Boards as an Accountability Mechanism

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Abstract

Boards are central to the system of nonprofit accountability, but their adequacy has been increasingly questioned by policymakers, media, researchers and others. There is good reason to be concerned about board performance, but to date but no preferable alternative mechanism has been proposed. Thus, understanding how boards function and identifying strategies for strengthening them remains key to enhancing nonprofit accountability. This paper examines board functioning in relation to both legal and broader conceptions of accountability, and empirical evidence from over 5,100 nonprofits in the Urban Institute *National Survey of Nonprofit Governance*. After discussing areas of board weakness, the paper considers various approaches to improving boards, including regulation, self-regulation, policy-oriented, and management-oriented strategies. The paper argues that as important as legal regulation and oversight may be, broader accountability and performance expectations must be addressed at the level of practice, within boards and organizations, and take nonprofit heterogeneity into account.

The board of directors stands at the heart of the nonprofit sector's accountability system. Together, an independent board and the prohibition against distributing profits to private investors are the pillars of the classical model of nonprofit accountability (Brody, 2002). Yet in recent years, policymakers, media, researchers and others have increasingly questioned whether these pillars are adequate to ensure accountability. As we shall see, there is good reason to be concerned about board performance, but to date no preferable alternative mechanism has been proposed. Thus, for the foreseeable future, understanding how boards function and how they can be strengthened will remain central to enhancing accountability in the nonprofit sector.

An examination of the nonprofit board as an accountability mechanism quickly encounters multiple complexities and nuances. We must, for instance, ask both who is accountable to the board, and to whom the board itself is accountable? This includes both responsibilities to the organization internally as well as in relation to external constituencies.

Have boards satisfied their accountability duties if they carry out legally prescribed mandates, or do they have broader obligations rooted in their public-serving function? At the policy level, would greater governmental oversight and regulation enhance board accountability, or undermine the very private initiative that public policy seeks to promote? Can the nonprofit sector regulate itself, as some have proposed? What are the implications of the great diversity of the nonprofit world for efforts to create uniform accountability standards (and vice versa)? Analyses of board performance should be viewed against the background of these larger, ongoing themes. Furthermore, given the heterogeneous and complex nature of nonprofits, a "one size fits all" model will not suffice (Ostrower and Stone, 2006, 2010).

This paper begins with a consideration of legal accountability, for it is federal and state law that sets the basic framework for nonprofit boards in the United States. A legal framework offers an important, but still partial perspective for examining nonprofit accountability (Ebrahim, 2003). As we shall see, it is not only formally enacted laws that impact nonprofit accountability practices, but also the wider policy climate. Furthermore, boards are responsible for establishing their organizations' mission and helping the organization to carry it out – and they enjoy great autonomy in how they carry this out. This takes us beyond legal accountability and avoidance of malfeasance (which has been the predominant focus of recent debates), to a broader conception of accountability. From the perspective taken by this paper, while legal regulation and oversight can help prevent abuse, it cannot produce strong performance. Rather, that is something that must be addressed at the level of practice, within the board and the organization.

To try and understand accountability in this broader sense, and help provide empirical evidence to inform debates over policies and practices, we must not only consider how people expect boards to act, but how they actually do act. Toward that end, after introducing the basic legal framework we present findings on board accountability and performance from the first national representative study of nonprofit governance in the United States (Ostrower, 2007). The research presented does indeed identify multiple areas in which many boards are not very actively engaged in basic governance roles. We close by considering various strategies for strengthening boards. At various points, we note areas in need of additional research.

As indicated, this paper focuses on nonprofit boards[1] and accountability in the United States. However, it should be noted that concerns, questions, and debates about nonprofit accountability, regulation, and self-regulation – including a number discussed here – have arisen in many countries (see, e.g. Hopt and Von Hippel, 2010; Sidel, 2005). A key area for future research would be to examine similarities and differences in the role of the board specifically in relation to these wider accountability debates from a comparative framework.

