Board Practices of Especially Effective and Less Effective Local Nonprofit Organizations

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BOARD PRACTICES OF ESPECIALLY EFFECTIVE AND LESS EFFECTIVE LOCAL NONPROFIT ORGANIZATIONS

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This study reviews evidence in support of the hypothesis that nonprofit organizations' effectiveness is related to the effectiveness of their boards of directors. It also asks whether various recommended board practices and processes affect board effectiveness. The study focuses on a subset of especially effective and less effective nonprofit organizations from a larger sample. The results show that the especially effective organizations (as judged by multiple stakeholders) have more effective boards (as judged by different multiple stakeholders) and that the more effective boards use significantly more of a set of recommended board practices. The results also show that nonprofit organizations using more of the prescribed board practices are also more likely to use other correct procedures. The results support the practical implication of urging the dissemination and adoption of the recommended practices.

It is more and more widely understood that governments in the United States have become increasingly interdependent with nonprofit organizations (e.g., Saidel, 1991; Saidel & Harlan, 1998; Smith & Lipsky, 1993). Some contend the case strongly; Salamon (1989) has argued that the nonprofit-government relationship is essentially a partnership. It is in this context that the success of government turns on the performance of its nonprofit partners. And the extent to which nonprofit organizations are capable and reliable partners depends not only on the skills of the managers, employees and service volunteers in those organizations but also on the commitment and skills of their boards of directors.

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Yet, although the importance of nonprofit boards has long been rhetorically celebrated, a few managers and researchers suggest that many nonprofit boards are largely irrelevant anachronisms (Fink, 1989, Young & Sultz, 1995).

The prescriptive responsibilities that boards are expected to meet are based both in a legal requirement and on a moral assumption (Herman & Heimovics, 1991). In the United States, the law ultimately holds the board of a nonprofit organization responsible for the affairs and conduct of the organization. The moral assumption is that a board will conduct the affairs of the charity as a public steward and will ensure that the organization serves the interests of the larger community. Such moral expectations are often regarded as especially relevant to those nonprofit organizations known in American law as "publicly supported charities." These organizations meet the criteria to be classed under Section 501(c)(3) of the Internal Revenue Code. Unlike other 501(c)(3) organizations, which are operating foundations and private grant-making foundations, publicly supported charities are required to meet certain tests of diversified public support (Hopkins, 1998).

Complicating this context is the current interest in and promotion of the concept of nonprofit entrepreneurship. Many observe that nonprofit organizations are moving further toward entrepreneurial behavior (see Weisbrod, 1998, for recent studies of increasing commercialization in many sorts of nonprofit organizations). And yet, however broadly or narrowly one conceives nonprofit entrepreneurship, it is clear that many publicly supported charitable nonprofit organizations have long relied on fees and third-party contracts as important sources of revenue (see Salamon, 1992, for an overview of sources of nonprofit revenues).

Much about nonprofit entrepreneurship remains to be clarified, in concept and in practice. Some describe nonprofit entrepreneurship as a range of strategies, varying from the basic fee-for-service activities to mutually beneficial arrangements with businesses (as in cause-related marketing) to the operation of full-fledged business ventures (see the web site of the Roberts Enterprise Development Fund). Others conceive of nonprofit entrepreneurship more broadly. For example, Dees (1998b) defines nonprofit entrepreneurs as those who pursue a social mission through relentless pursuit of new opportunities by (a) engaging in continuous innovation and adaptation, (b) acting boldly without being limited by resources currently in hand, and (c) demonstrating accountability to constituencies. Dees (1998a) explains that nonprofit organizations can and do operate at various points along a continuum, ranging from purely philanthropic to purely commercial. Perhaps many nonprofit organizations are moving further toward the commercial end. If this is so, the impact of such change on the role and behavior of nonprofit boards needs to be but has not yet been investigated.

