RESEARCH NOTES

The Nonprofit Board as a Team
Pilot Results and Initial Insights

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There is a growing desire for boards of nonprofits to deliver better governance to the organizations they control. Consequently, self-evaluation has become an important tool for nonprofit boards to meet these expectations and demonstrate that they are discharging their responsibilities effectively. This article describes initial results aimed at developing a psychometrically sound, survey-based board evaluation instrument based on the Team Development Survey, which assesses the team attributes of an organization’s board. Our results indicate that while constructs applicable to teams generally appear to apply to boards, there are also important differences. We highlight how a perception of board objective clarity, appropriate skills mix, resource availability, and psychological safety were positively and significantly associated with measures of board, management, and organizational performance.

Keywords: board evaluation, boards of directors, nonprofit governance

A nonorganization’s board can have profound effects on both organizational outcomes and personal well-being. At one end of the spectrum, there is an increasing recognition of...
the positive roles that a board can play in creating value for the organization it governs (for example, Huse, 2007), particularly in nonprofit boards (for example, Brown, 2002, 2005; Herman and Renz, 1998; Jackson and Holland, 1998). At the other end are numerous well-documented instances of board failure affecting organizational performance (see Carman, 2011) as well as a string of significant cases highlighting potentially disastrous results for the individuals involved (see McGregor-Lowndes, 1995, discussing the National Safety Council case in Australia). The relationship between boards and organizational performance does not appear related to any single context; for instance, board failure transcends national boundaries and regulatory systems (consider the cases of the National Safety Council in Australia; the Singapore Kidney Foundation in Singapore; the Foundation for New Era Philanthropy in the United States; and Moonbeams in the United Kingdom).

Consequently there is an increasing interest in nonprofit capacity building, both in general and for the board of directors in particular (Nobbie and Brudney, 2003). Given the broad conclusions from a global study that ineffective nonprofit boards are linked to weak organizational accountability (Salamon and Chinnock, 2004), it becomes apparent that nonprofit boards will increasingly be called to ensure they are performing at their best. If not, it is likely that mandated public reporting practices will follow, along with the added complexity, red tape, and cost (Smith and Richmond, 2007).

An important challenge facing boards seeking to develop capacity is appropriate diagnosis of their weaknesses. Despite the increasing awareness of the importance of an effective board and a plethora of normative advice, surprisingly little has been done to enable the reliable diagnosis of problems facing nonprofit boards, particularly outside North America. Mirroring research on their for-profit counterparts (for example, Finkelstein and Mooney, 2003), research conducted into nonprofit boards reveals a general belief that significant improvements are possible (Morrow and Bartlett, 2007) but that measurement and diagnosis across a broad swath of organizations is difficult (for example, Nicholson and Newton, 2010).

In this article we present initial results relating to the development of a new diagnostic tool for nonprofit boards and show that focusing on the nonprofit board as a team appears to be a fruitful avenue for continued research. First, we present the logic behind our approach, including a brief overview of the growing interest in the behavioral aspects of corporate governance and how the board operates as a group or team. We then briefly highlight peer-reviewed diagnostic tools currently available to the sector before presenting our results and concluding with the implications of our findings for research and practice.
Developing a Team-Focused Diagnostic for Nonprofit Boards

A challenge for any governance diagnostic tool in the nonprofit arena is the diversity and range of contexts (for example, size, culture, industry, and so on) in which it will be used. Nonprofits vary from flat, feminist-inspired structures to church theocratic bureaucracies that take many different legal forms. This means different nonprofits will have different legal requirements and expectations as to their tasks, responsibilities, and attitudes to governance. For example, a recent survey of a narrow sample of health and allied nonprofits in one region in Australia identified six different legal structures in use (Nicholson, Newton, and Sheldrake, 2008; see Figure 1). Consequently, the requirements and even operating

Figure 1. Legal Forms of Nonprofit Health Organizations in One Australian State
procedures for governing bodies is likely to be highly variable if viewed primarily from a legal perspective.

