



Governance Literature Review

Background: The purpose of this literature review is to identify peer reviewed, research-based literature related to governance. The search has explored literature outside of regulatory governance, including areas such as: not-for-profit, for-profit sector, as well as psycho-social literature based on assessed relevance. The table below provides an overview of the literature findings. The review has been categorized thematically based on the following governance areas:

- Board size
- Board composition
- Board member competencies
- Board effectiveness (e.g. best practices)
- Board compensation and remuneration

Literature Search:

- Four main searches were conducted for this review.
- A total of 370 results were identified. Approximately 50 articles were selected based on quality and relevance.
- Full text articles were reviewed to ensure relevancy and accurate interpretation of findings related to the governance areas listed above.

The First Search

- Explored literature on not-for-profit boards impacting performance, size, composition and recruitment methods.
- The online databases used for this search included: Proquest (69 databases), ABI Inform, Social Science Index, Business Source Premier, Health Business Elite, and Google Scholar.
- Search terms included: “non profit organizations”, “non profit services”, “not for profit”, “not for profit organizations”, “non profit companies”, “board of directors”, “boards of directors”, “governance”, “size”, “recruitment”, “composition”.

The Second Search

- Explored research from the psycho-social literature.
- The search focused on the impact of group size and performance on group dynamics.
- Databases used to find relevant papers included: PscyINFO, Health Business Elite and Google Scholar.
- Search terms included: “group size”, “group processes”, and “effectiveness”.

The Third Search

- Explored literature on remuneration, benefits, cost coverages for non-executive members.
- Most literature in this areas relates to “executive compensation” which is irrelevant for this search.
- The term “non-executive” was used to isolate the members of the board other than the leader.
- Literature on non-executive remuneration seems to be scarce, and does not appear to inform the specific notion of stipends versus reimbursement from out-of-pocket expenses.

The Fourth Search

- An additional search was conducted focusing on not-for-profit board remuneration and compensation.
- This search targeted literature specifically on not-for-profit boards related to remuneration, compensation, honoraria.
- Search phrases used included “not-for-profit board honorarium” and “not-for-profit board remuneration”.

Literature Findings:

The literature focusing on board size reported findings in the following areas:

- Studies in support of small board and team/group size
- Studies in support of large board and team/group size
- Studies reporting that board size does not matter
- Studies on the determinants of board size

Literature on board composition reported studies on:

- Board diversity and performance
- Board composition based on completely lay membership (limited)

Studies on board member competencies reported findings in the following areas:

- Leadership of Chairs/Presidents
- Chair-Executive Director Relationship
- Board member competencies
- The literature search does not suggest a well-developed body of research in the area of board member competencies.
- A sample of articles that addressed qualities/attributes of members of a board impacting board effectiveness is included in this review.

Studies on board effectiveness covered the following areas:

- Assessment strategies for board effectiveness
- Studies on strategic governance
- Studies on governance best practices

Studies on not-for-profit board remuneration and compensation reported findings related to:

- Different approaches to board member compensation based on the type of board.
- Advantages and disadvantages related to board compensation.

Bibliography: Bibliography can be found at the end of this document.

This table provides an overview of the relevant peer-reviewed articles examined including: the summary, relevant findings, methodology/study design and in some cases study limitations.

BOARD SIZE	
STUDIES ON SMALL BOARD SIZE - IN THE LITERATURE, SMALL SIZE BOARDS ARE COMPOSED OF 6-9 BOARD MEMBERS.	
Source	Hartarska, V., & Nadolnyak, D. (2012). Board size and diversity as governance mechanisms in community development loan funds in the USA. <i>Applied Economics</i> , 44(33), 4313-4329. http://dx.doi.org/10.1080/00036846.2011.589812
Summary	This article uses recently available data from several surveys to explore the link between performance and board size and diversity. The study adapts an empirical approach used to study governance in banks. The results show that efficiency improves as the board size increases up to 13 members.
Findings	<ul style="list-style-type: none"> • The results suggest that board effectiveness improves with board size but worsens with more than 13 board member due to the social loafing phenomenon, known as 'free riding'. • The findings reveal that there are benefits to larger boards but they exhaust at about 10 members, at which point free riding may occur. • The study concludes that boards consisting of about 10-12 members are more efficient in serving their clients and better able to satisfy their outreach mission. • The results provide evidence in support that board diversity affects efficiency. • Empirical literature supports these findings by stating that larger boards are less effective than smaller boards because when the board gets too big, free riding by some directors may become an issue (Lipton and Lorsch, 1992; Jensen, 1993).
Methodology	<ul style="list-style-type: none"> • Qualitative methodology • This article uses recent panel data from several surveys to study how board size and diversity (gender and racial) affect performance. • Data is taken from the CDFI Data Project, which conducts an annual industry survey of all Community Development Financial Institutions (CDFIs) operating in the US. • The population of CDFIs is estimated at about 1000 organizations and about a third participated in the annual surveys between 2002 and 2005. • Final sample size consists of 140 loan funds and 395 observations.
Limitations	<ul style="list-style-type: none"> • Data collection on board size and diversity may be improved by collecting other data on different aspects of board characteristics such as: specific skills, committees, frequency of board meeting, stakeholder representation etc. • Primary focus of this study is the financial industry. Thus, the results may not apply to other industries.
Source	Halberstam, Y. (2015). Trial and Error: Decision Reversal and Panel Size in State Courts. <i>Journal of Law, Economics, and Organization</i> , 32(1), 94-118. http://dx.doi.org/10.1093/jleo/ewv007
Summary	This study shows that lower court decisions are reversed more frequently by larger, rather than smaller, panels of high court judges. The author develops a simple framework that connects reversals and panel size. The empirical results suggest that increasing judicial panel size erodes the quality of decision-making in high courts. These results are consistent with a large body of literature investigating small group size effects on productivity and output.
Findings	<ul style="list-style-type: none"> • Empirical results suggest that increasing judicial panel size erodes the quality of decision-making in high courts.

	<ul style="list-style-type: none"> • The study suggests that increasing the number of decision-makers on a court may not be advisable. • The author develops a simple framework with two states, one in which the law favors affirmation and one in which favors reversal. • Results are consistent with a broad set of findings suggesting small group size effects on productivity and output.
Methodology	<ul style="list-style-type: none"> • Author explored the relationship between high court judicial panel size and reversals of lower court decisions through regression analysis. • The author verifies the results by using state-level annual data for years 2000–2011. • Data is collected from multiple sources and surveyed state court clerks and other officials. • Data on case level state Supreme Court decisions is collected from the State Supreme Court Data Project (5,000 decisions).
Limitations	N/A
STUDIES ON SMALL TEAM/GROUP SIZE	
Source	Hoegl, M. (2005). Smaller teams–better teamwork: How to keep project teams small. <i>Business Horizons</i> , 48(3), 209-214. http://dx.doi.org/10.1016/j.bushor.2004.10.013
Summary	Scholars and practitioners have suggested that smaller teams perform better teamwork, yet many organizations are using teams of 10 and more members. This paper explains how large team size affects teamwork. The study also suggests four ways to keep teams small.
Findings	<ul style="list-style-type: none"> • This paper highlights empirical findings from prior research confirming the benefits of smaller teams including efficient communication, greater efforts by all team members and a better utilization of all team members’ potential (Bray et al., 1978; Latané et al., 1979). • The study explains why large team size hinders teamwork and proposes ways to keep them small. • Sharing of technical and coordinative information within the team becomes significantly more difficult as the number of team members increases. • As team size grows, the complexity of the communication structure between all members increases dramatically. • Individuals decrease their efforts as the number of people in the group increases, which results in social loafing phenomenon. • As team size increases, it becomes more difficult for team members to contribute their knowledge, skills and experience to their full potential.
Methodology	<ul style="list-style-type: none"> • Conceptual and empirical analysis on teamwork. • This study is based on early theoretical research by Ziller (1957) and Steiner (1966) and other laboratory research on team performance (Bray et al., 1978).
Limitations	N/A
Source	Mueller, J. S. (2012). Why individuals in larger teams perform worse. <i>Organizational Behavior and Human Decision Processes</i> , 117(1), 111-124. http://dx.doi.org/10.1016/j.obhdp.2011.08.004
Summary	Little field research examines why individuals in larger teams perform worse than individuals in smaller teams. This study expands upon Steiner’s (1972) model of individual performance in group contexts identifying one missing element of process loss, namely relational loss. Based on literature on stress and coping, loss occurs when an employee perceives that support is less available in the team, as team size