Board Accountability Under the Law

Boards are legally required to meet basic standards of accountability derived from the law of trusts and the law of corporations. These standards require boards and their members to uphold the duties of loyalty, care, and obedience (see, e.g., Brody, 2006; Fremont-Smith, 2004; Hopkins and Gross, 2010; Ostrower and Stone, 2006; Renz, 2010). The duty of loyalty requires trustees to act in the best interests of the organization, rather than in their own or someone else's self-interest. Here a key issue concerns conflicts of interest. Corporate law permits business transactions between nonprofits and their board members (or board members' families or businesses) with proper disclosure. The duty of loyalty obligates the board to ensure that such transactions are in the nonprofit's best interest. The duty of care requires that board members participate in decision-making, stay informed about issues coming before the board, exercise

[1] On boards in other sectors see, for instance: Demb and Neubauer 1992 and Hermalin 2005 (business); Cornforth 2003 (public sector); and Spear et. al (social enterprise).

independent judgment, and provide the attention and care to the organization's affairs that could be expected of a prudent person under similar circumstances. The duty of obedience obligates board members to be faithful to the organization's mission and to comply with applicable laws.

Traditional board responsibilities (see, e.g., Harris 1989; Ostrower and Stone, 2006; Renz, 2010) derived from these legal standards include:

- Ensuring the organization carries out its mission
- Establishing organizational policies
- Ensuring that the organization has adequate financial resources to carry out the mission, and that these resources are used appropriately
- Hiring and overseeing (and firing where necessary) the chief executive officer
- Ensuring that the organization compiles with relevant laws
- Representing the organization to external stakeholders

Boards may delegate some of their authority to others such as the CEO to carry out their work. The board, however, retains its ultimate responsibility for the organization and for carrying out its fiduciary obligations.

Ebrahim (2003) characterizes legal regulation as an external form of accountability focused on deterrence, with sanctions for failure to comply. In the United States, regulation and enforcement occur at both the state and federal levels. Nonprofits incorporate under state law, are subject to corporate laws at the state level, and states may impose specific requirements on boards. Most states require boards to have a certain number of members, but requirements may also vary from state to state (Brody, 2006; Brakman Reiser, 2011; Fremont-Smith, 2004). Investigation and litigation typically falls within the purview of the office of the state attorney general. At the federal level, tax law and the Internal Revenue Service are central. If the board fails to ensure that their organizations comply with federal tax laws, the IRS may revoke the organization's tax exemption. The IRS may also impose fines as "intermediate sanctions" if a board member or staff receives an excess benefit from a transaction with the organization (Fremont-Smith, 2004). When problems are identified, the IRS and the state attorney general may also engage in a negotiated settlement with a nonprofit organization that can include changes to governance. However, limitations of staff and funding have limited the extent to which federal and state regulators can actually carry out their enforcement powers (Brakman Reiser, 2005; Brody, 2006; Fremont-Smith, 2004).

Overall, the law sets fundamental standards and seeks to deter abuses in the manner described, but these parameters leave boards great freedom to decide how to implement their responsibilities.

Multiple Stakeholders and Nonprofit Accountability

Nonprofit organizations have multiple stakeholders, such as donors, clients, members (in membership associations) and various community constituencies, raising questions about which of these the board is accountable to and for what (Brody, 2005; Ebrahim, 2003; Ostrower and Stone, 2006). Agency theory addresses how organizational owners/principals can ensure that their managers/agents will run the organization in a fashion that is consistent with the owners' interest. In a publicly-held business corporation the board acts as the agent of the stockholders, who own the corporation and have voting powers. Nonprofits do not have stockholders, and it is therefore unclear who the principal is. Thus, it is also more ambiguous who the board should be accountable to and how the board should adjudicate when faced with claims of multiple stakeholders – whose views may be in tension (Ben-Ner and Van Hoomissen, 1994; Ebrahim, 2003; Fama and Jensen, 1983; Miller, 2002; Oster, 1995; for discussion of other differences in nonprofit and business boards see Bowen, 1994). Here we encounter questions of accountability that reflect internal motivations and understandings of the actors involved (Ebrahim, 2003).

