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HOW DO MULTILEVEL NONPROFIT  
GOVERNANCE SYSTEMS OPERATE?  
A CASE STUDY

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Almelo, October 2013  
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## ABSTRACT

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The purpose of this thesis is to describe the multilayered governance system of a healthcare provider (offering long-term healthcare e.g. nursing home care, residential care and home care) with its corresponding responsibilities, roles and accountabilities of different internal actors who execute governance functions. Results from a survey among 3 board members and 6 top managers and interviews with 1 board member, 4 top managers, 10 middle managers and 6 nurses indicate that different employees carried out or were involved in governance functions. Not only the board of directors were involved in boundary-spanning, strategy formulation, policy-making, monitoring & supervising and providing accountability, but top management as well. Decision-making authority with regard to governance functions was centralized at the upper echelons of the organization. By carrying-forward information with regard to internal bottlenecks and opportunities middle and top management provided to be an important informer of decision-making for the board of directors.

# TABLE OF CONTENTS

ACKNOWLEDGMENTS .....	i
ABSTRACT.....	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES.....	iv
LIST OF FIGURES .....	v
LIST OF APPENDICES.....	vi
LIST OF ABBREVIATIONS.....	vii
1 INTRODUCTION .....	1
1.1 Introduction .....	1
1.1.1 International context.....	1
1.1.2 National context .....	2
1.1.3 Local context.....	4
1.2 Problem statement .....	5
1.3 Background and need .....	6
1.4 Purpose of the study .....	8
1.5 Research questions .....	8
1.6 Results .....	8
1.7 Contributions .....	9
1.8 Limitations.....	9
1.9 Structure of the thesis .....	9
2 LITERATURE REVIEW.....	10
2.1 Introduction .....	10
2.2 Non-profit governance research .....	10
2.3 Governance system and structure .....	12
2.4 Governance roles and responsibilities .....	14
2.5 Governance accountabilities.....	18
2.5.1 Board roles and responsibilities explained by theories .....	19
2.5.2 Delegation of roles and responsibilities to management .....	22
2.5.3 Management roles and responsibilities explained by theories .....	25
2.6 Conclusion.....	26
3 METHODOLOGY.....	27
3.1 Introduction .....	27
3.2 Selection of the research method.....	27
3.3 Setting.....	28
3.4 Sample and participants.....	28
3.5 Measurement instruments.....	28
3.5.1 Operationalization .....	29
3.5.2 Validity and Reliability .....	31
3.6 Data collection and analysis .....	31
4 RESULTS .....	33
4.1 Introduction .....	33
4.2 Descriptive statistics .....	33
4.3 Boundary-spanning and uncertainty in the environment .....	33
4.4 Performance, conformance, trust and mission attachment .....	35
4.5 Organizational levels carrying out governance functions.....	38
4.6 Involvement of staff into governance functions .....	43
5 CONCLUSIONS AND RECOMMENDATIONS.....	46
5.1 Introduction .....	46
5.2 Conclusions .....	46
5.3 Limitations and recommendations for future research .....	48
REFERENCES .....	50
APPENDIX A: Growth of the economic active population in nonprofits .....	56
APPENDIX B: Total expenses on healthcare of selected countries .....	57
APPENDIX C: Survey questions and individual scale results.....	58
APPENDIX D: Interview protocol .....	75

## LIST OF TABLES

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Table 1 Descriptive statistics board of directors .....	35
Table 2 Descriptive statistics management team .....	36
Table 3 Cronbach's alpha coefficients of sample items .....	37

## LIST OF FIGURES

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Figure 1 Regulated marketization in the Dutch healthcare system (Source: Schäfer et al., 2010).....	2
Figure 2 Research gap nonprofit governance (Source: Tricker, 2012) .....	7
Figure 3 Governance system (Source: Tricker, 2012).....	12
Figure 4 Unitary and two-tier board structure (Source: Tricker, 2012) .....	13
Figure 5 Board responsibility cycle .....	16
Figure 6 Board responsibilities (adapted from Tricker (2012) and modified for the nonprofit context) .....	17

## **LIST OF APPENDICES**

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APPENDIX A: Growth of the economic active population in nonprofits .....	56
APPENDIX B: Total expenses on healthcare of selected countries .....	57
APPENDIX C: Survey questions and individual scale results .....	58
APPENDIX D: Interview protocol .....	75

## LIST OF ABBREVIATIONS

Abbreviation (Dutch)	Dutch name	English name
AWBZ	Algemene Wet Bijzondere Ziektekosten	Exceptional Medical Expenses Act
BIG	Wet Beroepen Individuele Gezondheidszorg	Individual Health Care Professions Act
BOPZ	Wet bijzondere opnemingen in psychiatrische ziekenhuizen	Psychiatric Hospitals compulsory Admissions Act
CAK	Centraal Administratiekantoor	Central Administration Office
CIZ	Centrum Indicatiestelling Zorg	Centre for Needs Assessment
CVZ	College voor Zorgverzekeringen	Healthcare Insurance Board
GDP	Bruto Nationaal Product	Gross Domestic Product
GGD	Gemeentelijk Gezondheidsdiensten	Municipal Health Services
KZi	Kwaliteitswet zorginstellingen	Quality of Health Facilities Act
NZa	Nederlandse Zorgautoriteit	Dutch Healthcare Authority
Pgb	Persoonsgebonden budget	Personal care budget
Wbp	Wet bescherming persoonsgegevens	Personal Data Protection Act
WGBO	Wet Geneeskundige Behandelingsovereenkomst	Medical Treatment agreement Act
WKCZ	Wet klachtrecht cliënten zorgsector	Health Care Complaints Act
WMCZ	Wet medezeggenschap Cliënten Zorginstellingen	Client Representation Act
Wmg	Wet marktordening gezondheidszorg	Health Care Market Regulation Act
Wmo	Wet maatschappelijke ondersteuning	Social Support Act
WTZi	Wet Toelating Zorginstellingen	Health Care Institutions Admission Act
ZBO	Zelfstandig Bestuursorgaan	Autonomous Administrative Authority
Zvw	Zorgverzekeringswet	Health Insurance Act
ZZP	Zorgzwaartepakket	Care Intensity Packages

# 1 INTRODUCTION

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## 1.1 Introduction

In this chapter the background, problem statement, purpose and research questions are outlined. The purpose of this chapter is to introduce the areas of nonprofit governance research, provide the relevance of this research project and determine the scope of the thesis. In addition, the chapter will put the research project into a context, outline its problem statement and research questions. The chapter concludes with providing an overview of this thesis.

### 1.1.1 *International context*

Nonprofit sectors (sometimes called ‘social sector’, ‘philanthropic sector’, ‘voluntary sector’, ‘independent sector’, ‘third sector’ or ‘not-for-profit sector’) have grown in size and significance in most countries. In comparison to the GDP growth of several countries (United States, Japan, Canada, Belgium, Thailand, Norway, Australia and Czech Republic), nonprofit sector’s contribution to GDP grew at an average rate of 5,8% per year compared to 5,2% of the economies as a whole (Salamon, Sokolowski, Haddock, & Tice, 2013). The majority of the activities (73%) were generated through service activities (14 country average): Housing, social services, education, healthcare (Salamon et al., 2013). The growth of the nonprofit sector came with an increased workforce in Europe and the United States (See APPENDIX A for the growth of the workforce in nonprofit institutions (NPIs) for selected countries). The reason for these developments was that governments are relying more and more on nonprofits for delivering services with public funds (Salamon, 2010). During the last 30 years, macro-economic, demographic and political pressures have reduced the role of the government and shifted responsibilities and policy implementation to public entities, quangos (quasi-autonomous non-governmental agencies) or nonprofit organizations (Milward, 1994; Milward & Provan, 2000). Quangos can be characterized as (1) publicly funded, (2) appointed (3) in arms-length from government and (4) accountable to its funding agency (Jenkins, Leeuw, & Van Thiel, 2003). The term ‘hollow state’ is often used to refer to the increased use of third parties by contracting out services to be delivered and act in the name of the government or state (Milward & Provan, 2000). In addition, New Public Management was a concept used for reinventing the government where three concepts stood central for the governance by the government (disaggregation, competition and incentivization), although it has been argued that a paradigm shift in the United Kingdom, the United States, Australia, New Zealand, Canada, the Netherlands and Japan has been observed (Dunleavy, Margetts, Bastow, & Tinkler, 2006). These transformations have put a different emphasis on public governance where the government delegated power to other parties with marketization of the nonprofit sector and major reforms in these sectors. Some sectors in civil society have grown more rapidly than others in comparison to Gross Domestic Product (GDP), such as social services, health, sports and recreation (Salamon, 2010). The growth of the healthcare sector came hand in hand with the ageing of the population, people who live to a great age, technological innovations and other factors. The Netherlands spent in 2011 more on healthcare than other European countries in comparison to GDP and became the second most spender on healthcare internationally (after the United States; see APPENDIX B for healthcare expenses in comparison to GDP of selected countries). In European countries the healthcare systems have been reformed, are under pressure or in transition, such as in Sweden, Finland, Belgium or the Netherlands (Anell, 2005; Häkkinen, 2005; Schokkaert & Van de Voorde, 2005; Schut & Van de Ven, 2005). The rising healthcare demand on the one hand through ageing of the population and the cutting of the macro budgets of governments on the other create a care gap; a financial shortage in healthcare which creates waiting lists and changes in the role of the government in financing healthcare. These are just examples of reforms to emphasize the importance to find ways to

change supply and demand in healthcare to reduce waiting lists, shortages of personnel, lowering the costs and increase the quality of healthcare. These public reactions resulted in greater demands for accountability, legislative controls and tighter regulations for healthcare providers to ensure marketization and a decentralized government. These reforms and increased accountabilities have posed questions with regard to the governance of nonprofit and public entities.

*1.1.2 National context*

One of the countries where a reform in the healthcare system is observed is the Netherlands. Since 2006 the healthcare system in the Netherlands has changed from a centralized supply-driven system to a demand-driven system. By the coming into force of the Health Insurance Act (1 January 2006), the Healthcare Institutions Admission Act (1 January 2006) and the Healthcare Market Regulation Act (1 October 2006) regulated marketization and a decentralized demand-driven system came into force. The role of the government was no longer to control prices, capacity or volumes, but ensuring competition in the submarkets. Private parties such as healthcare providers and insurers compete with each other for insured/patients, prices, quality and volume of healthcare. The market forces active in the healthcare system are the healthcare providers, insurers and the insured/patients. Healthcare providers (e.g. nursing homes, home care organizations, hospitals) and insurers compete and negotiate in the healthcare purchasing market about qualities, volumes and prices of care. Insurers compete about citizens for insurance packages in the healthcare insurance market and in the healthcare provision market healthcare providers compete for insured and the offering of care to patients. Patients are free to choose healthcare providers, but insurers may impose boundaries or restrictions for insured/patients (Schäfer et al., 2010). These changes were needed because one of the major shortcomings of the previous system was that demands of patients and clients were insufficiently met which resulted in limited choices, lack of coherence and connection of supply to demand (Rijksoverheid, 2001). In addition, several developments showed problems for future financing of healthcare: (1) Ageing of the population; (2) more demanding care recipients (with high purchasing power) who are not satisfied with standard care; (3) technological innovations would change healthcare providers and; (4) risk solidarity pressurizing predictive medicine (Rijksoverheid, 2001). Figure 1 shows the marketization of the healthcare sector in the Netherlands.

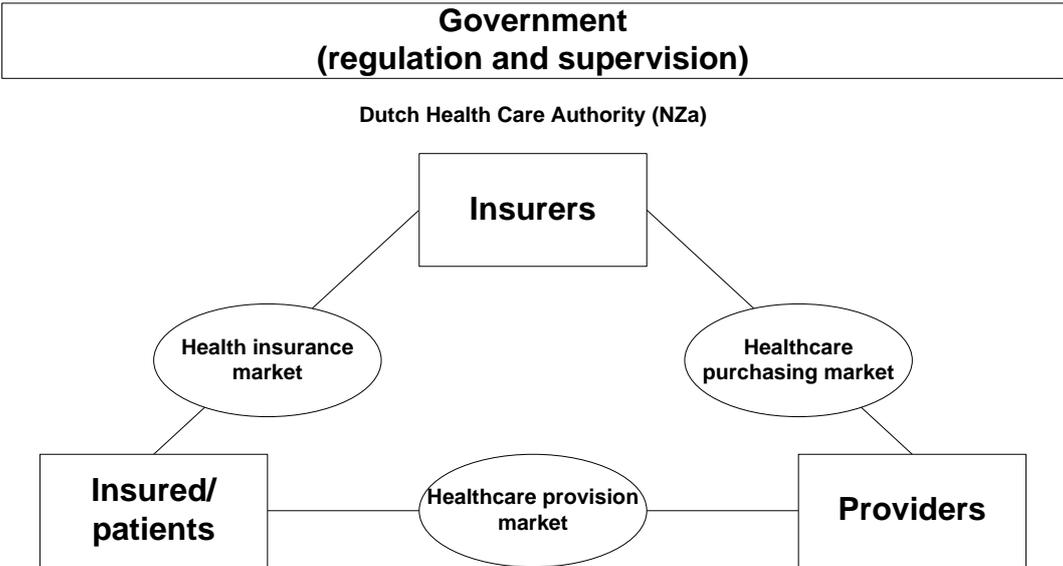


Figure 1 Regulated marketization in the Dutch healthcare system (Source: Schäfer et al., 2010)

Still, the healthcare expenditures of the Dutch government appears to be high: In 2011 the Dutch government spent on healthcare alone 90.1 billion euro, which was 14.9% of the Dutch GDP (CBS, 2012). This number has increased during the last 10 years (in 2001 52.5 billion euro's was spend which was 11.7% of GDP (CBS, 2012)). Only the United States of America spent more relatively on healthcare (in 2011 2.7 trillion US dollars, or 17.9% of GDP) (Hartman, Martin, Benson, Catlin, & The National Health Expenditure Accounts Team, 2013). The healthcare system of the Netherlands consists of three pillars: The Health Insurance Act (*Zorgverzekeringswet, Zvw*), the Exceptional Medical Expenses Act (*Algemene Wet Bijzondere Ziektekosten, AWBZ*) and supplementary insurance (Beerepoot, 2010). This thesis will focus on long-term healthcare AWBZ. The number of quangos in the Netherlands has been increasing in different policy fields since 1993 to 2000, where in healthcare the most significant increase was found (Gray, Jenkins, Leeuw, & Mayne, 2003). Quangos are very important for the supervision of the healthcare markets, assessment of healthcare needed, advise the ministry of Health, Welfare and Sport (*Ministerie van Volksgezondheid, Welzijn en Sport, VWS*), indication and delivery of the healthcare, calculation and administration for healthcare or claims. The quangos in the Netherlands can be divided into two types: Units (*agentschappen*) and autonomous administrative authorities (*zelfstandig bestuursorganen, ZBO's*) (Greve, Flinders, & Van Thiel, 1999). The ZBO's are appointed by the Ministry of VWS which are (for instance) the Dutch Health Care Authority (*Nederlandse Zorgautoriteit, NZa*), the Central Administration Office (*Centraal Administratiekantoor, CAK*), Centre for Needs Assessment (*Centrum Indicatiestelling Zorg, CIZ*) or Health Care Insurance Board (*College voor Zorgverzekeringen, CVZ*) (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2013). The latter organization coordinates the implementation and funding of the AWBZ, Zvw and advises the Ministry of VWS about insurance packages (Schäfer et al., 2010). The Health Care Market Regulation Act (*Wet marktordening gezondheidszorg, Wmg*) created the NZa to regulate and guard the healthcare markets by providing transparency on the market for healthcare providers and insurers (Beerepoot, 2010). The CAK provides advice about delivery of healthcare by healthcare providers, calculates the cost-sharing requirements and manages payments on behalf of healthcare insurers. Customers in need for long-term care need to apply for it at the CIZ; this ZBO defines within six weeks the need for care of patients from insurers. Healthcare insurers negotiate with healthcare providers about the quality, volume and price of healthcare and are required to accept healthcare demanders (the 16,7 million people in the Netherlands), regardless of risk, premium or health. The AWBZ is financed through an income-dependent contribution and healthcare is executed after a needs assessment through the CIZ and provision is organized by care offices (*Zorgkantoren*) (Schäfer et al., 2010). The care offices are allied with health insurers where the biggest insurer in the region is called a care office. Long-term care is provided by home care organizations, nursing homes, elderly homes and residential homes where the AWBZ and the Social Support Act (*Wet maatschappelijke ondersteuning, wmo*) (partly) finance household work, home care and long-term care. Nonprofit accountability has increased through major reforms in the sector and brought along decentralization from the government to municipalities and quangos. To increase the quality of care provided, the Quality of health Facilities Act (*Kwaliteitswet Zorginstellingen, KZi*) states that healthcare providers are accountable for offering responsible care. Responsible care is also supported by the Individual Health Care Professions Act (*Wet Beroepen Individuele Gezondheidszorg, BIG*), Medical treatment Agreement act (*Wet Geneeskundige Behandelingsovereenkomst, WGBO*) and the Zvw (Schäfer et al., 2010). Several commissions have advised the Ministry of VWS about Healthcare governance specifically on the role of stakeholders and the supervisory board. In response of the advises of the committees the Ministry of VWS included in the Health Care Institutions Admission Act (*Wet Toelating Zorginstellingen, WTZi*) the obligation to install a supervisory board (Van Besouw

& Noordman, 2005). The Health Care Complaints Act (*Wet Klachtrecht Cliënten Zorgsector*, WKCZ) and the Client Representation Act (*Wet Medezeggenschap Cliënten Zorginstellingen*, WMCZ) have empowered clients in their involvement within healthcare providers. In addition, the Psychiatric Hospitals compulsory Admissions Act (*Wet Bijzondere Opnemingen in Psychiatrische Ziekenhuizen*, BOPZ) and the Personal data Protection Act (*Wet Bescherming Persoonsgegevens*, Wbp) increased the patient rights through informed consent and the right for privacy (Schäfer et al., 2010). During the last 20 years, major reforms in the public sector have removed direct control by the government to quangos for delivering public services and the process of a hollow state and New Public Management have made their entrance. The marketization puts emphasis on the efficiency and effectiveness of healthcare providers and tries to achieve increased quality and reduced costs. The complexity for governing nonprofit organizations lies not only in the legal accountabilities provided above, but also in the number of stakeholders (Candler & Dumont, 2010; Ebrahim, 2010) where scholars have denoted the context of nonprofits as an ‘accountability environment’ (Kearns, 1996).

### 1.1.3 Local context

The marketization of healthcare resulted in entrepreneurship by market forces. Health insurers play a major role in the decentralization of providing healthcare, because they decide which healthcare providers to contract. In addition, insurers implement the AWBZ, but often delegate this task to regional care offices where the budgets of care offices are approved by the NZa (Schäfer et al., 2010, p. 69). Care offices purchase long-term healthcare from healthcare providers based on their insured. When care demanders are in need for long-term healthcare, they will contact the CIZ who provides an indication for the healthcare they need through a care intensity package (*ZorgZwaartePakket*, ZZP; 1-10). Based on this indication they will be eligible for the necessary care (and financed by their insurance, partly (or fully)) in kind or by a personal care budget (*persoonsgebonden budget*, pgb) from a healthcare provider at his/her choice or contracted by their health insurer (e.g. hospitals, nursing homes or other institutions). Through the marketization of the healthcare system and the decentralized government the capital risks increased because they needed to ensure high quality healthcare at low rates or they would not be contracted anymore by insurers. Healthcare providers are bearing more financial risks where nearly two-thirds saw a decline of profitability in 2006 (Schäfer et al., 2010; Westert, Van den Berg, Koolman, & Verkleij, 2008) when the decentralized system was introduced. With regard to the social support services implemented by municipalities, they negotiate directly with healthcare providers about the support needed. Reason for the delegation of social support to the municipalities is that they are closer to the population and therefore take better care of the needs of people (Schäfer et al., 2010). The social support needed is offered in kind or organize their own care by choosing a personal budget and municipalities can independently establish the needs assessment or delegate this to the CIZ (Schäfer et al., 2010). Through the complexity of providing healthcare different pressures arise for healthcare providers. Externally, strict laws, regulations, keen watchdogs and other constituents have increased the accountabilities of nonprofits regarding justifying and accounting for their resource deployment and constraining managerial autonomy. According to Van Thiel and Leeuw (2002) the number of auditors and regulators had unintended consequences with regard to performance assessments of public organizations. Internally, the healthcare provider is accountable for the services, programs and activities offered with public funds and keep a high standard for the level quality for the healthcare provided. In addition, the customer is at the centre of interest for healthcare providers, insurers and regulators which should be an important indicator for the healthcare provided.

