviews with a sub-population of BSAQ respondents. The idea is to gain insight regarding how they may balance and prioritize SO’s concurrent objectives to influence and achieve improvements in SO chapter finances and program delivery measures:

While all nonprofit organizations have differing missions, the qualitative research questions (Appendix I) are fully in line with our interests and goals, and the interview questions (Appendix II) are appropriate based on the objectives of our organization.

We understand that you will maintain the confidentiality of SO chapters and survey participants. With any data/results included in your dissertation manuscript, you will not disclose the geographic location of individual chapters or names of individual survey respondents. (You may include chapter-level data, provided confidentiality is maintained.)

We look forward to the results of the research!

**Appendix J:****SO North America Permission to Conduct Research****Appendix I****Qualitative Research Questions**

- Q1.** How do SO chapter board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?
- Q2.** What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?
- Q3.** What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?
- Q4.** What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?
- Q5.** What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?

**Appendix J:****SO North America Permission to Conduct Research****Appendix II****Nonprofit Board Member Structured Interview Questions****Demographic Information**

1. What is your name? *(to confirm that an informed consent form is on record)*
2. What local SO chapter do you serve? *(e.g., state, region)*
3. What is your role? *(e.g., board chairperson, board member)*
4. How long have you served in that role? *(to confirm eligibility to participate)*

**Board Member Activities**

5. How do SO chapter board members balance and prioritize three concurrent objectives to improve financial performance, expand athlete rolls, and increase the number of coaches in their SO chapters?
6. What are the perceptions of board members regarding their board's actual ability to improve measures of financial performance, expand athlete rolls, and increase the number of coaches simultaneously in their SO chapters?
  - a. Is your board able to influence any of these outcomes more than others?
  - b. If so, how?
7. What specific actions do board members most commonly take to help improve the financial performance measures for their SO chapter, relative to the six dimensions of board competency?
  - a. Which activities do you consider to be the most effective in improving financial performance of your SO chapter?
8. What specific actions do board members most commonly take to help achieve the growth of athlete rolls within their SO chapter, relative to the six dimensions of board competency?
  - a. Which activities do you consider to be the most effective in growing athlete rolls within your SO chapter?
9. What specific actions do board members most commonly take to help achieve the growth of volunteer coaches within their SO chapter, relative to the six dimensions of board competency?
  - a. Which activities do you consider to be the most effective in growing the number of volunteer coaches within your SO chapter?
10. Are there any other comments that you would like to make regarding the research topic or efforts of your board to improve organizational performance of SO chapters?



## Appendix J:

### SO North America Permission to Conduct Research

#### Appendix II

#### Nonprofit Board Member Structured Interview Questions (continued)

##### Six Dimensions of Board Competency

The six dimensions of board competency (Jackson & Holland, 1998) as well as the BSAQ scores for the SO Chapter of the interview participant will be presented below, for reference purposes during the interview. The higher the score (ranging from 0.00 to 1.00), the board's effectiveness is considered to be relatively stronger for that dimension of board competency.

<b>Dimensions of Board Competency</b>	<b>SO Chapter Score for _____ *</b>
<p><b><u>Contextual:</u></b> The board understands and takes into account the culture, norms, and values of the organization it governs.</p>	
<p><b><u>Educational:</u></b> The board takes the necessary steps to ensure that members are well informed about the organization and the professions working there as well as the board's own roles, responsibilities, and performance.</p>	
<p><b><u>Interpersonal:</u></b> The board nurtures the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.</p>	
<p><b><u>Analytical:</u></b> The board recognizes complexities and subtleties in the issues it faces, and it draws on the multiple perspectives to dissect complex problems and to synthesize appropriate responses.</p>	
<p><b><u>Political:</u></b> The board accepts as one of its primary responsibilities the need to develop and maintain healthy relationships among all key constituencies.</p>	
<p><b><u>Strategic:</u></b> The board envisions and shapes institutional direction and helps to ensure a strategic approach to the organization's future.</p>	

\* The SO Chapter Score for each dimension of board competency will be calculated and shared with the interview participant for reference during the semi-structured interview.

