The Perceptions of Members of Boards of Directors for State Associations Serving Community-Based Development Organizations Regarding *Policy and Governance.

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THE PERCEPTIONS OF MEMBERS OF BOARDS OF DIRECTORS FOR
STATE ASSOCIATIONS SERVING COMMUNITY-BASED DEVELOPMENT
ORGANIZATIONS REGARDING POLICY AND GOVERNANCE

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
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in

The School of Vocational Education

by

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“We must be the change that we seek”
Mahatma Gandhi

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ABSTRACT

The primary purpose of this study was to determine the perceptions of members of boards of directors for state associations serving CBDOs regarding policy, governance, and administrative procedures and how they are achieving organizational goals and objectives.

The target population for the study was defined as members of boards of directors of state associations serving CBDOs.

The instrument used in this study was a researcher designed questionnaire. It was comprised of two sections - demographics and perceptions of the roles, responsibilities, and accomplishments of the organization.

As the literature review established, boards of directors play an important role in the life of associations and it is important that they function effectively. Establishing effective policies and governance will make associations more effective and efficient with their resources, planning and day to day activities.

Data were collected by mailed questionnaire. After four mailings and a telephone contact, the researcher received a 48% useable response rate.

Findings of the study revealed that members of boards of directors of state associations serving community-based development organizations have positive perceptions toward policy, governance, and administrative procedures.

A model was identified using multiple regression analysis which explained 45.9% of the variance in the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres to the procedures
and guidelines for effective Boards as established by the National Center for Non-Profit Boards. Four variables, setting goals and objectives, affecting policy of the legislature/assembly, providing management leadership training, and position within the field of community economic development were identified in the model.

The researcher recommends that more attention be focused on strategic planning and training and development for members of boards of directors for state associations. Additional exploratory research of effective use of policy and governance might benefit both community based development organizations as well as those engaged in the field of community economic development.
CHAPTER 1

INTRODUCTION

For almost forty years community-based development organizations (CBDOs) have struggled to address problems of social, economic and physical distress in low and moderate-income communities throughout the United States. By uniting neighborhood residents, business leaders and government, CBDOs have been able to build affordable housing, spur economic development, create jobs and provide essential social services in the disadvantaged communities (low income) they serve. Their fundamental mission is to build community leadership and empower low-income people to revitalize their neighborhoods and their futures (NCCED, 1999). In order to be truly effective, a competent board of directors is an essential part of a constructive state association.

During the past decade it has become increasingly important for CBDOs to work together, not just locally, but statewide. State governments have increasingly become important sources of funding for community economic development. As funding shifts from the federal level to the states, collaborations and networking among the various CBDOs will become even more important. It is important for CBDOs to come together statewide in an effort to share fiscal and human resources and knowledge. In essence, it is essential for CBDOs to consolidate their efforts under a state association.

Consolidation allows CBDOs opportunities to maximize their resources and expertise. State associations can play a critical role in providing training, technical assistance, and other information to CBDOs in their respective states (NCCED, 1996). Capacity building has become a key aspect of the work of many state associations as
they have helped the field of community economic development to grow and reorganize under state associations and to increase the competence level of their membership. "The focus of organizing is variable and often transcends particular geographic boundaries: it may be on particular institutional client groups, ethnic groups, or age groups. However, geographic communities, and especially neighborhoods, hold a central importance in North American communal life" (Brager, Specht, & Torezyner, 1987, p. 46).

"Despite the impressive growth of the emerging industry of the community-based development field, it faces numerous human resources deficiencies and is outstripping its human capital base. To meet today's increased demands and unique opportunities for expansion, intensive support must be provided ... (for) board development and governance." (Neighborhood Reinvestment Corporation, 1995. p. 17). Community Development Corporations workforce deficiencies have already cost communities many lost opportunities, and resulted in expensive delays, project mismanagement and failures. State associations around the country are facing difficulties in attracting and retaining effective board members who possess skills required to address the problems and issues facing their state, and set policy and governance for their associations.

Pappas (1996) states, "the governing board represents the pinnacle of volunteer involvement." (p. 103) Unlike the volunteer who provides hands-on assistance at the operational level of the nonprofit, the volunteer as director and trustee holds in trust the nonprofit's financial and human resources, and physical assets. To that end, the individual director and the collective or board is responsible for hiring and evaluating...
the executive director and for ensuring that a strategic plan and resource allocation process is in place. Corporate governance is concerned with the following process:

1. the exercise of power over the direction of the corporation or association;
2. the supervision and control over the direction of the corporate entity;
3. the supervision and control of executive actions; and
4. the acceptance of board of directors responsibility and accountability adhering to state regulations. (Keasey & Wright, 1997).

“State associations’ nonprofit board of directors typically consist entirely of outsiders, nonemployees of the organization. Nonprofit boards are larger, with fewer insiders, more conflicted and more involved in operations than for-profit boards” (Oster, 1995, p. 84). In addition, the state association boards are composed of executive directors from various CBDOs. The role of the board of directors has been a topic of much discussion in board rooms and in management literature in recent years.

Many observers believe that the board’s primary purpose is to evaluate management, while others argue that its primary purpose is to appraise corporate or organizational strategy (Oster, 1995). Community-based development organizations are forums for community self-determination only to the extent that their boards of directors actually direct and control the CBDOs for the benefits of their communities” (Kelly, 1977, p. 75). A nonprofit organization’s board function is one of the most unique functions of the nonprofit sector. Trustees are expected to assume policy and fiduciary responsibilities, hire and fire the chief executive officer, and in most cases, approve the appointment of senior officers (Lauer, 1997).
Community based development corporations work to revitalize distressed city neighborhoods and rural communities all across the United States. They vary considerably in size, scope, and funding sources, but all share certain basic characteristics. CBDOs operate within a geographically defined low-income target area. They are controlled by the people who live or work in that area. CBDOs undertake housing and economic development projects in addition to providing such social services as job training, credit unions, day-care centers, industrial parks, business incubators, and retail franchises. CBDOs also act as advocates for better municipal services. Additionally, they challenge banks and other financial institutions to increase their lending and investments in lower income communities.

"The board of directors of nonprofit organizations has one responsibility: to keep the organization on a straight course for the long term good of the whole. The role of directors in monitoring and responding to the external environment has been emphasized in various studies" (Mills, 1985, p. 122). Aguilar (1967) & Pfeffer and Salancik (1981) and Keasey and Wright (1997) go further by emphasizing a need to take action to have a positive influence on the external environment. Conventional wisdom regarding the proper role of nonprofit boards of directors states that the board sets the policy which the staff implements. The board of directors provides leadership through its policy making activities. The staff provides management through implementation activities.

If boards are truly self governing, then board members are not obliged to tag along behind management. However, in most small organizations, the staff drives the
organization and directs the board on procedures. Effective boards have a shared vision which often develops strategic planning efforts, a tolerance for conflict coupled with an ability to control the conflict, a sound committee system to manage size, and a distinct core working group. Wolf (1984) states, “the purpose of having trustees (board members) with specific expertise is not to encourage encroachment on day to day activities that are the staff’s responsibility, but to provide a monitoring capability for the board. Such trustee expertise helps the board in formulating policy, reacting to staff recommendations, and choosing between alternative course of action” (p. 33).

Effective boards need only tend to their jobs of proactively establishing organizational policies. These policies will lead the organization in the direction set by the board. Boards of directors provide a framework of governance for the staff members to follow.

Statement of the Problem

An effective board of directors is an essential part of a constructive state association. More than ever, the public is looking to the nonprofit sector to address the social problems facing the United States - problems that business and government have failed to solve (Herlinger, 1994). It is generally agreed that the nonprofit organization holds the greatest promise for the community’s efforts to enrich the lives of its members. The nonprofit organization is responsible to its constituents, not to the ever increasing demand for the tangible or financial profits of a for-profit organization. Under the nonprofit banner, boards of directors do not concede the quality of their final
product for the sake of financial gain, they are responsible for the quality of life of their community in which they serve (Herlinger, 1994).

If nonprofits do not achieve their goals and objectives, they stand a strong chance of losing support and funding from public and private sources. To flourish in an economy that demands increased accountability, nonprofit organizations need powerful and proactive boards of directors to provide oversight with effective policy and governance. One of the reasons for the increased accountability within the nonprofit sector is the reduction of governmental spending and increased emphasis on results-based evaluation. This has placed extreme pressure on the nonprofit sector to become more accountable to stakeholders and more efficient in the provision of services.

"Many nonprofits now have what is still the exception in business, a functioning board. They also have something even rarer: a CEO who is clearly accountable to the board and whose performance is reviewed annually by a board committee. And they have what is rarer still: a board whose performance is reviewed annually against preset performance objectives. Effective use of the board is thus a second area in which business can learn from the nonprofit sector" (Drucker, 1989, p. 232). With state associations' boards of directors attending to policy content, a board can gain far more central control over what matters in the organization and avoid preoccupation with micromanagement issues. Rather than following agendas driven by what the staff wants approved, boards should initiate the agendas.

State associations are trade associations and thus their boards are comprised (in most cases) of nonprofit executive directors whose organizations are members. They
are both insiders and outsiders. However, most state associations have very small staffs (or none) and, thus, the board implements projects as well. Yet, as CBDO directors, board members have little time and energy to devote to the oversight of management and seem to tolerate problems as long as the policy priorities (which lead to funds for their organization) are not jeopardized. The point is to establish the board's policymaking process as both preliminary and predominant.

Purpose

The primary purpose of this study is to determine the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adhere to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards and how they are achieving organizational goals and objectives.

Objectives

In order to answer the research problem, the following objectives were formulated to guide the study.
1. Describe members of the board of directors of state associations serving CBDOs on the following selected demographic characteristics.
   a) Gender
   b) Race
   c) Highest level of education
   d) Primary Occupation
   e) Length of time on the board
2. Determine the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards in each of the following areas of governance:
   a. Board duties and scope of authority,
   b. Financial oversight,
   c. Evaluation and planning, and
   d. Managing risk.

3. Determine the perceptions of members of Boards of Directors of state associations serving CBDOs regarding how successful their organization has been in achieving goals and objectives in each of the following areas:
   a. setting goals and objectives for the organization,
   b. defining strategies to achieve the goals and objectives,
   c. establishing policies that are consistent with and contribute to goals and objectives,
   d. achieving goals and objectives for the organization, and
   e. providing and/or arranging for the management/leadership training needed by members of the boards of directors.
4. Determine the perceived importance of selected outcomes of state associations serving CBDOs as measures of the success of the organization. The selected outcomes to be assessed will include:
   a. receiving state funding,
   b. providing manpower training and development,
   c. affecting policy of the legislature/assembly,
   d. getting outside institutions to aid in community economic development,
   e. reducing unemployment, and
   f. providing networking opportunities.

5. Determine if a model exists that explains a significant portion of the variance in the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards, both overall and in each of the identified areas of governance from the following selected demographic and perceptual measures:
   a. Gender,
   b. Race,
   c. Highest level of education completed,
   d. Primary occupation,
   e. Length of time served on the board,
   f. Age of the organization,
   g. Age of Board Member
h. The perceived success of the organization in achieving goals and objectives in each of the following areas:

1. Setting goals and objectives for the organization,
2. Defining strategies to achieve the goals and objectives,
3. Establishing policies that are consistent with and contribute to the goals and objectives, and
4. Providing and/or arranging for the management/leadership training needed by members of the boards of directors.

i. The perceived importance of each of the following selected outcomes of state non-profit associations as measures of the success of the organization:

1. Receive or increase state funding,
2. providing staff training and development,
3. affecting policy of the legislature/assembly,
4. Increase aid of outside institutions in community development,
5. reduce unemployment, and
6. provide networking opportunities.

Hypotheses

Since the related literature provides the researcher with a basis for expecting selected specific relationships, objectives 6-8 were written as research hypotheses.

These hypotheses are:
6. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in setting goals and objectives for the organization.

7. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in achieving goals and objectives for the organization.

8. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in providing and/or arranging for management/leadership training needed by members of the board of directors.
Significance of the Study

This study is designed to enhance the understanding of the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards. The findings of this study should aid board members in the development of efficient strategies and enable them to become more effective and efficient in providing governance and in setting policies. The model to be generated should guide boards of directors in determining the optimal way of allocating scarce resources to guide the organization by policies and procedures.

Limitation of the Study

Currently there are 27 state associations serving CBDOs in the United States. Each is at a different stage of organizational development. Some of the associations have received state funding to offset the cost of administration and planning, while other associations rely upon private contributions and membership dues to finance their operations. In addition, many state associations have a very small staff and many board members serve as executive directors of local community-based development organizations with little or no time to allocate to governance or policy development. Because of these situations, there might be variations in the responses.

Definitions of Terms


Community-Based Development Organization (CBDO): A CBDO is a nonprofit organization which serves a defined geographical area and whose primary interest is to
focus on economic development and serve the needs of low income persons, minorities, and other disadvantaged groups. Grassroots organizations are located in communities whose boards of directors are primarily composed of community residents.

**Community Development Corporation (CDC):** A CDC is a nonprofit organization which serves the low-income community or constituency and is managed by a community-based board. A CDC's mission focuses on community renewal and stabilization, and its programs provide assistance to low income people in economically-distressed areas. CDCs are involved in housing production, job training and development, small business development, and/or the provision of supportive services, such as child care, crime prevention, teen pregnancy counseling, emergency food services, elderly services and other related activities. Some CDCs function as local financial intermediaries and provide business loans and equity investment.

**Community Action Agency (CAA) / Community Action Program (CAP):**

CAAs/CAPs were authorized under the Economic Opportunity Amendments of 1966, following the War on Poverty reforms passed in 1964. These nonprofit community groups primarily focus on the provisions of social services. CAAs administer a variety of federal, state, and local programs. They are funded primarily through Community Services Block Grants given through the U.S. Department of Health and Human Services. The statutory requirements include strict board composition: 1/3 resident, 1/3 local government, and 1/3 from another sector. Increasingly, CAAs are getting involved in community economic development. The goal is to wage a community-wide war on poverty, with broad-based private sector funding required as a prerequisite to receiving...
federal antipoverty dollars. In addition to Project Headstart, CAAs/CAPS have provided a variety of services programs in local communities, including job training, legal aid, and health services.

Community Housing Development Organizations (CHDO): The CHDO designation is given by the State (Louisiana Housing Finance Agency) or a local participating jurisdiction to a private organization that is organized under state or local laws with Section 501 c-3 tax exemption ruling from the Internal Revenue Service (Internal Revenue Code of 1986). It has among its purposes the provision of decent housing that is affordable to low and moderate income persons, and has demonstrated capacity for carrying out activities assisted with the HUD Home funds. As a user of Home funding, the CHDO may be an owner, developer, or sponsor of affordable housing. To be designated as a CHDO, an organization (or its parent organization) must also demonstrate at least one year of service to the community.

Governance: The act, process, or power of governing.

Policy: A plan or course of action, as of a government, political party, or business, intended to influence and determine decisions, actions, and other matters. A course of action, guiding principle, or procedure considered expedient, prudent, or advantageous.
CHAPTER 2
REVIEW OF RELATED LITERATURE

The review of literature is intended to provide the foundation for exploring the effectiveness of boards of directors for state associations. The literature reviewed in this chapter is organized into three major sections beginning with an overview and historical perspective of the nonprofit community economic development sector. The second section discusses the roles and responsibilities of boards of directors, and the importance of governance. The third section includes past research conducted on boards of directors of nonprofit organizations.

Overview and History of Nonprofit Community Economic Development Community-Based Development Organizations

“Community-based development organizations (CBDOs) are nonprofit, housing and commercial developers who do the difficult job of providing service and leadership in communities that need help and that other agencies cannot or will not serve” (Vidal, 1992, p. 111). Within neighborhoods neglected by mainstream economy, CBDOs build homes, offices, and commercial centers, manage apartments, and create jobs. For the dispossessed, CBDOs provide a stake in society through home ownership. For the welfare recipient, they open the possibility of gainful and meaningful employment. For impoverished neighborhoods, CBDOs provide a focus for planning and local control. The accomplishments of CBDOs reduce the sense of disempowerment and failure felt by those trapped in poor communities (Rubin, 1993).
A key impetus for the creation of a state association was the decision by some CBDOs to influence state policy and to provide a mechanism for information sharing in each state. CBDOs wanted to gain access to existing state programs and/or to persuade the state to create new programs specifically targeted to CBDOs. State policy has continued to be a major focus of state associations. Over time, associations have become increasingly more successful in their efforts to obtain state funding for CBDOs (NCCED, 1996). State associations have been successful in policy advocacy. This work has centered on gaining access to more state resources for CBDOs. They have also been successful in information sharing and dissemination, through conferences, newsletters, statewide directories of CBDOs, and resource directories.

Some major functions of nonprofit organizations are to influence the national agenda on public policy relating to underserved populations. As a result of the efforts of nonprofit organizations to offset major federal cutbacks, the sector may have lost some of its ability to influence the public agenda. Unless more attention is paid to this sector, both in research and in public-policy deliberations, its capacity to serve the public good will continue to erode (Hodgkinson & Lyman, 1989). Training and technical assistance work include one-on-one consultation on an ongoing basis, and the use of experienced CBDO personnel to assist evolving groups with specific problems. The technical assistance and training needs can center around a variety of issues including the conceptualization of state and federal regulations and programs. (NCCED, 1996). However, as the political and economic climate changed at the state level in the late 1980s and early 1990s, many of the state associations found themselves concentrating
on protecting these same programs, as in Florida and Massachusetts (NCCED, 1997).

In the past three years, state associations have increased in number from 18 to 27, involving 10,000 people resulting in $506 million in new funding and the introduction of 40 new legislative initiatives (NCCED, 1999).

In addition to impacting state policy, a major activity by state associations is information sharing. This important function has led to four essential roles for state associations: 1) networking; 2) building capacity; 3) assisting fund-raising efforts; and 4) developing new program initiatives, such as micro enterprise loan programs and individual development accounts (IDAs) (NCCED, 1996).

The first CBDOs were started in the mid-1960s. The number of CBDOs operating across the country increased to between 2,000 and 2,200 by 1994. CBDOs exist in all 50 states, as well as the District of Columbia, Puerto Rico, and the Virgin Islands (NCCED, 1996). According to a national survey conducted in 1994 by the National Congress for Community Economic Development (NCCED, 1996), CBDOs have created approximately 400,000 units of affordable housing, developed 23 million square feet of commercial/industrial space, made $200 million in loans to small and micro businesses, and created more than 67,461 full time jobs (NCCED, 1996).

"Interest in community-based approaches to address rural and urban problems have been supported indirectly by the predominance of recent literature on the importance of stronger civil society and community life for America. This has emphasized that the existence of networks of nongovernmental civic institutions are vital to the performance of governance at all levels. But more basically, it has reminded us of how critical neighborhood level institutions (e.g., community-based development organizations, associations, churches and friendship networks) are to families and children everywhere. In order to achieve the community support essential to the success of these programs, every
member of the community must have the potential for being served by some aspect of the program. Each community development project can effectively be tied to other community projects” (Rivera & Erlich, 1992, p. 44).

This is a core reason why communities should work together to increase citizens’ awareness of services and resources that can advance the community. Communities cannot afford inconsistencies in the delivery of these critically needed leadership, investment, and reinvestment approaches.

Setting the Context for Transformation: From a Movement to an Industry

The founders of the CBDO movement left a lasting legacy. Despite great adversity, the field of community development has matured and grown tremendously over the years. It is estimated that there are currently more than 3,000 CBDOs throughout the United States (NCCED, 1997).