Growing interest in group effectiveness at a board level (Finkelstein and Mooney, 2003; Forbes and Milliken, 1999; Hillman and Dalziel, 2003; Nicholson and Kiel, 2004) and human behavior within boards and governing groups (for example, Leblanc, 2005; Pye, 2005; van Ees, Gabrielson, and Huse, 2009) offers an approach to address this challenge. This strong and growing tradition in the general corporate governance literature recognizes that good governance relies on the behavior of people as much as the law (for example, Sonnenfeld, 2002) and that the phenomenon of effective organizational governance is situated in multiple levels: It is an organizational, group, and individual phenomenon (Dalton and Dalton, 2011).

The multidisciplinary recognition of the group-based nature of effective corporate governance is another important advantage of focusing on group performance in the articulation and measurement of effective governance. For instance, legal scholars are clear that it is the board (or group), not individual directors, with the power to make decisions (Bainbridge, 2003), while other major disciplines, including sociology (Pfeffer, 1973), psychology (Davis, Schoorman, and Donaldson, 1997), and economics (Eisenhardt, 1989), highlight important behavioral factors thought to influence good board decision making and effective personal action. Quite simply, there is strong and growing evidence that the effectiveness of an organization’s governance system relies on an effective board operating well together as a team. Thus, many view opening the “black box” of how the board operates as the most important challenge facing the field (Daily, Dalton, and Cannella, 2003; Huse, 2005).

By focusing on the board as a group or team, we are clearly delimiting organizational performance from governance task (or board role) performance. Board role and organizational performance do not form part of our primary research focus in this article due to important empirical and theoretical considerations. We do not include organizational performance for two important reasons. First, there is a long mediation process between what boards do and effective organizational performance—things like the business environment, management, and luck matter (Hillman and Dalziel, 2003; Nicholson and Kiel, 2004). Second, the problems associated with comparing performance across a broad range of nonprofit organizations are well recognized (Herman and Renz, 1997, 2004) and are beyond the scope of a psychometrically valid self-diagnosis tool for boards.

Similarly, board role execution (or task performance) is a particularly difficult subject to diagnose and measure. Again, we exclude it from our diagnostic tool for two important reasons. First, definitional problems abound, with different authors employing different typologies (for example, compare Hillman and Dalziel, 2003; Hung,
1998; and Johnson, Daily, and Ellstrand, 1996), and emerging evidence suggests that these typologies do not match how governors and managers think about their roles (Nicholson and Newton, 2010). A major insight of the general groups literature is that the group finds it difficult to assess its team product—that is, what the team does. The alternative is to seek external measures of board role performance, a difficult and complex task that to date has provided different assessments of performance from different stakeholders (Herman and Renz, 1997, 2004). In summary, there are significant conceptual and practical difficulties in measuring board role and organizational performance.

In contrast, there is significant evidence that groups can validly measure their internal attributes (Hackman, 2002). Our approach builds on the group effectiveness research agenda of Hackman, Wageman, and colleagues (Hackman, 2002; Hackman and Wageman, 2005a, 2005b). Specifically, we utilize concepts and elements of their team development model and its associated instrument, the Team Development Survey (TDS) (Wageman, Hackman, and Lehmann, 2005). The TDS model provides a strong empirical and theoretical basis for understanding the social forces at work in boards, and we have adapted its key elements to assess group-based attributes of nonprofit board governance in the Australian context. Our approach involved developing new constructs and items, revising existing items, and removing constructs not relevant to our context. A full list of the items (grouped by construct) is provided in the Appendix to this article, where an italicized item indicates a direct derivation from Wageman, Hackman, and Lehmann (2005).

Comparison with Existing Instruments for Nonprofit Governance Diagnosis

Ensuring that a governing body or team functions appropriately and effectively necessitates evaluation. Yet there are few validated tools to help governing bodies evaluate their work. Most relevant to nonprofits are the Slesinger self-assessment tool (Slesinger, 1991), the Board Self-Assessment Questionnaire (BSAQ) (Holland, 1991), and the Governance Self-Assessment Checklist (GSAC) (Gill, Flynn, and Reissing, 2005), North American tools that have been subject to significant peer review.

