Power relations between boards and senior managers in the governance of public and non-profit organisations

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Power relations between boards and senior managers in the governance of public and non-profit organisations

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Chris Cornforth, Open University Business School, Walton Hall, Milton Keynes, MK7 6AA, UK. Tel: 01908 655863; Fax: 01908 655898; E-mail: c.j.cornforth@open.ac.uk

Abstract

This paper presents the findings of an in depth study of power relations between boards and senior managers in four organisations: a school and a FE college from the public sector and a national overseas development agency and a community-based organisation from the voluntary sector. Unlike many previous studies of boards this study draws on observations of what happened inside the boardroom as well as interviews and the analysis of board documents. Pettigrew and McNulty's (1995) tripartite model of power and influence is used to analyse and compare power relations in the four organisations. The paper argues that neither agency theory nor managerial hegemony theory adequately explains board power relations. In particular it highlights how differences in expertise and skill, and board processes and procedure helped shape different patterns of power.

Introduction

After many years of neglect there has been a recent upsurge of writing and research on the governance of organisations. In the business literature this renewed interest can in part be traced back to a raft of corporate scandals and collapses in the US and the UK in the 1980’s, which were attributed to failures in corporate governance. This lead to a renewed interest among policy makers and business leaders in ways of reforming and improving governance mechanisms. In the UK this lead to a series of enquiries and reports aimed largely at improving the powers of non-executive directors, the most famous of which was the Cadbury report (1992).

Paralleling these developments there has also been a growing interest in the governance of public and non-profit organisations in the UK, although the reasons for this interest have been somewhat different. The last Conservative government concerned about effectiveness across the public sector introduced widespread reforms. These reforms of the 1980’s and 90’s, designed to introduce the market and business practices into the public sector, led to widespread changes in the governance of many public organisations. Although these changes varied considerably between different areas of public service there were a number of trends. One trend was to remove various bodies such as FE colleges from local authority control. Another was to reduce or remove local authority representation on the boards of public bodies and to make many public organisations accountable to appointed unelected board members.

¹ An earlier version of this paper was presented to the Public Sector Management Stream of the British Academy of Management Conference, 1999.
In areas like health these boards have been modelled explicitly on the boards of private companies. As with the private sector there have been concerns about the effectiveness of these new boards (Ashburner, 1997). In addition new concerns have been raised about a possible loss of local democratic accountability (Plummer, 1994; Skelcher and Davis, 1995; Skelcher, 1998).

A distinguishing feature of voluntary organisations is that voluntary boards govern them. Their governance has long been regarded as problematic. As Middleton (1987) and more recently Harris (1999) note voluntary sector staff seldom seem to be satisfied with the performance of their boards. Boards are either accused of meddling in the affairs of management or conversely that they are not involved enough and serve a largely symbolic function. A survey of charity board members carried out in 1992 rather alarmingly revealed that many were unaware that they were charity trustees (NCVO, 1992).

Across the different sectors a key issue concerns the power of boards. Do boards have the power to effectively supervise management and set the strategy of the organisation? The theoretical and empirical literature presents conflicting views and evidence on this point. The dominant theory of governance in the economic literature has been agency theory. Agency theory is in many ways a theory that attempts to explain current patterns of corporate governance in the Anglo-Saxon economies. It sees boards of external directors as one of the means necessary to ensure managers act in the shareholders best interests. It assumes that boards will have the power to effectively supervise management. In contrast managerial hegemony theory charts the rise of managerial power in the West and suggests that it is managers who have the expertise, time and resources to really control what happens in corporations. While various empirical studies have claimed to support managerial hegemony theory (Mace, 1971; Herman, 1981; Lorsch and MacIver 1989) other studies have presented a more mixed picture of power relations between boards and managers (Murray, 1992; Wood, 1992; Pettigrew and McNulty, 1999).

As long ago as the late 1960’s Zald (1969) suggested a way around such seemingly contradictory views about the powers of boards. He proposed what in essence is a contingency theory of board-management power relations. In particular that a board’s power will depend on its ability to control various internal and external resources, various situational variables such important events or crises in the organisation and the personal characteristics of board members and executives. More recently Pettigrew and McNulty (1995) suggest that board-management power relations need to be analysed in terms of the deeper structural and contextual features that both constrain and enable board power, but also in terms of board members will and skill in mobilising various power sources. The research reported in this paper follows in this tradition to examine how power relations between boards and management in four organisations from the public and non-profit sectors are shaped and enabled by contextual and situational factors, and the ability of board members and managers to mobilise various power sources.

Empirical studies of board behaviour have been criticised for their over reliance upon one source of data, usually the perceptions of board members gathered through interviews or questionnaires, because of the lack of any independent confirmation of actors' accounts (Peck, 1995). In particular there have been few studies that have
managed to ‘get inside the boardroom’ and actually observe what happens there. In order to overcome these weaknesses, this study adopted a case study methodology drawing on three different sources - observation of meetings, actors’ accounts and board documents.

Four cases are examined: a school and a Further Education (FE) college from the public sector, and a small national voluntary organisation (NVO) providing overseas aid, and a local community-based voluntary organisation (LVO) from the voluntary sector. The paper contrasts the college and the NVO where the boards were able exercise considerable influence, with the school and the LVO, where the boards were much less influential. Based on these comparisons the paper identifies some of the factors that affect a board’s influence and its ability to carry out its role effectively.

**Research on the power of boards and their relations with senior management**

Existing theory and research on the role and power of boards is somewhat contradictory. At a theoretical level the main theories of organisational governance present very different views of the role and power of the board. Agency theory provides the dominant model of governance in the economic literature and concerns the governance of companies. Agency theory is based on the premise that managers and shareholders will have different interests. Hence, according to agency theory the owners of any enterprise face a problem, because managers (their agents) are likely to act in their own self-interests, rather than the owners’ interests. From this perspective the main function of the board is to monitor and control the behaviour of managers. This suggests that directors of companies should be independent of management, and their primary role is one of stewardship - to make sure the resources of the organisation are safeguarded and to monitor and, if necessary, control the behaviour of managers. Agency theory assumes then that non-executive directors have the power to control the behaviour of senior managers.

In contrast to agency theory is what is sometimes called managerial hegemony theory (Hung, 1998). This relates back to the thesis of Berle and Means (1932) that although shareholders may legally own and control large corporations they no longer effectively control them. Control having being effectively ceded to a new professional managerial class. A variety of empirical studies have leant support to this thesis. Mace (1971) in his study of directors concluded that boards did not get involved in strategy except in crises, and that control rested with the president (chief executive) rather than the board. Herman (1981) came to similar conclusions but argued that managerial power was always in the context of various constraints and the latent power of stakeholders such as external board members. In a more recent study Lorsch and MacIver (1989) conclude that although the functioning of boards has improved since Mace’s study, their performance still leaves much room for improvement. Like Mace they distinguish between boards in normal times and during crises, and conclude that during normal times power usually remains with the chief executive:

‘Though they are legally empowered to govern, in reality, the CEO controls most of the power levers in the boardroom. …When directors lack a forum inside and outside the boardroom, to discuss tough issues together, to challenge management
collectively, and to act quickly in crises, their numerical advantage over the CEO cannot easily translate into real power.’