Community development corporations (CDC, in this investigation they are referred to as CBDO) sprang out of neighborhoods, during the 1960s on the notion that community residents could define and control development in their respective communities. An example of a dynamic CBDO is the Grand Daddy of CDCs, the New York City’s Bedford Stuyvesant Restoration Corporation. This CBDO was formed as a result of the legislative initiative of U.S. Senators Robert Kennedy (D-N.Y.) and Jacob Javits (R-N.Y.). The Corporation also formed the Restoration Supermarket Corporation (RSC). Five years later, RSC debuted among the nation’s largest black-owned business with $19.6 million in sales. Today, this enterprise, which comprises a Pathway supermarket and full service pharmacy, is ranked number 78 on the Black Enterprise
Industrial Service 100 with 1998 sales of $27.86 million (Black Enterprise, 1997). In 1996, RSC added 169 jobs to the employment pool of the dozens of businesses attracted to the area of Bedford Stuyvesant. Bedford Stuyvesant Restoration Corporation has proven that businesses can be attracted to working class neighborhoods (Black Enterprise, 1997, p. 110).

"On August 20, 1964, President Lyndon Johnson signed into law, the Economic Opportunity Act – one of the foundations of the War on Poverty Program. The Act was intended to mobilize the human and financial resources of the Nation to combat poverty in the United States. It asserted that the economic well-being and prosperity of the United States had progressed to a level surpassing any achieved in world history. Congress passed the Act believing that the United States could achieve its full economic and social potential as a nation if every individual had the opportunity to contribute and to participate in the working of society” (Office of Community Service, 1982).

A major change in the statute occurred in September 1972 when Congress renewed the Economic Opportunity Act and established the Community Economic Development (CED) Program (Office of Community Service, 1982). Under the CED Program, Congress authorized financial assistance, in the form of grants, to nonprofit community development corporations. In essence, this allowed CDCs to receive financial assistance under the CED Program. In addition, CED funds could be used for the construction of community development projects such as industrial parks and affordable housing which would also provide new opportunities for training, employment and business ownership. (Office of Community Service, 1982).
“First produced in 1967, the community development corporations are the vehicles for community development under federal antipoverty programs. By definition and stated intent, the CDC is a community controlled corporation established to improve the quality of life for the poor - in specifically defined geographic areas - by creating the means of a variety of strategies, including the acquisition of existing businesses, the development of new businesses, investments in the physical assets of the community assistance through loans and technical service to community entrepreneurs and participation with private sector interests in joint ventures” (Berndt 1977, p1).

The concept of the CDC is often viewed as an innovation of the 1960s. It is an outgrowth of ideas that have shaped “poverty programs” at least since the early nineteenth century. Robert Owen’s villages of cooperation were forerunners of today’s CDCs, both in philosophy and expected outcome (Berndt, 1977). Owen suggested that the poor be placed in specially designed areas, be given an initial capital grant from taxes, and be expected to make their own way through self-discipline and hard work. This proposal was consistent with the philosophy of the 60s: poverty was a serious social problem that could be solved by programs of aid to the poor. These programs were designed not to distribute wealth, but rather to help the poor help themselves. The underlying theory was that poverty existed because of the poor’s limited opportunities as well as their own faults and failures, and not because of any defects in the economic and social system (Berndt, 1977). Another important factor is the role of the community organizer. Cahn and Passett (1971) suggest it is the responsibility of the community
organizer to assist the community members to become "masters of their fate" and to develop efforts to pull themselves up by their own bootstraps.

In the midst of record breaking economic expansion, the plight of low-income, inner city neighborhoods and rural communities remains a complex and unresolved issue. In these communities throughout the nation, officials struggle to attract private investment and enhance economic development. To address these challenges, CBDOs across the country are using a combination of government contracts, grassroots support, and financial acumen to increase jobs, attract private sector investment, and link troubled neighborhoods - and their residents - to the economic mainstream (NCCED, 1996). CBDOs have an impressive track record, because they are recognized as successful developers of affordable housing. CBDOs have emerged as major generators of economic development in their neighborhoods. According to Rubin (1993), CBDOs use physical development as a tool toward empowerment, and as an advocate for community change. In addition, many CBDOs provide their communities with needed support services such as affordable day care and programs for young people.

Increasingly, CBDOs are creating partnerships among banks, local foundations, government officials, business and industry, and national nonprofit funders to revitalize neighborhoods. By engaging more institutions in such efforts, these collaborations bring resources and expertise that improve the efficiency and effectiveness of community development activities. In addition, these groups can leverage the CBDOs...
strong community relationships and growing financial savvy to marshal support for projects that meet a range of economic development needs.

CBDOs have created a movement within the nonprofit industry, where the community has a voice and decisions are made from the grass root level. CBDOs have created a movement where the people have taken back their communities from drugs and poverty, where individuals were able to make decisions and gain responsibility for their communities. The significance of the community economic development movement is community membership involvement. According to Mico (1981) “CDCs (CBDOs) are unique combinations of resident-controlled community development and profit-oriented business development. They are keyed to special impact areas with high and persistent unemployment, low incomes and populations with low skills and low training”. (p. 6) Community involvement and support are critical to the success of the movement. The community should be involved in planning the development of various neighborhood projects as much as possible. Citizen participation can be viewed as both an effort to implement the values inherent in classical democratic theory and a competitive organizational technique to help low-income groups obtain a voice in determining the allocation of resources. CBDO projects combine physical development and social improvement recognizing that within the neighborhoods of the poor, the two are inseparable (Rubin, 1993). According to Cahn and Cahn (1971) citizen participation has three broad values:

1. A means of mobilizing unutilized resources - a source of productivity and labor not otherwise tapped.
2. A source of knowledge - both corrective and creative - a means of securing feedback regarding policy and programs, and also a source of new, inventive and innovative approaches.

3. An end in itself - an affirmation of democracy and the elimination of alienation and withdrawal, of destructiveness, hostility, and lack of faith in relying on the people (p. 72).

Informing citizens of their rights and responsibilities can be the most important step toward legitimate citizen participation. However, too frequently the emphasis is placed on a one-way flow of information - from officials to citizens - with no channel provided for feedback and no power for negotiation (Rivera & Erlich, 1992). Under these conditions, particularly when information is provided at a late stage in planning, people have little opportunity to influence the program designed for their benefit.

CBDOs are successful because they have community representatives on their boards of directors. The boards of directors further ask community representatives to serve on development teams in leadership positions. CBDOs seek community input through focus group meetings or through door-to-door surveys. They work with and through other community-based organizations such as churches and chambers of commerce.

CBDOs keep the community informed through a series of community meetings, articles in the local newspaper or other creative ways of communication (Federal Reserve Bank of Dallas, 1996). However, most of the CBDOs have limited policies and governance to guide the organization. Most CBDOs are reactive, when they should be proactive.
The war on poverty of the 1960s and one of its offspring, the community control movement, has left, in its wake, many unrealized and shattered programs (Kelly, 1977). The CBDOs is one of the primary program areas that survived, relatively intact, from the 1960s community economic development movement. The CBDOs bridged the war on poverty and the community control movement. The communities control of their economic development is still alive and thriving with the support of federal, state, and private and foundation funds.

**State Association Membership**

The majority of state associations are membership organizations. Most State Associations are controlled by CDCs. State association membership tends to include community development corporations, community development housing organizations, community action agencies, bank based community development corporations, faith-based organizations, etc. Most state associations restrict full voting rights to community development corporations. Since membership provides only a small portion of the overall organizational budget, nearly every state association is heavily dependent on foundation, corporate, or state funding (NCCED, 1992).

Although each CBDO is locally based and controlled, most CBDOs are part of a state and nationwide network. At the state level, there are state associations and at the national level there is the National Congress of Community Economic Development (NCCED, 1996) (as illustrated by Figure 1).
Summary

The community economic development movement has become an industry by providing a vocation that employs professionals in development, marketing, finance, contracting, consulting, planning and development. The community economic development movement has made strides by changing the landscape of the community which, in turn, has changed attitudes, behaviors and community involvement.

As the brief history of the CBDOs reveals, the concepts of community economic development and community control have come a long way since the early 1960s. These programs and concepts are now a reality. These outgrowths of the 1960s poverty programs have managed to give a silent minority a framework by which to direct their
grassroots efforts toward improving their community and lives. Federal and state legislation and policy have empowered community members to become involved and responsible for creating better environments. It is important that state association boards use effective policy and governance to better serve their constituency base. They must have the vision and ability to keep the association on course, to effectively and efficiently manage and utilize fiscal and human resources, and handle a myriad of issues that affect the operations of the associations.

Roles, Responsibilities and Governance of Nonprofit Boards of Directors

Board Duties and Scope of Authority

"Most of the affairs of American life are controlled or influenced by boards. In government, in business and in the countless organizations and associations by which people seek to achieve common purposes, councils of citizens, acting together, exercise guidance and direction" (Pfeffer & Salancik, 1981). Every board is related to and usually governs some social structure that performs a service. Many association boards undertake all necessary duties and responsibilities with little or no staff assistance. The state associations board of directors are primarily composed of CBDOs, the Executive Directors of and/or other staff personnel from the organization. In most cases, the boards of directors from the members' organizations are heavily burdened with responsibilities from their own agencies, which leaves little or no time for the state association board policy and governance. The day-to-day activities of the state association are left to the staff to inform the board of directors of the vast number of activities. Boards of directors regulate, coordinate, and perform all activities needed to
discharge their functions. Many of these activities could be performed by the staff, which would leave more time for the board of directors to govern. According to Duca (1996), "the governance theory perspective policy making should be guided by questions about governance and not administrative details." Fama and Jenson (1983) see the board as an important part of the firm's governance mechanism. A board is made up of individuals with distinctive personalities, ideas, prejudices, and habits. Each has individual motivations for serving on the board and individual views about their relationships to the board and to fellow board members. "The primary responsibility of the board is to carry out its functions as designated in the law, corporate charter, or other document that provides for its existence" (Louden 1982, p. 82). In addition, according to Monks and Minow (1996) directors have the authority to establish policies, which require management to implement obedience to the law as a corporate priority (p. 28).

The Importance of Governance

Wherever power is essential to direct, control and regulate activities that affect people's interests, all organizations need governing (Carver, 1997). Governance involves the source, use and limitation of such powers. Governance is necessary whether the body of people is a nation, state, town, community or a state association. Duca (1996) defines, "governance as how a board goes about exercising its authority over an organization. It is a system or process for managing a board's affairs" (p. 3).

One of the primary issues of governance is the establishment of appropriate policy. Policy is ambiguous by definition. A survey of corporations conducted by the
conference board resulted in several definitions of the term policy: “A broad interest, direction, or philosophy; an expression of the corporation’s principles and objectives; guides to thinking and action; general standards not subject to frequent change; and procedures and practices” (Steiner, 1969, p. 176). Policies as interpreted by the associations are the principles that guide management decisions and set the style of the organization in fund-raising, financial management, marketing, operations management, personnel management, and communication.

There is considerable debate about what actually constitutes corporate governance. The key elements of governance concern the enhancement of corporate performance, via supervision or monitoring of management performance and ensuring the accountability of management to share and stakeholders. Governance and accountability are closely interrelated dimensions and introduce both efficiency and stewardship to corporate governance (Keasey & Wright, 1997, p. 3).

Duca (1996), describes policy as:

1. focus on critical issues
2. a guide to action
3. a broad statement of intent
4. an expression of values or perspectives
5. presentation of the philosophy of an organization
6. establishment of limits
7. resolution of questions about how an organization generally conducts its business in the present and future
8. long-term applicability at the higher level of an organization’s operations
9. inclusion of different levels of operation.

The various state associations are dynamic organizations. They are motivated by their diverse constituents and their needs. Their diversity provides the opportunities for inventing creative approaches to solving the most complex problems. Many of those problems center around poverty and deprivation. State associations must provide effective leadership and assistance if they are to fulfill the promise of being community controlled. They must have the ability to also address issues of poverty. Governance and policy are vital to effectively managing state associations.

Boards of directors of state associations are vested with the responsibility of governance and direction of the organization. The boards have several responsibilities:

1. Planning and policy decisions - setting the association’s direction (its mission, goals and objectives), establishing policies to guide the operation of the agency and hiring the chief executive officer.

2. Financial development - responsibility for funding the planning and policy decisions and for ensuring that the association is adequately financed.

3. Monitoring and sanction - monitoring the implementation of planning and policy decisions to ensure the achievement of goals and objectives; providing sanctions, enthusiastic endorsement and approval of the association to the state based on real achievements and contributions to the community betterment.

(Louden, 1982).
In carrying out these three key elements of its role, the board is accountable to the community and to the association funding sources. The board must continually monitor and assess the activities of the association to assure that the goals and objectives are being achieved. Assessment and monitoring activities need to be continually reviewed to assure their appropriateness to the activity. Fiscal monitoring is essential and is bound to the activities of the board and association. The accountability of such funds is integral to the assessment and/or monitoring of said activities.

Human performance should be monitored and assessed. Therefore, comprehensive performance assessment should be required. This assessment will allow the individual, board, and association membership to appraise the effectiveness of the board members’ performance. Each board member is appointed individually and is individually accountable to the organization for the proper execution of their duties. “The individual member must satisfy himself that he has the necessary information on which to base votes” (Louden, 1982, p. 282).

“No two boards are the same, because organizations differ widely in size, in structure, and particularly in their purpose and reason for existence. Their boards are bound to be different in character and ways of operation” (Campbell, 1977, p. 132). A board member’s role has two aspects, fiduciary and supportive. As a representative of the public-at-large, board members have a fiduciary obligation to oversee the public interest. The board member’s supportive role is to continually work toward the achievement of the organization’s mission. Howe (1993), identifies seven
responsibilities of a board member as shown in Table 1 which fall under these two aspects of the members’ role.

Table 1: Seven Responsibilities of a Board Member

1. **Attendance** - to attend board meetings and participate in some committee work
2. **Mission** - to define the mission and participate periodically in strategic planning to review purposes, programs, priorities, funding needs, and targets of achievement.
3. **Chief Executive** - to approve the selection, compensation, and if necessary dismissal of the chief executive and assume regular evaluation of the executive’s performance.
4. **Finances** - to assure financial responsibilities by:
   - Approving the annual budget and overseeing adherence to it
   - Contracting for an independent audit
   - Controlling the investment policies and measurement of capital or reserve funds.
5. **Program oversight and support** - to oversee and evaluate all programs, support the staff, and be an advocate in the community.
6. **Fund-raising** - to contribute personally and annually and participate in identification, cultivation, and solicitation of prospective supporters.
7. **Board Effectiveness** - to assure the board fulfills the foregoing governance responsibilities and maintains effective organization, procedures and recruitment.

(Howe, 1993, p. 23)

While the responsibilities of a board member will not vary significantly with boards of different sizes and kinds, the manner in which board members deal with their responsibilities can differ considerably. The maturity and outcome of an organization and the personality of its board will affect how board members handle their roles.

According to Ingram (1995), “Boards are learning to balance their nearly limitless organizational powers with a self-restraint, to delegate authority where possible and sensible without abdicating their considerable responsibilities, and to channel board members enthusiasm and commitment into appropriate behaviors” (p. 14). Knauft, Berger, and Gray (1991) identified three stages of organizational growth:
1. **Startup** - characterized by a small group of volunteers, or a single highly motivated individual, responding to a cause or problem. The major challenges are in formalizing the structure and raising funds.

2. **Growth** - characterized by some stability and probably a full time executive director and staff. The principal challenges are keeping up the momentum, maintaining the funding base, and diversifying the board.

3. **Maturity** - where the organization has reached a degree of stability and self sufficiency and has developed a credible track record.

   As an organization reaches maturity, its board will confront various challenges:
   - weaning members away from involvement in operations and management they had become used to;
   - ensuring that the organization does not become purely staff driven;
   - addressing the needs and problems of a large staff;
   - recognizing the need for self-renewal between staff and board, including bringing aboard new people and new ideas.

**Using Policies for Effective Governance**

An effective board is characterized by a membership of able, independent people with differing backgrounds, abilities, and temperaments, who are willing to express - and to listen respectfully to - varying viewpoints. Such a board, with effective leadership, will engage in healthy and sometimes vigorous discussion on association issues and problems. Decisions are reached which the board can support. A wide
variety of backgrounds and experiences can help a board become a rich and valuable resource for the association.

Many boards of directors conceive of themselves as policy boards. Board leadership is largely policy oriented. A policy approach prevents a flurry of events from obscuring what is really important. The essence of any organization lies in what it believes, what it stands for, and what it values. Studies of corporate culture (Mueller, 1995) looked at the way people deal with problems, differences, customers, decision making, and each other as a way to penetrate the essence of an organization. As individuals, we apply certain perspectives and values whenever we confront external realities. Under a certain condition, our values or perspectives lead us to act in a certain manner. We are valuing, conceptualizing beings who constantly seek to make sense of our world and ourselves by linking sense data with a framework. Nelson (1985) has defined policy, as a general rule of principle, or a statement of intent or direction, which provides to the particular matters entrusted to their care. Organizations are similar to individuals in these respects. The individual or board's value system determines behavior and subsequent decisions in the light of specific facts/issues. And the same value system determines what boards regard as relevant facts about the environment. The values of the board are an essential ingredient as they set association priorities, including mission, goals and objectives, budget, and various other board and association activities. This same value system determines resultant strategies for achievement of the associations goals and objectives. Drucker (1967) stated, “Decisions of all sorts rest on principles and generic understanding. Unrecognized, this
dependence can produce pernicious disparities, difficulties, and unfulfilled potential. Leaders may develop goals and plans without being mindful of their underlying meaning, which is the binding glue that transforms disjointed parts into a whole.” (pp. 113-141) When recognized and properly used, these values and perspectives offer leaders the key to effectiveness (Carver, 1997 p. 24).

Peter and Waterman (1982) wrote, “clarifying the value system and breathing life into it is the greatest contributions a leader can make”(p. 291). Leadership through explicit policies offers the opportunity to think big and to lead others to think big. Carver (1997) stated there are four reasons that policy-focused leadership is a hallmark of governance.

1. **Leverage and efficiency** - by grasping the most fundamental elements of an organization, the board can affect many issues stimulosus without lost effort. However high-flown their intentions, boards have only so much time available, often measurable in hours per year.

2. **Expertise** - board members do not ordinarily have all the skills required to operate their organization. To compensate some boards focus their recruiting more on skills that match those of staff than those of governance.

3. **Fundamental** - when a board sifts through all sorts of material it might deal with, the real heart of the matter is the body of policies those materials represent. Boards that govern by attending directly to policies are more certain to address that which has enduring importance. Dealing directly with the fundamental has a compelling legitimacy.
4. **Vision and Inspiration** - dreaming is not only permissible for leaders - it is obligatory. Dealing meticulously with the trees rather than the forest can be satisfying, but it neither fuels vision nor inspires (Carver, 1997, p. 24).

By attending to policy content, a board can gain far more central control over what matters in the organization. In this manner a board is at less risk of getting bogged down with details of little consequence. Rather than following agendas driven by what the staff wants approved, boards should initiate the agendas. The point is to establish the board’s policy making process as both preliminary and predominant. If boards are truly governing, then board members are not obliged to tag along behind management. Boards need only tend to their jobs of proactively establishing organizational policies.

**Financial Oversight**

The boards of directors of state associations are entrusted with the legal and fiduciary affairs of associations. The board has the task of overseeing the finances of the organization and maintaining financial control. In addition, the board monitors financial statements, keeps the books, and manages the accounts. The board, usually acting through a finance committee, must assure itself that finances are in order. Fiduciary responsibility is one of the clear roles of the board. Approving the budget, establishing safeguards related to audits, and overseeing investments are areas that must have established policies and clearly defined guidelines. Some organizations have a balanced budget as policy; others will permit deficits under very specific conditions. All must have a policy guiding the selection of those who perform these services. The challenge is to make it clear.
According to Biehl and Engstrom (1988), "a well-designed financial reporting system is the key for both planning and control in nonprofit organizations. Financial reports, including budgets, are intended to provide information to one or more of the board members of the organization. Items like the balance sheet and income statement show both the current flow of resources in and out of the organization" (p. 92).

