

The Governance Self-Assessment Checklist

An Instrument for Assessing Board Effectiveness

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This article describes the development and validation of the Governance Self-Assessment Checklist (GSAC). The GSAC was designed to assist boards of directors of nonprofit and public sector organizations to identify strengths and weaknesses in the governance of their organizations, educate board members about the essentials of good governance, and improve their governance practices. The instrument comprises 144 items organized into twelve subscales. The results of the study indicated that the subscales have excellent internal consistency reliability, exhibit good criterion-related validity, and are able to discriminate between stronger and weaker aspects of board functioning. The relative strengths and weaknesses in board effectiveness were identified, and the implications of the findings for the assessment of board effectiveness and field applications of the GSAC were discussed.

PUBLIC TRUST in boards of directors depends on transparent governance structures and processes and clear accountability to stakeholders. The assessment of board performance is essential for demonstrating accountability and generating public trust. The establishment of causal links between effective boards and strong

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organizational performance, however, is fraught with difficulties, not the least of which is the valid measurement of effective board and organizational performance. Proxy, rather than direct, measures of board and organizational effectiveness have typically been used in research studies. Board and organizational reputation, agency capacity to raise funds, and the absence of repeated financial deficits are examples of such proxy measures.

Herman and Renz (1997, 1998, 2002) discussed the difficulties in measuring organizational effectiveness and linking it to board performance. Bradshaw, Murray, and Wolpin (1992a) identified three types of objective measures of organizational effectiveness: input effectiveness (success in obtaining essential resources), throughput effectiveness (efficiency in use of resources, or cost of production) and output or outcome effectiveness (success in product or goal attainment). Cutt and Murray (2000), in a comprehensive treatment of the complexities of nonprofit effectiveness evaluation, identified "two basic kinds of evaluation standards: absolute standards and relative standards" (p. 33). Absolute standards are sufficiently concrete to allow assessment of how well an organization has achieved specified goals. Relative standards (benchmarks) allow comparison of an organization's achievements to results achieved by other organizations in a similar field or to its own past performance. Such evaluations are often expensive and beyond the capacity of current information systems.

Notwithstanding the complexities of rigorous organizational effectiveness evaluation, a small but growing body of research has identified governance best practices and examined the relationship of the latter with effective organizational performance. This article describes the development and validation of the Governance Self-Assessment Checklist (GSAC), an instrument designed to assist boards in assessing their own performance. It presents findings on the ability of the GSAC to predict organizational effectiveness, based on data from 281 board members and 31 executive directors from 32 nonprofit organizations and 27 independent observers.

Literature Review

We reviewed the literature on board performance and organizational effectiveness as well as other board assessment instruments to determine the need for a new instrument and inform the development of the GSAC.

Assessing Board Performance and Organizational Effectiveness

Bradshaw, Murray, and Wolpin (1992a), in a survey of CEOs from some four hundred Canadian nonprofit organizations, used two measures of board performance (respondent satisfaction with overall board performance and a weighted index of ratings on performance

of seven of its most important functions) and four measures of organizational effectiveness—two subjective (mission effectiveness and reputation) and two objective (growth in budget and ratio of deficit to budget over three years). They found significant correlations between thirteen board process characteristics and at least one organizational effectiveness measure. The strongest board predictors of organizational performance were board engagement in strategic planning, a CEO-led common vision, good meeting management, a pro-change core group, and low levels of internal conflict. They also found significant correlations between these characteristics and the formalization of board structure.

In a comprehensive review of empirical journal articles on strategic management in nonprofit organizations, Stone, Bigelow, and Crittenden (1999) found that the use of formal planning processes was associated with greater board and organizational effectiveness. Moreover, board involvement in strategic planning was related to attainment of the social mission of the nonprofit organization.

Green and Griesinger (1996) used a goal attainment model to assess organizational effectiveness and a decision process approach to assess board performance in sixteen organizations serving developmentally disabled adults. They examined thirty-three activities in nine areas of board responsibility by means of questionnaires and interviews with board members and CEOs. Organizational effectiveness was evaluated in terms of ratings by external evaluators and the results of accreditation surveys. Certain board activities predicted organizational effectiveness, especially policy formation, strategic planning, program monitoring, financial planning and control, resource development, board development, and dispute resolution. Green and Griesinger (1996) also found that CEO ratings of board performance were more strongly related to organizational effectiveness than were board ratings.

Herman, Renz, and Heimovics (1997) found that highly effective organizations had more effective boards as assessed by a range of stakeholder groups. Also, more effective boards were found to use a larger number of recommended board practices.

Jackson and Holland (1998) gathered responses from 623 trustees from thirty-four nonprofit organizations. They found significant correlations between organizational financial performance and board scores on the six competencies (contextual, educational, interpersonal, analytical, political, and strategic) measured in their Board Self-Assessment Questionnaire (BSAQ). The competencies were based on practices that had previously been identified by a panel of experts on board development as either very effective or very ineffective.

Nobbie and Brudney (2002) reported a significant association between organizational effectiveness (as evaluated in terms of five dimensions: goal achievement, financial ratios, resource acquisition, internal processes, and CEO job satisfaction) and the adoption of

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governance practices recommended by the Policy Governance model (Carver, 1990) and by the National Center for Nonprofit Boards (1999).

Board Assessment Instruments

Several structured instruments have been developed to assess board strategic planning and effectiveness. The BSAQ (Jackson and Holland, 1998) contains sixty-five board practices that are scored and reported in the form of the six somewhat abstract competencies noted earlier rather than in terms of more concrete conceptual categories familiar to boards, such as board structure, responsibilities, culture, and decision-making processes.