Another issue is the extent to which boards may be increasingly subject to demands that they demonstrate their organization's public purposes (Stone and Ostrower, 2007). For instance, Brody (2002) argues in the face of multiple developments, such as highly publicized media scandals, increased competition from commercial firms, and nonprofit sector growth, more people feel they have a stake in nonprofit accountability and are less likely to take nonprofit claims to serve the public good on faith. Under this scenario, stakeholders increasingly include the public at large as well as constituents directly involved with individual organizations.

A further question concerns what options various stakeholders have to enforce their accountability claims. Private parties do not generally have standing to sue nonprofits for enforcement of their duties (Brody, 2006). Moreover, here we are often dealing here with claims related to organizational responsiveness and performance, rather than legal mandates. Donors' ability to stop contributing and/or impose conditions as a prerequisite for funding offers them a distinct advantage in advancing their claims. The ability to contribute and/or raise money ("give, get, or get off") is required by some boards, and thus donors also have a distinct advantage with respect to representation on the board (Ostrower, 2002). Clients, by contrast, are typically in far less of a position to push their claims (Ebrahim, 2003). In membership associations, members typically elect members of the board and thus in principle can vote them out, although the slate itself may selected by the current board. Most nonprofit boards, however, are self-perpetuating and choose their own successors. Given the wide latitude and independence enjoyed by boards, discussions of board performance must come to ask whether boards are holding themselves accountable.

Boards and Accountability in Practice: Findings from a National Survey[2]

As noted at the outset, to understand and address broader issues of accountability and performance, we must look at how boards function in practice. Toward that end we now turn to selected findings from the Urban Institute National Survey of Nonprofit Governance, of which the author served as principal investigator (Ostrower, 2007). The study was the first national representative survey of nonprofit governance in the United States. With over 5,100 nonprofit organizations participating (a 41 percent response rate), it is the largest governance sample to date. In the following discussion, we focus on a subset of findings that speak to how actively board members are carrying out their roles and responsibilities and to the significance of a shifting policy environment for board accountability. Furthermore having responsive and accountable boards is not only a question of identifying policies and practices, but having members who are able and willing to implement these and be responsive to the organization's various constituencies. Thus, we also examine selected findings related to board recruitment and composition. The findings provide cause for concern in multiple areas, while also revealing considerable variation across boards.

Levels of Board Engagement

We asked respondents to rate how actively their boards engaged 11 different roles: fundraising, financial oversight, evaluating the CEO, planning, monitoring programs, setting policy, community relations, educating the public about the organization, monitoring board performance, acting as a sounding board for management, and influencing public policy. Most of these roles (with the exception of influencing public policy) would be on standard lists of

[2] Findings presented in this section are drawn from Ostrower, 2007.

board duties, following from their legal responsibilities (see, e.g., Axelrod, 2005; Bowen, 1994; Harris, 1989; Houle, 1989).

A significant percentage of boards were not very actively engaged in many fundamental roles. In only two roles did a majority say their boards are very actively engaged, and these were small majorities. Fifty-two percent each said the board is very active in financial oversight and setting organizational policy (a majority of those with a paid CEO also said the board very actively engaged in evaluating the CEO). However, under one-half very actively engaged in planning, and under one-third heavily participated in fund raising, monitoring organizational programs, community relations, and educating the public about the organization. In some of these roles, substantial percentages did not even rate their boards as "somewhat active." These included fund raising, monitoring programs and services, monitoring the board's performance, planning, community relations, and educating the public.

Earlier, we observed that boards' considerable autonomy means that it is important to ask whether they are holding themselves accountable. Fewer than one-fifth of respondents said their board very actively monitors its own performance. Fully 45 percent reported that their boards are not even somewhat active in monitoring the board's performance. Furthermore, responses to another question found that approximately one-fourth do not regularly evaluate (every two years or more) whether their organization is accomplishing its mission.

We found wide variations in practice among boards. In particular:

- Organizational size tended to be positively associated with greater board engagement in internal board roles (such as financial oversight) but negatively related to engagement in external roles (such as community relations).