It is very important for the board of directors to have effective governance to set policies for financial control. Boards put great stock in monthly and/or quarterly financial reports. "Yet a substantial number of board members do not understand these reports. Even in boards comprising persons competent at analyzing financial statements, it is uncommon for the board to know as a body what it finds unacceptable" (Carver, 1997 p. 109).

An important aspect of the board of directors serving the public trust is protecting accumulated assets and ensuring that current income is managed properly. Because nonprofit organizations are incorporated and granted tax-exempt status by state and federal laws, the board’s obligations go well beyond its organization’s members, constituents and/or clients (Mueller, 1995).

Boards traditionally exercise this responsibility by assisting in the development (depending upon board structure) and approval of the annual budget. The annual budget is one of the board’s most significant policy decisions; it sets in motion a host of programmatic, personnel and other priorities. According to Pinto (1998), "fiduciary duty is an important monitoring device for the directors. Directors as fiduciaries must
act with due care and loyalty to the corporation by protecting corporate interests over their own.” (p. 97)

Fund-raising policies should clarify expectations for board members and state how fund-raising activities should relate to clients and other public interest. Does the organization engage in annual funds, planned giving, and/or comprehensive campaigns? If so, what restrictions are implied by the nature and mission of this particular service?

The board can only monitor the budget’s implementation if it has clear, intelligible, accurate and timely financial reports. All board members should receive quarterly balance sheets with a consolidated accounting of all assets and current liabilities.

One of the fundamental goals of the nonprofit board member is to have measurable goals to assure organizational accountability. This accountability includes areas of budget and project management, and monitoring the organization. If the board of a nonprofit organization is to be effective, it must assume the role of the for profit board and its ultimate value in the marketplace. The board must ensure that the nonprofit’s mission is appropriate to its charitable orientation and that it accomplishes that mission efficiently (Dalsimer, 1996).

**Evaluation and Planning**

One of the nonprofit board’s core responsibilities is to oversee the organization’s planning. A board produces the nonprofit’s long range and strategic plans. The staff is responsible for operational plans in accordance with the board’s stated long range goals and strategic plans.
While operational plans may not require board approval, to lessen possible conflict, board members should make themselves familiar with them. In this manner, the board can assure that the operational plan is following established guidelines.

Board members should bring the following items to the table:

1. familiarity with business planning processes;
2. resolutions to formulate a practical plan that can be implemented;
3. realistic expectations regarding implementation of where to start and when to stop;
4. knowledge of what questions to ask and what information is needed;
5. awareness that it is the big picture, not details such as the document’s final form that is important; and
6. ability to separate the elements of a strategic or long range plan from operational concerns (Anderson & Anthony, 1986).

The board of directors responsibility is to ensure that the policy statement meets the policy objectives. To ensure this, the board must define policy objectives. In addition, the governance role is not concerned with day to day operations of the business, per se, but giving overall direction to the association. They are concerned with legitimate expectations of association accountability and regulation. At all cost, the association board must maintain its focus on the interest of the community as a whole. According to Tricker (1984) the process of corporate governance can usually be thought of as having four principal activities as shown in Figure 2.

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Figure 2: The Activities of Governance and Management Compared
(Tricker, 1984, p. 7)

- **Direction** - formulating the strategic direction for the future of the enterprise in the long term;
- **Executive Action** - involvement in crucial executive decisions;
- **Supervision** - monitoring and oversight of management performance, and
- **Accountability** - recognizing responsibilities to those making a legitimate demand for accountability

State associations’ boards of directors set policy partly through written policy statements, but primarily through their personal attributes and skills. Effective boards communicate to management the standards that they believe should be governing the organization’s actions. For example, some state association may decide to set a standard fee for membership in the organization. Others may decide to have a scaling fee. There is no right or wrong policy, but the one chosen must be appropriate to the style and culture of the association.

Houle (1990) states that “some boards, while accepting the necessity for having clear statements of desired ends, prefer them in a more informal fashion by meeting questions of board objectives or specific goals as they appear naturally in the course of

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the board’s work. Such a policy may be used in very complex agencies, in those that have such definite and crystal-clear functions that there is little danger of misunderstanding, or in boards that are so sharply divided that it is thought best not to take up any fundamental questions lest there is an explosion.” (p. 129)

The central role of the board of directors is to govern and provide direction. Direction is the principal role in the strategic leadership of the association. The directors are responsible for formulating strategy and bringing fundamental proposals for shifts in policy to the governing body. The board of directors should provide guidance to executive action. The directors are, in effect, at the pinnacle of the management command structure. In other words, the responsibility for running the business lies with the board. These boards are most often composed of a determined “band of warriors” who join together to give their time and energy to a cause to which they share a passionate commitment. Board leadership may be modest at the start and usually quite homogeneous; composed of like-minded souls who are explicitly willing to do the task, however mundane, needed to get the organization up and running (National Center for Nonprofit Boards, 1995). Some organizational theories suggest that the greater the goal integration with an organization, the greater the satisfaction and the smoother the operation. This theory is illustrated by the three overlapping circles below in Figure 3. Increased communication is the key to increasing goal integration.
According to Lauer (1997) “having clear communication policies is a key to effective board governance. Most organizations have no communication policies. And yet, to achieve the kind of effectiveness that is required to build a strong organization, all employees need to know what is expected of them. Communication is often listed as the biggest problem in an organization, and yet there is usually very little written or said about how this problem should be solved” (p. 129). Setting formal communication policies simply says that communication is important. It should address at least five areas:

1. behavior expectations - related to addressing issues, hearing complaints, speaking to groups, etc;
2. priority themes - the keys themes everyone should repeat in order to be on the same page;

Figure 3: The Board Member Process
(Conrad & Glenn, 1983, p. 138)
3. cultural traits and values - those that define how things are done - and shared beliefs;

4. private versus public information - what the law and/or the organization believes to be private and/or proprietary; and

5. critical issues - those that need to be handled in order to enhance and preserve reputation. (Lauer, 1997, pp. 130-131)

Managing Risk

“When we look at all the possibilities of being held legally responsible and liable and all the harassment and time-consuming events that may insure, one wonders why anyone would want to become a director” (Louden, 1982, p. 234). The boards of directors of state associations have the responsibility for organizational survival. To fulfill this responsibility, a board has a legal duty to conserve and protect the assets of the organization. These assets include, not only fiduciary revenue, but property, lives, and the goodwill and integrity of the organization, as well. Through inaction or imprudence, the board may imperil the organization or impede it from achieving its goals. Each director of a state association is responsible for his or her own behavior and work, and the compliance of those who work in the organization. More urgently, the board has the duty and power to protect the organization from potential losses. The board must undertake a posture of risk-management by establishing goals; monitoring management; ensuring the availability and proper use of funds; and making necessary changes and monitoring the impact of change. “In agreeing to serve on the board of a state association, a member should be prepared to attend to the affairs of the corporate
body and devote energy to fulfilling the responsibilities of the position of trust” (Duca, 1996, p. 72).

A director must face up to the fact that he/she can be sued from a multitude of sources. In addition, the board’s obligation is to ensure that managing risk is an integral part of all organization activities. The board must take the lead and perform many risk-management functions. Boards of large organizations may be able to afford the services of a professional risk manager, and others may rely upon the organization’s administrators to implement risk-management policies, but responsibilities always lie with the board (Temper & Babcock, 1990). According to Louden (1982), not establishing policy - including lack of a risk management plan, lack of a clearly defined organizational structure, lack of clearly stated levels of responsibilities and authorities - is perhaps the single most important responsibility of a board. Failure to establish policies that govern every aspect of the association is a critical dereliction of duty on the part of any management structure. Developing a written risk-management policy is an effective means of demonstrating to insurer and staff that the board takes risk management very seriously.

The primary goal of risk management is to enable the organization to survive and fulfill its mission. Beyond survival, the goals of risk management vary depending on the purposes of the organization. Tember and Babcock (1990) state that possible goals for managing risk include the following:

1. Ensuring a safe environment for employees, volunteers, and service recipients;
2. Reducing the anxiety and fear of liability of employees and volunteers;
3. Conserving the assets of the organization so that it can pursue its mission;
4. Ensuring compliance with legal requirements; and

5. Ensuring that individuals harmed by the organization’s activities receive adequate compensation.

Preventing harm is better than relying on insurance to pay a loss. Thus, a comprehensive risk-management program must transcend preoccupation with insurance.

Summary

This section contains related research in which certain variables were extracted to assist in the research and the development of the hypothesis.

According to Szanton (1995) “In order to ensure organizational effectiveness, board members must be involved heavily in the planning process if they and the board are to assume proper ownership of the plan and otherwise help to implement many of the plan’s goals and objectives, including the acquisition of new resources.” (p. 297) The board’s role is essentially one of asking good questions, expecting good answers and serving as resources in areas of personal and professional expertise. The board’s committee structure offers particularly helpful opportunities to engage board members in certain areas to be addressed in the plan. Boards should formally and enthusiastically approve the plan following an extended period of consultation and opportunity for revision. Board members, not staff, are trustees, in a moral sense, for the ownership and, consequently, must bear initial responsibility for the integrity of governance (Carver, 1997, p. 124). How and where to draw the line between policy development and daily operations, however, is a critical point of clarification for both executives and board members. Thus, effective board communication becomes critical to effective board performance. Boards of directors play an important role in the life of the
association and it is important that they function effectively. Establishing effective policies and governance will make the association more effective and efficient with its resources, planning and day to day activities.

**Related Research**

In a 1992 study conducted by Bradshaw, Murray and Wolphin of the relationships between board processes and structural characteristics and organizational performance it was found that a nonprofit board can do many things to impress the organization’s top management with its effectiveness and to create a perception that the board has an impact on overall performance. Chief among these are being deeply involved in strategic planning, developing a common vision of the organization’s activities, and operating according to the guidelines for effective meeting management.

On the other hand, in the limited realm of objective performance, the board’s role in increasing the budget is minimal. The board is somewhat more influential, although still not much more, in keeping the organization out of deficits. This finding is consistent with the findings of Wernet and Austin (1991) who concluded that the nonprofit organizations in their sample operated in a passive and reactive fashion. The boards of these mostly reactive organizations had a limited role. On financial issues, the board usually worked in partnership with the CEO and had a distinct set of responsibilities, in either policy or practice. From both studies, it can be concluded that boards play a limited role, mostly as trustees rather than entrepreneurs, and are largely risk averse.

A study conducted by Taylor, Chait, and Holland (1991) found that while both ineffective and effective boards were motivated by ideology, it was only in the effective
boards that the ideology was shared and directed into a concrete, common vision. For nonprofit organizations, with multiple goals and amorphous goods and services, measuring organizational effectiveness is very difficult. Nonprofit organizations lack the guidance that the business market provides corporations. The reaction of clients to the products and services that nonprofit organizations offers is not as revealing as the response of customers to the products and services sold by for-profit companies (Herlinger, 1994). Based on extensive interviews with trustees, Taylor, Chait and Holland (1991) ranked boards on six criteria:

1. Understands institutional context
2. Builds capacity for learning
3. Nurtures the boards itself
4. Recognizes complexities
5. Respects process
6. Future oriented

The rankings based on these criteria were then compared with rankings generated by a set of outside experts who based their judgements on general reputation. The ratings were strongly consistent, suggesting that while board effectiveness may be difficult to capture on a single measure, it may be broadly identifiable. In a similar study of 400 nonprofits in Canada, Bradshaw, Murray and Wolpin (1992) found a strong correlation between self-generated ratings and at least one outside measure of board effectiveness.

The study provided an opportunity to examine Etzioni’s (1988) hypothesis that the reasons for an individual’s participation affect quality of involvement. Far more often among effective boards in the study, trustees’ motives were institution specific and
institution centered, springing from deep affection for and connection to a college. The findings from the study were fairly straightforward and have at least two implications of motives for participating in voluntary groups. First, the study identified those board members for whom a college has a deeply personal significance may form a special case in the consideration of what motivates individuals to join and serve on boards. Existing models are not very useful in distinguishing the character of their motivation from that of trustees who are less attached to the organization. Secondly, the matter is important because a board composed of trustees who feel connected to a college performs more effectively. The new model that Taylor, Chait, and Holland (1991) suggested based on the extent of a board's identification with its institution may hold some promise in this regard.

A second implication arises from Middleton (1989) the experience of using an adaptation of the incentive scheme suggested by Foa (1971). In Middleton's case study of an orchestra board, she found that trustees with "weak ties" to one another and to the organization were more likely to respond to instrumental incentives (money, information, and goods) than to social incentives (love, status, and services). In contrast, Chait and Taylor (1989) found that members of even the least effective and least attached boards that were studied almost never cited instrumental incentives as sources of satisfaction.

A study conducted by Austin and Woolever (1992) provided insight into the relationship between community characteristics of race, status, and population with corresponding attributes in the membership and leadership of habit for humanity. Results such as these are important in understanding what community traits may be
related to participation, but they also assist in examining the representation of racial and status groups in membership composition. The results concerning the relationship between community and member characteristics and composition of boards of directors are also beneficial in testing for the representation of these groups in leadership and decision-making positions, although the research did not deal with the issue of whether more representative boards are more effective. In the study, the local organization affiliates were responsible for choosing the recipients of homes from the organization. Therefore, representation of the local population and membership can be important to help ensure that the interests of various groups are represented. The Austin and Woolever (1992) study indicated that local membership and leadership of the organization are fairly representative of the larger community in which they function.

Table 2

The Three Most Important Objectives of Community Economic Development Board Members in Kelly Survey (N=273)

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Percent Ranking Item</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
</tr>
<tr>
<td>Creating jobs</td>
<td>30</td>
<td>14</td>
</tr>
<tr>
<td>Developing profitable businesses</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Reducing unemployment</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Reducing community dependence on outsiders</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Reducing number of people leaving the area</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Getting outside institutions to aid in community development</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Increasing incomes of those already employed</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: (Kelly, 1977, survey of CDC board members)
In theory, associations’ boards of directors are expected to be the chief determiners of policy for their associations (Kelly, 1977, 82 - 83). In Abt’s study (1977), entitled “Perceptions of Relative Influence in Determining Policies and Action,” the participating board members were asked to indicate whether or not they believed this to be true.

The data in Table 2 show that the CDC board members do not tend to think of themselves as the chief determiners of the policies and actions of CDCs. The members place the influence of both the Office of Economic Opportunity and the executive director above their own. The chairperson does not differ from the members in this tendency. The results of the following surveys are listed below:

Although the objectives of each CDC are individualized, there are general objectives that all CDCs have in common. During the Kelly survey, the board members were asked to select what in their opinion were the top three most important objectives for a community economic development program. They were given eleven specific objectives from which to choose and an option to specify others.

Herman (1990) suggests several possible approaches to the measurement of effectiveness in nongovernmental and nonprofit organizations: “profitability” ratios, constituent satisfaction, outcome indicators, and reputations measures. In addition, Herman (1990) points out that profitability ratios are often not appropriate measures of the performance of nonhospital, nongovernmental and nonprofit organizations as their constituents satisfaction is difficult or even impossible to appraise consistently across organizations.
In a national study conducted by the National Center for Nonprofit Boards (1995), of 23,000 board members represented by the survey, 54% were men; 46% were women, it was found that nearly a quarter (24%) of respondents did not have liability insurance for directors and officers. Organizations with smaller budgets were likely to have insurance. In addition, when asked to name their boards’ major weakness, respondents, who were almost all chief executives, most often cited lack of fund-raising capability and lack of commitment and involvement. These were cited by more than 20% of respondents as major weaknesses. Other weaknesses mentioned frequently (but by fewer respondents) were board characteristics (including board size, diversity, and skills represented on the board), a lack of understanding of the board’s role and the board’s inability to distinguish between governance and management.

Summary

Organizational effectiveness for nonprofit organizations is hard to measure, with multiple goals and often amorphous goods and services, measuring organizational effectiveness is even more difficult. Moreover, even when one can measure organizational effectiveness, disentangling the role of the board, staff, and volunteers, and measuring the contribution of each to the organization is almost impossible. (Herlinger, 1994) states, “that nonprofits lack the guidance the market provides corporations. The reactions of clients to the products and services that nonprofits offer are not as revealing as the responses of customers to the products and services sold by a for profit company.” (Holland 1988, p. 53) states that the assessment of organizational effectiveness and the determination of structural and contextual properties that contribute to it are problems that have challenged scholars and managers alike for many
years. Herman (1990) suggest several possible approaches to the measurement of effectiveness in nongovernmental and nonprofit organizations: “profitability” ratios, constituent satisfaction, outcome indicators, and reputational measures. The concept of organizational effectiveness has long troubled theorists and researchers. In spite of occasional calls for discarding the concept, many researchers and theorists continue to believe that there are differences among organizations that are (or can be) captured by the effectiveness concept (Cameron, 1981; Campbell, 1977; Lipsky & Smith 1990; Quinn & Rohtbaugh, 1983). In fact, in the empirical literature, we see a variety of measures of board effectiveness being used, ranging from quite objective, externally focused indices, like organizational growth, budget deficits, or outside expert rankings, to measure that are generated entirely through self evaluation by the board (Scharf, Marty & Barnsley, 1994, p. 30).
CHAPTER 3
METHODOLOGY

Population

The population was defined as all members of the boards of directors of the 27 state associations in the United States (see Appendix A). Two hundred seventy five board members serve on the boards of these state associations. All board members were involved in the study.

Instrumentation

The instrument used in this study was a researcher designed questionnaire. It was comprised of two sections - demographics, and perceptions of the roles and responsibilities, and accomplishments of the organization. In order to quantify the responses, each item utilized a 5-point Likert type response scale.

Each item was scored as follows:

1. SD - Strongly Disagree = 1
2. MD - Mildly Disagree = 2
3. U - Undecided or Unsure = 3
4. MA - Mildly Agree = 4
5. SA - Strongly Agree = 5

A copy of the complete questionnaire is included in Appendix B. Each part of the instrument is described in more detail in the following sections. Based on suggestions provided by members of a panel of experts from the National Congress for Community Economic Development (NCCED) who reviewed the scale for content validity and information derived from the review of literature, one of the existing items...
on the demographics section was divided into four items, five items were added to the scale and several questions were rearranged to guide the participants into the study.

Following these revisions, the survey consisted of 52 items.

**Demographics Section**

The literature review revealed that the following factors were potentially related to the effectiveness of board members: gender, race, highest level of education, occupation, age, and length of time as a board member. The National Center for Nonprofit Boards (1995) revealed similar trends in the length of time served by board members, as shown in Table 3. These variables were incorporated into the demographics section of the instrument, (Appendix C).

**Table 3**

**Sources of Demographic Characteristics Related to the Effectiveness of Board Members**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Kelly (1977)</td>
</tr>
</tbody>
</table>
Roles and Responsibilities Section

The literature review revealed that the following factors were positively related to the effectiveness of board members’ roles and responsibilities, according to Bradshaw, Murray & Wolpin (1992), Taylor, Chait, and Holland (1991) and the National Center for Nonprofit Boards (1995) as shown in Table 4. These variables were incorporated into the design of the demographics of the instrument, see Appendix B.