## Appendix K:

### Informed Consent Form for Interviews

#### Examining Relationships between Board Effectiveness and Organizational Performance at Special Olympics

Dear Special Olympics Board Member:

Thank you for completing the Board Self-Assessment Questionnaire recently. As you may recall, the survey is part of a dissertation research project that I am completing a doctoral student at Northcentral University. The project is being conducted with the endorsement of the Executive Committee of NASOP (National Association of SO Professionals) and the Directors of Organizational Development across SO North America (SONA).

**The Study and Interview:** In addition to the survey that you have completed, you have been invited to participate in a brief interview – at a time of your convenience – as part of the project.

- ***Purpose:*** The purpose of the interview is to gain insight regarding how board members may balance and prioritize SO's global objectives to simultaneously improve SO's financial performance while also growing program-related activities, such as athlete rolls and the number of certified volunteer coaches.
- ***Interview:*** You will be asked to provide verbal responses to interview questions, which I would ask you in person or via telephone. The interview session will be documented and it will last less than 30 minutes.

There are minimal risks in this study – all responses will be treated in a confidential, secure manner. You will not be asked to divulge proprietary or confidential information. You may choose not to answer any question that you feel uncomfortable in answering, and you may withdraw from the interview at any time.

- ***Confidentiality:*** Participation in the study is completely voluntary and responses are strictly confidential. All data will be coded such that your name is not associated with them. The coded data will be made available only to the researcher associated with this project.

**Benefits of the Study:** By understanding relationships between board activities, financial performance, and the delivery of SO programs, we will benefit by understanding how to these activities relate to each other, and seek to help board practices may be improved over time. In turn, athletes, families, and communities that benefit from SO programs across the United States can also enjoy the continued delivery, expansion, or improvement of US Programs.

**Appendix K:****Informed Consent Form for Interviews**

**Interview Consent:** I have read the description of the study, understand the conditions of my participation, and my signature indicates that I agree to participate in the study. By participating in the interview, you provide your informed consent and permission to use results in a manner that maintains confidentiality and does not disclose individual responses or individually-identifiable SO Program information in the final manuscript. You may withdraw from participation at any time, without consequence.

Participant's Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

If you have any questions or concerns about this survey, please contact me at 508-562-2122 or prbcod@gmail.com.

Thank you for your participation in this important study.

Sincerely,

Peter R. Bakkala, Student and long-time supporter of Special Olympics  
Northcentral University, School of Business & Technology Management

**Appendix L:****BSAQ Survey Cover Letter****Peter R. Bakkala,***Student, Northcentral University's School of  
Business & Technology Management, and  
Long-time supporter of Special Olympics  
508-562-2122 or prbcod@gmail.com*

April 20, 2013

**Dear Chief Executive Officer and Board Chairperson:**

I am contacting you regarding an important project involving all Special Olympics (SO) chapters across the U.S. and would like to seek your help in completing a survey. The project is being conducted with the endorsement of the Executive Committee of NASOP (National Association of SO Professionals) and has been approved through the survey issue process of the USLC (United States Leadership Council).

I am a doctoral student at Northcentral University's School of Business & Technology Management and a long-standing volunteer and fan of SO. I am completing a dissertation project regarding relationships between nonprofit board practices and organizational performance, including both financial conditions and the delivery of SO programs to athletes.

**The Study:**

The project involves the attached online, web-based survey related to board practices, which I am asking each Board Chairperson to please complete. The study also includes quantitative research that I will conduct "behind-the-scenes" using financial records (IRS Form 990s) and program information (Chapter Scorecards from SONA).

The project will involve interviews for a selection of individuals who agree to participate. I will analyze the results and make the dissertation results available to you upon request.

**Benefits of the Study:**

By understanding relationships between board activities, financial performance, and the delivery of SO programs, we will benefit by understanding how these activities relate to each other, and seek to help board practices may be improved over time. In turn, athletes, families, and communities that benefit from SO programs across the United States can also enjoy the continued delivery, expansion, or improvement of US Programs.