Pettigrew and McNulty (1995) summarising the findings from this literature identify a number of factors that limit the power of boards: management’s control over the selection of outside directors, the limited time outside directors have to perform their duties, the superior expertise, information and advice available to management, and norms of board behaviour that limit outside board members acting together as critics of management.

However, not all empirical studies have supported managerial hegemony theory. Interestingly in their own study of directors in the UK Pettigrew and McNulty found that outside directors do play an important role in influencing organisational strategy (McNulty and Pettigrew, 1999). While they found it rare for outside directors to initiate new strategic directions they were influential in both shaping and taking strategic decisions.

Peck (1995) argues for care in interpreting many empirical studies, like those discussed above, that rely exclusively on the accounts of board members. He argues that board members may have an interest in portraying themselves as playing an active and important role. He argues for more studies that use the direct observation of board meetings to corroborate actors’ accounts. In his own study of an NHS Trust Board, which involved the study of actors accounts, examination of minutes and the observation of board meetings, Peck found through observation that board members played a much less active role than portrayed by their own verbal accounts.

A number of studies of the boards of non-profit organisations do involve direct board observation. Again, though, this literature presents a mixed picture of board power. Based on case study research Murray et al (1992) identified five different patterns of power relations among non-profit boards in Canada. The CEO-dominated board, where chief executive and sometimes other senior managers exercise the main power and the board play a largely symbolic role. The chair-dominated board where the chair plays the main role and if there is a paid chief executive they play second fiddle. The power sharing board, which usually share a strong commitment to democracy and participation, and rejects any kind of dominant leadership by an individual. The fragmented board where there are strong competing factions on the board and meetings are characterised by conflict. The powerless board where the board is unclear about its role and responsibilities and there is a lack of commitment.

In an attempt to assess the wider relevance of the five models Murray et al carried out a survey of chief executives of non-profit organisations in Canada asking them about their boards. The two most common patterns identified were the CEO-dominated board in just under half the boards, followed quite closely by the power-sharing board. Small percentages were also found for the other types of board.

Wood (1992), based on a study of 21 non-profit organisations in the USA, presents a life cycle model of governing bodies where the power of boards changes over time. Although based entirely on interview data the study did involve interviews with chief executives as well as board members. She suggests that after an initial ‘collective’ phase boards tend to oscillate between a ‘CEO dominant’ pattern and, precipitated by
some crisis, a ‘board dominant’ phase, followed by a gradual drift back to CEO dominance, until the next crisis.

Maitlis (1999), in one of the most detailed studies to date, examined power relations between chief executives and their boards in two symphony orchestras over a two year period. This study involved extensive interviews, analysis of board documents and the observation of 37 board and sub-committee meetings. This study showed a complex but very different pattern of power relations between the two organisations. In one of the orchestras the CE was very influential and formed a dominant coalition with the chair of the board. The CE discussed important issues in advance with the Chair and could usually rely on his support at board meeting. Other board members were aware of the CE’s influence, but in the main were happy to go along with this as he was regarded as highly effective. In the second orchestra the board structure was more complex and unwieldy, and the chief executive was much less experienced in this area of work. Here there was a more even balance of power, with the chief executive more willing to share with the board and other stakeholders. He was much less influential in getting his proposals accepted by the board. In general the organisation was less effectively governed and managed, and it shared some features of Murray et al’s (1992) powerless board.

The empirical evidence suggests that neither managerial hegemony theory or agency theory can adequately explain power relations between boards and senior managers. Although the pattern of CEO-dominated board is common it is by no means universal. As early as 1969 Zald called for theoretical synthesis to resolve the apparent contradiction between the two different theoretical views of board. Zald (1969) proposed that board power was conditional on external resources, the personal characteristics of members and strategic contingencies, such as the life cycle of the board.

Pettigrew and McNulty (1995) present a similar, albeit more modern, theoretical framework for understanding board power. They define power as the ‘ability to produce intended effects in line with one’s perceived interests’. They argue that board power can be understood in terms of a tripartite model of power sources, such as position, expertise rewards and information, board members ‘will and skill’ in using these sources of power, and the wider context and structure.

The model attempts to reconcile some of the traditional tensions between a structural and relational view of power, and between structure and agency. The concept of power sources emphasises the more structural aspect of power, whereas the idea that it takes will and skill to use these power sources emphasises the more relational aspects of power. In the model the wider context and structure are seen as both shaping and shaped by board power relations. Hence the power sources an individual is able to draw upon will be affected by structural factors such as their position in the organisation. Equally power may be used to affect board structures and norms which will shape subsequent uses of power. They also regard board power as highly situational; for example the power a board is able to mobilise in a time of crisis may be different from that in normal times.

Pettigrew and McNulty used this framework to analyse power relations in public companies in the UK. Data was gathered through interviews with non-executive and
executive member of boards. One aim of this study was to extend this analysis to the boards of public and non-profit organisations in the UK. However, for the reasons outlined below a different methodology was employed.

**Methodology**

Previous studies of board behaviour have been criticised for there over reliance upon one source of data, usually the perceptions of board members gathered through interviews or questionnaires (Peck, 1995: 139-140). Peck’s criticisms are twofold. First he suggests board members are unlikely to ‘reveal their own irrelevance’ and so are likely to over emphasise the relevance of their role. Second the studies lack any independent confirmation of actors’ accounts. In order to overcome these weaknesses, this study adopted a multiple or comparative case study methodology Yin (1984), drawing on three different sources - observation of meetings, actors’ accounts and board documents - as follows:

- **structured observations of board and sub-committee meetings.** In each of the four cases, two researchers observed two consecutive board meetings and at least two of the intervening sub-committee meetings. The researchers logged the content, source and level of agenda items, the detail of board-manager interaction, the quantity and quality of supporting information, and the nature of board action and behaviour.

- **semi-structured interviews with key participants in both the management and the board of the organisations.** In the LVO and the NVO all board members were interviewed. In the School and College, with larger boards, a cross-section of board members were interviewed, including the Board Chair and the Chairs of sub-committees dealing with financial matters. The number of managers we chose to interview also depended upon the character and size of the organisation, but always included the chief executive officer and those managers who reported to the board on financial matters. The interviews were of between one and one and a half hours duration. They were tape recorded, transcribed and analysed. Between 8-10 interviews were conducted in each organisation.

- **an analysis of board documentation and information systems.** We collected and studied copies of all the papers that board members received before and during the meetings we observed, including financial reports. We looked at formal documentation relating to the remit and regulations of particular committees. To check whether the sample of meetings we observed seemed representative, we also sought copies of agendas, minutes and, where appropriate, supporting papers relating to the previous cycle of meetings.

