Examining and Explaining the Nature and Extent of

Board Conflict in Two Countries:

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[Not for distribution or for citation.]

Nonprofit board members are under increasing scrutiny, highlighted by a number of stories printed in the popular press that deal with questionable fiduciary practices and unethical behavior. The attention being drawn to these boards has led to inquires by Congress in the United States (US) and resulting legal action by the courts. Current and potential board members are thus taking their responsibilities more seriously these days. Understanding the governance of nonprofit boards becomes increasingly important, in these times of increased scrutiny of board behavior.

There are many areas to explore when it comes to understanding board behavior. We could start by examining such topics such as the voluntary nature of the sector, and the resultant governing behaviors due to a unique history.   Alternatively, we could explore the background characteristics of members that make up nonprofit boards, which has received a good deal of attention in the nonprofit literature already. While exploring both of these areas in detail would undoubtedly prove more or less useful, they do not serve as the central focus of this inquiry.

Instead we examine **board design** and how it is related to the nature and severity of conflict amongst members, if at all.

Conflict is an inevitable part of the governance process because of the complexity and interdependence of the issues at stake. Conflict can be good or bad in groups, depending upon its nature and severity. Up to a point, conflict can, for example, spur innovation (Levine, Resnick and Higgins, 1993; Nemeth, 1986; Tjjosvold, 1997), and enhance the process of decision-making in groups (Deutsch, 1973; Schulz-Hardt, Jochims and Frey; 2002; Walton 1969), such as nonprofit boards. Beyond a certain point, however, it appears that conflict can diminish innovation, group member satisfaction, and group and organizational performance (De Dreu and Weingart, 2003; Gladstein, 1984; Saavaedra, Earley and Van Dyne, 1993; Wall and Nolan, 1986).

Relationships, tasks, and processes are all important aspects of the act of governing. Relationships between board members, whether good, bad, or somewhere in between, evolve over time, and they are of particular importance when attempting to influence others in voting on policy matters, or through coalition building. The tasks of governance, or deciding what needs to be done through goal-setting, can also be affected by conflict. Boards with an absence of task conflict may lack creative decision-making, while very high levels of task conflict may interfere with task determination by boards. Process conflict (conflict over how to complete tasks) can also create challenges for boards. Jehn (1997) suggests that people have difficulty working together even when there is agreement on goals or tasks, and that conflict often develops over means to ends. Therefore, it is important to better understand these three types of conflict and the factors that contribute to them on nonprofit boards.

Governance, or the process of leading, is shaped by a host of factors. One such factor is board design. Board design helps boards to add value to the execution of their missions and visions (Renz 2004). But the execution of missions and visions can be hampered by the presence of too much conflict. It may also be hampered by the dominance of one type of conflict over others on boards, acknowledging that the presence of any type of conflict is not necessarily a bad thing.

In this research, we attempt to explore three different types of conflict – relationship, task, and process – on nonprofit boards in the state of Wisconsin, through survey research. We also hope to uncover the different factors, such as board design, that explain these three types of conflict using the existing literature as a guide. We will then develop a typology of nonprofit boards that integrates board design with different types of conflict and their severity. With this typology we hope to devise a set of intervention strategies that will enable boards to deal with different types and levels of severity of conflict and, in the end, help them further their missions.

Literature and Hypotheses

We carried out this research in part as a response to the encouragement by David Renz to "conduct empirical research to validate [his] framework and test its utility for board design and development (2004, p. 4). In this research we make use of the Renz framework as a means for examining the relationship between board design and conflict. We also argue that much of what scholars have learned about small groups and teams in organizations can be applied to nonprofit boards, an issue we elaborate upon first in this review.

