# Board Governance in the Nonprofit Sector:
## Role-Performance Relationships of Directors

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# Board Governance in the Non-Profit Sector: Role-Performance Relationships of Directors

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## ABSTRACT

The purpose of this article is to contribute to the extant organizational theory literature that focuses on innovative improvements in board governance in the non-profit sector. The principal focus is on a particular facet of board governance, namely the role-performance relationships of directors vis-à-vis each other, their chief executive, and external stakeholders. The article proffers an analytical framework designed to facilitate the efforts of academics and practitioners in identifying and eliminating, or at least mitigating and remediating, role-performance relationship problems involving directors in the non-profit sector. The framework identifies the relations in which such problems exist, some of the key types of problems and contributing factors, as well as some operational principles and general strategic initiatives that might contribute to efforts in eliminating, or at least mitigating, the prevalence of such problems.

The authors encourage analysts and practitioners of board governance in the non-profit sector to be mindful of the importance of improving role-performance relationships for good board governance and, ultimately, for good organizational performance. Although the principal focus of this article is on board governance involving organizations within the non-profit sector, most of the key points also apply to board governance in the for-profit sector, the governmental sector, and the expanding public-private-partnerships sector.

***Key Words:*** board governance, non-profit sector, role-performance relationships, role-crafting

## Introduction

In recent decades there has been a growing understanding of the importance of the causal relationship between good governance and the ability of all types of organizations in the not-for-profit, for-profit and governmental sectors to optimize organizational performance. At the same time there has also been a growing understanding that to achieve and sustain good governance, organizations should devote greater attention to many issues and options related to various facets of governance and management from the apex to the base of organizations. At least three general facets of governance and management have been profiled extensively both in the extant literature and in organizational development initiatives as warranting special attention in achieving and sustaining good governance. The first facet has been producing appropriate organizational structures. The second facet has been achieving appropriate alignments of roles between key agents within organizations in relation to various governance, management and operational functions. The third facet has been ensuring various agents within organizations understand and perform their respective roles effectively, ethically, and legally not only in relation to each other, but also in relation to various external stakeholders as defined in a subsequent section of this article. This is not simply about role alignment in terms of what roles are assigned to and performed by various members within organizations, but also the 'role-performance relationships' among them in terms of the ways they actually perform those roles and how effectively they do so in relation to one another and various external stakeholders regardless of precisely how they roles are aligned. By roles we mean "…both the tasks and interdependencies (both relational and structural) subsequent to the tasks" (Sluss et al., 2011: 5055).

This article focuses primarily on the third facet of board governance, with a special emphasis on the role-performance relationships of directors. More specifically, this article focuses primarily on how directors, individually and collectively, actually perform their roles and how they should consider performing those roles within the scope of their governance functions vis-à-vis each other, their chief executives, and various external stakeholders. The operative words in the previous sentence are how directors 'should consider performing their roles', rather than must perform their roles. This is an important distinction for two reasons. First, we do not subscribe to the notion that there is only 'one right way' for governance roles to be aligned or performed by all boards, in all organizations, in all cases, and under all circumstances; instead, we subscribe the contingency perspective related to such matters. Second, because invariably all aspects of governance including how any agents perform their respective roles, involve mindfulness in making strategic choices that in most, if not all, cases emerge out of discussions and negotiations (Leduc and Block, 1985; Block, 1998; Block, n.d.).

***Theoretical Perspective and Central Argument***

In discussing the role-performance relationships in board governance, this article draws upon role theory in the organizational behaviour literature (Sluss et al., 2011), which postulates that organizations embody networks of relationships between various individuals and groups within and outside organizations who often have intertwining, overlapping or shared roles. More specifically, it draws on those aspects of role theory in that literature that focus attention on role alignments, role conceptualizations, and role-performance expectations. These aspects of role theory are cogently articulated by one author as follows: "Role theory as it relates to organizational leadership is about how the leaders and followers…define their own roles, define the roles of others, how people act in their roles and how people expect people to act in their roles within the organization" (Lorette, n.d.). Although this article draws primarily on role theory in the organization theory literature, it is also informed by some perspectives on role theory embodied in the sociology and socio-psychology literature (Biddle, 1986).

The central argument of this article, which is rooted in role theory, is that good board governance is contingent on, among other things, good role-performance relationships. This is not to suggest that it is not also contingent on, among other factors, the structure of organizations or the formal or informal alignment of roles among the principal actors within and outside the organizations. Rather we maintain that good role-performance relationships are very important for good governance. The concept of good role-performance relationships refers to the ways that two or more principal organizational actors and stakeholders actually perform their respective roles efficiently, effectively and ideally, also ethically in relation both to each other and to others. It does not refer to the level of camaraderie or warmth of the relations among the principal organizational actors and stakeholders, although admittedly those elements of their relationships are not entirely unimportant for good role-performance relationships and, ultimately, for good governance.

***Related Literature***

The argument that good board governance is contingent upon, among other things, good role-performance relationships, is not new. To varying degrees, it has been articulated and echoed, either explicitly or implicitly, in much of the extant board governance literature both in the non-profit and for-profit sectors, especially that which focuses on board governance models. Among the most notable of these are the following five models: the *Traditional Model* (Houle, 1989), the *Policy Governance Model* (Carver, 1990), the *Executive-Led Model* (Herman and Heimovics, 1991), the *Constituent/Representative Board Model* (Bradshaw, Hayday and Armstrong, 2007), the *Contingency Model* (Bubis and Cohen, 1998; Kramer, 1999; Bradshaw 2009); the *Conjoint Directorship Model* (Leduc and Block, 1985), and the *Relationship Governance Model* (Block, n.d.; Block, 1998).