Whatever the impact of greater commercialization and the myriad other influences complicating nonprofit organization behavior (Taylor, Chait & Holland, 1996; Letts, Ryan & Grossman, 1999), boards continue to be called on for governance and leadership responsibilities. Included among those responsibilities are decisions about organizational missions, programs, financing, and the performance of its own work. Boards are to delegate implementation to staff while monitoring staff performance in carrying out the boards' decisions and directives.

Nonprofit boards are expected to adhere to these responsibilities not only to meet legal requirements. Many writers (e.g., Carver, 1990; Taylor et al., 1996) argue that the boards that more effectively perform their duties will contribute to increased organizational effectiveness. However, experience and research suggest that many boards fail to meet fully their prescribed responsibilities (Fink, 1989; Hall, 1990; Middleton, 1987). To help address the difficulty of achieving board effectiveness, a substantial normative literature holds that certain board practices and processes will help boards become more effective (Axelrod, 1994; Houle, 1989).

In this article, we briefly review prior research on the relation of board performance to nonprofit organizational effectiveness and prior research on the practices that promote board performance. We then report the results of a recent study of the relation between board practices and board effectiveness and consider the implications for the governance and management of nonprofit organizations.

BOARD PRACTICES, BOARD EFFECTIVENESS, AND ORGANIZATIONAL EFFECTIVENESS

Recent research increasingly supports the hypothesis that board effectiveness is related to the use of certain prescribed board practices. In a survey of Canadian nonprofit chief executives, Bradshaw, Murray, and Wolpin (1992) found that board involvement in strategic planning, use of good meeting management techniques, and low conflict within the board were related to chief executives' assessment of board performance. In examining the relationship of board characteristics to an assessment of organizational effectiveness, they found that boards having a common vision and involvement in strategic planning were very modestly correlated with organizational effectiveness. Because their measures of board practices, board performance, and organizational effectiveness all derive solely from one respondent for each organization, it is impossible to know the extent to which the relationships they found are attributable to reality or simply to a common source of judgment.

A study by Green and Griesinger (1996) of 16 California nonprofit organizations used multiple data sources. Board involvement in various practices was used to measure board effectiveness, and both board members and chief executives assessed involvement in relation to some 30 activities, including "reviews and revises mission," "has term limits," and "formally evaluates board performance." Because the board practices were conceived and used as measures of board effectiveness, the researchers could not investigate the relation between the use of board practices and the extent of board effectiveness. Organizational effectiveness was conceived as goal achievement and was assessed in three different ways. Interestingly, when examining the relationships between the ratings of various boards' practices and effectiveness and of organizational effectiveness, Green and Griesinger often found differences of judgment between the CEOs and board members. The researchers observed that, for chief executive officers (CEOs), organizational effectiveness is related to various board development activities, including the training of new members, the setting of specific duties for members, and the evaluation of board performance. For board members, however, such activities were not as strongly related to their assessments of organizational effectiveness.

Recent work by Holland and colleagues to develop a board self-assessment instrument also provided strong evidence that effective boards are related to effective organizations. Jackson and Holland (1998) studied the relation between the financial performance of 34 private colleges and seminaries and various board practices included in their instrument. They found moderate correlations between the overall score on the instrument and its six components. They also reported the results of board training interventions—participating boards showed not only improvement in scores on the instrument but also a modest correlation between changes in scores on the instrument and gains in financial goal achievement scores (Holland & Jackson, 1998).

In a recent sample (n = 851) of Canadian nonprofit chief executives, Brudney and Murray (1998) found that 72% of their boards had undertaken intentional improvement efforts, suggesting that many boards believe they could perform more effectively. Brudney and Murray report that the chief executives rated the success of intentional board change efforts as fairly effective. They also found that chief executives of organizations whose boards undertook improvement efforts rated the performance of their boards significantly higher than those chief executives whose boards had not attempted improvement. Brudney and Murray found that problems relating to structure and process, role confusion, and decision making were more likely to be successfully addressed by improvement efforts. Such efforts were least likely to be successful when the problem that instigated the effort was one of composition, such as having the wrong members or inactive members. Finally, they present evidence that those nonprofit organizations that undertook board improvement projects were more successful financially, though the causal relation is unclear.