Recent research by Gabris and Davis (2004) indicates that it is plausible to compare the behavior and patterns of interaction among city council members to that of members of small groups. We believe the same comparison can be made between nonprofit board members and

members of small groups in organizations. Nonprofit boards, like small groups, have, among others, the following characteristics:

1. Small size (i.e., 3-15 persons);

2. Periods of transition epitomized by forming, storming, norming, and conforming (Schein, 1969);

3. Members are subject to the conforming norms/values of the group culture. Extreme examples include groupthink (Irving, 1982);

4. Small groups flourish when regenerative interpersonal dynamics are present (e.g., high trust, high openness, low risk, and high owning) and languish when degenerative interpersonal dynamics prevail (Golembiewski, 1989); and

5. The most effective decision-making process within small groups is consensus (Shein, 1969).

While not all nonprofit boards fit this description perfectly, most take on one or more of these characteristics. For example, most nonprofit boards suffer from conforming norms and values, such as too much reliance on the thoughts and opinions of the executive director. This pattern of behavior on the part of nonprofit board members was brought up routinely in focus group interviews we conducted in both countries for the purposes of this research. Under these conditions, nonprofit boards merely "rubber stamp" the decisions of the executive director.

The interpersonal dynamics that characterize small groups also have relevance for our understanding of nonprofit boards. Boards that have degenerative interaction as a dominant characteristic do not keep members for long. When this happens, much of the institutional memory of what has happened in the past, and what is therefore important to the organization is

lost. Board members who have served on degenerative boards often experience a great deal of conflict in board deliberations. Because of this unhealthy conflict, they often leave the board.

The three types of conflict examined in this analysis come from the work of Karen Jehn (1997), who has developed a typology of conflict for groups in organizations. Through her research, Jehn has been able to establish that the three types of conflict in groups--relationship, task, and process--are theoretically and empirically distinct from one another (Jehn, 1994, 1997; Jehn and Mannix, 2001; Pearson, Ensley and Amason, 2002). Each type of conflict is important to the overall health of groups and teams in organizations.

Relationship conflict involves personal issues such as dislike among board members and feelings such as frustration, annoyance, and irritation (Jehn 1997). Relationship conflict is an awareness of interpersonal incompatibilities, which includes affective components such as feeling tension and friction. This definition is consistent with past categorizations of conflict that distinguish between affective and cognitive conflict (Amason, 1996; Pinkley, 1990).

Task conflict is an awareness of differences in viewpoints and opinions pertaining to the board's task. It pertains to conflict about ideas and differences of opinion about the task, similar to cognitive conflict (Amason and Sapienza, 1997). Task conflicts may coincide with animated discussions and personal excitement but, by definition, are void of intense interpersonal negative emotions that are more commonly associated with relationship conflict. Here conflicts arise on the board, for example, as to what the purpose and goals are of nonprofit organization.

Process conflict is defined as an awareness of controversies about aspects of how tasks will be accomplished. More specifically, process conflict pertains to issues of duty and resource delegation such as who should do what or how much should get done. Tasks may have been decided upon by the board, but the process by which to achieve those tasks is often up for debate.

For example, when board members disagree as to who has jurisdiction over a certain service area, they are experiencing process conflict.

A number of scholars have begun to uncover the basic dimensions of board design, but few have examined the implications of these different dimensions. We have borrowed the typology of board design developed by Renz (2004) for the purpose of determining whether board type associates regularly with type and severity of conflict. If it does, then we have advanced our understanding of what the implications are as to the choices boards make in governing themselves.

Renz posits that there are two primary and three secondary dimensions to board design. The primary dimensions are strategic focus and stakeholder influence and engagement. The secondary dimensions are board autonomy, mission accountability, and decision centrality. Each of the primary and secondary dimensions can be placed on a continuum from one extreme to the other, as illustrated in Figure 1 below.