Next the paper examines the pattern of power relations between the board and the chief executive in each of the four cases. It then goes on to compare those boards that were more influential (the college and the NVO) with those that were less influential (the school and the LVO) in order to identify the factors affecting board influence.

**The school**

The school was an efficiently run urban primary with approximately 400 pupils that employed one head teacher, fifteen full-time teaching staff and various support staff. It was run by the Local Education Authority (LEA), who delegated 85% of its budget of approximately £700,000 to the school to manage. Under the 1988 Education
Reform Act and subsequent legislation, the power of central government in matters of curriculum, inspection and funding arrangements increased at the expense of the LEA’s powers. A parallel feature was an increase in the formal responsibilities of school governing bodies over matters such as expenditure of budgets, reporting to parents, producing School Development Plans and health and safety.

The full Governing Body normally met once a term, with agendas averaging 17 items and meetings typically lasting 2 to 3 hours. The LEA suggested draft terms of reference and agendas for the governing body, which they usually followed. There were 16 governors; comprising 4 elected parent-governors, 2 teacher governors, 5 local authority appointed governors, 4 co-opted governors and the head.

**Power relations**

At the school the head exercised considerable influence over the board. The pattern of power relations most closely resembled Murray et al’s (1992) CEO-dominated board. The head’s dominant position was recognised by governors themselves:

‘We do feel that at present he has a powerful say. Governors fall in behind him rather than discuss matters fully and properly…The head puts situations verbally at the meetings and things go through on the nod. It’s not necessarily healthy to be always leaving things to the head’s professional view.’

‘If you’ve got a good Head, a good Deputy Head, good teaching staff, that has a hundred times more impact than whatever the governing body is like.’

‘I’ve read some of the introduction to governors’ booklets and stuff and…it seems to me that they’re presenting something more than we actually do. I think the School is, to a large extent, the Head and the Deputy, followed closely by the staff that’s there…I don’t know enough to know how much we could change the direction or the ethos of the School.’

The relatively limited power of the board was born out by observations of board and sub-committee meetings. The head often acting on recommendations from the local authority largely controlled the agenda for meetings. A good deal of time at meetings was involved with the head presenting and talking through proposals. As one parent governor and one staff governor observed:

‘It’s very much introducing the items on the agenda and then handing over to [the Head] to explain, mostly…’

‘I guess inevitably in these sessions the governors look to…the head, as the manager of the school, effectively, to explain an awful lot to them, to take them through issues because he’s had an awful lot of lot, of background knowledge and discussion beforehand in various guises.’

However, it should not be assumed for this that the board was completely powerless. The important proviso to the power of the head was that it was with the consent of the board. The governors were conscientious in scrutinising his proposals, and their consent could not be taken totally for granted. One recent decision had been taken to
the vote and the head’s recommendation was overturned when there was a concern that the he may have over-stepped his powers. In general, although there was some concern that it was not ideal for head to have so much power, governors were content for this to happen because they trusted him to do a good job.

‘Personally, I see it as very much a supportive role for [the head] and to the school, really. We can support him because he’s doing such a good job.’

**Context**

Various contextual factors help to explain the way the governing body interpreted and enacted its role. Although recent legislation had increased the formal powers of governing bodies the freedom of action that state schools have for strategic choice is relatively limited. They are subject to extensive control and regulation both by central government and local education authorities (LEAs). The agendas for governors’ meetings at the school were largely composed of items suggested by the LEA (often themselves a response to increasingly prescriptive national government directives). Only the head had a real grasp of the substance and detail of national or local government policies. As a result the governing body spent much of its time reacting to external events or inputs from the head. It also reinforced the norm that that the role of the governing body and the head was to implement policy rather than initiate it.

A second factor is the norms associated with school governance. Traditionally school governance and administration have not been seen in managerial terms, although this culture is now changing. This is reflected in the language of education. Good professional teachers become head teachers (not principals, directors, managers or chief executives). Teaching has been regarded as a profession and governing bodies have generally not seen it as their role as ‘to interfere’ with teaching and pastoral care issues. Rather school governing bodies have been seen as a means of achieving some degree of local accountability, even though government changes have shifted the emphasis from governing bodies dominated by party political appointments to ones where elected parent representatives have greater weight.

**Board procedures and processes**

An important constraint on governors’ power arose from how board meetings were organised and run. The head with some consultation with the chair typically set the agenda for meetings. The LEA often suggested items. Typically full board meeting had very lengthy agendas, often with 15 – 20 items. Perhaps more importantly these agendas were not prioritised so it was difficult to distinguish important items from less important ones. The length of the agenda meant that it was difficult for the board to have much in-depth discussion about any items:

‘Often the time pressure of the agenda limits debate.’

The weight of paper work also made it more difficult for governors to scrutinise proposals.

‘We get the agenda, and with the agenda we get all the minutes of the previous meetings. We get any papers that have come from County. We get all the draft policies. I think it wasn’t so much the fact that we get those, but then we all get them
again for the full governors’ meeting. But then, if you haven’t sat on the Curriculum Committee, you need to know what those policy documents are. So we do get wads of it to wade through. I’ve got four folders upstairs, of governors” stuff…” [School governor]

This situation created something of a dilemma for the Head. On the one hand he was reluctant to cede too much control to the governors because he felt that as the employed senior professional, he had the time and knowledge which the governors lacked to be able to make the right decisions. He also felt that, whatever the legal position, he carried the can for what happened at the School.

‘...at the end of the day, if something does go wrong, although the governors may be legally responsible, it’s my head that tumbles. They can all walk away and somebody else can be elected.’

On the other hand he was uneasy about being too directive, and felt that he had to present governors with all the options.

‘In terms of my own leading of them or not... there are obviously occasions when I can see things which may not be in the best long term interests of the School and I set them up that way in the briefing papers or whatever. However, I try to be fair to them in all times and put both sides of things and all options there, and it is for others to judge how fair that is, because it is difficult to tell when you are involved in it.’

The norm at meetings was that decisions were taken by consensus, and only rarely were decisions taken to a vote.

**Power sources and their use**

These contextual factors helped to shape the power sources that the head and governors could draw upon. Most board members became governors because they had children at the school, not because of any professional expertise in education or experience of being a manager or director elsewhere. As a consequence one of the key differences in power sources between the head and the governors was expertise and knowledge. One governor observed:

‘...it’s difficult for us to manage things that we don’t really understand. It’s quite a difficult role when you actually come to think about it.’

These differences in expertise were most apparent when it came to financial issues. Lack of financial expertise meant that some board members steered clear of financial matters and others clearly struggled:

‘I’ve steered clear of enrolling on the Financial Sub-committee, because maths and me don’t go together.’