## 1.2 Problem statement

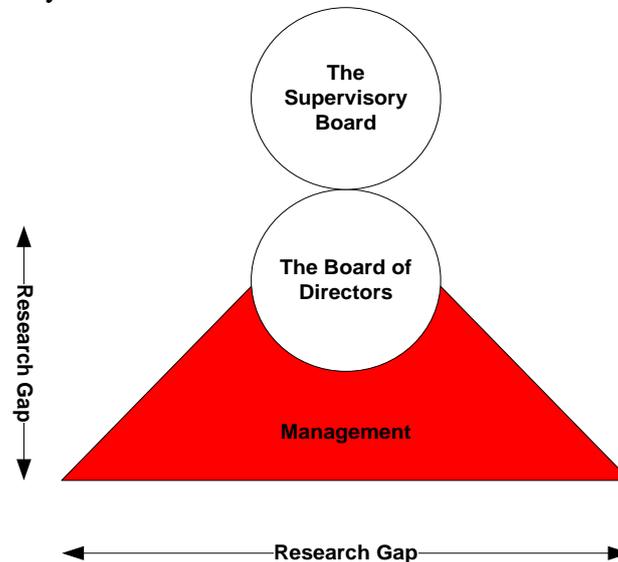
Given the marketization, increasing financial pressure, decreasing managerial autonomy through regulations, fragmentation of the healthcare system, empowered customers and stressing quality control of healthcare, board of directors and management of healthcare providers have the challenging task of balancing efficiency & effectiveness of operations, prioritize accountabilities, make decisions in accordance with the mission and ensure financial sustainability of the organization. Entrepreneurship in the healthcare system resulted in governance bodies and management trying to minimize administrative burdens internally, emphasize efficiency of operations and going back to their core business (providing healthcare). The reforms and the marketization in the public healthcare sector have increased the number of conflicting and diverging accountabilities in- and outside the organization. For lack of one owner or principal of a nonprofit organization (in contrast of a corporate organization), it is unclear which stakeholder(s) to prioritize and satisfy (Ostrower & Stone, 2006, 2010; Van Puyvelde, Caers, Du Bois, & Jegers, 2012). Quangos, insurers, customers, regulators, partners, donors, local governments, the national government, staff and volunteers can all be regarded as possible stakeholders to whom healthcare providers need to provide accountability for fulfilling the mission, inputs, outputs, governance, performance and financial results (Candler & Dumont, 2010; Ebrahim, 2010). Nonprofit organizations have to deal with different accountabilities inside and outside the organization and this creates complexities and uncertainties for governing them. The industry organization for healthcare providers in the Netherlands, Actiz (2013) argues that the fragmentation of the healthcare system and the accountabilities have resulted in administrative burdens in the sector and within healthcare providers. By losing managerial and process autonomy, research has shown that the perceived number of hours per day nurses directly spend on providing healthcare is 61%, while 39% is spent on administrative burdens (Rijksoverheid, 2009). These results are similar to findings of Menzis (2010), who found that in home care, elderly care and mental health care respectively 31%, 36% and 45% of the available time was not spent on care, but on administrative or other work. Part of governing organizations is also providing accountability and having the responsibility to ensure interests (finances, performance, mission, operations or governance) of stakeholders and constituents are met through the internal operations and achievements of the organization. It has been argued that nonprofit organizations act in an accountability environment (Kearns, 1996; Ostrower & Stone, 2010): By posing the questions *accountability for what*, *accountability to whom* and *accountability how* it becomes clear that the concept accountability is not unidimensional, but multidimensional (Candler & Dumont, 2010; Ebrahim, 2003, 2010). To inform decision-making, the board is dependent on management by means of the provision of information and can even ratify or delegate decision-making authority for governance functions to management. Management possesses operational knowledge by engaging into day-to-day operations and can be seen as data carrier to inform direction-setting, policy-making and monitoring operation which implies they are involved into governance functions (Block, 1998; Cornforth, 2012; Stone & Ostrower, 2007). This information may be crucial to gain deeper understanding of the present organization and an input for organizational decision-making by the board of directors. The governance roles taken by the board, the information provision and/or the delegation of decision-making authority with regard to governance functions to management may depend on power, mission attachment, trust, resource dependence, accountabilities, politics or many other factors (Ostrower & Stone, 2006; Van Puyvelde et al., 2012). Understanding, managing and sharing information about these accountabilities is of a problem for healthcare providers because accountabilities are dissimilar, interconnected, unpredictable, conflicting and divergent which determines the responsibilities and functions taken by internal actors. When management and the board do not approach their mutual relationship based on trust, they will be less likely to share information or delegate

decision-authority and engage in controlling roles (Cornforth, 2003b; Miller-Millesen, 2003). Finally, the identification to the organization can influence the behavior of the board or management when engaging into governance functions. If the goals of the board and management are conflicting, have extrinsic motivations and low identification they will be less likely to share operational knowledge to inform decision-making or decentralize decision-making (Brown, 2005; Van Puyvelde et al., 2012). Thus, different variables could explain the engagement in governance functions and information sharing to increase governance effectiveness. Through the diversity of reasons to engage in governance roles it is impossible to understand which roles can be regarded as best practices, in which situation, for which predictor variable. The operational knowledge to inform decision-making and the roles taken by management and the board therefore determines the way to deal with altering conditions and accountability management. Management therefore holds power to influence the decision-making with regard to the policies implemented, can affect rules, procedures and the strategic direction of the organization because they provide opportunities or bottlenecks within the current organization. Thus, the role of the board of directors, top and middle management become important for the governance of these organizations for providing accountability, achieving the mission of the organization, determining the direction of the organization while ensuring financial sustainability. Therefore, understanding and clarifying the roles, responsibilities and accountabilities of the board of directors, top and middle managers in the governance system and acquiring or sharing information becomes more important to deal with the constraints and challenges of healthcare providers.

### **1.3 Background and need**

The efficiency and effectiveness of governance is affected by many internal and external factors which results in different research areas in nonprofit governance research. This makes the governance of an organization more complex and creates dependencies. To overcome contextual and political changes, board of directors can carry out different roles and have different responsibilities, such as (Brown & Guo, 2010; Ostrower & Stone, 2010): Fund development; strategy and planning; financial oversight; public relations; board member vitality; setting policy and policy oversight; relationship to executive; sounding board to management; provide guidance and expertise; and facilitate granting. Several roles have been proposed by scholars and define the managerial responsibilities: Boundary-spanning, performance, conformance, political, balancing stakeholder or symbolic role (Cornforth, 2003b; Kreutzer, 2009; Miller-Millesen, 2003; Tricker, 2012). Each of these roles provides different responsibilities, motivations for information sharing or starting points for relationships between the board and management. The focus of nonprofit governance research is the board of directors, which is not surprising for it is the board who is legally responsible for the acts of the organization and use of funds by the organization (Ostrower & Stone, 2006). However, far too little attention has been paid to governance performed by other officials in the organizations and the contribution they have on governance. Indeed, in the Netherlands the main legal form of nonprofit organizations is the foundation which makes the board according to article 291 of Book 2 Civil Code legally responsible to govern (Van Besouw & Noordman, 2005). Although this focus is understandable, it has been argued that the predominant focus of research on the board of directors is limited, because it omits the roles, responsibilities, accountabilities and influences of other actors in carrying-out governance (Cornforth, 2012; Ostrower & Stone, 2006; Stone & Ostrower, 2007). It would also suggest that the board of directors is the single conceptualization in the governing system. One of the research gaps which still exists is the contribution to governance functions of other internal actors in the governance system such as regulators, audit and inspection bodies, managers, members and advisory groups (Cornforth, 2012). In addition, Stone and Ostrower (2007, p. 432) ask: *'What roles are played by organizational actors other than the board, such as the CEO, top and midlevel managers, in gov-*

ernance activities?’ Also, Cornforth (2012, p. 1126) argues that ‘governance processes take place at multiple levels, both below and above the level of the organization’s main board, but relatively little is known about how these multilevel governance structures operate?’. The research gap is illustrated in Figure 2 and this void is investigated in this study. In the figure, the circles represent the governing bodies in the organization, whereas the triangle represents the management hierarchy.



**Figure 2 Research gap nonprofit governance (Source: Tricker, 2012)**

By identifying, mapping and structuring the accountabilities it is possible to prioritize or minimize attention needed to satisfy the accountabilities. Several scholars have provided answers to the accountability questions which makes it possible to map them and there have been reported results on how to connect the different accountability dimensions with each other (Candler & Dumont, 2010; Christensen & Ebrahim, 2006; Ebrahim, 2010). For instance, the stakeholders to which the nonprofit was accountable with regard to finances were donors and the government, whereas the most interested in procedural accountability (law, mission, ethics and legitimacy) were the members, the government and donors (Candler & Dumont, 2010). Internal actors can determine the responsibilities and accountabilities to prioritize or adapt the governance functions accordingly. Regarding information sharing, it is possible to delegate governance functions through the CEO or other executives of the organization (Cornforth, 2012; Tricker, 2012). Provan (1991) found among 287 hospitals that managers did have information superiority over the board and there was a positive relationship between the amount of information received and the influence they had on decision-making. These findings are similar to the findings or rationale of other scholars who found that the board has the ultimate responsibility to decide on organization direction or major decisions, but executives or staff have the operational knowledge and information to formulate proposals or provide input (Block, 1998; Cornforth & Edwards, 1999; Useem & Zelleke, 2006; Van den Berghe & Baelden, 2005). However, limited attention has been paid on how is collaborated on governance functions and the importance of the attachment of managers to organizational goals (Cornforth, 2012; Van Puyvelde et al., 2012). Brown, Hillman, and Okun (2012) related mission attachment of boards to the monitoring and resource role of boards and found that mission attachment was a consistent predictor for participation in these roles (respectively  $\beta = 0.22, p < .001$ ;  $\beta = 0.33, p < .001$ ). Spreitzer and Mishra (1999) found that trust was positively related to employees involving into decision-making ( $\beta = 0.41, p < .001$ ), which would be an important factor for higher echelons of the organization participate into decision-making. Summarizing, boards have different accountabilities and engage into governance functions because organizational identification of managers or trusting managers. This research contrib-

utes to nonprofit governance research by investigating theoretical relationships by including organizational identification and trust of employees in carrying out governance.

#### **1.4 Purpose of the study**

The purpose of this research is to describe the multilayered governance systems of a nonprofit organization with the corresponding responsibilities, roles and accountabilities of the different internal actors who perform or make it possible to execute governance functions. To understand the complexities and accountabilities, the board of directors is dependent on the information provision by management to inform decision-making. Healthcare providers want to minimize accountability requirements internally and ensure management does not increase administrative burdens through excessive monitoring. Therefore, it is important to understand the roles, responsibilities and contribution to governance of management to ensure operational knowledge is implemented in direction setting and influence power over the organization, while ensuring minimal administrative burdens increase the healthcare provided by nursing staff. In order to investigate the roles, responsibilities and information provision of different internal actors of a healthcare provider, interviews with 21 respondents (ranging from the board of directors to caretaking staff), a questionnaire among 3 board members and 6 management team members and document analysis were conducted. These internal actors were expected to be involved into governance functions for the provision of information. In addition, the roles, responsibilities and accountabilities would influence receiving information and influence governance functions.

#### **1.5 Research questions**

The main research question in this thesis will be:

<i><b>How do multilevel nonprofit governance systems operate?</b></i>
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The sub-questions in this thesis will be:

- *What is governance?*
- *What is a multilevel governance system?*
- *What are the roles, responsibilities and accountabilities within which the governance system operates?*
- *What contribution do internal actors (board of directors, management team and midlevel managers) make to carrying out governance functions?*

#### **1.6 Results**

Results among board members, top and midlevel managers show that these actors were involved in governance functions and had their own roles, responsibilities and accountabilities with regard to governance. The boards were actively involved into all governance roles and responsibilities by providing accountability, formulating strategy, making policy, monitor & supervise and spanning boundaries with the context and the organization. This implies that they looked at the past and present organization by overseeing management and programs/systems, but also looked into the future by providing direction. Top management was involved in boundary-spanning activities as well by representing the organization externally, gathering, passing on and interpreting information critical for the organization and raise resources necessary for operations. They were also involved in setting direction for the organization by determining the goals, objectives and operationalizing these into policies for the organization. For the ratification and approval of the strategy and policies, however, the board of directors possessed ultimate decision-making authority. Top management also provided downward and lateral accountability by reporting to stakeholders and taking into account the interests of stakeholders to inform decision-making. They were responsible and accountable for the performance, results and mission achievement within their region and provided accountability for these regions to the board of directors and stakeholders. Part of their respon-

sibility, they monitored performance and resource allocation, supervised financial management systems/procedures, fulfilled legal obligations, and took action when required. Although the results also show that the roles, responsibilities and accountabilities for governance were primarily centralized at these two organizational layers, midlevel managers were involved by the management team and board of directors by providing information about operational bottlenecks and monitoring operations. Departmental heads were involved into policy-making by participating in policy groups, a course of instruction and middle management meetings.

## **1.7 Contributions**

This thesis benefits for participants in this study by making the board of directors, top and middle management aware of their roles, responsibilities and accountabilities with regard to governance functions. The respondents also reported that the governance system allowed them to collaborate and delegate responsibilities among internal actors. Through interactions among the board and top management or top management and midlevel management, operational knowledge, opportunities or bottlenecks were communicated. In addition, through collaboration the direction of the organization and organizational policy were formulated. The theoretical contribution of this thesis is that it provides a more complete view of nonprofit governance by researching the roles, responsibilities and accountabilities of the board of directors, top and middle management in strategy formulation, policy-making, monitoring & supervising, providing accountability, gathering, interpreting and passing-on information. These roles were prescribed by agency, stewardship and resource dependence theory and results show that influences of all three theories were present. This research provides also insights into the attachment to organizational goals of top management, the approach and motivation of employees in the organization .

## **1.8 Limitations**

Various factors limit the generalizability of this study. First, the study was limited to one healthcare provider which means the results may not be valid in other fields. In addition, the composition, characteristics, structure and relationship between the board and management could influence the governance function and the Dutch context could affect the findings. Also the small sample size reduces the external validity because of the limited generalizability to other groups. The factor limiting the internal validity of this study is the self-reported involvement of the participants engaging into governance functions (respondent bias).

## **1.9 Structure of the thesis**

The remainder of this thesis is structured as follows. Chapter 2 will provide a critical review of the literature with the aim to substantiate the research, help to develop a theoretical framework with testable hypotheses and to provide insights into previous solutions with regard to governance of nonprofit organizations. Subsequently, in Chapter 3 the methodology of this thesis will be discussed with the operationalization of the variables used in the survey. In addition, the data collection and analysis tools will be reviewed. After that, Chapter 4 will report the outcomes of the study and the results in relation to the hypotheses and research questions. Finally, the thesis concludes with Chapter 5, by providing the limitations of this research, future directions, recommendations and conclusions.

## 2 LITERATURE REVIEW

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### 2.1 Introduction

The aim of this chapter is to develop a theoretical framework through critically reviewing the literature of nonprofit governance. A deductive approach is used where the literature helps to identify ideas and theory to help formulate hypotheses to be tested. First, a broad overview of nonprofit governance research is provided in section 2.2. Subsequently, section 2.3 examines the governance system and structure of an organization to understand the broader view of governance. After that, the governance roles and responsibilities of the board and management are explained and empirically founded (section 2.4). To complement the understanding of roles and responsibilities, section 2.5 will devote attention to accountability as a starting-point for the governance functions. This chapter concludes by providing a summary of the concepts discussed (paragraph 2.6).

### 2.2 Non-profit governance research

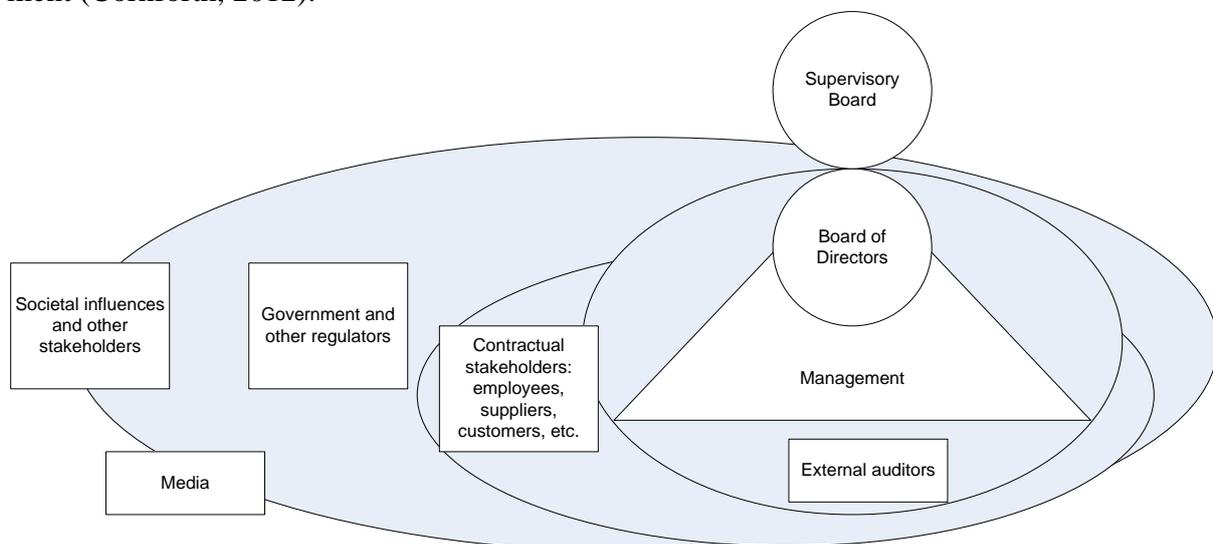
Several definitions of governance exist in the literature with different interpretations and levels of analysis. As Cornforth (2012, p. 1121) notes, the term corporate or organizational governance can be used for governance on the organizational level which means the *'systems and processes concerned with ensuring the overall direction, control and accountability of an organization'*. When used in the nonprofit context, similar definitions are proposed for the organizational level of governance (Kreutzer, 2009, p. 117): *'set of processes, customs, policies, and laws affecting the way in which a nonprofit organization is directed, administered, or controlled. It includes the relationships among the many stakeholders involved, entailing the functions of setting direction, making policy and strategic directions, overseeing and monitoring organizational performance, and ensuring overall accountability'*. From these definitions the governing roles and responsibilities include providing the direction of the organization, control and ensure accountability of stakeholders involved. Governance of an organization should not be confused with the management of an organization, although it has been argued the distinction is sometimes difficult to make (Bradshaw, 2002; Stone & Ostrower, 2007). Tricker (2012, p. 44) makes a good remark in this regard: *'management runs the business; the board ensures that it is being well run and run in the right direction'*. Bradshaw (2002) distinguishes between the governance and management functions by a story-telling metaphor; describing actions and experiences of the organization for governance, leadership and management functions. The management function should *'implement and help disseminate the story'*, *'provide feedback on the effectiveness of the story'* and *'organize, control, and hold others accountable to elements of the story'* (p. 477). The function of governance should *'challenge, test, revisit, and assess the ongoing merits of the story'*, *'scan the environment for mismatches between the story and stakeholders and context'*, *'mediate if competing stories emerge'* and *'understand the power and political dynamic implicit in the dominant story'* (p. 477). As Anheier (2005, p. 231) notes (citing Hudson (1999)) about governing nonprofit organizations: *'ensuring that the organization has a clear mission and strategy, but not necessarily about developing it. It is about ensuring that the organization is well managed, but not about managing it. It is about giving guidance on the overall allocation of resources but it is less concerned with the precise numbers'*. From these distinctions, the main responsibilities of the board of directors (governing at the organizational level) is direction setting, controlling and steering the organization and subsequently providing accountability about these responsibilities. The popularity of corporate and nonprofit governance has grown over the years through distrust, mismanagement, poor supervision, fraud and deception. In the corporate world Enron, Parmalat, WorldCom, Ahold, Arthur Andersen among others are classic examples of companies where governance failed and critical investigations showed that the causes

of these failures were mismanagement, poor supervision, fraud and deception (Clarke & Chanlat, 2009; Tricker, 2012). Nonprofit organizations have not been omitted from the intense scrutiny and scandals caused by corporate entities. The nonprofit sector has grown in size and significance through more use of public funds and the reforms that have taken place in this sector. However, scandals have been reported where the use of public funds was abused. In the United States harrowing cases such as Goodwill Industries, Head Start, the American Cancer Society, the American Red Cross, the United Way of America and various other cases have done the sector no good (Ebrahim, 2003; Greenlee, Fischer, Gordon, & Keating, 2007). Intense scrutiny through their reliance on public funds created more accountabilities and legislation for nonprofits to deal and comply with to bridge the information asymmetries between funders and nonprofits. Officials have increased the requirements, regulations and accountabilities which resulted in more and more bureaucratized organization through increased administrative burdens. The organization needs to file required documents, satisfy federal, state or local laws through the formulation of internal policies, operating procedures, reporting- and monitoring mechanisms to ensure accountability for the quality of healthcare and the use of public funds. Several research areas have been proposed by scholars on how to ensure governance efficiency and effectiveness. Based on a review of literature on nonprofit governance, Ostrower and Stone (2006) identified the following research areas: Composition of boards; board-staff relationships; board roles and responsibilities; board effectiveness and relationship to organizational effectiveness. Cornforth (2012, pp. 1118-1119) reviewed research in the three best known nonprofit journals and found the following areas: Board composition; board roles and responsibilities; board performance and organizational effectiveness; board-staff relationships; governance, accountability and stakeholders; governance structures and board characteristics. Some of these research areas have been combined into (board) governance models as the denominator of the composition, structure and activities of the nonprofit board of directors. These governance models were introduced to find relationships between board practices, board performance and organizational effectiveness (Brudney & Nobbie, 2002). The governance models were considered as best practice or one-size-fits-all governance models to prescribe the composition, structure, roles and responsibilities adopted by the board of directors to achieve effectiveness. The literature proposes a policy governance model (Carver, 1990), a traditional model (Houle, 1997), a philanthropic model and a corporate model (Alexander & Weiner, 1998). When implementing one of the models, they should include all the elements prescribed by the model for achieving maximum effectiveness. However, there is little evidence that the adoption of one particular model leads to organizational effectiveness (Nobbie, 2003). All these governance models have their advantages and disadvantages (Bradshaw & Hayday, 2007) and research has proposed a hybrid model where the one-size-fits-all condition is relaxed through a combination of elements of the models combined. Therefore, contingency theory has been proposed to make room for new insights and moves away from the one ideal way to organize (Bradshaw, 2009; Ostrower & Stone, 2010). Contingency approaches to governance have proposed that the interplay between external, internal and board attributes result in the effectiveness of the board and the organization. When scholars discuss board attributes or board characteristics the composition, structure and the relationships are meant by the researchers which precedes the roles, policies and behavior taken by the board (Cornforth, 2003a; Ostrower & Stone, 2010; Rentschler, 2004). Most underlying theories for explaining nonprofit board behavior/roles in combination with the accountabilities they have are agency theory, stewardship theory, stakeholder theory, institutional theory and resource dependence theory (Miller-Millesen, 2003; Miller, 2002; Van Puyvelde et al., 2012). This thesis will focus on the governance roles and responsibilities; board-staff relationships; governance system; contribution to governance functions and ac-

countabilities. The next section will devote attention to the governance system of an organization.