The National Center for Nonprofit Boards Questionnaire (1999) contains fifty-nine items organized into ten general areas of board responsibility and a twenty-six-item self-assessment questionnaire for individual board members. It does not, however, provide a clear focus for board structure, culture, or decision processes. The Benchmarks of Excellence tool (Mollenhauer, 2000), based on practitioner consensus, was designed as a self-assessment and strategic planning tool to be employed during a one-and-a-half-day training workshop. It consists of some 340 items organized into 28 subscales that are contained in the 100-page *Facilitator's Guide*, which is accompanied by the 30-page *Participant's Workbook*.

The Drucker Foundation Self-Assessment Tool for nonprofit organizations is designed to assist boards in strategic planning for the organization rather than with governance self-assessment, but it does provide valuable insights related to effective governance (Drucker, 1998). The Governance Information Check-Up was designed by the Canadian Comprehensive Audit Foundation (1996) to assist boards and staff in determining which performance issues are important to it and identify information requirements. It is a simple list of thirty-four general areas of information for boards to consider in ensuring successful governance. Many items in the list contain multiple rather than single concepts, which would preclude its conversion to a rating scale format (a purpose for which it was not intended).

Of all of these instruments, only the BSAQ, to the best of our knowledge, has generated validity data linking it with organizational effectiveness. The BSAQ is also the only one of these instruments to have provided norms (that is, mean values) for interpreting the performance of a given organization.

Development of the Governance Self-Assessment Checklist

After analyzing the strengths and weaknesses of these instruments and consulting other pertinent sources, the first author developed the GSAC.¹ It was designed to incorporate a relatively comprehensive research- and consensus-based set of governance best practices. The GSAC was intended to serve not only as a self-diagnostic

instrument, but also as an educational and governance improvement tool that would provide board members and senior staff with timely feedback on their own perceived use of best practices. It would also enable them to compare their own performance with normative data derived from a growing database. A report based on the GSAC assessment assists boards in identifying governance dimensions that are strong as well as those that require improvement.

The GSAC incorporated several features intended to maximize its efficiency and reliability as a self-diagnostic instrument linking best governance practices with effective organizational performance. These features included:

- Ease of use
- Simple language (see the article appendix for the fifteen-item Quick Check. Quick Check contains items that have been identified as correlating most significantly with successful governance.)
- Reasonable completion time (approximately thirty to forty minutes)
- Research-based best practice benchmarks that have been empirically associated with organizational effectiveness
- Use of general systems theory constructs (structures, functions and processes)
- Relevance to how boards are organized and work
- Comprehensiveness
- Transparency (no reverse scoring)
- Sufficient specificity to be used as a self-diagnostic, educational, and governance improvement tool
- Interpretive reports
- Provision of a normative database for purposes of comparison and interpretation

None of the already existing instruments was judged as satisfying all or even most of these features.

The content and structure of the GSAC evolved through several developmental stages. First, an initial version was piloted with two nonprofit organizations and then revised in the light of feedback from the participants and other reviewers. Second, the revised version was administered to fifteen organizations participating in a series of in-depth case study reviews (Gill, 2001) of the governance of nonprofit organizations in Canada. The organizations selected to participate in this phase included some that were known to have a history of governance problems and some reputed to be exemplary. The board chairs and executive directors in two-thirds of these organizations also completed the BSAQ (Jackson and Holland, 1998) to provide a comparison with a more established instrument that had been shown to correlate with measures of organizational effectiveness. The initial case studies also included a review of key documents and confidential interviews with board members, executive directors, other senior

The GSAC was intended to serve not only as a self-diagnostic instrument, but also as an educational and governance improvement tool.

staff, and staff representatives. Qualitative analysis of the results suggested strong links among the GSAC data, interviews, and document reviews. Third, the GSAC was revised and refined based on feedback from an independent focus group of board members, executive directors, and researchers who had no prior exposure to the instrument. Finally, further minor revisions were made in planning the study.

The purpose of the investigation was twofold. First, it examined the internal consistency reliability and criterion-related validity of the GSAC, which are basic psychometric criteria that any reputable instrument must meet. Second, given the intended use of the instrument as an assessment tool, the study tested its ability to differentiate among stronger and weaker governance practices.

Method

Sample

The sample consisted of organizations and individuals.

Organizations. Thirty-two nonprofit organizations chose to participate in the study in response to a broadly distributed invitation. Their executive directors were asked to provide basic descriptive information about their respective organizations. The participant organizations were distributed among various nonprofit sectors as follows: social service (twelve), health service (four), fundraising (three), general community benefit (three), member benefit (two), port authority (two), education (two), arts (one), recreation (one), library (one), and public regulatory (one). Most had annual budgets between \$750,000 and \$1.5 million (Canadian). The median number of board members was twelve, and the median number of annual board meetings was nine. Eighty-seven percent were registered charities, 23 percent had unionized staff, and 7 percent were accredited.

Individual Respondents. Three hundred and twelve usable responses were received from 281 board members and 31 executive directors from the thirty-two organizations. (One executive director had been hired too recently to provide valid responses.) In addition, late responses were received from 30 additional individuals from two other organizations. The data from these 30 respondents were used in reporting on the demographic background of respondents and in internal consistency analyses of the various scales. However, all other individual or organizational analyses were based only on the 312 respondents from the thirty-seven organizations that had submitted timely responses (before the cut-off date).