These tools have made valuable contributions to our understanding of nonprofit governance; however, there are three important reasons why an open, validated, group-focused diagnostic for boards would build on this early work. First, the current tools do not provide a clear separation between organizational performance and board effectiveness. For instance, Slesinger’s (1991) board evaluation tool, explored by Herman and Renz (1997, 1998, 2004), provides high correlations between board and organizational performance,
suggestive of a mixing of the two concepts. This is corroborated by the general conclusion of Herman and Renz (1998) that “both board members and chief executives apparently regard the financial condition of the organization as the true measure of board effectiveness” (p. 700). Although this may be the perception of their performance by those involved in governance (put another way: their performance is organizational performance, and generally the single dimension of financial performance), this does not mean that it is accurate. For example, it might not be what others or society would perceive. The different ratings of performance provided by different stakeholders support this conclusion. Given the overlap between perceptions of organizational and board performance reported here, there are significant conceptual difficulties with unidimensional (or single-factor) measures of board performance (as reported in the other diagnostic instruments we review later). As the academic literature clearly separates board and organizational effectiveness (for example, Dalton and Dalton, 2011; Huse, 2007), addressing this issue is an important concern for boards seeking to understand their performance.

A second issue common to all the board evaluation tools is the lack of clear empirical support for the theoretical structure of the measures of board effectiveness they posit. Slesinger's self-assessment tool (1991), the BSAQ (Holland, 1991), and the GSAC (Gill, Flynn, and Reissing, 2005) each report that all items load on the single factor of board effectiveness. Yet the diagnostics are positioned as measuring different dimensions of board effectiveness. For instance, Slesinger's tool has been adapted to an eleven-dimension, single-construct model (Herman and Renz, 1997, 1998, 2004); the BSAQ involves six dimensions of an effective board (Holland, 1991); and the GSAC (Gill, Flynn, and Reissing, 2005) has twelve dimensions but is explained only as a single construct of board effectiveness.

This point is critical in a diagnostic tool, as multidimensionality suggests, either explicitly or implicitly, that boards need action to improve their performance on the dimensions provided to effect overall performance changes. The minimal evidence that these dimensions are validly measurable (and the lack of exploration of the relationships between the various dimensions) suggests that further work could improve our understanding of boards and provision of interventions. For instance, the dimensionality of Slesinger's (1991) tool does not appear to have been fully investigated. The BSAQ appears to mix the conceptually different categories of precise board role performance (for example, strategic skills, political skills) with group (for example, interpersonal) and individual-based measurements (for example, analytic, education). Similarly, the GSAC, while reporting differences in means across the dimensions, provides 144 items in twelve scales (average twelve items per scale) reflected in very high reliability scores (Cronbach's alpha), which suggests that items could easily be dropped to improve the tool. Put simply,
psychometric testing suggests that the more items included in a sur-
vey, the less clear are the underlying constructs.

When current tools are taken together, it seems that they may
not have the discriminant validity necessary to inform boards on
what aspect of their performance they should improve. This is best
done by reporting correlation tables and other results that highlight
the relationships between variables (for example, factor analyses) as
important steps required to establish the structure of board effec-
tiveness and its valid measurement. Without these steps, it is possi-
ble that boards are being directed to assess the wrong aspects of their
performance or (more likely) that they measure some dimensions of
effectiveness more validly than others. To advance the field in a con-
sistent and coherent fashion, end users and researchers need to
understand these aspects of any diagnostic instrument.

A third challenge is one common to academic work, particularly
with respect to boards: limitations arising from technical issues.
Good psychometric measurement requires one of two approaches.
In one approach, the researcher can concentrate on a very narrow
aspect of measurement, such as a single subdimension of effective-
ness. In the current context, this would allow for a deep but narrow
understanding of an aspect of board effectiveness. An alternative
approach is to undertake a committed program of research where the
tools develop as researchers gain a better understanding of the con-
cepts being studied and the items being used to measure these
concepts across multiple concepts. Current diagnostics typically favor
the second approach and could be improved through greater consis-
tency in operationalization and application to more general populations.
Perhaps the most rigorous development documentation is provided
by the BSAQ, where the number of items varied across the devel-
opment cycle. The original article reports sixty-nine items
(Holland, 1991); the second, seventy-three items (Jackson and Holland,
1998); the third did not report the number of items (Holland and
Jackson, 1998); and the fourth reported thirty-seven items (Brown,
2005). Given the range of reliability scores reported across the stud-
ies, the lack of detail on what or why items were removed, and the
emphasis on a single dimension of effectiveness in the results, there
are important limitations to any claims made about how the tool can
guide board improvement. Similarly, several samples appear to be
quite atypical and would benefit from a broader sample frame if the
results are to be applied in a wider governance setting.