All those governance models devote varying degrees of attention to role-performance relationships in board governance either directly or indirectly. The principal focus in most of them is on the role-performance relationships between the directors and the chief executive. The *Traditional Model*, for example, focuses on the hierarchical role-performance relationships between the directors and the chief executive in which the former the former makes policy and specifies how it should be implemented and the latter simply implements it (Houle, 1989). The focus of *Policy Governance Model* (Carver, 1990) is also largely on the role-alignment and role-performance relationships between the directors and the chief executive. However, it differs from the *Traditional Model* largely because it envisions a different role-performance relationship between the directors and the chief executive. Whereas the former is deemed mandated to produce the organization's strategic plans and general organizational policies, the latter is deemed mandated to determine how to implement those plans and to develop only operational policies. The role-performance relationships envisioned between the board and the chief executive in that model are embodied in the so-called "board-management delegation" of policies and the accompanying "executive limitations," which define the "governance-management connection" (Carver and Carver, 2006: 148).

The importance of role-performance relations is also evident in the *Contingency Model*, the premise of which is that board governance frameworks and role-performance relationships evolve over time based on various factors that change, including the personalities of individuals involved, the financial and human resources available, and the changing fashions of board governance (Bubis and Cohen, 1998; Kramer, 1999). The spirit of the *Contingency Model* is evident in the concept of the "zone of accommodation" (Houle, 1989: 3), which suggests that there is overlap between governance, management and operational roles that requires the principal organizational actors to remain flexible and open to negotiations for role alignment and role-performance as a result of changing organizational and environmental circumstances, their evolving preferences and their respective strengths and weaknesses. The reality of strengths and weaknesses, limits independence and increases interdependency as well as partnership behaviour between directors and chief executives. This occurs, for example, when boards cannot develop "ends" policies on their own without the chief executive because they do not know enough about the organization and its internal workings.

The importance of role-performance relationships is also evident in some conceptualizations of the Constituent/Representative Board Model of Board governance (Bradshaw, Hayday and Armstrong, 2007). This model explains good governance by emphasizing the importance of the good role-performance relationships between directors and the constituent members within the organization as well as the groups for communities any of them represent. It calls for broad-based and active participation by individuals and groups from diverse backgrounds in organizational decision-making, affording all of them some measure of voice and control. In this governance model developing and maintaining vibrant role-performance relationships particularly between directors and the constituent members is a major priority.

The board governance model that focuses more explicitly and extensively on relationships is Block's 'Relationship Model' (n.d.). According to Block this model departs from most other models by focusing on relationships among various individuals inside organizations (Block, n.d.). In his words a relationship based model "…suggests that effective governance is a result of a continuous process of interaction between individuals, whether that is the executive director and board members or board members to board members" (Block, n.d.). In a related work, attention was devoted to a special relationship between the board and the chief executive embodied in the "c*onjoint directorship" model* (Leduc and Block, 1985), which postulates that governance and management roles and responsibilities are, and should be, shared by the directors and chief executives who should work closely with each other to ensure good governance. This perspective is articulated in another publication that underscores the importance of board governance processes rather than just the scope of board power and independence of the board vis-à-vis the executive director or any other internal or external stakeholders (Finkelstein and Mooney, 2003).

Although the role-performance relationships framework proffered in this article share some of those notions regarding the importance of good working relationships in improving board governance and organizational management, it focuses more directly and extensively on the ways that directors should consider performing their actual governance roles vis-à-vis each other, the chief executive and various proximate and distant stakeholders. Pursuant to some of the assumptions and postulations of role theory, this article posits that improvements to role-performance relationships increase the likelihood of good governance. With this in mind, directors involved in fostering and maintaining good governance in their respective organizations are implored to focus on role-performance relationships as much, if not more, than on any other matters such as, for example, the structures of the organization or the precise alignment of roles.

### *Objectives and Organization of Article*

This article has two central objectives. The first objective is to briefly explain the prevalence of role-performance relationship problems, various types of such problems, and some of the factors that contribute to such problems. Second to proffer a framework that identifies and explains three sets of relations in which role-performance relationship problems emerge, the fey facets of those relationships in which such problems emerge, some specific operational principles to address those problems, and some general strategic initiatives that should be undertaken as part of the efforts to eliminate or at least mitigate such problems.

In keeping with those objectives, the remainder of this article consists of two major sections which are devoted to each of those objectives, and a concluding section that synopsizes the major points and issues a clarion call for directors and chief executives to undertake strategic initiatives to mitigate the problems, and for analysts to develop the analytical framework and to undertake empirical studies of such problems and the ways that organizations deal with them.

## Role-Performance Relationships Problems: Scope, Significance, Types Contributing Factors

Our involvement with various organizations in the non-profit sector serving as directors or assisting directors in reviewing and reforming board governance systems revealed some important issues regarding the scope and significance of role-performance relationship problems, the various categories or types of such problems, and some of the factors that tend to contribute to them.

### *Scope and Significance of Role-Performance Relationship Problems*

First, it revealed that role-performance relationship problems are prevalent, pervasive and persistent in board governance regardless of either the organizational structures or the alignment of various governance and management functions among directors and chief executives. Second, it revealed that role-performance relationship problems created conflicts and crises and that many directors were not fully aware of the importance of the effective management of such relationships in avoiding such conflicts and crises for their respective organizations. And third, it revealed that some of those problems tended to have substantial adverse effects on the efficacy of board governance, and ultimately on the efficacy of organizational performance.
Finally, it revealed that reform efforts to deal with those problems, as well as others, tended to focus primarily on the realignment of organizational structures, functions and roles, rather than changes to the ways directors, managers and administrators perform their respective roles either on their own or in relation to each other. Moreover, even when they focused on ways that such persons performed various roles, they did not always give sufficient systematic attention to some potentially useful guiding principles.