Fifty-seven percent of the board members were women. Eighty percent were between the ages of thirty-six and sixty-five, and 72 percent had at least a bachelor's degree. Sixty-four percent had served for three or more years, while 10 percent had served for less than eighteen months. Fifty-eight percent of the executive directors were women, and 90 percent were between the ages of thirty-six and sixty-five. Sixty-three percent had been in their jobs for at least eighteen

months, and 27 percent had been in their positions from six to eighteen months. Eighty-seven percent had at least a bachelor's degree.

Instrumentation

This section describes the format and structure of the GSAC as well as auxiliary measures and reports and procedures used in selecting the organizations that participated in the study.

Format. The GSAC can be completed in about thirty to forty minutes in a paper-and-pencil version that can later be scanned into a Microsoft Excel or SPSS database or a Web-based version that is downloaded directly into the same kind of database. Excel and Lotus Approach (Lotus Development Corporation, 2000) are employed to produce a computer-generated report.

Structure. The GSAC covers the good-governance essentials that board members ought to know about their organization, their responsibilities as board members, and effective governance practices. It uses simple terminology that is directly related to the structures of nonprofits, the responsibilities or functions of their boards, and the practices or processes followed to fulfill those responsibilities. The instrument consists of 144 items that assess the main factors in the performance of a nonprofit board of directors that are thought to influence the effectiveness of the organization. These items take the form of positive statements reflecting specific best practices. Each item is scored on a six-point scale, where Agree Strongly = 5; Agree = 4; Agree Somewhat = 3; Disagree Somewhat = 2; Disagree = 1; and Disagree Strongly = 0. The twelve subscales formed from these items are placed on the same six-point scale by dividing the total subscale score by the number of items answered. The twelve GSAC subscales are as follows:

- A. Board Effectiveness Quick Check: This subscale consists of fifteen items that have been identified in the literature as particularly closely related to successful governance. The Quick Check is thus intended to provide a brief stand-alone snapshot of governance effectiveness, which may be especially useful for small nonprofits that may prefer a simpler form of self-evaluation. The items for the Quick Check are presented in the article appendix.
- B. Board Structure: Assesses the extent to which the board has the clarity of structure necessary for effective governance, including bylaws, policies, and role descriptions.
- C. Board Culture: Examines board dynamics, organizational values, communication styles, and degree of trust.
- D. Board Responsibilities: Consists of six subscales that cover the "what" of governance:
 1. Mission and Planning: Measures the level of board engagement in planning, agreement on direction, and clarity of objectives.

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2. Financial Stewardship: Assesses the degree to which the board scrutinizes finances and the existence of sound financial practices as well as the extent to which the board maintains a degree of objectivity and independence from management.
 3. Human Resources Stewardship: Taps the level of board support for the executive director, its evaluation of his or her performance, and its oversight of other human resource practices such as board and senior management succession planning.
 4. Performance Monitoring and Accountability: Evaluates the care with which the board monitors information and results, the adequacy of the board's accountability to stakeholders, and the extent to which it ensures fair dispute-resolution processes.
 5. Community Representation and Advocacy: Assesses communication practices, stakeholder input, and whether nomination processes generate board membership that adequately represents community diversity.
 6. Risk Management: Evaluates the regularity of review of bylaws and policies, compliance with these and with relevant legislation, and safeguarding against financial and other risks.
- E. Board Processes and Practices: This section contains three subscales covering how governance functions are exercised:
1. Board Development: Assesses practices related to recruitment and orientation of board members, team building, and board self-assessment.
 2. Board Management: Evaluates conflict management, respect for roles, and distribution of work and power.
 3. Decision-Making: Assesses whether the board makes decisions related to its responsibilities based on factual information, in a transparent way, and with broad participation.

In addition, an overall Governance Quotient is calculated as the overall mean of all of the subscales excluding the Quick Check.

Auxiliary Measures for Board Members and CEOs. Besides the twelve subscales comprising the GSAC, the survey instrument for organizational respondents included three auxiliary scales. The first (Level of Knowledge), consisting of thirteen items, asked respondents to indicate how confident they were about their level of knowledge of the specific areas and global domain covered by the GSAC. The second (Organizational Effectiveness), made up of two items, asked respondents to assess how effectively they thought the organization functioned overall and how consistently it achieved its objectives. The third (Overall Board Effectiveness), made up of three items, asked respondents to rate the board's comfort in asking challenging questions, preparedness for meetings, and overall effectiveness.

In addition, executive directors were asked to report average board attendance levels during the past year, average annual turnover

of board members, accreditation status, and frequency of executive director turnover during the past ten years. They were also asked to review a list describing eight governance models identified in the first author's earlier research (Gill, 2002) and to identify the primary (and, if applicable, secondary) governance model used by the board of their organization.

Measure of Effectiveness Completed by External Observers. For purposes of external validation, two outside observers familiar with each organization (one from a funding organization, the other from a service delivery agency) were identified by the participant organization and asked to confidentially rate its effectiveness. These external observers had no knowledge of the responses of the executive director or board members. For eighteen of the thirty-two organizations, evaluations were obtained from both external observers; for nine organizations, from only one external observer; and for five organizations, from neither external observer. Therefore, to maximize the number of organizations for which we would have independent observer data, we randomly chose one of the two external evaluations available for each of eighteen organizations and combined them with the single evaluation available for nine other organizations. We thus had independent evaluations from twenty-seven external observers, one per organization, but no independent evaluations for the other five organizations.