	increases. In the current study, relational loss mediated the negative relationship between team size and individual performance.
Findings	<ul style="list-style-type: none"> • This study supports other research findings that individuals in larger teams perform worse. • For example, while individuals in larger groups have access to more resources, individuals on larger teams also expend less effort (Lattane, Williams, & Harkins, 1979), engage in fewer differentiated tasks, assume less responsibility for the tasks (Wicker & Mehler, 1971), and generally perform worse than individuals on smaller teams (Liden, Wayne, Jaworski, & Bennett, 2004). • The study examines two important and generally accepted theoretical reasons for why individuals in larger teams perform worse: extrinsic motivation loss and perceived coordination loss. • There was only partial evidence that coordination loss mediated the negative relationship between team size and poor individual performance. • Findings suggest that larger teams show greater coordination loss and as a result, performance loss.
Methodology	<ul style="list-style-type: none"> • Part of a larger longitudinal research program designed to examine the subjective work experience, process, and performance of 212 individuals in 26 teams, 7 companies and 3 industries (chemicals and pharmaceuticals, high tech, and manufacturing) in the United States. • A convenience sample methodology. • Participants were selected based on several characteristics.
Limitations	<ul style="list-style-type: none"> • These findings suggest that future research should recognize perception of support from the team as a key determinant of individual functioning in teams at work. • While the study does not show that relational processes explain poor individual performance in larger teams, it is important to note that a host of processes not considered in this study may influence individual functioning in larger team contexts. • Also, the study did not examine elements of team composition that might have influenced function in larger teams.
Source	Staats, B. R., Milkman, K. L., & Fox, C. R. (2012). The team scaling fallacy: Underestimating the declining efficiency of larger teams. <i>Organizational Behavior and Human Decision Processes</i> , 118(2), 132-142. http://dx.doi.org/10.1016/j.obhdp.2012.03.002
Summary	Firms face decisions on how to scale the size of work teams. The study notes that larger teams can usually complete tasks more quickly, but there are disadvantages associated with increasing the number of individuals on the team. The research documents a phenomenon that is termed “team scaling fallacy” and why it happens. This concept shows that as team size increases, people increasingly underestimate the number of labour hours required to complete projects.
Findings	<ul style="list-style-type: none"> • Research shows that increasing a team’s size can hamper its coordination, diminish its members’ motivation, and increase conflict among other team members (Hare, 1952; Ingham, Levinger, Graves, & Peckham, 1974; Moreland et al., 1996). • Larger teams are likely to have a broader base of knowledge and experience which can prove beneficial. • However, increasing team size presents challenges involving coordination, motivation and conflict.

	<ul style="list-style-type: none"> • In addition, the threat of miscommunication increases when information is passed among a greater number of members. • Although a larger team creates opportunities for division of labour, completed work must be integrated at some point, requiring additional time and effort. • The findings indicated that <i>team scaling fallacy</i> is a phenomenon that occurs among teams with a tendency to underestimate process losses and/or overestimate process gains.
Methodology	<ul style="list-style-type: none"> • Use of two laboratory experiments, and archival data from projects executed at a software company. • Teams of varying size completed a project that was divisible among team members. • The first experiment consisted of 267 executive MBA students at UCLA who took part in a team exercise during a required class in organizational behavior. • The second experiment consisted of 80 students at the University of North Carolina at Chapel Hill (UNC) who took part in a team exercise during an MBA elective class.
Limitations	<ul style="list-style-type: none"> • The laboratory experiments did not allow authors to establish the external validity of their findings.
Source	Wheelan, S. A. (2009). Group size, group development, and group productivity. <i>Small Group Research</i> , 40(2), 247-262. http://dx.doi.org/10.1177/1046496408328703
Summary	This study examined the impact of small and large work groups on developmental processes and group productivity. A total of 329 work groups operating in for-profit and non-profit organizations across the United States were assessed in this study. Groups containing 3 to 8 members were significantly more productive and more developmentally advanced than groups with 9 members or more. Groups containing 3 to 6 members were significantly more productive and more developmentally advanced than groups with 7 to 10 members or 11 members or more. The study suggests that work-group size is a crucial factor in increasing or decreasing both group development and productivity.
Findings	<ul style="list-style-type: none"> • The results of study suggest that work-group size is an important factor in both group development and group productivity. • Findings indicate that small work groups of 3 to 6 members have a much better chance of reaching the higher stages of group development than larger groups. • The results support the conclusion that group size increases or decreases the likelihood that work groups will reach the third or fourth stage of group development and as a result, positively or negatively affect group productivity.
Methodology	<ul style="list-style-type: none"> • Laboratory study involving 329 work groups. • This study investigates the relationship between group size, group development, and productivity utilizing workplace groups of various sizes. • Of the 329 work groups, 186 (56.5%) were functioning in for-profit organizations and 143 groups (43.5%) were functioning in nonprofit organizations. • The groups ranged in size from 3 to 25 members. There were a total of 2,623 participants in these groups from middle management teams and project teams.
Limitations	<ul style="list-style-type: none"> • Reliance on laboratory studies as a means of learning about work group has been criticized because real groups may operate differently.

STUDIES ON LARGE TEAM/GROUP SIZE – IN THE LITERATURE, LARGE SIZE BOARDS CONSIST OF GROUPS LARGER THAN 10.	
Source	Cummings, J. N., Kiesler, S., Bosagh Zadeh, R., & Balakrishnan, A. D. (2013). Group Heterogeneity Increases the Risks of Large Group Size: A Longitudinal Study of Productivity in Research Groups. <i>Psychological Science</i> , 24(6), 880-890. http://dx.doi.org/10.1177/0956797612463082
Summary	This study examined the longitudinal productivity of 549 research groups varying in disciplinary heterogeneity, institutional heterogeneity, and size. Authors hypothesized that as groups increase in size, productivity would decrease with greater heterogeneity. The findings revealed that larger groups were more productive than smaller groups, but their marginal productivity declined as their heterogeneity increased. These results show that group heterogeneity controls the effects of group size, and they suggest that desirable diversity in groups may be better leveraged in smaller, more cohesive units.
Findings	<ul style="list-style-type: none"> • The study examines how research productivity relates to group heterogeneity and group size. • It proposes that group productivity will be higher in larger groups because more people contribute to the whole, but argues that these performance improvements will be marginally reduced as group heterogeneity increases. • Diversity of perspectives and skills in a group makes innovation possible, but acquiring this diversity may mean adding members. • Data suggest that there are limits to the advantages of adding people and that diversity may be applied better in smaller, more manageable groups than in larger groups.
Methodology	<ul style="list-style-type: none"> • Longitudinal study • The study examined the relationships of group size, heterogeneity, and group productivity in 549 research groups.
Limitations	<ul style="list-style-type: none"> • These findings require more research on the processes of managing heterogeneity and group size. • Examining other group tasks will be important to test the generalizability of the findings.
Source	Maynard, M. T., Mathieu, J. E., Gilson, L. L., O'Boyle, E. H., & Cigularov, K. P. (2012). Drivers and outcomes of team psychological empowerment: A meta-analytic review and model test. <i>Organizational Psychology Review</i> , 3(2), 101-137. http://dx.doi.org/10.1177/2041386612456868
Summary	This study attempts to address the effect that team size may have on the psychological empowerment. The relationship between psychological empowerment and team size appears complex and needs a more in-depth theorizing and examination.
Findings	<ul style="list-style-type: none"> • Structural empowerment and a number of other factors have been noted as important drivers of team psychological empowerment and effectiveness. • The findings suggest that structural empowerment's positive effects on team psychological empowerment become stronger among larger teams. • The positive correlations between team psychological empowerment and performance also were higher when teams are larger. • In contrast, team size shows a negative influence on the external managerial support-psychological empowerment correlations, such that the positive effects were offset when teams were larger.
Methodology	<ul style="list-style-type: none"> • This study uses meta-analysis and structural equation modeling.