- Having the CEO as a voting board member was negatively associated with active board engagement in several areas (such as financial oversight, setting policy, and community relations) – and positively related to none.

- The criteria boards used in recruiting new members were extremely important. Prioritizing a willingness to give time was positively associated with board activity in virtually all areas (seeking to influence public policy was the exception). On the other hand emphasizing friendship with current board members had a widespread negative impact.

- Recruiting based on financial skills was positively associated with several internal roles including financial oversight as we would expect, but also others, such as monitoring programs, planning, and evaluating the CEO. Recruiting for fundraising ability was associated with higher levels of activity in external roles, including fundraising but also community relations, and educating the public about the organization. But it was negatively associated with how actively the board monitors programs and engages in policy-setting responsibilities.

- Level of difficulty in recruiting board members was consistently related to lower levels of engagement

- Board size was generally unrelated to board engagement but when it was, it was positive. It was correlated with greater engagement in raising funds, educating the public, and influencing public policy

In a follow-up study on boards of midsize nonprofits, we found that creating a culture that encourages board members to influence the board's meeting agenda was associated with higher engagement. On most boards, however, the chair and CEO are very influential in setting the agenda for meetings, but it is much less common to give such influence to other board members (Ostrower, 2008).

The findings underscore the importance of research for informing policy proposals and best practice guidelines moving forward. For instance, large board size has often been pointed to as a contributor to failures in governance, and proposals have occasionally been put forward to legally limit board size. While large boards can certainly be unwieldy, our findings offered no empirical support for the idea that board size per se is the problem.

Our survey also asked respondents about financial transactions between their boards and the organization. Financial transactions proved to be extensive, especially among larger nonprofits. Overall, approximately one-fifth of respondents bought or rented goods, services or property from a board member or a company they were affiliated during the previous two years. The level rises to over 40 percent among nonprofits with expenditures of over $10 million. Mostly (approximately three-fourths of the cases) nonprofits said they obtained goods at market value through these transactions. About half obtained goods below market cost, but this was far more likely among smaller organizations (figures exceed 100 percent because nonprofits could engage in multiple transactions).

Given their duty of loyalty, it is important that boards have processes in place to ensure that these transactions are actually in the organization's best interest. Our findings indicate that boards need to give more thought to the adequacy of the controls they have in place. For instance, fully 40 percent of nonprofits engaged in financial transactions with board members had no written conflict of interest policy. Larger nonprofits were more likely to have such policies, but smaller organizations were more likely to have had other board members review transactions. Thus for smaller nonprofits the issue is that while board members may be reviewing transactions, they often lack written guidelines to guide their review. By contrast, for larger nonprofits an issue appears to be that many were not reviewing transactions in advance to ensure that written policies were being followed.

One implication of the variations found in board roles and practices is that different strategies for strengthening boards may be needed for different types of organizations. A particular consideration relates to organizational size. For instance, larger organizations appear to face greater challenges in the area of external accountability than smaller one, while smaller organizations are less likely to be actively engaged in internally-focused activities. Likewise, while both smaller and larger organizations may need to strengthen internal controls, findings indicate that areas in need of attention differ (creating formal policies in the case of the former to guide board review, and in the case of the latter ensuring board review to confirm compliance with policies).

Sarbanes-Oxley and the Changing Policy Environment

Interestingly, one of the most significant legal developments related to nonprofit accountability was a law that was targeted at the business sector. In 2002 Congress passed the Public Company Accounting Reform and Investor Protection Act of 2002, more commonly known as the Sarbanes-Oxley Act. The Act was intended to deter fraud in the business sector in the wake of Enron and corporate scandals. It expanded the board's financial oversight responsibilities and imposed new financial disclosure requirements. The Act's passage quickly prompted questions about the adequacy of nonprofit governance, and whether nonprofits should also comply with its standards, either on a voluntary or mandatory basis. Meanwhile, the nonprofit world was also experiencing highly publicized scandals, further fueling debate over whether greater regulation was needed.