‘...I must admit, in financial terms quite a few of them have difficulty with some of the language which is used and bearing in mind that I’ve had to learn it myself and am not totally sure either, some of them are off-put by that! Some will not volunteer to sit on the finance committee.’
Observation of the workings of the finance sub-committee confirmed this lack of expertise. The main focus of financial monitoring was a painstaking effort to get board members to comprehend the information, constantly thinking of ways of presenting information as simply and clearly as possible in response to members’ fear of figures.

‘[the information] is adequate in as much as it tells you what’s going on. And the notes that [the head] produces are very helpful. But it’s not adequate for those who don’t understand it. … People who aren’t familiar with figures, I think it’s a nightmare for them. So they won’t understand it, so they might as well put it in a simplified way.’  

[staff governor]

‘I think I’m just beginning to work out where all the money comes from … I wouldn’t feel capable of taking the minutes of Finance because I wouldn’t quite know which important points to pull out.’

Other important power sources for the head were his ability to control the agenda and information for board and sub-committee meetings. Although agendas were often discussed with the chairs of the relevant committees the head was seen as knowing what was going on and what ought to be on the agenda. In general he, because of his role, was also more familiar with the information that was presented at these various meetings.

‘… he is the only one that knows, because he’s put it on the agenda and basically I think items are put up and we’ve either got to say, yes we agree or no we don’t’

The head was also able to use his position to verbally introduce some important items to the governors that were not on the formal agenda. It was not clear whether this was an attempt by the head to get things through on the nod, or because issues had arisen simply too late to get them on the agenda. However, it was clear that some governors were unhappy about this:

‘he has a habit, which I don’t like much, that is, under Any Other Business of dropping things in… I know it is difficult for him, but a phone call wouldn’t cost much…’

The Local Voluntary Organisation (LVO)

The LVO was set up in the 1970s by a group of volunteers concerned at the lack of support for victims of domestic violence in the area. By 1996, the LVO had an annual budget of £320,000 and ran six homes for families in need of temporary accommodation, two advice centres and a telephone advice line. Under the influence of its present chief executive (CE), the LVO changed from being a collectively run organisation in the 1980s to a more formal, hierarchically structured organisation. The LVO was a both a company limited by guarantee and a registered charity. The LVO’s board served as directors and as trustees required by charity legislation.
The board had six directors, a company secretary and attending representatives from housing associations they worked with, the local authority and staff. Four staff, including the CE and her deputy, did most of the servicing of the board, but all other staff were invited to observe meetings, which took place approximately every six weeks.

**Power relations**

It was recognised by both staff and board members that the CE had a good deal of influence over the direction of the organisation. She had been appointed as the first CE of the organisation after it had changed from being collectively run and it was recognised that she occupied a pivotal position. As one person said:

‘X [the CEO] *is* [the LVO].’

Most of the ideas and plans that came to the board were seen as emanating from the CE, and that the role of the board was largely rubber stamping her decisions:

‘These ideas are put to us … and its “is that a good ideas?”’ *is that a good ideas?”, yes or no*

‘I suppose they rubber stamp...I don’t want the rubber stamping to sound flippant but we [the staff] deal with the business.’

Not all board members, however, were without influence. One long-standing member occupied a dominant role on the board. There existed an informal ‘dominant coalition’ with the CE to the extent that other board members would usually back what the CE wanted to do provided this board member was behind her:

*I think that if it wasn’t for X...the other people seem a bit lightweight.... if [the CE] really needed an opinion, a definite bit of advice, it would be X...I think perhaps she is the key to the board. The others are there for support*

‘The others listen to what she says and if she thinks it’s OK then.... it’s OK. Because they don’t understand, especially on the financial side’

**Context**

An important contextual factor in understanding power relations at the LVO is the relative lack of awareness of governance issues in many UK voluntary organisations. An enquiry by the NCVO and Charity Commission in the England and Wales in 1992 showed that many charity trustees were not aware they were trustees. Although much has been done to improve this situation, the availability of training and advice for new trustees is still very patchy. Typically in many voluntary organisations there is a board because there has to be and it might as well be filled with useful and pleasant people. However, there is little thought devoted to whether it performs its duties well or to whether governance is an opportunity to add value to the organisations’ work. This in part stems from a tradition of voluntarism – whereby people with the time and goodwill, rather than with expertise or experience, make up many local voluntary organisation boards. Although the LVO had recruited board members with useful contacts and expertise, they still tended to view their responsibilities in a fairly limited, reactive and supportive way. From this perspective the primary role of the
board is to support the organisation and those that run it, rather than to drive forward the organisation’s strategy and performance.

A second factor was a reaction, perhaps over-reaction, to the LVO’s own particular history. Like a number of similar organisations voluntary sector in the 1970s and 1980s had been collectively run. The current CEO had put an end to that tradition, because she believed it had led to a confused structurelessness. However, she still appeared to regard the committee’s involvement as a dilution of her management role and/or as a threat to the clarity of decision-making in the organisation.

‘…I was horrified when I arrived I discovered that we had no proper Management committee. We had this strange mixture of staff and volunteers and it called itself a policy group and it didn’t have any policies and it didn’t make policies… and staff could vote and it was such a mess. Well it was supposed to be collective but it wasn’t.’

However, the dimension of consent was also present in the LVO. The board, although often reliant on the advice of the dominant member, saw itself as sufficiently expert to know that what the CEO was doing merited their support. The board’s support could not always be taken for granted. For example we observed the board and staff disagree about difficult pay and staffing issue.

The board, because it is not involved on a day to day delivery basis has the capability of being objective. It has between it the skills to emphasise and understand different elements of the work and convey those to the rest of the group.... and thereby to support the policy suggestions of the Director. Without the board, the Director would be in a total vacuum.’

This notion of a vacuum is insightful. It relates to an issue raised in other cases, particularly the College: that the CE is dependent on board backing in order to give legitimacy to their plans and decisions. In other words, the power the CE enjoys with staff and other stakeholders is simultaneously enhanced by and conditional upon the support of the board.

**Board procedures and processes**

Lorch and MacIver (1989) suggest that the formal power of boards will be difficult to realise unless they have opportunities to meet and discuss issues together both inside and outside the board room so that they can develop common positions and strategies. At the LVO, more than the other organisations, the CE was concerned to keep the board from a close involvement with the organisation, and limiting the opportunities for the board members to work together to develop their role:

‘You could have a group who was.... chummy chummy...[and] go on away days and get to know each other, live in each others’ pockets maybe and who may function well as a group but who may be even less use than they are now to the organisation...it may be dangerous as well because at the moment they come in, they will have their own unadulterated opinions. They won’t have been influenced by anybody. There won’t have been any lobbying because that doesn’t happen here’.
As a result board members had little opportunity to develop as a team or discuss how they should develop their role.

**Power sources and their use**

A good deal of the CE’s power stemmed from her expertise, and knowledge of what was going on in the organisation and control of information. Board members were selected for their contacts and for their sympathy with and knowledge of the type of work the organisation did. Apart from one member they had little relevant business or management expertise or experience of serving on boards. This lack of expertise was not helped by the lack of relevant induction or training for new board members.