In a previous article (Herman, Renz, & Heimovics, 1997), we reported that the extent of certain board practices was correlated (r = .39) with the CEOs' judgment of board effectiveness but not with judgments by board members or funders (foundation, corporate giving, and federated fund-raising organization officials). When examining the specific practices related to CEO judgments of board effectiveness, we found the use of a board development committee, a specific officer or committee assignment for each board member, board self-evaluation of its performance, and use of a specific process for CEO performance appraisal were more often used by those nonprofit boards judged effective by their CEOs. This parallels the results of Green and Griesinger's (1996) work, although they found board development activities related to organizational effectiveness.

In a related study (Herman & Renz, 1997), we also found that judgments of board effectiveness were strongly related to judgments of organizational effectiveness (r = .64) and that this strong relationship was virtually unchanged by controlling for board prestige. The use of recommended board practices is somewhat correlated with use of practitioner-defined "correct" management procedures (r = .24). However, use of correct procedures was correlated with organizational effectiveness judgments only for funders; neither senior managers' nor board members' judgments of organizational effectiveness was correlated with use of correct procedures. Although evidence supporting the relationship between board effectiveness and organizational effectiveness is increasing, in what ways and how boards contribute to organizational effectiveness is still unclear.

THEORETICAL PERSPECTIVE ON EFFECTIVENESS

A major issue in the study of nonprofit organizational and board effectiveness is the manner in which effectiveness should be conceived—as a real characteristic of a board or organization or as a socially constructed judgments reached by multiple constituencies. Much of the history of theoretical developments in scholarly approaches to organizational effectiveness can be summarized as the development of alternatives to or modifications of the goal model of effectiveness. Many criticisms of the goal model have been made (Mohr, 1982). Several alternative models, including the system resource, internal processes, multiple constituencies, competing values, legitimacy, fault-driven, and high performing models, have been proposed (Cameron, 1986). More recently, Meyer and Gupta (1994) compared five models, which they label the maximizing, political, constituency, business, and paradoxical models. Meyer and Gupta also note the difficulty in assessing nonprofit organizational effectiveness no matter the model.

We have argued elsewhere the value in treating nonprofit organizational effectiveness as a social construction (Herman & Renz, 1997). The social constructionist perspective holds that there is no independently real board or organizational effectiveness. As Scott (1995, p. 50) puts it: "In the social constructionist view, individuals do not discover the world and its ways, but collectively invent them." Thus, judgments of effectiveness are not partial or biased perceptions of some difficult-to-discern reality; judgments of effectiveness *are* effectiveness. The essence of this perspective is well illustrated by the story of the three baseball umpires discussing their role. One says he call balls and strikes "as they are"; the second claims to "call 'em as I see 'em"; the third, a social constructionist, says, “They ain’t nothin’ ’til I call ’em.” Regarding nonprofit organization actions, there is no effectiveness until someone “calls” it. Unlike in the baseball illustration, there is no single umpire in nonprofit organizations. All stakeholders (i.e., constituencies) are permitted to call effectiveness, even if some stakeholders are regarded by other stakeholders as more credible.

Additionally, we consider organizations as having multiple constituencies (i.e., stakeholders) and that those constituencies are likely to differ in their criteria for organizational effectiveness. Kanter and Brinkerhoff (1981) provided an early statement of the multiple constituency model. Empirical studies demonstrating differences among constituencies can be found in Tsui (1990) and D’Aunno, Hooijberg, and Munson (1991). Conceivably, the social processes resulting in judgments of board or organizational effectiveness could lead various constituencies to develop the same criteria and to evaluate information relevant to those criteria in the same way. If this were to happen, then research would find that all stakeholders reach the same judgment about effectiveness, and the outcome would look as if there is a real board effectiveness out there. Our research is based on these perspectives, although we do not attempt to directly test these perspectives.