In 2004, for instance, the Senate Finance Committee issued a draft paper advocating stronger nonprofit governance. Several states, such as California, proposed or passed regulations extending some provisions of the Sarbanes-Oxley Act to nonprofits. Numerous nonprofit professional associations released guidelines about "compliance" with the Act, and calls for greater self-regulation were issued (Ostrower, 2007; Ostrower and Bobowick, 2006). While undoubtedly reflecting multiple motives, one factor may have been a desire to forestall greater regulation by government (Sidel, 2005). The Internal Revenue Service revised the Form 990 (beginning with reporting for the 2008 tax year) which many nonprofits are required to file. One of the most significant changes was the expansion of questions asking about governance practices, including Sarbanes-Oxley type practices. Many of the practices are not required as a condition of tax exempts status, but nonprofits are required to answer the questions. Their answers are publicly available, and that may spur nonprofits to adopt the practices queried (Fishman, 2010).

Our survey asked respondents about adoption of several Sarbanes-Oxley related accountability practices among nonprofits, including:

- A written conflict of interest policy

- An external audit
- An independent audit committee
- Rotating audit firms or lead partners every 5 years
- A whistleblower policy (i.e., a formal procedure whereby employees can report complaints without retaliation). This and the following provision are the two that apply to all organizations, including nonprofits
- A document destruction and retention policy [3]

Our findings support the conclusion that passage of the Act significantly impacted nonprofits. Large percentages of the organizations in the survey that had conflict of interest policies, whistleblower policies and audit committees had created or revised the policies since the passage of Sarbanes-Oxley. For instance, among those with conflict of interest and whistleblower policies, almost half had created or revised the policies since the Act's passage. The percentage was over one-half for those with a separate audit committee.

Even if the Act is not officially extended to nonprofits, its provisions have changed expectations and standards about nonprofit governance (Ostrower, 2007). At the same time we found wide variability in the percentage of organizations that had adopted various practices. For instance, half of nonprofits did not have a conflict of interest policy, while half did. Likewise, one-third did not have audits, 70 percent had no document retention/destruction policy, and almost half did not have a whistleblower policy (Ostrower and Bobowick, 2006).[4] Among the

[3] The Act makes it a federal crime to alter or destroy documents to stop their use in an official proceeding, but does not mandate having a written document retention and destruction policy. In the wake of the Act some nonprofit professional associations have advised a written policy (Ostrower and Bobowick, 2006).
[4] While we can only speculate, were the survey to be administered again now – after the revisions to the IRS Form 990 – we might find greater uniformity in adoption of practices.

major factors associated with variations in these practices (as identified through multivariate analyses):

- Organizational size, with larger organizations being more likely to have adopted such practices.

- Nonprofits boards with members that serve on corporate boards were more likely to adopt several Sarbanes-Oxley related policies. This suggests that businesspeople that sit on nonprofit boards bring accountability practices from the corporate sector into the nonprofit world.

- Racial/ethnic diversity was positively associated with adoption of accountability measures.[5]

- Having the CEO as a voting board member had a negative impact on adoption of several practices including having an audit, and having conflict of interest, document retention, and whistleblower policies. This parallels the findings about board engagement.

[5] There is growing attention to boards' demographic composition in the research literature (see Ostrower and Stone, 2006 for a review). This partly reflects the assumption that who serves on boards influences how boards function and whose interests boards will represent and respond to. A related issue is the extent to which levels of board homogeneity/heterogeneity may contribute to levels of board insularity.   Findings in the literature to date support the fruitfulness of this line of research, but suggest the relationships between board composition and other variables is a complex one, and more research is needed to understand their nature, extent, and reasons.

- Board size either had no relationship or was positively correlated with adoption of Sarbanes-Oxley related practices. This parallels findings about levels of board engagement.

Board Recruitment, Composition, and Accountability

Nonprofits report that they are having difficulty recruiting qualified board members. Fully 70 percent of respondents were experiencing difficulty recruiting board members and 20 percent found it very difficult. All organizations face these challenges, but the problem was less pronounced among larger nonprofits.[6] Since difficulty in recruiting board members was associated with levels of current board engagement, addressing issues of recruitment should be part of strategies for strengthening board performance.