The external observers were asked to rate their respective organizations on ten aspects of effectiveness, in comparison with the effectiveness of other organizations that they knew:

- Attracting reputable community leaders as board members
- Acquiring adequate financial resources
- Making effective use of resources
- Attracting volunteers for relevant activities
- Fulfilling stakeholders' expectations
- Having high standards of professionalism and accountability
- Communicating well with stakeholders and the community
- Adapting to changing needs
- Benefiting the community
- Overall effectiveness

The external observers rated each aspect of effectiveness on a five-point scale, which ranged from Outstanding (= 5), denoting a level of effectiveness attained by only a handful of truly exceptional organizations, through Clearly Above Average, Average, and Somewhat Below Average, to Clearly Below Average (= 1), denoting a level of effectiveness characteristic of organizations that have persistent financial difficulties, very high board or senior staff turnover, and low credibility with the public or funding bodies. An overall effectiveness score for each organization was derived through summing across the ten aspects of effectiveness.

For purposes of external validation, two outside observers familiar with each organization (one from a funding organization, the other from a service delivery agency) were identified by the participant organization and asked to confidentially rate its effectiveness.

Reports. Each participant organization received a detailed report that was intended to encourage boards and senior managers to reflect on their duties, how well they work together, and their contribution to the effective performance of the organization. The report presented mean board member scores on the Quick Check, the eleven other GSAC subscales, and the Governance Quotient. It also compared the responses of the executive director to the mean responses of the board members on these dimensions, as well as to the overall means from the thirty-seven organizations in the sample. In addition, the report for each organization identified the seven GSAC items that had received the highest scores (its strengths) and the fourteen that had received the lowest scores (its challenges) from the executive director and the board members.

Procedure. In this study, the participation of nonprofit organizations was solicited across Canada through announcements in relevant voluntary sector journals and newsletters. The organizations that volunteered to participate agreed to provide responses from their executive directors and from at least 75 percent of their board members, using either a Web-based or a paper-and-pencil version of the GSAC. (About halfway through the project, we concluded that on-line administration of the instrument was less feasible than paper-and-pencil administration and thereafter used the latter format exclusively.)

Results

Several statistical tests were used to examine the reliability and validity of the GSAC and its capacity to discriminate between stronger and weaker aspects of board functioning.

Means, Standard Deviations, and Intercorrelations of GSAC Subscales

As Table 1 shows, the mean board member ratings on the twelve subscales making up the GSAC (all but variable 13, Governance Quotient, which is a composite made up of subscales 2 to 12, in Table 1) varied from a high of 4.17 on Board Culture (on the six-point, 0–5 Likert scale used) to a low of 3.39 (on Board Development).

At the organizational level, shown in Table 1, the subscales were moderately to highly intercorrelated, with all but three of the correlations significant at the .001 level (the three exceptions were significant at the .01 or .05 levels). The Quick Check correlated highly ($r = .79$) with the Governance Quotient and, with the other subscales, from a high of .80 with Mission and Planning to a low of .53 with Risk Management. In the sample of thirty-one executive directors (results not shown), the Quick Check correlated .85 ($p < .001$) with the Governance Quotient and, with other subscales, from a high of .92 ($p < .001$) with Board Culture to a low of .52 ($p < .003$) with Risk Management.

Table 1. Intercorrelations for Mean Board Member Ratings on GSAC Subscales and Governance Quotient (N = 32 Organizations)

GSAC Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	Mean	SD
1. Quick Check	—													4.06	0.31
2. Board Structure	55	—												3.88	0.39
3. Board Culture	74	55	—											4.17	0.31
4. Mission and Planning	80	60	77	—										3.82	0.49
5. Financial Stewardship	61	46*	59	68	—									4.07	0.36
6. Human Resources Stewardship	73	59	76	75	69	—								3.67	0.45
7. Performance Monitoring	79	55	80	91	73	87	—							3.80	0.43
8. Community Representation	61	32**	60	66	58	62	82	—						4.10	0.38
9. Risk Management	53	74	67	72	72	74	80	61	—					3.78	0.40
10. Board Development	73	74	66	72	50	65	70	54	75	—				3.39	0.45
11. Board Management	72	69	76	73	53	69	71	45*	66	77	—			3.99	0.34
12. Decision-Making	67	55	83	79	64	70	81	72	72	74	77	—		4.04	0.29
13. Governance Quotient	79	83	88	87	70	83	87	65	86	86	86	87	—	3.94	0.31

Note: Decimals omitted in correlations. All of the correlations (except the three exceptions noted) were significant at the .001 level (two-tailed). The means and standard deviations are expressed in terms of a six-point Likert scale, where 5 = high and 0 = low.

* $p < .01$.

** $p < .05$.

Internal Consistency of GSAC Subscales

Table 2 presents the internal consistency coefficients (Cronbach's alpha) for each of the GSAC subscales, within the board member and executive director samples. In the board member sample, all of the alpha coefficients were at or above .85; in the executive director sample, the alpha coefficients were all at or above .76, and most were in the .80s and .90s.