### *General Types of Role-Performance Relationship Problems*

Our involvement with various organizations in the non-profit sector provided us with an opportunity to observe some of the role-performance relationship problems involving directors. This included role-performance relationship problems among directors as well as between them and their chief executives and external stakeholders.

In the case of directors themselves we noted role-performance relationship problems both in their decision-making processes and in their communications processes. In the decision-making processes we noticed that in performing their respective roles directors struggled to be collegial and independent-minded during board deliberations. The result was that they struggled to work together, ask important questions, and voice their own independent opinions. This struggle often resulted in unsatisfactory and unproductive meetings, a splintering of the board into several factions composed of directors who would talk in a free and forthright manner with each other but not with the rest of the board during meetings. In fact, some directors gave up completely and did not speak at all during the meetings, but then after the meeting complained about the quality of discussion and decisions that were made.

In the communication process we noticed that in performing their roles some directors struggled to respect protocols regarding confidentiality on board deliberations and decisions, as well as protocols regarding disciplined strategic communication. A remarkable example of breaches in such protocols was the case of a board member who during the meeting was using social media to communicate publicly on important board matters with external stakeholders. The result of not respecting the communication protocols was a loss of confidence, trust and respect both among themselves and in the eyes of some external stakeholders.

In the case of directors performing their roles vis-à-vis the chief executive we observed role-performance relationship problems in conjunction with strategic planning and policy making and with organizational management. We noticed different understandings and positions among directors and the chief executive regarding how much the latter should be involved in strategic planning and policy making. The question of “who is responsible for what” in the strategic planning and policy formulation processes continually came up with directors confused about what part of that process belonged to the board, the chief executive or both. We also noticed such differences and confusion in relation to the appropriate level of authority and autonomy that the chief executive should be granted vis-à-vis the board in various facets of management, and the discussion by directors of management matters while they performed their oversight role vis-à-vis the chief executive. Invariably questions arose regarding how much directors, either individually or collectively, should be involved in management, administrative and operational matters.

In the case of directors vis-à-vis external stakeholders we observed notable role-performance relationship problems related both to providing information to, and communicating with various stakeholders, and also in being attentive and responsive to them. We heard stakeholders complaining that they were either not receiving the requisite information or that various forms of communication were either insufficient or unsatisfactory. We also heard stakeholders complaining that neither the board nor other officials in the organization were sufficiently attentive and responsive to their needs, demands, claims and preferences. Such problems are not confined to low functioning organizations. We have witnessed many examples of good boards capable of making good decisions that have struggled in the face of adversity because they simply did not deal well with external stakeholders.

***Factors Contributing to Role-Performance Relationship Problems***

Our involvement with various organizations in the non-profit sector also provided us with an opportunity to observe some of the factors that tend to contribute to role-performance relationship problems. Four of these general factors, which are explained briefly below, are: role cognizance, role indeterminancy and ambiguity, role crafting, and role execution.

***Role cognizance factor.*** Role cognizance refers to the extent to which directors and anyone with whom they interact are aware of roles that they either perform or should perform. We found that many directors were not aware either of all the roles, or of all facets of multi-faceted roles, they should perform. We also found that many of them tended to focus primarily on performing either some of the roles or some facets of a particular role, for which they were entirely or partially responsible, but were either unaware of or disinclined to perform others. What is somewhat surprising perhaps is that this situation existed even in cases where directors had been provided with their organization's by-laws and operational policy documents outlining their functions, roles and responsibilities, as well as some cases where they had been involved in at least some limited board orientation and training sessions that focused on such matters. This suggests that perhaps more needs to be done effectively in terms of documentation, orientation and training for directors to enhance their awareness and understanding of their roles.

***Role ambiguity factor.*** Role ambiguity refers to lack of clarity or certainty on three key matters. Namely: the essential nature of the role, whether it should be performed, who should perform it, or precisely how it should be performed. Two related factors contributing to role ambiguity are role interpretation, which refers to how various individuals interpret their own roles and those of others, and role expectations, which refers to what roles various individuals expect each other to perform and how they should perform them. We found that role ambiguity tended to be quite prevalent among directors. We also found that in many cases it led to, among other things, negligence by directors in performing some roles, mistakenly performing roles that should have been performed by others, or having disputes either among themselves or between them and the chief executive regarding who was responsible for performing a particular role.

***Role crafting factor.*** Role crafting refers to the extent to which directors engage in crafting or re-crafting their roles vis-à-vis each other or vis-à-vis anyone outside the board. By crafting and re-crafting we mean defining and redefining not only their own roles, but also those of key officials, particularly the chief executive, within the organization (Sluss, van Dick and Thompson, 2011). Our observations in working in and with boards is that such role crafting and re-crafting is either not done when it is clearly needed, or that when it is done, problems tend to arise in how it is done, the working relationship between those who were either involved in or affected by what is done, and in the results of what is done,

***Role execution factor.*** Role execution refers to the way various directors and others performing key roles within or outside the organization actually perform them either in their own right or in relation to others. Problems in role execution are related not only to whether they perform their appropriate roles, but whether they perform those roles appropriately in relationship to others within and outside the organization. We observed that even when directors were fully aware of the alignment of roles and clear on what roles they should perform because they had been given their organization's bylaws and policies and had participated on orientations on role alignment and role-performance matters, they did not always know or opt for the best ways to execute their roles (Wright and Millesen, 2008). Clearly, in such cases role-relationship problems did not result from ignorance regarding either their roles or their organization's bylaws and operational policies. Instead, they resulted from a failure on their part either to understand or to opt for best ways to perform their roles vis-à-vis each other and vis-à-vis others.