We also found significant segments of the population are not being engaged on boards. Levels of racial and ethnic homogeneity on boards are so high as to raise questions about their ability to be responsive to their diverse publics. On average, 86% are white non-Hispanic. Almost two-thirds of nonprofits with under $100,000 in annual expenses have only white, non-Hispanic members. That figure drops to less than one-third for nonprofits with over $10 million. Organizations serving higher percentages of minorities were more likely to include board members of those minority groups on their boards, but even many of them did not. Predictably, nonprofits in metropolitan areas were more diverse, but even here levels of homogeneity were high. In addition to location in an MSA, the percentage of those served from minority groups, funding source (percent of funding from fees, government, foundations); the percentage of female trustees; board size, being national in scope, and; emphasizing racial and ethnic diversity

[6] Interestingly, a survey of boards in England and Wales found that a majority of boards were finding it more difficult to recruit members, but that the percentage likewise decreased with organizational size (Cornforth and Simpson 2003).

when recruiting members were associated with higher levels of diversity. Conversely, emphasizing friendship with existing board members when recruiting was negatively associated .

Conclusion: Directions Forward

Growing concerns have been expressed about the current adequacy of boards to fulfill their role as an accountability mechanism. It would be inaccurate to characterize boards in general based on the extreme cases of failure in accountability publicized in the media. Yet these accounts threaten to erode the public's trust in nonprofits, and therefore are relevant far beyond the organizations involved. Boards are often insular, a tendency that may be reinforced by their homogenous composition. We need to know more about when and how boards think about external constituencies, and the factors that lead them to be more engaged with, and responsive to them. Furthermore, it is also clear that even though they may be adhering to their minimum legal responsibilities, many boards are not very actively engaged in performing activities to strengthen the ability of their nonprofits to carry out their mission. The question that arises, then, is what can be done to address the problem? Various approaches have been proposed.

Regulatory Reform. One line of thinking calls for strengthening existing regulation and enforcement, and requiring enhanced disclosure. As already noted, for instance, some states enacted laws that apply Sarbanes-Oxley requirements to nonprofits. Examples of proposed strategies include: reducing the strong protection from liability enjoyed by fiduciaries; strengthening legal commitment to group government; creating a unified fiduciary law for trusts and corporations; strengthening registration and reporting requirements, and; shifting responsibility for enforcement to an independent agency (for reviews and discussion see Brakman Reiser, 2005, 2011; Brody, 2006; Fremont-Smith, 2004). As noted earlier, however, an ongoing issue here remains the lack of resources available to actively enforce regulations that already exist. Self-regulation has been advocated as one alternative (see Sidel, 2005).

Questions also arise about the actual impact of regulatory reforms, and whether they do bring about their intended outcomes. Many, including those that call attention to weaknesses in the current regulatory arrangements, warn that too much regulation risks harming rather than strengthening charities (see, e.g., Brody, 2006; Fremont-Smith, 2004; Sidel, 2005). Advocating additional disclosure has been a key strategy in reform efforts, but more research is needed to ascertain the efficacy of this approach (Brakman Reiser, 2005; see also Irvin, 2005). Additional research can contribute to informing debate and recommendations here. One useful study, for instance, would be to examine the impact of the IRS's expanded disclosure requirements concerning governance: To what extent has the revision prompted organizations to change their behavior by adopting the practices asked about, and what have been the consequences for governance? Do they do so because they genuinely believe they will strengthen their governance, or out of concern about how failure to comply will look to the IRS and/or the public?

Whatever the merits or drawbacks of regulatory reforms, from the perspective of this analysis, even the most salutary reforms will be limited in what they can accomplish, particularly with respect to accountability in the broader sense. Thus, we now turn to governance and managerially oriented approaches.

Governance Models and Board-Staff Relations. To not only deter abuse but foster strong performance, we need to address management and governance in the organization and the boardroom. Various governance models have been proposed that do just that. They offer perspectives on the source of current weaknesses, and recommendations to improve boards. One prominent theme addressed by these models is the respective roles of board and staff.