Unidimensionality of the GSAC

The sizable correlations among the twelve GSAC subscales (Table 1), coupled with the high degree of internal consistency of the subscales (Table 2), suggested the post hoc hypothesis of a unidimensional structure for the instrument as a whole. Although our sample of thirty-two organizations was small, we decided to test this hypothesis by carrying out internal consistency and principal component analyses. With the board means ($N = 32$) on the twelve GSAC subscales entered as input variables, the internal consistency analysis resulted in a very high Cronbach's alpha of .96, with item-to-total correlations (corrected for part-whole redundancy) ranging from

Table 2. Internal Consistency Reliability Coefficients (Cronbach's Alpha) for Twelve GSAC Subscales and Three Auxiliary Measures

	<i>Number of Items</i>	<i>Board Members</i>	<i>Executive Directors</i>
<i>GSAC Subscales</i>			
A. Quick Check	15	.90	.90
B. Board Structure	13	.85	.84
C. Board Culture	16	.94	.93
D1. Mission/Planning	13	.92	.91
D2. Financial Stewardship	10	.88	.76
D3. Human Resources Stewardship	9	.86	.85
D4. Performance Monitoring	9	.90	.85
D5. Community Representation	8	.85	.86
D6. Risk Management	13	.89	.84
E1. Board Development	10	.89	.85
E2. Board Management	11	.89	.78
E3. Decision-Making	17	.92	.91
<i>Auxiliary Measures</i>			
Level of Knowledge	13	.96	.97
Organizational Effectiveness	2	.84	.83
Overall Board Effectiveness	3	.79	.84

.68 for Board Structure to .93 for Performance Monitoring. When the board means were also subjected to a principal components analysis, the twelve subscales all loaded on a single component that accounted for fully 71 percent of the variance in the correlation matrix. Thus, the GSAC emerged as unidimensional in structure.

Criterion-Related Validity of the GSAC

The criterion-related validity of the GSAC was assessed by examining the strength of its correlations with the external ratings of organizational effectiveness made by the outside observers and the internal ratings made by the board members and executive directors. First, however, it was necessary to show that the external and internal measures of organizational effectiveness exhibited convergent validity (that is, they were significantly related to one another). As Table 3 shows, the ratings of organizational effectiveness made by the external observers correlated significantly and moderately highly with those made by the board members ($r = .63, p < .001$) and executive directors ($r = .52, p < .01$). A good level of agreement thus existed between the two different perspectives, external and internal.

Correlations Between GSAC and External Observers' Ratings of Organizational Effectiveness. Table 4 shows that the external observers' ratings of organizational effectiveness were moderately to highly and significantly correlated with the mean board member ratings on all twelve GSAC subscales as well as on the Governance Quotient (the r 's ranged from .59 to .82). Among the executive directors, the external observers' ratings were significantly correlated with nine of the twelve GSAC subscales and with the Governance Quotient (the significant r 's ranged from .41 to .62).

Correlations Between GSAC and Internal Observers' Ratings of Organizational Effectiveness. Table 5 shows that board members' mean ratings and executive directors' individual ratings of organizational effectiveness were moderately highly and significantly

Thus, the GSAC emerged as unidimensional in structure.

Table 3. Means, Standard Deviations, and Intercorrelations for External and Internal Ratings of Organizational Effectiveness

	1	2	3
1. External observer's rating	1.00		
2. Board members' mean ratings	.63**	1.00	
3. Executive director's rating	.52*	.51*	1.00
Mean	35.15	4.25	4.31
SD	3.90	0.44	0.70
<i>n</i>	27	32	31

* $p < .01$.

** $p < .001$.

Table 4. Correlations Between External Observers' Ratings of Organizational Effectiveness and Board Members' and Executive Directors' Ratings of Governance Effectiveness

Governance Effectiveness (GSAC Measures)	Correlation of External Observer's Rating with:	
	Board Members' (Mean) Ratings (n = 27 Organizations)	Executive Directors' Ratings (n = 26 Organizations)
A. Quick Check	.73***	.41*
B. Board Structure	.63***	.53**
C. Board Culture	.56***	.43*
D1. Mission/Planning	.82***	.62***
D2. Financial Stewardship	.59***	.35
D3. Human Resources Stewardship	.62***	.44*
D4. Performance Monitoring	.76***	.49*
D5. Community Representation	.61***	.53**
D6. Risk Management	.65***	.37
E1. Board Development	.60***	.51**
E2. Board Management	.60***	.16
E3. Decision-Making	.64***	.45*
Governance Quotient	.77***	.56**

* $p < .05$.

** $p < .01$.

*** $p < .001$.

Table 5. Correlations Between Board Members' or Executive Directors' Ratings of Organizational Effectiveness and Their Respective Ratings on the GSAC Quick Check or Governance Quotient

	Correlation with Organizational Effectiveness Scale	
	Board Members (n = 32 Organizations)	Executive Directors (n = 31 Organizations)
Quick Check	.67*	.73*
Governance Quotient	.68*	.71*

Note: The correlations for board members are based on organizational mean scores.

* $p < .001$.

correlated with their respective GSAC Quick Check and Governance Quotient ratings.

Correlations and t-Tests Between Mean Board Members Ratings and Executive Directors' Ratings on the Same GSAC Subscales. On nine of the twelve GSAC subscales, the correlations ($n = 31$) between the mean board member ratings and the executive director ratings on

the same subscale (results not shown) were significant, ranging from a high of .75 for Board Structure ($p < .001$) to a low of .36 ($p < .05$) for Board Culture. The correlations were not significantly different from zero for three subscales: Community Representation and Advocacy, Decision-Making, and Risk Management. For none of the twelve GSAC subscales were the paired-sample t -tests significant at the .05 level, for the thirty-one paired ratings (that is, board mean ratings versus executive director ratings).

Correlations Between GSAC and Indirect Indexes of Board Effectiveness. To explore further the validity of the GSAC, the Quick Check and Governance Quotient were correlated with two indirect indexes of board (rather than organizational) effectiveness: the executive director's perception of the level of board support for his or her management and the executive director's report of the annual board turnover rate. As Table 6 shows, both the Quick Check and Governance Quotient were consistently and negatively correlated with the annual board turnover rate. The executive directors' perception of board support was more weakly and less consistently correlated with the two GSAC measures, perhaps because of a restriction of range in their ratings of board support: fully 80 percent of the executive directors agreed or agreed strongly that their board "consistently supports me in my management role (does not undermine my decisions)."

