

The social exchange dance: Nonprofit CEO perceptions of board chairs and organizational impacts

M. Louise Walters

INTRODUCTION

FOR-PROFIT CORPORATIONS VS NONPROFIT CORPORATIONS

28 million businesses in the USA ¹

6.8 million for-profit corporations ²

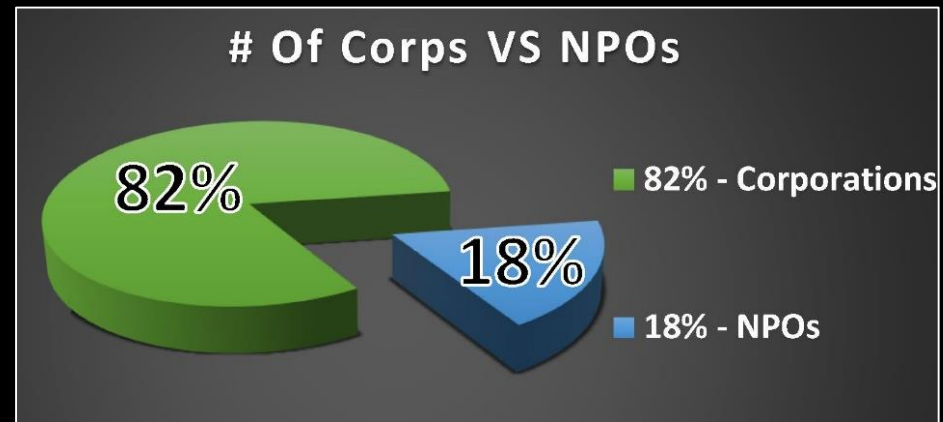
1.5 million nonprofit corporations ³

Key differences between for-profit
And nonprofit corporations:

- The “nondistributional” constraint
- Profit motive vs. benevolent (the greater good) mission ²

In other words:

No part of the NPO’s net earnings shall inure to the benefit of any private stakeholder or individual, or be distributable to a director, officer, or other private person ²



INTRODUCTION (con't)

NONPROFIT ORGANIZATIONS IN THE USA ³

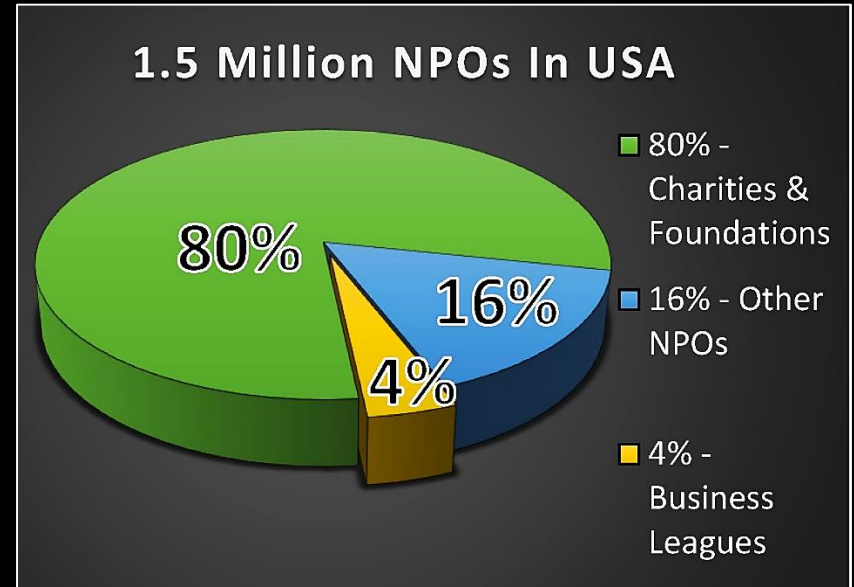
1.4+ million organizations	14+ million employees	10% of all private sector compensation	\$937+ billion contributed to economy	5.4% of gross domestic product	62+ million volunteers
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- NPO volunteers play an important role in society by connecting their organizations with the outside world and vice versa
- Board chairs are the chief elected volunteers ⁵
- CEOs are the chief paid executives ⁵

INTRODUCTION (con't)

CHARITIES VS BUSINESS LEAGUES ³

- 1.5 million NPOs in USA
- 1+ million 501(c)(3) charities
- 64,000 501(c)(6) business leagues
 - Trade associations, chambers of commerce, economic development groups, and professional societies
 - Promote business enhancement, advancement of their professions, and improvement of their communities
- Business leagues directly impact millions of members and hundreds of millions of U.S. residents



INTRODUCTION (con't)

- Business leagues are typically led by a combination of the CEO and the board chair.
- CEO and board chair personality traits can influence an organization.

- **Positive working relationships** stem from trust, bonding, and cohesiveness
- **Fruitful relationships** between the CEO and board chair have catalyzed organizational productivity and engagement with their communities ^{6, 7, 8}

- **Conflicts** may build tension, which can
 - create hypersensitivity
 - erode trust
 - cause poor program performance, financial distress, and counterproductive behavior
 - result in CEO and staff turnover ^{9, 10}

STATEMENT OF THE PROBLEM

No research to date has used social exchange theory to examine the working relationship between CEOs and board chairs of nonprofit 501(c)(6) business leagues



RESEARCH QUESTIONS

How do 501(c)(6) nonprofit business league organizations' CEOs describe their relationships with their corresponding board chairs?