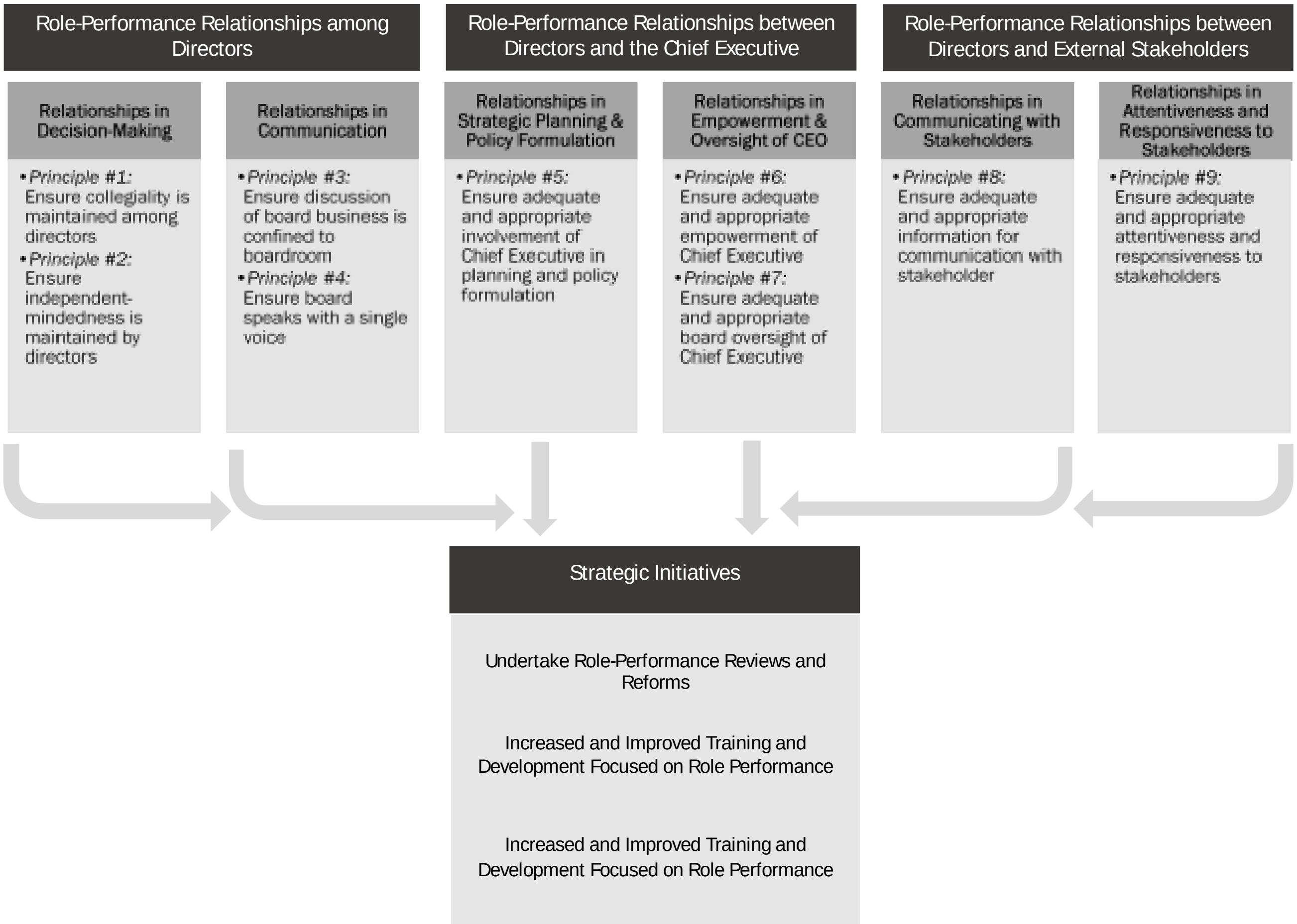
Invariably, each of those four major factors contributes to role-performance relationship problems in board governance. However, they are not the only major factors. Among the most important of the factors not profiled above are the human agency factors; these are the personal characteristics, traits, and interests of various persons within and outside the organization who are involved in any role-performance relationships identified in the organizational behaviour literature.

## A Role-Performance Relationships Framework for Board Governance

The objective in this section is to explain the four major components of the role-performance analytical framework profiled in Figure 1. The first component consists of three sets of role-performance relationships that directors should manage as part of their general governance function. The second component consists of some, though by no means all, some of the major facets of board governance roles wherein various role-performance relationship problems exist. The third component consists of some operational principles that directors should consider to guide their efforts to improve role-performance relationships. The fourth component consists of some strategic initiatives directors should consider in undertaking to improve role-performance relationships and, by extension, good governance and ultimately good organizational performance.

Before identifying and explaining key elements of each of those three components of the analytical framework, an important caveat and a brief explanation of its intended purpose are in order.  The caveat is that the framework consists of a limited, rather than comprehensive, set of relations, problems, objectives and strategic initiatives, and that those that are profiled here are intended to serve illustrative or heuristic purposes. Although we believe that these are very important relations, problems and objectives, and strategic initiatives, there are others that are not profiled in the analytical framework contained in Figure 1, which might also be important for some if not all organizations at various points in time. We have chosen these particular relations, problems and objectives, and strategic initiatives because we believe that they generally apply to most, if not all, board governance systems or models employed in the non-profit sector.

**Figure 1: Role-Performance Relations of Directors**




Source: Authors

The value of this innovative analytical framework is that it provides academic analysts and practitioners with a relatively novel conceptual map for reviewing and reforming role-performance relationships mindfully and largely through negotiations among stakeholders inside and outside organizations. Our hope is that this framework will prove useful in either in its current form or in some modified form to assist directors and chief executives in identifying and eliminating, or at least minimizing, role-performance relationship problems within their respective organizations. It is also our hope that this framework will also serve as a useful heuristic device in producing more fully developed, detailed and nuanced frameworks for analyzing and improving role-performance relationships.