Table 4
Selected Sources of Policy and Governance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Duties and Scope of Authority</td>
<td>Taylor, Chait and Holland (1991), Ingram (1995)</td>
</tr>
<tr>
<td>Managing Risk</td>
<td>Tember and Babcock (1990), Louden (1992)</td>
</tr>
</tbody>
</table>

Validation

A list of items that are related to the effectiveness of boards of directors regarding governance was compiled from the literature. The instrument was reviewed by a panel of experts from the National Congress for Community Economic Development (NCCED) and by the researcher regarding the currency of the information included in the items. Where indicated, items were updated to reflect the most accurate information available to the researcher. Suggestions and/or corrections considered appropriate were incorporated in order to improve the instrument.
Field Test Procedures

The instrument was field tested with representatives of 10 nonprofit agencies that were not involved in the study. Space was provided for writing comments. An interpretive scale was developed to summarize the perceptions of the members of boards of directors for state associations. This scale coincided with the response categories provided to the respondents and included the following categories: ≤ 1.50 = Strongly Disagree, 1.51 to 2.50 = Mildly Disagree; 2.51 to 3.50 = Undecided, 3.51 to 4.50 = Mildly Agree; and 4.51> = Strongly Agree. The factor group scores were calculated by the means value of all responses to the items in that factor group. Internal consistency for the factor groups constructs were assessed using the Cronbach's Alpha procedure. Modifications were made in the instrument as needed.

Data Collection Procedures

Data for the study were collected using the following procedures:

1. Each member of the sample was mailed a pre-contact letter appraising them of the need for and purpose of the study; letting them know that the instrument was forthcoming and requesting their participation in the study. This was sent approximately three weeks prior to the mailing of the survey instrument. (See Appendix D)

2. Next, the survey instrument was mailed to each member of the sample with an accompanying cover letter which briefly explained the purpose of the study, stressed the importance of their participation, and guaranteed that their individual responses would be maintained in the strictest of confidence. (See Appendix E)
3. Approximately one week after the instruments were mailed, each member of the sample was mailed a postcard through which they were thanked for their participation, if they had responded, and asked to respond if they had not done so. (See Appendix F)

4. Approximately two weeks after the postcard reminders were mailed, each member of the sample who had not responded was sent another copy of the instrument with a follow-up cover letter emphasizing the importance of their participation and asking them to respond. (See Appendix G)

5. Each returned questionnaire was coded with the date that the response was received. This information was used to aid in determining the representativeness of responses received. "Research has shown that late respondents are often similar to non-respondents" (Miller & Smith, 1983). Therefore, if late respondents in this study were found to be similar to early respondents, this would provide some evidence to support the representativeness of the delivered sample.

6. In addition, if the final response rate was below 80%, the researcher planned to conduct an intensive follow-up of the remaining non-respondents using the following steps:
   a. All of the remaining non-respondents were to be identified in a supplementary population list.
   b. A random sample of 25 or 10% of the remaining non-respondents (whichever is larger) was to be included in a telephone follow-up.
   c. Each of the selected non-respondents was to be contacted by telephone and asked to participate in an abbreviated version of the survey. (See Appendix H)
This abbreviated survey form was designed as a random sample of 10 items selected from the original form. (See Appendix I)

d. The responses to these items were to be used solely for the purpose of determining the representativeness of the respondent group. The responses to each of the sampled items provided by the non-respondent group sample were statistically compared to the response from the respondent group to the same items. If more than one of the items was found to be significantly different based on these comparisons, the non-respondent group would be considered to be different from the respondent group, and the researcher would be able to generalize the respondent data to the delivered sample only. However, if one or fewer significant differences were found among the sampled items, and the early and late respondents were found to be similar on the same sampled items, the researcher would consider this to be an indication that the respondent and non-respondent groups were not significantly different, and therefore, the data from the respondent group would be considered to be representative of the population.

Data Analysis

Using a structured survey, the researcher determined the extent to which members of Boards of Directors of state associations serving CBDOs perceived that their organization adhered to the procedures and guidelines established by the National Center for Non-Profit Boards. In addition, the researcher sought to determine if a model existed that explains a significant portion of the variance in the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their
organization adhered to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards.

After each of the four sections a score was compiled to compute an overall score for the section. Each of the four areas under the area of governance was added and divided by four.

Objective One

Describe members of the board of directors of state associations serving CBDOs on
the following selected demographic characteristics.

a) Gender
b) Race
c) Highest level of education
d) Primary Occupation
e) Length of time on the board
f) Age
g) Age of the organization

This objective is descriptive in nature and was analyzed using descriptive statistics. Descriptive statistics such as count data, means, and standard deviations were used to analyze the data relative to objective one. The proposed variables were measured on categorical (nominal and ordinal) levels and summarized using frequencies and percentages in categories. Variables measured on interval or higher scale of measurement were summarized using means and standard deviations.
Objective Two

Determine the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards in each of the following areas of governance:

a. Financial oversight,
b. Board duties and scope of authority,
c. Evaluation and planning, and
d. Managing risk.

This objective is descriptive in nature and was analyzed using descriptive statistics. Descriptive statistics such as count data, means, and standard deviations were used to analyze the data relative to objective two. The proposed variables were measured on categorical (nominal and ordinal) levels and will be summarized using frequencies and percentages in categories. Variables measured on interval or higher scale of measurement were summarized using means and standard deviations.

Objective Three

Determine the perceptions of members of Boards of Directors of state associations serving CBDOs regarding how successful the organization has been in achieving their goals and objectives in each of the following areas:

a. setting goals and objectives for the organization,
b. defining strategies to achieve the goals and objectives,
c. establishing policies that are consistent with and contribute to goals and objectives,
d. achieving goals and objectives for the organization, and  
e. providing and/or arranging for the management/leadership training needed by members of the boards of directors.

This objective is descriptive in nature and was analyzed using descriptive statistics. The proposed variables were measured on a categorical (nominal and ordinal) level and were summarized using frequencies and percentages in categories. Variables measured on interval or higher scale of measurement were summarized using means and standard deviations.

Objective Four

Determine the importance of selected outcomes of state associations serving CBDOs as measures of the success of the organization. The selected outcomes to be assessed will include:

a. receiving state funding,

b. providing manpower training and development,

c. affecting policy of the legislature/assembly,

d. getting outside institutions to aid in community economic development,

e. reducing unemployment, and

f. providing networking opportunities.

This objective is descriptive in nature and was analyzed using descriptive statistics. The proposed variables were measured on a categorical (nominal and ordinal) level and were summarized using frequencies and percentages in categories. Variables measured on interval or higher scale of measurement were summarized using means and standard deviation.
Objective Five

Determine if a model exists that explains a significant portion of the variance in the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards, both overall and in each of the identified areas of governance from the following selected demographic and perceptual measures:

a. Gender,
b. Race,
c. Highest level of education completed,
d. Primary occupation,
e. Length of time served on the board,
f. Age of the organization,
g. Age of Board Member
h. The perceived success of the organization in achieving their goals and objectives in each of the following areas:
   1. Setting goals and objectives for the organization,
   2. Defining strategies to achieve the goals and objectives,
   3. Establishing policies that are consistent with and contribute to the goals and objectives, and
   4. Providing and/or arranging for the management/leadership training needed by members of the boards of directors.
i. The perceived importance of each of the following selected outcomes of state
non-profit associations as measures of the success of the organization:

1. Receive or increase state funding,
2. providing staff training and development,
3. affecting policy of the legislature/assembly,
4. Increase aid of outside institutions in community development,
5. reduce unemployment, and
6. provide networking opportunities.

This objective was accomplished using multiple regression analyses with board
duties and scope of authority; financial oversight; evaluation and planning; managing
risk; and the overall score of the four variables as the dependent variables. The other
variables were treated as independent variables and the step-wise entry of the variables
were used. Figure 4 shows the proposed independent and dependent variables. The
independent variables are as follows: gender, race, highest level of education, primary
occupation, length of time on the board, age of the organization, age of the board
member, settings goals and objectives, defining goals and objectives, establishing
policies, providing management training, receiving state funding, providing manpower
training, affecting policy of legislature, getting outside aid, reducing unemployment,
providing networking opportunities. The dependent variables are as follows; board
duties and scope of authority (DV1), financial oversight (DV2), evaluations and
planning (DV3), managing risk (DV4) and the overall score of each of the four
dependent variables added together and divided by four.
Objectives Six, Seven and Eight

Since the related literature provides the researcher with a basis for expecting selected specific relationships, objectives 6-8 were written as research hypotheses. These hypotheses are:

6. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their
perceptions regarding how successful the organization has been in setting goals and objectives for the organization.

7. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in achieving goals and objectives for the organization.

8. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in providing and/or arranging for management/leadership training needed by members of the board of directors.

The objectives are descriptive in nature and were analyzed using parametric statistics to test the hypotheses. The proposed variables were measured on categorical (nominal and ordinal) levels and were summarized using frequencies and percentages in categories. Variables measured on interval or higher scale of measurement were summarized using means and standard deviation.

Reliability of the Instrument

Reliability of the 52-item scale was assessed from the data collected in the study using Cronbach’s Alpha internal consistency coefficient. The alpha level used was set
at .05 a ‘priori. The reliability coefficient of the four sections ranged from \( a = .80 \) to \( a = .84 \). Section one of the scale (items 10 - 24 in part two of the instrument) containing questions related to board duties and scope of authorities, had a reliability coefficient of \( a = .84 \). The section containing questions 25 - 35 on financial oversight had a reliability coefficient of \( a = .80 \). The managing risk section containing questions 36 - 40 had a reliability coefficient of \( a = .82 \). The evaluation and planning section encompassing questions 41 - 46 had a reliability coefficient of \( a = .83 \). Questions 47 - 51 in the section of perceived goals and objectives used to measure success had a reliability coefficient of \( a = .84 \).
CHAPTER 4

FINDINGS

The purpose of this study was to determine the perceptions of members of boards of directors of state associations serving community-based development organizations regarding policy and governance. All 275 board members who serve on these boards were surveyed by mail. A total of 133 members (48%) responded to the survey instrument. The data were analyzed using the Statistical Package for Social Sciences (SPSS).

Although the final response rate was below the projected rate of 80% as desired by the researcher, a follow-up of the non-respondents indicated no significant difference. The researcher conducted an intensive follow-up of the remaining non-respondents by identifying the remaining non-respondents in a supplementary population list to determine if the late respondents were similar to the early respondents. A random sample of 25 of the remaining non-respondents was selected to be included in a telephone follow-up. Each of the selected non-respondents was contacted by telephone and asked to participate in an abbreviated version of the survey. (See Appendix H)

This abbreviated survey form was designed as a random sample of 10 items selected from the original form. (See Appendix I) The responses to these items were used solely for the purpose of determining the representativeness of the respondent group. The responses to each of the sampled items provided by the non-respondent group sample was statistically compared to the response from the respondent group to the same items. If more than one of the items would have been significantly different based on these comparisons, the non-respondent group would have been considered to be different.
from the respondent group, and the researcher could generalize the respondent data to the delivered sample only. However, differences are found among the sampled items, and the early and late respondents are found to be similar on the same sampled items, the researcher will consider this to be an indication that the respondent and non-respondent groups are not significantly different, and therefore, the data from the respondent group should be considered to be representative of the population.

It was established from the intensive follow-up of the remaining non-respondents that the early and late respondents were found to be similar on the same sampled items, the researcher consider this to be an indication that the respondent and non-respondent groups are not significantly different, and therefore, the data from the respondent group was considered to be representative of the population. Table 5 illustrates the comparison of the mail survey and the telephone survey. Only one item was found to be different item 52b, provide staff training and development, with a p-value of .024.

Table 5
Comparison of the Means of the Mailed Questionnaire Survey and Telephone Survey

<table>
<thead>
<tr>
<th>Category</th>
<th>Mean (Survey)</th>
<th>Mean (Telephone)</th>
<th>t-value</th>
<th>df</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 11</td>
<td>4.76</td>
<td>4.61</td>
<td>.799</td>
<td>148</td>
<td>.426</td>
</tr>
<tr>
<td>Item 12</td>
<td>2.94</td>
<td>2.83</td>
<td>.323</td>
<td>148</td>
<td>.747</td>
</tr>
<tr>
<td>Item 22</td>
<td>4.06</td>
<td>4.38</td>
<td>-1.313</td>
<td>148</td>
<td>.191</td>
</tr>
<tr>
<td>Item 25</td>
<td>3.71</td>
<td>4.11</td>
<td>-1.491</td>
<td>148</td>
<td>.138</td>
</tr>
<tr>
<td>Item 34</td>
<td>4.24</td>
<td>4.38</td>
<td>-.556</td>
<td>148</td>
<td>.579</td>
</tr>
<tr>
<td>Item 44</td>
<td>3.71</td>
<td>3.64</td>
<td>.198</td>
<td>148</td>
<td>.843</td>
</tr>
<tr>
<td>Item 46</td>
<td>3.29</td>
<td>3.68</td>
<td>-1.289</td>
<td>148</td>
<td>.199</td>
</tr>
<tr>
<td>Item 51</td>
<td>3.53</td>
<td>3.44</td>
<td>.268</td>
<td>146</td>
<td>.789</td>
</tr>
<tr>
<td>Item 52a</td>
<td>4.06</td>
<td>3.70</td>
<td>1.041</td>
<td>144</td>
<td>.299</td>
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<tr>
<td>Item 52b</td>
<td>4.24</td>
<td>3.55</td>
<td>2.277</td>
<td>145</td>
<td>.024</td>
</tr>
</tbody>
</table>

(table con’d.)
This chapter contains the findings of the empirical investigation into the perceptions of members of boards of directors for state associations serving CBDOs. The results presented in this chapter are arranged by the objectives of the study.

**Objective One**

Objective one was to describe members of the boards of directors of state associations serving CBDOs on the following selected demographic characteristics. a) Gender, b) Race, c) Highest level of education, d) Primary Occupation, e) Length of time on the board, f) Age, and g) Age of the organization.

Regarding gender of members of boards of directors for state associations, 70 (53.0%) of the subjects were males while 62 (47.0%) were females. Of the responding participants as summarized in Table 6, the largest group reported of the members of boards of directors (78 or 59.5%) participating in this study were White. Forty-six (35.1%) board members were Black.
Table 6
Ethnic Group Reported for Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>78</td>
<td>59.5</td>
</tr>
<tr>
<td>Black</td>
<td>46</td>
<td>35.1</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>6</td>
<td>4.6</td>
</tr>
<tr>
<td>Native American</td>
<td>1</td>
<td>.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: Two Board members did not respond to this item.

Regarding highest level of education completed by respondents, the largest group was the Master Degree (n=53, 39.8%). More than one-third also reported having completed a Bachelors Degree. Overall, 93.2% reported having college degrees. See Table 7 for a breakdown of highest level of education completed.

Table 7
Highest Level of Education Completed by Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Education Level</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Diploma</td>
<td>9</td>
<td>6.8</td>
</tr>
<tr>
<td>Bachelors Degree</td>
<td>48</td>
<td>36.1</td>
</tr>
<tr>
<td>Master Degree</td>
<td>53</td>
<td>39.8</td>
</tr>
<tr>
<td>Master Plus 30</td>
<td>9</td>
<td>6.8</td>
</tr>
<tr>
<td>Educational Specialist</td>
<td>1</td>
<td>.7</td>
</tr>
<tr>
<td>Doctorate</td>
<td>6</td>
<td>4.5</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>133</td>
<td>100.0</td>
</tr>
</tbody>
</table>

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Regarding Primary Occupation of respondents, the largest group indicated that their primary occupation was executive directors of nonprofit organizations (83, 62.4%). Senior staff of nonprofit organizations were the second most frequently reported occupation (25 or 18.8%). The other category, consultants and attorneys, made up 12% (n=16) of the respondents as shown in Table 8.

Table 8
Primary Occupation of Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Primary Occupation</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director/President</td>
<td>83</td>
<td>62.4</td>
</tr>
<tr>
<td>Senior Staff of a Nonprofit</td>
<td>25</td>
<td>18.8</td>
</tr>
<tr>
<td>Other1</td>
<td>16</td>
<td>12.0</td>
</tr>
<tr>
<td>Banking Professional</td>
<td>5</td>
<td>3.7</td>
</tr>
<tr>
<td>Community Volunteer</td>
<td>2</td>
<td>1.5</td>
</tr>
<tr>
<td>Business Owner</td>
<td>1</td>
<td>.8</td>
</tr>
<tr>
<td>Industry</td>
<td>1</td>
<td>.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>133</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Others1: Consists of Consultants and Attorneys

Regarding length of time served in current board position, the most frequently occurring 59 or 44.7% of the participants had served in their current position from 1 -3 years. Forty (30.3%) had served 4 -7 years. Overall, 75.0% had served in their current board position 1 to 7 years. See Table 9 for a breakdown of length of time served on the board.
Table 9
Length of Time Served in Current Board Position by Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Length of Time Served</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 Years</td>
<td>14</td>
<td>10.6</td>
</tr>
<tr>
<td>1 - 3 Years</td>
<td>59</td>
<td>44.7</td>
</tr>
<tr>
<td>4 - 7 Years</td>
<td>40</td>
<td>30.3</td>
</tr>
<tr>
<td>8 - 10 Years</td>
<td>10</td>
<td>7.6</td>
</tr>
<tr>
<td>11 &gt; Years</td>
<td>9</td>
<td>6.8</td>
</tr>
<tr>
<td>Total</td>
<td>132</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: one board member did not respond to this item

Concerning age the most frequently occurring of responding board members were between 35 - 54 years old. Sixty-four (48.1%) were in the 45 - 54 age category and 36 (27.1%) were in the 35-44 age category as shown in Table 10.

Table 10
Age of Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Age</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 - 34 Years</td>
<td>14</td>
<td>10.5</td>
</tr>
<tr>
<td>35 - 44 Years</td>
<td>36</td>
<td>27.1</td>
</tr>
<tr>
<td>45 - 54 Years</td>
<td>64</td>
<td>48.1</td>
</tr>
<tr>
<td>55 &gt;</td>
<td>19</td>
<td>14.3</td>
</tr>
<tr>
<td>Total</td>
<td>133</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Regarding the Age of the Association the largest group were 11 or more years old, 54 or (41.2%). Associations 8-10 years old was the second most frequently reported age of the association, overall 61.0% reported that their associations were 8 or more years old. A breakdown of age of the associations is shown in Table 11.
Table 11
Age of the State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Age of the Association</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1</td>
<td>7</td>
<td>5.3</td>
</tr>
<tr>
<td>1 - 3 Years</td>
<td>23</td>
<td>17.6</td>
</tr>
<tr>
<td>4 - 7 Years</td>
<td>21</td>
<td>16.0</td>
</tr>
<tr>
<td>8 - 10 Years</td>
<td>26</td>
<td>19.8</td>
</tr>
<tr>
<td>11 &gt;</td>
<td>54</td>
<td>41.2</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: Two Board Members did not respond to this item

Objective Two

Objective two was to determine the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards in each of the following areas of governance: a) Board duties and scope of authority; b) Financial oversight; c) Managing risk, and d) Evaluation and planning. To facilitate reporting of these findings, a scale was established a priori by the researcher to guide the interpretation of the response. This scale was developed to coincide with the response categories provided to the respondents and included the following categories: ≤ 1.50 = Strongly Disagree, 1.51 to 2.50 = Mildly Disagree; 2.51 to 3.49 = Undecided, 3.50 to 4.49 = Mildly Agree; and 4.50+ = Strongly Agree.

To further summarize the information regarding perceptions, an overall mean score of the means of the four dependent variables was computed. All of the
governance classification means and the overall mean for governance fell within the mildly agree category (Table 12). Financial oversight with an overall mean of 4.14 and a standard deviation .6680 was rated the highest of the four areas of governance.