Figure 1. Primary & Secondary Dimensions of Board Type

Primary Dimensions:

STRATEGIC FOCUS - *The majority of the Board's work activity is focused on:*

Strategy & Policy								Operations & Activities		
(5)	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	(5)
S										*A*

STAKEHOLDER ENGAGEMENT **–** *The nature of involvement & influence of stakeholders or constituents in major agency decision processes is:*

Broadly Inclusive								Exclusive/Limited		
(5)	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	(5)
I										*E*

Secondary Dimensions:

MISSION ACCOUNTABILITY – *The focus for the organization's work derives primarily from:*

Professional Norms								Community/Market Forces		
(5)	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	(5)
P										*M*

BOARD AUTONOMY – *The degree of internal versus external control over the appointment of Board members is:*

Self-Regulating								Externally Appointed		
(5)	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	(5)
SR										*X*

DECISION CENTRALITY – *Governance and leadership decision processes are dominated by:*

Executive Director/Staff Dominant								Board Dominant		
(5)	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	(5)
ES										*B*

We next examine each of the primary and secondary dimensions of board design and then develop hypotheses as to their relationship with type and severity of board conflict.

Strategic focus is the "degree to which the board's work emphasizes leadership, strategy, and policy, versus the implementation of operations and activities" (Renz, p. 2). At one extreme are boards that emphasize strategy and policy, and at the other extreme are boards that emphasize operations and activities. While most nonprofit boards obviously fall in between these two

extremes, it is possible for us to speculate as to the general relationship between strategic focus and type and severity of board conflict. Formally, we hypothesize that boards that emphasize operations and activities will experience higher levels of process and task conflict and lower levels of relationship conflict than boards that emphasize strategy and policy.

The second primary dimension, **stakeholder influence and engagement**, ranges from being broadly inclusive to being dominated by an exclusive elite. Under broadly inclusive conditions, all key stakeholders serve as members of the governing body and are directly involved in all decisions of the agency. Under exclusive/elite conditions, all decisions are made by an exclusive and select elite with significant involvement or engagement of any stakeholders in the decision processes of the organization. We hypothesize that boards that emphasize broadly inclusive conditions will experience higher levels of relationship conflict and lower levels of task and process conflict.

We posit that the secondary dimensions developed by Renz (2004) will also be significantly associated with type and severity of conflict. **Board autonomy** is the degree to which the board is independent versus controlled by external entities. Renz cites membership associations as an example of boards that have little autonomy over the selection of members. We hypothesize that boards that are controlled by external entities will experience higher levels of all three types of conflict.
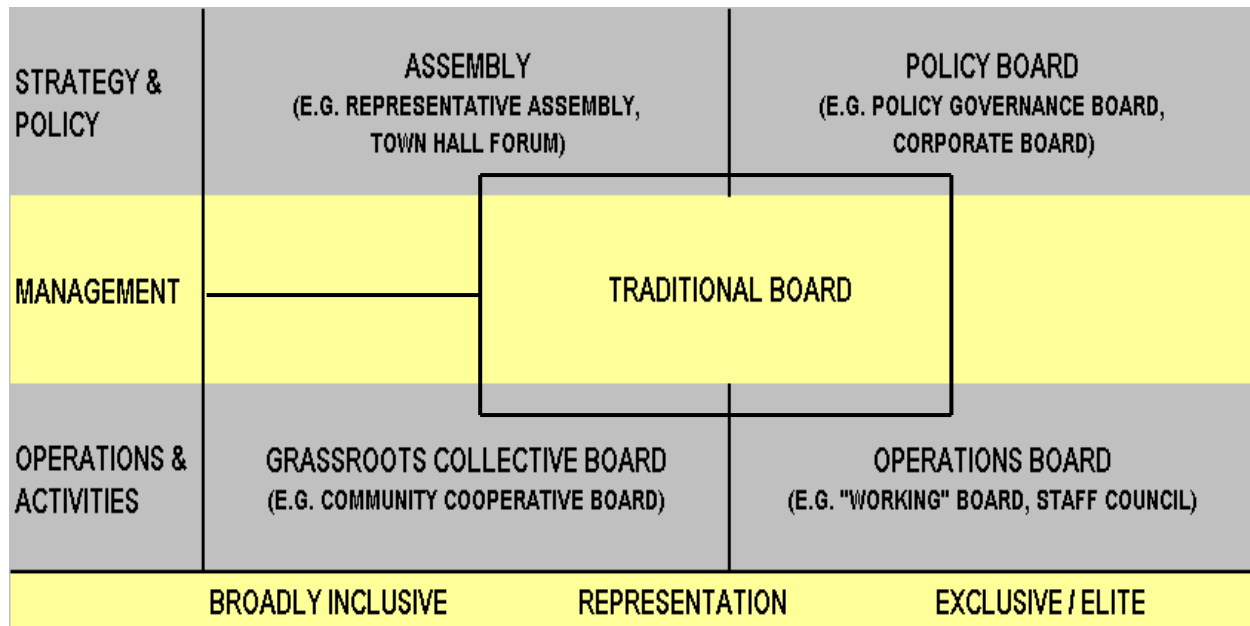
Mission accountability explains the degree to which the organization's accountability for quality or performance is driven by the professional content of its work versus the extent to which the organization's accountability is driven by the needs and interests of its community or primary market (Renz 2004). We hypothesize that boards that emphasize professional content