‘An assumption was made when I joined the organisation that I would know what I was doing...’

‘the [training] would have been more useful if I’d had it four years earlier’

As a result board members found themselves largely dependent on staff for any understanding of what was going on in the organisations:

‘We Board Members... who are not part of the organisation, are so dependent on [staff] for the information and the understanding of what is going on, that it is almost like guiding and ratifying what they are proposing rather than much initiative coming from us.’

The power of the dominant board member stemmed from her relative expertise on financial and management issues. She worked as adviser to new businesses. This was reinforced by her knowledge of the organisation, which came from her long association and her closer relationship CE. She also had a forceful personality, and was able to speak forcefully and authoritatively at board meetings. In many ways she acted as an informal chair of the organisation.

The power of these two was reinforced by the poor management information systems in the organisation. This meant board information, particularly financial information, was often poorly prepared and difficult to interpret. As a result the board were often dependent on staff or the dominant board member to interpret information for them. In addition many issues were raised by the director in her verbal report to meetings and so board members were unable to consider them in advance of meetings and were in the position of just being able to react to what she said.

‘I am not very good at [speaking up] partly because I don’t necessarily feel I’ve got all the information there often...’

**The National Voluntary Organisation (NVO)**

The NVO is an overseas development charity, set up in 1979 to work with partner organisations in some of the world’s poorest countries by providing technological aid
and support. In 1997 it had seven paid staff operating from two UK sites and an annual income of £2 - 300,000. In 1997 the NVO was in a period of transition, with the majority of staff being recent appointments.

The NVO was a membership organisation. Members elected the seven trustees (who also acted as directors under company law). In addition there were about 70 local groups which were affiliated to the national organisation. Many of the members were active in these local groups. The full board of trustees met approximately 4 times per annum, in different locations. There were five sub-committees, each meeting between 2 to 4 times a year. There was also an annual weekend meeting after the AGM for board members and staff to get to know each other and to consider strategic issues.

**Power relations**

Historically a strong collective, egalitarian ideology had prevailed in the NVO, which meant that there was no clear separation of the responsibilities of board members (directors) and staff. Board members, through voluntary work with the organisation and membership of sub-committees, had a history of being involved in and informed about various aspects of the organisation’s work. This collective pattern of governance was being challenged by the arrival of a new Co-ordinator, she felt the board was too involved in operational matters, leading to confusion, and wanted to clarify the responsibilities of the board and staff. One board member described relationships as:

‘... in a state of flux because... the new co-ordinator’s.....come in with very different ideas about how roles should be apportioned. In the past, directors tended to stick their fingers in almost any pie they felt like and certainly there was a lot of resentment by staff, who felt that the staff should be allowed to get on with their bit and the directors should jolly well give a general overview and then let the staff get on. [The new co-ordinator] is very keen on defining...what is policy and what is operations, and that she has to get on with the operational bit and we [the board] should shut up.’

However, unlike the School and the LVO there was a common consensus among both board members and staff that the board had quite a strong influence. As the co-ordinator commented:

‘I actually think it does have a lot, because it has the power of veto. It can stop anything.’

The board occasionally used this power. It had retained its role in deciding grant applications although the staff had recommended it should be delegated to them. In another case we observed a decision about a possible field trip was put on hold until the final budget for the organisation was clear, even though this was argued strongly against by the co-ordinator.

What appeared to be happening at the NVO was a change from a collective or power-sharing (Murray et al. 1992) model of governance to a partnership pattern of governance, where board members retained a good deal of influence, but there was a clearer division over where they should exercise power and where management and staff should.
Context

In the NVO there was the least separation between board members and staff of all four organisations and some blurring of their respective roles. In order to understand this it is important to look at the historical development of the organisation. The NVO when it started was entirely run by volunteers. Only after some time did it take on paid staff. Even then there was a philosophy of collective working with voluntary board members and staff involved in decision-making. The leaving of the original founder and the arrival of a new co-ordinator had challenged this state of affairs and led to a process of the board and staff reviewing their respective roles. However, in the absence of a clear management structure board members still tended to become engaged in short term operational issues as well as longer term planning and policy.

The structure of the board at the NVO was important in enabling the board to exercise some influence over various aspects of the organisation's work. The board at the NVO had a number of sub-committees covering finance, personnel and the various aspects of the organisation’s work. Through these sub-committees the board was actively involved with staff in planning, budget setting and monitoring the organisation’s work. Although staff were in the main responsible for preparing plans, the sub-committees were more than a rubber stamp, and details of plans would be modified in the light of discussions. However, there was a tendency for sub-committees to focus on the detail of plans rather than the contribution to the organisation’s overall strategy. So at one sub-committee meeting discussing the organisation’s educational work more time was spent discussing a new house style for publications than the overall work plan for the year.

Board procedures and processes

The way the agendas for meetings are constructed and the way meetings are run are important constraints on what boards are able to influence. Like the school the NVO typically had long, unstructured agendas for board meetings. In part this reflected the elaborate structure of sub-committees which formally reported back to the board. The staff servicing the committee would usually suggest other items for meetings, and final agendas would typically be agreed in consultation with the chair. This process usually led to very long agendas, often with 15 – 20 items for full board meetings. Without any clear prioritisation of agenda items there was a tendency for meetings to get bogged down in detailed operational matters. At one board meeting we observed the meetings spent 2 hours, just under half the meeting, discussing reports from sub-committees, while an issue of strategic importance had to be held over to the next meeting.

The history of collectivism at the NVO had lead to a norm that board meetings were open to staff to attend and participate. While it was recognised that board members had the right to decide matters at the board it usually tried to proceed by means of consensus. This meant that staff were potentially in a powerful position. It was much easier for staff than board members to meet and agree a common view before board meetings, which they sometimes did.

‘…I think sometimes the staff tend to get together and decide on what their joint collective position is going to be before they then meet directors, and I think that the
directors don’t get together and decided on what our position is going to be, and sometimes I think the staff get their way because they’re more organised than we are.’

**Power sources and their use**

Board members influence was due not just to their formal authority but their knowledge and experience of the organisation. All of them were involved in the organisation or local groups as volunteers. One was a founder member of the organisation and some had also been involved in field trips to partner organisations abroad. In addition some were able to bring other knowledge and experience from their work. For example one had been a director of a small business, another had considerable management experience and another had a management qualification. Involvement in the various sub-committees also meant board members were informed about the details of the organisation’s work.

Occasionally board members would also take a lead in areas where staff were stretched or the board had particular expertise. So for example one of the board members was leading on plans to redevelop part of the organisation’s site.

However, there was recognition that the board’s power was constrained in some areas such as strategy and policy development by lack of time and expertise. Rather than initiate new strategy for the organisation the role of the board was one of commenting on and approving proposals from the staff. As the co-ordinator said:

‘So X and I put some stuff together…and then we take that to the directors and ask for input in it…. they should put that together and then pass it around people, but that is pie in the sky; they are not going to have the time or even the hands-on experience to do it . You know, I mean if you are working at one job, you cannot do this job as well’

The power of staff came from their professional expertise and because they had the time to formulate plans and proposals that went to the board.