***Role-Performance Relationships among Directors***

Pursuant to their governing function directors are involved in two sets of role-performance relationships with each other—decision-making roles and communication roles. The problems and the corresponding operating principles for dealing with each of those problems are discussed in turn below.

***Role-Performance Relationships in Decision-Making.*** Two major problems tend to emerge in the role-performance relationships among directors in performing their decision-making roles. The first problem is insufficient collegiality, which refers to the extent to which they are united in a shared or common purpose, and also the degree to which they respect each other in working toward that purpose. The second problem is insufficient independent-mindedness, which refers to the extent to which individual directors are prepared to articulate and remain steadfast in support of what are reasonably valid views and positions and not succumb to groupthink or peer pressure (Janis, 1982).

***Principle: Ensure Collegiality is Maintained Among Directors.*** In working with each other all directors should maintain a spirit of collegiality. This is an important principle in the working relationships between directors, that has several different facets, including the following: a common or shared purpose; the recognition of the legitimacy of every director that occupies a seat at the board table; a respect for the rights and abilities of each director to contribute to the collective efforts of the board to provide good governance for the organization; and trust and confidence among them that each director will contribute to those efforts to the best of their abilities.

Such collegiality should be amply evident as directors develop work plans and agendas consensually. Such plans and agendas are the important working documents that help organizations determine their priorities over time and at particular points in time. Achieving the highest degree of consensus possible on plans and agendas is important in fostering and sustaining a shared commitment and a shared esprit de corps in deliberating and making decisions on various governance matters.

Boards with a significant deficiency in collegiality are likely to face problems in terms of the quality of their discussions and decisions. Collegiality does not, and should not preclude fulsome discussions in which directors are able to express fundamentally different views on various issues and options. Instead, it calls on members to engage in such discussions respectfully both in terms of listening and understanding the contributions of other members without prejudice either related to the speaker or to any valid points made by the speaker.

***Principle: Ensure Independent Mindedness is Maintained by Directors.*** Although collegiality is important in working with each other, it is equally important for directors to retain their independent-mindedness—by which we mean the confidence and ability to articulate their views and where appropriate, take a stance in decision-making processes regardless of the stand taken by others. The reason for this is that it is a prerequisite for thinking fully and effectively through different aspects of issues and options in making decisions regarding various aspects of the governance, management and performance of the organization. Directors who are new to their position will understandably want to listen to and learn from the more experienced colleagues on the Board. However, this can lead to a culture whereby directors are inclined to accept what they hear, even when they have doubts about the arguments being made. Such a culture is perpetuated by various factors including a natural deference or cautiousness; concern about being overly negative or appearing disloyal; or a tendency want to choosing battles strategically, but ending up choosing too few. As noted in the *Handbook of Non-profit Governance:* "Nothing kills independent-mindedness more quickly than prizing comfort over stewardship or mistaking timidity for politeness. This is not a culture in which good governance can thrive" (BoardSource, 2010: 324). Sound governance requires directors to perform their role of being a thoughtful and vocal presence at the board table. If they do not, they make room either for rule by a few and possibly even by one, or for the phenomenon that social scientists and management theorists refer to as groupthink (Janis, 1982).

***Role-Performance Relationships in Communication.*** Two major problems tend to emerge in the role-performance relations among directors in performing their communication roles. The first problem is insufficient confidentiality regarding matters being addressed in the boardroom, and the second is not speaking with a single voice. Dealing with these two problems requires adherence to the following two guiding principles.

***Principle: Ensure Discussion of Board Business is Confined to Boardroom.*** Directors should confine discussions of significant board business to the boardroom. One of the "signs of a board in trouble," observes Gill (2005), is "underground communications, for example, lots of 'corridor talk' and political manoeuvring outside the meetings" (2005: 12). Nothing can damage board unity and harmony more quickly than the phenomenon of individual directors communicating outside of board meetings for the purpose of collectively influencing Board decisions. Such a practice, if allowed, may have a corrosive effect not only on the board but the entire organization, resulting in distrust, suspicions, the formation of board factions, disingenuous board debate, and poor board decision-making, all of which can lead to disillusionment, disgruntlement and even resignation. The legitimacy of Board decisions comes from the moral weight of having been reached by the collegial whole after a process that involves rational deliberation. That legitimacy, and thus the moral authority of the board, is undermined when decisions are effectively pre-determined by meetings of directors operating on their own outside the boardroom.

***Principle: Ensure Board Speaks with a Single Voice.*** The board should speak with a single voice. This is a very important matter of role performance that requires a shared understanding and agreement among directors. It should be underscored that this is not simply a matter of only having one person speak for the board, but of ensuring that, regardless of the number of spokespersons the board may designate or authorize to speak on its behalf, the spokesperson(s) should only articulate the decisions and positions that the board has agreed should be communicated. Speaking with a single voice is important in all instances not only in relation to the chief executive or any other senior official within the organization, but also in relation to external stakeholders. In the case of the chief executive, this is in keeping with the Weberian principle of administration known as 'unity of command', and in the case of external stakeholders it is in keeping with what are generally considered good practices of organizational communication such as clarity, coherence and consistency in messaging.

Failure to adhere to the principle of speaking with a single voice results from problems in the role-performance relationships among directors. Not speaking with a single voice tends to create a major challenge for directors in developing and maintaining effective working relationships with each other, with their chief executive and with their external stakeholders. In the case of the chief executive, this is particularly important because receiving mixed or conflicting messages from different director will place the chief executive in an untenable situation of not knowing whose instructions and which instructions to follow. Similarly, in the case of external stakeholders, hearing different messages from one or more directors is likely to create confusion and concerns among them, resulting in a loss of their confidence and trust in the organization.