### 2.3 Governance system and structure

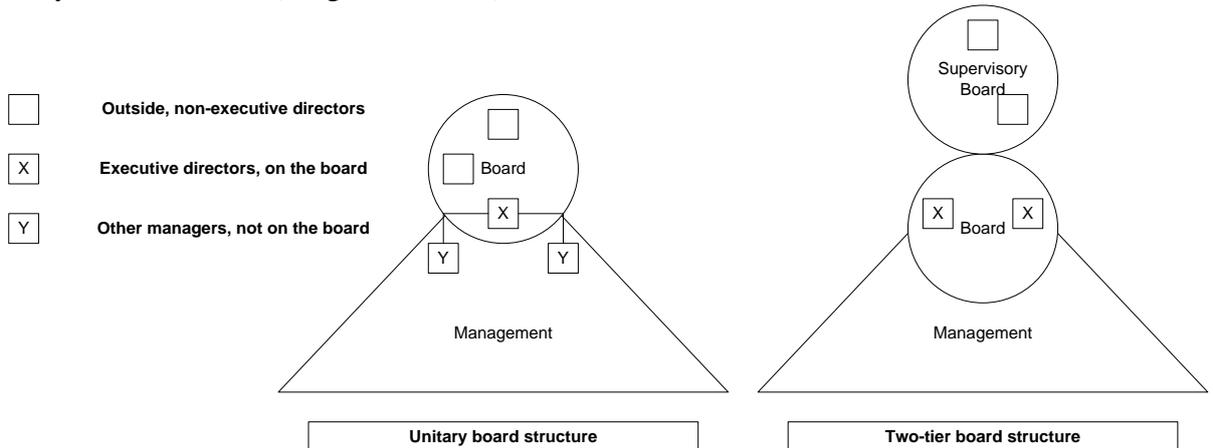
To understand the broader view of governance and the multilevel systems within the organization, this section is devoted to the governance system and the difference between management and the board of directors. The board of directors is the governing body of the organization and is responsible to govern the organization. Cornforth (2012) argues that this is too narrow; more accountabilities and responsibilities are at play in the organization with more actors performing governance functions. However, by taking a broader conceptualization of governance, named the governance system, the level of analysis widens and the contribution of internal actors broadens the scope of carrying out governance functions. With governance systems Cornforth (2012, p. 1117) refers to *'regulators, audit and inspection bodies, and the role that internal actors such as managers, members and advisory groups play in helping to carry out governance functions'*. Tricker (2012) also argues with corporate governance that the scope of governance is broader than just the governance body of the organization. External forces (even broader than just the organization) are at play and broaden the scope of governance. Figure 3 presents the governance system of organizations; the internal organization is denoted as the board of directors and the management hierarchy. To broaden the conceptualization of governance and not focusing solely on the board of directors, Stone and Ostrower (2007) argue that insights can be given into nonprofit governance by public governance to understand how other actors than the board play roles in the execution of governance. The same voices echo from the public governance literature, to complement public governance with nonprofit governance (Brooks, 2002). Indeed, it has been argued that the level of public governance is a higher level of analysis which shows patterns of governance by the government (Cornforth, 2012).



**Figure 3 Governance system (Source: Tricker, 2012)**

Drawing on public governance literature, Enderlein, Wälti, and Zürn (2010) argue that governance denotes the regulations by actors, processes and structures with the reference to public problems. The word 'level' is the criterion to exercise decision autonomy where a level of its own can be identified through the degree of organizational identification for those who govern on certain levels in the organization. In addition, Enderlein et al. (2010) argue that hierarchical formations can play a role and that decision-making may be shared by different levels, rather than centralized by one actor. In an organizational hierarchy different managerial layers with decision autonomy can be contrasted where delegation of decision-making authority can result in this autonomy (Tricker, 2012). Papadopoulos (2007) argues that multi-

level governance can also be understood as networks with vertical, horizontal and diagonal relations with accountability in the chain of delegation in policy processes. With this broadened conceptualization of governance and focusing on the internal governance of an organization, the governance structure of the organization views the board of directors as not being part of the management hierarchy. Tricker (2012) argues that the executives of the organization have the managerial responsibility and are located in the management hierarchy. In contrast, the board is not part of the management hierarchy; Tricker (2012) argues that the board has equal duties, powers and responsibilities falling under corporate law. Anheier (2005, p. 230) notes that the governance structure specifies *'the distribution of rights and responsibilities among different participants'* in the organization, such as managers or other stakeholders which *'spells out the rules and procedures for making decisions on corporate affairs'*. Managers execute, located in the management hierarchy of the organization and as staff covered by employment law, whereas the board of directors are not part of the hierarchy and covered by corporate law (Anheier, 2005; Tricker, 2012). The board and management are interdependent as they function and collaborate in activities (Harris, 1993). The distinction between management and the governing body of the organization becomes even clearer when two board structures are contrasted: The unitary board and the two-tier board. Different countries, denoted as Anglo-American (USA), Commonwealth (UK, Australia, New Zealand, Canada, South Africa, India) and Continental European (Germany, the Netherlands, Austria) countries, differentiate and prescribe either a unitary or two-tier governance structure (Clarke & Chanlat, 2009; Tricker, 2012). In a unitary board, the board can be composed of non-executive outside directors and executive directors as single governing body of the organization (Tricker, 2012). The variation in unitary board structures can be divided into: Boards with all executives, with majority-executives, with majority of non-executives and all non-executives. However, the weakness of unitary boards is that board members fulfill both decision-making (initiation and implementation) and supervisory roles (ratification and monitoring) which creates dilemmas for the segregation of the functions; executives are able to make decisions and monitor the decisions (Du Plessis et al., 2012). This could lead to agency problems: When managers act in their own self-interest, not pursuing the interests of the stakeholders of the organization. A key advantage of the one-tier board structure is that it allows to focus the responsibilities, tasks and duties in this one entity which also increases the accessibility to information (Jungmann, 2006).



**Figure 4 Unitary and two-tier board structure (Source: Tricker, 2012)**

In contrast, the two-tier board structure contains all non-executive directors (named the supervisory board) and executives take a seat in the management board. While two-tier board structures separate decision-making and monitoring, this can also be regarded as a weakness because the supervisory board depends on the management board for information, are not highly involved in the decision-making (ratify decisions of the management board) and per-

form a reactive role (Jungmann, 2006). In addition, Dutch law prescribes that the supervisory board, in principle, does not have its own authorities in a foundation, unless it is incorporated in the articles of incorporation (Van Besouw & Noordman, 2005). Figure 4 views the differences between the board structures. In nonprofit governance also different board structures exist (similar to the one's discussed by Tricker (2012)), but with different roles of the board of directors and either with or without a supervisory board. Within an executive board, the board of directors is involved in the operational level of the organization and is often used in small and young organizations. A different board structure, is where the board of directors delegates daily management of the organization at the management team, whereas the board of directors is responsible for establishing general policy. This board structure is often found in big foundations (Van Besouw & Noordman, 2005, pp. 29-31). These distinctions have influences on the roles, responsibilities and accountabilities of nonprofit boards and managers of the organization; the next section will devote attention to this distinction.

## **2.4 Governance roles and responsibilities**

According to the nonprofit governance literature, governance roles are more often used than responsibilities and roles appear to be an umbrella term that includes several responsibilities. Both governance roles and responsibilities are used interchangeably in the nonprofit literature to denote the activities the board of directors performs. It can be argued that governance roles are broader than responsibilities. According to BoardSource (2010, p. 31) governance roles are: *'setting organizational direction, including ensuring effective planning; ensuring the necessary resources, both financial and human; and providing oversight of the chief executive, assets and programs and services'*. BoardSource (2010) states that the governance responsibilities are to:

1. Set organizational direction;
2. Determine mission, vision and values;
3. Engage in strategic thinking;
4. Ensure effective planning;
5. Ensure the necessary resources;
6. Build a competent board;
7. Select the chief executive;
8. Ensure adequate financial resources;
9. Enhance the organization's public standing;
10. Provide oversight;
11. Support and evaluate the chief executive;
12. Protect assets and provide financial oversight;
13. Monitor and strengthen programs and services; and
14. Ensure legal and ethical integrity.

Block (1998, pp. 8-9) and others (e.g. Axelrod, 1994; Soltz, 1997) list similar responsibilities that a board of directors is expected to perform:

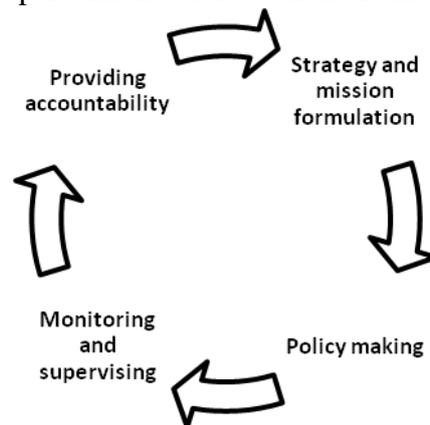
1. Determine the organization's mission;
2. Set policies and adopt plans for the organization's operations;
3. Approve the budget, establish fiscal policies and financial controls and monitor financial position of the organization;
4. Provide adequate resources for the organization through establishment of resource-development goals and commitment to fund-raising through giving and soliciting;
5. Develop organizational visibility through networking and linkage to the community;
6. Ensure that the organization's corporate and governance documents are updated and secured and all reports are filed as required;

7. Recruit and select new board members and provide them with an orientation to the board's business;
8. Recruit, hire, evaluate, reward or terminate if necessary the executive director of the organization; and
9. Protect and preserve the organization's nonprofit tax-exempt status.

These responsibilities and roles are also found in practice, in different sectors and countries. For example, Brown and Guo (2010) explored the roles of nonprofit boards in community foundations through a survey among 121 chief executives in the United States and indicated the following roles: Fund development; strategy and planning; financial oversight; public relations; board member vitality; policy oversight (policy development and monitoring) and relationship to executive. Zimmermann and Stevens (2008) found by means of a survey among 448 managers of nonprofit organizations in South Carolina the following best practice roles and responsibilities: Fundraising; policy setting; hire and evaluate executive director; new board member recruitment and ambassador to community. Other research related roles and responsibilities to the performance and effectiveness of the organization. Green and Griesinger (1996) related seven best roles and responsibilities (policy formulation, strategic planning, program monitoring, financial planning and control, resource development, board development and dispute resolution) to board performance and effective organizations. By surveying and interviewing sixteen service organizations in Southern California they found significant relationships between the involvement in the different responsibilities and board effectiveness. In addition, the following activities the board was involved in were related to organizational effectiveness; strategic planning, policy formation, program monitoring, financial planning and control, resource development, board development and dispute resolution. Ostrower and Stone (2010) related in a contingency framework 11 roles (from fundraising and financial oversight to influencing public policy) to the level of the engagement into these practices to different contextual factors. Inglis, Alexander, and Weaver (1999) grouped the roles and responsibilities of the board by using factor analysis with the factors strategic activities (factor loadings: Developing, assessing long-range plans and strategy; ensuring mission and vision; setting policy from which staff and volunteers can deliver programs; evaluate executive director/CEO performance and responding to community needs), operations (factor loadings: Develop and deliver programs and services; advocate interest groups and raising funds for the organization) and resource planning (factor loadings: Annual budget allocation; hiring senior staff and setting financial policy). Research conducted by Iecovich (2004), who interviewed 256 Israeli executive directors, chairpersons and board members that they were least involved in decision-making for fundraising, job description of senior staff and advocacy/lobbying. By using factor analysis, she finds that boards were more involved in policy setting and managing financials than maintaining relationships in the task environment and managing senior managers. When the board was more involved in fundraising ( $F = 3.25, p < .05$ ), setting policies ( $F = 3.21, p < .05$ ) and changes in specific programs or services ( $F = 4.50, p < .05$ ) higher budgetary outcomes were found. Iecovich (2004) also found that the responsibilities and roles of the board were related to specific organizational characteristics; boards of health and advocacy organizations were more involved in their task environments (through policy-making, advocacy and lobbying, administrative procedures and connections with local/national agencies) than in educational and research organizations. As becomes clear from these studies, the focus on governance roles and responsibilities are mainly

Although scholars agree on the governance roles and responsibilities, more ambiguity is present for the theoretical reasons why nonprofit boards and executives engage into different roles or responsibilities. The roles and responsibilities of board of directors and executives is

so broad and diverse, that using one theory to explain them would be incomplete and could lead to futile conclusions (Cornforth, 2003b; Kreutzer, 2009). Several scholars argue that nonprofit governance is relatively under theorized compared with its corporate counterpart and this makes theoretical understandings or explanations of the board of directors inconsistent or explanations inaccurate (Cornforth, 2003b, p. 6). Several theories have been proposed to explain the role of nonprofit boards, including agency theory, stewardship theory, resource dependence theory, a democratic perspective, stakeholder theory and managerial hegemony theory (Brown, 2005; Cornforth, 2003b; Kreutzer, 2009; Miller-Millesen, 2003). These theoretical perspectives prescribe different governance roles and responsibilities of the board of directors. From an agency and stewardship perspective, respectively performance and conformance roles are contrasted. In corporate governance the roles can be broadly divided into conformance and performance (Tricker, 2012). The performance functions are the responsibility for formulating strategy and making policy, which are future focused. The conformance functions are monitoring, supervising and providing accountability which focus on the past and the present. These roles and responsibilities are not independent of each other; the process of strategy formulation leads to policy-making and provide the foundation for the supervising and monitoring roles which are the foundations for providing accountability (Tricker, 2012). In addition, accountability requirements determine the stakes to take into account to decide on the mission, vision and strategy of the nonprofit. This framework was also used to analyze board committees which improve corporate governance by delegating roles from the main board to other groups (Spira & Bender, 2004). Figure 5 shows how the processes of the conformance and performance roles which are mapped in a continuous cycle.



**Figure 5 Board responsibility cycle**

The extent to which the roles and functions are delegated to management or other executives, depends on board attributes (board composition, structure, process, characteristics (of the individual board members and the team) and relationships) (Cornforth, 2003a; Ostrower & Stone, 2010; Rentschler, 2004). Ultimately, the board of directors is accountable and can be accused legally by company law. The responsibilities taken by the board of directors were associated with the composition, effectiveness and outcomes of the nonprofit organization (Axelrod, 1994; Cornforth, 2001). These factors are beyond the scope of this thesis and will limit itself only to the roles and responsibilities taken by the board of directors, management team and midlevel managers. Tricker (2012, p. 193) found that the functions board members *should* balance and *do* balance are very different for unitary boards. Directors were asked how to divide the roles and found that strategy formulation (49%) and monitoring/supervising (24%) were the division how they *should* balance the activities (performance roles 63%, outward looking 62%). When asked how they *do* balance their time the conformance aspects were emphasized. However, most of these functions must be approved by and through the CEO in a unitary board (Tricker, 2012). In two-tier board structures, the roles of performance and conformance are separated. These are fundamental differences: In a unitary board struc-

ture the conformance and performance roles are centralized at this governing body. In contrast, in two-tier board structures the management board is charged with performance roles, whereas the supervisory board is responsible for conformance (Tricker, 2012). However, in the Netherlands, this distinction is not so straightforward for nonprofit governance. By the different governance structures in Dutch foundations, the role of the board of directors, management team and supervisory board can differ (Van Besouw & Noordman, 2005). Therefore, it is possible for the board to perform conformance and performance roles, whereas the supervisory board supervises the board and can only take drastic measures when mismanagement occurs. In nonprofit governance these roles, responsibilities and functions can also be distinguished into performance and conformance roles (Cornforth, 2003b; Rentschler, 2004). The board of directors fulfills an outward looking function (by providing accountability and strategy formulation) and implements elements of the external environment into the organization (through policy-making, monitoring and supervising). The performance role of the board is strategy and mission formulation; strategic planning; policy-making and stakeholder liaison (Rentschler, 2004). With regard to the conformance functions of the board, she mentions supervising, providing accountability, monitoring and accessibility to resources. Figure 6 locates specific nonprofit research into each segment and some studies can fall into more than one segment. It becomes clear that scholars have researched only aspects of the board's roles and responsibilities, either in-depth or descriptively. By synthesizing the different elements of the board roles and responsibilities, this thesis will complement different aspects of the activities of the board of directors, management team and midlevel management.

	<b>Outward looking</b>	<p><b>Providing Accountability</b>  Holland (2002)  Morrison and Salipante (2007)  Ebrahim (2010)  Candler and Dumont (2010)</p>	<p><b>Stakeholder liaison and mission/  strategy formulation</b>  Stone and Ostrower (2007)  Kaplan (2001)  Brown and Iverson (2004)</p>
	<b>Inward looking</b>	<p><b>Monitoring and Supervising</b>  Brown, Hillman and Okun (2012)  Miller (2002)  Cornforth (2001)</p>	<p><b>Policy-making</b>  Brudney and Nobbie (2002)  Nobbie and Brudney (2003)  Inglis (1997)  Inglis, Alexander and Weaver (1999)</p>
		<b>CONFORMANCE</b>	<b>PERFORMANCE</b>
		<b>Past and Present</b>	<b>Future</b>

**Figure 6 Board responsibilities (adapted from Tricker (2012) and modified for the nonprofit context)**  
The strategic management of the nonprofit is comprised by performance roles, which include stakeholder liaison, internal/external analysis, mission and strategy formulation, strategic planning, resource allocation and policy-making. With regard to the conformance roles monitoring, supervising and providing accountability are intended. These board roles correspond to the practices Miller-Millesen (2003) provides. However, she refers to three roles (monitoring and conforming) corresponding with different corresponding board behavior. In this thesis it is argued that determining mission, purpose, vision, core values and strategic planning (where Miller-Millesen (2003) uses these to denote monitoring) fall into the performance role of the board (i.e. stakeholder liaison and strategy/mission formulation). The remaining monitoring functions named by her (oversee programs & services, fiscal control, evaluate CEO, assure legal compliance and implement mandates) are included into the monitoring and supervision role.

In addition to the conformance and performance roles, boundary-spanning is also named as important functions to be performed by boards (Brown et al., 2012; Cornforth, 2003b; Miller-Millesen, 2003; Tricker, 2012). Boundary-spanning roles identify and implement information in the environment (linking activities) and provide information outside the organization (Daft, 2010). The activities performed are aimed to reduce uncertainty in the environment by ensuring board members maintain good external links, acquire information and be a representative of the organization externally (Brown et al., 2012; Miller-Millesen, 2003).

From a democratic perspective, the board should have a political role; representing interests and stakes of different constituents or members of the organization (Cornforth, 2003b).

Boards need to resolve conflicts of the interests and make policy of the nonprofit. From a stakeholder perspective the board should balance the different stakeholders needs; board members are more likely to be representatives of the stakeholder groups (Cornforth, 2003b; Kreutzer, 2009). Finally, from a managerial hegemony perspective, the role of the board is symbolic which should emphasize ratification of decisions, give legitimacy and where managers have the real power in the organization (Cornforth, 2003b).

Nonprofit scholars have only studied one or two theoretical perspectives or have used limited responsibilities to be included in the governance roles. Therefore, this study will synthesize current perspectives of the roles and responsibilities with the governance accountabilities. As shown in the board responsibility cycle, the starting-point of understanding roles and responsibilities are the accountabilities. Therefore, the next section will devote attention to that subject.

## **2.5 Governance accountabilities**

Answerability for the actions, performance and results of the organization is a key governance responsibility. By ensuring the organization is directed (by formulating the mission, vision, core values and strategy), controlled (implementation of policies) and overseen (monitor results, activities and policies) the governance body is able to provide accountability for its actions, mission fulfillment, governance and output. Ebrahim (2010) argues that four core components encompass accountability: Transparency, answerability, compliance and enforcement. To meet public scrutiny, the organization needs to ensure transparency about the information and resource allocation while making this information available to the public. By ensuring the organization has a clear direction, is controlled, complies and overseen, it can answer for actions and decision-making. When omitting compliance, answerability or transparency the organization (and the board of directors) will face sanctions. It has been argued that the environment in which nonprofit boards (and nonprofits in general) have to maneuver can be characterized as both complex and uncertain (Anheier, 2005; Balser & McClusky, 2005; Bradshaw, 2009; Cornforth, 2003a; Miller-Millesen, 2003; Ostrower & Stone, 2010). This complexity and uncertainty comes primarily from the identification of accountabilities from different stakeholders and constituents with divergent and conflicting goals. Ebrahim (2003, p. 194) argues that *'they [nonprofits] are thus engaged in a complex and ongoing balancing act between accountabilities that are externally driven and those that are internally generated'*. The quest for identifying accountabilities begins with the definition of stakeholders with corresponding accountabilities. For the identification of accountabilities from stakeholders and other actors, agency, stewardship, stakeholder, institutional, contingency and transaction cost economics provide different accountabilities to satisfy and account to. The identification of stakeholders depends on the answers given to the questions *accountable to whom?* and *accountable for what?* by the different theories. It is not surprising that the environment of nonprofits has been characterized as an 'accountability environment' (Kearns, 1996). The accountabilities imposed by the board will influence the roles and responsibilities of the board. Many different dimensions of accountability have been proposed by scholars. Kearns (1994) argues that nonprofit organizations have to manage accountabilities strategically and

contrasts between negotiated, compliance, professional and anticipatory accountability. Compliance accountability includes the standards explicitly stated for performance, enforced by stakeholders or in concert with the internal policies/procedures. Negotiated accountability is implicit which arises from changes in society or political pressures that not have been included into regulations. This makes the governance of nonprofits more complex, because of the stakeholders of the organization to account to and not only the narrow definition of legal accountability. However, Kearns (1994) does not discuss how organizations should provide accountability. Other researchers divide the accountabilities of organizations based on three questions: Accountability to whom, for what and how. Ebrahim (2010) answers *accountable to whom* by arguing that nonprofits have upward, downward and internal accountability to stakeholders. Upward accountability includes the government, donors and other funders, whereas downward accountability refers to clients and society. Internal accountability regards the mission, staff and decision makers. Regarding the question *accountable for what?* Ebrahim (2010) proposes for mission, performance, governance and finances. He goes further, with regard to the accountability mechanisms set in place by the board of directors to ensure accountability which answers the question *accountability how?* The practices used are adaptive learning, participation, self-regulation, evaluation/performance assessment and reporting/disclosure statements. Ebrahim (2010) concludes that most accountability demands are often conflicting: The stakeholders (internal, downward or upward), have different interests (mission, performance, governance or finance) and require different responses of the nonprofit. This requires the nonprofit to map their accountabilities and prioritize, because they cannot be accountable for everything and to everyone. Candler and Dumont (2010) propose a nonprofit accountability framework which answers the accountability questions *to whom?* and *for what?* With regard to the question *accountability for what?* they argue for input (i.e. resources/capital), output (goods, services, social capital and policy impact) and procedural accountability emphasizes the law, mission, ethics and legitimacy. *To whom?* is answered by using a stakeholder theory approach to identify accountabilities to clients, donors, experts, regulators, partners, constituents, members and media. These insights are especially useful for applying the model provided in section 2.4. It is time to relate theoretical derived accountabilities to the conformance and performance roles of the board and management. Due to scarcity of time and space, this thesis will only devote attention to the resource dependence, agency, stakeholder and stewardship perspectives.