‘…that is a key policy document, well the people who ought to make the running there, in theory are the directors but they’re – it’s a very time consuming process – and although it’s a policy document they are happy to see staff…doing the work.’

This balance of power between staff and the board was nicely summarised by one member of the board:

‘so that the bottom line that we have got the power, but at the same time staff have got the power that they know what is actually happening, they don’t necessarily have to tell us…the staff really have the power on a day to day basis and really should have it to do the practical things…’

**The college**

The College provided predominantly vocational education from four principal sites to the young and adult population of the semi-urban county it covered. It had an annual
budget of about £25 million, the bulk of which came from the UK Further Education Funding Council (FEFC). The College was regulated by the FEFC, which specifies in detail how colleges are governed and funded and (with varying degrees of discretion) what services they may and may not provide. Central government legislation removed all FE Colleges from local authority control in 1993, and they were established as independent incorporated bodies whose governors took on responsibilities equivalent to those of company directors.

The College was managed by a Principal, supported by two Associate Principals and a matrix of faculty deans and site managers. The Board (or Corporation) consisted of 16 members, of whom 8 were independent, 3 co-opted, one was nominated by the local Training & Enterprise Council (TEC), 2 were elected from the staff, a student member and the Principal. The Clerk to the Corporation serviced the board and was accountable to them. Senior managers attended and reported to both full board and relevant sub-committees. The full board met 6 times per annum, and also outside the formal cycle; typically one away day per term to tackle strategic matters free from the normal agenda. The sub-committees met to tie in with the full board cycles and with key stages in the accounting and budget-setting cycles. Individual board members were also tasked to work with individual managers on particular issues.

**Power relations**

At the college there was a shift in the balance of power from dominance by the Principal to partnership with a more powerful board. Until 1993, the College had been under the local education authority control, with the governing body composed of local politicians and community notables. The Principal saw this as largely a political talking shop or theatre without the expertise or confidence to challenge what he and senior managers were doing:

‘…in the past would they have had the self-confidence to have challenged me about, say, what we ought to be trying to do over the next year. They are feeling that they ought to be doing that, now,…’

An example of board members willingness and ability to challenge management was when members of the Finance and General Purposes Committee refused to accept managers’ explanations for a serious shortfall in budgeted income during the year due to larger than anticipated student drop-out. Board members did not leave the issue until the senior finance staff had agreed to change the basis for providing for such drop-outs in future budgets, and to change invoicing systems so that students paid at least something before peak drop-out times. What was significant about the intervention was that board members felt knowledgeable and confident enough to challenge management and force through a change in both the information that the board received and in the organisation’s operational systems.

At the time of the research, the power relationships were in an interesting state of flux. Board members wanted a partnership with a strong management who managed in the way they thought was right:

‘The CEO is the person we got in there to run the College and I think he has to make the decisions and we have to make sure we feel comfortable that he is making the right decisions’
‘I think if it were a partnership it would be ten times more successful.’

However what was meant by a partnership was never clearly defined. On the one hand board members wanted to make it clear to managers that the board was a serious and important force in the organisation and that managers could no longer pull the wool over their eyes. On the other hand, their own experience as managers and/or senior professionals was such that they wanted strong leadership from a senior management team with a powerful strategic vision and the capacity to put it into effect. Similarly managers wanted a stronger board, one whose contribution would justify the time put into servicing it, but not one which interfered with their authority as managers. The tensions between these various aims were evident during the research, particularly in meetings and issues around information. For example the board were pressing management to provide better information that would allow it to more effectively review the college’s performance:

‘the area where we’re not getting enough information and we’re not knowing what’s happening is in the area of the College’s results, comparative success with other colleges and the measure of achievement.’

‘I would like to see the high level numbers, which we’ve never been presented with because the information hasn’t been available up to now. …’

Context

As with the school, the changes in the regulatory environment were an important factor in the changing pattern of power relationships at the college. Since incorporation, the Board (or Corporation) assumed legal control of the organisation. The College could now in theory go out of business if it failed to attract and retain enough students, and it would be subject to regular and public financial and performance checks by the FEFC. New regulations removed many of the political appointees from the board, replacing them in the main with business people who would act as company directors. The impact upon board relationships with the Principal and his senior management team, under the influence in particular of the Chair who took office in 1994, was significant:

‘Up until a year ago [the board] was operating in the old style...essentially advising the Principal...whereby the Corporation members now truly exercise a sense of responsibility as owners...I’m not the person who has asked them to come and advise me, I’m employed by them.’

The new FEFC regulations also influenced the structure and working of the board. For example, they specified that the board should have an audit sub-committee with specified responsibilities. The committee was able to demand and act on reports into a wide range of financial management procedures carried out by internal auditors from an independent firm of chartered accountants.

Board procedures and processes

The chair with the support of the Principal played an important role in establishing new norms and procedures, which encouraged a more active and involved board. In particular he had established a number of forums where board members and staff could meet to discuss the future of the college and its strategy. He had set up informal lunchtime meetings where board members could meet with the principal and senior
staff. He had also established meeting to discuss the values and mission of the organisation. In addition the board had a regular away day free from the normal business of the board to discuss the College’s strategy.

These changes had been made with the support of the Principal who welcomed the fact that a group of people whose management and business experience he respected now shared the ownership of and responsibility for the College, even though we observed that this meant his and other managers’ proposals were challenged at and outside board meetings. He felt relieved of carrying the sole burden of responsibility himself. He observed wryly:

‘they are enhancing [this organisation] in so far as I feel that they have the self-confidence to sack me. Now that is a very significant change.’

**Power sources and their use**

An important power source which new board members possessed was the knowledge and experience that came from operating at a fairly senior level in business and other organisations. The board brought together people with experience of senior management in the private sector and others with important professional skills in areas such as financial management and accountancy. The chair commented:

‘...bringing diverse group of people who have in common that they've operated at a senior level in another organisation and creating, as a result of that, a sort of a chemistry that challenges, excites, motivates, persuades the college to look outwards and to identify best practice, to bring on board best practice...’

Another important skill which board members possessed was knowing how to intervene and having the confidence to do so. Both staff and board members identified the key contribution of the new board was questioning and challenging management. The chair observed that an important strength of the board was:

‘the capacity to question and influence management and what happens in the college. This is the crucial role, which I am trying to develop. In the LEA days to pre-incorporate training was next to useless. Lots of it but a waste of time – we talked in theory about our new powers, but in reality left us equipped to do no more than rubber stamp things. Gradually, we have asserted amore vigorous role.’

This view was also born out by staff:

‘But its also the kind of questions and the things they are expecting, certainly from the Principal...’