Table 12
Perceptions of Members of Boards of Directors of State Associations Serving CBDOs Regarding Governance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Mean</th>
<th>SD</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial oversight</td>
<td>4.14</td>
<td>.6680</td>
<td>MA</td>
</tr>
<tr>
<td>Evaluation and planning</td>
<td>3.84</td>
<td>.8740</td>
<td>MA</td>
</tr>
<tr>
<td>Board duties and scope of authority</td>
<td>3.74</td>
<td>.6178</td>
<td>MA</td>
</tr>
<tr>
<td>Managing risk</td>
<td>3.58</td>
<td>.8913</td>
<td>MA</td>
</tr>
<tr>
<td>Overall Score</td>
<td>3.82</td>
<td>.6077</td>
<td>MA</td>
</tr>
</tbody>
</table>

Mean values based on the response scale (1 = Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree)

MA: Mildly Agree

Tables 13 -16 gives the breakdown of items included in each of the areas of governance. It is interesting to note in Table 15, respondents strongly agreed to two items; “The board keep(s) a permanent detailed record of all board meetings including board actions and dissent” with a mean of 4.61 and a standard deviation of .7769. The second item that fell into the Strongly Agree category was “The board holds regular meetings” with a mean of 4.59 and a standard deviation of .8450.
Regarding the perceptions of financial oversight, the highest ranking statements with which the respondents agreed were "The association provides a detailed annual budget approved by the board", with an overall mean of 4.42 and "The association contracts for an annual audit performed by an independent certified accountant (CPA)", with a mean of 4.38. Overall, respondents mildly agreed to all 9 variables (see Table 13).

Table 13

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Association provides a detailed annual budget approved by the board.</td>
<td>4.42</td>
<td>.9636</td>
<td>MA</td>
</tr>
<tr>
<td>The Association contracts for an annual audit performed by an independent certified public accountant (CPA).</td>
<td>4.38</td>
<td>1.0130</td>
<td>MA</td>
</tr>
<tr>
<td>The Association’s financial reports are prepared monthly or quarterly to the board of directors.</td>
<td>4.23</td>
<td>1.0196</td>
<td>MA</td>
</tr>
<tr>
<td>The Association requires the adoption of the budget by the board before the beginning of the budget period.</td>
<td>4.18</td>
<td>1.0138</td>
<td>MA</td>
</tr>
<tr>
<td>The Association requires that any major change of income or expenditure, during the budget year, which would significantly alter the annual plan of operation will be reflected in a budget revision and approved by the board.</td>
<td>4.15</td>
<td>1.0113</td>
<td>MA</td>
</tr>
</tbody>
</table>

(table con’d.)
<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>MA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Association board guides the staff on the planning of the association’s financial resources.</td>
<td>4.11</td>
<td>1.0170</td>
<td>MA</td>
</tr>
<tr>
<td>The external auditor prepares the management letters and audit report including the financial statements and present directly to the board.</td>
<td>4.02</td>
<td>1.2581</td>
<td>MA</td>
</tr>
<tr>
<td>The Association board guides the staff the reporting of the organization’s financial resources.</td>
<td>3.95</td>
<td>1.0579</td>
<td>MA</td>
</tr>
<tr>
<td>The Association specifies a dollar amount of expenditures that requires board’s approval.</td>
<td>3.77</td>
<td>1.2590</td>
<td>MA</td>
</tr>
</tbody>
</table>

(Finance) Overall Score 4.14 .6680 MA

Mean values based on the response scale (1= Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree)

I= Interpretation
MA: Mildly Agree

The perception of evaluation and planning of Members of Boards of Directors was the second highest governance category with an overall mean score of 3.84. The respondents most mildly agreed to the following items: “The association develops a long term plan with objectives to be accomplished based upon the organization mission” (mean =4.17) and “the association establishes a yearly business plan with annual goals” (mean = 3.90). Overall, respondents mildly agreed to 5 of the 6 items (see table 14).

Only the “association requires yearly program evaluation assessing programs
outcome/results, based upon established performance measures” (mean=3.45), this item was in the undecided response category.

Table 14

Perceptions of Members of Boards of Directors of State Associations Serving CBDOs Regarding Evaluation and Planning

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Association develops a long term plan with objectives to be accomplished based upon the organization’s mission.</td>
<td>4.17</td>
<td>1.0554</td>
<td>MA</td>
</tr>
<tr>
<td>The Association establishes a yearly business plan with annual goals.</td>
<td>3.90</td>
<td>1.1406</td>
<td>MA</td>
</tr>
<tr>
<td>The Association’s fund-raising strategies are included in both the long-range plan and yearly plan.</td>
<td>3.80</td>
<td>1.1445</td>
<td>MA</td>
</tr>
<tr>
<td>The Association periodically assesses management practices (planning, board governance, and human resources management {e.g. EEO, turnover, salary &amp; benefits compensation.</td>
<td>3.68</td>
<td>1.1505</td>
<td>MA</td>
</tr>
<tr>
<td>The Association conducts regular assessments such as the strengths, weaknesses, opportunities and threats (SWOT) of the organization before planning major changes in the associations programs/services.</td>
<td>3.65</td>
<td>1.1625</td>
<td>MA</td>
</tr>
<tr>
<td>The Association requires yearly program evaluation assessing program outcomes/results, based upon established performance measures.</td>
<td>3.45</td>
<td>1.2701</td>
<td>UD</td>
</tr>
</tbody>
</table>

(Evaluation & Planning) Overall Score 3.84 .8740 MA

Mean values based on the response scale (1= Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree)

R= Response Rate
I = Interpretation
MA: Mildly Agree
UD: Undecided

76
The overall mean score regarding perception of board duties and scope of authority was 3.74. The items with which the respondents most strongly agreed were the board keeps a permanent detailed record of all board meetings, including board actions and dissent (mean=4.61), and the board holds regular meetings (mean=4.59). Overall, respondents strongly agreed with 2 items and mildly agreed with 9 items. The lowest ranking item was, “the association provides training on the code of ethics (mean = 2.45). For a breakdown of perception of board duties and scope of authority refer to Table 15.

Table 15

Perceptions of Members of Boards of Directors of State Associations Serving CBDOs Regarding Board Duties and Scope of Authority

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>The board keep(s) a permanent detailed record of all board meetings, including board actions and dissent.</td>
<td>4.61</td>
<td>.7769</td>
<td>SA</td>
</tr>
<tr>
<td>The board holds regular meetings.</td>
<td>4.59</td>
<td>.8450</td>
<td>SA</td>
</tr>
<tr>
<td>The association specifies the approval process for changes to policies.</td>
<td>4.38</td>
<td>.9106</td>
<td>MA</td>
</tr>
<tr>
<td>The association follows the approval process for changes to policies.</td>
<td>4.38</td>
<td>.8669</td>
<td>MA</td>
</tr>
<tr>
<td>The board typically has a quorum.</td>
<td>4.35</td>
<td>.9927</td>
<td>MA</td>
</tr>
<tr>
<td>The association requires the safe-keeping of the corporation’s documents.</td>
<td>4.22</td>
<td>.9239</td>
<td>MA</td>
</tr>
</tbody>
</table>

(table con’d.)
<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>The association prohibits payment for duties performed in the capacity of board membership.</td>
<td>4.11</td>
<td>1.2387</td>
<td>MA</td>
</tr>
<tr>
<td>The association prohibits making a loan to board members</td>
<td>3.80</td>
<td>1.2700</td>
<td>MA</td>
</tr>
<tr>
<td>The board members are assigned/selected for committees which meet on a regular basis.</td>
<td>3.80</td>
<td>1.1379</td>
<td>MA</td>
</tr>
<tr>
<td>The association requires board members to report any potential/actual conflict of interest.</td>
<td>3.63</td>
<td>1.3170</td>
<td>MA</td>
</tr>
<tr>
<td>The association policies are reviewed at least annually.</td>
<td>3.56</td>
<td>1.1038</td>
<td>MA</td>
</tr>
<tr>
<td>A standard orientation is provided for all new board members.</td>
<td>2.83</td>
<td>1.2862</td>
<td>UD</td>
</tr>
<tr>
<td>The association has a written code of ethics for board members.</td>
<td>2.75</td>
<td>1.3507</td>
<td>UD</td>
</tr>
<tr>
<td>The association provides training for board members on legal responsibilities.</td>
<td>2.66</td>
<td>1.2726</td>
<td>MD</td>
</tr>
<tr>
<td>The association provides training on the code of ethics.</td>
<td>2.45</td>
<td>1.2027</td>
<td>MD</td>
</tr>
</tbody>
</table>

**Board Duties** Overall Score: 3.74 .6178 MA

Mean values based on the response scale (1 = Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree)

I= Interpretation
SA: Strongly Agree
MA: Mildly Agree
UD: Undecided

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Regarding the perceptions of risk management, the highest ranking statement with which the respondents mildly agreed were “The association possesses general liability insurance” (mean= 3.90) and “The association possesses directors and officers insurance” (mean= 3.63). These two items were in the mildly agree response category. Respondents mildly agreed to two items and were undecided on two items (Table 16). The lowest ranking item was, “The association uses protection agreements e.g. waivers, disclaimers, or hold-harmless agreement {voluntarily and knowing} for harm/potential harm caused by or happened to volunteers” (mean = 3.22).

Table 16

Perceptions of Members of Boards of Directors of State Associations Serving CBDOs Regarding Managing Risk

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>The association possesses directors and officers insurance.</td>
<td>3.63</td>
<td>1.2581</td>
<td>MA</td>
</tr>
<tr>
<td>The association possess fidelity bonding for anyone with access to funds/assets.</td>
<td>3.56</td>
<td>1.1639</td>
<td>MA</td>
</tr>
<tr>
<td>The association possesses other liability insurance.</td>
<td>3.39</td>
<td>1.0063</td>
<td>UD</td>
</tr>
<tr>
<td>The association use protection agreements (e.g. waivers, disclaimers, or hold-harmless agreements) {voluntarily and knowing} for harm/potential harm caused by or happened to volunteers.</td>
<td>3.22</td>
<td>.9719</td>
<td>UD</td>
</tr>
</tbody>
</table>

(Managing Risk) Overall Score

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.57</td>
<td>.8913</td>
<td>MA</td>
</tr>
</tbody>
</table>

Mean values based on the response scale (1= Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree)

I= Interpretation
MA: Mildly Agree
UD: Undecided
Objective Three

The third objective of the study was to determine the perceptions of members of boards of directors of state associations serving CBDOs regarding how successful the organization has been in achieving their goals and objectives in each of the following areas: a) setting goals and objectives for the organization, b) defining strategies to achieve the goals and objectives, c) establishing policies that are consistent with and contribute to goals and objectives, d) achieving goals and objectives for the organization, and e) providing and/or arranging for the management/leadership training needed by members of the boards of directors. The respondents used a 5-point Likert-type response scale (1 = Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree) to rate their perception of the goals and objectives used to measure success.

To facilitate reporting of these findings, a scale was established by the researcher to guide the interpretation of the response. This scale was developed to coincide with the response categories provided to the respondents and included the following categories: \( \leq 1.50 = \) Strongly Disagree, 1.51 to 2.50 = Mildly Disagree; 2.51 to 3.49 = Undecided, 3.50 to 4.49 = Mildly Agree; and 4.50+ = Strongly Agree.

The items rated highest by the responding board members were: “The Board is successful in setting goals and objectives of the association” (mean = 4.01); “The board is successful in establishing policies to reach goals and objectives of the association”
(mean = 3.98); “The association has been successful in achieving its goals and objectives” (mean = 3.89); (see Table 17)

Table 17
Perceived Goals and Objectives Used To Measure Success by Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Goals and Objectives</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Board is successful in setting goals and objectives of the association</td>
<td>4.01</td>
<td>1.0448</td>
<td>MA</td>
</tr>
<tr>
<td>The Board is successful in establishing policies to reach goals and objectives of the association</td>
<td>3.98</td>
<td>1.0224</td>
<td>MA</td>
</tr>
<tr>
<td>The association has been successful in achieving its goals and objectives</td>
<td>3.89</td>
<td>1.0058</td>
<td>MA</td>
</tr>
<tr>
<td>The board is successful in defining strategies to reach goals and objectives of the association</td>
<td>3.88</td>
<td>1.0747</td>
<td>MA</td>
</tr>
<tr>
<td>The association provides an adequate management/leadership training for board members</td>
<td>3.42</td>
<td>1.2784</td>
<td>UD</td>
</tr>
</tbody>
</table>

Response scale: (1 = Strongly Disagree; 2 = Mildly disagree; 3 = Undecided, 4 = Mildly agree; and 5 = Strongly agree.

I = Interpretation
MA: Mildly Agree
UD: Undecided
Objective Four

Determine the importance of selected outcomes of state associations serving CBDOs as measures of the success of the organization. The selected outcomes assessed included:

a. receive or increase state funding,
b. providing staff training and development,
c. affecting policy of the legislature/assembly,
d. Increase aid of outside institutions in community development,
e. reduce unemployment, and
f. providing networking opportunities.

To facilitate reporting of these findings, a scale was established by the researcher to guide the interpretation of the response. This scale was developed to coincide with the response categories provided to the respondents and included the following categories: ≤ 1.50 = Somewhat Not Important, 1.51 to 2.49 = Not Important; 2.51 to 3.49 = Undecided, 3.50 to 4.49 = Somewhat Important; and 4.50 > = Very Important.

The items rated highest by the responding board members were: “Affecting Policy of the Legislature/Assembly”(mean = 4.22); “Provide networking opportunities” (mean = 3.85); Receive or increase State Funding (mean = 3.70); (see Table 18)

Table 18
Perceived Outcomes Used To Measure Success by Members of Boards of Directors of State Associations Serving CBDOs

<table>
<thead>
<tr>
<th>Outcomes Used To Measure Success</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affecting policy of the Legislature/Assembly</td>
<td>4.22</td>
<td>.9904</td>
<td>SI</td>
</tr>
</tbody>
</table>

(table con’d.)
### Outcomes Used To Measure Success

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Mean</th>
<th>SD</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide networking opportunities</td>
<td>3.85</td>
<td>.9970</td>
<td>SI</td>
</tr>
<tr>
<td>Receive or increase state funding</td>
<td>3.70</td>
<td>1.3440</td>
<td>SI</td>
</tr>
<tr>
<td>Provide staff training and development</td>
<td>3.55</td>
<td>1.1751</td>
<td>SI</td>
</tr>
<tr>
<td>Increase aid of outside institutions in community development</td>
<td>3.55</td>
<td>1.2944</td>
<td>SI</td>
</tr>
<tr>
<td>Reduce unemployment</td>
<td>2.70</td>
<td>1.3620</td>
<td>UD</td>
</tr>
</tbody>
</table>

Response scale: (1= lowest, 5 = highest).
I= Interpretation
SI= Somewhat important
UD = Undecided

### Objective Five

Determine if a model exists that explains a significant portion of the variance in the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards, both overall and in each of the identified areas of governance from the following selected demographic and perceptual measures:

- a. Gender,
- b. Race,
- c. Highest level of education completed,
- d. Primary occupation,
e. Length of time served on the board,
f. Age of the organization,
g. Age of Board Member
h. The perceived success of the organization in achieving their goals and objectives in each of the following areas:
   1. Setting goals and objectives for the organization,
   2. Defining strategies to achieve the goals and objectives,
   3. Establishing policies that are consistent with and contribute to the goals and objectives, and
   4. Providing and/or arranging for the management/leadership training needed by members of the boards of directors.
i. The perceived importance of each of the following selected outcomes of state non-profit associations as measures of the success of the organization:
   1. receiving state funding,
   2. providing manpower training and development,
   3. affecting policy of the legislature/assembly,
   4. getting outside institutions to aid in community economic development,
   5. reducing unemployment, and
   6. providing networking opportunities.
This objective was accomplished using multiple regression analyses with the four areas of governance (board duties, finance, managing risk, planning and evaluation), and the overall score as dependent variables. The other variables were treated as independent variables. The step-wise model of entry of the variables was used because of the exploratory nature of the study. In this regression equation, variables were added that increased the explained variance by one percent or more as long as the regression equation remained significant.

In analyzing the data, two variables were constructed from the data collected. For the variable, race, "dummy coding" was used to construct two "yes or no" variables. Variables created were whether respondents were black or nonblack and whether respondents were white or nonwhite. In each instance yes was coded as "1" and no was coded as "0".

The variable occupation was dummy coded to construct "Position within field" and "Position outside field (yes or no variables)". Position within the field consisted of executive directors of nonprofit organizations and senior staff of a nonprofit organization. The Other category was eliminated from the analysis. The Other category was eliminated because of the mixed occupations. In each instance yes was coded as "1" and no was coded as "0".

Table 19 present the results of the multiple regression analysis with dependent variable one "Board Duties and Scope of Authorities". The variable which entered the regression model first was item 47, "The board is successful in setting goals and objectives of the association." Considered alone, this variable explained 24.8% of the
variance in the model. The variable which entered second was item 51, "The association provides an adequate management/leadership training for board members," explaining 7.2% of variance in the model.

Three other variables explained an additional 4.0% of the variances in the perceptions of board duties and scope of authorities. These variables were the following: Age of respondents at last birthday, highest level of education completed and African American status. These five variables explained a total of 36.0% of the variance in perceptions of members of boards of directors regarding board duties and scope of authorities. (see Table 19). The nature of the influence of each of these variables was such that members of boards of directors serving CBDOs perceive that by setting goals and objectives their board more closely adheres to the guidelines set by the National Center for Nonprofit Boards in the area of board duties and scope of authority.

Table 19

<table>
<thead>
<tr>
<th>Variables in the Equation</th>
<th>R square Cumulative</th>
<th>R square Change</th>
<th>F Change</th>
<th>p Change</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 47&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.248</td>
<td>.248</td>
<td>40.003</td>
<td>&lt;.001</td>
<td>.481</td>
</tr>
<tr>
<td>Item 51&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.320</td>
<td>.072</td>
<td>12.682</td>
<td>.001</td>
<td>.225</td>
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</tbody>
</table>

(table con’d.)
<table>
<thead>
<tr>
<th>Variables</th>
<th>R square Cumulative</th>
<th>R square Change</th>
<th>F Change</th>
<th>P Change</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age^c</td>
<td>.342</td>
<td>.022</td>
<td>3.931</td>
<td>.050</td>
<td>.127</td>
</tr>
<tr>
<td>Ed. Level^d</td>
<td>.352</td>
<td>.010</td>
<td>1.850</td>
<td>.176</td>
<td>-.127</td>
</tr>
<tr>
<td>Black^e</td>
<td>.360</td>
<td>.008</td>
<td>1.414</td>
<td>.237</td>
<td>.096</td>
</tr>
</tbody>
</table>

^a Item 47: The board is successful in setting goals and objectives of the association
^b Item 51: The association provides an adequate management/leadership training for board members.
^c Age of respondent at last birthday
^d Highest education level completed
^e African American status (Yes)

<table>
<thead>
<tr>
<th>Variables not in the Equation</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of Association^f</td>
<td>.044</td>
<td>.997</td>
</tr>
<tr>
<td>Years of Service^g</td>
<td>-.417</td>
<td>.677</td>
</tr>
<tr>
<td>Sex</td>
<td>-.479</td>
<td>.633</td>
</tr>
<tr>
<td>Item 48^h</td>
<td>.487</td>
<td>.627</td>
</tr>
<tr>
<td>Item 49^i</td>
<td>-.925</td>
<td>.357</td>
</tr>
<tr>
<td>Item 50^j</td>
<td>.477</td>
<td>.635</td>
</tr>
<tr>
<td>Caucasian Status^k</td>
<td>.477</td>
<td>.656</td>
</tr>
<tr>
<td>Position within Field^l</td>
<td>.417</td>
<td>.678</td>
</tr>
</tbody>
</table>

^f Age of Association at date of survey
^g Years of service as a board member
^h Item 48: The board is successful in defining strategies to reach goals and objectives of the association.
^i Item 49: The board is successful in establishing policies to reach goals and objectives of the association.
^j Item 50: The association has been successful in achieving its goals and objectives.
^k Caucasian status (Yes)
^l Position within the field of community economic development

Table 20 present the results of the multiple regression analysis with dependent variable two “Finance”. The variable which entered the regression model first was item...
47. “The board is successful in setting goals and objectives of the association.”