### 2.5.1 Board roles and responsibilities explained by theories

#### *Resource dependence theory*

In Europe the nonprofit sector, and especially the healthcare sector in the Netherlands, relies heavily on government financing (Anheier, 2005). Resource dependency theory by Pfeffer and Salancik (1978) proposes that organizations survive by their ability to acquire and maintain resources as well as using the resources to accomplish organizational effectiveness. Organizations who manage resource dependencies in the environment along with the constraints or uncertainties will outperform those who fail to do so. Anheier (2005) argued that external actors controlling critical resources will try to influence the organization and reduce the autonomy of management by creating strings attached to resource provision (such as regulations, legislation, accountabilities etc.). Compliance, having and providing accountability are the conditions by which the nonprofit organization receives resources from external actors where non-compliance or incorrect accountability may lead to holding back funds or penalties which jeopardize the survival of the organization. The board wants to maintain a good relationship with the constituents to ensure resource provision and thus survival which means it is accountable for regulatory compliance and act to the bidding of external actors who control resources. Because of environmental uncertainty the board needs information to reduce the uncertainty and therefore engages in governance functions to maintain access to crucial re-

sources. Performance or outcomes can also be an important constraint imposed by resource providers (such as offering high-quality healthcare, customer satisfaction or number of recovered/cured people). From a resource dependence perspective, the board of directors reduces uncertainty in the external environment over the resources which are necessary for pursuing the mission and strategy of the nonprofit (Miller-Millesen, 2003). Boards will therefore formulate strategies and subsequent policies and activities to ensure the claims on the organization's resources in the external and internal environment. The board of directors may implement accountability mechanisms, internal policies and monitor accordingly to ensure the resources provision from constituencies by providing accountability. However, this theory is criticized for its inability to identify coalitions (Miller-Millesen, 2003). Still, the role of the board of directors linking the organizational environment with the flow of information and monitoring is important for recognizing the behavior and roles taken by the board. Rule-based accountability is required from the constituencies of the organization for supply of resources. The board will try to reduce the uncertainty in the environment by engaging in governance functions and boundary-spanning. The roles performed by the board accompanied with boundary-spanning are reducing uncertainty, manage interdependencies, raising money, providing connections to stakeholders or important skills (Balser & McClusky, 2005; Brown, 2005; Cornforth, 2003b; Miller-Millesen, 2003). Brown et al. (2012) related in their study various independent variables (board capital, mission attachment, training and sense of community) to the resource roles performed by the board. They found that participation in resource roles was positively associated with the mission attachment ( $\beta = 0.33$ ,  $p < .001$ ) and ongoing training ( $\beta = 0.18$ ,  $p < .001$ ). Other scholars (Green & Griesinger, 1996) have found similar evidence that the board performs resource activities was related to higher performance. In accordance with Miller-Millesen (2003) and suggested by Balser and McClusky (2005) the following will be proposed:

*Hypothesis 1a: There is a positive relationship between boundary-spanning and uncertainty of the environment*

#### *Agency, Stewardship and Stakeholder theory*

It has been argued to complement different theoretical perspectives to model the accountabilities and behavior of the board more accurately (Caers et al., 2006; Van Puyvelde et al., 2012). Agency theory posits that principals (owners) and agents (managers) have conflicting goals and expectations where principals delegate power and control of the firm to agents. In turn, the agents are expected to serve and act in the interests of the principals, but the theory assumes that the goals of both are not aligned perfectly or are in conflict (Jensen & Meckling, 1976). The contribution of agency theory is that it deals with information problems in and outside the organization with regard to accountabilities (Gugerty & Prakash, 2010). The principal will monitor and provide incentives to the agents to ensure that their interests are aligned. Agency problems arise when the goals of principals are not pursued by managers and jeopardize the interests of the principals, for example when the managers act in their own self-interest. The agency problems that arise between the principals and agents can be mitigated by keeping the conformance roles and performance roles separate from each other or incur agency costs (by means of residual losses, monitoring or bonding costs (Jensen & Meckling, 1976). To keep agency problems at a minimum, separating control (ratification and monitoring) and decision-making (initiation and implementation) is one way to effectively manage these problems (Fama & Jensen, 1983). Fama and Jensen (1983) argue that an independent board of directors is a prime example for separation. In the corporate world the principal-agent relationship can be made between the shareholders (principals) and the directors (agents). However, identifying principals (and thus accountability) is difficult because the directors of the nonprofit are not only accountable to one (major) principal, but to many prin-

cipals and opponents of agency theory argue that the theory is incomplete in the nonprofit context (Van Puyvelde et al., 2012). This makes the answer *accountability to whom* difficult and authors have advocated complementing agency theory with other theories to conceptualize the relationships more accurately. However, Morrison and Salipante (2007, p. 119) argue that rule-based accountability (legal accountability by Kearns (1996) or financial accountability by Behn (2001)) is well-developed, conceptually in terms of agency theory, and practically in terms of practices associated with accounting and monitoring. This would make the answer *accountable to whom* principals who want to control the board and *accountable how* by monitoring or accounting. Van Puyvelde et al. (2012) complement agency theory with stakeholder and stewardship theory. Stakeholder theory proposes that the board of directors must satisfy different constituents in the environment for achieving effectiveness of the organization (Abzug & Webb, 1999). Abzug and Webb (1999) argue that the theory is more flexible and therefore can identify more principal-agent relationships among nonprofit organizations. Often found stakeholders are the community, competitors, customers, managers, employees, suppliers, stockholders and the government (Abzug & Webb, 1999; Van Puyvelde et al., 2012). Van Puyvelde et al. (2012, p. 435) argue that relationships with competitors cannot be seen as a principal-agent relationship because neither contractual relationships nor delegation of decision-making authority exists. This broadens the accountabilities of the nonprofit to external principal-agent relationships and internal principal-agent relationships. However, stakeholder theory also has its deficiencies, as Sternberg (1997) argues in a corporate governance context. She argues that stakeholder theory is incompatible with corporate governance, because the board of directors is accountable to all stakeholders and it is impossible to take all demands of stakeholders into account. However, in the nonprofit context the emphasis on business is not the same as in the for-profit context and the difficulty lies in balancing accountability. Van Puyvelde et al. (2012) identify six principal-agent relationships, both internal and external stakeholders who can take the role of principal and/or agent (funders, beneficiaries, suppliers, the board-managers, managers-employees and managers-volunteers). They argue that the board of directors is an interface stakeholder and connects the organization and its environment. The board takes a principal role inside the organization with the managers being agents. This is in line with other scholars who argue that the board has the ultimate control (principal role, i.e. ratification and monitoring) over the organization, whereas executives are the decision-makers (agents), in line with Fama and Jensen (1983) and others (Miller-Millesen, 2003; Miller, 2002). From an agency perspective the board of directors needs to make sure management complies (through monitoring) and even control the behavior to make sure the principals goals are pursued (Cornforth, 2003b). The board serves an accountability and monitoring role by linking decision-making to the mission of the organization (Brown, 2005). Distrusting managers and ensuring goal alignment with stakeholders are important objectives of the board. However, the board of directors can also be seen as an agent, whereas society (or the government, watchdogs or others) can be regarded as principal (Du Bois et al., 2009; Gugerty & Prakash, 2010). Gugerty and Prakash (2010) argue that the government has relatively weak mechanisms (regulation and oversight) to ensure public services are fulfilled. In addition, governments will require the board to adopt governance practices and provide information about practices, activities and management systems to overcome information asymmetries. The board's role can therefore also be regarded as a decision-making role, whereas other principals will monitor and reward the board. These principal-agent relationships are more difficult and the board needs to balance between internal and external accountabilities, which makes the term intermediate stakeholder (proposed by Van Puyvelde et al. (2012)) even more appropriate.

Stewardship theory, in contrast, emphasizes the performance role of the board. Stewardship theory can be contrasted into two branches (Caers et al., 2006): With a conflicting goals as-

sumption but with motivated agents to act within the interest of principals and goals of principals and agent are compatible/aligned. This perspective assumes that management wants to do a good job for the principals. The board of directors assumes that management is intrinsically motivated by the mission of the nonprofit which means no apparent reward except the activity itself is the motivation to engage in the role (Van Puyvelde et al., 2012). Trust is central in this theory, in contrast with distrust in agency theory. Brown et al. (2012) found that mission attachment of the board was the most significant variable related to the monitoring roles ( $\beta = 0.22, p < .001$ ) of the board. From this perspective, the board of directors will engage in conformance roles to make sure the goals of the nonprofit are aligned with those of the principals. However, Miller (2002) indicated that the board did not expect goal conflict between management and the purpose of the organization. In addition, management even ensured goal alignment with the principals of the organization. The board will engage in performance roles and/or collaborate with management, to increase the performance of the organization. Cornforth (2003b) proposes that the board should add value to top decisions, strategy partner and support management, which is in line with this rationale. Therefore:

*Hypothesis 1b: There is a positive relationship between the performance roles and trusting management*

*Hypothesis 1c: There is a negative relationship between the conformance roles and trusting management*

*Hypothesis 1d: There is a positive relationship between performance roles performed by the board and mission attachment of management*

*Hypothesis 1e: There is a negative relationship between conformance roles performed by the board and mission attachment of management*

### 2.5.2 Delegation of roles and responsibilities to management

As stated earlier carrying out governance functions involves multiple actors and through delegation of decision autonomy governance functions can be carried out by other officials than just the governing body of the nonprofit or organization. The pressures from the accountability environment and the institutional environment constrain the board in their strategy formulation and the adoption of practices to ensure the accountabilities they are having. Because of the accountabilities they will have to ensure the internal policies are in concert with the stakeholders of the organization to whom they are accountable to. The delegation of decision making authority depends on the internal characteristics of the organization. Daft (2010) contrasts between formalization, specialization, hierarchy of authority, centralization, professionalism and personnel ratios. By centralization he refers to *'the hierarchical level that has authority to make a decision'* and when this authority is kept higher in the organization then centralization is characterized (as opposed to decentralization where the delegation of decision-making is delegated to lower levels in the organization). Researchers have indicated that the performance roles of the board of directors will be delegated to staff (CEO or other executives), because they are often the one's with the operational knowledge, information and time to carry out these governance functions. In the United States delegation of authority should be combined with written resolutions, procedures or bylaws to specify the responsibilities assigned to management (Futter, Cion, & Overton, 2002). The framework proposed by Tricker (2012) for corporate governance views the CEO as an important function through which the board can delegate and collaborate with. This is also argued by nonprofit scholars, such as Cornforth (2012) who states that governance functions are carried out through interactions and collaboration with management or staff. One of the responsibilities which is delegated from the board of directors to executives/managers are the day-to-day operations (BoardSource, 2010). In big nonprofit organizations the likelihood of delegating responsibilities to management is higher, than for small nonprofits (Du Bois et al., 2009). Research has shown that there is involvement of the CEO's and the board of directors in strategy formula-

tion. Siciliano (2008) reported that the perception of the CEO and the board of directors in the strategic management of credit unions is different; CEO ratings were consistently lower than the ratings of the board members. This would imply that the executives are less involved in strategic management of the organization. Within corporate governance research, the executive role seems to be more involved. Useem and Zelleke (2006) found among respondents in 31 major companies that the board maintained decision-authority over legal matters, had an annual calendar for important topics where the board needed to decide upon, had decision protocols, but were very dependent on the judgment of executives which matters came to the board. Executives were allowed to judge and make decisions with regard to transactions, when regulatory changes occurred, executive departures, competitor moves and choices for the following board agenda. Similarly, Van den Berghe and Baelden (2005) found through a survey among 81 listed companies that the formulation of strategic options was done exclusively at management level, whereas the choice of the strategy and ratification of strategic decisions was done on board level. Monitoring of strategy implementation, correctness of financial reporting/accounting and management was done exclusively by the board. Therefore, the board is more likely to delegate policy-making to staff (such as the CEO and other executives) and adopt policies through input from staff. However, in the board-staff relationship agency theory and stewardship theory provide different answers to whether the board will delegate. Building further on the framework provided by Van Puyvelde et al. (2012) we will descend into the management hierarchy by using agency and stewardship theory to try to explain the governance roles and responsibilities carried out by management.

#### *Agency theory and Stewardship theory*

Principal-agent relationships can be applied to situations where a delegation of decision-making power or contractual relationships exist (Fama & Jensen, 1983; Jensen & Meckling, 1976). Friedman and Phillips (2004) found among 38 representatives of professional organizations that the core and periphery decision making counsels were the board, CEO and staff who carry out different activities in the governance model with regard to strategy development. However, nonprofit scholars have argued that the board has weak control inside the nonprofit and in relation to managers (Caers et al., 2006; Miller, 2002; Van Puyvelde et al., 2012). Different reasons for weak control are proposed by scholars, such as the control must be viewed from a stewardship perspective, influence of board composition, managerial power, information asymmetries between staff and the board or because the board is unaware of their accountabilities (Caers et al., 2006; Miller, 2002). Van Puyvelde et al. (2012) argue that when stewardship theory is applied to nonprofit board members and managers, then they will exercise only low control to the managers, because the interests of principals and agents are aligned or compatible with those of the agents. However, in the application of agency theory, the board of directors will have high control on the managers and engage in different roles for controlling them. In this case, the board will engage in performance and conformance roles. Caers et al. (2006, pp. 36-37) propose that when the board trusts management to act in the ways the principal expects them to, why would the board implement control mechanisms to distort the relationship? This perspective is derived from a stewardship perspective where the board will engage in performance roles in conjunction with the executives and can assure that the goals or other internal factors are aligned with the constituents of the nonprofit. In contrast, from an agency perspective the board will engage in conformance roles, but will also control the management through a clear strategy and policies. The board of directors represents the stakeholders interests in the nonprofit and therefore wants to ensure the goals of the stakeholders are achieved (Du Bois et al., 2009). They have accountabilities through the services the nonprofit performs on behalf of the stakeholders, which is of course part of the accountability provided to those constituencies. These accountabilities will be represented in the

mission statement and purpose of the nonprofit. From strategizing and the purpose of the organization, the board of directors will translate these in operational, financial and resource allocation through the strategic planning. The programs, processes and products derived from the strategic planning will assure that they reflect the purpose, mission and strategy of the board of directors and form the basis for the policy-making in the organization. This will be one of the ways the board can control management; by formulating policies (performance) through which the monitoring (conformance role) of the board is made possible. Another way to ensure control is to provide incentives for executives (Van Puyvelde et al., 2012). Cornforth (2012) argues that governance is complex for one governance body and it is usually staff who provide the information necessary for decision-making. As stated in section 2.4, the different roles of the board can be viewed as a dynamic process where accountabilities from the board are translated into the purpose/mission of the nonprofit and where policy-making is the translation of the purpose/strategy. Ostrower and Stone (2006, pp. 617-618) found that the distribution of power between the board and managers depends on three variables: Individual variables, organizational variables and environmental variables. However, little research has been conducted into the delegation of governance functions in the board-staff relationship. Bradshaw (2002) argues that the board cannot perform all governance functions, but does not go into the roles and responsibilities of staff. In addition, Reid and Turbide (2012) argued that relationships between board/staff were collaborative and casual in one of the museums investigated in the case study employed, where the roles could become blurred. In the policy governance model, Carver and Carver (2011) discuss the delegation of authority with regard to policy and monitoring. For detecting agency problems between the board and managers, the objectives of both need to be identified and to the extent those two differ (Du Bois et al., 2009). Therefore, it is expected that the board of directors will not delegate performance roles when they believe management will act in their own interest, rather than for those of the principals. When the board of directors does not trust managers with decision-making authority with regard to governance functions, they will also not delegate. Spreitzer and Mishra (1999) researched which predictors were more likely to influence managers to involve employees in decision-making. From an agency perspective, the board of directors distrusts management, whereas from a stewardship perspective they will trust them. Ebrahim (2003) also argues that conflicts of interests can arise between the board and staff where accountability can be viewed as an inter- and intraorganizational relationship. Therefore, it is expected that the board of directors is reticent about the delegation of policy-making (from an agency perspective) because the board wants to control and monitor management. The formulation of policies and other internal organizational prescriptions, have to ensure monitoring and controlling management (from an agency perspective). In contrast, the board of directors' disposition towards management will change (from a stewardship perspective) when they believe that the goals are contingent and therefore engages in performance roles in conjunction with management. It is also possible that the board will delegate policy-making to managers when the board wants to empower management with decision-making. Whether the board collaborates with management or delegates, they will be less likely to engage in monitoring because they are convinced that management has aligned goals with stakeholders or ensured that the management will act in the interests of the stakeholders. Therefore the following propositions will be tested:

*Hypothesis 2a: There is a positive relationship between decentralization of strategy making and the mission attachment of management*

*Hypothesis 2b: There is a positive relationship between decentralization of policy-making and the mission attachment of management*

*Hypothesis 2c: There is a positive relationship between decentralization of monitoring/supervision and the mission attachment of management*

*Hypothesis 2d: There is a positive relationship between decentralization of strategy making and trusting management*

*Hypothesis 2e: There is a positive relationship between decentralization of policy-making and trusting management*

*Hypothesis 2f: There is a positive relationship between decentralization of monitoring/supervision and trusting management*

### *2.5.3 Management roles and responsibilities explained by theories*

By carrying-out policies, managers (top and midlevel managers) will have operational knowledge and experiences which is important for the formulation of policies. The involvement of midlevel managers into decision-making is an important to determine whether they contribute to governance functions. Cornforth and Edwards (1999) studied the board roles in the strategy development of nonprofit organizations and found that the output depends on an interplay of complex factors such as institutional factors, internal processes and board inputs. Interestingly, they found that staff was an important factor for the availability of knowledge, information and time to formulate strategic initiatives to be weighted by the board of directors. Similarly, Block (1998) argues that the board is legally responsible for formulating policy whereas staff of the nonprofit is responsible for carrying out the policy. However, he further argues, that staff are the one's closest to the activities, programs and operations of the nonprofit, which is essential for the design and creation of new policies. Therefore, staff is implementing daily policies and carrying out the mission of the nonprofit. Indeed, Provan (1991) found a positive association between the information possessed by individuals (agents) in the organization and the influence over decisions and decision-making processes they had. The contribution of midlevel managers to decision-making can depend on the mission attachment and trust of the management team. Muthusamy, Bobinski, and Jawahar (2011) note that the participation of employees in strategy by codetermination would increase the productivity, make the organization less hierarchical, create higher productivity and a better organizational climate. Two theories will be used to explain involvement of midlevel managers into governance functions; agency and stewardship theory.

#### *Agency and Stewardship theory*

Through the increased responsibilities and/or accountabilities of the management team, they may engage into strategy-making, policy-making and monitoring. When management team members have the authority to make decisions, they will need to have operational knowledge from midlevel managers to base these decisions. The responsibility of managers is that they run the nonprofit in accordance with the mission and purpose of the organization and will contract others to pursue tasks set by the board (Caers et al., 2006). Van Puyvelde et al. (2012) build further down the management hierarchy, continuing in the terminology of Jensen and Meckling (1976), by proposing that management now takes a principal role and employees/volunteers take an agent role. However, the conceptualization of management is still limited; it is not specified to different management layers in the organization and can thus include top management, midlevel management and team leaders. In this thesis, the managers of the organization are separated; there exists a principal-agent relationship between top management and midlevel managers of the organization. When the management team trusts midlevel managers, then they are more likely to involve them into decision-making with regard to governance functions than when they distrust them. Spreitzer and Mishra (1999) found that employee involvement into decision-making was positively related to trust by management. This would imply that managers act from a stewardship perspective where they will involve midlevel managers into decision-making. The evidence brings forth the stewardship perspective (i.e. trusting employees and the intrinsic motivation of employees). Also, from a stewardship perspective, when midlevel managers have high identification with the organization's

mission, then they will be more likely to participate into decision-making and governance activities. Hirst, Van Knippenberg, Cheng, and Sacramento (2011) argue that centralized decision-making are a way of increasing bureaucracy and when employees are encouraged to participate in decision-making this will be reduced. Agency theory proposes that the midlevel managers (agent) act in their own self-interest, are individualistic and need to be monitored by management team (principal) who needs to assure that the accountabilities to the board of directors is not in jeopardy. Therefore, management team will create policies which make it possible to monitor their inferiors. From a stewardship perspective departmental heads identify themselves with the organization mission and management team may even empower mid-level managers through delegation/codetermination of decision-making. Management may appoint other internal actors who carry out governance functions (performance roles) to ensure that managerial objectives are aligned with the goals and accountabilities of the board of directors. In their role as agents, the management team has their accountabilities and needs to deliver the monitoring reports to the board of directors.

*Hypothesis 3a: Managerial trust in midlevel managers will increase the likelihood that management team involves midlevel managers into strategy-making*

*Hypothesis 3b: Managerial trust in midlevel managers will increase the likelihood that management team involves midlevel managers into policy-making*

*Hypothesis 3c: Managerial trust in midlevel managers will increase the likelihood that management team involves midlevel managers into monitoring*

*Hypothesis 3d: Managerial mission attachment will increase the likelihood that managers involve midlevel managers into strategy-making*

*Hypothesis 3e: Managerial mission attachment will increase the likelihood that managers involve midlevel managers into policy-making*

*Hypothesis 3f: Managerial mission attachment will increase the likelihood that managers involve midlevel managers into monitoring*

## **2.6 Conclusion**

The purpose of this chapter was to provide a critical literature review which discusses the most significant and relevant concepts regarding nonprofit governance. Past and current nonprofit governance research was based on theoretical reasoning and little empirical research was conducted into multilevel governance systems. Synthesis of the performance and conformance roles was provided into a theoretical framework which provided a holistic view of the roles carried out in nonprofit governance. The interdependence of providing accountability, strategy formulation, policy-making and monitoring/supervising show a sequence which provides different motivations for engaging into these roles. The studies reviewed in this chapter indicated that governance systems include external and internal actors who carry out governance functions and can be understood through public governance as having decision autonomy in the organizational hierarchy. Furthermore, governance roles performed by other organizational actors than the governing body of the organization was also underdeveloped. Therefore, delegation of governance functions was proposed to be an interesting opportunity to tap into other officials who carry out governance functions and provide empirical support for relationships. This study will contribute to the existing literature by providing empirical proof for the relationships claimed by theory.

## 3 METHODOLOGY

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### 3.1 Introduction

The following research questions were addressed in this study:

- How do multilevel nonprofit governance systems operate?
- What is governance?
- What is a multilevel governance system?
- What are the roles, responsibilities and accountabilities within which the governance system operates?
- What contribution do internal actors (board of directors, management team, midlevel managers and staff) make to carrying out governance functions?

Research questions determine the methodology used in conducting research (Babbie, 2010; Saunders, Lewis, & Thornhill, 2009). Primary data was gathered through a survey (questionnaire and structured interviews) and document analysis of internal compliance policies and procedures. The variables included in the questionnaire were uncertainty, boundary-spanning, mission attachment, strategy formulation, policy-making, monitoring/supervising, decentralization of these governance functions and trust. The data collected through the questionnaire was analyzed by using descriptive statistics, whereas the narrative data was transcribed, coded and categorized around the research questions. Qualitative software was used to code the interviews and the documents in the document analysis. Document analysis was conducted to provide understandings of the implementation of the legal accountabilities into internal policies and procedures.