Limitations	<ul style="list-style-type: none"> • More accurate estimates of mean effect sizes could be attained if the meta-analytic review was based on more unique studies. • Methodological issues related to SEM analysis using meta-analytic correlations were also noted.
BOARD SIZE DOES NOT MATTER	
Source	Ning, Y., Davidson, W. Wang, J. (2010). Does optimal corporate board size exist? An empirical analysis. <i>Journal of Applied Finance</i> , 20(2), 57-69. http://ssrn.com/abstract=2693077
Summary	This study finds that the most common board size for US publicly-traded firms ranges from eight to eleven directors. Over time, small boards (seven or fewer directors), tend to increase their size, but large boards (12 or more directors) tend to shrink their size. The results indicate that it may be the trade-off of the costs and benefits of various board sizes that motivate board size selection.
Findings	<ul style="list-style-type: none"> • <i>Agency theory</i> proposes that there are costs when boards are too large. • <i>Resource dependency theory</i> maintains that larger boards benefit corporations by providing access to more external resources. • Both theories have merits and that, in practice, most companies have neither really large nor really small boards. • Companies will adjust their board size over time toward an optimal range. • When firms perceive the costs of a large board to be greater than the benefits, they will reduce their board size to the optimal level. • Alternately, when firms perceive the benefits of increasing board size outweigh the costs, they will increase their board size to the optimal level.
Methodology	<ul style="list-style-type: none"> • The study uses time-series and cross-sectional examination of board size. • Sample period is from January 1, 1988 to December 31, 1999. • Authors report mean, median, and standard deviation values of board size for each year over the 12-year sample period.
Limitations	<ul style="list-style-type: none"> • The study's conclusions are limited by many unresolved issues concerning how and why board size changes. • Further questions should be considered. • For example, are firms with boards that fall significantly outside the optimum range more likely to fail? • When large boards downsize toward the optimum range, what types of directors are discarded? • When small boards grow toward the optimum range, what types of directors are added?
Source	Coles, JL, ND Daniel and L Naveen (2008). Boards: Does one size fit all? <i>Journal of Financial Economics</i> , 87, 329–356. http://dx.doi.org/10.1016/j.jfineco.2006.08.008
Summary	This paper examines the relation between firm value and board structure. The study finds that complex firms with greater advising requirements have larger boards with more outside directors. The study suggests that either very small or very large boards are optimal. The findings challenge the notion that restrictions on board size and management representation on the board necessarily enhance firm value.
Findings	<ul style="list-style-type: none"> • The study argues that smaller, more independent boards may not be a good fit for all firms. • Complex firms such as those that are diversified across industries, large in size, or have high leverage are likely to have greater advising requirements. • Empirical results support the study's hypothesis that complex firms, which have greater advising requirement, have larger boards.

	<ul style="list-style-type: none"> • These findings call into question the existing empirical foundation for smaller, more independent boards.
Methodology	<ul style="list-style-type: none"> • Empirical study using Tobin's Q. • Study uses a sample of 8,165 firm-year observations from Compact Disclosure and Investor Responsibility Research Center (IRRC) over the period 1992–2001.
Limitations	<ul style="list-style-type: none"> • The study does not differentiate between the firms (e.g. for-profit or non-profit). • The concept of “complex and large firms” is not well defined.
Source	Jaskyte, K. (2014). Does size really matter? Organizational Size and Innovations in Nonprofit Organizations. <i>Nonprofit Management and Leadership</i> , 24(2), 229-247. http://dx.doi.org/10.1002/nml.21087
Summary	The purpose of this study was to investigate the relationship between size and innovation in a sample of non-profit organizations. The author controlled for variables like formalization, centralization, specialization, leadership, board size and organization's age when assessing the relationship between size and innovation. The results showed that board size and organization age were significant predictors of administrative innovations.
Findings	<ul style="list-style-type: none"> • The results of the study showed that board size and organization age were the only significant predictors of innovation. • Younger organization that had larger boards tended to introduce more innovations in the areas of performance evaluation, employee and volunteer incentive than older organizations with small boards. • Board support for innovation is vital to the performance of the board itself and to the performance of the executive and the whole organization. • As board size increases, so does the probability of having board members with a variety of perspectives on service provision, governance and administration. • Larger boards mean richer human capital, boarder networks, more diverse know-how and skills bases, and stronger community connections.
Methodology	<ul style="list-style-type: none"> • Exploratory, cross-sectional study. • Data reported in this paper were collected as part of a three-year research project that assessed the relationship among different types of innovations and a set of organizational variables.
Limitations	<ul style="list-style-type: none"> • This was an exploratory, cross-sectional study, and therefore the results cannot be generalized beyond this sample. They should be interpreted with caution. • Larger sample sizes of more diverse non-profit organizations combined with longitudinal study designs would offer answers to the questions that this study raises. • Future research should also seek to incorporate additional contextual variables that may influence the relationship between size and innovation.
STUDIES ON DETERMINANTS OF BOARD SIZE	
Source	Boone, A.L., Field, L.C., Karpoff, J.M., Raheja, C.G., (2007). The determinants of corporate board size and composition: an empirical analysis. <i>Journal of Financial Economics</i> 85, 66–101. http://dx.doi.org/10.1016/j.jfineco.2006.05.004
Summary	This study examines firms that went public from 1988 to 1992 through their first ten years of existence. It concludes that board structure reflects a firm's competitive environment and managerial team. The authors find that board size and independence increases as firms grow. Board size reflects a tradeoff between the firm-specific benefits and costs of monitoring, and board independence is negatively related to manager's influence and positively related to constraints on that influence.

Findings	<ul style="list-style-type: none"> • Study finds that larger, more seasoned, and more diverse firms have larger and more independent boards. • Firms in which managers' opportunities consume private benefits are large, or in which the cost of monitoring managers is small, have larger boards. • Firms in which managers have substantial influence and in which the constraints on managerial influence are weak have less independent boards. • These results indicate that board size and independence are shaped by a broad combination of firm-specific and managerial characteristics. • Simple rules or guidelines to reform board governance, such as limits on board size are unlikely to enhance value for most firms.
Methodology	<ul style="list-style-type: none"> • Empirical study using multivariate regressions using panel data methods to test the scope of operations, negotiations, and monitoring hypotheses. • The authors' hypothesis yield testable predictions about the forces that shape board size, composition, or both. • They test these predictions using hand-collected data from a panel of 1,019 firms that went public between 1988 and 1992, which are tracked for periods of up to 10 years.
Limitations	<ul style="list-style-type: none"> • The study's dataset differs from those of previous empirical investigations into corporate boards because it focuses on young companies. • This presents both advantages and disadvantages.
Source	<p>Cornforth, C., and C. Simpson. (2002). Change and Continuity in the Governance of Nonprofit Organizations in the United Kingdom: The Impact of Organizational Size. <i>Nonprofit Management and Leadership</i>, 12 (4): 451–70. http://dx.doi.org/10.1002/nml.12408</p>
Summary	<p>This article examined how charities in England and Wales are changing and whether their external initiatives to improve board performance are effective. The research explores the impact of organizational size. The findings suggest that the size of the organization does matter, as a variety of board characteristics and changes vary with size.</p>
Findings	<ul style="list-style-type: none"> • Research supports the view that organizational size matters. • Larger charities tend to have much larger boards than small charities. • Various aspects of board structure increase with organizational size. • Boards of larger charities make more use of subcommittees and provide more formal support to board members. • Study found evidence that board recruitment problems and practices were related to organizational size. • There was a concern that many charities are finding it harder to recruit new board members due to size. • Overall, the findings suggest that developing generic theories or practical prescriptions for non-profit boards may be dangerous.
Methodology	<ul style="list-style-type: none"> • The study is based on findings from two surveys. • The population chosen for the study was charities in England and Wales. • Authors selected a random sample of five hundred charities . • Authors designed the questionnaire to gather data about the size and type of organization; the size, structure, and composition of the board; changes concerning the board over the last three years; the functions the board performed and how effectively the respondents perceived them to have performed those functions; and various board processes.

Limitations	<ul style="list-style-type: none"> • The results of the survey used in this study suggests that the average size of boards is 9.5 members. • The result is substantially larger than the average reported in previous surveys. • The size of boards may have grown over the 5 years between the surveys. • Other findings concerning changes in board size over the last 3 years suggest that board size among small and medium charities has grown slightly, but in contradiction to the findings with a decrease among the largest charities. • This discrepancy may be due to statistical errors between the two studies and methodological differences in the two surveys.
Source	Linck, J.S., Netter, J.M., Yang, T., (2007). The determinants of board structure. <i>Journal of Financial Economics</i> . http://dx.doi.org/10.1016/j.jfineco.2007.03.004
Summary	This article examines the corporate board structure, trends and determinants, using a sample of almost 7,000 firms from 1990 to 2004. The study finds that board structure across firms is consistent with the costs and benefits of the board's monitoring and advising roles. The study's model explains the observed variation in board structure. In addition, small and large firms have different board structures.
Findings	<ul style="list-style-type: none"> • Findings suggest that small firms show a more dramatic increase in board independence, while large firms see a more dramatic decrease in board size. • The empirical results are generally consistent with the hypothesis that firms choose board structures based on the costs and benefits of monitoring and advising. • The study found that firms have more independent boards when insiders have more opportunity to extract private benefits and when the CEO has greater influence over the board. • The results are generally consistent with efficiency explanations of the determinants of board structure. • Overall, the results show strong relations between board structure and firm characteristics.
Methodology	<ul style="list-style-type: none"> • Empirical analysis testing existing theoretical work. • The study tests how firm characteristics are related to three measures of board structure: board size, board independence, and board leadership.
Limitations	<ul style="list-style-type: none"> • The study only assesses board structure and determinants of board size within corporate boards. • The results may not be valid for non-profit boards.
BOARD COMPOSITION	
STUDIES ON BOARD DIVERSITY AND PERFORMANCE	
Source	Harris, E. E. (2014). The impact of board diversity and expertise on nonprofit performance. <i>Nonprofit Management and Leadership</i> , 25(2), 113-130. http://dx.doi.org/10.1002/nml.21115
Summary	This study investigates the impact of board of director characteristics on nonprofit board performance. The author uses data collected through a survey of nonprofit colleges and universities. The findings reveal that specific board member characteristics are vital in shaping the financial and nonfinancial success of nonprofit institutions of higher education. The study suggest that both board member diversity and expertise are associated with better-performing organizations.
Findings	<ul style="list-style-type: none"> • Study provides some evidence supporting the impact of board characteristics on performance. • It documents that non-profit boards with more female directors appear to be among better-performing institutions.