**Survey Request:**

**Please forward this memo and internet survey link to your Board Chairperson, and ask him or her to complete the survey by May 30, 2013 at <https://www.surveymonkey.com/s/Board-Survey-for-SO>.**

**Appendix L:****BSAQ Survey Cover Letter**

If the Chairperson is unable to complete the survey, please forward to survey to a board member with at least one year of board service to request completion of the survey – ideally, someone who is in line to be the next Chairperson, if possible.

**Voluntary Consent:**

Participation in the study is completely voluntary. All data will be treated in a confidential and secure manner and the confidentiality of your individual responses and SO chapters will also be maintained, thus involving minimal risk. In addition, you are not expected nor required to respond to any survey questions that you do not wish to answer. By completing the survey, you give me your informed consent and permission to use results in a manner that maintains confidentiality and does not disclose individual responses or individually-identifiable SO Program information in the final manuscript. You may withdraw from participation at any time, without consequence.

Separately, I may ask some individuals to participate in an interview in conjunction with the research, which would strictly be done on a voluntary basis. The data derived from the interviews will also be strictly confidential.

If you have any questions or concerns about any aspect of the research project, please contact me at 508-562-2122.

**Thank you!** I thank you very much for your participation in this important study.

Sincerely,

**Peter R. Bakkala,**

*Student, Northcentral University, School of Business & Technology Management*

*Long-time supporter and fan of Special Olympics*

**508-562-2122 or [prbcod@gmail.com](mailto:prbcod@gmail.com)**

Other contacts: Faculty Advisor: Dr. Stephanie Wallio, 785-760-2655 or [swallio@ncu.edu](mailto:swallio@ncu.edu)  
Northcentral University Institutional Review Board Office: 888-327-2877

## Appendix M:

### BSAQ Online Cover Message and Informed Consent Disclosure

Board Self-Assessment Questionnaire for Special Olympics		Exit this survey
1 / 6		17%
<p>Welcome!</p> <p>As outlined in the attached cover letter, please complete the attached survey regarding the study of nonprofit organizations. The research is being conducted with the endorsement of the Executive Committee of NASOP (National Association of Special Olympics Professionals) and the Directors of Organizational Development across Special Olympics North America.</p> <p>Statements in the survey may represent your own experiences, others may not. For each of the items, please select the response which most accurately describes your experiences. There are no "right" or "wrong" answers; your personal views are what is important. The survey instrument has been used in other nonprofit industries, and has been statistically validated in academic research. There are 65 questions, and the survey should take approximately 15 minutes to complete.</p> <p>Voluntary Consent -- Participation in the study is completely voluntary. All data will be treated in a confidential and secure manner and the confidentiality of your individual responses and SO chapters will be maintained. In addition, you are not expected nor required to respond to any survey questions that you do not wish to answer.</p> <p>By completing this survey, you give me your informed consent and permission to use results in a manner that maintains confidentiality and does not disclose individual responses or individually-identifiable SO Program information in the final manuscript. You may withdraw from participation at any time, without consequence.</p> <p>Please complete the survey by April 15, 2013.</p> <p>If you have any questions or concerns about any aspect of the research project, please contact me at 508-562-2122 or prbcod@gmail.com.</p> <p>Thank you again for your participation!</p> <p>Peter R. Bakkala, Student and long-time supporter of Special Olympics Northcentral University, School of Business &amp; Technology Management 508-562-2122 or prbcod@gmail.com</p> <p>Other contacts: Faculty Advisor: Dr. Stephanie Wallio, 785-760-2655 or swallio@ncu.edu Northcentral University Institutional Review Board Office: 888-327-2877</p>		
<input type="button" value="Next"/>		