Considered alone, this variable explained 19.7% of the variance in the model. The model which entered second was item 51, explaining 7.2% of variance in the model.

Three additional variables explained an additional 3.6% of the variances in the perceptions of board duties and scope of authorities. These variables were the following: position within the field and years served as a board member. These five variables explained a total of 30.5% of the variance in perceptions of members of boards of directors regarding financial oversight. (see Table 20). The nature of the influence of each of these variables was such that members of boards of directors serving CBDOs perceive that by setting goals and objectives their board more closely adheres to the guidelines set by the National Center for Nonprofit Boards in the area of financial oversight.

Table 20

<table>
<thead>
<tr>
<th>Model/Source of Variation</th>
<th>df</th>
<th>Ms</th>
<th>F-ratio</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5</td>
<td>3.34</td>
<td>10.23</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Residual</td>
<td>117</td>
<td>.326</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Variables in the Equation

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<tr>
<th>Variables</th>
<th>R²</th>
<th>F</th>
<th>p</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 47a</td>
<td>.197</td>
<td>29.593</td>
<td>&lt;.001</td>
<td>.364</td>
</tr>
<tr>
<td>Item 51b</td>
<td>.269</td>
<td>11.818</td>
<td>.001</td>
<td>.289</td>
</tr>
<tr>
<td>Item 52fm</td>
<td>.283</td>
<td>2.424</td>
<td>.109</td>
<td>-.125</td>
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</tbody>
</table>

(table con’d)
<table>
<thead>
<tr>
<th>Variables</th>
<th>R square Cumulative</th>
<th>R square Change</th>
<th>F Change</th>
<th>p Change</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 52c&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.294</td>
<td>.010</td>
<td>1.745</td>
<td>.144</td>
<td>-.116</td>
</tr>
<tr>
<td>Education level</td>
<td>.304</td>
<td>.011</td>
<td>1.779</td>
<td>.185</td>
<td>.104</td>
</tr>
</tbody>
</table>

<sup>a</sup>Item 47: The board is successful in setting goals and objectives of the association

<sup>b</sup>Item 51: The association provides an adequate management/leadership training for board members.

<sup>c</sup>Item 52f: Provide networking opportunities

Highest Education completed at time of survey

---

<table>
<thead>
<tr>
<th>Variables not in the Equation</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 48&lt;sup&gt;d&lt;/sup&gt;</td>
<td>.998</td>
<td>.320</td>
</tr>
<tr>
<td>Item 49</td>
<td>-.018</td>
<td>.986</td>
</tr>
<tr>
<td>Item 50</td>
<td>-.489</td>
<td>.626</td>
</tr>
<tr>
<td>Item 52a</td>
<td>-.102</td>
<td>.919</td>
</tr>
<tr>
<td>Item 52b</td>
<td>-.065</td>
<td>.948</td>
</tr>
<tr>
<td>Item 52d</td>
<td>-.881</td>
<td>.380</td>
</tr>
<tr>
<td>Item 52e&lt;sup&gt;e&lt;/sup&gt;</td>
<td>-.534</td>
<td>.594</td>
</tr>
<tr>
<td>Black</td>
<td>-.447</td>
<td>.655</td>
</tr>
<tr>
<td>White&lt;sup&gt;k&lt;/sup&gt;</td>
<td>.349</td>
<td>.728</td>
</tr>
<tr>
<td>Field</td>
<td>-.244</td>
<td>.807</td>
</tr>
<tr>
<td>Age of Association</td>
<td>.045</td>
<td>.964</td>
</tr>
<tr>
<td>Years of Service</td>
<td>.833</td>
<td>.407</td>
</tr>
<tr>
<td>Sex</td>
<td>-.885</td>
<td>.378</td>
</tr>
<tr>
<td>Age of Last Birthday</td>
<td>.020</td>
<td>.984</td>
</tr>
</tbody>
</table>

<sup>d</sup>Age of Association at date of survey

<sup>e</sup>Years of service at a board member

<sup>f</sup>Item 48: The board is successful in defining strategies to reach goals and objectives of the association.

<sup>g</sup>Item 49: The board is successful in establishing policies to reach goals and objectives of the association.

<sup>h</sup>Item 50: The association has been successful in achieving its goals and objectives.

<sup>i</sup>Item 52a: Receive or increase state funding

<sup>j</sup>Item 52b: Provide staff training and development

<sup>k</sup>Item 52d: Increase aid of outside institution in community development

<sup>l</sup>Item 52e: Provide networking opportunity

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Table 21 presents the results of the multiple regression analysis with dependent variable three “Managing Risk”. The variable which entered the regression model first was question 47, “The board is successful in setting goals and objectives of the association.” Considered alone, this variable explained 11.4% of the variance in the model. The variable which entered second was “Affecting Policy of the Legislature/Assembly”, explaining 5.0% of variance in the model.

Five additional variables explained an additional 13.0% of the variances in the perceptions of managing risk. These variables were: “Position within the field”, “Reducing unemployment”, “sex”, “education level”, and “age of the association”. These seven variables explained a total of 29.4% of the variance in perceptions of members of boards of directors regarding managing risk. (see Table 21). The nature of the influence of each of these variables was such that members of boards of directors serving CBDOs perceive that by setting goals and objectives their board more closely adheres to the guidelines set by the National Center for Nonprofit Boards in the area of managing risk.

Table 21
Multiple Regression Analysis of The Perceptions of Members of Boards of Directors Regarding Managing Risk

<table>
<thead>
<tr>
<th>Model/Source of Variation</th>
<th>df</th>
<th>Ms</th>
<th>F-ratio</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>7</td>
<td>4.34</td>
<td>6.82</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Residual</td>
<td>115</td>
<td>.635</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td></td>
<td></td>
<td>(table con’d.)</td>
</tr>
</tbody>
</table>

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Variables in the Equation

<table>
<thead>
<tr>
<th>Variables</th>
<th>R square Cumulative</th>
<th>R square Change</th>
<th>F Change</th>
<th>p Change</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 47a</td>
<td>.114</td>
<td>.114</td>
<td>15.546</td>
<td>&lt;.001</td>
<td>.363</td>
</tr>
<tr>
<td>Item 52c</td>
<td>.164</td>
<td>.050</td>
<td>7.129</td>
<td>.009</td>
<td>-.270</td>
</tr>
<tr>
<td>Position within field</td>
<td>.200</td>
<td>.036</td>
<td>5.346</td>
<td>.022</td>
<td>.165</td>
</tr>
<tr>
<td>Item 52e</td>
<td>.231</td>
<td>.032</td>
<td>4.871</td>
<td>.063</td>
<td>.187</td>
</tr>
<tr>
<td>Sex</td>
<td>.254</td>
<td>.022</td>
<td>3.527</td>
<td>.071</td>
<td>-.135</td>
</tr>
<tr>
<td>Education level</td>
<td>.275</td>
<td>.021</td>
<td>3.329</td>
<td>.082</td>
<td>-.165</td>
</tr>
<tr>
<td>Age at Association</td>
<td>.293</td>
<td>.019</td>
<td>3.073</td>
<td>.106</td>
<td>-.144</td>
</tr>
</tbody>
</table>

Item 47a: The board is successful in setting goals and objectives of the association
Position within the field of community economic development

Item 52c: Affecting policy of the legislature/assembly
Item 52e: Provide networking opportunity

Variables not in the Equation

<table>
<thead>
<tr>
<th>Model/Variables</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 48</td>
<td>-.293</td>
<td>.770</td>
</tr>
<tr>
<td>Item 49</td>
<td>-1.631</td>
<td>.106</td>
</tr>
<tr>
<td>Item 50</td>
<td>.132</td>
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<tr>
<td>Item 51</td>
<td>.951</td>
<td>.344</td>
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<td>Item 52a</td>
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<td>Item 52b</td>
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<td>.664</td>
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<td>Item 52d</td>
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<td>.819</td>
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<td>Item 52f</td>
<td>-.066</td>
<td>.947</td>
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<tr>
<td>Black</td>
<td>.916</td>
<td>.362</td>
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<tr>
<td>White</td>
<td>-.650</td>
<td>.517</td>
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<tr>
<td>Years of Service</td>
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<td>.912</td>
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<tr>
<td>Age at Last Birthday</td>
<td>-.309</td>
<td>.758</td>
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</tbody>
</table>

Years of service at a board member
Item 48: The board is successful in defining strategies to reach goals and objectives of the association.

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Table 22 presents the results of the multiple regression analysis with dependent variable four “Evaluation and Planning”. The variable which entered the regression model first was item 47, “The board is successful in setting goals and objectives of the association.” Considered alone, this variable explained 41.9% of the variance in the model. The variable which entered second was item 52c “Affecting policy of the legislature/assembly,” explaining 4.6% of variance in the model.

Four additional variables explained an additional 6.3% of the variances in the perceptions of board duties and scope of authorities. These variables were: “The association provides adequate management/leadership training for board members”, “Receive or increase state funding”, “White” and “Education level”. These six variables explained a total of 52.8% of the variance in perceptions of members of boards of directors regarding evaluation and planning. (see Table 22). The nature of the influence of each of these variables was such that members of boards of directors serving CBDOs perceive that by setting goals and objectives their board more closely adheres to the guidelines set by the National Center for Nonprofit Boards in the area of evaluation and planning.
Table 22
Multiple Regression Analysis of The Perceptions of Members of Boards of Directors Regarding Evaluation and Planning

<table>
<thead>
<tr>
<th>Model/Source of Variation</th>
<th>df</th>
<th>Ms</th>
<th>F-ratio</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
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<td>9.66</td>
<td>25.25</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Residual</td>
<td>117</td>
<td>.383</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Variables in the Equation

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<thead>
<tr>
<th>Variables</th>
<th>R square Cumulative</th>
<th>R square Change</th>
<th>F Change</th>
<th>p Change</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 47a</td>
<td>.419</td>
<td>.419</td>
<td>87.398</td>
<td>&lt;.001</td>
<td>.603</td>
</tr>
<tr>
<td>Item 52c</td>
<td>.465</td>
<td>.046</td>
<td>10.238</td>
<td>.002</td>
<td>.191</td>
</tr>
<tr>
<td>Item 51</td>
<td>.487</td>
<td>.022</td>
<td>5.026</td>
<td>.027</td>
<td>.175</td>
</tr>
<tr>
<td>Item 52a</td>
<td>.505</td>
<td>.018</td>
<td>4.251</td>
<td>.041</td>
<td>-.127</td>
</tr>
<tr>
<td>White*</td>
<td>.519</td>
<td>.014</td>
<td>3.525</td>
<td>.063</td>
<td>.117</td>
</tr>
<tr>
<td>Education Level</td>
<td>.528</td>
<td>.009</td>
<td>2.333</td>
<td>.129</td>
<td>-.099</td>
</tr>
</tbody>
</table>

Variables not in the Equation

<table>
<thead>
<tr>
<th>Model/Variables</th>
<th>t</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 48</td>
<td>.704</td>
<td>.483</td>
</tr>
<tr>
<td>Item 49p</td>
<td>.587</td>
<td>.559</td>
</tr>
<tr>
<td>Item 50</td>
<td>.295</td>
<td>.768</td>
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<tr>
<td>Item 52b</td>
<td>-.229</td>
<td>.765</td>
</tr>
<tr>
<td>Item 52d</td>
<td>.724</td>
<td>.471</td>
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<tr>
<td>Item 52e</td>
<td>.117</td>
<td>.241</td>
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<td>Item 52f</td>
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<td>.908</td>
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<tr>
<td>Black*</td>
<td>.927</td>
<td>.356</td>
</tr>
</tbody>
</table>

*Item 47: The board is successful in setting goals and objectives of the association
Item 52c: Affecting policy of the legislature/assembly
Item 51: The association provides an adequate management/leadership training for board members.
Item 52a: Receive or increase state funding
Caucasian status (Yes)
Table 23 presents the results of the multiple regression analysis with dependent variable Five “Overall”. The variable which entered the regression model first was question 47, “The board is successful in setting goals and objectives of the association.” Considered alone, this variable explained 35.4% of the variance in the model. The model which entered second was item 52c “Affecting policy of the legislature/assembly,” explaining 4.7% of variance in the model.

Two additional variable explained an additional 5.8% of the variance in the of overall perception score. These variables were: item 51, field, and item 52c. These four variables explained a total of 45.9% of the variance in perceptions of members of boards of directors regarding the overall score (see Table 23). The nature of the influence of each of these variables was such that members of boards of directors serving CBDOs perceive that by setting goals and objectives their board more closely adheres to the
guidelines set by the National Center for Nonprofit Boards in the area of the overall governance model.

Table 23

Multiple Regression Analysis of The Perceptions of Members of Boards of Directors Regarding Overall Model

<table>
<thead>
<tr>
<th>Model/Source of Variation</th>
<th>df</th>
<th>Ms</th>
<th>F-ratio</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>4</td>
<td>5.426</td>
<td>24.985</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Residual</td>
<td>118</td>
<td>.217</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Variables in the Equation**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rsquare Cumulative</th>
<th>Rsquare Change</th>
<th>F Change</th>
<th>F Change</th>
<th>p Change</th>
<th>Beta</th>
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</thead>
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<td>.003</td>
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<td>.012</td>
<td>2.538</td>
<td>.114</td>
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*Item 47: The board is successful in setting goals and objectives of the association*

*Item 51: The association provides an adequate management/leadership training for board members.*

**Variables not in the Equation**

<table>
<thead>
<tr>
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<td>Item 50</td>
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<td>Item 52b b</td>
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<td>Item 52d</td>
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<td>Item 52e</td>
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</table>

95
Model/Variables | t | Sign t
--- | --- | ---
Item 52f | -.017 | .987
Black^a | .1093 | .277
White^b | .854 | .395
Age of Association | .945 | .347
Years of Service | .037 | .971
Sex | -1.051 | .295
Age of Last Birthday | .358 | .721
Education Level | -1.159 | .249

^aAge of Association of date of survey
^bYears of service as a board member
^cItem 48: The board is successful in defining strategies to reach goals and objectives of the association.
^dItem 49: The board is successful in establishing policies to reach goals and objectives of the association.
^eItem 50: The association has been successful in achieving its goals and objectives.
^fCaucasian status (Yes)
^gPosition within the field of community economic development
^hAfrican American status (Yes)

Objective Six

Relationship Between Policy and Governance and Setting Goals and Objectives

Objective six of the study was stated in the form of the following research hypothesis: There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in setting goals and objectives for the organization. A Pearson Product Moment Correlation Coefficient was used to measure this relationship. The calculated coefficient was $r = .61$ (p one tail <.001). For
interpretation of correlation coefficients, Davis’ (1971) proposed set of descriptors was used. The coefficients and their descriptions are as follows:

<table>
<thead>
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<th>Coefficient</th>
<th>Description</th>
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<tr>
<td>.70 or higher</td>
<td>very strong association</td>
</tr>
<tr>
<td>.50 to .69</td>
<td>substantial association</td>
</tr>
<tr>
<td>.30 to .49</td>
<td>moderate association</td>
</tr>
<tr>
<td>.10 to .29</td>
<td>low association</td>
</tr>
<tr>
<td>.01 to .09</td>
<td>negligible association</td>
</tr>
</tbody>
</table>

Based on Davis’ descriptors, there was a substantial association between members of boards of directors for state associations perceptions that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in setting goals and objectives for the organization. Results indicated that the more members of boards of directors perceived the use of effective policy and governance the more positive their attitude toward setting goals and objectives for the organization. Therefore, the research hypothesis was supported by the data in this study.

**Objective Seven**

**Relationship Between Policy and Governance and Achieving Goals and Objectives**

The seventh objective of the study was stated in the form of the following research hypothesis: There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their
organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in achieving goals and objectives for the organization. A Pearson Product Moment Correlation Coefficient was used to measure this relationship. The calculated coefficient was \( r = .33 (p \text{ one tail } < .001) \). Based on Davis' descriptors, this is described as a moderate association. There was a moderate association between members of boards of directors for state associations' perceptions that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in achieving goals and objectives for the organization. Results indicated that the more members of boards of directors perceived the use of effective policy and governance the more positive their attitude toward achieving goals and objectives for the organization. Therefore, the hypothesis was supported by the data in this study.

**Objective Eight**

**Relationship Between Policy and Governance and Providing Management/Leadership Training**

The eighth objective of the study was stated in the form of the following research hypothesis: There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions...
regarding how successful the organization has been in providing and/or arranging for management/leadership training needed by members of the board of directors. A Pearson Product Moment Correlation Coefficient was used to measure this relationship. The calculated coefficient was $r = .41$ (one tail <.001). Based on Davis' descriptors, this is described as a moderate association. There was a moderate association between members of boards of directors for state associations perceptions that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in providing and/or arranging for management/leadership training needed by members of the board of directors. Results indicated that the more members of boards of directors perceived the use of effective policy and governance the more positive their attitude toward providing and/or arranging for management/leadership training needed by members of the board of directors. Therefore, the hypothesis was supported by the data in this study.
CHAPTER 5

SUMMARY, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

The primary purpose of this study was to determine the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adhere to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards and how they are achieving organizational goals and objectives.

Objectives

In order to answer the research problem, the following objectives were formulated to guide the study.

1. Describe members of the board of directors of state associations serving CBDOs on the following selected demographic characteristics.
   a) Gender
   b) Race
   c) Highest level of education
   d) Primary Occupation
   e) Length of time on the board
   f) Age
   g) Age of the organization

2. Determine the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the...
procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards in each of the following areas of governance:

a. Board duties and scope of authority,
b. Financial oversight,
c. Evaluation and planning, and
d. Managing risk.

3. Determine the perceptions of members of Boards of Directors of state associations serving CBDOs regarding how successful their organization has been in achieving goals and objectives in each of the following areas:

a. setting goals and objectives for the organization,
b. defining strategies to achieve the goals and objectives,
c. establishing policies that are consistent with and contribute to goals and objectives,
d. achieving goals and objectives for the organization, and
e. providing and/or arranging for the management/leadership training needed by members of the boards of directors.

4. Determine the perceived importance of selected outcomes of state associations serving CBDOs as measures of the success of the organization. The selected outcomes to be assessed will include:

a. receiving state funding,
b. providing manpower training and development,
c. affecting policy of the legislature/assembly,
d. getting outside institutions to aid in community economic development,

e. reducing unemployment, and

f. providing networking opportunities.

5. Determine if a model exists that explains a significant portion of the variance in the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards, both overall and in each of the identified areas of governance from the following selected demographic and perceptual measures:

a. Gender,

b. Race,

c. Highest level of education completed,

d. Primary occupation,

e. Length of time served on the board,

f. Age of the organization,

g. Age of Board Member

h. The perceived success of the organization in achieving goals and objectives in each of the following areas:

7. Setting goals and objectives for the organization,

8. Defining strategies to achieve the goals and objectives,

9. Establishing policies that are consistent with and contribute to the goals and objectives, and
10. Providing and/or arranging for the management/leadership training needed by members of the boards of directors.

i. The perceived importance of each of the following selected outcomes of state non-profit associations as measures of the success of the organization:

1. Receive or increase state funding,
2. providing staff training and development,
3. affecting policy of the legislature/assembly,
4. Increase aid of outside institutions in community development,
5. reduce unemployment, and
6. provide networking opportunities.