***Role-Performance Relationships between Directors and the Chief Executive***

Pursuant to their governing function, directors tend to be involved in multiple sets of role-performance relationships vis-à-vis their chief executive. For purposes of this article, we focus on those relationships in two areas: formulating plans and policies, and empowerment and oversight of the chief executive. The problems and the corresponding operating principles for dealing with those problems are discussed in turn below.

***Role-Performance Relationships in Strategic Planning and Policy Formulation.*** The major problem that tends to emerge in the board's role-performance relationship with the chief executive in strategic planning and policy formulation is in determining the precise type and extent of involvement by the chief executive. The challenge is finding that optimal balance between board's authoritative role to approve plans and policies, and the respective roles of the board and the chief executive in actually producing the plans and policies. Generally, the role-performance relationship problems tend to emerge on the type and extent of involvement by the board and the chief executive in the actual production of the plans and policies.

***Principle: Ensure Adequate and Appropriate Involvement of Chief Executive in Planning and Policy Formulation.*** The board should ensure adequate and appropriate involvement of the chief executive in strategic planning and policy formulation. Although the board should approve strategic plans and major policies, generally they are not produced by the board entirely on its own. In practice, in most if not all cases, the chief executive not only performs significant tasks in assisting the board in producing such plans and policies, but in many instances exerts a considerable and ideally a positive, influence on boards on various related procedural and substantive matters. The involvement of the chief executive in performing such tasks should be relatively unencumbered, but respectful of the fact that directors have an important voice in producing such plans and policies and a vote in approving them. As Finkelstein and Mooney (2003: 103) point out, in some instances directors "hold and debate diverse views among themselves and with the CEO" to get superior decisions.

One reason that the involvement of the chief executive is potentially beneficial is that competent ones will likely have extensive knowledge of the organization and of the environmental context in which it is operating, as well as important knowledge and skills needed not only to facilitate and support strategic planning and policy formulation processes, but also for producing the substantive content of plans and policies. Another reason for involving chief executives in these processes is that they will be responsible for ensuring that strategic plans and policies are implemented. By participating in those processes, the chief executives will have an increased understanding of the intentions of the board related to plans and policies that will likely facilitate their efforts to pursue and achieve the goals and objectives embodied in plans and policies as they were envisioned by the board.

***Role-Performance Relationships in Empowerment and Oversight of the Chief Executive.*** Among the significant role-performance relationship problems in board governance in the non-profit sector are related to board roles within the organizational management sphere. Two areas within that sphere in which such problems tend to emerge are board assignment of managerial authority and autonomy to the chief executive, and board oversight of management. In both of those areas the focus of role-performance relationships between the board and chief executive tends to be on whether the level of the chief executive's authority and autonomy related to various important matter is adequate and appropriate, and whether the level of the board's oversight on the chief executive's management roles and performance is adequate and appropriate. These two issues are discussed in turn below.

***Principle: Ensure Adequate and Appropriate Chief Executive Empowerment.*** One of a board's major governing roles is determining the appropriate level of authority and autonomy that is either granted by the board or appropriated by the chief executive with or without formal board permission, to perform various management roles. In performing that role the board should ensure that the chief executive is adequately and appropriately empowered to perform the management functions roles. More specifically, it should ensure that the chief executive has the requisite degree of authority and autonomy to be able to make authoritative management and administrative decisions without having to receive prior approval by the board. This includes the requisite authority and autonomy to enact policies on operational matters, and make decisions and undertake any initiatives needed to achieve organizational goals and objectives. It also includes the requisite authority and autonomy for the chief executive to delegate some roles to other managers or staff members, albeit with the understanding that accountability and responsibility for how those roles are performed are not delegated. The board should also ensure that the authority and autonomy framework for the chief executive is matched by a corresponding and commensurate accountability and responsibility framework.

Given the existence of executive limitations the board and chief executive should be judicious regarding both the nature and extent of those limitations, and under what circumstances they may need to be interpreted and applied in a flexible manner, contravened, revised or eliminated. For example, in normal circumstances the chief executive should be able to ask the board to eliminate any limitation that is unduly restrictive or cumbersome and has an adverse affect on achieving organizational goals and objectives. In the case of emergencies the chief executive should be able to seek either board approval to contravene the limitation, or board dispensation for any contravention the chief executive undertakes without prior approval because it was impossible to obtain the approval prior to the emergency. The challenge for the board in all these matters is to ensure that the chief executive is neither excessively nor insufficiently encumbered in performing various management roles.

***Principle: Ensure Adequate and Appropriate Board Oversight of the Chief Executive.*** Another major governing role of the board is oversight of management. This oversight role stems both from the board's general governance function and its various fiduciary duties related to, among other things, the management of human resources, financial resources and assets effectively in pursuit of the organization's goals and objectives. Board oversight entails monitoring whether the chief executive, with the support of the rest of the management team and staff, performs the assigned management roles as mandated by the board and according to professional standards.

Boards should ensure that their oversight of management is adequate and appropriate. In performing that role the board should focus on determining whether the chief executive is performing the various management roles effectively, efficiently, ethically and legally, and in ways that advance the goals and mission of the organization. For that purpose they should ensure they have the requisite information on important matters that facilitates their efforts to hold the chief executive accountable. This includes information, on among other things, the organization's strategic initiatives; the number and types of programs undertaken pursuant to each of those initiatives, the amount of resources dedicated to each of those initiatives; and financial matters such as the revenues, expenditures and profits.