SAMPLE AND METHOD

The study population was defined as including only local nonprofit organizations or independently incorporated affiliates or chapters of national organizations, our view being that board performance is likely more closely related to overall organizational effectiveness in local nonprofit organizations. We included only 501(c)(3) publicly supported charities because we wanted to study boards with significant community stewardship responsibilities.

The study population included two types of nonprofit organizations in a large metropolitan area—those health and welfare service providers that receive allocations from the local United Way and those organizations that provide services to persons with developmental disabilities. United Way health and welfare charities were included given their prominence in every community’s nonprofit sector. Though quite diverse in terms of programs and clients, health and welfare organizations are similar in other ways, such as relative size and complexity, sources of voluntary financial support, and sources of potential board members. Organizations serving people with developmental disabilities were included because they are fairly similar in size and complexity to health and welfare organizations but were thought likely to depend to a greater extent on government contracts for funds.

The sample includes a randomly selected population of local health and welfare organizations (n = 46) and nearly the entire population of local organizations serving those with developmental disabilities (n = 18) in the metropolitan area.

TABLE 1: Summary of Data Collection Procedures

Class of Variable	*How Measures Derived*	*How Data Collected*
Board practices	Based on normative literature and consultation with practitioners	Interviews with sample organizations' CEOs
"Objective" organization effectiveness criteria	Focus group, Delphi process with practitioners	Document reviews in sample organizations
Board effectiveness judgments	Used instrument "Self-Assessment for Nonprofit Boards," developed by National Center for Nonprofit Boards (Slesinger, 1991)	Questionnaires sent to sample organizations' CEOs, two board officers and two funders of organization
Organizational effectiveness judgments	Created instrument	Questionnaires sent to sample organizations' board president, two senior managers and two funders of organization
Other organizational characteristics (age, strategies, and so on; financial data; board prestige)	Literature review to identify likely important variables	Interviews with sample organizations' CEOs; IRS Form 990; ratings from three experts (averaged due to high intercorrelations of ratings)

We discovered that both types have very similar percentages of funding from various sources, including government contracts. Consequently, we combined the types in subsequent analyses.

Given our theoretical perspective and interests, we needed to collect data on several classes of variables: (a) use of various prescribed board practices, (b) objective organizational effectiveness criteria, (c) judgments of the effectiveness of boards, (d) judgments of the effectiveness of the organizations, and (e) other organizational characteristics, such as age, total revenues, strategies and the like (see Table 1). To avoid common source correlation, we collected the judgment data from different individuals in three general types of stakeholder groups—either the chief executive for board effectiveness or senior managers for organizational effectiveness, board members, and funders (officials from foundations, corporate contributions programs, and federated fund-raising organizations).

We developed a list of frequently recommended board practices based on reading of the normative board literature. Furthermore, we consulted with several nonprofit chief executives and board members about the list, adding some items to it (see Table 2). Our interviewers asked the chief executives about their boards' use of each of these practices. To facilitate analysis, we created a "board practices index." With the exception of two variables, consensus decision making and chief executive role in board nominations, we added the number of an organization's practices, divided that number by the total number of practices, and multiplied that figure by 100.

TABLE 2: Prescribed Board Practices Included in Study

	Use by Number	
	Top 10	*Bottom 10*
Nominating or board development committee	10	8
Board profile used in recruiting new members	8	7
Nominees interviewed	5	7
Written selection criteria for board members	6	4
Board manual	10	9
Orientation for new members	9	10
Written policy about attendance at board and committee meetings	9	8
Written policy on dismissal for absenteeism	9	6
Absenteeism policy enforced	5	3
All board members have office or committee responsibility	10	7
Agenda distributed prior to meetings	8	7
Annual board retreat	3	3
Executive committee of board	10	9
Written policy specifying roles and powers of executive committee	10	9
Collective board self-evaluation	5	1
Board self-evaluation used	5	1
Evaluation of individual board members	0	0
Members receive feedback from individual evaluations	NA	NA
Written expectations about giving and soliciting	7	3
Board meets expectations about giving and soliciting	5	2
Board process for CEO performance appraisal	8	6
Limit on number of consecutive terms for members	8	9
Recognition of retiring board members for their service	7	9
Board uses consensus decision-making process (number always/usually)	10	8
CEO role in board nominations (number with extensive participation)	10	5