will experience lower levels of all three types of conflict than boards that emphasize the community or primary market.

Decision centrality measures the extent to which decisions are made jointly by the executive and the board versus either the staff or the board. "The midpoint of this continuum is the balance advocated in much of the prescriptive literature on boards, promoting the value of achieving a balanced partnership between the board and the chief staff position" (Renz 2004, p. 3). We hypothesize that boards that make decisions jointly with the executive director will experience higher levels of all three types of conflict than boards that make decisions by themselves or allow decisions to be made exclusively by the executive director.

Renz has combined the primary dimension of strategic focus and the secondary dimension of stakeholder engagement of boards into a table and that provides examples of different types of boards that reflect the different combinations of these two dimensions. Figure 2 below is a replication of the work by Renz (2004).

Figure 2. Board Types for Strategic Focus & Stakeholder Engagement

STRATEGY & POLICY	ASSEMBLY (E.G. REPRESENTATIVE ASSEMBLY, TOWN HALL FORUM)	POLICY BOARD (E.G. POLICY GOVERNANCE BOARD, CORPORATE BOARD)
MANAGEMENT	TRADITIONAL BOARD	
OPERATIONS & ACTIVITIES	GRASSROOTS COLLECTIVE BOARD (E.G. COMMUNITY COOPERATIVE BOARD)	OPERATIONS BOARD (E.G. "WORKING" BOARD, STAFF COUNCIL)
	BROADLY INCLUSIVE REPRESENTATION EXCLUSIVE / ELITE	

An assembly type board (e.g., town hall meeting) is one that has strategy and policy as its strategic focus, and is broadly inclusive in terms of stakeholder engagement. A policy board is defined as one that emphasizes strategy and policy as its primary strategic focus, and is exclusive/elite in terms of stakeholder engagement. Boards that emphasize operations and activities and also are broadly inclusive in terms of stakeholder engagement tend to be exemplified by grassroots collective boards. "Working" boards are those in which the exclusive elite tend to emphasize operations and activites. These boards get their hands dirty in the day-to-day affairs of the agency. As Figure 2 depicts, traditional boards fall in between the extremes of strategic focus and stakeholder engagement.

Renz (2004) goes further by developing a typology of boards that takes into consideration their placement on all five dimensions (two primary and three secondary). The "prototypical characteristics of common board types" table from Renz is replicated below (Figure 3).