### 3.2 Selection of the research method

The choice of the methodology through which one wants' to answer the research questions and hypotheses depends on the research question(s) and the purpose(s) of the research. The purposes of research can be divided into (Babbie, 2010, pp. 92-94; Saunders et al., 2009, pp. 139-141): Exploratory, descriptive and explanatory studies. Exploratory research is conducted to explore a topic, to clarify an understanding of a problem, to satisfy one's curiosity or to examine the feasibility for subsequent studies (Babbie, 2010; Saunders et al., 2009). In contrast, descriptive studies are used to describe situations/events (Babbie, 2010) or extend a piece of exploratory/explanatory research (Saunders et al., 2009). Descriptive studies answer the questions *who, what, where and how* (Babbie, 2010; Saunders et al., 2009). Explanatory studies try to explain social phenomena (Babbie, 2010) or establish causal relationships (Saunders et al., 2009) where typically *why* questions are answered. The purpose and research questions central in this thesis are descriptive of nature which would make standardized surveys and structured interviews appropriate to tackle the research problems addressed in this thesis. Prior research also uses questionnaires and interviews to describe the roles and responsibilities of the board of directors, although used in large samples. Chan and Richardson (2012) (sample of 63 universities), Zimmermann and Stevens (2008) (sample of 448 nonprofits in South Carolina) and Inglis et al. (1999) (242 members of the board) used questionnaires to describe the roles and responsibilities of board members. Brown and Guo (2010) used semi-structured telephone interviews among 121 to describe roles of nonprofit board of directors. In addition, interviews combined with case studies are also used as methodologies for studying accountabilities and accountability mechanisms in nonprofit organizations. For example, Christensen and Ebrahim (2006) studied a nonprofit organization serving refugees and service immigrants by conducting interviews to study upward, downward and lateral accountability. Also, Miller (2002) and Holland (2002) used interviews to investigate accountability requirements and monitoring performed by the board of directors. A case study research design will provide a rich understanding of the governance systems in a healthcare provider

which also allows us to answer descriptive questions as well (Babbie, 2010). For multilevel governance, case study methodologies are also applauded for the '*specification of statistical models, in interpreting model findings and informing policy discussions*' (Lynn, Heinrich, & Hill, 2000, p. 257).

### **3.3 Setting**

This study took place at a nursing, residential care home and home care organization in the Netherlands. Community Health Services (a pseudonym for confidentiality reasons and will be referred to as CHS) is geographically spread across a province in the Netherlands and provides long-term care, nursing home care and social support. The core activities with which CHS is concerned are care mediation, household help wmo, homecare AWBZ, age provision, nursing care and terminal care. This is a large organization (a total book value of assets of >80 million Euros), +1.100 employees (full-time equivalent) and more than 2.000 clients. CHS is founded as a foundation and has a two-tier board structure (Model IV in terms of the governance models of Van Besouw and Noordman (2005)); the supervisory board consists of seven persons who are all non-executives and come from outside the organization. The board of directors consists of one person who is not involved in the day-to-day operations of the organization (non-executive). This responsibility is delegated to the management team of the organization. To increase the sample of the board of directors, another healthcare provider was contacted to participate into the questionnaire (only the board of directors). Anytown Healthcare Services (a pseudonym for confidentiality reasons and will be referred to as AHS) is a larger nursing home providing similar services as CHS (long-term care, nursing home care and social support). With a total book value of assets of more than 180 million euro's, 7.000 clients and about 3.000 FTE's this organization is larger than CHS. This organization has the same board structure as CHS; a board of directors who is not involved in day-to-day management, which is delegated to the management team. In addition, the organization is geographically distributed across a province of the Netherlands.

### **3.4 Sample and participants**

All board members and management team members were invited to fill in the digital questionnaire. In total 3 board members and 6 management team members completed the questionnaire. 21 Interviews with a board member, 4 top management functionaries, ten midlevel managers (ranging from departmental heads and *primus inter pares* (first among equals of doctors, physiotherapy, speech therapy and ergotherapy) and six nurses. Participants for the interviews were grouped based on their function in the organization (all management team members, all midlevel managers and all nurses). Based on this grouping, they were classified based on their working experience and span of control (creating four quadrants; low-low, low-high, high-low and high-high). Nurses were contacted through the midlevel managers and were selected based on their work experience and education (for lack of a span of control). The researcher then randomly selected the participants from the different groups; from each quadrant one or two people were selected to come to a sample size of twenty-one people in total. Furthermore, principal-agent relationships needed to exist based on the delegation of decision-making power through the performance and conformance roles of the individuals. The principal-agent relationships were: Board-management team, management team-midlevel managers, and midlevel managers-work-floor staff.

### **3.5 Measurement instruments**

The participants were asked about their roles, responsibilities and accountabilities in the four governance quadrants providing accountability, strategy formulation, policy-making and monitoring/supervising. This section will devote attention to the operationalization of the interview items used.

### 3.5.1 Operationalization

Operationalization is defined as *'the process of developing operational definitions, or specifying the exact operations involved in measuring a variable'* (Babbie, 2010, p. 46). Each of the four quadrants will be operationalized in this section. Likert-scale items with descriptive statistics for the different measures can be found in APPENDIX C. The management team were given the same questions, but where the 'board of directors' was meant in the questions, the 'management team' was inserted.

**Task environment and uncertainty** Begun and Kaissi (2004) conceptualized environmental uncertainty in the healthcare sector as *'an individual perception that blends subjective and objective realities derived from two dimensions of the environment of organizations'* where complexity and dynamism are used to indicate uncertainty. Complexity is indicated by the number of environmental elements the organization's decision-makers must take into account, the dissimilarity of the elements and the interconnectedness of the elements, whereas dynamism indicates the frequency of change and the unpredictability of change in the elements. Bradshaw (2009) argues that complexity is measured by one in which the organization consists of a wide-ranging or diffused network of members and faces multiple stakeholders with differing expectations and agenda's. Anheier (2005) also contrasts uncertainty into complexity (number of elements in the organizational task environment and heterogeneity in terms of demands and expectations) and dynamism (rate and predictability of change of elements). A scale ranging from one ('strongly disagree') to five ('strongly agree') was used.

**Boundary-spanning** These roles are the *'activities that link and coordinate an organization with key elements in the external environment'* (Daft, 2010). Brown et al. (2012) provide five measures for the resource role of the board. The items of this scale were used, but modified to statements. Instead, a scale ranging from one ('strongly disagree') to five ('strongly agree') was used. In addition to these boundary roles Miller-Millesen (2003) argues that the board gathers and interprets information from the environment and ensures that adequate resources are gathered to meet the purpose of the nonprofit.

**Providing accountability** Definitions of accountability can be contrasted into broad and narrow conceptualizations (Bovens, 2007; Morrison & Salipante, 2007). In this thesis, we will use the narrow definition of accountability adapted from Bovens (2007, p. 450): *'Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences'*. The measures of Jonnergård and Stafssudd (2011) were used (review investor relations and planning annual meeting) to proxy for providing accountability. In addition, Jonnergård and Kärreman (2004) argued that providing accountability was measured by reporting to shareholders, ensuring regulatory compliance and reviewing audit reports. These measures were adapted as well, however based on Ebrahim (2010) different stakeholders were used to replace 'shareholders' (accountability to whom) and accountability for finances, performance and governance (accountability for what). Also, Chan and Richardson (2012) provide different measures for providing accountability which are also used (items A5, A6, A7, B1, B4, B5). These measures were used the level of agreement on a 5-point scale from strongly disagree (1) and strongly agree (5).

**Mission attachment and strategy** The mission of a nonprofit is the *'reason an organization exists'* (BoardSource, 2010, p. 20). A strategy is (BoardSource, 2010, p. 207) *'the higher-level option for direction to help the organization meet its goals and fulfill its mission'*. The mission should represent the accountability between the nonprofit organization and society (Kaplan, 2001). According to Van Puyvelde et al. (2012) the organizational identification of actors depends on the identification with the mission of the organization. Identification was measured by the mission attachment where Brown et al. (2012) used ten items to tap into mission attachment and were used in this study (5-point scale; 1 strongly disagree, 5 strongly

agree). Siciliano (2008) measured involvement in strategy by using five statements. Jonnergård and Stafstudd (2011) asked whether five measures of strategy were routine for the board. Anheier (2005) argues that strategic management involves to identify/revisit mission and vision, select goals followed from mission and strategy, establish programs and activities with corresponding performance measures. Miller-Millesen (2003) argues that the board needs to establish program evaluation criteria and translate mission and purpose into measurable goals and objectives. These measures were all included to proxy for strategy measured by a scale ranging from 1 ('strongly disagree') to 5 ('strongly agree').

**Policy-making** Strategy will be made operational by establishing '*goals, procedures, policies, plans and projects*' where policies provide '*rules, systems and procedures to guide and constrain management*' (Tricker, 2012). Policies are '*written rules, statements, principles or directives for making decisions and taking action*' (BoardSource, 2010, p. 279). The areas proposed as policies in nonprofits are ethics, accountability, the board, chief executive, fundraising, personnel, communications, finance and investments (Lawrence & Flynn, 2006).

Tricker (2012) also provides policy areas; selected policy areas were used for measuring policy-making. Jonnergård and Stafstudd (2011) measured policy-making by asking if the board was involved in the activity of different policy areas. Statements were measured by a scale ranging from 1 ('strongly disagree') to 5 ('strongly agree').

**Monitoring and supervision** The policies formulated form the basis for the monitoring and supervision of the internal actors. In addition, outcome measurement is important for providing accountability of the efficiency and effectiveness of the programs and services provided. Brown et al. (2012) used five measures of monitoring which included overseeing the financial management systems and procedures of the organization, monitoring organizational performance and taking action when required, reviewing board performance and ensuring it works well, ensuring the organization fulfills its legal obligations and selecting and monitoring the chief executive. In addition to these monitoring roles, Jonnergård and Stafstudd (2011) provide five additional roles. Miller (2002) argued that the board's monitoring function includes the monitoring of programs and services. Miller-Millesen (2003) argued that monitoring if resource allocation was in congruence with the mission of the organization was emphasized by board monitoring role. Statements were measured by a scale ranging from 1 ('strongly disagree') to 5 ('strongly agree').

**Delegation** The delegation of decision-making authority depends on the centralization or decentralization of the organization. Participants were asked to indicate the organizational level at which the responsibility for different governance functions was vested. A scale ranging from 1 (board of directors or 'strongly centralized') whereas 5 (other personnel or 'strongly decentralized') was used. This is similar to Foss, Lyngsie, and Zahra (2013) who measured the decision-making authority of different hierarchical layers. For the delegation of strategic activities, Van den Berghe and Baelden (2005) were used and in addition to these roles strategic activities of Siciliano (2008). For policy-making, Jonnergård and Stafstudd (2011) and policies provided by Tricker (2012), Lawrence and Flynn (2006) were adopted. With regard to the delegation of monitoring activities, Van den Berghe and Baelden (2005) and Chan and Richardson (2012) and Brown et al. (2012) were used.

**Trust** In addition to mission attachment, people were asked to provide their trust in their inferior. Spreitzer and Mishra (1999) measured trust in an empirical study involving employees in decision-making; this measure was used (scale ranging from 1 'strongly disagree' to 5 'strongly agree').

**Staff involvement** The board of directors was also asked whether they involved top management into decision-making about governance activities. However, no standardized instruments were widely used in the field nor validated for the purpose of this research. Therefore, a researcher-made instrument was developed based on the 'best practices' found by previous

researchers. For example, formulating the mission, formulating performance indicators, determining activities/services, formulating goals, making strategic action plans and formulating evaluation criteria were used to measure involvement into the domain strategy formulation (BoardSource, 2010; Miller-Millesen, 2003). For policy-making the formulation into different policy area's (internal audit, reporting, compliance, job descriptions, budget, production/service delivery, procedures) were used to tap into involvement of policy-making (BoardSource, 2010; Lawrence & Flynn, 2006). Finally, for monitoring and supervising Jonnergård and Stafsudd (2011), Miller-Millesen (2003) and Chan and Richardson (2012) were used to tap into the involvement of middle management into these functions.

Structured interviews were conducted based on Accounting Information Systems (AIS) which is an essential part of internal and external governance (Meuwissen et al., 2006). The four quadrants in the theoretical framework (providing accountability, strategy formulation, policy-making and monitoring/supervision) were used to ask respondents about information needs and responsibilities. The questions were based on information needs identified by Starreveld, Van Leeuwen, De Mare, and Joëls (2005); the questions 'who', 'what', 'how' and 'when' were asked within the four quadrants to understand the involvement of actors into governance functions. Also, questions with regard to the accountability mechanisms inside and outside the organization were used. These responded to the mechanisms provided by Ebrahim (2010). In addition, Stone and Ostrower (2007) provided questions how governance information reaches the board of directors and how operational bottlenecks are involved into the policies and direction of the organization. APPENDIX D contains the interview protocol used for the interviews.

### *3.5.2 Validity and Reliability*

The majority of the measures used for this research were based on existing research and have shown adequate Cronbach's alphas ( $> .70$ ). To increase the validity of the questionnaire, a business consultant with experience in governing and managing organizations was consulted. He was briefed about the intentions of the study and provided with the questionnaire and interview questions to ensure the terms were appropriate and understood. In addition, Bordens and Abbott (2011) argue that it is useful to conduct a pilot study to test the interview protocol before conducting the real study. Therefore the researcher conducted a pilot study with two members of the board of directors of AHS. Overall the board members indicated that the questions were understandable and included a good overview of their roles, responsibilities and accountabilities. However, two problems occurred during the interviews; the interview was too long (more than 90 minutes) and some of the questions were misinterpreted. Revisions were made based on these problems (shortening the interview protocol and using different wording of questions). Furthermore, through member checking the responses were verified on accuracy and respondents were asked to clarify and edit their responses (Carlson, 2010).

## **3.6 Data collection and analysis**

The researcher collected data from two sources during June and July 2013. The data for this study was collected through questionnaires, interviews and document analysis. In both the interviews and the questionnaires the respondents were fully informed about the research goals, the intentions with their responses and the processing of the data (informed consent) (Saunders et al., 2009). Each interview lasted between 45 and 75 minutes and were recorded for accuracy and data processing reasons. The recorded interviews were transcribed, coded and analyzed by using Atlas.TI. During the first stage all data was open coded based on either terms used by respondents or terms derived from the literature (Saunders et al., 2009). In the second stage, data was interpreted into the concepts roles, responsibilities and accountabilities

by axial coding the most general concepts or latent variables (Babbie, 2010). The last stage of the analysis involved relating patterns to core concepts. The interview questions were matched to the research questions formulated and categorized into the roles, responsibilities and accountabilities (Bui, 2009). Document analysis was also conducted into Atlas.TI and was compared with the accountabilities described in the interviews. However, document analysis is of limited value in scientific research and therefore should be used with caution (Wolff, 2004). By using Statistical Package for the Social Sciences (SPSS) software the questionnaire was analyzed descriptively. The next chapter gives more attention to the results of this study.

## 4 RESULTS

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### 4.1 Introduction

This chapter addresses the results of this thesis. The qualitative and quantitative data will be combined to maximize the descriptive value of the research methods used. First, the descriptive statistics of the board of directors and top management will be presented. After that, the hypotheses will be addressed and the results will be discussed.

### 4.2 Descriptive statistics

As presented in Chapter 3, three board members and six management team members completed the questionnaire. A composite index score was computed by calculating the mean score across all items used to measure the latent variable. Several respondents indicated, in the section about delegation of governance functions, that the responsibility was vested on multiple levels. For example, the question ‘*where lies, in practice, the actual choice of strategy*’ several respondents indicated this was both on board and management team level, even though the questionnaire asked respondents to indicate only one answer. In comparison with Van den Berghe and Baelden (2005) who reported that 24 of the 74 directors indicated that this responsibility was at both levels, this result seems to apply to strategy formulation as well in a nonprofit context. Labeling these answers as invalid would reduce the number of cases to an already small sample size. Therefore, the highest level indicated by the respondent was chosen; when the board of directors and the management team both were indicated, the board level was chosen to be included into the data analysis. When the respondent indicated that the responsibility was vested at both board, management team and midlevel management level, the management team answer was chosen as the rightful answer. Table 1 provides the descriptive statistics of the board members, whereas Table 2 shows the descriptive statistics of the management team. The results will be addressed according to the hypothesis with the similarities and differences. The Cronbach’s alpha for the different Likert-scale items are also addressed for the different latent variables (see Table 3 for the Cronbach’s alphas). Descriptive statistics of the Likert-scale items can be found in APPENDIX C.

### 4.3 Boundary-spanning and uncertainty in the environment

The complexity and dynamism of the environment were very high according to the board members, the mean index score was 4.48 ( $SD = .16$ ). For the individual Likert-scale items, the board members were unanimous about the number of environmental elements (Q1), the dissimilarity of the elements (Q2) and the conflicting stakeholder expectations and agenda’s (Q7) the board needed to take into account, by reporting (5) *Strongly agree*. In addition, they were also harmonious about the questions regarding the frequency of changes and the unpredictability of changes in the environment (Q4 and Q5), by reporting a median of (4) *Agree*. Although the high reported central tendency of the interconnectedness of elements in the environment and the wide-range of members (Q3 and Q6; reported medians of 4 and means of respectively 4.00 and 4.33), there was disagreement about these statements (reporting a high SD of respectively 1 and 0.577). The findings show mixed results for the arguments of Begun and Kaissi (2004) who stated that complexity of healthcare environments is high, but the dynamism in the environment is low. This may be explained by the Dutch context and due to the rapid and unpredictable healthcare system changes. The finding is similar to the arguments of Actiz (2013) that the infrequent and unpredictability of the system changes in the environment were high in healthcare environments.

Although the boards reported they were highly involved into boundary-spanning activities, there was variability of answers given, indicated by the mean index score of 4.58 and the range of 0.87 ( $SD = .44$ ). The answers for the majority of the individual Likert-scale items was varying from (4) *Agree* and (5) *Strongly agree*. With regard to question 6 (*The board*

assures that new information is gathered and interpreted from the environment) the opinions were sharply divided, reporting a median of 5 (mean of 4.33), but with a SD of 1.155 and a range of 2. The results show that the board is indeed a boundary-spanner linking the environment and the organization with each other. By linking the organization with other organizations, representing the organization externally, participating in setting the direction/mission of the organization, representing the interests of stakeholders, participate in recruiting new board members and ensuring the organization acquired and had adequate resources they carried out this boundary-spanning role. This finding is in line with the findings of Brown et al. (2012) who found that board members were highly involved into boundary-spanning. The stated hypothesis that there is a positive relationship between boundary-spanning and uncertainty in the environment is a plausible claim (Miller-Millesen, 2003).

However, the board of directors was not the only entity in the organization who thought the environment was uncertain and participated in boundary-spanning activities. Top management results also show that they found the environment uncertain (mean index score = 4.19, SD = .40) and engaged into boundary-spanning (mean index score = 4.04, SD = .35). They unanimously agreed that the organization faced multiple stakeholders with different expectations/agenda's (Q7) (Likert-item measuring uncertainty) and that they represented the organization externally (Q2) (Likert-item measuring boundary-spanning). There was disagreement among the management team members about the frequency of changes in the environment, unpredictability of changes in the environment and the diffused network of members (questions 4, 5 and 6 respectively), reporting standard deviations of .75, .84 and .75 respectively (medians of 4 and means of respectively 4.17, 3.50 and 4.17). With regard to boundary-spanning activities, the highest variability was about setting the organization's mission, values and strategic direction (Q3: SD = .82) and representing the interests of stakeholders (Q5: SD = .84) (reporting ranges of 2 and means of respectively 3.67 and 3.50). These findings are also strengthened by the responses given by the board of directors and the management team about boundary-spanning activities. In favor of these findings, consider this comment of the board member who indicated that management indeed needed to pass on information critical to the organization's direction: *'The management team, in fact, largely controls the existing organization. The different locations we have, which is an important factor, what are the developments within the locations, what about the culture, the mentality of the employees, absenteeism, professionalization, the quality and quantity of employees. Our people are natural resources to achieve objectives, but how about the market, the local market and what about the needs of services which we provide. In short, all those factors, of the IST-situation must be supplied through top management by management information and from there we together look into the future'*. For example, one of the management team members notes: *'We consult with external stakeholders, for instance municipalities and the like. Municipality X is a good example, who wants more collaboration with market players and told me: 'Can you come up with a concrete plan how we can settle the bill for 24 hour care at our municipality?' The care office indicates that: 'If your healthcare provider wants to qualify for extra money for Mr. Y, then you will have to work together with other market players to create efficiency'. I told this to a management team colleague and communicated this back into our regular management meeting.'* Another management team member responded about interpreting information and passing this information through to the board of directors: *'For the regulations I have at my disposal the industry organization Actiz who has daily newsletters and about current developments. So I get most of my information from this site. This is verified. The information is also necessary for the board of directors and I extract this information through Actiz. Other information that is required, for example, analysis of trends in the labor market. This information I get from the employer's association Zorgselect, who also has a website with a login code and where I have contacts with researcher's who continuously scan how the*

*labor market progresses. These data, important for the board of directors, I pass along to him. And also very important trends in education, we are growing and that means management of the input, what is the demand of competences with regard to education? In this regard I have direct contact with the management of the community college and the university. In addition, I obtain information for laws and regulations of notaries and other external experts (lawyers or other agencies). This input is passed through to the board of directors and this way I provide accountability.'*

**Table 1 Descriptive statistics board of directors**

<b>Descriptive Statistics Board of Directors<sup>a</sup></b>						
Variable	Mean	Median	Mode	Std. Deviation	Minimum	Maximum
Uncertainty	4.48	4.57	4.57	.16	4.29	4.57
Boundary-spanning	4.58	4.63	4.13 <sup>b</sup>	.44	4.13	5.00
Mission attachment	4.73	4.90	4.30 <sup>b</sup>	.38	4.30	5.00
Providing accountability	4.33	4.50	3.93 <sup>b</sup>	.35	3.93	4.57
Strategy formulation	4.62	4.77	4.08 <sup>b</sup>	.48	4.08	5.00
Policy-making	4.40	4.20	4.00 <sup>b</sup>	.53	4.00	5.00
Monitoring and supervising	4.44	4.40	4.00 <sup>b</sup>	.47	4.00	4.93
Performance role	4.50	4.46	4.04 <sup>b</sup>	.48	4.04	5.00
Conformance role	4.38	4.47	3.97 <sup>b</sup>	.37	3.97	4.70
Delegation of strategy formulation	1.51	1.53	1.44 <sup>b</sup>	.07	1.44	1.56
Delegation of policy-making	1.77	1.45	1.20 <sup>b</sup>	.78	1.20	2.65
Delegation of monitoring and supervising	1.93	2.00	1.70 <sup>b</sup>	.21	1.70	2.09
Trusting top management	4.21	4.00	3.88 <sup>b</sup>	.47	3.88	4.75
Management team involvement strategy	4.67	5.00	5.00	.58	4.00	5.00
Management team involvement policy	4.62	4.86	4.00 <sup>b</sup>	.54	4.00	5.00
Management team involvement mon. & sup.	4.67	5.00	5.00	.58	4.00	5.00

a. N = 3

b. Multiple modes exist. The smallest value is shown

These findings show that the management team had important external links, gathered or interpreted information from the environment and passed this information into the organization to ensure the uncertainty in the environment declined. The items used in measuring the constructs uncertainty and boundary-spanning have relatively high internal consistency (revealed by the high Cronbach's alpha; greater than .70). The roles and responsibilities of healthcare boards and top management in this sample include acting as a link, represent the organization externally, participate in recruitment of new board members, gathering and interpreting information and help to raise resources for the organization.