Differences Among Board Member Means on the Twelve GSAC Subscales. A multivariate test of all possible pair-wise comparisons among the GSAC means was significant (Wilks's lambda [Tabachnick and Fidell, 1996] = .10, multivariate $F[11, 21] = 16.59, p < .001$). Table 7 presents these pair-wise comparisons, with the twelve means listed in descending order of size so that all of the differences among means are positive in sign. Even after the application of the

Fully 80 percent of the executive directors agreed or agreed strongly that their board "consistently supports me in my management role (does not undermine my decisions)."

Table 6. Correlations Between Executive Director's Perception of Board Support and Annual Board Turnover and Board Members' or Executive Director's Ratings on the GSAC Quick Check or Governance Quotient

	<i>Correlation with Executive Director's Perception of:</i>	
	<i>Board Support (n = 28 Organizations)</i>	<i>Board Annual Turnover Rate (n = 27-28 Organizations)</i>
Board members' mean ratings		
Quick Check	.22	-.44**
Governance Quotient	.33*	-.35*
Executive director's rating		
Quick Check	.37*	-.62***
Governance Quotient	.22	-.69***

* $p < .10$.
 ** $p < .05$.
 *** $p < .001$.

Table 7. Matrix of Pair-Wise Differences Among Board Member Means on Twelve GSAC Subscales (N = 32 Organizations)

GSAC Subscale	1	2	3	4	5	6	7	8	9	10	11	12	Mean	SD
1. Board Culture	—												4.17	0.31
2. Community Representation	0.07	—											4.10	0.38
3. Financial Stewardship	0.10	0.03	—										4.07	0.36
4. Quick Check	0.11	0.04	0.01	—									4.06	0.31
5. Decision-Making	0.13**	0.06	0.03	0.02	—								4.04	0.29
6. Board Management	0.18**	0.11	0.08	0.07	0.05	—							3.99	0.34
7. Board Structure	0.30**	0.23	0.20	0.19	0.17	0.12	—						3.87	0.39
8. Mission and Planning	0.35***	0.28*	0.25*	0.24**	0.22*	0.17	0.05	—					3.82	0.49
9. Performance Monitoring	0.37***	0.30***	0.27***	0.26***	0.24***	0.19	0.07	0.02	—				3.80	0.43
10. Risk Management	0.39***	0.32***	0.29***	0.28**	0.26***	0.21*	0.09	0.04	0.02	—			3.78	0.40
11. Human Resources Stewardship	0.50***	0.43***	0.40***	0.39***	0.37***	0.32***	0.20	0.15	0.13	0.11	—		3.67	0.45
12. Board Development	0.78***	0.71***	0.68***	0.67***	0.65***	0.60***	0.48***	0.43***	0.41***	0.39***	0.28**	—	3.39	0.45

Note: Means and standard deviations are expressed in terms of a 0–5 six-point Likert scale, in which 5 = high and 0 = low. Means are listed in descending order of size. The Bonferroni correction was applied to the pair-wise differences among means.

* $p < .05$.

** $p < .01$.

*** $p < .001$.

conservative Bonferroni correction (which we used to maintain the overall type I error rate at the .05 level; Tabachnick and Fidell, 1996), thirty-six (55 percent) of the sixty-six differences among means were significantly different from zero at the .05 level. This indicated that the GSAC is sensitive to and able to discriminate among differences in various dimensions of board governance effectiveness.

Board Functions Rated as Most and Least Effective. There was no significant difference in means between the four subscales on which board performance was rated highest by the board members themselves: Board Culture, Community Representation, Financial Stewardship, and the Quick Check. The mean scores on the next three subscales—Decision Making, Board Management, and Board Structure—were all lower than Board Culture but not significantly different from Community Representation, Financial Stewardship, the Quick Check, or each other. But the five subscales with the lowest means—Mission and Planning, Performance Monitoring, Risk Management, Human Resources Stewardship, and Board Development—were clearly rated lower by board members than the other seven subscales. Board Development, which is directly related to the issue of improving board effectiveness, was especially weak, with a mean that was lower than those of the other eleven subscales.

Nonredundancy of Quick Check and Governance Quotient. Given the unidimensionality of the GSAC, we used hierarchical regression analysis to discover whether, once the Quick Check had been entered as a predictor of the external observers' ratings of organizational effectiveness, the remainder of the GSAC (as captured by the Governance Quotient) added any further predictive power. We did this in two hierarchical regression analyses: one using the boards' Quick Check and Governance Quotient as predictors, the second using the executive directors'.

Both analyses revealed that the two GSAC predictors were not redundant. The board members' Quick Check accounted for 53 percent of the variance in the external observers' ratings of organizational effectiveness ($p < .001$; $N = 27$ organizations), and the Governance Quotient accounted for an additional 11 percent of the variance ($p = .014$). The executive directors' Quick Check explained 16 percent of the variance in the observers' ratings ($p = .04$; $N = 26$ organizations), and their Governance Quotient scores explained an additional 17 percent ($p = .027$).

Other Results. The size of the organization's board, budget, or staff was not correlated significantly with the effectiveness of the board or that of the organization (as the latter was rated by board members, executive directors, or external observers). The rate of executive director turnover was also uncorrelated with board or organizational effectiveness, possibly because of a restriction of range on the turnover variable (63 percent of the organizations reporting on this variable reported having three or fewer executive directors during the past ten years; mean = 2.4).