In performing the oversight role, directors should avoid becoming involved in day-to-day management either individually or collectively. They should also avoid unduly encumbering the chief executive in performing the management roles through the policies on executive powers and executive limitations. Both insufficient or too much oversight of management can be problematical (Faleye, Hoitash and Hoitash, 2013). Board interference in management tends to occur when directors have not understood or accepted that their primary role is to "steer" the organization (Ledwell, 2008: 2). Steering an organization involves "making larger decisions about direction and roles," (Graham, Amos and Plumptre, 2003: 2) and not engaging in micro-management at the operational level. Performing a steering role does not justify directors communicating directly with staff members (Carver, 1990), second-guessing management's operational decisions, or worse, intervening and overturning decisions made by the chief executive or staff members for which the chief executive is accountable that they do not like (Gill, 2005). In discussing this type of behaviour Carver (1990) noted that the moment the board reverses a management decision is the moment management begins to lose its responsibility for the organization's operations.

Unfortunately, the distinction between discussing issues and options related to general aspects of strategic planning and management on one hand and micro-management of staff on the other is sometimes lost among directors. Full and uninhibited discussion about the details of the organizations programs and initiatives, they claim, is the only way they can discover "what's really going on" (Nadler, 2004: 110). But, as Laughlin and Andringa (2007: 125) have noted, a board of directors "does not need to know everything that goes on in an organization." By performing their management oversight role effectively, boards can preclude significant problems not only between the board and the chief executive, but also between the chief executive and the staff.

## Role-Performance Relationships between Directors and External Stakeholders

Directors tend to be involved in multiple sets of role-performance relationships vis-à-vis multiple external stakeholders. A stakeholder has been defined both as anyone who can affect or is affected by an organization's activities (Freeman, 2010: iv), or as "any person or group that is able to make a claim on an organization's attention, resources or output or who may be affected by the organization" (Lewis, 2001: 202). Stakeholder theorists have observed that there are different categories of stakeholders, who will make different, and sometimes conflicting, claims or demands on an organization's attention or resources (Van Puyvelde et al., 2012; Miller-Millesen, 2003). There are two general categories of stakeholders—internal and external. Whereas internal stakeholders includes anyone operating within the organization, external stakeholders operate outside the organization and generally include partners, funders, suppliers, clients, governments, government regulators, and arguably also members of the organization. Organizational members tend to be included as internal stakeholders in some cases, and as external stakeholders in others (Van Puyvelde et al., 2012).

The role-performance relationships with each of those stakeholders tend to vary depending on which stakeholder is involved and their roles vis-à-vis the organization. For purposes of this article, we shall focus on two general roles that boards perform vis-à-vis external stakeholders: communication with stakeholders, and responsiveness to the claims, demands, and interests of stakeholders.

***Role-Performance Relationships in Communicating with Stakeholders.*** Directors have at least two major roles related to informing and communicating with stakeholders: to provide various stakeholders with the requisite information on organizational matters that is mandated by operational policies or by law; and to communicate with stakeholders on matters that are of importance for the board. Problems tend to arise in the performance of those two roles because unfortunately they are not always performed adequately or appropriately. Such problems can lead to various types of problems ranging from minor problems in inter-organizational relationships, to major regulatory or legal problems for non-compliance.

***Principle: Ensure Adequate and Appropriate Information for and Communication with Stakeholders.*** To preclude or eliminate various types of problems, directors should ensure that both the information they provide stakeholders and their communication with stakeholders are adequate and appropriate The risk of major regulatory or legal problems noted above tends to arise when they fail to perform their fiduciary duties in ensuring that either on their own, or with the assistance of the chief executive, they provide the requisite some type of information to key external stakeholders. Particularly important is information related to financial, programming, operational matters that should be provided to their members, funders, and governmental agencies. This includes annual reports, audited financial reports, and reports related to contribution agreements, just to name a few.

To minimize or preclude various problems, directors should also ensure that they communicate adequately and appropriately with particular stakeholders. Especially important is communication with any stakeholders whose decisions that are either directly or indirectly related to the organization, and can have a significant effect on the effective operation or sustainability of the organization. Such communication may be related to a wide range of programmatic, policy, operational, and funding matters, as well as any important developments related either directly or indirectly to the general mission of the organization.

***Role-Performance Relationships in Attentiveness and Responsiveness to Stakeholders.*** Today there are expectations that directors are attentive and responsive to stakeholders. There are many instances in which directors encounter complains that they are not being adequately or appropriately attentive or responsive to the views, preferences, claims, demands and needs of stakeholders. Such complaints tend to stem primarily from differences in views among directors and stakeholders on how much attentiveness and responsiveness is adequate and appropriate.

***Principle: Ensure Adequate and Appropriate Attentiveness and Responsiveness to Stakeholders.*** Directors should be attentive and responsive to the expectations, preferences, needs, claims, demands and interests of stakeholders. Either on their own, or with the help of the chief executive, they should use every opportunity and means to determine if the organization is meeting, or at least managing, those expectations, preferences, needs, claims and demands adequately and appropriately. The reason for this is that responsiveness to stakeholders on a wide range of matters has become increasingly important for organizations. This includes being responsive not only to the material or pecuniary interests of stakeholders, but also to broader social or communitarian interests such as advancing social justice, group and individual rights, or environmental sustainability, all of which are related to some facet of corporate social responsibility.

The biggest challenges and problems for directors emerge when claims or demands made by the organization's own members have adverse effects on its interests and objectives either directly or indirectly. This is particularly true when any such claims or demands could compromise their relationships with other stakeholders. In such instances, there will always be an argument for being most responsive to the membership. This group is, after all, the source of legitimacy for the board. However, in such instances directors should be very prudent in managing and possibly reconciling the claims and demands of the members with the claims and demands of other stakeholders, and ultimately with core organizational interests and objectives, particularly the sustainability of the organization.