	<ul style="list-style-type: none"> • It finds evidence that minority directors and those who serve on other non-profit boards affect organizational performance; however, the directions of these relationships are inconsistent across performance measures.
Methodology	<ul style="list-style-type: none"> • Study uses data collected through a survey of nonprofit colleges and universities. • A total of 554 participating nonprofit US colleges and universities were surveyed. • The study linked survey-based data with financial and institutional data.
Limitations	<ul style="list-style-type: none"> • Study is limited by the relatively small sample of colleges and universities. • This study is unique as it analyzes director diversity and expertise with both financial and non-financial performance measures.
Source	Aubé, C., Rousseau, V., & Tremblay, S. (2015). Perceived shared understanding in teams: The motivational effect of being 'on the same page'. <i>British Journal of Psychology</i> , 106(3), 468-486. http://dx.doi.org/10.1111/bjop.12099
Summary	This study examines the role of perceived shared understanding with regards to team performance, taking into account the motivational mechanisms (i.e., group effectiveness and team effort). The results support the mediating role of group effectiveness and team effort in the relationship between perceived shared understanding and team performance. The results show that the relationship between team effort and team performance is moderated by task routineness, such that this relationship is stronger when task routineness is high. On the whole, the findings of this study help to better understand why and under what circumstances perceived shared understanding may enhance team performance.
Findings	<ul style="list-style-type: none"> • The study addresses why and under what circumstances perceived shared understanding enhances motivation and team performance. • Authors assert that the relationship between team effort and team performance is moderated by the level of task routineness. • The findings show that when team members have the same understanding of the work to be accomplished, they tend to believe in their collective capability, which in turn leads them to exert greater effort and increase the performance of their team. • This mediation model is built on social cognitive theory (Bandura, 1997). • When members feel that they share the same understanding of what needs to be done, they believe more in their team and they are willing to contribute to its success. • In contrast, when members feel that there is a lack of alignment between their respective ways of perceiving things, they have less confidence in their team and invest less effort in their work.
Methodology	<ul style="list-style-type: none"> • The study uses a multisource approach and a team-level design based on a large sample. • Data were collected from a sample of 101 work teams (381 members and their corresponding 101 immediate superiors) working in a large Canadian public sector organization. • Data was gathered through questionnaires.
Limitations	<ul style="list-style-type: none"> • From a methodological level, this study has many strengths as it was conducted using a large sample of 101 work teams. • The main drawback of this study is that all teams in the sample come from the same organization. • The results of the study stem from public safety employees. • It would be appropriate to reproduce this study in other work environments in order to test the generalizability of the results.

Source	Bradshaw, P. (2009). A contingency approach to nonprofit governance. <i>Nonprofit Management and Leadership</i> , 20(1), 61-82. http://dx.doi.org/10.1002/nml.241
Summary	There are a number of contingency factors that may be relevant for effective nonprofit organizations and their boards. Although all boards must fulfill certain critical roles and responsibilities, strategic choices can be made about adopting different governance configurations or patterns. These choices can be informed by understanding organizational contingencies such as age, size, structure, and strategy. This article extends the contingency thinking beyond its traditional focus on an alignment between the external environment and the organization's structure to focus as well on the alignment of the organization's governance configuration with its structure and environment.
Findings	<ul style="list-style-type: none"> • The contingency approach allows boards to reframe the challenges they face. • The non-profit literature and contingency approach shows that size has found to affect organizational structure. • Small size is more associated with organic and flexible structure and large size with more bureaucracy. • The study suggests that a non-traditional non-profit organization might make the strategic choice to stay small so that its structure remains non-bureaucratic. • When in conflict, non-profit boards and staff often attribute the root cause of problems to the personalities of the people involved. • In such cases, the frame used is often predominantly psychological, with a focus on interpersonal dynamics. • Contingency approach allows the new frame to be more impersonal, structural and sociological. • One of the debates within contingency theory is the role of choice versus the inherently deterministic aspects of the theory (that is, if an organization is not in alignment with its contingencies, it will be less effective and must shift to be back in alignment).
Methodology	<ul style="list-style-type: none"> • Author uses two case studies that used the contingency theory.
Limitations	<ul style="list-style-type: none"> • There is a need for more empirical research on contingencies and organizational effectiveness.
Source	O'Regan, K., & Oster, S. (2005). Does the structure and composition of the board matter? The case of non-profit organizations. <i>Journal of Law Economics and Organization</i> , 21(1), 205–227. http://dx.doi.org/10.1108/14720700510616596
Summary	This article explores the key differences in board behavior between non-profit organizations and for-profit firms. The study provides evidence on the broader role that non-profit boards play for their organizations and then give some suggestive results on the relationship between board structure and composition, and individual board member performance.
Findings	<ul style="list-style-type: none"> • This study focuses on the relationship between the structural features of the board (e.g. size and independence – and individual level board behaviour). • Results indicate that both board size and independence are associated with differences in both individual level monitoring and financial giving. • Large board size is associated with generous giving, but also with lower levels of formal individual monitoring of the organization. • In terms of individual characteristics, findings suggest that gender does not seem to matter when one uses a fixed-effects framework and that tenure on a board has a mixed effect.

	<ul style="list-style-type: none"> Large board size and executive director control are both associated with a number of positive performance features, as are long tenure and multiple board service.
Methodology	<ul style="list-style-type: none"> Cross-sectional analysis.
Limitations	<ul style="list-style-type: none"> The study mainly focuses on the accounting sector.
Source	Brown, W. (2005). Exploring the Association between Board and Organizational Performance in Nonprofit Organizations. <i>Nonprofit Management and Leadership</i> , 15 (3): 317–39. http://dx.doi.org/10.1002/nml.71
Summary	This study explores six dimensions of effective board performance in relation to three theoretical explanations (agency theory, resource dependency theory, and group/decision process theory). The study examines how board governance activities influence organizational performance. Research findings reveal that strategic contributions from the board are more robust in organizations with higher financial performance. In addition, organizations that are judged to be higher performing also reported having high-performing boards across all dimensions.
Findings	<ul style="list-style-type: none"> This study reviewed three theoretical explanations of why board performance should have an impact on organizational performance. The strategic contributions of the board are identified as one of the most salient features associated with organizational performance. The analysis suggests that organizational size was the most significant factor associated with measures of performance. Larger organizations tended to report better-performing boards and were more likely to exhibit better financial performance.
Methodology	<ul style="list-style-type: none"> Cross-sectional study Survey data from non-profit executives and board members were collected in two geographical regions: greater Los Angeles and the Phoenix metropolitan sample. A total of 538 organizations participated in the study.
Limitations	<ul style="list-style-type: none"> The sample was a reasonable heterogeneous group of human service non-profits from two regional areas, but the sample was not randomly derived. Consequently, the findings could reflect bias towards organizations in large metropolitan areas or other anomalies present in the group researched. The limitations of cross-sectional studies constrain our confidence in how consistent and long-lasting these effects might be. Other measures of board performance or effectiveness might provide different results.
STUDIES ON BOARD COMPOSITION (E.G. COMPLETELY LAY MEMBERSHIP)	
Source	Cornforth, C. (2004). The governance of cooperatives and mutual associations: A paradox perspective. <i>Annals of Public and Cooperative Economics</i> , 75(1), 11-32. http://dx.doi.org/10.1111/j.1467-8292.2004.00241.x
Summary	The paper explores different theories and discusses how they can be extended to boards of co-operatives and mutual associations. It also outlines some key tensions among boards such as: the tension between board members acting as representatives for particular membership groups and 'experts' charged with driving the performance of the organization forward. The tension between the board roles of driving forward organizational performance and ensuring conformance (i.e. that the organization behaves in an accountable and prudent manner). The tension between the contrasting board roles of controlling and supporting management. Based on the tensions discussed, the paper draws out some of the implications for practice. It