#### **4.4 Performance, conformance, trust and mission attachment**

The board members indicated that they were highly involved in strategy formulation (mean index score = 4.62, SD = .48) and policy-making (mean index score = 4.40, SD = .53). There was not much difference in variability between the answers given by the board of directors concerning strategy formulation (the majority of statements were answered (4) *Agree* or (5) *Strongly Agree* and thus reporting means ranging from 4.33 to 5.00 (standard deviations of .58)), but policy-making showed the highest variability. In particular, reviewing the internal audit (Q2), reporting (Q3), compliance (Q4) and enterprise risk management (Q5) policies the results were very scattered with SDs of 1 and a ranges of 2 (medians and means of 4). These areas suggest room for improvement by involving board members into reviewing these poli-

cies. The other policy area's were highly (agree or strongly agree) reviewed or approved by the board of directors (means of 4.00 to 4.67 and standard deviations of .58). On the strategy formulation statement (Q1): *'the board is actively involved in developing a mission statement for the organization'*, the board members universally answered (5) *Strongly agree*. Because of the high reported separate roles, the performance function was also high, reporting a mean of 4.50 ( $SD = .48$ ). From a theoretical perspective, stewardship theory proposes that the board engages into these functions to increase performance of the organization by adding value to strategy formulation and policy-making. However, because of the high involvement with mission development and strategic planning, these findings confirm the rationale of Miller-Millesen (2003) who argued that from an agency perspective the board is highly involved in these areas. Therefore, these findings provide mixed results for the theoretical perspectives and could be an indication of further theory development (as Cornforth, 2003b notes) and also put more emphasis to complement agency theory with stewardship theory (Caers et al., 2006; Van Puyvelde et al., 2012).

**Table 2 Descriptive statistics management team**

Descriptive Statistics Management Team <sup>a</sup>						
Variable	Mean	Median	Mode	Std. Deviation	Minimum	Maximum
Uncertainty	4.19	4.21	4.00 <sup>b</sup>	.40	3.57	4.57
Boundary-spanning	4.04	3.94	3.88	.35	3.63	4.63
Mission attachment	4.04	3.94	3.88	.35	3.63	4.63
Providing accountability	3.92	3.90	3.93	.26	3.60	4.40
Strategy formulation	3.95	3.85	3.85	.60	3.15	5.00
Policy-making	3.60	3.53	3.67	.44	3.13	4.40
Monitoring and supervising	4.10	4.03	3.67 <sup>b</sup>	.35	3.67	4.60
Performance role	3.76	3.70	3.75	.50	3.14	4.68
Conformance role	4.01	3.97	3.77	.28	3.77	4.50
Delegation of strategy formulation	1.32	1.34	1.06 <sup>b</sup>	.20	1.06	1.56
Delegation of policy-making	1.55	1.50	1.50	.26	1.30	2.05
Delegation of monitoring and supervising	1.74	1.78	1.39 <sup>b</sup>	.25	1.39	2.04
Trusting midlevel management	4.02	4.00	3.63 <sup>b</sup>	.29	3.63	4.38
Midlevel management involvement strategy	3.97	4.00	4.00	.32	3.50	4.50
Midlevel management involvement policy	3.67	3.64	3.29 <sup>b</sup>	.31	3.29	4.14
Midlevel management involvement mon. & sup.	4.05	4.00	4.00	.28	3.60	4.40

a. N = 6

b. Multiple modes exist. The smallest value is shown

These results coincide with those found by Jonnergård and Stafsudd (2011) in a Swedish corporate governance context that high values for strategic issues and policy-making were reported by board members. The board members had a high mission attachment, reporting a mean index score (standard deviation) of 4.73 (.38) and the results also show high levels of trust in top management (mean = 4.21,  $SD = .47$ ). The boards were strongly agreeing (unanimously) about the understanding of the organization's mission/values (Q1), believed in the organization's mission/values (Q2) and supported the mission (Q3) (means of 5). All other statements show high central tendency and low variability (means ranging from 4.33 to 4.67 and  $SD$  of .58). The high mission attachment found is similar to the one of Brown et al. (2012), but in the light of the centralization of mission formulation (discussed later) this is not surprising (the board determined the mission of the organization, thus supporting and attaching to it). The results with regard to trust show that the boards trusted the management team

unanimously (reporting means of 4) with regard to competence in performing their jobs (Q4), expressing their true feelings about important issues (Q5) and the management team takes actions that are consistent with their words (Q8). The corresponding dimensions of trust were competence, openness and reliability. The highest variability (ranges of 2 and standard deviations of 1) and mean central tendency of 4 in answers given was that the management team had consistent expectations of the board (reliability dimension; Q12), management team made personal sacrifices for the organization (concern dimension; Q13) and management acknowledges their own mistakes (openness dimension; Q14). The remaining results show high values of trust (means ranging from 4.33 and 4.67 and tightly clustered around the mean; SD of .58). In the light of the stated hypotheses, the claims for positive relationships between the variables performance roles and trusting management would make a credible positive relationship (hypothesis 1b). The reported mission attachment of management (Table 3; mean = 4.04, SD = .35) shows a high organizational identification of top management. However, there was a difference in opinion among the management team members for the statements '*referring to the mission and purpose of the organization to help make decisions*' (Q7) and '*familiarity with the issues the organization tries to address*' (Q9) with a standard deviation of .63 and a range of 2, but overall the respondents reported agree or strongly agree. The findings also are in favor for hypothesis 1d, that there is a positive relationship between performance roles performed by the board and the mission attachment of management.

**Table 3 Cronbach's alpha coefficients of sample items**

<b>Cronbach's alpha<sup>a</sup></b>		
Variable	Cronbach's alpha	Number of items
Uncertainty	.710	7
Boundary-spanning	.830	8
Mission attachment	.923	10
Providing accountability	.759	15
Strategy formulation	.954	13
Policy-making	.896	15
Monitoring and supervising	.903	15
Delegation of strategy formulation	.674	16
Delegation of policy-making	.876	20
Delegation of monitoring and supervising	.723	23
Trusting management <sup>b</sup>	.897	16
Involvement of management in strategy making <sup>c</sup>	.897	6
Involvement of management in policy-making <sup>c</sup>	.898	7
Involvement of management in monitoring and supervising <sup>c</sup>	.951	10

a. N = 9

b. For the management team trust in midlevel managers was asked

c. For the management team the involvement of midlevel managers was asked

The board members were also highly involved into monitoring & supervising and providing accountability, by reporting a mean (standard deviation) of respectively 4.44 (.47) and 4.33 (.35). The boards agreed (universally reporting means of 4) about working together with the management of the organization in a productive partnership (Q8), seeking guidance/input from the senior leaders to inform decision-making (Q10) and ensuring transparency in the oversights of funds by executives (Q12). Different answers were given to questions 9 and 11. On the question '*The board does not interfere with operational responsibilities of the organization's management and staff*' the mean was 3.00 with a standard deviation of 1, which indi-

ates room for improvement. According to the best practices found by Zimmermann and Stevens (2008) should not be concerned with day-to-day operations. The results of the board of directors regarding ensuring transparency in the use of funds by executives (Q11) showed low central tendency and spread (mean 3.67, SD = .58). The other statements provided high levels of agreement among the board members. With regard to monitoring & supervising the board reported high values to the different statements (means ranging from 4 to 4.67 and SD's of .58 with one exception of 1) and unanimously agreed on the statement: *'the board ensures that staff and management carry out the organization's objectives'* (Q1; mean of 4). The greatest variability was about question 8 (*'the board is actively involved in deciding about measures as a consequence of budget follow-up'*) with a standard deviation of 1 and a range of 2 (mean 4.00). Because of the high values of the separate scores for monitoring & supervising and providing accountability the composite index score was also high (mean 4.38, SD = .37). These findings are in accordance with Jonnergård and Stafudd (2011) who reported that Swedish boards were similar to Anglo-American empowered boards by encompassing both performance and conformance roles. These findings emphasize the conformance roles of the board of directors and provide support for claims made by Brown (2005) and Miller-Millesen (2003) that boards served a monitoring function. Taken together, the findings are similar to the best practices and key roles of Brown and Guo (2010) and Zimmermann and Stevens (2008) with the exception that board members were engaging in day-to-day management. The board members trusted the management team members, but still had decision control in the organization, checked compliance and ensured the goals of the organization were pursued. Taken together, the findings emphasize agency theory with some influences of stewardship theory. Although the board of directors trusted the management teams, they were engaging into conformance roles to guard the mission achievement of the organization. This provides contradictory claims for the stated hypothesis 1c that there is a negative relationship between conformance roles and trusting management and makes a positive relationship valid.

As stated earlier, the mission attachment of the management team was high (reporting a mean of 4.04 and SD of .35) and in concert with the high values for conformance roles performed by the board (mean = 4.38, SD = .37) this contradicts hypothesis 1e; a positive relationship would be tenable (a negative relationship between conformance roles and mission attachment of management was proposed). These findings contradict agency claims, for agency theory states that when board of directors distrust top management or when top management has a low organization identification, they are more likely to engage into conformance roles. The opposite was the case; board members were engaged into conformance roles, regardless of the high organizational identification of top management and trust in their management team. The values of the Cronbach's Alpha (see Table 3) indicate that the items used for measuring performance (strategy formulation and policy-making) and conformance (monitoring & supervising and providing accountability) roles have high internal consistency. This means that the roles and responsibilities of healthcare boards and top management included in this sample reviewed environmental conditions; set strategic direction and formulate objectives; set and review policy for the organization; monitor financial management systems and procedures; evaluate performance; fulfill legal obligations; monitor allocation of resources; provide accountability for actions; and review stakeholder interests in decision-making. The next section will delve deeper into organizational levels carrying out governance functions.

#### **4.5 Organizational levels carrying out governance functions**

Not only the board of directors participated in governance functions, the management team reported also levels of involvement into strategy-formulation, providing accountability, monitoring & supervising. Top management did not agree about whether they were involved in strategy formulation; only four statements the management team agreed upon (standard deviations ranging from .41 to 1.23). This finding suggests this is an area open for improvement.

The management team members agreed on the involvement in (Q5) '*monitoring implementation of the organizations strategic action plans*', (Q10) '*evaluating the strategy of the organization*', (Q11) '*discussing the setting of goals*' and (Q13) '*translating the mission and purpose into measurable goals and objectives*' shown by the ranges of 1 and the standard deviation varying from .41 to .52 (means of respectively 4.33, 4.17, 4.17 and 4.17). The most diverging strategy statements (means ranging from 3.50 to 3.83) were their involvement into developing a mission statement (Q1; range = 3, SD = .98), reviewing and initiating strategic analysis (Q6; range 3, SD = .98), formulating the strategy of the organization (Q7; range 3, SD = .98), setting corporate direction (Q8; range 3, SD = 1.03) and establishing program evaluation criteria to assure that proposed programs reflect the mission/purpose (Q12; range = 3, SD = 1.23). These findings are similar to those found by Siciliano (2008) who also reported that the involvement of top management was not as high as the reported board of directors involvement into strategy. CEO's rated lower levels for developing a mission statement, reviewing environmental conditions, long-range goals, strategic action plans to achieve goals and monitoring strategic action plans. In addition, these findings are also similar to those found by Van den Berghe and Baelden (2005) who reported that the actual choice of strategy and ratification of strategic decisions was done exclusively at the board level. The top management indicated lower levels of involvement in policy-making, reporting a mean index score of 3.60 (SD = .44). The policy areas they were not very involved in were reviewing the internal reporting (Q3; mean = 3.67, SD = .82), enterprise risk management (Q5; mean = 3.83, SD = .98), job descriptions of the board/management team (Q6; mean = 2.33, SD = 1.21), investment policy (Q7; mean = 3.50, SD = 1.05) and financial controls (Q8; mean = 3.33, SD = .52). In addition, top management was not actively involved in approving investments (Q10; mean = 3.33, SD = 1.21), the budget (Q11; mean = 3.50, SD = 1.05) and determining the compensation policy for senior executives (Q12; mean = 2.00, SD = .89). These differences may be attributed to the fact that the management team had divided responsibilities and were not involved into approving these policies. These findings show there is room for improvement with regard to these policy areas. In the light of the reported results of the board of directors regarding internal reporting and enterprise risk management, suggests room for improvement in this area.

Top management was, however, highly involved into monitoring and supervising; the composite mean index score for this activity was 4.10 with low variability (SD = .35). The individual statements show only high variability for overseeing the financial management systems and procedures (Q2; mean = 4.17, SD = .75), conducting a budget follow-up (Q7; mean = 3.67, SD = .82) and evaluating performance of the management team (Q11; mean = 4.17, SD = .75). However, top management was also not involved in deciding about measures as a consequence of budget follow-up (Q8; mean = 3.50, SD = .55) and involvement in discussion with auditors/inspectors of the organization (Q9; mean = 3.00, SD = .63). These areas leave room for improvement. However, the majority of statements showed high involvement (agree or strongly agree to the statements) for measuring monitoring & supervision.

Similarly, the other conformance role (providing accountability) also was a function engaged by the management team (mean = 3.92, SD = .26). Not all top managers, however, provided accountability by reporting to donors, the government and funders (Q1; mean = 3, SD = .89), collaborating with senior management in strategic planning (Q7; mean = 3.83, SD = .98), working in an interactive partnership with senior management (Q8; mean = 3.83, SD = .98), interfering with operations (Q9; mean = 2.50, SD = .84) and ensuring transparency in the oversight of funds by executives (Q12; mean = 3.83, SD = .98). The remaining statements show high values for providing accountability, indicating that top management did provide downward and lateral accountability (reporting to staff, volunteers, partners, clients, principals, donors, government, funders), reviewed audit reports, approved reporting/disclosure state-

ments, discussed the provision of information to society, sought guidance/input from senior leaders to inform decision-making and ensured transparency within the organization. In addition, they reviewed the different stakeholders to inform decision-making to ensure the interests of stakeholders were taken into account. The mean composite index score for conformance roles (4.01) was higher than the performance roles (3.76) which indicates top management argued they had a large contribution to ensuring compliance, monitoring operation and react to internal problems in the short-run, but for future focused and outward-looking activities (strategy formulation and policy-making) they were less involved.

The results of the board of directors' involvement of the management team in strategy formulation and policy-making was high (measures of central tendency show a mean of 4.67 and 4.62) and also the individual results show high values (either agree or strongly disagree for all the Likert-scale items). These results can be clarified by the interview results where the management team members collaborated with the board of directors to come up with a strategy of the organization. The board of directors and the management team collaborated in a committee (subsection of top management) together to engage into strategic scanning, thinking and planning for multiple years (5 years). When asked what the role was of those members not included in the committee one management team member noted: *'It is expected of us to be critical and think along with them'*. These findings can explain the high variability of the answers given by top management regarding strategy formulation. During the meetings of the committee, the board of directors and the top management team members focused on the current events and the information gathered by the individual members. For instance, during the interviews one subject which recurred was municipalities cutting back the social support of people. One of the management team members notes that during these meetings major consequences of changes in the context were discussed: *'For example that system change, to what extent should we reassess our strategic plan? What implication does this change affect us?'* Because top management assessed information from the environment and actively were involved in this activity they were able to influence the strategic direction of the organization. This strategic plan supported the yearly translation into plans to decide upon actions to be achieved and decisions to be made during the year (also called the 'policy day'). This activity was performed in full collaboration where all management team members provided input for the translation to their region. As one of the management team members notes: *'That's when we go on our annual day on the moor, in preparation for the annual targets. Then everyone has input for the goals and this is translated into concrete proposals for the goals for the upcoming year'*. From this meeting a policy paper with a translation of the strategic intentions to operationalized goals and action plans to guide decision-making was formulated. These findings are also consistent with Harris (1993) who found that at the upper echelons of the organization relationships between the board and staff were collaborative and negotiable. Higher variability in strategy formulation can be explained by these findings, because those management team members not included in the committee felt not as involved as the top managers included in the meeting. This is also in line with the stewardship theory perspective which provides a partnership model to governance. Every management team member had their own portfolio, for instance hospitality, communication, quality management, finance or healthcare for which they were responsible and these domains were very important for determining the action plans for the different management team members.

In addition, the results for the decision-making authority with regard to the different governance functions, the board and the management team members agreed that the functions were performed at the upper echelons of the organization. The board of directors agreed about the organizational level for strategy formulation and monitoring & supervising (indicated by the low means which represents highly centralized activities and the low variability), but for policy-making there was disagreement about the organizational level. The performance role poli-

cy-making shows high ranges and standard deviations in the formulation of: Reporting policies (Q1; mean = 3.00, SD = 1.73), audit policies (Q2; mean = 2.67, SD = 1.73), enterprise risk policies (Q3; mean = 2.67, SD = 2.08), procedures for activities & services (Q4; mean = 2.67, SD = 1.16), investment policies (Q5; mean = 2.67, SD = 2.08), budgets (Q6; mean = 2.67, SD = 2.08), information policies (Q7; mean = 2.67, SD = 2.08) and regulatory compliance policies (Q8; mean = 2.67, SD = 2.08). However, the boards unanimously agreed (Q11 through Q13 and Q15 through Q20) that no policies were implemented or come into operation without approval by the board of directors. These findings are similar to those found by Useem and Zelleke (2006) who found that for different policy areas approval by the director was needed. These findings are also in line with the agency perspective which prescribes a segregation of duties (ratification/monitoring and initiation and implementation).

For strategy formulation the board members showed more consensus; 8 statements were solid centralized at either the board or the top management level. The functions performed solely by the board were Q6, Q7 and Q13 corresponding with respectively the actual choice of strategy, ratification of strategic decisions and establishing core values of the organization. Top management, according to the board members, were responsible for (Q3, Q11, Q14 and Q16): Formulating performance measures, indicators for the strategic goals/objectives, formulating programs or services and selecting performance indicators for programs/services. These findings contradict the arguments of Miller-Millesen (2003) and agency perspectives that the board needs to establish program evaluation criteria to assure reflection of the mission. Lastly, the monitoring and supervising roles showed that the board thought universal about the responsibility for the following monitoring functions (Q3, Q13, Q16 and Q23) centralized at the board level: Monitoring & evaluating top management, reviewing the mission, overseeing recruitment & selection of top management and taking action on changing the strategy. Board members agreed that top management was responsible for monitoring & evaluating middle managers, monitoring activities/service outcomes, policy oversight, monitoring reports on financial performance of past/planned operating and capital activities (respectively Q4, Q7, Q11, Q17, Q18). These findings are in agreement with the findings of Chan and Richardson (2012) who found high values for these board activities as well. The greatest difference in opinion was found regarding the responsibility for monitoring the correctness of the financial reporting/accounting methods (Q2; mean = 3.00, SD = 1.73), fulfilling legal obligations (Q10; mean = 2.00, SD = 1.00), monitoring budget achievement (Q12; mean = 3.00, SD = 1.73), monitoring risk factors/determine action plans in mitigating risks (Q14; mean = 2.67, SD = 2.08) and monitoring regulatory compliance (Q20; mean = 2.00, SD = 1.00). These findings show room for improvement regarding monitoring and supervising.

Turning to the results for the management team, there is resemblance in the answers given in the areas strategy formulation, policy-making and monitoring & supervising. The majority of the responsibility for decision-making authority for these functions is on the higher organizational levels. Diverging answers were given on the responsibilities with regard to strategy: Formulating performance measures (Q3), developing organizational goals (Q9) and formulating indicators for the strategic goals/objectives (Q11) (all statements reported a mean of 1.50 and a SD of .55). These findings are inconsistent with the reported results of the board of directors, who indicated that the top management team had the responsibility for formulating performance indicators. Synchronic were the answers provided by top management for question 5; the board of directors was responsible for formulating strategic options. The majority of responsibility was appointed to the board of directors; medians (means) of 1 (ranging from 1.17 to 1.83) were reported with low standard deviations (.41). This indicates that strategy formulation is centralized at the board level, as indicated by the results of the board of directors and other scholars (Siciliano, 2008; Van den Berghe & Baelden, 2005).

Top management had, as well as the board of directors, discord on the responsibilities for formulating different policy areas. The responsibility for formulating the information policy, regulatory compliance policies and making significant changes in procedures (Q7 to Q9) showed high variability (ranging standard deviations of 1.225 to 1.37, ranges of 3 or 4), which makes these areas for improvement (means of 2.33, 2.50 and 2.50). Top management unanimously reported that they were responsible for formulating internal audit policies and procedures for activities/services provided (Q2 and Q4 by reporting a solid mean of 2). With regard to the approval of policies, the management team results are harmonious with the results of the board of directors; only the board was entitled to approve the policies (unanimous answers were given to Q10, Q13, Q14, Q16, Q17, Q20 responding to making significant changes in policies and approving risk management, procedures, budgets, information policies and making significant changes in policies).