Overall, while the peer-reviewed instruments available to boards
and researchers are a positive step, they lack the discrimination nec-
essary to highlight best the aspect of performance that a board needs
to improve or address. These diagnostics all tend to focus on “over-
all” board performance and have not reliably established the requi-
site dimensionality that could guide board change. To use a
metaphor, while it is important for a doctor to tell patients they are
sick, it is more useful to tell them what part of their physiology is
affected and how one symptom relates to another. The focus on overall board performance also introduces the problem that the diagnostics presented here, to varying degrees, fail to differentiate between organizational and board performance. Given expected time lags between board action and performance and possible interactions with multiple factors (including management performance), this is problematic. For instance, if management is performing well, organizational performance measures may not reveal that a board is performing poorly; it is only when management changes that these board deficiencies will flow through to organizational performance (Nicholson and Kiel, 2004). Thus, measures that conflate board and organizational performance could be misleading. Finally, there are some unique samples used in the research that would appear to differ substantially from many nonprofit contexts.

Conceptualizing the Board as a Team

One way to move beyond a unitary understanding of board effectiveness is to recognize the importance of team structure to board—and therefore governance—performance (Bainbridge, 2002; Forbes and Milliken, 1999; Huse, 2007). Focusing on the board as a team also addresses problematic measurement and validity concerns posed by differing legal structures and compliance requirements of directors both within and between countries.

Since a board has important differences from traditional work groups in terms of structure and power, there are strong theoretical and practical reasons for developing a tool specifically designed for this context. First, unlike other work groups, boards are *sui generis* (or a separate legal entity) (Bainbridge, 2002) with members not reporting to a superior but elected by members and with equal formal power. Second, boards tend to be larger, composed of more outsiders, and meet more episodically than traditional work groups (Forbes and Milliken, 1999). These differences tend to be even more pronounced in the nonprofit sector.

Our basic model follows the essential elements of Wageman, Hackman, and Lehmann's (2005) TDS model, adapted for the unique nature of the governing body. It consists of five components, illustrated in Figure 2. As the figure indicates, we do not propose specific relationships between the model components or that these components, in themselves, ensure effectiveness but rather believe that they provide the foundation for effective execution of governance tasks.

First, we examine whether there is a clear delineation in the boundaries of the governance group, a widely cited attribute of an effective board (for example, Carter and Lorsch, 2004; Fishel, 2008; Kiel and Nicholson, 2003). This aspect of the instrument aims to measure whether board members (1) know who is on their “governance
team”; (2) know what they need to do; and (3) work together as a group. This component of the instrument is based on Wageman, Hackman, and Lehmann's (2005) concept of a real team and an element of their model that deals with compelling direction.

Second, we address the widely acknowledged challenge of ensuring an appropriate mix of talent around the board table (for example, Hough, McGregor-Lowndes, and Ryan, 2006; Nicholson, Newton, and Sheldrake, 2008). This component of the instrument recognizes that there are many ways to organize the governing body; for that reason, it does not prescribe a “best” standard for governing board composition. For instance, it does not assess boards against any ideal list or mix of skills. Instead, the instrument seeks to prompt boards to reflect on how appropriate they see the board's composition in three different dimensions. Items covering the level of diversity and experience base require board members to assess composition in light of their specific context.

Third, we aim to identify whether the board has a clear vision for its role and the organization. Defining what is strategy and a governing body's role in the strategy development process is beyond the scope of this article (see, for example, Hendry, Kiel, and Nicholson, 2010; Stiles and Taylor, 2001, for reviews of the board’s role in strategy). Instead, we follow Wageman, Hackman, and Lehmann (2005) to assess whether the board finds its work sufficiently challenging and engaging. If the board’s work is not challenging and engaging, the board is likely to lack a strategic focus and not engage all board members. The instrument seeks to measure whether the board believes it is in control of the organization and pursuing a worthwhile direction.

The fourth aspect of our model examines whether the board has the requisite information and processes to operate effectively. This element of the survey concentrates on whether a board's processes and resources are adequate and appropriate. It seeks to measure the
views of board members about the adequacy and timeliness of the information they receive and if the governing body may require any other material resources to carry out its role.