Although in some cases it is important for directors to be responsive to stakeholder claims and demands in advancing their organization's interests, in other cases it could compromise those interests. In all such cases, directors should neither lose sight of their organization's interests nor abdicate their responsibility in pursuing them even in the face of strong pressure from any stakeholders. The board cannot compromise its responsibility for providing prudent and effective leadership and direction for the organization due to pressure from stakeholders. A prudent board will try to reconcile or strike a balance between the interest of the organization and the interests of stakeholders. When faced with such situations they should make some careful calculations regarding the best way to minimize risks and maximize benefits for their organization.

## Strategic Initiatives for Improving Role-Performance Relationships

In addition to specific initiatives that can and should be undertaken to improve role-performance relationships in various areas described above, there are at least two general strategic initiatives that can be undertaken to improve such relationships. Although these initiatives focus on relationships involving the board, they would also be beneficial for all other such relationships within organizations.

### *Engage in Role-Performance Reviews and Reforms*

The first strategic initiative is engaging periodically in role-performance reviews and reforms vis-à-vis each other, the chief executive, and the stakeholders. The purpose of such reviews would be to identify which roles are being performed by directors, by whom they are being performed, and how well they are being performed based on operational principles such as, but not limited to, those outlined above. It is important to underscore that the focus of such reviews and reforms should not be confined to a role-alignment; instead, it should be on the actual performance of those roles by directors vis-à-vis each other, the chief executive and the stakeholders pursuant to the operational principles.

Furthermore, in considering reforms directors should engage in what is known as role crafting and role re-crafting. In other words, they should engage in defining and redefining their roles and their role-performance relationships vis-à-vis each other, the chief executive, and any key stakeholders. The reason for this is that neither the roles and responsibilities nor the role-performance relationships are pre-determined and non-adjustable. Invariably their roles and responsibilities and those of boards are ‘crafted’ and ‘recrafted’ in response to changes within and beyond the organization (Sluss, van Dick and Thompson, 2011). This includes, for example: the organization’s human and financial resources, the composition of the boards, and the resulting mix of knowledge and skills among directors: the preferences and abilities of directors and the chief executive; the scope and focus of the activities of the organization; and various key components of the political, social and economic environment in which organization operate.

### *Focus Orientation and Training on Role-Performance Relationships*

The second strategic initiative is focusing orientation and training role-performance relations as well as to various other dimensions and facets of governance, management and administration. The focus on role-performance relationships should receive much more attention than it does in many cases because it has significant implications for organizational performance. In pursuing this strategic initiative it is very important that orientation and training opportunities are available and accessible for directors, the chief executive, and other senior staff member who occupy, or will likely occupy, significant positions within the organization. The principal focus of such orientation and training should be on, among other things, the alignment of roles, the appropriate performance of various roles, and the responsibilities, duties, accountabilities, and the responsibilities of directors and other senior members of the organization for performing their respective roles. Such orientation and training should not be limited to those the apex of the organization, it must also include those in the rest of the organization.

***Develop and Promulgate Positive Board and Organizational Culture***

The third strategic initiative is developing and promulgating positive board and organizational cultures. Whereas board culture consists of "constellation of practices, beliefs and assumptions that underlie and organize [a board's] behaviour as a group" (Holland, Leslie and Holzhalb, 1993: 143), organizational culture consists of those same constellations that underlie and organize the behaviour of the entire organization. Board culture and organizational culture are closely related, and they tend to have a reciprocal effect on each other. Board and organizational cultures arise out of, and are shaped by, among other things, the beliefs, values, norms and behaviours of influential persons on the board and in the rest of the organization, as well as the historical legacies of the board and the organization. Board and organizational cultures tend to influence the thinking and behaviour of many, if not most or all, individuals within an organization. They influence their thinking about, and behaviour in, among other things performing their respective roles either on their own or in relationship to others within and outside the organization.

With this in mind, it is important that directors and the chief executive assess their board and organizational cultures to determine whether they are conducive to good role-performance relationships, or whether improvements are required, and then promulgate them within the organization in a concerted manner through various means.

## Conclusion

To reiterate, the overarching purpose of this article has been to contribute to the extant organizational theory literature that focuses on innovative improvements in board governance in the non-profit sector. Pursuant to that purpose it has focused on the role-performance relationships of directors vis-à-vis each other, their respective chief executive officer, and external stakeholders.

The principal contribution has been in producing an analytical framework which, in addition to conceptualizing role-performance relationships, also identified and explained each of the following: some general types of role-performance relationship problems; some factors that contribute to role-relationship problems; the facets of board governance in which such problems tend to emerge; some operational principles designed to preclude or mitigate role-performance relationship problems; and some strategic initiatives for improving role-performance relationships in organizations. To reiterate, the framework is intended to serve heuristic purposes by stimulating additional thought and analysis not only regarding various aspects of role-performance relationships involving directors, but also those that do not involve directors. It is also intended to stimulate thinking that will generate more fully developed, detailed and nuanced frameworks for analyzing and improving role-performance relationships in various types of organizations.

Although the principal focus of this article has been on board governance involving organizations within the non-profit sector, most of the points also apply to board governance in the for-profit sector, the governmental sector, and the expanding public-private-partnerships sector. We encourage analysts and practitioners interested in understanding and improving board governance in all of those sectors to devote as much, and possible even more, attention to issues and options associated with role-performance relationships, as they do to issues and options associated with various other important matters such as role alignments, the composition of boards, and the overall structure of the governance and management systems. Doing so should contribute to improved board governance and, ultimately, improved organizational performance.

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