	concludes by considering the implications of taking a paradox perspective for future research on co-operative governance.
Findings	<ul style="list-style-type: none"> • A variety of competing theories have been proposed to try to understand the role of boards in the private sector including agency theory, stewardship theory, stakeholder theory, and managerial hegemony theory. • The democratic or association perspective (democratic model) is worthwhile exploring. • For example, many voluntary organizations are established as membership associations, where it is in the organization's constitution that the governing body should be elected by and represent the membership in some way. • A democratic perspective on governance suggests that the job of board members is to represent the interests of members of the organizations. • The role of the board is to resolve or choose between the interests of different groups and set the overall policy of the organization. • Central to this view is the idea of a lay or non-professional board, where anyone can put himself or herself forward for election as a board member.
Methodology	<ul style="list-style-type: none"> • Comparative study based on different theoretical perspectives.
Limitations	<ul style="list-style-type: none"> • The different theoretical perspectives used in this study are one dimensional – only representing a particular aspect of the board's role. • Taken together, they can be helpful in highlighting some of the tensions that non-for profit board's face. • Given the complexity of governance, the search for a unifying grand theory is unlikely to be found. • It may be more useful to search for a meta-theory which can help to bring together a number of different theoretical perspectives in a consistent manner.
Source	Hogg, C., & Williamson, C. (2001). Whose interests do lay people represent? Towards an understanding of the role of lay people as members of committees. <i>Health Expectations</i> , 4(1), 2-9. http://dx.doi.org/10.1046/j.1369-6513.2001.00106.x
Summary	This article suggests that lay people are increasingly appointed as members to health service committees. The term 'lay' is used loosely and the reasons for involving lay people are not clearly defined. This authors argue that the different roles that lay people play need to be explicitly defined in order for their contributions to be realized. Although lay members of health service committees are generally assumed to be working for patients' interests, the article indicates that some lay people tend to support professionals' or managers' interests rather than patients' interests as patients would define them. The study suggests that lay people fall into three broad categories: supporters of dominant (professional) interests, supporters of challenging (managerial) interests and supporters of repressed (patient) interests. These alignments should be taken into account in appointments to health service bodies. Further research is needed on the alignments and roles of lay members.
Findings	<ul style="list-style-type: none"> • Given the existence of three types of lay members as outlined above, the study addresses the question as to how each type can be identified during selection or appointment and which type is appropriate for which health service body. • Type I lay people, who predominantly support dominant interests, tend to belong to provider lay groups or charities or voluntary organizations dominated by health professionals or drug companies. • They may come from professions similar to medicine such as law or teaching. • They will seldom be well informed about controversial issues in healthcare or, if they are, will take the dominant interest-holders' position.

	<ul style="list-style-type: none"> • Type II lay people, who predominantly support challenging interests, will be strongly indicated by their backgrounds – often in management, the private sector or academics. • They may make references to resources and express reservations about giving information and choice to patients. • Type III lay people predominantly support repressed interests and tend to be members of radical patient or consumer or disability or ethnic minority groups. • These are likely members of professions ancillary to medicine and will side with patient's interest in controversial issues. • Making appointments to health service committees must ensure that relevant professions and specialists are represented.
Methodology	<ul style="list-style-type: none"> • Explanatory study based on information used by government and appointing bodies and on the experiences of the authors' own involvement in the health service user movement and in NHS committees.
Limitations	N/A
COMPETENCIES	
STUDIES ON LEADERSHIP OF CHAIRS/PRESIDENTS	
Source	Harrison, Y. D., & Murray, V. (2012). Perspectives on the leadership of chairs of nonprofit organization boards of directors: A grounded theory mixed-method study. <i>Nonprofit Management and Leadership</i> , 22(4), 411-437. http://dx.doi.org/10.1002/nml.21038
Summary	This article reports findings from a two-year mixed-method grounded theory research investigation exploring perceptions of board chair leadership and the impact from the perspective of those who interact with chairs (board members, chief executives, and stakeholders). The study provides a review of the literature on the leadership role and impact of board chairs and a conceptual framework for its study in non-profit and voluntary organizations.
Findings	<ul style="list-style-type: none"> • Findings suggest that what differentiates the effective from the less effective chair is the nature of power sharing in non-profit leadership relationships with CEOs, the board, board members, staff, and external stakeholders. • Chairs are perceived as effective when they work with others to advance non-profit performance – not under or over others. • Less effective chairs, however, exert too little or too much influence in relationships with others to be perceived as having positive role contributions. • Chairs who were perceived as having the capacity to lead had the most impact on the performance of the board, CEO, and the organization and the support of external stakeholders.
Methodology	<ul style="list-style-type: none"> • Based on grounded theory. • Although grounded theory research is qualitative, this study combines the qualitative method of an open-ended personal interview with the quantitative method of an online survey. • The research involved the collection of data in two phases over a two-year period. • The data were collected using various non-probability sampling techniques in different regions and countries.
Limitations	N/A

Source	Hung, H. (2011). Directors' role in corporate social responsibility: A stakeholder perspective. <i>Journal of Business Ethics</i> , 103, 385–402. http://dx.doi.org/10.1007/s10551-011-0870-5
Summary	Corporate directors are important in helping organizations deal with two major issues of stakeholders. Directors can help manage the interests of organizational stakeholders. In addition, they can also assist in protecting the interests of their organizations as stakeholders in society. This is also known as the director's roles in corporate social responsibility. The study finds that the more concern corporate directors have for stakeholders, the more likely that they will perceive the need to perform their corporate social responsibility effectively.
Findings	<ul style="list-style-type: none"> • The study explores an alternative perspective of stakeholder theory by pointing out the reality that the firm itself is a stakeholder in the society. • The study points to a dual relationship between organization-centered and society-centered corporate social responsibility. • Research indicates that corporate directors can act as the link among different times of stakeholders/share-holders. • Based primarily on the concept of stakeholder theory, the findings show that taking good care of stakeholders can eventually be good for the firm itself. • Formal decision-making processes and mechanisms need to be put in place so that directors can make a more effective contribution to the corporate social responsibility model.
Methodology	<ul style="list-style-type: none"> • The study was conducted through a questionnaire which was sent to 300 member companies randomly selected from the membership list of the Hong Kong Chinese Chamber of Commerce. • 120 completed questionnaires were collected and used for this analysis.
Limitations	N/A
Source	Ferris S.P., Jagannathan M. and Pritchard A.C., (2003). 'Too busy to mind the business? Monitoring by directors with multiple board appointments,' <i>Journal of Finance</i> , 58, 1087–1111. http://dx.doi.org/10.1111/1540-6261.00559
Summary	This article examines the number of external appointments held by corporate directors. The study suggests that directors who serve larger firms and sit on larger boards are more likely to attract directorship. Research also finds that firm performance has a positive effect on the number of appointments held by a director.
Findings	<ul style="list-style-type: none"> • The study finds that a set of firm and individual characteristics can be used to explain the number of external directorships held by an individual. • Directors who serve larger firms and sit on larger boards are more likely to attract additional directorship. • Findings suggest that firm performance has a positive effect on the number of board seats subsequently held by a director. • This suggests that reputation matters in the market for directors.
Methodology	<ul style="list-style-type: none"> • Multivariate analysis focusing on the quality of monitoring of corporate management by directors – the number of directorships held by directors. • Sample included 3,190 firms.
Limitations	N/A

Source	Elms, N., Nicholson, G., Pugliese, A. (2015). The importance of group-fit in new director selection. <i>Management Decision</i> , 53(6), 1312-1328. http://dx.doi.org/10.1108/MD-10-2014-0598
Summary	This paper contributes to the existing literature by understanding how and why new board members are recruited. The study uses in-depth interviews with Australian non-executive directors to identify the selection criteria deemed most important when selecting new director candidates. Study also shows how selection practices vary between organisations.
Findings	<ul style="list-style-type: none"> • The findings indicate that appointments to the board are based on two key attributes. • First, the candidates' ability to contribute complementary skills and their ability to work well with the existing board. • Despite commonality in these broad criteria, board selection approaches vary considerably between organisations. • As a result, some boards do not adequately assess both criteria when appointing a new director, thus increasing the chance of a misfit between the position and the appointed director.
Methodology	<ul style="list-style-type: none"> • Exploratory study
Limitations	<ul style="list-style-type: none"> • There are some research limitations in the study. • The study highlights the importance of both individual technical capabilities and social compatibility in director selections. • Authors identify the need for a multi-theoretical approach in future director selection research.
STUDIES ON BOARD CHAIR-EXECUTIVE DIRECTOR RELATIONSHIP	
Source	Hiland, M. (2008). The Board Chair–Executive Director Relationship: Dynamics That Create Value for Nonprofit Organizations. <i>Journal of Nonprofit Management</i> , 12(1), 1–10. http://supportcenteronline.org/wpcontent/uploads/2013/04/scnm_journal_2008.pdf
Summary	This study contributes to the empirical work on the dynamics of board chair – executive director relationship. It explains whether and/or how the board chair-executive director relationships add value to non-profit organizations. The findings revealed a pattern that formed a typology of “good to great” board chair-executive relationships. This pattern was built from: types of interpersonal dynamics, levels of trust, what the pairs worked on together, and how the above, combined linked to social capital creation in the organization.
Findings	<ul style="list-style-type: none"> • This study provided a closer look at the dynamics of the board chair-executive director relationship in non-profit organizations. • Trust-building was the primary dynamic in the board chair-executive relationship studied. • The non-profit governance literature emphasizes the importance of trust for an effective board chair-executive relationship. • The <i>great</i> relationships all demonstrated identification-based trust. • Building a personal connection between the board chair and the executive director is not only desirable, but contributes to creating social capital. • The <i>leading</i> board chairs were very involved and had frequent, direct contact with staff with who they work on specific and varied projects. • Open access to staff was cited several times by board chairs as a source of trust in the executive.