Finally, an effective group needs to continue to evolve, and so the final element of the survey involves assessing the feedback mechanisms in the board. We particularly focus on peer-to-peer support, aspects of teamwork, group norms, and the nature of the relationships between board members and between the board and the management team.

Diagnostic Instrument and Early Results

The aim of this project is to develop a psychometrically sound instrument to assist nonprofit boards in measuring the team-based aspects of their performance. In this article we present initial results for the team-based constructs that were adopted and adapted to ensure contextual relevance to nonprofit boards. To improve face and construct validity, we circulated the draft instrument to a panel of governance practitioners. Unless we had strong theoretical reasons to the contrary, we made further changes and refinements to the instrument based on their responses prior to conducting the survey.

Participants and Procedure

In total, 118 active nonprofit board members from eighteen boards around Australia took part in the survey. Participants served on boards drawn from industries including education, research, health, and social services. The mean size of each board was 9.9 members (standard deviation \[SD = 4.82\]). Board members were invited via invitation or word of mouth to participate in the survey. The chair of each board was provided with a code so that we could identify the board to which each participant belonged. This code was provided to each board member, who was then able to access the relevant survey via a secure Internet survey system. As part of this process, each board member also generated a unique code known only to him or her, allowing future tracking of responses across different survey instruments and over time.

Preliminary Results

As the survey is still in its pilot phase, we are unable to provide exhaustive modeling of the data to explore in-depth multivariate relationships. However, we can present preliminary data analyses related to each construct and also consider the relationships of these constructs to subjectively rated performance outcomes to examine the relative efficacy of the team-based focus of the instrument. Table 1 presents means, SDs, and intercorrelations for the
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<tr>
<th>Variable</th>
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<td>1. Defined</td>
<td>3.43 (0.95)</td>
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<td>2. Interdependent</td>
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<td>3. Clear</td>
<td>3.86 (0.88)</td>
<td>0.19*</td>
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<td>4. Consequential</td>
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<td>5. Diversity</td>
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<td>6. Skills</td>
<td>3.78 (0.78)</td>
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<td>0.59**</td>
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<td>7. Information</td>
<td>3.85 (0.55)</td>
<td>0.08</td>
<td>0.06</td>
<td>0.50**</td>
<td>0.41**</td>
<td>0.21*</td>
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<td>8. Resources</td>
<td>3.85 (0.65)</td>
<td>0.14</td>
<td>0.00</td>
<td>0.51**</td>
<td>0.18</td>
<td>0.27**</td>
<td>0.34**</td>
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<td>9. Task</td>
<td>3.78 (0.73)</td>
<td>0.22*</td>
<td>0.50**</td>
<td>0.56**</td>
<td>0.38**</td>
<td>0.55**</td>
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<td>10. Unhelpful</td>
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<td>0.12</td>
<td>0.00</td>
<td>0.04</td>
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<td>11. Psychological safety</td>
<td>4.05 (0.56)</td>
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<td>0.38**</td>
<td>0.57**</td>
<td>0.42**</td>
<td>0.48**</td>
<td>0.54**</td>
<td>0.46**</td>
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<td>0.70**</td>
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<td>12. Organization</td>
<td>4.03 (0.79)</td>
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<td>0.58**</td>
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<td>13. Board</td>
<td>3.84 (0.86)</td>
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<td>0.69**</td>
<td>0.36**</td>
<td>0.53**</td>
<td>0.67**</td>
<td>0.46**</td>
<td>0.51**</td>
<td>0.64**</td>
<td>0.05</td>
<td>0.60**</td>
<td>0.71**</td>
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<td>14. Management</td>
<td>4.29 (0.62)</td>
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<td>0.48**</td>
<td>0.10</td>
<td>0.32**</td>
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<td>0.63**</td>
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<td>15. Board-management</td>
<td>4.15 (0.80)</td>
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<td>0.30**</td>
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<td>0.36**</td>
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*p < 0.05.

**p < 0.01.
constructs related to the board as a team, psychological safety, and the single-item organizational performance measures. The constructs and example items are presented in the Appendix to this article.