## Appendix M:

## BSAQ Online Cover Message and Informed Consent Disclosure

<b>Board Self-Assessment Questionnaire for Special Olympics</b>		<a href="#">Exit this survey</a>
2/6		33%
<p><b>I. State Chapter / Program:</b>  <input style="width: 100%;" type="text"/></p> <p><b>II. Completed By:</b>            (This survey has been sent to the CEO of each Chapter / Program, who was asked to forward it to their Board Chairperson to complete the survey. If the Chairperson is unable or unwilling to complete the survey, a Board Member with at least one year of service has been asked to complete it.)</p> <p> <input type="radio"/> Board Chairperson                        <input type="radio"/> Board Member (with 1 or more years of Board Service)         </p> <p><b>III. Gender:</b></p> <p> <input type="radio"/> Male                                                      <input type="radio"/> Female                                                      <input type="radio"/> Prefer not to answer         </p> <p><b>IV. Age:</b>  <input style="width: 100%;" type="text"/></p> <p><b>V. Years of Service to Special Olympics:</b></p> <p>a. As a Board Chairperson: <input style="width: 50px;" type="text"/> year(s).</p> <p>b. As a Board Member (in any capacity): <input style="width: 50px;" type="text"/> year(s).</p> <p>c. As a Volunteer in any capacity, including on the Board: <input style="width: 50px;" type="text"/> year(s).</p> <p>d. As a paid employee or staff member: <input style="width: 50px;" type="text"/> year(s).</p> <p><b>VI. Race:</b> (choose one or more that you consider yourself to be)</p> <p> <input type="checkbox"/> White                                                      <input type="checkbox"/> Native Hawaiian or Other Pacific Islander  <input type="checkbox"/> Black or African American                                                      <input type="checkbox"/> Other  <input type="checkbox"/> American Indian or Alaska Native                                                      <input type="checkbox"/> Prefer not to answer  <input type="checkbox"/> Asian         </p> <p style="text-align: center;"><input type="button" value="Next"/></p>		

## Appendix N:

## BSAQ, FVI, and Program-related Scores

Chapter	BSAQ Score	FVI Score	Percentage $\Delta$ in Athletes	Percentage $\Delta$ in Coaches
A	.73	.1833	5.26	-33.33
B	.69	.1700	1.16	-14.29
C	.64	.1882	29.66	3.91
D	.88	.1969	9.38	-26.66
E	.80	.2000	3.28	-80.12
F	.85	.1972	-1.12	61.72
G	.69	.1897	53.82	-3.74
H	.68	.2910	-9.35	-17.32
I	.72	.1920	0.74	-40.94
J	.75	.1887	16.70	7.79
K	.79	.1852	4.39	0.00
L	.73	.1776	5.94	-10.76
M	.65	.1710	-3.99	49.79
N	.74	.2249	-8.14	-3.80
O	.72	.2037	33.18	30.96
P	.89	.1843	1.02	38.28
Q	.64	.1846	-8.23	7.11
R	.65	.1703	5.32	0.08
S	.61	.1732	3.42	22.92
T	.82	.1784	5.11	-68.16
U	.59	.1930	8.40	-22.31
V	.81	.1835	54.17	-10.87
W	.70	.1849	2.99	20.70
X	.69	.1499	-4.56	12.67
Y	.61	.1656	2.16	8.93
Z	.76	.1714	6.83	181.82



**Appendix N:**

**BSAQ, FVI, and Program-related Scores**

Chapter	BSAQ Score	FVI Score	Percentage $\Delta$ in Athletes	Percentage $\Delta$ in Coaches
AA	.67	.2212	- 19.18	- 0.89
BB	.62	.2094	- 1.76	57.02
CC	.74	.1773	13.85	79.20
DD	.79	.1869	10.57	6.43
EE	.86	.1868	- 5.67	- 4.51
FF	.90	.1856	4.54	0.62
GG	.67	.2060	44.30	2.93
HH	.63	.1774	4.09	- 9.73
II	.71	.1843	1.05	56.59
JJ	.69	.2138	5.89	- 7.30
KK	.60	.1958	4.96	- 2.02
LL	.86	.1805	- 39.31	6.34
MM	.64	.1884	9.84	19.95
NN	.68	.2212	24.68	11.33
OO	.76	.1880	7.49	10.56
PP	.63	.1986	0.53	- 3.25
QQ	.93	.1891	5.14	- 61.65
RR	.64	.2016	.69	3.46
SS	.65	.2678	- 29.10	73.56
TT	.67	.1882	7.01	24.82
UU	.88	.1919	9.17	- 1.47