Hypotheses

Since the related literature provides the researcher with a basis for expecting selected specific relationships, objectives 6-8 were written as research hypotheses. These hypotheses were:

6. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in setting goals and objectives for the organization.
7. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in achieving goals and objectives for the organization.

8. There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in providing and/or arranging for management/leadership training needed by members of the board of directors.

The population was defined as all members of the boards of directors of the 27 state associations in the United States (see Appendix A) that are members of the National Congress for Community Economic Development (NCCED). Two hundred seventy five board members serve on the boards of these state associations. All board members were contacted to gather data for the study.

The instrument used in this study was a researcher designed questionnaire. It was comprised of two sections - demographics, and perceptions of the roles and
responsibilities and accomplishments of the organization. In order to quantify the responses, each item utilized a 5-point Likert-type response scale.

A list of items related to the effectiveness of boards of directors regarding governance was compiled from the literature. The instrument was reviewed by a panel of experts from the National Congress for Community Economic Development (NCCED), the Graduate Faculty of The Louisiana State University School of Vocational Education, and by the researcher regarding the currency of the information included in the items. Where needed, items were updated to reflect the most precise information available. Appropriate suggestions and/or corrections were incorporated to improve the instrument.

Data were collected for this study by mailed questionnaire using the following procedures:

1. Each member of the sample was mailed a pre-contact letter appraising them of the need for and purpose of the study, letting them know that the instrument was forthcoming, and requesting their participation in the study. (See Appendix D)

2. Three weeks later, the survey instrument was mailed to each member of the sample group with an accompanying cover letter which briefly explained the purpose of the study, stressed the importance of their participation, and guaranteed their individual responses would remain confidential. (See Appendix E)
3. Approximately one week after the instruments were mailed, members of the sample were mailed a postcard thanking them for responding and requesting those who had not responded to do so. (See Appendix F)

4. Approximately two weeks after the postcard reminders were mailed, members of the sample who had not responded were sent another copy of the instrument with a follow-up cover letter emphasizing the importance of their participation and asking them to respond. (See Appendix G)

5. Each returned questionnaire was coded with the date that the response was received. This information was used to aid in determining the representativeness of responses received. Research has shown that late respondents are often similar to non-respondents (Miller & Smith, 1983). Therefore, if late respondents were found to be similar to early respondents, this would provide evidence to support the representativeness of the delivered sample.

6. Since the final response rate was below 80%, the researcher conducted an intensive follow-up of the remaining non-respondents using the following steps:
   a. All of the remaining non-respondents were identified in a supplementary population list.
   b. A random sample of 25 of the 142 of the remaining non-respondents were selected to be included in a telephone follow-up.
   c. Each of the selected non-respondents was contacted by telephone and asked to participate in an abbreviated version of the survey. (See
Appendix H) This abbreviated survey form was designed as a random sample of 10 items selected from the original form. (See Appendix I)

d. The responses to the telephone items were used solely for the purpose of determining the representativeness of the respondent group. The responses to each of the sampled items provided by the non-respondent group sample was statistically compared to the response from the respondent group to the same items. It was established from the intensive follow-up of the remaining non-respondents that the early and late respondents were to be similar on the sampled items. The researcher considered this to be an indication that the respondent and non-respondent groups were not significantly different, and therefore, the data from the respondent group was considered to be representative of the population.

Objective One: Demographics

The first objective of the study was to describe members of the boards of directors of state associations serving CBDOs on selected demographic characteristics.

Conclusion

The majority of the respondents were white males with master’s degrees who were between the age of 45-54. Their primary occupations were in the field of community development. The respondents had served on the board from 1 to 7 years. Most of the associations had been in existence for eleven or more years.
Implications

A study conducted by Austin and Woolever (1992) provided insight into the relationship between community characteristics of race, status, and population with corresponding attributes in the membership and leadership of Habitat for Humanity. Results such as these are important in understanding what community traits may be related to participation, but they also assist in examining the representation of racial and status groups in membership composition. The results concerning the relationship between community and member characteristics and composition of boards of directors are also beneficial in testing for the representation of these groups in leadership and decision-making positions, although the research did not deal with the issue of whether more representative boards are more effective. In the above study, the local organization affiliates were responsible for choosing the recipients of homes from the organization. Therefore, representation of the local population in the membership can be important to help ensure that the interests of various groups are represented. In addition, these findings corroborate the findings of Boeker & Goldstein (1993); Davis (1991) and Judge & Dobbins (1995) who examined relationship between the composition the board of directors and firm performance.

Recommendations

The researcher recommends that more recruitment efforts be made to attract individuals to the boards of directors of state associations who reflect the community which they represent. They should have a mixture of representation regarding race, social and economic status.
In addition, broader, more extensive research conducted on the dynamics of the organizational composition of boards of directors for CBDOs in various areas may assist to better understand their differences and respond more effectively to their individual needs. The composition of the board of directors plays a very important role in the perception of the community toward the organization.

Objective Two: Perceptions of Policy and Governance

The second objective was to determine the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards in each of the following areas of governance: a) Board duties and scope of authority; b) Financial oversight; c) Managing risk, and d) Evaluation and planning. An interpretive scale developed by the researcher was utilized to summarize the findings..

Conclusion: Financial Oversight

Members of boards of directors of state associations serving CBDOs have a favorable perception of policy and governance regarding financial oversight.

This is based on the findings that financial oversight with an overall mean of 4.14 and a standard deviation .6680 was rated the highest of the four areas of governance. The statement to which the respondents most mildly agreed was “The association provides a detailed annual budget approved by the board”, with an overall mean of 4.42 and “The association contracts for an annual audit performed by an independent certified accountant (CPA)”, with a mean of 4.38.
Implications

The area of policy and governance which was perceived highest by members of boards of directors serving CBDOs was financial oversight in their state associations. This is consistent with the findings of Jackson and Holland (1998) who reported positive attitudes of fiduciary and leadership responsibilities in that the board must be able to assess the effectiveness of its performance. The purpose of financial reporting is to make sure that the board can base its decisions on accurate and up-to-date financial data. The frequency of the reports should be decided by the board chair and treasurer, in concert with the chief executive. Boards of directors must determine whether their organization is meeting its goals and using its resources in an appropriate manner. One of the tasks involved is to establish and review financial objectives. This starts with keeping track of the financial transactions of the organizations. As established earlier by Jackson and Holland (1998) financial performance is one way to assess an organization’s success.

Recommendations

The researcher recommends that further research be conducted to better understand how financial performance influences the perceptions of success for an organization. The researcher also recommends that a similar study be conducted, but qualitative in nature of the perceptions of members of boards of directors of state associations serving CBDOs. The reason for suggesting a qualitative study is to get anecdotal evidence to support quantitative findings, and provide individual experiences
on the role financial oversight plays in influencing members of boards of directors decisions.

**Conclusion: Managing Risk**

Members of boards of directors of state associations serving CBDOs have a moderate perception of policy and governance regarding managing risk. Although many of the respondents viewed the managing risk category as the lowest perceived area of governance, the literature points out that more attention and focus must be directed toward managing risk of members of boards of directors of state associations serving CBDOs.

This is based on the finding that managing risk with an overall mean of 3.57 and a standard deviation .8913 was rated the lowest of the four areas of governance. Regarding the perceptions of managing risk, the highest ranking statement in which the respondents most mildly agreed was “The association possesses general liability insurance” (mean= 3.90) and “The association possesses directors and officers insurance” (mean= 3.63). These two items were in the mildly agree response category. The lowest ranking item was, “The association uses protection agreements e.g. waivers, disclaimers, or hold-harmless agreement {voluntarily and knowing} for harm/potential harm caused by or happened to volunteers”, (mean = 3.22).

**Implications**

The board of directors must ensure responsibility for its organization’s survival. To fulfill this responsibility, a board has a legal duty to conserve and protect the assets of the organization. In addition, if nonprofit organizations are to fulfill their obligations
to the communities they serve and the people who toil on their behalf, they need to
make a similar commitment to identifying risks and keeping them under control. This is
in keeping with Muller (1978) who states, “While liability insurance is a must, the ideal
director will be very conscious of the risks involved and will balance this against the
rewards he gets, monetary and psychic, by serving on a risk-sensitive board.” (p. 109)

Recommendation

The research recommends that members of boards of directors should focus
more attention on information about risk management to ensure the safety and
effectiveness of their organizations. Board members should utilize proven steps for the
risk management process as established by Temper and Babcock (1990) to identify
risks; analyze options for eliminating or reducing risk, selecting the most suitable
techniques, implementation of recommendations, and monitoring the techniques and
modifying as needed.

Based on the conclusion that there is room for improvement, the researcher
recommends that further research be conducted to determine the impact of managing
risk to the organization’s success.

Objective Three: Perception of Success in Achieving Goals and Objectives

The third objective of the study was to determine the perceptions of members of
boards of directors of state associations serving CBDOs regarding how successful the
organization has been in achieving their goals and objectives in each of the following
areas. a) setting goals and objectives for the organization, b) defining strategies to
achieve the goals and objectives, c) establishing policies that are consistent with and
contribute to goals and objectives, d) achieving goals and objectives for the organization, and e) providing and/or arranging for the management/leadership training needed by members of the boards of directors.

**Conclusion: Setting Goals and Objectives for the Organization**

Members of boards of directors of state associations serving CBDOs have a high perception that the board is successful in setting and goals and objectives of the organization.

This is based on the finding that the items rated highest by the responding board members were: “The Board is successful in setting goals and objectives of the association” (mean = 4.01); “The board is successful in establishing policies to reach goals and objectives of the association” (mean = 3.98); “The association has been successful in achieving its goals and objectives” (mean = 3.89).

**Implications**

When properly conducted, strategic planning (setting goal and objectives) can be the most satisfying and rewarding aspects of board membership. Setting goals and objectives enables the board to make informed decisions on the important policy issues of institutional mission, long term priorities, and organizational goals and objectives. No other work the board does is as comprehensive or as important to the future of the organization. This supports the research of Parks (1990) who stated that valid strategic information is critical to planning and to define the desired results of the organization.

(p. 4)
Recommendations

Based on the conclusion that members of boards of directors of state associations serving CBDOs have a high perception that the board is successful in setting and goals and objectives of the organization, the researcher recommends that representatives from the boards of directors attend the national conference of the National Center for Nonprofit Boards to stay knowledgeable of current trends and procedures regarding board duties and responsibilities.

In addition, the researcher recommends further research be conducted concerning policy and governance, and strategic planning.

Objective Four: What Makes the Organization Successful

Objective four was to determine the importance of selected outcomes of state associations serving CBDOs as measures of the success of the organization. The selected outcomes to be assessed included:

1. receive or increase state funding,
2. providing staff training and development,
3. affecting policy of the legislature/assembly,
4. increase aid of outside institutions in community development,
5. reduce unemployment, and
6. providing networking opportunities.
Conclusions: Affecting Policy of the Legislature/Assembly

Members of boards of directors of state associations serving CBDOs have a favorable perception of affecting policy of the legislature/assembly of their particular state.

This is based on the finding that the highest perceived goals used to measure success by members of boards of directors of state associations serving CBDOs is affecting the policy of the legislature/assembly with a mean of 4.22.

Implications

This is consistent with the findings of Boris (1997) who states, “individuals express their need and desires through the political system and through their associations. A democratic state requires the support of a democratic civil society” (p.66).

Recommendations

The researcher recommends that further research be conducted to determine the impact of policy and governance on internal organizational issues and their affect on advocacy (external) regarding of affecting policy at the legislature/assembly.

Conclusion: Reducing Unemployment

Members of boards of directors of state associations serving CBDOs have a moderate perception of reducing unemployment. There is room for improvement in the need for members of boards of directors to focus on reducing unemployment.
This based on the finding that the item concerning “reduce unemployment” had a mean of 2.70 and a standard deviation of 1.3620.

Implications

According to Emerson & Twersky (1996), many of the nonprofit organizations in the field of employment and economic development have concluded that the central issue for the American workplace is not simply one of accessing marginal jobs for people and then hoping they will move up in the ranks. Increasingly, the focus is upon the creation of workforce development strategies which provide opportunities for retraining and development which in turn will enable workers to constantly upgrade their skills and abilities in response to the changing needs of the labor market. (p. 4)

Recommendations

Although the researcher did not study job creation and reducing unemployment, they warrant further study. The researcher recommends the need to conduct a study on how reducing unemployment and job creation influence an individual to succeed and the role that members of boards of directors of state associations for CBDOs will and can play in the success matrix. This will provide excellent information on the expanding role of state associations of CBDOs in job creation and reducing unemployment.

Objective Five: Policy and Governance Model

Objective five was to determine if a model exists that explains a significant portion of the variance in the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective boards as established by the National Center for Non-Profit
Boards, both overall and in each of the identified areas of governance from the following selected demographic and perceptual measures:

a. Gender,
b. Race,
c. Highest level of education completed,
d. Primary occupation

e. Length of time served on the board,
f. Age of the organization,
g. Age of Board Member

h. The perceived success of the organization in achieving their goals and objectives in each of the following areas:

a. Setting goals and objectives for the organization,
b. Defining strategies to achieve the goals and objectives,
c. Establishing policies that are consistent with and contribute to the goals and objectives, and
d. Providing and/or arranging for the management/leadership training needed by members of the boards of directors.

i. The perceived importance of each of the following selected outcomes of state non-profit associations as measures of the success of the organization:

1. Receiving state funding,
2. Providing manpower training and development,
3. Affecting policy of the legislature/assembly,

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4. getting outside institutions to aid in community economic development,
5. reducing unemployment, and
6. providing networking opportunities.

This objective was accomplished using multiple regression analysis with a stepwise entry of the variables.

Conclusion

A model which included selected demographics and perceptual measures was found which explained a significant portion of the variance in the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards, both overall and in each of the identified areas of governance.

This conclusion is based on the finding that four variables (item 47, “The board is successful in setting goals and objectives of the association,” item 52c, “Affecting policy of the legislature/assembly”, item 51, “The Association provides an adequate management/leadership training for board members”, and “Within the field of community economic development”. These four variables explained a total of 45.9% of the variance in the dependent variable, the overall score.

In addition, for each of the five regression models the highest perceived item that entered each model first was questions 47: “The board is successful in setting goals and objectives of the association.” In the Board duties and scope of authority regression
model question 47 explained 24.8% of the variance. In the financial oversight regression model, question 47 explained 19.7% of the variance. In the Managing risk regression model, question 47 explained 11.4% of the variance. In the Evaluation and Planning regression model, question 47 explained 41.9% of the variance. In the Overall policy and governance regression model, question 47 explained 35.4% of the variance.

Implications

This conclusion is consistent with the findings of Herman and Renz (1997) who conducted a Delphi process that incorporated the views of 59 practitioner/experts associated with nonprofit organizations. Their results showed that, contrary to expectations, this group of experts preferred procedural measures of effectiveness (i.e., evidence that organizations were doing things right) to outcome-based or bottom line measures of effectiveness. The findings support the earlier findings of Cameron and Whetten, 1983 who stated “From such a perspective, organizations are seen to be effective to the extent that their results approximate or exceed a set of predetermined targets. It is assumed that a rational group of decision-makers has a clear set of measurable goals in mind that are shared and pursued by all members of the organization.”(p. 47)

Recommendations

The researcher recommends replicating the study in order to refine the model by focusing on a particular area of governance. Foundations, national nonprofit organizations such as the National Congress for Community Economic Development (NCCED), governmental organizations such as the Office of Community Service should
engage in further study of the policy and governance model as a way of improving the effectiveness of non-profit organizations.

The researcher recommends that the National Congress for Community Economic Development present a proposal to a national funder to assist state associations to train members of their boards regarding policy, governance, and planning.

Although 45.9% of the variance was explained, there is another 54.1% that was not explained. Therefore, broader, more extensive research conducted statewide and nationally, with specific sizes and types of CBDOs in various areas, may assist to better understand their differences and respond effectively to their individual needs.

Determining the effectiveness of nonprofit organizations is becoming more complex and many funders are requiring evaluation measures of resources and programs and therefore requires more studies of this nature are required to explain and predict of setting goals and objectives which serves as the basis for evaluation and organizational effectiveness.

Since it is recognized that no one best system of effective use of policy and governance exists, additional exploration of effective use of policy and governance might benefit both the community based development organization themselves as well as those engaged in the field of community economic development. Additional research is needed regarding the interactions of various board members involved in policy and governance.
In addition, the community economic development field needs to provide widely expanded opportunities for comprehensive community development training. Research is also needed to assess use of policy and governance within the context of all other needs of CBDOs.

**Objective Six: Research Hypothesis I**

The sixth objective of the study was stated as a research hypothesis as follows: There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions regarding how successful the organization has been in setting goals and objectives for the organization. The calculated coefficient was $r = .61$ (p one tail <.001).

These findings reveal a significant positive relationship indicating that the more members of boards of directors perceived the use effective policy and governance the more positive their attitude toward setting goals and objectives for the organization. Therefore the research hypothesis was supported by the data in this study.

**Objective Seven Research Hypothesis II**

The seventh objective of the study was stated in the form of the following research hypothesis: There will be a positive relationship between the extent to which members of boards of directors of state associations serving CBDOs perceive that their organization adheres overall to the procedures and guidelines for effective boards as established by the National Center for Non-Profit Boards and their perceptions...
regarding how successful the organization has been in achieving goals and objectives
for the organization. The calculated coefficient was $r = .33$ (p one tail <.001).

Results indicated that the more members of boards of directors perceived the
use effective policy and governance the more positive their attitude toward achieving
goals and objectives for the organization. Therefore, the hypothesis was supported by
the data in this study.

Objective Eight: Research Hypothesis III

The eight objective of the study was stated in the form of the following research
hypothesis: There will be a positive relationship between the extent to which members
of boards of directors of state associations serving CBDOs perceive that their
organization adheres overall to the procedures and guidelines for effective boards as
established by the National Center for Non-Profit Boards and their perceptions
regarding how successful the organization has been in providing and/or arranging for
management/leadership training needed by members of the board of directors. The
calculated coefficient was $r = .41$ (p one tail <.001).

Results indicated that the more members of boards of directors perceived the
use effective policy and governance the more positive their attitude toward providing
and/or arranging for management/leadership training needed by members of the board
of directors. Therefore, the hypothesis was supported by the data in this study.
Conclusion

The value of this study ultimately lies in empowering individuals who are dependent upon America's third sector, also known as the nonprofit sector. In the final analysis, an important value of CBDOs is the help they provide to the under-served, as they fill the gaps in service that the for-profit and government sectors may not or cannot address. As described earlier, well-managed CBDOs may benefit from the systematic use of policy and governance in making decisions about how to best organize and operate their association and how they best serve their community. The most encouraging finding from this study is the fact that CBDOs do value policy and governance as a tool to plan and make effective decisions that will ensure the organization's success. The ability to make programmatic decisions becomes increasingly important in a time of dwindling resources.

Solutions to many of the societal problems facing the nation today may well rest in the power of these organizations to develop practical approaches and remove barriers to promote greater opportunities for people.