The size of the organization's board, budget, or staff was not correlated significantly with the effectiveness of the board or that of the organization.

The high correlation between the fifteen-item Quick Check and the rest of the instrument, as indexed by the Governance Quotient, suggests that the Quick Check may provide a feasible way of taking the board's governance pulse quickly.

The most commonly reported primary governance models in the current study were traditional (the functions of the board parallel the responsibilities of management and are exercised through a committee structure organized around primary management functions): 40 percent; policy governance (the board governs by setting policies related to organizational ends, limitations on executive means, board-CEO relationships, and style of governance and monitors compliance with these policies): 33 percent; and results-based governance (the focus of governance is on board, as opposed to management, responsibilities and monitoring progress and results achieved on approved objectives): 10 percent. Almost all of the boards reported hybrid governance models, with the most common pairing being a policy governance overlay on a traditional model. No relationship was found between the governance model employed and either board or organizational effectiveness.

Discussion

The results of this study were encouraging and fulfilled its twofold purpose. The twelve GSAC subscales emerged as having a high degree of internal consistency and also displayed very good criterion-related validity, correlating well with external and internal ratings of organizational effectiveness. In addition, despite the use of the conservative Bonferroni correction, the GSAC demonstrated its ability to distinguish between stronger and weaker governance practices. This supports its use as a valid and reliable governance self-assessment tool. Moreover, board members and executive directors viewed the effectiveness of board governance in a similar fashion. Thus, the tool appears to have promising psychometric and practical features.

The high correlation between the fifteen-item Quick Check and the rest of the instrument, as indexed by the Governance Quotient, suggests that the Quick Check may provide a feasible way of taking the board's governance pulse quickly. This may be especially useful for small-budget voluntary organizations that feel that they do not have the resources for an in-depth examination of their governance practices. It is important to note that in the board and executive director ratings, the Governance Quotient displayed additional power to predict organizational effectiveness as rated by external observers, over and above the predictive value of the Quick Check. However, it is only through use of the entire 144-item instrument that the specific strengths and weaknesses of board governance in an organization can be identified and the full educational benefits obtained.

Although much has been made of the importance of governance models, the fact that we found no relationship between the governance model employed and either board or organizational effectiveness is consistent with the finding by Nobbie and Brudney (2002) that the particular approach to governance mattered less than the fact that the board was paying attention to its governance practices

and trying to improve its effectiveness. Thus, attention to the impact of specific governance practices that cut across models may prove to be a more fruitful line of inquiry for helping us to understand how boards contribute to organizational effectiveness.

The higher mean board ratings on Board Culture, Community Representation, and Financial Stewardship (Table 7) suggest that members are generally satisfied with the performance of their boards on the factors measured by these particular GSAC subscales. Significant differences between Board Culture and three subscales—Board Management, Board Structure, and Decision-Making—suggest that board members may be less satisfied with these dimensions of governance that affect board culture and that these may require special attention from boards.

Board members perceived the following governance functions as requiring improvement:

Mission and Planning: The level of board engagement in planning, agreement on direction, and clarity of objectives

Performance Monitoring: Monitoring of information and results, the adequacy of the board's accountability to stakeholders, and the extent to which it ensures fair dispute resolution processes

Risk Management: Regular review of bylaws and policies, compliance with these and with relevant legislation, and safeguarding against financial and other risks

Human Resources Stewardship: Board support for the executive director, its evaluation of his or her performance, and its oversight of other human resource practices such as establishment of the values framework for management of human resources and board and senior management succession planning

Board members rated board development practices (recruitment and orientation of board members, team building, and board self-assessment) most consistently as requiring substantial improvement. Findings by Brudney and Murray (1998) that “a systematic program of board development did result in more effective board governance” (p. 333) are encouraging. They found that efforts to change board dissatisfaction with the “board's role and responsibilities, committee structures, relationships with management, and meeting dynamics” (Brudney and Murray, 1998, p. 345) were more amenable to improvement than having the wrong people on the board. Board culture is clearly affected by board composition or mix of personalities and skills. Sound board development practices are thus essential to achieving the right mix as a foundation of strong board performance. Holland and Jackson (1998) also affirmed the importance of board development and the prospects for successful improvement in board performance. They found significant improvements in the board performance of an experimental group (as measured by the Board Self-Assessment Questionnaire) that

Board members rated board development practices (recruitment and orientation of board members, team building, and board self-assessment) most consistently as requiring substantial improvement.

undertook substantial developmental activities (in contrast to a comparison group that did not) but concluded that such self-improvement activities needed to be incorporated as a regular part of board activities in order for improvements to be sustained over time.

The consistent negative correlations between the board and executive directors' ratings on the Quick Check or Governance Quotient and the board member turnover rate (Table 6) suggest that this latter variable may be a useful proxy for board effectiveness and thus worthy of attention in future research and practice. The inconsistent correlations (Table 6) between the GSAC and the executive directors' perception of board support for their management of the organization (such support would presumably contribute to an executive director's job satisfaction) should give pause to the use (for example, by Nobbie and Brudney, 2002) of CEO job satisfaction as a criterion of either board or organizational effectiveness. In fact, CEO job satisfaction may simply be a correlate of boards that are clear in their expectations of management or simply allow managers to manage. The former may be construed as a measure of board competence, while the latter may suggest abdication of responsibility for direction and oversight.