Of course management still exercised a great deal of influence through their control over the information and proposals that went to the board. In the past this source power had been considerable as the Principal himself observed:

‘... my strategy years back was to be several steps ahead of the governing body...my strategy was not to make them irrelevant, but to make it so that I was genuinely able to present the best options in a way they would choose the one I thought was best.’
Although things had changed there was still recognition that inevitably the way information was presented did have an influence. Also in comparison to management the board were limited by the time they could devote to board activities. This couple with the volume of material submitted to the board meant that some issues could not be scrutinised in detail.

‘Kid oneself not so what the governors discuss … is heavily influenced by what he [the Principal] wants us to discuss.’

‘I think probably we don’t do enough challenging, but I think that’s probably just because of sheer volume. When you get a paper this thick and its presented to you as the new students’ charter, for arguments sake, you’ll flick through it and you’ll go to your areas of special interest, but you’re not going to be in a position to read the whole thing and check it and challenge maybe to extent you should do.’

Another important constraint on the power of the board was the need to maintain good relations with management. The board had to tread a careful balance between challenging management and being supportive:

‘I don’t think there are any prizes for coming in and being rough and tumble with it – we need to retain their [staffs] goodwill…’

‘I think you’ve got to look and learn the politics to and the balancing between what ought to be asked in meetings and that which would perhaps be better dealt with quietly, because what is your ultimate aim - to get the working partnership…’

The shaping of patterns of power and influence

What factors influenced these different patterns of power among the case studies and the changes that had taken place? Following Pettigrew and McNulty (1995: 869) the aim of the research was to identify some of the ‘conditions, processes and abilities which contribute to the development and exercise of power and influence’ by board members in relations to management. In order to do this we will compare the more powerful with the less powerful boards. In particular the college will be compared with the school and the NVO with the LVO.

The college and school

The conceptual framework suggests that the power of board members is shaped by wider structural and contextual factors. At a macro level this includes— the law and regulations affecting the governance of public and non-profit organisations, and wider social norms on the role of boards and their members. The impact of the law and regulations was most apparent at the school and the college, where they had recently changed. The college, along with other FE colleges in the UK, had been taken out of local authority control. Hence the board became the legal ‘owners’ of the organisation and assumed overall control. The rules governing the composition of the board also changed to ensure strong business representation at the expense of previous local authority appointments. At the school the government legislation had lead to the governing body being given greater powers, and a change in composition to increase
the number of parent governors. In both cases these changes appeared to have legitimated and encouraged a more active and involved board.

However, it was only at the college where the board was able to translate this into a substantial degree of influence over the direction of the organisation. Key factors in this process were board members’ knowledge and experience, their confidence to use this expertise and their skill in knowing how to intervene effectively. The change in composition at the college had lead to board members being appointed who had considerable experience of senior management and professional expertise in areas such as accountancy and personnel management. This expertise was very important in underpinning the board’s influence. They had the expertise to challenge management particularly in areas such as financial management and the performance of the college. They did not just accept the information they were given but in some areas pushed management to provide new information. An important skill in this process was knowing how to effectively question and intervene – knowing the right questions to ask.

This picture contrasts with the one at the school. Most of the external members of the governing body were parents of children in the school, whether elected or appointed. They came from a variety of different backgrounds but few had much management or relevant professional experience. In some areas such as financial management many board members struggled to understand what was going on. They also depended heavily on the head to keep abreast of changes in educational policy and its implications for the school. This perceived lack of expertise and the consensual style of the board made it difficult for the board to challenge the head’s view.

What issues boards are able to influence and their ability to mobilise the power that comes from their formal position and expertise, also depends crucially on board procedures and processes. One of the problems we observed facing the boards of the school, college and NVO was very long agendas for board meetings. As a result there was a danger that important issues would get insufficient discussion. At the college the chair of the board played an important role in establishing processes which enabled the board to influence key decisions. He instituted a system of regular ‘away days’ free from the normal board agenda to discuss strategy. In addition he had convened a series of informal monthly meetings between some board members and senior staff to discuss the long-term values and mission of the organisation. In addition informal meetings and telephone calls were used to sound board members out and share views.

Again the contrast with the school was quite marked. The board did not meet outside of formal meetings. Board meetings typically had long unstructured agendas, and no attempt was made to identify or prioritise agenda items. As a result the full board typically only had a small amount of time to discuss important issues and little use was made of informal means to canvass views and opinions or mobilise support, although a more detailed input could be made at sub-committee meetings.

The cases also demonstrate how the exercise of power helps shape future power relations. The exercise of power by the new board at the college was creating new relations with management and changing managers’ expectations of the board. They
had begun to expect the board to probe and challenge their proposals and to want influence the college’s direction, as one governor observed:

‘...staff now expect us to ask questions and be critical and want to know why they’re doing it and how they’re doing it...’

**The NVO and the LVO**

The particular history and structure of these two organisations had an influence on who became board members and in shaping norms about what was expected of the boards. The NVO was a membership organisation and it had a small board elected from the membership. Those elected to the board were usually active volunteers in local groups affiliated to the organisation or the national organisation itself. The original founder had a commitment to collective working and when staff were employed decisions were still made collectively by the board and staff together. As the organisation grew a range of sub-committees were established. These included board members and staff. The sub-committees oversaw plans and budgets for each area of work. One of the sub-committees oversaw and had to agree all requests for overseas aid. Some of the board members were longstanding members of the organisation and one member was one of the founders of the organisation. This particular history meant that board members were knowledgeable about the organisation, and norms and structures had been established which legitimised and enabled the board to be involved in decision-making at various levels within the organisation.

However, this pattern of involvement was being challenged during the period of the research due to the arrival of a new co-ordinator, who effectively had been appointed to improve the management of the organisation. She was concerned that the board through its sub-committees was too involved in operational decisions, which sometimes conflicted with plans she had agreed with staff. As a result she was trying to redefine the boundary between the board and staff, so the board limited its involvement to policy–making and long terms plans, and left operational decisions to staff. This had led to an open debate within the organisation about the role of the board. In addition the co-ordinator attended sub-committee meetings where possible to try to ensure that any plans took into account overall plans for the organisation.

The LVO had a similar history in some respects although the outcome was rather different. In its early days the organisation had also been run along collective lines. It had had a policy committee, which included outside board members and staff. When the current director joined the organisation she felt this was ineffective and that legally staff should not be able to vote on board decisions. She had worked to establish a ‘proper’ board. Unlike the NVO the board itself appointed new members usually on the advice of the director. Board members were usually selected because of their professional expertise in the area in which the organisation worked rather than their expertise management or related areas such as finance. A number had come from organisations in the public and voluntary sectors with which the LVO worked. Perhaps because of her early experience the director was keen to keep the board at arm’s length and away from direct involvement in the organisation. She saw it as their role to support and advise her.
These contextual factors had an important influence on the power sources that the respective boards and managers were able to draw upon. At the NVO board members through their voluntary work with the organisation and their involvement in sub-committees had a relatively good understanding of the organisation. A number of board members also had considerable business and management experience to draw on. In the area of financial management, where they recognised they had some weaknesses, they had coopted a qualified accountant onto the board.