The study methods, conclusions, and possible strategies for improving policy and governance appear to hold potential for broader applicability in studies of other aspects of nonprofit organizations. Building on such grounds, the development of a systematic body of knowledge on factors that influence policy and governance will provide solid resources for purposive efforts both to improve the performance of the organizations and the communities in which they serve.
In utilizing effective policy and governance procedures, members of boards of directors serving CBDOs can create associations that are well managed and efficient. Ultimately, it may also provide a means to improve the quality of life for the people they serve and for their communities.
REFERENCES


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APPENDICES
A: STATE ASSOCIATIONS

(1) Community Development Coalition of Arizona (CDCA)
(2) Arkansas Association of CDC’s
(3) California CED Associations
(4) California State Association of CED
(5) Delaware Association of Community-based Development Organizations
(6) Florida Federation of CDCs
(7) Georgia CD Association
(8) Indiana Association for CED
(9) Louisiana Association for CED
(10) Maryland Association for CDCs
(11) Minnesota Center for CED
(12) Mississippi Association of CED
(13) Affordable Housing Network of New Jersey
(14) New York CED Network
(15) North Carolina Association of CDCs
(16) Ohio CDC Association
(17) Association of Oregon CCS
(18) Pennsylvania Federation of CCS
(19) Rhode Island Association of Nonprofit Housing Developers
(20) South Carolina Association of CCS
(21) South Dakota Rural Enterprise, Inc.
(22) Tennessee Network for CED
(23) Texas Association of CCS
(24) Washington Association for CED
(25) Wisconsin Federation for Community-based Development
(26) Missouri Association of CED
(27) Michigan Association of CED
B: STATE ASSOCIATION QUESTIONNAIRE

STATE ASSOCIATION QUESTIONNAIRE
SECTION ONE
PART A: PERSONAL INFORMATION

DIRECTIONS: Check (____) the appropriate blank

(1) State Association (Please Write in your State)

__________________________

(2) Age of the Organization
1. _____ Less than a year
2. _____ 1-3 years
3. _____ 4-7 years
4. _____ 8-10 years
5. _____ 11 or more years

(3) How long have you been a Board Member?
1. _____ Less than a year
2. _____ 1-3 years
3. _____ 4-7 years
4. _____ 8-10 years
5. _____ 11 or more years

(4) Are you a Officer Now? 1. ___ yes 2. ___ no

(5) Primary Occupation?
1. _____ Executive Director/President of a nonprofit
2. _____ Senior staff of a nonprofit
3. _____ Banking Professional
4. _____ University Professional
5. _____ Community Volunteer
6. _____ Business Owner/Manger
7. _____ Industry
8. _____ Other (please specify) ____________________________

(6) Sex?
1. _____ Male
2. _____ Female

(7) Ethnic Group?
1. _____ Asian
2. _____ Black
3. ___ Hispanic/Latino
4. ___ White
5. ___ Native American/American Indian
6. ___ Other (Please Specify ______________________)

(8) Age at last birthday?
1. ___ Under 25
2. ___ 25 - 34
3. ___ 35 - 44
4. ___ 45 - 54
5. ___ 55 and over

(9) Your highest level of education?
1. ___ High School Diploma
2. ___ Bachelors Degree
3. ___ Masters Degree
4. ___ Master plus 30
5. ___ Educational Specialist certificate
6. ___ Doctorate
7. ___ Other (Please specify)

DIRECTIONS: The best answer to each statement is your personal opinion. You may find yourself agreeing strongly with some of the statements, disagreeing just as strongly with others, and perhaps being undecided about some. Please answer all items honestly. Your answer will be kept anonymous. Do not put your name on the questionnaire. Your cooperation is greatly appreciated.

Please indicate your response to each statement by marking your answer sheet according to the following scale.

(1) SD - Strongly Disagree = 1
(2) MD - Mildly Disagree = 2
(3) U - Undecided or Unsure = 3
(4) MA - Mildly Agree = 4
(5) SA - Strongly Agree = 5

PART B
BOARD DUTIES AND SCOPE OF AUTHORITY:

(10) The Board members are assigned/selected for committees which meet on a regular basis.
(1) SD (2) MD (3) U (4) MA (5) SA
(11) The board keep(s) a permanent detailed record of all board meetings, including board actions and dissent.

(12) A standard orientation is provided for all new board members.

(13) The association provides training for board members on legal responsibilities.

(14) The association has a written code of ethics for board members.

(15) The association provides training on the code of ethics.

(16) The association require(s) board members to report any potential/actual conflict of interest.

(17) The association prohibit(s) making a loan to board members.

(18) The association prohibit(s) payment for duties performed in the capacity of board membership.

(19) The association require(s) the safe-keeping of the corporation's documents.

(20) The board holds regular meetings.

(21) The board typically has a quorum.

(22) The association specifies the approval process for changes to policies.

(23) The association follows the approval process for changes to policies.

(24) The association policies are reviewed at least annually.
FINANCIAL OVERSIGHT

(25) The Association boards guides the staff on the planning of the association’s financial resources.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(26) The Association staff guides the board on the planning of the organization’s financial resources.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(27) The Association boards guides the staff the reporting of the organization’s financial resources.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(28) The Association staff guides the board on the reporting of the organization’s financial resources.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(29) The Association provides a detailed annual budget approved by the board.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(30) The Association requires the adoption of the budget by the board before the beginning of the budget period.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(31) The Association requires that any major change of income or expenditure, during the budget year, which would significantly alter the annual plan of operation will be reflected in a budget revision and approved by the board.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(32) The Association specifies a dollar amount of expenditures that requires board’s approval.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(33) The Association’s financial reports are prepared monthly or quarterly to the board of directors.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(34) The Association contracts for an annual audit performed by an independent certified public accountant (CPA).
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(35) The external auditor prepares the management letters and audit report including the financial statements and presented directly to the board.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA
MANAGING RISK

(36) The Association possesses general liability insurance.
(1) SD (2) MD (3) U (4) MA (5) SA

(37) The Association possesses directors and officers insurance.
(1) SD (2) MD (3) U (4) MA (5) SA

(38) The Association possesses other liability insurance.
(1) SD (2) MD (3) U (4) MA (5) SA

(39) The Association use protection agreements (e.g. waivers, disclaimers, or hold-harmless agreements) (voluntarily and knowing) for harm/potential harm caused by or happened to volunteers.
(1) SD (2) MD (3) U (4) MA (5) SA

(40) The Association possess fidelity bonding for anyone with access to funds/assets.
(1) SD (2) MD (3) U (4) MA (5) SA

EVALUATION & PLANNING

(41) The Association develops a long term plan with objectives to be accomplished based upon the organization’s mission.
(1) SD (2) MD (3) U (4) MA (5) SA

(42) The Association establishes a yearly business plan with annual goals.
(1) SD (2) MD (3) U (4) MA (5) SA

(43) The Association’s fund-raising strategies are included in both the long-range plan and yearly plan.
(1) SD (2) MD (3) U (4) MA (5) SA

(44) The Association conducts regular assessments such as the strengths, weakness, opportunities and threats (SWOT) of the organization before planning major changes in associations programs/services.
(1) SD (2) MD (3) U (4) MA (5) SA

(45) The Association requires yearly program evaluation assessing program outcomes/results, based upon established performance measures.
(1) SD (2) MD (3) U (4) MA (5) SA
The Association periodically assesses, management practices (planning, board governance, and human resources management {e.g. EEO, turnover, salary & benefits compensation. (1) SD (2) MD (3) U (4) MA (5) SA

GOALS AND OBJECTIVES USED MEASURE SUCCESS

The board is successful in setting goals and objectives of the association. (1) SD (2) M (3) U (4) MA (5) SA

The board is successful in defining strategies to reach goals and objectives of the association. (1) SD (2) MD (3) U (4) MA (5) SA

The board is successful in establishing policies to reach goals and objectives of the association. (1) SD (2) MD (3) U (4) MA (5) SA

The Association has been successful in achieving its goals and objectives. (1) SD (2) MD (3) U (4) MA (5) SA

The Association provides an adequate management/leadership training for board members. (1) SD (2) MD (3) U (4) MA (5) SA

Rate each on a scale of importance from one to five with one being the least important and five being the most important. Indicate which goals you have used in evaluating the state association’s success. (1=lowest, 5=highest)

Receive or increase State funding 1 2 3 4 5
Provide staff training and development 1 2 3 4 5
Affecting Policy of the Legislature/Assembly 1 2 3 4 5
Increase aid of outside institutions in community development 1 2 3 4 5
Reduce unemployment 1 2 3 4 5
Provide networking opportunities 1 2 3 4 5
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Board duties and scope of Authority</th>
<th>Financial oversight</th>
<th>Evaluation and Planning</th>
<th>Managing Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalsimer, (1995) p.1 National Center for Nonprofit Boards</td>
<td></td>
<td>Board members recognize that financial oversight is a necessary task in fulfilling their board responsibilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dalsimer, (1995) p.12 National Center for Nonprofit Boards</td>
<td></td>
<td>Nonprofit organizations must prepare annual financial statements, which will be shared with people outside the organization.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks, (1990) p. 4 National Center for nonprofit boards</td>
<td>A nonprofit organization’s board of directors is ultimately responsible for the welfare and future prosperity of the institution.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Howe, (1993) p.23</td>
<td>Board Effectiveness - to assure the board fulfills the foregoing governance responsibilities and maintains effective organization, procedures and recruitment.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ingram, (1995) National Center for Nonprofit Boards</td>
<td>Determine and monitor the organization’s programs and services</td>
<td>Manage resource effectively Ensure adequate resources</td>
<td>Ensure effective organizational planning Assess its own performance</td>
<td>Never accept (or offer) favors or gifts from (or to) anyone who does business with the organization.</td>
</tr>
</tbody>
</table>
# C.2: POLICY AND GOVERNANCE CONTROL FACTORS

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Board duties and scope of Authority</th>
<th>Financial oversight</th>
<th>Evaluation and Planning</th>
<th>Managing Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tremper and Babcock, (1994) p.2 National Center for Nonprofit Boards</td>
<td>The board’s obligation is to ensure that risk management is an integral part of all organization activities</td>
<td>To prevent the untimely demise of a nonprofit organization, risk management is essential.</td>
<td>A board active in risk management can help an organization achieve its maximum potential.</td>
<td>The board of directors has a legal duty to conserve and protect the assets of the organization. The need to understand risk and protect against loss. The traditional rule is that directors and officers personal liable for a breach of their duties of care, loyalty, or obedience to the organization.</td>
</tr>
<tr>
<td>Duca, (1996) p. 72</td>
<td>In agreeing to serve on the board of a state association, a member should be prepared to attend to the affairs of the corporate body and devote energy to fulfilling the responsibilities of the position of trust</td>
<td>“the governance theory perspective policy making should be guided by questions about governance and not administrative details.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Szanton, (1995) National Center for Nonprofit Boards</td>
<td>Boards main job is to ensure is adequately supported by the outside environment.</td>
<td>Nonprofit boards must oversee the internal operation: program direction, budget.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### C.3: POLICY AND GOVERNANCE CONTROL FACTORS

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Board duties and scope of Authority</th>
<th>Financial oversight</th>
<th>Evaluation and Planning</th>
<th>Managing Risk</th>
</tr>
</thead>
</table>
Three nonprofit board's role: 1) philosophy, principles, and policies. 2) decision making; and 30 control, constrains, and freedom. | boards have legal and fiduciary duties | Boards approve long-term strategies. Involving thinking about strategic directions | Boards are charged with protecting the organization |
| Louden, (1982).                       | establishing policies to guide the operation of the agency, hiring the chief executive officer.  
Financial development - responsibility for funding the planning and policy decisions | Monitoring the implementation of planning and policy decisions |                                                     |                                                  |
| Howe, (1995) National Center for Nonprofit Boards | Fund-raising is a core responsibility  
The board is responsible for ensuring financial viability |                                                     | Boards should devote to selection process of board members |                                                  |
| Axelrod, (1993)                       | The board has an obligation to ensure organization is properly administered.  
Boards ensure bylaws and policy documents are up to date |                                                     |                                                     |                                                  |
Dear Board Member:

I am currently a doctoral candidate at Louisiana State University and Chairman of the Louisiana Association for Community Economic Development (LaCED) conducting a study on members of the boards of directors for state associations. The title of my dissertation is "The Perceptions of Members of Boards of Directors for State Associations Serving Community-Based Development Organizations Regarding Policy, Governance and Administrative Procedures." I will be sending you a 52-item questionnaire in about 2-3 weeks. I obtained your address from your CEO/Executive Director.

Your state association has been selected along with the other 29 associations that are members of the National Congress for Community Economic Development. This is a national study to help determine the extent to which members of Boards of Directors of state associations serving community-based development organizations perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards. This is the first time that the members of state association’s board of directors will be studied on a national level and is an excellent opportunity to collect data to determine areas of need and perceptions of individual board members.

Please be aware that both your time and effort in completing and returning the upcoming questionnaire is crucial to the success of the study and sincerely appreciated. Your answers to the upcoming questionnaire will be kept anonymous and confidential.

Thank you in advance for your support and I look forward to receiving your completed questionnaire. If you have any questions or comments, please call me at xxx-xxx-xxxx or e-mail me at xxxx@aol.com.

Your cooperation is greatly appreciated.

Sincerely,

Ernie Troy Hughes
Ph.D. Candidate
E: LETTER TO STATE ASSOCIATION BOARD OF DIRECTORS

July 9, 1999

Dear Board Member:

A few weeks ago, I wrote advising you of my interest in doing research on the perceptions of members of boards of directors for state associations. I am currently a doctoral candidate at Louisiana State University and Chairman of the Louisiana Association for Community Economic Development (LaCED) conducting a study on members of boards of directors for state associations. I am sending the attached questionnaire to you and other board members around the country for completion.

Your state association along with 26 other associations, who are members of the National Congress for Community Economic Development (NCCED), has been selected to participate in this survey. This is a national study to help determine the extent to which members of Boards of Directors of state associations, serving CBDOs, perceives that their organization adhere to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards. During the closing session of the 1998 NCCED annual conference in Kansas City, Missouri, I presented to the state associations my intention to conduct a national study to advance the state association field that focuses on boards of directors. This is the first time that the members of state association board of directors will be studied on a national level and is an excellent opportunity to collect data to determine areas of need and perceptions of individual board members.

With the support of Ms. Carol Wayman, Policy Director of NCCED and the Louisiana State University School of Vocational Education, we will try to determine the perceptions of members of boards of directors for state associations serving CBDOs regarding policy and governance procedures.

Please be aware that your time and effort in completing and returning this questionnaire is both crucial to the success of the study and sincerely appreciated. Your information will be held confidential and anonymous. We ask that you take time to review the enclosed material and return it to us in the enclosed envelope. To stay on a timely schedule, we ask that you get the information back to us by July 23, 1999. If you have any questions, please call me at work at (xxx) xxx-xxxx, home at (xxx) xxx-xxxx or e-mail at xxxx@aol.com.

Thank you for taking the time to advance the nonprofit community economic development industry and helping with this most important issue. Your cooperation is greatly appreciated.

Sincerely,

Ernie Troy Hughes
Ph.D. Candidate

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July 16, 1999

Dear Board Member:

Last week you should have received a questionnaire concerning perceptions of members of boards of directors of state associations serving CBDOs. As of this date we have not received your response. The study is designed to provide some vital information to state associations.

If you have already responded, please accept our sincere thanks. If not, please do so today. The questionnaire was sent to all members of boards of directors of state associations serving CBDOs. Please let us hear from you by July 21st.

Let us again assure that your answers will be held in the strictest confidence. If by some chance you did not receive the questionnaire, or if it has been misplaced please let us know by calling (xxx) xxx-xxxx during business hours or at xxx-xxx-xxxx after hours.

Thank you again for your help in addressing this problem.

Sincerely,

Ernie Troy Hughes
Ph.D. Candidate
July 30, 1999

Dear Board Member:

On July 7, 1999, we sent you a letter asking for your assistance. Please take a few minutes to read this letter and send us your complete questionnaire. If you choose not to answer, only the responses of others can be used to determine the results of the survey.

This study is being conducted to find ways to determine the extent to which members of Boards of Directors of state associations serving CBDOs perceive that their organization adheres to the procedures and guidelines for effective Boards as established by the National Center for Non-Profit Boards. Your help is needed very much.

Please be aware that your time and effort in completing and returning this questionnaire is both crucial to the success of the study and sincerely appreciated. Your information will be held confidential and anonymous. We ask that you take time to review the enclosed material and return it to us in the enclosed envelope. To stay on a timely schedule, we ask that you get the information back to us by August 10, 1999. If you have any questions, please call me at work at (xxx) xxx-xxxx, home at (xxx) xxx-xxxx or e-mail at xxxxx@aol.com.

Thank you for taking the time to advance the nonprofit community economic development industry and helping with this most important issue. Your cooperation is greatly appreciated.

Sincerely,

Ernie Troy Hughes
Ph.D. Candidate
H: SCRIPT FOR TELEPHONE FOLLOW-UP OF NONRESPONDENTS

Researcher: “Hello, I would like to speak to Mr. (name of non-respondent).”

“I’m calling regarding the questionnaire on Members of Board of Directors for State Association that you should have received earlier this week. We wanted to make sure you received the questionnaire and to ask if you will be able to respond to this telephone survey of 10 questions?

Respondent: If answer is “NO.”

Researcher: Thank you for your time. (Researcher marks as a refusal)

Respondent: If answer is “Yes.” (Continue to ask the 10 questions.)

Researcher: “We appreciate your help and cooperation. (Researcher marks as willing to fill in questionnaire)

If leaving a message: Ernie Troy Hughes called regarding the questionnaire on Members of Board of Directors for State Association to ask if possible to please respond in the next few days. If they have any questions or problems please call at (XXX) XXX-XXXX. Thank you.
I: STATE ASSOCIATION NON-RESPONDENT QUESTIONNAIRE

(1) Ethnic Group?
1. ____ Asian
2. ____ Black
3. ____ Hispanic/Latino
4. ____ White
5. ____ Native American/American Indian
6. ____ Other (Please Specify ______________________)

(2) The board keep(s) a permanent detailed record of all board meetings, including board actions and dissent.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(3) A standard orientation is provided for all new board members.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(4) The association follows the approval process for changes to policies.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(5) The Association boards guides the staff on the planning of the association’s financial resources.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(6) The Association contracts for an annual audit performed by an independent certified public accountant (CPA).
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(7) The Association conducts regular assessments such as the strengths, weakness, opportunities and threats (SWOT) of the organization before planning major changes in associations programs/services.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(8) The Association periodically assesses, management practices (planning, board governance, and human resources management (e.g. EEO, turnover, salary & benefits compensation.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA

(9) The Association provides an adequate management/leadership training for board members.
(1) SD  (2) MD  (3) U  (4) MA  (5) SA
(10) Rate each on a scale of importance from one to five with one being the least important and five being the most important. Indicate which goals you have used in evaluating the state association's success. (1=lowest, 5= highest)

<table>
<thead>
<tr>
<th>Goal</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Receive or increase State funding</td>
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VITA

Ernie Troy Hughes was born in Grenada, Mississippi, September 5, 1965. His parents are Mr. and Mrs. Homer Hughes, and he has three brothers and five sisters. Ernie graduated from Grenada High School in 1984. He obtained a bachelor of business administration degree in finance in 1988 and a master of business administration in 1991 both from Mississippi State University. Ernie is a candidate for the degree of Doctor of Philosophy from Louisiana State University with an anticipated date of graduation in December of 1999.

Ernie’s work experience includes teaching, training, and professional speaking. For the last six years, he has worked closely with nonprofit organizations to build capacity to restore communities and to assist the field of community economic development. In addition, he is highly involved within the community and economic development field in many capacities such as a board member and consultant. Currently he serves on several national and regional initiatives for community economic development.

Ernie is married to Deadra Hilliard Hughes, and they reside in Baton Rouge, Louisiana. They are members of the Shiloh Baptist Church, where Ernie is a Sunday school teacher and Deadra sings in the choir. They have two children, Troy and Deyon.
DOCTORAL EXAMINATION AND DISSERTATION REPORT

Candidate: Ernie Troy Hughes

Major Field: Vocational Education

Title of Dissertation: The Perceptions of Members of Boards of Directors for State Associations Serving Community-Based Development Organizations Regarding Policy and Governance

Approved:

Major Professor and Chairman

Dean of the Graduate School

EXAMINING COMMITTEE:

Date of Examination: 10/7/99