Several limitations of this study should be noted. The size of the organizational sample was relatively small, such that the examination of the relationship of the GSAC to certain background variables (such as the type of governance model) was difficult. Also, the restriction of range on variables such as executive director turnover and the fact that only two of the thirty-two organizations were accredited limited our ability to examine a wider range of validity-relevant criterion variables.

The fact that the thirty-two organizations in the study chose to participate may have introduced some selection bias. However, two findings suggest that the amount of bias may not have been overly large. First, on a possible range of 0 (low) to 5 (high), the mean GSAC board ratings ranged between 3.39 and 4.17 (see Table 1). None was within two standard deviations of the maximum possible score of 5. Second, the GSAC was able to discriminate clearly between more and less effective dimensions of board performance. Nevertheless, we do not assume that the normative values based on the sample can be widely generalized. Accumulation of data on more organizations and a wider range of types of organizations will strengthen the normative comparisons that may be made with the instrument.

The validity-related findings presented here are strengthened when viewed in the light of Gill's earlier case studies (2001). The latter included stakeholder interviews, document reviews, and administration of an earlier version of the GSAC and of the Jackson and Holland BSAQ (1998). The GSAC mean scores were roughly comparable with those on the BSAQ and ranged from 65 percent to

75 percent of the maximum possible score. This is similar to the range of 68 percent to 83 percent of the maximum possible score observed in this study.

The validity-related data are consistent with the fact that, and help explain why, many organizations have reported that the GSAC was useful in helping them conduct self-studies of their governance practices. Typical comments have included the following:

“The GSAC is more directly relevant to how boards are actually structured and operate than other instruments we’ve reviewed.”

“The differences in scoring between the executive director and board accurately reflect our internal struggle.”

“The GSAC stimulated much discussion about the board’s roles and responsibilities, what it needs to know, and the format for reporting this information.”

“I was very impressed with the depth of the questions and the territory they cover.”

This research demonstrates that the GSAC has a high capacity to discriminate between various dimensions of board performance and their relationship to organizational performance. It relates more directly, on a day-to-day basis, to the way essential elements of board behavior affect board performance than do other instruments that measure more abstract aspects of board performance or those that focus on a single governance dimension such as board responsibilities. The GSAC thus promises a useful, valid, and reliable method for boards to assess their own performance and their contributions to the effectiveness of the organizations entrusted to their stewardship.

Additional research on the relationship between the GSAC and board or organizational effectiveness is to be encouraged. The elusiveness of the quest for widely recognized, feasible, and valid measures of organizational effectiveness suggests that it may be especially fruitful to use the GSAC with organizations that already regularly employ more sophisticated measures of effective organizational or program performance. We are currently considering GSAC research with such organizations, including hospitals, that conduct regular assessments on organizational performance using a Balanced Scorecard approach; police services, which are developing more refined performance measures; and child welfare agencies, which increasingly use well-developed measures of progress for children in care and regular audits for compliance with investigative standards.

“The GSAC stimulated much discussion about the board’s roles and responsibilities, what it needs to know, and the format for reporting this information.”

This research demonstrates that the GSAC has a high capacity to discriminate between various dimensions of board performance and their relationship to organizational performance.

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Appendix: The Governance Effectiveness Quick Check

Rating Scale: Agree Strongly (5); Agree (4); Agree Somewhat (3); Disagree Somewhat (2); Disagree (1); Disagree Strongly (0)

- | | |
|---|-------|
| 1. This organization’s orientation for board members adequately prepares them to fulfill their governance responsibilities | _____ |
| 2. This board is actively involved in planning the direction and priorities of the organization | _____ |
| 3. The board does a good job of evaluating the performance of the ED/CEO (<i>Measuring results against objectives</i>) | _____ |
| 4. This organization is financially sound (<i>viable and stable</i>) | _____ |
| 5. Board members demonstrate clear understanding of the respective roles of the board and ED/CEO | _____ |
| 6. The organization’s resources are used efficiently (<i>good value for money spent</i>) | _____ |
| 7. The board has high credibility with key stakeholders (<i>e.g., funders, donors, consumers, collateral organizations or professionals, community, staff</i>) | _____ |
| 8. Board members demonstrate commitment to this organization’s mission and values | _____ |
| 9. Board members comply with requirements outlined in key elements of the governance structure (<i>bylaws, policies, code of conduct, conflict of interest, traditional/cultural norms, etc.</i>) | _____ |
| 10. The board’s capacity to govern effectively is not impaired by conflicts between members | _____ |
| 11. There is a productive working relationship between the board and the ED/CEO (<i>characterized by good communication and mutual respect</i>) | _____ |
| 12. I am confident that this board would effectively manage any organizational crisis that could be reasonably anticipated | _____ |
| 13. Board meetings are well-managed | _____ |
| 14. The board uses sound decision-making processes (<i>focused on board responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation</i>) | _____ |
| 15. This organization has a good balance between organizational stability and innovation | _____ |
| Total of the 15 items | _____ |
| Overall Score (Total divided by 15) | _____ |
-

Notes

1. Two research surveys (Bradshaw, Murray, and Wolpin, 1992a, and Broadbent, 1999) provided useful information on consensus-based best practices, but were based on research questionnaires rather than self-assessment tools. The Canadian Institute of Chartered Accountants' "Guidance for Directors" on governance control (1995) and risk management (2000) were informative about governance responsibilities and risk management and suggested questions that board members should ask themselves to ensure that they are fulfilling their responsibilities adequately. Guidelines on governance best practices from the Toronto Stock Exchange (Dey, 1994) and the Commonwealth Association for Corporate Governance (1999) furnished useful principles of good governance practices directed primarily at for-profit enterprises.

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