Figure 3. Typical Board Labels or Types
(Adapted for Current Project)

TYPE	PRIMARY DIMENSIONS		SECONDARY DIMENSIONS		
	Strategic Focus	Stakeholder Engagement	Mission Accountability	Board Autonomy	Decision Centrality
Policy Governance Board	*S*	*E*	*Any*	*SR*	*B*
Management Board	*-0-*	*E*	*P*	*SR*	*-0-*
Corporate Board	*S*	*E*	*P*	*SR*	*ES*
Traditional/Classic Board	*Varies*	*-0-*	*-0-*	*SR*	*-0-*
Operations or "Working" Board	*A*	*-0-*	*Any*	*SR*	*ES*
Fundraising Board	*A*	*-0-*	*P*	*SR*	*ES*
Representative Assembly	*Any*	*-0-*	*M*	*-0-*	*B*
Community Collective Board	*S*	*I*	*M*	*X*	*B*
Town Hall Assembly	*A*	*I*	*M*	*X*	*B*

KEY:

Strategic Focus:	S = Strategic	A = Operations/Activities
Stakeholder Engagement:	I = Inclusive	E = Exclusive/Limited
Mission Accountability:	P = Professional norms	M = Market norms
Board Autonomy:	SR = Self-regulating	X = Externally appointed
Decision Centrality:	ES = Exec/Staff Dominant	B = Board Dominant

Data and Methods

Data for this study come from a survey of 501(c)(3) public charities in Wisconsin and nonprofit organizations in Nova Scotia. In order to get a better and more comprehensive understanding of conflict on nonprofit boards, we surveyed executive directors, board chairs, as well as one board member (non-officer) from each organization. This approach, which has been used by other scholars in studies of local governments (e.g., Gabris, Golembiewski and Ihrke, 2001; Ihrke, Proctor and Gabris, 2003) allows us to garner three different perspectives of conflict

on nonprofit boards. This three-dimensional picture should prove insightful as we explore the nature, extent, causes and consequences of conflict on nonprofit boards.

Given that nonprofits may vary by their level of conflict based upon the sub-sector in which they operate, we employed a stratified random sample resulting in a sample size of 1,386 for Wisconsin and 292 for Nova Scotia. Response rates are summarized below.

Table 1. Governance Study Response Rates

	Sent		Returned			Response Rates		
	Sent	Adjusted	ED	BC	BM	ED	BC	BM
Wisconsin	1386	1355	187	102	70	13.8%	7.5%	5.2%
Nova Scotia	292	272	74	31	22	27.2%	11.4%	8.1%

The three conflict measures are all additive indices comprised of three variables each (Jehn, 1997). The **relationship conflict index** consists of the variables "How much relationship tension is there on the board?," "How often do people get angry while serving on the board?," and "How much emotional conflict is there on the board?" The **task conflict index** consists of the variables "How much conflict over ideas is there on the board?," "How frequently do you have disagreements on the board about tasks?," and "How often do people on the board have conflicting opinions about the problems you are working on?" The **process conflict index** consists of the variables "How often are there disagreements about who should do what on the board?" "How much disagreement is there on the board about task responsibilities?," and "How often do people on your Board disagree about how resources are allocated for your agency?" The variables in the respective indices dealing with "how much" conflict were scored on a scale of 1, indicating "none," to a 5, indicating "a great deal." The variables dealing with "how often" in the respective indices were scored on a scale of 1, indicating "never," to a 5, indicating "always." The three additive conflict indices range from 3, indicating "low" conflict, to 15,

indicating "high" conflict. The Cronbach alphas for relationship, task, and process conflict were all above .7 for Wisconsin and Nova Scotia.

As Figure 1 (above) depicts, the board design variables are all measured on a continuum. The primary dimension of Strategic Focus ranges from one end of strategy and policy to the other end of operations and activities. The primary dimension of Stakeholder Influence and Engagement ranges from one end of broadly inclusive to the other end of exclusive/elite. The secondary dimenions – Mission Accountability, Board Autonomy, and Decision Centrality – also are measured on a continuum. Mission Accountability ranges from professional practice to community-market focus. Board Autonomy ranges from self-perpetuating/self-regulating to externally appointed and regulated while Decision Centraility ranges from ceo/staff dominant to board dominant.

In the next section we explore the results of our analysis.

[Analyses to be provided separately.]

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