NOTE: CEO = chief executive officer; NA = not applicable.

We did not include consensus decision making and chief executive role in board nominations because both are not dichotomous variables (i.e., 0 = absence and 1 = presence). Thus, the board-practices index value for an organization indicates the percentage of recommended practices used by that organization's board. Board-practices index scores vary in this sample from 35 to 96, with the average at approximately 61.

The objective organizational effectiveness criteria were developed through group meetings with executives, technical assistance providers, and funders. They were asked to identify the criteria they actually used in evaluating their own or other nonprofit organizations. The criteria these practitioners regarded the most important were typically inputs, or processes, not outputs, or outcomes. We used the lists (one developed for health and welfare organizations and another for those providing services to people with developmental disabilities) in a Delphi process. The process identified a set of 11 criteria for evaluating health and welfare organizations and a set of 15 criteria, including the same 11, for the evaluation of organizations serving those with developmental disabilities. Because these criteria invariably involve issues surrounding the use of certain procedures (see Table 3), we regard them as indicators of correct procedures.

We determined the extent to which nonprofit organizations used these indicators through interviewers' examination of documents that showed such procedures were in place. Of course, it is possible that sometimes procedures were prescribed but not actually implemented. Here, too, we created an index of correct procedures, summing the number of items used by an organization, dividing by the number of possible items for that type of organization, and multiplying by 100.

To measure board effectiveness judgments, we adapted the items in *Self-Assessment for Nonprofit Governing Boards* (Slesinger, 1991). Factor analysis of the responses to the instrument showed that the 11 items constitute a single factor. Cronbach's alpha for the instrument is .89, indicating high reliability (see Table 3). Board effectiveness instruments were sent to chief executives, two board officers, and two funders for each organization.

We developed a survey instrument to measure nonprofit organizational effectiveness. The final version of the instrument contains nine items (see Table 3). Factor analysis showed this instrument contains only one factor, and the Cronbach's alpha is .85. Organizational effectiveness instruments were sent to board presidents, a nonofficer board member, two senior managers, and two funders.

We also collected data on several other characteristics of the organizations. Financial data were collected from IRS Form 990. Data on such variables as organizational age and change management strategies, broadly classified as legitimation, new revenue, or retrenchment strategies (Bielefeld, 1992), were collected during interviews with chief executives. Board prestige seems likely to influence judgments of both board effectiveness and organizational effectiveness (Galaskiewicz, 1985). Therefore, we computed a single prestige score for each board, asking 3 longtime participants in the area's nonprofit arena to rate the prestige of each board, we then calculated the mean of the three ratings. The average intercorrelation of the experts' ratings was .78.

In earlier research (Herman & Renz, 1997), we report that different stakeholders' judgments of both board and organizational effectiveness are not strongly correlated. Board officer judgments of board effectiveness correlate with funder judgments of board effectiveness at .42 and with chief executive judgments at .28, and chief executive and funder judgments correlate at .25. Senior manager judgments of organizational effectiveness correlate with funder judgments of organizational effectiveness at .27 and with board judgments at .27, whereas board judgments correlate with funder judgments at .28. Judgments of effectiveness are relatively inconsistent across stakeholder groups.