How do 501(c)(6) nonprofit business league organizations' CEOs describe any impact on the organization resulting from this relationship with their corresponding board chairs?

THEORY SUPPORTING THE RESEARCH

SOCIAL EXCHANGE THEORY (SET) ¹¹ :

- Involves an exchange of goods -- material goods and also non-material ones -- like symbols of approval or prestige
- Can explain workplace conduct
- Can describe mutual benefits (or rewards), and costs (or punishments) of relationships and human behaviors
- Will be used to explore whether CEO perceptions of the board chair relationship support the basic assumptions of SET

THEORY (con't)

THE QUID PRO QUO OF THE SOCIAL EXCHANGE DANCE

CEOs provide to the board chair:

- Organizational support
- Mentoring
- Organizational prestige

In return,

CEOs receive from their board chairs:

- Increased compensation
- Additional perks
- Community prestige

Good reciprocal relationships where both parties get something from each other can also be good for the overall organization.

THEORY (con't)

- Findings may reveal that, despite a lack of reciprocity from their board chairs, CEOs altruistically, unselfishly give their board chairs:
 - Organizational support
 - Mentoring
 - Prestigefor the greater good of the organization
- If this is found, then current social exchange theory may be expanded to address altruism. In other words, despite the board chair's lack of reciprocity, the relationship may not negatively impact the organization

METHODOLOGY - OVERVIEW

GENERIC QUALITATIVE RESEARCH ^{12, 13, 14, 15}

- Examines experiences of people and how they live
- Identifies and increases understanding of opinions, insights, motivations, and societal impacts
- Generates new perspectives

METHODOLOGY – OVERVIEW (con't)

NARRATIVE INQUIRY ^{16, 17, 18}

- Uses:
 - Story-telling
 - Sharing anecdotes
 - Reliving past experiences
- Answers 'so what' and 'who cares' questions
- Helps explain human experience and the life choices people make
- Addresses 'how' & 'why' about what people do and don't do

Interviews with CEOs will capture stories, examples, anecdotes, and personal observations, and will describe the working relationships they have with their board chairs.

METHODOLOGY - DATA COLLECTION

TELEPHONE INTERVIEWS WITH CEOs

- Semi-structured method of data collection
- Convenient for CEOs & the researcher
- Saves time and reduces costs by eliminating travel distances that may separate the interviewer and the interviewees
- Framework for answering 'how' and 'why' questions
- Seeks clarification
- Probes for additional information



METHODOLOGY - SAMPLE

SYSTEMATIC RANDOM SAMPLING STRATEGY - PROCESS

1. Access the Internal Revenue Service Business Master File website.
2. Download contact information for all 64,000 Georgia NPOs.
3. Isolate and save the records of 1,500 501(c)(6) business leagues.
4. Use a computerized random number generator to produce a beginning record.
5. Then, select every 15th record (approximately 100 records).
6. Conduct an internet search to determine which organizations have a website and a CEO (approximately 50).
7. Extend written and e-mail invitations to those organizations meeting the criteria.
8. For those CEOs who respond in the affirmative, set up telephone interviews (first-come-first-served basis).
9. The sample size will be realized when a pattern of redundancy of recurring themes is recognized, and when no new information is forthcoming (data saturation occurs).

METHODOLOGY – SAMPLE (con't)



METHODOLOGY – INTERVIEW OUTLINE

1. How frequently do you communicate with your board chair?
2. What is the most effective way you communicate with your board chair?
3. How would you describe your working relationship with your board chair? How did you develop that relationship?
4. What has contributed to any positive interaction between you and your board chair?
5. What has contributed to any negative interactions between you and your board chair?
6. What are the benefits of serving as board chair for your organization?
7. Can you tell me about any disagreement you have had with your board chair?

METHODOLOGY – INTERVIEW OUTLINE (con't)

8. Because the CEO and board chair are expected to work closely together, trust -- or lack of trust -- may affect their relationship either positively or negatively. Given the premise that, in general, some level of trust already exists, please share an example of an instance when you did not trust your board chair.
9. How does the relationship between the CEO and the board chair affect the organization?
10. If you could give CEOs one piece of advice about their relationships with their board chairs, what would that advice be?
11. If you could give board chairs one piece of advice about their relationships with their CEOs, what would it be?
12. Describe your ideal board chair.
13. Describe the ideal (or the best) relationship between the CEO & the board chair.

METHODOLOGY – DATA ANALYSIS

Create and analyze interview transcripts for principal concepts, themes and patterns, and identify and analyze anecdotal examples and stories for common themes.

- **Prepare data**
 - Transcribe into MS Word format
 - Organize using NVivo and Microsoft Excel
- **Identify and code recurring principal concepts, themes, and patterns**
 - Word and phrase repetitions
 - Comparison and contrast
 - Missing information searches
 - Analogies and metaphors
 - Connectors
 - Transitions



METHODOLOGY – DATA ANALYSIS (con't)

- **Analyze**
 - Principal concepts
 - Themes
 - Patterns
- **Determine** whether the responses seem philosophically consistent or contradictory
- **Summarize** main points
- **List** the work processes and communication tools (relationship tools) that CEOs found useful in building effective working relationships with their board chairs
- **List** work processes and relationship tools that CEOs found not to be useful, or were counterproductive in building effective working relationships
- **Identify and comment** on global level about patterns that emerge

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