In contrast the expertise that the board at the LVO could draw upon was more limited. Because they were kept at a distance and the board made little use of sub-committees their familiarity with the organisation was less. Only the ‘dominant’ board member had much management expertise. Her position was reinforced by her long service as a board member, close relationship with the director and her forceful personality. In addition the information available to the board was less and of a lower quality than at the NVO. There appeared to be a number of factors that influenced this. The organisation itself lacked good management information systems, and there seemed a lack of understanding at least on the financial side among both board members and staff about what information the board should have. One staff member commented on the financial information the board had:

‘Basically the cash balances and where we are at with our money coming in and our spending of the money - that’s about it. Beyond that they don’t know very much. I have to say if I was one of them I would want to know more...’

Most other information tended to be given in the director’s verbal report to the meeting. In many ways the board was used as a sounding board by the director rather than as a formal decision-making body. Hence the board was very much dependent on the director to know what was going on.

The board procedures and processes also shaped the opportunities for board members to exert their influence. Similarly to the college the board and staff at the NVO had instituted a special ‘away weekend’ where board members and staff could get together to get to know new board members and discuss the organisation’s strategy. As most board members had to travel some distance to board and sub-committee meetings there was usually some opportunity before or after meetings for board members and staff to share some food and chat informally. As a result there were some opportunities for board members to reflect on their role and develop at least some sense of being a team. These opportunities were largely lacking at the LVO. As one board member commented:

‘I would like to discuss roles and have an afternoon session or something with the full board, may be with a facilitator, to look at how we work and just get to know each other. Team building I suppose...’

Conclusions

The research suggests that neither managerial hegemony or agency theory, the two dominant theories of board-management relations, adequately capture the variety and
subtlety of power relations between boards and management. Both are too sweeping in their generalisations. Similar to the findings of Murray et al (1992) the four cases revealed some very different patterns of power between boards and management. At the school there was what Murray et al called a ‘CEO dominant’ pattern of power, with the head exercising the most influence over the issues that discussed at the board. The NVO still had elements of a collective or power sharing board, although it was moving away from this pattern. The other two cases revealed two new patterns of power, which suggest how Murray et al’s typology might be extended. At the LVO the chief executive again exercised considerably influence as long as she had the backing of a longstanding board members. Effectively they formed a dominant coalition. This pattern of a dominant coalition was also revealed by Maitlis (1999) in one of the symphony orchestras that she studied, although this time the dominant coalition was between the chief executive and the chair of the board. The College Board had moved from a CEO dominant pattern to one where there was a more equal partnership between the board and management. This kind of pattern of power also appeared to be in the process of being established at the NVO.

Whilst only at the College and the NVO was there evidence that the boards felt powerful enough to regularly challenge senior management on their proposals, it should not be concluded from this that the other boards had no influence. In both the School and the LVO the notion of agreement, consent or conditionality was important. Although in general they trusted and relied upon management initiatives they were generally quite diligent in checking proposals that came to board and there were occasional areas where they would intervene, so their support for management was not unconditional.

Of the various power sources that board members may draw upon relevant knowledge, experience and skills were crucial. Of importance were those areas of expertise that were of particular relevance to board level issues, such as an understanding of financial management, strategy and planning, or human resource management. Those boards that had the least influence, i.e. the school and the NVO, were ones where most board members lacked these expertise and skills.

In addition knowledge and understanding of the work of the organisation and the type of ‘business’ they were in was of importance. To some extent boards were dependent on the quality of information management provided to them at board meetings. However, boards could moderate this source of managerial power. At the college the board members were experienced and confident enough ask for additional or new information when necessary. Also the members of more influential boards tended to have other more informal sources of information. At the NVO board members were knowledgeable about the organisation because of their involvement as volunteers. At the college the new chair had set up processes to inform the board about the organisation through informal meetings with senior staff, and occasionally linking board members with staff. In contrast at the LVO a factor which constrained the influence of the majority of board members was the fact that the chief executive kept them at arms length form the organisation.

However, expertise and access to relevant information by themselves are not enough to ensure board influence. Board members must have the confidence and skills to use these power sources. A particularly important skill is knowing the ‘right questions to
ask’. An important strength of the college board was its ability to constructively question and challenge management proposals and the sort of information it was presented with.

Board procedures and processes also play an important part in enabling and constraining board influence. The findings from this study support McNulty and Pettigrew’s (1999: 68) conclusion that the ‘conduct and process of the board are crucial determinants of part-time board members involvement in strategy’. Our findings suggest that it is very easy for board agendas to become weighed down with routine items, such as reports from sub-committees and financial reports and for matters of strategic importance to get squeezed off the agenda or be given insufficient time. Perhaps not surprisingly those boards that were able exercise most influence over strategy, i.e. the college and the NVO, were the ones that set aside special meetings to focus on strategic issues. (See Cornforth and Edwards (1999) for a more detailed discussion of this issue.)

Lorsch and MacIver (1989) suggest that another important process in mobilising board power is the opportunity for boards to discuss issues together outside the boardroom in order that they may develop common positions. Without such opportunities they are likely to be divided and unable to mobilise their formal power. There was some evidence to support this proposition from the case studies. This was one of the factors that distinguished the more influential boards at the College, and to a lesser extent the NVO, from the school and the LVO. Even though the NVO board was relatively influential board members still felt that they were disadvantaged compared to staff who had more time before board meetings to establish a common position.

The cases also showed that patterns of power are not static. Writers in the managerial hegemony traditions, such as Lorsch and MacIver (1989), suggest that board power is more likely to increase during periods of crisis in the organisation. There was some limited evidence to support this argument. Although none of the organisations studied were in crisis it was when the board’s perceived there was a problematic issue or one that management were finding difficult to resolve that they tended to intervene. At the school the board intervened when they felt there was a danger that a particular course of action would have meant contravening a statutory duty. At the LVO the board became involved when the director wanted to alter the previously agreed salary arrangements for a new post in order keep a valued member of staff.

However, these were not the most important influences on changes in patterns of power. At the college the board had become more powerful since new regulations had changed the responsibilities, composition and structure of the board. Perhaps the most important factor here was changes in composition, which lead to board members being selected for their experience and skills. Not surprisingly changes in the key positions of chair and chief executive were important. At the NVO the appointment of a staff member as the new co-ordinator, who in many ways assumed the role of chief executive, was crucial. Her forceful interventions were leading the board to reconsider its role and relationship with staff. At the college the new chair, with the support of the principal, played a very important role in developing the new board and establishing new board procedures.
Overall, the research provides further support for the conceptual model proposed by Pettigrew and McNulty (1995) for analysing boardroom power and influence. There is no single determinant of board power and influence. As we have outlined above it stems from a complex interplay of contextual and structural factors, and the development and skilful use of a range of power sources.
References