Methodology	<ul style="list-style-type: none"> Study conducted semi-structured interviews with board chairs and executive directors.
Limitations	N/A
Source	Kakabadse, A., Kakabadse, N., Barratt, R. (2006). Chairman and Chief Executive Officer (CEO): That Sacred and Secret Relationship." <i>Journal of Management Development</i> , 25(2), 134–150. http://dx.doi.org/10.1108/02621710610645126
Summary	The purpose of this study is to examine the dynamics of chairman-CEO relationship and its impact on board effectiveness. The findings reveal four critical themes including, chairman's role and contribution, nature of chairman-CEO relationship, impact of the chairman-CEO relationship on board effectiveness and the attributes of an effective chairman. The study concludes that the chairman-CEO relationship is essential for effective boardroom performance.
Findings	<ul style="list-style-type: none"> This study highlights critical dynamics which impacts the perceived board effectiveness. Within the context of a board, a comparable range of self-interest and social good perspectives emerged, partly driven by the orientation of each board member and their "rationalist" view of their purpose and contribution to the board. The chairman is responsible for nurturing a positive climate of exploration and dialogue in a manner that the CEO and other board members find acceptable. The study participants indicated that effective governance application is dependent on the chairman and CEO nurturing a supportive and transparent relationship and manner of interaction.
Methodology	<ul style="list-style-type: none"> A qualitative methodology has been adopted through in-depth interviews with chairmen, CEOs and non-executive directors on the nature of chairman-CEO interactions and their effects.
Limitations	N/A
Source	Iecovich, E., Bar-Mor, H. (2007). Relationships Between Chairpersons and CEOs in Nonprofit Organizations." <i>Administration in Social Work</i> , 31(4), 20–41. http://dx.doi.org/10.1300/J147v31n04_04
Summary	The purposes of this study are to examine who of the two key figures is more dominant in non-profit organizations: the chairperson of the board or the CEO. Second, to investigate the extent to which dominance in the organizations is correlated with organizational as well as board characteristics, chairperson characteristics. Finally, the study aims to identify those factors that best explain CEO's dominance in the organization.
Findings	<ul style="list-style-type: none"> The findings indicate that the more prevalent model is that of the CEO as the dominant person. The dominance of the CEO is significantly dependent on the fact that the organization is well established and institutionalized. Dominance level of CEOs is complex and multifaceted and is affected by variety of components, including board composition and attendance at board meetings. The findings show that the more board members had lower education and the older they were, the less dominant the CEO was in the organization. Such findings are contrary to the intuition that the less-education board members are, the greater credit they will give their CEO due to his/her expertise. One explanation is that laymen board members who lack formal educational qualifications may feel weak and unsure and may want to dominate the organization. Whereas in organizations where board members are more professional, they feel more confident in the CEO and tend to grant him/her more power.

Methodology	<ul style="list-style-type: none"> • A multivariate analysis using a sample size of local non-profit organization in Israel that provide community and residential services exclusively to elderly people. • Structured questionnaire was developed and sent to 144 non-profit organizations, completed by CEOs.
Limitations	<ul style="list-style-type: none"> • A number of important variables were not included – CEO characteristics and qualification which might have provided insight into their effect on relationships with chairpersons.
Source	Jager, U.P., Rehli, F. (2012). Cooperative power relations between non-profit board chairs and executive directors. <i>Nonprofit management and leadership</i> , 23(2), 219-236. http://dx.doi.org/10.1002/nml.21061
Summary	This comparative case study analyzed the preferences and capabilities of the board chair and the executive director. The study examines the power relation between the board chair and the executive director in non-profits that have undergone fundamental changes in their governance structures. The study concludes by introducing a cooperative power relation model that specifies the checks and balances between the board chair and the executive director.
Findings	<ul style="list-style-type: none"> • The study introduces a valuable theoretical approach to the study of non-profit governance that allows for the integration of internal and external contingency factors of governance. • It shows that non-profits undergoing fundamental governance changes tend to integrate a cooperative power relation between the board chair and the executive director. • The results suggest that they should try to select their board chairs and their executive directors in such a manner that their capabilities are equivalent, their preferences are complementary, and they are capable of mutually counterbalancing and monitoring their respective preferences.
Methodology	<ul style="list-style-type: none"> • Comparative case study (includes four cases) • Interviews with board chair and the executive director were conducted.
Limitations	<ul style="list-style-type: none"> • There are four main limitations to this study. • First, comparing four cases leads to limited insight into each case. • Second, all the selected non-profits went through a fundamental change that led to the replacement of the board chairs and the executive directors. It is questionable whether the results are also transferable to non-profits that have not replaced their central actors. • Third, all cases are based in European countries and are influenced by their national cultures. • Forth, because the results are based on a qualitative method, further analysis is required to test whether the observations are also valid for other non-profits.
STUDIES ON BOARD MEMBER COMPETENCIES	
Source	Brown, W. A. (2007). Board development practices and competent board members: Implications for performance. <i>Nonprofit Management and Leadership</i> , 17(3), 301-317. http://dx.doi.org/10.1002/nml.151
Summary	This study explores the relationship between board development practices and board member capabilities. It develops a model to determine if using recommended recruitment, board member orientation, and evaluation practices result in more competent board members, which could lead to better board performance. The results indicate that board development practices lead to more capable board members, and the presence of these board members tends to explain board

	performance. The findings support using specific recruitment practices that strengthen non-profit boards.
Findings	<ul style="list-style-type: none"> • The study provides insight into the association between board development practices and perceptions of board member competencies. • The study supports the view that board development practices lead to stronger board members. • In addition, stronger board members are a significant predictor of board performance. • The study also provides statistically validated measurement tools to assess board development and board member quality.
Methodology	<ul style="list-style-type: none"> • Qualitative study using a sample consisting of 1,051 survey responses from CEOs and board chairs representing 713 credit unions.
Limitations	<ul style="list-style-type: none"> • There are some measurement issues in the study. • All the items were assessed on a single survey from one individual's perspective. • The study did not capture the full extent of the factors that drive perceptions of board member capabilities. • Ongoing training was not measured effectively. • The research was conducted within only one industry, which constrains the generalization of the findings to all non-profit organizations.
Source	Hemphill, T.A, Laurence G.J. (2014). The case for professional boards: an assessment of Pozen's corporate governance model. <i>International Journal of Law & Management</i> , 56(3), 197-214. http://dx.doi.org/10.1108/IJLMA-07-2012-0023
Summary	This article is based on a model of professional board directorship that responds to three main factors that underpin ineffective board decision-making: the large size of boards; the lack of specific industry expertise; and inadequate director time commitment. The findings suggest that a professional board consisting of retired executives with industry-specific expertise is vulnerable to a groupthink mentality as well as to the availability of such individuals for board directorship seats. While industry-specific expertise is a desired attribute to an independent board director, there are other attributes firms are looking for such as international, regulatory/governmental, risk, technology and marketing expertise. The author recommends to reduce board size to seven members, as well as increasing the number of hours that independent directors spend on board-related.
Findings	<ul style="list-style-type: none"> • The author's recommendation to reduce the average size of a board of directors to seven members from 11 has strong empirical support from the corporate governance financial economics and organizational behavior literature. • While the optimum effective team size consists of five members in the literature, seven members is what is necessary to effectively operate a company's board and essential committee. • The results of a survey indicated that this industry experience is not necessarily specific to the corporation's industry. • Issues with groupthink on a professional board consisting of members with "industry expertise" can result in a loss of "cognitive diversity" that results from having board members with similar educational and occupational career paths. • The closer board members are in outlook, the less likely they are to raise questions that might break their cohesion. • This cognitive diversity is especially important when boards of directors confront complicated issues related to business ethics and corporate social responsibility in their value-creating, decision-making responsibilities.