The dissensus among stakeholders in their judgments of board and organizational effectiveness raises a significant issue. High levels of variation in stakeholders' judgments may invalidate analyses based on the averages of those

TABLE 3: Elements in Measures of Correct Procedure Effectiveness, Board Effectiveness, and Organizational Effectiveness

Elements of Correct Procedure Effectiveness

For all NPOs:

- Mission statement
- Form or instrument used to measure client satisfaction
- Planning document
- List or calendar of board development activities
- Description of or form used in CEO performance appraisal
- Description of or form used in other employee performance appraisal
- Report on most recent needs assessment
- Bylaws containing a statement of purpose
- Independent financial audit
- Statement of organizational effectiveness criteria, goals or objectives
- Board manual

For organizations providing services to developmentally disabled *only*:

- Description of or form used for measuring satisfaction of families of customers
- Description or form used for measuring satisfaction of funders
- Report or form for report on incidence of illnesses or accidents of customers
- Report or form for report on incidence of customer abuse or neglect
- Reports or evaluations from inspection and regulatory bodies

Elements in Board Effectiveness Questionnaire (judgments about board performance in each element)

- Mission definition and review
- CEO selection and review and working relationship between board and CEO
- Program selection consistent with mission and program monitoring
- Giving and soliciting contributions
- Financial management
- Strategic planning
- New board member selection and training
- Working relationship between board and staff
- Marketing and public relations
- Conduct of board and committee meetings
- Role in risk management

Elements in Organizational Effectiveness Questionnaire (judgments about NPO performance in each element)

- Financial management
- Fund-raising
- Program delivery
- Public relations
- Community collaboration
- Working with volunteers
- Human resource management
- Government relations
- Board governance

NOTE: NPO = nonprofit organization.

judgments. Amid the extensive dissensus in the full sample, we explored the characteristics of consistently judged organizations. We found that these consistently judged organizations also were more likely to be judged as especially effective. The standard deviation of organizational effectiveness judgments ranged from .02 to 1.47, with an average of .524. For the top 10 organizations, the standard deviation varied from .04 to .42 and averaged .29. For the bottom 10 organizations, the range was from .02 to 1.47, with an average of .68.

On discovering that similarly judged organizations were also especially effective, we then focused on the subset of organizations adjudged especially effective and less effective. Thus, we selected the 10 nonprofit organizations with the highest overall average effectiveness scores, and the 10 nonprofit organizations with the lowest overall average effectiveness scores, across all 3 stakeholder groups. Of the top 10, 9 were among the most consistently judged in the sample, with standard deviations ranging from .04 to .45. By contrast, among the 10 least effective nonprofit organizations, only 4 were among the relatively consistently judged. We also found that, among the 6 that were inconsistently judged, their ratings varied from middling to low. We selected the top and bottom 10 because the total of 20 provides a feasible, if small, number for analyses amid the familiarity of groups of 10.

RESULTS

The prescriptive literature suggests that boards using a greater number of recommended board practices will be more effective. However, the lack of consistency in board effectiveness judgments for the full sample rendered impossible any attempt to test this expectation. Focus on the organizations at the top and bottom of effectiveness ratings permits such a test. We found that, on average, the top 10 nonprofit organizations use 68% of the recommended board practices and that the bottom 10 use 56%. Because the subsample used in this analysis is nonrandom, the use of significance tests is inappropriate in the strictest application of the procedure. Nonetheless, as an aid in interpreting the magnitude of the difference, we note that the difference is statistically significant at the .05 level (t = .2.09, one-tailed) in spite of the small number of cases.

As the use distribution of each board practice suggests, few practices sharply distinguish the two groupings (see Table 2). However, those practices that are used more frequently by the especially effective boards include (a) board self-evaluation, (b) written expectations about giving and soliciting contributions, and (c) the chief executive's role in board nominations. All these practices involve important issues for nonprofit boards and organizations.

Board self-evaluation represents a committed attention to board performance. Written expectations about giving provide clarity regarding one of a nonprofit board's most important, and often very difficult, duties. The finding that chief executives of the effective organizations extensively participated in the board nomination process is consistent with previous research (Herman & Heimovics, 1990), which supported the conclusion that effective nonprofit chief executives provided facilitative leadership for their boards.