The diagonal of Table 1 displays the reliability coefficients for the multi-item constructs. Inspection of the table reveals that the majority of scales satisfied the generally accepted threshold for internal reliability using Cronbach’s (1951) alpha coefficient (i.e., alpha > 0.70). Two other variables, “resources” and “independent,” were above 0.60 and were retained, given the exploratory nature of this research. Three other original variables (“challenge,” “stable,” and “set by the board”) had alpha coefficients that fell well below the threshold and were excluded from further analysis. For these variables, we have developed additional items or reworded existing items for further analysis in future surveys.

Overall, the results are generally favorable for this part of the survey development process. The significant correlations between variables are logically interpretable and generally in line with expectations. In addition, those variables that might be considered independent variables in future models are not correlated so highly as to present potential multicollinearity issues in any future research.

Tests of the Predictive Ability of the Model

Four multiple regression analyses were performed to investigate the predictive ability of the team-based model and psychological safety on self-reported performance. Performance variables assessed board, organizational, board–management, and management team performance. All team variables and psychological safety were entered on step 1 simultaneously. The results are displayed in Table 2.

As reported in Table 2, entry of the team variables and psychological safety at step 1 accounted for significant increments in variance for ratings of board ($R^2 = 0.64$, $F(11,102) = 16.59$, $p < 0.001$), management team ($R^2 = 0.31$, $F(11,98) = 4.01$, $p < 0.001$), board–management collaboration ($R^2 = 0.48$, $F(11,100) = 8.22$, $p < 0.001$), and organizational ($R^2 = 0.43$, $F(11,102) = 7.09$, $p < 0.001$) performance. The value of the model we propose is supported by the differences in significance between constructs seen across these analyses. For instance, board performance was significantly and logically predicted by clarity of board objectives ($\beta = 0.30$, $p < 0.01$), appropriate skills of board members ($\beta = 0.27$, $p < 0.05$), and board resource availability ($\beta = 0.18$, $p < 0.05$). For management team performance, clarity ($\beta = 0.34$, $p < 0.05$) and resources ($\beta = 0.29$, $p < 0.05$) were most important, and for board–management collaboration performance, team psychological safety was the most significant driver ($\beta = 0.23$, $p < 0.05$). Last, from an organizational performance perspective, the key team-level predictor was the clear
objective of the board ($\beta = 0.39, p < 0.01$). Overall, these results point to differential importance and prediction of key team-level and psychological variables that are vital to consider in assessing and advising on the many facets of board and organizational performance.

**Discussion**

This article seeks to respond to the increasing emphasis placed on board effectiveness in the nonprofit sector by outlining initial results for a diagnostic tool designed to assess the team-based aspects of a board’s performance. We chose a team focus for the diagnostic tool for three main reasons: (1) it is likely applicable across many different legal and contextual differences facing nonprofit boards; (2) it answers many calls in the general governance literature to better understand the nature of the board’s work (for example, Daily, Dalton, and Cannella, 2003; van Ees, Gabrielsson, and Huse, 2009); and (3) it provides feedback to boards on various aspects of their activities that are clearly differentiated from organizational performance and within their ability to change.

Our first major conclusion is that conceptualizing boards as a team appears to hold a great deal of promise. Although we needed to adapt and expand the well-recognized TDS diagnostic survey (Wageman, Hackman, and Lehmann, 2005), the various constructs from the team-based diagnostic survey performed well in the first major test. The reliability statistics reported here, together with the strong explanatory power for ratings of board and organizational performance.