With regard to the internal monitoring & supervising function, top management indicated unanimously that the board was responsible for monitoring/evaluating the management team and reviewing the mission of the organization (Q3 and Q13). The greatest difference in answers given to statements were about monitoring resource allocation decisions, monitoring activities/service outcomes, efficiency/effectiveness of activities/services, monitoring reports on financial performance of operating activities & capital activities and supervising programs/activities (Q6, Q7, Q8, Q17, Q18, Q19). These statements show high variability and low central tendency (standard deviations ranging from .75 to .89 and means of 1.83 to 2.33). Overall, according to the management team, they were highly involved in monitoring and supervising, which can also be derived from the composite mean score of 1.74 for the responsibility for monitoring & supervising. The interview results show consistent results for these claims as well. The management team needed to provide accountability for the state of affairs (of policy implementation and strategic progress) in the region for which they were responsible and included in their portfolio. The management team members frequently monitored the efficiency and effectiveness of the services provided by supervising capacity utilization (number of clients served and bed occupation); waiting lists; allocation of personnel and other resources; absenteeism; turnover and expenditures of the services provided (somatic, rehabilitation, psychogeriatric); healthcare performance indicators (fall incidents, decubitus, loss of weight, medication errors, behavioral problems, restraints) to ensure they were not presented with unexpected results and providing accountability for the figures to the board and the management team. One of the top managers notes on the question about monitoring internally: *'We have our annual plans, healthcare indicators, management information which are the capacity utilization, absenteeism and personnel deployment. This input is necessary in order to be able to run the business'*. Once a month the board of directors had an individual staff meeting where the process of the action plans and organizational performance in the region were discussed (e.g. financial management information, absenteeism, performance indicators, resource allocation). This is where the management team provided accountability for performance and governance in the region. In addition to this accountability mechanism, at the end of the quarter the management team members individually needed to provide accountability at the presence of the management team and the board of directors to discuss and present their progression of the policies and region. The management team members also provided accountability by providing clients and works council with the management information, as becomes clear from the following response of a management team member: *'The decentralized clients' council is always provided with my quarterly report and I also discuss this with them. The same with the decentralized works council, which is part of the works committee, which I discuss the report as well. So I am very open and transparent as to how I direct the region, what we are doing and they also have questions or ideas about this'*. These findings show that not only the board of directors serves an accountability or monitoring function of the organi-

zation, but management team as well. The top management team provided accountability for the performance of their region, mission fulfillment and governance of the region. By providing accountability through meetings, the board of directors was able to monitor as well. Top management was also actively involved in monitoring quality performance indicators and financial indicators, resource allocation, review business results, budgetary control and were able to take corrective actions with regard to the goals, systems and procedures.

The centralization of the governance functions strategy formulation and monitoring are consistent with the findings found by Van den Berghe and Baelden (2005) who reported that these practices were either exclusively performed by the director or at both the board and top management level. However, the stated hypotheses about the positive relationship between centralization of governance functions, trusting management and mission attachment of management have no grounds. The results indicate that there is only a small relationship between the variables and may even be negative. Therefore, it is reasonable to say that there is no relationship between decentralization of governance functions and the motivations of the board of directors or top management, thus no credible relationship can be established for hypothesis 2a through 2f. Overall, the board performed a wide range of governance functions also found by Brown and Guo (2010) and makes the one-dimensional theoretical explanations limited (Kreutzer, 2009). In addition, the management team performs also governance functions and the interview results confirm the findings of the questionnaire.

According to the Cronbach's Alpha statistics the measurement instruments of delegation of responsibility for governance functions show high internal consistency (with the exception of the responsibility of strategy formulation; .674). The roles and responsibilities of the queried healthcare boards and top management include a wide range of governance activities, from setting strategic direction to evaluating performance of the organization. However, the separation of the roles is sometimes blurred for strategy formulation and policy-making.

#### **4.6 Involvement of staff into governance functions**

The final hypotheses stated the involvement of middle management into governance functions in relation to the mission attachment of top management and trust in midlevel managers. Involvement in strategy formulation shows that the management team involved middle managers in strategy formulation; results had a mean index score of 3.97 (SD = .32). The individual Likert-items show that the mission formulation (Q1) and making strategic action plans (Q5) had high standard deviations (ranges) of respectively .63 (2) and .82 (2), but with means of 4.17. The high values of central tendency can be clarified with the interviews, because for the different departments, the midlevel managers were able to formulate their own plans based on the policy paper. Consider this statement of a top management team member: *'Based on the policy paper I will formulate an annual plan for the region, I have some objectives to be achieved. I discuss this with the board and top management, but I use this method also for the departments. They have a big say about the internal policies on their departments, 100% own contribution. They determine their internal policies, but have to take into account several parameters, internal researchers and responsible healthcare, but they have the freedom to formulate their own goals and policies for the department'*.

In the light of the reported organizational level where policies were made, the involvement of middle management into making policies were widely spread out for the reporting (Q2; mean = 3.67, SD = .82) and compliance policies (Q3; mean = 3.83, SD = .75), job descriptions (Q4; mean = 3.17, SD = .75) and budget formulation (Q5; mean = 3.50, SD = .84). Universally, top management agreed on the involvement into formulating procedures for activities and services (Q7). These results are consistent with the findings of the board of directors and top management formulating policy.

The activity the management team involved middle management the most was monitoring and supervising, the mean was 4.05 (SD = .28). Solid answers were given for involving mid-

level management into complying with regulations and involving them into monitoring resource allocation decisions to assure congruence with the mission (Q5 and Q10; means of 4). The highest variability was reported for involving middle management into the budget follow-up (Q1), supervising the services provided (Q2) and monitoring the services provided (Q3). Although the results show values consistent with the stated hypotheses (3a through 3f), they do not provide a convincing claim for the stated hypotheses.

The Cronbach's Alpha's are greater than .70 which shows high internal consistency on the items measuring involvement of management into governance functions. The interviews provide further insights into the functions performed. The decision and action plans were not formulated solely by the management team. During the policy day, these plans were formulated by input from the midlevel managers, the decentralized client and works council, as stated by one of the management team members: *'In autumn I have a meeting with my midlevel managers, a delegation of the works and client council and together we consider important themes for the upcoming year. This stocktaking I take with me in the management team meeting and the policy day'*. In addition to this input, the organization had a course of instruction for middle management, which was also important input for the internal policy. Consider this statement by the board of directors: *'Last year we asked from the leadership course, to think about issues and they had input from both the course, which were midlevel managers and the management team and the clients and works council. Together we identify with each other, we trace the leading thread running through our policy for the future and prioritize. The progress of coming to this policy was by, as stated by one of the management team members: 'Based on the input from midlevel management, from the course which was guided we formulate a number of actions and within the management team we put all the goals together and look which decisions to prioritize and which themes will be dealt with. Who is responsible for which goal, what purpose do we have with the goal, what should be the result of the goal and how do we make this testable?'* This resulted into the yearly action plans which were important for internal policy. Also, the management team members and their subordinate midlevel managers had several formal and informal meetings during the month, during which they were able to communicate opportunities or bottlenecks of operations or policies. These moments were also an important accountability moment for middle management and monitoring moment for top management. The procedure for this activity was as follows, as commented by one management team member: *'Yes, the midlevel managers pass this information during bilateral meetings or regional meetings when they think that this could be new policy or if there is a need for it. Once a month I meet with all my midlevel managers, so these things can come up during these meetings. Usually when this comes up in a bilateral meeting I request to put this urge into the monthly meetings to see if there is support for the issue or if others experience the same'*. This input was also considered in the management team meeting to see if there was any basis for the problem and needed to be considered to formulate policy or take action upon. In addition to the 'service hatch' function of the management team, the organization also had middle management meetings where all midlevel managers were invited to be actively involved into brainstorm sessions about the direction and internal policies. During these meetings, midlevel management was divided into sub-groups to discuss about themes important to the organization. However, the midlevel managers did not agree that they had influence on policy of the organization during the middle management meetings. When asking if they felt they were influencing policy, one replied: *'Sometimes I think we have a middle management meeting and we have to join the conversation, but some things are already decided. Then it is possible to join the conversation around the decision, but the outline is already decided upon. That's what happened during the last meeting; we needed to economize, however it was already decided that this would be cut at the area well-being. When divided*

*into sub-groups and think about idea's, but you already know that we will cut-backs in the area well-being'.*

Midlevel managers provided accountability for the results (performance indicators and financial results) during the bilateral meetings with their top management functionary. For instance, one of the middle managers notes that during the bilateral meetings the indicators were discussed: *'Bed occupancy, formation, absenteeism, what we are doing on the department, what's the progression of the goals, what is playing on the department. These meetings are more about how the department functions, are there any problems'*. Top management, on their turn, indicated that this was also an important monitoring opportunity for them to obtain up-to-date information. Overall, top management agreed that the involvement of middle management into strategy formulation, policy-making and monitoring & supervising were helpful for gathering information and discharge some of the responsibilities of themselves to the lower echelons. Quality indicators were, part of the Accounting Information Systems, important monitor for the client quality for the organization. Healthcare providers were accountable for providing high-quality services, as indicated by the KZi, and needed to systematically collect and test the quality of healthcare provided, which is also revealed by the document analysis. For the procedures different quality indicators were used (pressure ulcers, fall incidents, medication errors, weight loss, resources & measures used to suppress clients, liquid and nutrition and problem behavior). These were widely used in the monitoring & supervision function of the board of directors, top management and middle management. In addition, internal and external audits were also very important parameters to monitor operations and determine the quality of healthcare.

Taken together, the involvement of middle management through the course of instruction, regular meetings with top management, involvement in study groups and middle management meetings involved them in policy-making. Also, the responsibility of the monitoring function of middle management was based on providing accountability during the meetings with top management. For determining the direction of the department, they had freedom, but were not involved in determining the direction of the organization.

## 5 CONCLUSIONS AND RECOMMENDATIONS

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### 5.1 Introduction

Dutch non-profit healthcare providers face different diverging and conflicting accountabilities through the marketization in the healthcare system, financial pressures from local and state government, empowered customers and quality control. These challenges mean losing managerial autonomy and governing these organizations with emphasizing efficiency & effectiveness of operations, prioritize accountabilities and ensure financial sustainability. Information gathering from outside and within the organization becomes more important for the governance of these organizations. Claims of nonprofit governance scholars were that governance is not an isolated activity performed solely by the board of directors. Cornforth (2012) and Stone and Ostrower (2007) argued that other actors also affected governance done at the board level. The purpose of this thesis was to describe the multilayered governance functions of a nonprofit organization with the corresponding responsibilities, roles and accountabilities of the different internal actors who carry out governance functions. Previous studies on multi-level nonprofit governance were limited; therefore the intention of this study was to qualitatively and quantitatively gain deeper understanding to fill this void. Both qualitative and quantitative research was conducted to study which other actors engage into governance functions and were active in the governance system.

### 5.2 Conclusions

Several conclusions can be made from this case study. First, the board of directors in this sample of healthcare providers seems to have good understandings of their roles and responsibilities by performing both past, present and future focused activities and looking inside and outside the organization. They are involved in gathering information; setting strategic direction; translating these into policies; budgetary and policy oversight; and providing accountability to organizational stakeholders. However, boards were not the only organizational entity performing governance roles and responsibilities. Through top management, the board delegated and discharged responsibilities or collaborated with top management in carrying out governance. This case shows that top management is highly involved in performing governance functions by providing operational information to the board of directors; were partners in formulating the direction, strategy and objectives of the organization; fulfilling legal obligations; and gain deeper understanding of the present organization. Although the board of directors had ultimate decision-authority regarding setting strategic direction, objectives, goals, policies and resource allocation the management team influenced these by providing input from their responsible portfolio. Operational knowledge of management revealed opportunities for the organization, prioritization of local accountabilities, co-producing the policy document and through regularly meetings with subsections or complete top management, bottlenecks in processes and systems became clear and the general direction of the organization was formulated. The responsibilities of the management team were, divided into different portfolios of responsibility and the members ensured the information in their area was communicated (by providing accountability) to the board of directors. In addition, the management team also provided accountability for their portfolio and geographic area to customers and employees through the works and client council. The board of directors can rely on the management team and the midlevel management to provide understanding of the operational processes and incorporate this in organizational direction-setting and policy. Operational bottlenecks and opportunities identified were implemented into organizational policy through several mechanisms (i.e. meetings, policy-day, course of instruction, regularly providing accountability in meetings, study groups) and management had an important stake in these activities as part of the organization policy which creates more efficient and effective governance. Second, this

research makes actors in healthcare providers understand their roles and responsibilities by using nonprofit governance best practices. By showing what responsibilities and roles needed to be fulfilled in governance, the behavior of the board of directors and the management team can be clarified. Continuing debate on changing the way healthcare is provided in the Netherlands, nonprofit board of directors and management question how to emphasize efficiency, effectiveness and quality control while in the same time reducing administrative burdens for operations by going back to their core business (providing healthcare). Board members in this sample indicated they were involved in all governance functions, which shows Anglo-American influences and may be determined by the highly volatile environment healthcare providers needed to maneuver in. Board members should not be involved in day-to-day management and should ratify policies for the organization to ensure the big picture is not disappeared from sight. Top management should ensure procedures, systems and policies are not implemented to constrain staff by understanding accountabilities from the organization and relate these to information gathering within the organization. The top management proves to be an important boundary-spanner, monitor for internal compliance and partner of the board of directors to inform decision-making with the organization's operations. Third, information provision from the work floor is crucial in understanding how to direct the organization, monitor and provide accountability which should be in cooperation with different actors in the organization. Making the management team responsible for one area creates possibilities to focus policy implementation and provide accountability about organizational operation. Although the quantitative part of this study did not show significant results for the involvement of midlevel management into policy-making and monitoring, the qualitative part did. By the course of instruction, study groups, policy paper and regular meetings with their management team member. In addition, they were also monitoring efficiency and effectiveness of the services, systems and procedures of the organization through financial and performance indicators. Midlevel managers have shown to contribute to carrying out governance (either through the management team, course of instruction, middle management meetings and study groups), because they are at close quarters to the organization's services. One of the implications for practitioners is that boards need to take into account the operational knowledge of the management team as an important advisory body and information liaison of the organization. The management team passes on (operational) information for the development of policy and provides council for the implementation of policy in practice. Another implication is that the management team should be aware of and open to stimuli from within the organization and outside to be considered as important to the board and providing direction of the organization. As problem and opportunity identifiers at the work floor, midlevel managers should be encouraged to provide operational information to the management team and be considered as a voice in the organization. There is room for improvement with regard to the functioning of the governance system of healthcare providers in this sample. Based on board governance best practices, board members should not be involved in day-to-day organizational management. This is exclusively a task of management of the organization and may make them lose to see the big picture of the organization (Zimmermann & Stevens, 2008). Also, setting direction and policy of the agency is one of their key responsibilities, but may be influenced by input from staff because they have to carry it out (Block, 1998; Zimmermann & Stevens, 2008). It would be easy to suggest that separate duties between the board of directors and staff for large agencies, but staff has the operational knowledge and time to provide input for determining policy and direction. Budget preparation is an example where the board needs to ensure alignment with the objectives and approve the budget of the organization, but they should not prepare the budgets. The same goes for internal audit, reporting, compliance and enterprise resource policies. Policy oversight is however a key responsibility of the board (Brown & Guo, 2010). Indeed, as indicated by top management, there is room for improvement regard-

ing internal reporting, enterprise risk management, job descriptions, investment policy and formulating financial controls.

### **5.3 Limitations and recommendations for future research**

Despite the contributions of this thesis, no study is perfect and this one is not different. First, the study was limited to one field of activity (healthcare) with only one healthcare provider, thus the results found in this study may not be applicable to other sectors or different governance structures. By limiting to one sector, it was possible to control for sector differences (e.g. governance structures, regulation and legislation). The present findings need to be validated in other fields, with different governance structures and with similar or different governance roles to exclude sector as an important variable to influence governance functions taken by various actors. Also, the composition, characteristics, structure and relationships of the management team and the midlevel managers could influence the governance functions performed. The management team in this sample composed people with different backgrounds (finance, quality, healthcare and law) which could influence the answers given. In addition, the characteristics (e.g. age, gender, years of experience) could also have influenced the results. The same reasoning applies to the midlevel managers. This should also be investigated in future research. In the Netherlands nonprofit healthcare providers largely depend on the government for funding, whereas in the U.S. this tends to be less likely so. Future research should replicate this study or use different governance practices to test the findings in this study in other contexts and countries. Second, this study employed a cross-sectional research design and is thus just a snapshot of reality. This would provide an opportunity for longitudinal methodologies (also suggested by Cornforth (2012)) to study the development and changing of governance system with corresponding predictor variables over time. Third, the data collected consisted of self-reported involvement and subjectivity of the participants engaging into governance functions (which would imply the possibility of respondent bias). Here lie opportunities to study governance-in-process by employing observational research to gain deeper understanding into the governance processes in the board room and the way actors influence each other in the decision-making activities. The process of decision-making through interactions and collaboration by the board of directors and the management team would increase knowledge about the relationship between these governance bodies. The theoretical framework provided by Tricker (2012) can provide handles to determine governance processes in the board room. In addition, it provides possibilities, when combining existing research with of the quadrants, to understand which accountabilities are considered important for implement in the organization through strategy, policy and monitoring. This sequence might provide further understanding into the processes and functions performed internally by the board and other actors. What processes precede the translation of accountabilities into strategy formulation? How are subsequent policies derived from strategy? Another interesting research direction would be the holistic view with regard to performing governance functions. This study synthesized different research areas to complement the roles and responsibilities of the board of directors and management team (providing accountability, strategy formulation, policy-making, monitoring & supervising, boundary-spanning). Fourth, the small sample size can be considered a concern with regard to the generalizability. This concern provides opportunities for conducting large scale research to increase the generalizability and statistical power of the findings presented in this study and using similar roles and responsibilities. Fifth, the insignificant results in the quantitative section of this thesis indicates that more theorizing is needed to provide deeper understanding in why actors engage into nonprofit governance. This claim is also made by Cornforth (2003b) which suggests that future research should gain deeper conceptual understanding of the governance functions performed by boards, management team members and midlevel managers. Also, influences of both perspectives were found in this study. As argued by Van Puyvelde et al. (2012) and Caers et al. (2006) stewardship and

agency theory should not be seen as opposing theories, but complement each other to provide a sounder representation of reality.

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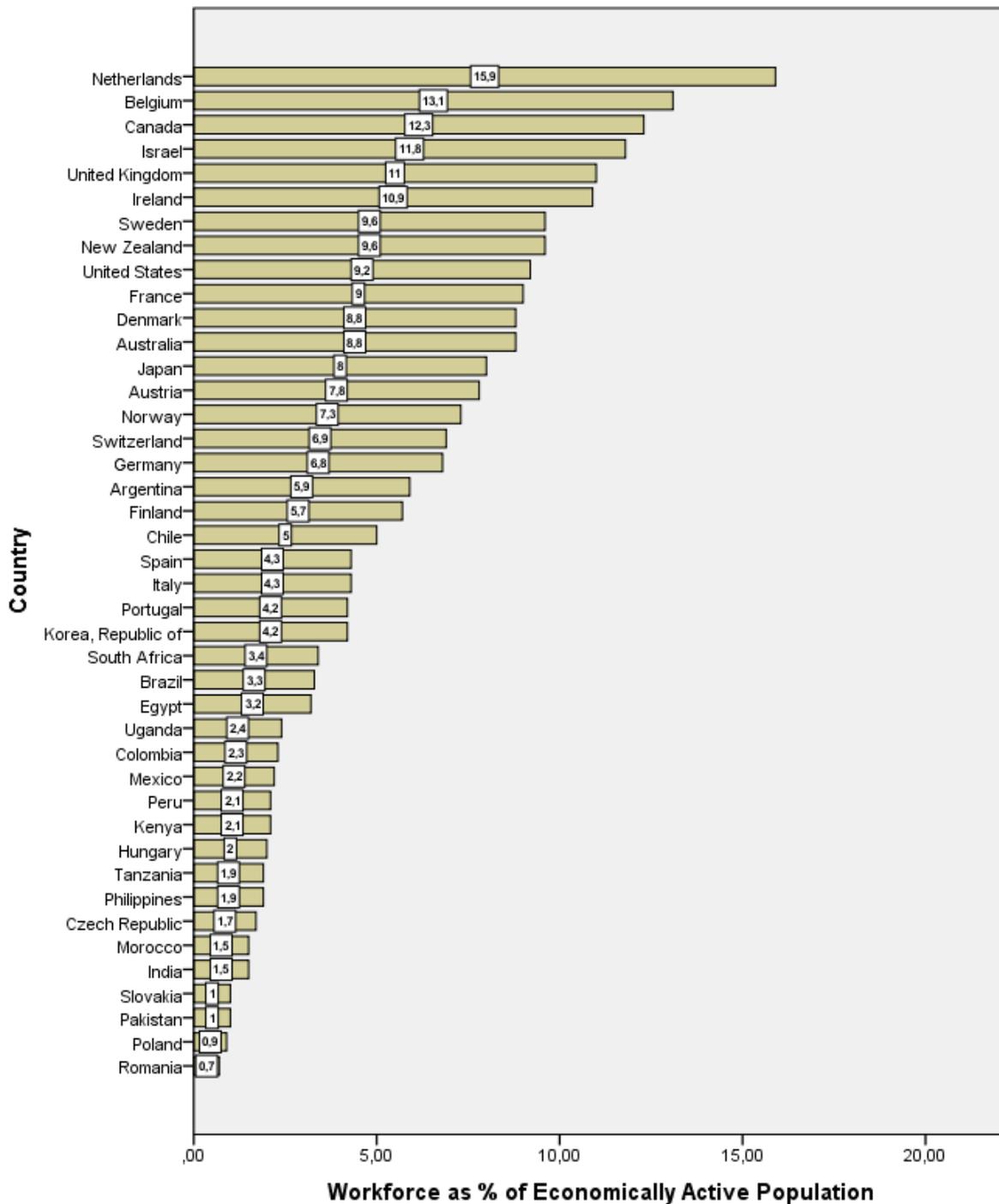
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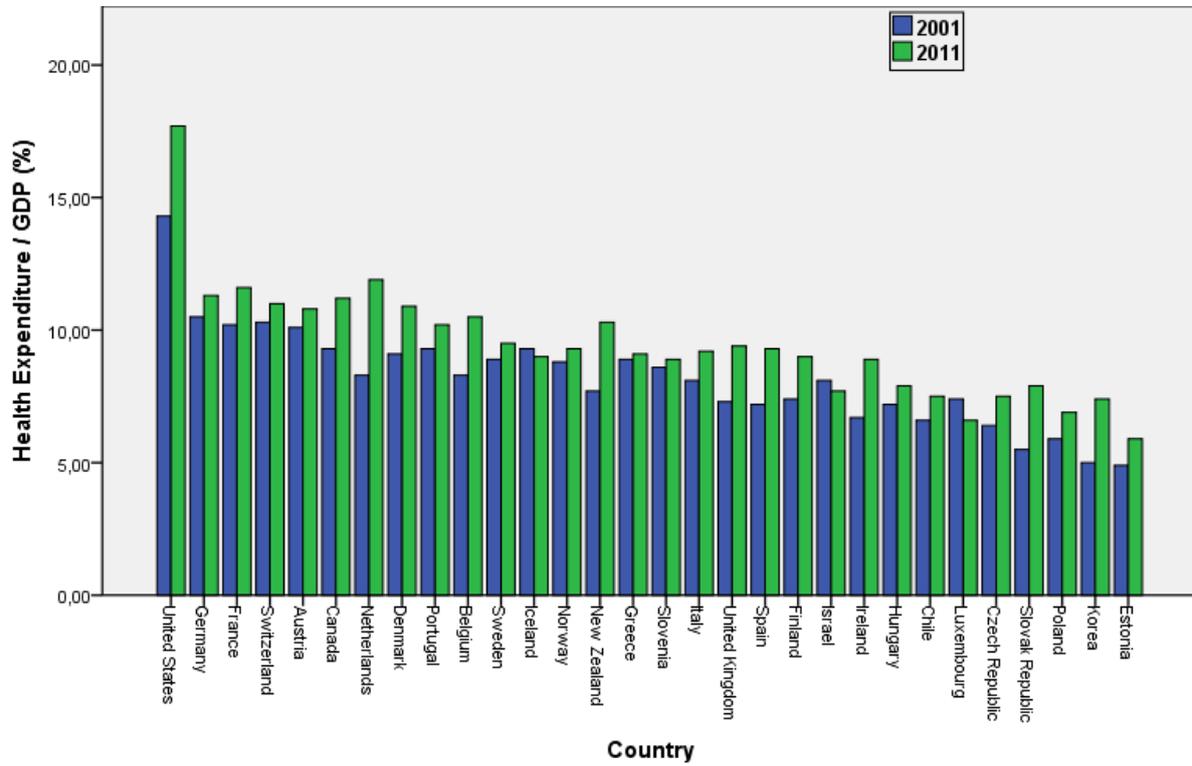
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## APPENDIX A: Growth of the economic active population in non-profits



Nonprofit Institutions (NPI) workforce as share of Economically Active Population in 2010, by country (Source: Salamon, 2010)

## APPENDIX B: Total expenses on healthcare of selected countries



Total expenditure on health in % of GDP 2011 (Source: OECD, 2013)

## **APPENDIX C: Survey questions and individual scale results**

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My name is Evert van Rooij and I am a business administration student at the University of Twente. For the completion of my study I am writing a master's thesis. The subject of my thesis focuses on the possibility within healthcare providers to reduce administrative burdens. To investigate this, I am going to conduct interviews and a questionnaire. The following topics are discussed in the questionnaire: accountability (internal and external), strategy, policy-making and monitoring/supervision. In addition, the responsibilities of internal actors with regard to these areas is also investigated. The questionnaire will be treated as confidential; it is impossible to trace back the identity of the respondents who have participated. The master's thesis uses pseudonyms for the organization where this study was conducted. The names of the respondents will be removed from the data and will be assigned a number to ensure confidentiality. All the data collected will be kept by the researcher and when this study is completed, the original documents will be destroyed. Automated data will be entered in a password-protected laptop which is held outside the organizations where this study took place. Only the research will have access to the data. Participation in this survey is voluntary and respondents may withdraw at any time without giving a reason.