Our earlier analyses suggested that nonprofit organizations using more prescribed board practices also are somewhat more likely to employ more correct procedures. We expect that this relationship will be stronger when the analysis is limited to the especially effective and less effective nonprofit organizations.

The top 10 organizations reported using 86% of the correct procedures, whereas the bottom 10 use 70% (a difference significant at the .001 level, with a t value of 3.7). The correlation between reported use of prescribed board practices and correct procedures is $r = .32$ in the restricted sample; the same correlation in the full sample is $r = .24$. The relation is stronger in the sample of the most and least effective organizations, although the increase is not as great as expected.

As observed earlier, fairly strong support exists for the hypothesis that nonprofit organizational effectiveness, whether conceived as a real property or as socially constructed judgment, is related to board effectiveness. In the full sample analyses, we found independent judgments of the two kinds of effectiveness substantially correlated ($r = .64$). We hypothesized the relationship to be even stronger in an analysis restricted to the especially effective and less effective organizations, and, with $r = .83$, it is. As with the full sample result, controlling for board prestige makes almost no change in the relationship (the partial correlation between board and organizational effectiveness is .80, controlling for prestige). We find that the especially effective nonprofit organizations do have more prestigious boards than the less effective (a difference significant at .05, one-tailed), yet this apparently has little relation to the judgments of varied stakeholders.

CONCLUSIONS AND IMPLICATIONS

We draw two different sets of conclusions from this research—one set methodological and the other regarding the relation between board and organizational effectiveness. The methodological conclusions may be more significant, for how to conceive and measure nonprofit organizational effectiveness is an issue about which there is no scholarly consensus (Forbes, 1998, and Stone & Cutcher-Gershenfeld, in press). If, as evidence presented elsewhere (Herman & Renz, 1997) suggests, nonprofit organizations often are judged on different criteria and in different ways on the same criteria by differing constituencies, then the search to identify the board practices, management strategies, and procedures associated with effectiveness is bound to be nearly impossible. If, on the other hand, the especially effective are judged more similarly by differing constituencies than are the bulk of nonprofit organizations, then identifying the board practices (or other practices and strategies) of the especially effective and comparing them to the least effective has the promise of providing stronger, more trustworthy results.

We believe these results support the following two conclusions about board effectiveness. First, nonprofit organizational effectiveness is strongly related to board effectiveness. This conclusion is supported by other studies as well. The important remaining challenge for study is to determine the nature of the relationship; the causal relation is yet to be explored. It is plausible, of course, that board effectiveness leads to organizational effectiveness. It also is plausible that organizational effectiveness may lead to board effectiveness. One might make an argument for a "chicken and egg" scenario—that effective boards beget effective organizations, which beget effective boards, and so on. There is yet a third plausible view; perhaps effective chief executives and staff create the conditions that lead to both effective boards and effective nonprofit organizations.

Second, prior research and experience, as discussed earlier, suggest that many boards do not fully meet their governance and management responsibilities. The results reported here, in Brudney and Murray (1998), in Holland and Jackson (1998), and in Jackson and Holland (1998), support the conclusion that intentional efforts to improve board performance can result in such improvements and that boards that perform their duties more fully help their organizations to be more effective (Herman & Renz, 1999). These results justify and support the value of dissemination and adoption of many of the commonly recommended board practices. Furthermore, clear support exists for the value in board members' and chief executives' investments in enhancing the skills and practices that help boards to more effectively meet their responsibilities. Harris (1993) showed, on the basis of a "total activities analysis," that there is no one best way for boards to do their work. Our results also do not suggest there is one best way or a single, simple practice guaranteed to develop effective boards. These results do suggest, however, that there are likely to be improvements in both board and organizational effectiveness when efforts are undertaken to improve how boards do their work.

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