### Table 2. Multiple Regression: Board as a Team Characteristics and Performance Outcomes

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Board Management Team</th>
<th>Board–Management Collaboration</th>
<th>Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance</td>
<td>Performance</td>
<td>Performance</td>
</tr>
<tr>
<td>Defined</td>
<td>0.07</td>
<td>−0.04</td>
<td>0.07</td>
</tr>
<tr>
<td>Interdependent</td>
<td>−0.05</td>
<td>0.05</td>
<td>0.03</td>
</tr>
<tr>
<td>Clear</td>
<td>0.30***</td>
<td>0.34**</td>
<td>0.19</td>
</tr>
<tr>
<td>Consequential</td>
<td>0.03</td>
<td>−0.10</td>
<td>0.13</td>
</tr>
<tr>
<td>Diversity</td>
<td>−0.02</td>
<td>0.17</td>
<td>−0.09</td>
</tr>
<tr>
<td>Skills</td>
<td>0.27**</td>
<td>0.08</td>
<td>0.09</td>
</tr>
<tr>
<td>Information</td>
<td>−0.03</td>
<td>−0.08</td>
<td>0.15</td>
</tr>
<tr>
<td>Resources</td>
<td>0.18**</td>
<td>0.29**</td>
<td>0.11</td>
</tr>
<tr>
<td>Task</td>
<td>0.16</td>
<td>−0.30*</td>
<td>0.06</td>
</tr>
<tr>
<td>Unhelpful</td>
<td>0.03</td>
<td>−0.06</td>
<td>0.11</td>
</tr>
<tr>
<td>Psychological safety</td>
<td>0.12</td>
<td>0.12</td>
<td>0.23**</td>
</tr>
<tr>
<td>R²</td>
<td>0.64***</td>
<td>0.31***</td>
<td>0.48***</td>
</tr>
</tbody>
</table>

*p < 0.10.

**p < 0.05.

***p < 0.01.
effectiveness, suggest that the tool is a reliable measure of things that matter to board effectiveness. At the same time, the differences reported (in both the correlation results and subsequent regression analyses) suggest that the constructs we measure are significantly different and appear to influence different aspects of performance in different ways. Initial results also suggest that some aspects of the team-based approach (notably clarity in objectives) appear to be global in their effect on perceptions of performance while other constructs may point to different elements of governance effectiveness (for example, how well the board works with management or even stakeholders).

A second major conclusion is that while conceptualizing the board as a team may be a useful frame, our initial findings also indicate that wholesale application of the general small-groups literature to boards may not be appropriate. Our findings suggest that some aspects of how boards operate may differ from general team models, possibly due to the important differences between a board and other small groups typically examined in the business context (Forbes and Milliken, 1999). For instance, the low reliability of the interdependent scale suggests that this concept may not be so applicable to boards. This makes sense: The episodic nature of the board’s work varies dramatically from most work groups that meet on a far more regular basis. Similarly, the heavy emphasis on a singular group interaction in the formal environment of a board meeting may well mean that we need to rethink how board members work together rather than just apply the findings from the groups literature.

A third major conclusion from the research is that the aspects of group performance we measured appear to be related with perceptions of performance, at both the organizational and the board level. This is important if we are to understand better how the board’s work contributes to overall organizational outcomes.

Implications for Practice

The insights from this research will, we hope, prove useful for boards, their advisers, and their regulators. First, the applicability of team-based diagnostic tools to the board suggests that group-based interventions may prove useful in developing an effective board. For instance, the strong relationship between clarity in board objectives and various aspects of perceived importance corroborates regulatory guidelines and practitioner advice to ensure there is a clear sense of agreed purpose for the board and its role.

Second, the diagnostic tool that we have developed provides an additional resource for those boards seeking to improve their performance. Specifically, it isolates a reliable way to measure aspects of what they do, so that the group can concentrate energies more appropriately on the aspects of performance that require development.
Although further research will, we hope, provide more guidance on which aspects of team performance are associated with which aspects of board and organizational performance, this is nevertheless an important step.

Limitations and Future Research

This study provides a promising start, but there are clear limitations to our results. First, there is a limited sample size ($n = 118$) in a specific context (Australian nonprofits). In addition, the sample was drawn from organizations that volunteered to participate, which may have introduced sample bias into the study. Future research could concentrate on broadening and deepening the sample so as to ensure the results are generalizable.

A second key limitation is that we have only demonstrated the relationship between our diagnostic tool and perceptions of performance. Although this is an important step, understanding the relationship between the constructs in the model and more objective measures of performance (for example, stakeholder perceptions, financial performance) would provide more clarity around the usefulness of the tool. It would also overcome possible problems of common method variance that might have influenced our results.

Despite these limitations, our findings provide a clear path for a group-based or behavioral approach to studying boards of directors. Many other aspects of group performance that we have not included in this study are worthy of investigation (such as conflict resolution behaviors). Similarly, the multilevel nature of boards (that is, board members and managers are individuals who come together as a single group) poses exciting challenges and opportunities for the study of boards. Finally, identifying the differences and similarities between different board contexts and aspects of group performance appears to hold promise for further research.