	<ul style="list-style-type: none"> With a movement to a smaller-sized board, the number of hours required of independent directors would increase.
Methodology	<ul style="list-style-type: none"> Qualitative study
Limitations	N/A
Source	<p>Wright, N., & Deacon, N. (2010). Attributes of 'Experienced' Board Members, <i>New Zealand Journal of Applied Business Research</i>, 8(1), 1-13. http://search.informit.com.au/documentSummary;dn=473539313169915;res=IELBUS</p>
Summary	<p>A grounded theory approach was used to explore the term 'experienced board member' and to research the attributes of an experienced board member. Data was derived from interviews with nine (current and past) New Zealand board members. A common set of attributes of an experienced board member emerged from the study. The linking theme of the attributes is that they support the process of reaching a quality agreement or decision.</p>
Findings	<ul style="list-style-type: none"> The results of this study suggest that an experienced Board Member is perceived to be a board member who contributes to achieving a quality agreement and decision. Using attributes associated with: contribution to board processes, understanding and knowledge (governance and business acumen), internal drivers, making hard decisions. The relationship between board member experience and board member performance is also discussed.
Methodology	<ul style="list-style-type: none"> Qualitative study uses data derived from interviews with nine (current and past) New Zealand board members.
Limitations	N/A
Source	<p>Thomas, C., Kidd, D., & Fernández-Aráoz, C. (2007). Are You Underutilizing Your Board? <i>MIT Sloan Management Review</i>, 48(2), 71-76. http://sloanreview.mit.edu/article/are-you-underutilizing-your-board/</p>
Summary	<p>Many corporations are failing to obtain the full value from their boards. This lost opportunity occurs not only in dysfunctional organizations but also in companies that perform well and are market leaders. Based on a recent comprehensive study of board reviews, the authors found that many boards are suffering from the following fundamental problems: inadequate competencies, lack of diversity, underutilization of skills, dereliction of duties, poor selection and assessment processes.</p>
Findings	<ul style="list-style-type: none"> Findings suggest that to avoid these problems, organization need to adopt a set of five basic practices: <ol style="list-style-type: none"> Choose the right directors (four competencies are required: results orientation, strategic orientation, collaboration and independence). Appoint the right chairman (in addition to the four competencies, candidates must be skilled in empowering others to encourage vigorous debate, coaching and mentoring directors, and holding key executives and other board members accountable). Make succession planning the first priority (this starts with graduate recruitment practices at the organization and is complemented by management development programs). Focus on a few key agenda items (at a minimum, boards should regularly address the following issues: conformance with governance codes and regulations, review of the CEO's performance and succession planning, discussion of ways in which the company will create and develop long-term value for shareholders, and monitoring of the company's operating and financial performance).

	(5) Review the board's collective and individual contributions (reviews should go beyond just compliance).
Methodology	<ul style="list-style-type: none"> • Authors deployed a comprehensive questionnaire that was typically followed up with extensive personal interviews of the individual directors.
Limitations	N/A
BOARD EFFECTIVENESS	
STUDIES ASSESSING BOARD EFFECTIVENESS	
Source	Gill, M., Flynn, R.J., Reissing, E. (2005). The governance self-assessment checklist: an instrument for assessing board effectiveness, <i>Nonprofit management and leadership</i> , 15(3), 271-294. http://dx.doi.org/10.1002/nml.69
Summary	The Governance Self-Assessment Checklist (GSAC) was designed to assist boards of directors of nonprofit and public sector organization to identify strengths and weaknesses in the governance of their organization. This is a useful tool to educate board members about the essentials of good governance, and improve their governance practices. The instrument comprises 144 items organized into twelve subscales. Strengths and weaknesses in board effectiveness were identified.
Findings	<ul style="list-style-type: none"> • The study highlights that assessing board performance is essential for demonstrating accountability and generating public trust. • The tool (GSAC) demonstrated its ability to distinguish stronger and weaker governance practices. • This supports its use as a valid and reliable governance self-assessment tool. • The tool appears promising psychometric and practical features. • Results of the study indicate that the higher mean board ratings on Board Culture, Community Representation, and Financial Stewardship suggest that members are generally satisfied with the performance of their boards. • Board members rated board development practices (recruitment and orientation of board members, team building, and board self-assessment). • Board culture is affected by board composition or mix of personalities and skills.
Methodology	<ul style="list-style-type: none"> • The GSAC tool uses psychometric and practice features • The sample consisted of organizations and individuals. • 312 usable responses were received from 281 board members and 31 executive directors from the 32 organizations.
Limitations	<ul style="list-style-type: none"> • The size of the organizational sample was relatively small. • The restriction of range of variable such as executive director turnover and the fact that only two of the thirty-two organizations were accredited limited the 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. • Findings suggest that the amount of bias may not have been overly large.
Source	Nicholson, G. J., and Kiel, G. C. (2004). A Framework for Diagnosing Board Effectiveness. <i>Corporate Governance</i> , 12(4), 442–460. http://dx.doi.org/10.1111/j.1467-8683.2004.00386.x
Summary	While board independence is important to good governance, the study suggests that frameworks centered on one element of governance ignore the complexity of how boards work. The authors develop a holistic board framework based upon the concept of board intellectual capital to address this concern.
Findings	<ul style="list-style-type: none"> • The framework proposed by the study provides a series of inputs. • The balance of the different elements of board intellectual capital will lead to a series of board behaviours.

	<ul style="list-style-type: none"> • The board needs to mobilize its intellectual capital to carry out a series of roles. • The governance outputs of organizational performance, board effectiveness and director effectiveness will depend on the match between the board's intellectual capital and the roles required of it. • The study outlines how boards wishing to improve their governance systems can diagnose common governance problems by evaluating their own board capabilities in relation to the different components of the framework.
Methodology	<ul style="list-style-type: none"> • Qualitative study
Limitations	N/A
STUDIES ON STRATEGIC GOVERNANCE	
Source	Golden, B. R., and E. J. Zajac. (2001). "When Will Boards Influence Strategy? Inclination × Power = Strategic Change." <i>Strategic Management Journal</i> 22 (12): 1087–111. http://dx.doi.org/10.1002/smj.202
Summary	This study seeks to reconcile the debate on whether boards are typically passive or active players in the strategy realm. By developing a model that specifies when boards are likely to influence organizational strategy and whether such an influence is likely to impel or impede change, the paper argues whether certain demographic and processual features of boards imply a greater inclination for strategic change.
Findings	<ul style="list-style-type: none"> • Findings suggest that strategic change is significantly affected by board demography and board processes, and that these governance effects manifest themselves most strongly in situations where boards are more powerful. • First set of findings suggests that board structure and board demography play an important role in the extent to which a board is likely to promote strategic change. • Findings suggest that debates regarding whether group size and demographic composition affect group processes.
Methodology	<ul style="list-style-type: none"> • The study's concepts are tested using survey and archival data from a national sample of over 3000 hospitals.
Limitations	N/A
Source	Weitzner, D., & Peridis, T. (2011). Corporate governance as part of the strategic process: Rethinking the role of the board. <i>Journal of Business Ethics</i> , 102, 33–42. http://dx.doi.org/10.1007/s10551-011-1195-0
Summary	This paper argues that boards of directors need to be aware of the potential social harms that might arise from the value-creating activities of the firm. They must also be responsible for monitoring. Boards of directors must get involved in the strategy-making process of corporate governance if there is potential harm that managers tend to overlook. Authors offer scenarios involving potential social harms and benefits and analyze when boards of directors must take a more active role in shaping firm strategy despite resistance from management.
Findings	<ul style="list-style-type: none"> • This study suggests that corporate boards need to place more emphasis on the oversight of decisions. • This requires board members to have an in depth understanding of the industry and the decision-making process. • Responsible boards of directors need to objectively assess the potential social harms behind the activities of the firm. • When there is a high potential for significant social harm, corporate governance needs to be incorporated into the strategy-making process. • However, it is difficult to assess how boards of directors measure possible social harm.

	<ul style="list-style-type: none"> Research in corporate social performance can help board of directors in assessing an organization's standing with respect to potential social harms and benefits.
Methodology	<ul style="list-style-type: none"> Qualitative study
Limitations	N/A
Source	Zhu, H., Wang, P., & Bart, C. (2014). Board processes, board strategic involvement, and organizational performance in for-profit and non-profit organizations. <i>Journal of Business Ethics</i> , http://dx.doi.org/10.1007/s10551-014-2512-1
Summary	This study examines how board's processes such as board meetings and board meeting reviews affect the involvement of boards in strategic decision-making and how this shapes organizational performance. The study investigates how these processes affect the strategic actions of firms in response to changing environments.
Findings	<ul style="list-style-type: none"> Taking a process-based perspective, this study examines how several board processes (i.e., board meetings, outside-board-meeting reviews and information utilization) affect the involvement of boards in strategic decision-making and how such involvement shapes organizational performance. The study offers an initial attempt to compare the strategic role of boards in for-profit and non-profit organizations. Boards that are active in strategic decision-making enhance the performance of their organizations. Findings have implications for board research and practice.
Methodology	<ul style="list-style-type: none"> The study investigates 217 for-profit and 156 non-profit organization in Canada.
Limitations	N/A
STUDIES ON GOVERNANCE BEST PRACTICES	
Source	Shivdasani, A., & Zenner, M. (2004). Best practice in corporate governance: What two decades of research reveals. <i>Journal of Applied Corporate Finance</i> , 16, 28–42. http://dx.doi.org/10.1111/j.1745-6622.2004.tb00536.x
Summary	This article surveys a broad range of research conducted over the past two decades on a variety of corporate governance topics. The paper focuses on a few critical areas as identified by the literature: board composition of independent directors, insider/outsider role of CEO, separation of Chairman and CEO positions, committee structures, frequency of board meetings, board size, compensation for directors etc.
Findings	<ul style="list-style-type: none"> Conclusions are based on independent research in various aspects of corporate governance. The evidence strongly supports board independence, independent nominating committees, and incentive compensation for directors. There is limited support of recommendations, such as the separation of the CEO and chairman function. When designing a corporate governance structure, boards and shareholders alike should take into account the industry, its growth opportunities, its size and its need for different skills and expertise. No single set of governance rules fits all firms and situations.
Methodology	<ul style="list-style-type: none"> Explanatory study
Limitations	<ul style="list-style-type: none"> The results are primarily driven by US corporations. In addition, the results of any specific study reviewed will not be directly applicable to all types of companies in all situations.