**Appendix O:**

**BSAQ Scores for the Six Dimensions of Board Competency**

Chapter	Contextual	Educational	Interpersonal	Analytical	Political	Strategic
A	0.86	0.53	0.79	0.67	0.67	0.83
B	0.72	0.44	0.70	0.80	0.75	0.78
C	0.63	0.61	0.60	0.70	0.58	0.64
D	0.89	0.91	0.83	0.93	0.76	0.89
E	0.89	0.72	0.82	0.67	0.71	0.94
F	0.92	0.72	0.88	0.80	0.92	0.89
G	0.81	0.53	0.73	0.70	0.75	0.67
H	0.67	0.72	0.73	0.63	0.67	0.64
I	0.75	0.75	0.70	0.73	0.67	0.69
J	0.83	0.64	0.73	0.83	0.75	0.70
K	0.94	0.50	0.70	0.80	0.83	0.97
L	0.89	0.61	0.73	0.70	0.67	0.78
M	0.75	0.52	0.64	0.63	0.67	0.67
N	0.83	0.72	0.79	0.70	0.67	0.69
O	0.75	0.64	0.88	0.67	0.63	0.72
P	0.92	0.81	0.82	0.93	0.92	0.94
Q	0.69	0.56	0.67	0.67	0.67	0.61
R	0.70	0.61	0.61	0.63	0.67	0.69
S	0.67	0.53	0.58	0.67	0.63	0.61
T	0.83	0.69	0.88	0.90	0.83	0.89
U	0.64	0.53	0.55	0.50	0.58	0.72
V	0.76	0.69	0.85	0.80	0.96	0.85
W	0.75	0.61	0.76	0.70	0.63	0.75
X	0.75	0.64	0.70	0.67	0.67	0.72
Y	0.64	0.58	0.58	0.57	0.67	0.64
Z	0.86	0.72	0.76	0.63	0.75	0.81

**Appendix O:**

**BSAQ Scores for the Six Dimensions of Board Competency**

Chapter	Contextual	Educational	Interpersonal	Analytical	Political	Strategic
AA	0.69	0.56	0.73	0.70	0.71	0.61
BB	0.69	0.56	0.64	0.53	0.67	0.64
CC	0.83	0.61	0.82	0.73	0.67	0.78
DD	0.92	0.82	0.70	0.8	0.83	0.69
EE	0.94	0.69	0.88	0.83	0.83	0.94
FF	1.00	0.86	0.91	0.8	0.92	0.89
GG	0.75	0.53	0.61	0.8	0.67	0.64
HH	0.64	0.53	0.67	0.67	0.67	0.61
II	0.78	0.61	0.64	0.80	0.75	0.72
JJ	0.75	0.64	0.67	0.67	0.71	0.69
KK	0.67	0.42	0.58	0.63	0.63	0.69
LL	0.81	0.72	0.88	0.83	0.96	0.92
MM	0.67	0.58	0.67	0.60	0.63	0.67
NN	0.64	0.61	0.76	0.67	0.75	0.67
OO	0.89	0.58	0.76	0.77	0.83	0.78
PP	0.67	0.53	0.64	0.63	0.67	0.67
QQ	1.00	0.94	0.94	0.90	0.92	0.89
RR	0.72	0.53	0.64	0.63	0.67	0.64
SS	0.75	0.39	0.70	0.73	0.71	0.61
TT	0.61	0.61	0.70	0.63	0.79	0.72
UU	1.00	0.83	0.88	0.73	0.79	1.00