Conclusion

All groups require feedback if they are to improve their performance (Sonnenfeld, 2002). A key challenge for nonprofit boards has been sourcing a rigorous, appropriate way of gaining feedback about issues that they can influence directly. The diagnostic tool outlined in this article provides an empirically based frame, applicable across the vast majority of nonprofit boards. It offers the first step in an alternative to tools sourced from Australian for-profit products or from a different culture and is the subject of a careful and thorough approach to psychometric validation. We hope it will lead to valid and insightful feedback for nonprofit boards and, ultimately, better outcomes for them and their organizations.
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### Appendix 1: Survey Items from Our Study

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defined</strong> (i.e., clearly defined board)</td>
<td>Everyone knows who is a member of our board, and who is not. People who know this board could name all its members. It would be nearly impossible to accurately name who is and who is not a member of the board in this organization.**</td>
</tr>
<tr>
<td><strong>Interdependent</strong> (i.e., board members rely on each other and work together)</td>
<td>There is little need for board members to work together on this board.** Our board's success relies on much coordination and communication between board members. On this board, the nature of our roles or tasks requires board members to rely heavily on each other.</td>
</tr>
<tr>
<td><strong>Clear</strong> (i.e., the objectives or goals of the board are clear)</td>
<td>Every member of this board knows the board’s purposes and roles—what it is here to accomplish. It would be difficult to outline precisely what the purposes or roles of the board is in this organization.** There is a clear delineation in this organization between the roles of the board and the roles of management.</td>
</tr>
<tr>
<td><strong>Consequential</strong> (i.e., the board's role makes a difference)</td>
<td>This board’s roles are of great consequence for the organization. This board’s roles don't make much difference to the organization.**</td>
</tr>
<tr>
<td><strong>Diversity</strong> (i.e., composition of the board has the right diversity)</td>
<td>This board has the right mix of members with a diverse range of skills and experiences required of the group. The membership of this board is too diverse—people are so different that they don't work well together.** There isn't a sufficiently wide range of perspectives and experiences on this board if we are to carry out our roles.**</td>
</tr>
<tr>
<td><strong>Skills</strong> (i.e., the knowledge, skills, and experience of the board are appropriate)</td>
<td>Between them, board members have the necessary knowledge, experience, and skills to carry out the board’s roles and achieve its goals. Some board members do not possess the knowledge, skills, or experience required to contribute to the board’s work.** All board members have knowledge, skills, and experience that contribute to the board's work.</td>
</tr>
<tr>
<td><strong>Information</strong> (i.e., the board has access to the information it needs)</td>
<td>Board members find it easy to get the information they need to carry out their roles or tasks. The board has difficulty accessing the information we need to carry out our roles or tasks.** The board often finds itself unaware of information it needs to carry out its role.** The board can get the information it needs to carry out its role.</td>
</tr>
<tr>
<td><strong>Resources</strong> (i.e., the board has the resources it needs)</td>
<td>On the whole, the board is provided with appropriate resources for the job required of it. There is a definite lack of resources for the board considering the role required of it.**</td>
</tr>
<tr>
<td><strong>Task</strong> (i.e., board members provide each other with feedback on their task performance)</td>
<td>Board members help motivate each other and stimulate greater commitment to the board and organization. Board members act to ensure the board continually develops and takes the most effective approach to its role. Board members act to ensure all members’ skills, experience, and knowledge are used.</td>
</tr>
</tbody>
</table>
**Unhelpful** (i.e., board members provide unhelpful feedback on performance)

- Board members tell other board members what they should do.
- Board members tell other board members how they should do tasks.

**Psychological Safety** (i.e., board members can speak their mind)

- If you make a mistake on this board, it is often held against you.**
- Members of this board are able to bring up problems and tough issues.
- People on this board sometimes reject others for being different.**
- It is safe to take a risk on this board.
- It is difficult to ask other members of this board for help.**
- No one on this board would deliberately act in a way that undermines my efforts.
- When working with members of this board, my unique skills and talents are valued and utilized.
- There are certain issues/matters which are off-limits for discussion.**

*Italicized items indicate a derivation of the TDS (Wageman, Hackman, and Lehmann, 2005).
**Indicates a reversed item.