Carver argues that one major source of weakness in governance stems from confusion about the board and staff's appropriate roles (Carver and Carver, 2001). Carver's "policy governance model" advocates a strict demarcation of these roles and emphasizes the board's leadership role. Carver believes that while nonprofits may or may not have legal owners, they do have moral owners (be it their members or their communities). In his view, the board's role is to identify those "owners", and to set high-level policies that reflect and further their interests. The board should then give the CEO autonomy in pursuing its policies within boundaries established by the board.

Heimovics and Herman argue that that the legal and hierarchical model of the board does not conform to reality (Heimovics and Herman, 1990; Herman, 2010). They find that the chief executive holds a "psychological centrality" so that both board and staff tend to hold the executive director responsible for successful and unsuccessful outcomes. Thus, they argue that chief executives must take a leadership role in seeing that their boards fulfill their legal, organizational, and public goals. In their view, without such "board-centered leadership" by the CEO it is unlikely that the board will do its best.

Chait, Ryan, and Taylor (2005) believe that a major source of boards' lack of engagement is that their members suffer from a lack of purpose and are not satisfied with their roles. In their view, governance should involve leadership, but contemporary boards have been stripped of that leadership role. They propose that boards need to operate in three modes. In the fiduciary mode, boards ensure that resources are used efficiently. In the strategic mode, boards help set priorities and the avenue to achieving them. For Chait, Ryan, and Taylor, boards are currently used to functioning in these two modes. They argue for a third mode, the generative mode, in which boards probe the underlying values and purposes that frame the organization's strategy. This mode allows boards to frame issues, rather than responding to problems as they are identified by managers. By contrast to boards, CEOs do often engage in generative thinking. The authors do not advocate for the CEO to stop, but rather for the CEO and the board to work together with one another in all three modes.

As we can see, these models reflect distinct perspectives and offer different avenues for boards to consider. Further research is needed to assess the consequences of adopting one or other of these various models in practice. An emerging consensus is that given the diversity of boards and nonprofits, no "one size fits all" model will work for all nonprofits, and different models may be appropriate for the same organization at different stages in its life (Ostrower and Stone, 2006).   Research also suggests that the particular model a board uses may be less important than whether it engages in thoughtful self-reflection and development (Brudney and Murray, 1998; Nobbie and Brudney, 2003; Renz, 2010). In this respect, our survey finding that many boards are not actively engaged in monitoring their performance is particularly concerning.

Whatever governance approach a board decides to adopt, findings from our national survey of nonprofit governance (Ostrower, 2007, 2008) suggest there are certain steps that boards of many different types can take to enhance their performance and accountability:

- Institutionalize a procedure to regularly monitor the board's own performance. Given the autonomy that boards enjoy, the board itself must hold itself accountable, but many boards do not appear to be doing this in a systematic or active way.

- Carefully assess the criteria used to recruit new members, because these influence how active the board will be. Keep in mind that individual criteria are related to greater board engagement in some activities but not others, so boards should try to attract well-rounded members and seek a range of backgrounds and skills. This may sound self evident but many boards seem not to adequately attend to who and how they recruit.

- Encourage all board members to contribute to setting the board's agenda rather than concentrating influence solely in the hands of the top executive or the board chair or the two. Many nonprofit groups do not do this, but unless they do, why would we expect their board members to feel that their involvement can makes a difference?

- Nonprofits should think twice before following the business world's practice of making the executive director a voting member of the board. Our research suggests that blurring this line between board and staff tends to undermine active board leadership.

More broadly, there is a critical need for public and private initiatives that go beyond the individual organizational level, to increase the availability of board members and expand the pool from which board members are drawn. Furthermore, additional research is needed to better understand the barriers to obtaining board members, and to engaging a more diverse pool of board members. Sound practices and policies must be coupled with an investment in people so that boards have individuals that are willing and able to serve and implement those practices.

To repeat our opening observation, boards may be a flawed mechanism but no superior alternative has been proposed, and they will remain integral to any discussion of accountability in the nonprofit sector. It is therefore imperative that we understand them, how they think about themselves, and the factors that strengthen and impede their accountability.

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