Source	Kreutzer, K. (2009). Nonprofit governance during organizational transition in voluntary associations. <i>Nonprofit management and leadership</i> , 20(1), 117-133. http://dx.doi.org/10.1002/nml.244
Summary	This study examines the governance challenges that voluntary associations face in the transition from an internal focus on members to the provision of services to mainly non-members. The study examines the implications of four governance aspects that confront managers and board members related to recruitment and selection of board members, tasks of the board, relationship between the board and managing director, and the role of the general assembly of members.
Findings	<ul style="list-style-type: none"> • Researchers have suggested that there is no one-size-fits-all model of nonprofit governance. • This study shows how the voluntary associations went through transition in providing services only to non-members. • In the transition period, board members were confronted with four governance challenges. • New recruitment strategies and selection criteria for board members were implemented to cope with the challenges of an external orientation. • The role of the boards developed from representing the interest of the members (democratic perspective) and ensuring the compliance of management (agency theory) to the task of balancing stakeholder needs (stakeholder theory) and securing resources (resource dependency theory). • Board members were confronted with the question of how much power they should give to the assembly.
Methodology	<ul style="list-style-type: none"> • Qualitative research. • Data collection consisted on conducting an in-depth case study analyzing one Swiss patient organization (25 interviews conducted with president, employees, members etc.).
Limitations	<ul style="list-style-type: none"> • The results are purely descriptive and cannot yet be generalized. • Future quantitative research will have to test these preliminary findings empirically on a larger scale.
BOARD MEMBER REMUNERATION AND COMPENSATION	
STUDIES ON NOT-FOR-PROFIT BOARDS RELATED TO REMUNERATION AND COMPENSATION	
Source	Alexander, J.A., Morlock, L.L., & Gifford, B.D. (1988). The effects of corporate restructuring on hospital policymaking. <i>Health Services Research</i> , 23(2), 311.
Summary	This study examines the effects of corporate restructuring by community hospitals on the structure, composition, and activity of hospital governing boards. Based on a review of the literature, authors identified two basic board types: philanthropic and corporate. <i>The philanthropic model</i> is based on descriptions of boards of not-for-profit organizations, while the <i>corporate model</i> is derived from descriptions of boards of directors of non-health care, private sector corporations (Johnson, 1986). Authors hypothesize and test that the hospital board under corporate restructuring will conform more to the "corporate" model found in the business/industrial sector and less to the "philanthropic" model common to most hospitals to date.
Findings	<p>The characteristics of these two board types, the philanthropic and corporate model suggest the following on board compensation:</p> <ul style="list-style-type: none"> • Corporate boards are more likely than philanthropic boards to compensate their members for board service (Rehm and Alexander, 1986; Ewell, 1982). • Philanthropic boards have traditionally avoided compensating board members because of the voluntary nature of board service (Johnson, 1986).

	<ul style="list-style-type: none"> Philanthropic members are likely to view themselves as trustees concerned with preserving the assets of the organization and fulfilling fiduciary responsibilities. The findings of this study suggest that under corporate restructuring, hospital governance in the not-for-profit sector conforms less to the philanthropic model and more to the corporate approach found in the non-health care sector.
Methodology	<ul style="list-style-type: none"> The study employed cross-sectional data. Authors use an analysis of survey data from 1,037 hospitals undergoing corporate restructuring from 1979-1985 and a comparison group of 1,883 non-corporately restructured hospitals to test their hypothesis.
Limitations	N/A
Source	Alexander, J.A., & Lee, S. Y. D. (2006). Does governance matter? Board configuration and performance in not-for-profit hospitals. <i>Milbank Quarterly</i> , 84(4), 733-758.
Summary	This article examined not-for-profit (NFP) hospitals board effectiveness, particularly how their configuration influenced a range of performance outcomes. The authors cite the study above to explain the differences between the two board models to assess hospital board effectiveness. (Alexander, J.A., Morlock, L.L., & Gifford, B.D., 1988).
Findings	<ul style="list-style-type: none"> The results indicate that hospitals governed by boards using a corporate governance model versus hospitals governed by philanthropic-style boards, were likely to be more efficient and have more admissions. Authors indicate that the philanthropic-model boards will be less responsive to competitive pressures and less prone to develop strategies leading to positive performance. In contrast, the corporate-model boards are more likely to establish overall direction and have a higher probability of positively influencing the hospital's performance across a number of domains.
Methodology	<ul style="list-style-type: none"> Longitudinal design with cross-sectional data. The data were pooled from two hospital governance surveys conducted in 1985 and 1989, including observations for three groups of NFP community hospitals.
Limitations	<ul style="list-style-type: none"> The hospital governance data for this study were based on surveys conducted in the mid to late 1980s. The findings should be generalized with caution to NFP hospitals in recent years.
Source	Wellens, L., & Jegers, M. (2014). Effective governance in nonprofit organizations: A literature based multiple stakeholder approach. <i>European Management Journal</i> , 32(2), 223-243.
Summary	This article is a review of the literature findings on non-profit organizations' governance effectiveness. The paper aims to identify effective board governance by taking a variety of perspectives from non-profit organizations.
Findings	<ul style="list-style-type: none"> Findings from several studies related to board member compensation revealed the following results: Across countries, regulations of non-profit board member compensations vary. For example, in contrast to Spain, the United States allows trustees remuneration (de Andre's-Alonso & Azofra-Palenzuela, 2009). These authors found that without payment, the most skilled trustees ultimately devote their time only to the biggest and older foundations.

	<ul style="list-style-type: none"> • de Andre’s-Alonso, Azofra-Palenzuela, and Romero-Merino (2010) argued that board members whose wages depend on the organization’s survival might invest more time and effort than unpaid volunteers. • On the other hand, Ostrower (2007) found no general indication that compensation promotes higher levels of board engagement, nor evidence that it helps non-profits attract particularly skilled board members. • Results revealed that only two percent of the studied organizations pay their board members (Callen, Klein, and Tinkelman, 2010).
Methodology	<ul style="list-style-type: none"> • A total of 122 references were reviewed. • The results section of the review includes findings from 110 studies.
Limitations	<ul style="list-style-type: none"> • There is a need to confirm the above findings in different nonprofit organizations types through a longitudinal study design.
Source	Orlikoff, J. E., & Totten, M. K. (2004). The pros and cons of board compensation. Does the promise justify the means? <i>Healthcare executive</i> , 20(1), 46-48.
Summary	This article discusses the issue of board member compensation. The authors cite arguments for and against board member compensation from the book “Getting to Great: Principles of Health Care Organization Governance”, by Dennis D. Pointer and James E. Orlikoff, published by Jossey-Bass.
Findings	<p>Arguments for compensation:</p> <ul style="list-style-type: none"> • Compensating board member makes it easier to hold them accountable. • Compensation makes it easier to attract and retain the most qualified individuals. It helps attract highly skilled professionals. • It may stimulate better attendance and higher levels of participation at board meetings. • Compensation enable non-profits to compete more effectively for the recruitment and retention of board members. <p>Arguments against compensation:</p> <ul style="list-style-type: none"> • Compensating board members may contribute to the diminished perception that non-profit systems are no different than corporation. • Board member compensation may generate conflicts of interest among board members. • It may diminish the utility and credibility of board members in the political arena as they may be viewed as employees of the organization by legislators. • Board compensation may create conflict or public relations problems. <p>Findings:</p> <ul style="list-style-type: none"> • The only legitimate rationale for board compensation is that it will enhance board performance and contributions. • Findings suggest that board compensation will probably not improve board member performance or board performance as a whole. • However, board compensation combined with high, formal standards for board members and board performance may contribute to more effective governance.
Methodology	No specific study design
Limitations	N/A

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