	<b>Initial respondent</b>
1. I confirm that I have read and understood the information sheet for the above study and have had the opportunity to ask questions	
2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving a reason	
3. I agree to take part in the study	

<b>Name and surname respondent</b>	
<b>Age of the respondent</b>	
<b>Gender of the respondent (circle the correct answer)</b>	Man / Women
<b>Years in service of the healthcare provide</b>	
<b>Number of years working in current job</b>	
<b>Date of completion</b>	

**-- Instructions for the questionnaire --**

Answers can be given by providing a X in the appropriate box.

***Likert-scale items and descriptive statistics of the board of directors***

**Likert-scale items task environment and uncertainty**

On a scale of 1 to 5, please indicate whether you find the following statements (1) Very low or (5) Very high	Mean (Std. deviation)	Median (Range)
Q1. The number of environmental elements the board must take into account is	5.00 (.00)	5.00 (.00)
Q2. The dissimilarity of the elements in the environment the board must take into account	5.00 (.00)	5.00 (.00)
Q3. The interconnectedness of the elements in the environment the board must take into account	4.00 (1.00)	4.00 (2.00)
Q4. The frequency of changes in the environment is	4.00 (.00)	4.00 (.00)
Q5. The unpredictability of changes in the environment is	4.00 (.00)	4.00 (.00)
Q6. The organization consists of a wide-range or diffused network of members	4.33 (.58)	4.00 (1.00)
Q7. The organization faces multiple stakeholders with differing expectations and agenda's	5.00 (.00)	5.00 (.00)

**Likert-scale items boundary-spanning**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding boundary-spanning	Mean (Std. deviation)	Median (Range)
Q1. The board participates in acting as a link with important groups/organizations where the nonprofit deals with	4.33 (.58)	4.00 (1.00)
Q2. The board represents the organization externally	4.67 (.58)	5.00 (1.00)
Q3. The board participates in setting the organization's mission, values and strategic direction	4.67 (.58)	5.00 (1.00)
Q4. The board participates in recruiting new board members	4.67 (.58)	5.00 (1.00)
Q5. The board represents the interests of stakeholders to the organization	4.67 (.58)	5.00 (1.00)
Q6. The board assures that new information is gathered and interpreted from the environment	4.33 (1.15)	5.00 (2.00)
Q7. The board ensures that the organization has adequate resources to meet the purposes of the organization	4.67 (.58)	5.00 (1.00)
Q8. The board participates in helping to raise funds or other resources for the organization	4.67 (.58)	5.00 (1.00)

**Likert-scale items mission attachment**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding mission attachment	Mean (Std. deviation)	Median (Range)
Q1. I have a clear understanding of this organization's mission and values	5.00 (.00)	5.00 (.00)
Q2. I like to work on this board because I believe in the mission and values of the organization	5.00 (.00)	5.00 (.00)
Q3. I, as a board member, support the mission of this organization	5.00 (.00)	5.00 (.00)
Q4. My work as a board member contributes to carrying-out the mission of this organization	4.67 (.58)	5.00 (1.00)
Q5. I, as a board member, rely on the mission and purpose of the organization to motivate support for the organization	4.67 (.58)	5.00 (1.00)

Q6. I never hesitate to share the ‘story’ of this organization and its reason for being	4.67 (.58)	5.00 (1.00)
Q7. While on this board, I have referred to the mission and purpose of the organization to help make decisions	4.67 (.58)	5.00 (1.00)
Q8. This organization and its mission has a great deal of personal meaning to me	4.33 (.58)	4.00 (1.00)
Q9. I am very familiar with the issues this organization is trying to address	4.67 (.58)	5.00 (1.00)
Q10. I feel it is part of my role as a board member to embody the organization’s mission and purpose	4.67 (.58)	5.00 (1.00)

#### **Likert-scale items providing accountability**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding providing accountability	Mean (Std. deviation)	Median (Range)
Q1. The board reports to donors, government, funders and other external parties	4.67 (.58)	5.00 (1.00)
Q2. The board reports to staff, volunteers and partners of the organization	4.67 (.58)	5.00 (1.00)
Q3. The board reports to clients, principals and other beneficiaries	4.67 (.58)	5.00 (1.00)
Q4. The board reviews audit reports	4.67 (.58)	5.00 (1.00)
Q5. The board approves reporting and disclosure requirements	4.67 (.58)	5.00 (1.00)
Q6. The board discusses the provision of information to the society	4.67 (.58)	5.00 (1.00)
Q7. The board collaborates with senior management in strategic planning	4.67 (.58)	5.00 (1.00)
Q8. The board and management of the organization work interactively in a productive partnership	4.00 (.00)	4.00 (.00)
Q9. The board does not interfere with operational responsibilities of the organization’s management and staff	3.00 (1.00)	3.00 (2.00)
Q10. The board seeks guidance and input from the organization’s senior leaders to inform decision-making	4.00 (.00)	4.00 (.00)
Q11. The board ensures transparency in the use of funds by executives	3.67 (.58)	4.00 (1.00)
Q12. The board ensures transparency in the oversight of funds by executives	4.00 (.00)	4.00 (.00)
Q13. The board reviews government, donors, financiers and other external parties to inform decision-making	4.33 (.58)	4.00 (1.00)
Q14. The board reviews the staff, volunteers and community agencies to inform decision-making	4.33 (.58)	4.00 (1.00)
Q15. The board reviews the clients, principals and other beneficiaries to inform decision-making	4.67 (.58)	5.00 (1.00)

#### **Likert-scale items strategy formulation**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding strategy formulation	Mean (Std. deviation)	Median (Range)
Q1. The board is actively involved in developing a mission statement for the organization	5.00 (.00)	5.00 (.00)
Q2. The board is actively involved in reviewing environmental conditions (economic forecasts and political, social and population trends)	4.67 (.58)	5.00 (1.00)
Q3. The board is actively involved in identifying long-term goals for the organization	4.67 (.58)	5.00 (1.00)

Q4. The board is actively involved in developing strategic action plans to achieve goals	4.67 (.58)	5.00 (1.00)
Q5. The board is actively involved in monitoring the implementation of the organization's strategic action plans	4.67 (.58)	5.00 (1.00)
Q6. The board is actively involved in reviewing and initiating strategic analysis	4.67 (.58)	5.00 (1.00)
Q7. The board is actively involved in formulating the strategy of the organization	4.67 (.58)	5.00 (1.00)
Q8. The board is actively involved in setting corporate direction	4.67 (.58)	5.00 (1.00)
Q9. The board is actively involved in discussions about the general direction of the firm's activities and programs	4.33 (.58)	4.00 (1.00)
Q10. The board is actively involved in evaluating the strategy of the organization	4.67 (.58)	5.00 (1.00)
Q11. The board is actively involved in discussing the setting of goals	4.67 (.58)	5.00 (1.00)
Q12. The board is actively involved in establishing program evaluation criteria to assure that proposed programs reflect mission and purpose	4.33 (.58)	4.00 (1.00)
Q13. The board is actively involved in translating the mission and purpose into measurable goals and objectives	4.33 (.58)	4.00 (1.00)

#### **Likert-scale items policy-making**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding policy-making	Mean (Std. deviation)	Median (Range)
Q1. The board is actively involved in the policy-making of the organization	4.67 (.58)	5.00 (1.00)
Q2. The board is actively involved in reviewing the internal audit policies	4.00 (1.00)	4.00 (2.00)
Q3. The board is actively involved in reviewing the internal reporting policies	4.00 (1.00)	4.00 (2.00)
Q4. The board is actively involved in reviewing the compliance policies	4.00 (1.00)	4.00 (2.00)
Q5. The board is actively involved in reviewing the enterprise risk management policies	4.00 (1.00)	4.00 (2.00)
Q6. The board is actively involved in reviewing job descriptions of the board and the management team	4.67 (.58)	5.00 (1.00)
Q7. The board is actively involved in reviewing the investment policy of the organization	4.67 (.58)	5.00 (1.00)
Q8. The board is actively involved in reviewing financial controls of the organization	4.33 (.58)	4.00 (1.00)
Q9. The board is actively involved in reviewing the information policy of the organization	4.33 (.58)	4.00 (1.00)
Q10. The board is actively involved in approving investments of the organization	4.67 (.58)	5.00 (1.00)
Q11. The board is actively involved in approving the budget	4.67 (.58)	5.00 (1.00)
Q12. The board is actively involved in determining the compensation policy for senior executives	4.67 (.58)	5.00 (1.00)
Q13. The board is actively involved in developing the production and service provision policies	4.67 (.58)	5.00 (1.00)
Q14. The board is actively involved in reviewing the recruitment policy of the organization	4.33 (.58)	4.00 (1.00)
Q15. The board is actively involved in reviewing the personnel policy of the organization	4.33 (.58)	4.00 (1.00)

### **Likert-scale items monitoring & supervising**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding monitoring & supervising	Mean (Std. deviation)	Median (Range)
Q1. The board ensures that staff and management carry out the organization's objectives	4.00 (.00)	4.00 (.00)
Q2. The board oversees the financial management systems and procedures of the organization	4.33 (.58)	4.00 (1.00)
Q3. The board monitors organizational performance and takes action when required	4.33 (.58)	4.00 (1.00)
Q4. The board reviews the manager's performance and ensures it works well	4.67 (.58)	5.00 (1.00)
Q5. The board ensures that the organization fulfills its legal obligations	4.67 (.58)	5.00 (1.00)
Q6. The board selects and monitors the organization's management team	4.67 (.58)	5.00 (1.00)
Q7. The board is actively involved in conducting a budget follow-up	4.67 (.58)	5.00 (1.00)
Q8. The board is actively involved in deciding about measures as a consequence of budget follow-up	4.00 (1.00)	4.00 (2.00)
Q9. The board is actively involved in discussions with auditors and inspectors of the organization	4.33 (.58)	4.00 (1.00)
Q10. The board visits different firm sites	4.67 (.58)	5.00 (1.00)
Q11. The board evaluates the performance of the management team	4.67 (.58)	5.00 (1.00)
Q12. The board monitors the performance of the programs and services provided	4.67 (.58)	5.00 (1.00)
Q13. The board monitors budgetary control and takes corrective actions	4.33 (.58)	4.00 (1.00)
Q14. The board reviews the results of the nonprofit	4.33 (.58)	4.00 (1.00)
Q15. The board monitors resource allocation decisions to assure congruence with mission-related priorities	4.33 (.58)	4.00 (1.00)

### **Likert-scale items delegation of strategy formulation**

On a scale of 1 to 5 (1 indicating board of directors, whereas 5 indicating other staff), please indicate the organizational level at which decision-authority or responsibility is vested in practice for the activity. Please indicate one answer.	Mean (Std. deviation)	Median (Range)
Q1. Where lies, in practice, the responsibility for the formulation of the mission of the organization	1.33 (.58)	1.00 (1.00)
Q2. Where lies, in practice, the responsibility for approving the mission of the organization	1.00 (.00)	1.00 (.00)
Q3. Where lies, in practice, the responsibility for the formulation of performance measures	2.00 (.00)	2.00 (.00)
Q4. Where lies, in practice, the responsibility for approving performance measures	1.67 (.58)	2.00 (1.00)
Q5. Where lies, in practice, the responsibility for the formulation of strategic options	1.67 (.58)	2.00 (1.00)
Q6. Where lies, in practice, the actual choice of strategy	1.00 (.00)	1.00 (.00)
Q7. Where lies, in practice, the ratification of strategic decisions	1.00 (.00)	1.00 (.00)
Q8. Where lies, in practice, the responsibility for scanning the environment (economic forecasts and political, social and population trends)	1.33 (.58)	1.00 (1.00)
Q9. Where lies, in practice, the responsibility for developing organizational goals	1.67 (.58)	2.00 (1.00)

Q10. Where lies, in practice, the responsibility for selecting organizational goals	1.33 (.58)	1.00 (1.00)
Q11. Where lies, in practice, the responsibility for formulating indicators for the strategic goals and objectives	2.00 (.00)	2.00 (.00)
Q12. Where lies, in practice, the responsibility for setting indicators for the strategic goals and objectives	1.67 (.58)	2.00 (1.00)
Q13. Where lies, in practice, the responsibility for establishing core values	1.00 (.00)	1.00 (.00)
Q14. Where lies, in practice, the responsibility for program and service formulation	2.00 (.00)	2.00 (.00)
Q15. Where lies, in practice, the responsibility for ratification of programs and services	1.33 (.58)	1.00 (1.00)
Q16. Where lies, in practice, the responsibility for selecting performance indicators for programs and services	2.00 (.00)	2.00 (.00)

### **Likert-scale items delegation of policy-making**

On a scale of 1 to 5 (1 indicating board of directors, whereas 5 indicating other staff), please indicate the organizational level at which decision-authority or responsibility is vested in practice for the activity. Please indicate one answer.	Mean (Std. deviation)	Median (Range)
Q1. Where lies, in practice, the responsibility for formulating reporting policies	3.00 (1.73)	2.00 (3.00)
Q2. Where lies, in practice, the responsibility for formulating internal audit policies	3.00 (1.73)	2.00 (3.00)
Q3. Where lies, in practice, the responsibility for formulating enterprise risk policies	2.67 (2.08)	2.00 (4.00)
Q4. Where lies, in practice, the responsibility for formulating procedures for activities and services	2.67 (1.15)	2.00 (2.00)
Q5. Where lies, in practice, the responsibility for formulating investment policies	2.67 (2.08)	2.00 (4.00)
Q6. Where lies, in practice, the responsibility for formulating the budget	2.67 (2.08)	2.00 (4.00)
Q7. Where lies, in practice, the responsibility for formulating the information policy	2.67 (2.08)	2.00 (4.00)
Q8. Where lies, in practice, the responsibility for formulating the regulatory compliance policies	2.67 (2.08)	2.00 (4.00)
Q9. Where lies, in practice, the responsibility for making significant changes in the procedures	1.67 (.58)	2.00 (1.00)
Q10. Where lies, in practice, the responsibility for making significant changes in the policies	1.33 (.58)	1.00 (1.00)
Q11. Where lies, in practice, the responsibility for approving the reporting policies	1.00 (.00)	1.00 (.00)
Q12. Where lies, in practice, the responsibility for approving the internal audit policy	1.00 (.00)	1.00 (.00)
Q13. Where lies, in practice, the responsibility for approving the risk management policies	1.00 (.00)	1.00 (.00)
Q14. Where lies, in practice, the responsibility for approving the procedures for activities and services	1.33 (.58)	1.00 (1.00)
Q15. Where lies, in practice, the responsibility for approving the investment policy	1.00 (.00)	1.00 (.00)
Q16. Where lies, in practice, the responsibility for approving budgets	1.00 (.00)	1.00 (.00)
Q17. Where lies, in practice, the responsibility for approving the information policy	1.00 (.00)	1.00 (.00)
Q18. Where lies, in practice, the responsibility for approving regulatory compliance policies	1.00 (.00)	1.00 (.00)
Q19. Where lies, in practice, the responsibility for approving significant changes in the procedures	1.00 (.00)	1.00 (.00)

Q20. Where lies, in practice, the responsibility for approving significant changes in the policies	1.00 (.00)	1.00 (.00)
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**Likert-scale items delegation of monitoring & supervising**

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On a scale of 1 to 5 (1 indicating board of directors, whereas 5 indicating other staff), please indicate the organizational level at which decision-authority or responsibility is vested in practice for the activity. Please indicate one answer.	Mean (Std. deviation)	Median (Range)
Q1. Where lies, in practice, the responsibility for monitoring the strategy implementation	1.67 (.58)	2.00 (1.00)
Q2. Where lies, in practice, the responsibility for monitoring the correctness of the financial reporting and accounting methods	3.00 (1.73)	2.00 (3.00)
Q3. Where lies, in practice, the responsibility for monitoring and evaluating the management team	1.00 (.00)	1.00 (.00)
Q4. Where lies, in practice, the responsibility for monitoring and evaluating midlevel managers	2.00 (.00)	2.00 (.00)
Q5. Where lies, in practice, the responsibility for monitoring and evaluating healthcare personnel	2.67 (.58)	3.00 (1.00)
Q6. Where lies, in practice, the responsibility for monitoring of resource allocation decisions	1.67 (.58)	2.00 (1.00)
Q7. Where lies, in practice, the responsibility for monitoring of activities and service outcomes	2.00 (.00)	2.00 (.00)
Q8. Where lies, in practice, the responsibility for monitoring efficiency and effectiveness of the activities and services	2.33 (.58)	2.00 (1.00)
Q9. Where lies, in practice, the responsibility for financial oversight of the organization	1.67 (.58)	2.00 (1.00)
Q10. Where lies, in practice, the responsibility for fulfilling legal obligations	2.00 (1.00)	2.00 (2.00)
Q11. Where lies, in practice, the responsibility for policy oversight	2.00 (.00)	2.00 (.00)
Q12. Where lies, in practice, the responsibility for monitoring budget achievement	3.00 (1.73)	2.00 (3.00)
Q13. Where lies, in practice, the responsibility for reviewing the mission	1.00 (.00)	1.00 (.00)
Q14. Where lies, in practice, the responsibility for monitoring risk factors and determine action plans in mitigating risks	2.67 (2.08)	2.00 (4.00)
Q15. Where lies, in practice, the responsibility for monitoring performance against goals/objectives	2.33 (.58)	2.00 (1.00)
Q16. Where lies, in practice, the responsibility for overseeing recruitment and selection process of management team members	1.00 (.00)	1.00 (.00)
Q17. Where lies, in practice, the responsibility for monitoring reports on financial performance of past and planned future <i>operating activities</i>	2.00 (.00)	2.00 (.00)
Q18. Where lies, in practice, the responsibility for monitoring reports on financial performance of past and planned future <i>capital activities</i>	2.00 (.00)	2.00 (.00)
Q19. Where lies, in practice, the responsibility for supervising programs and activities	2.33 (.58)	2.00 (1.00)
Q20. Where lies, in practice, the responsibility for monitoring regulatory compliance	2.00 (1.00)	2.00 (2.00)
Q21. Where lies, in practice, the responsibility for supervision on mission achievement	1.67 (.58)	2.00 (1.00)
Q22. Where lies, in practice, the responsibility for supervision on strategy achievement	1.33 (.58)	1.00 (1.00)
Q23. Where lies, in practice, the responsibility for taking action on changing strategy	1.00 (.00)	1.00 (.00)

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### **Likert-scale items trusting the management team**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding trusting the management team	Mean (Std. deviation)	Median (Range)
Q1. I trust that the management team is completely honest with me	4.33 (.58)	4.00 (1.00)
Q2. I trust that the management team places our organization's interests above their own	4.33 (.58)	4.00 (1.00)
Q3. I trust that the management team will keep the promises that they make	4.33 (.58)	4.00 (1.00)
Q4. I trust that the management team are competent in performing their jobs	4.00 (.00)	4.00 (.00)
Q5. I trust that the management team expresses their true feelings about important issues	4.00 (.00)	4.00 (.00)
Q6. I trust that the management team cares about my well-being	3.67 (.58)	4.00 (1.00)
Q7. I trust that the management team can contribute to our organization's success	4.33 (.58)	4.00 (1.00)
Q8. I trust that the management team takes actions that are consistent with their words	4.00 (.00)	4.00 (.00)
Q9. I trust that the management team shares important information with me	4.67 (.58)	5.00 (1.00)
Q10. I trust that the management team cares about the future of our organization	4.67 (.58)	5.00 (1.00)
Q11. I trust that the management team can help solve important problems in our organization	4.33 (.58)	4.00 (1.00)
Q12. I trust that the management team has consistent expectations of me	4.00 (1.00)	4.00 (2.00)
Q13. I trust that the management team would make personal sacrifices for our organization	4.00 (1.00)	4.00 (2.00)
Q14. I trust that the management team would acknowledge their own mistakes	4.00 (1.00)	4.00 (2.00)
Q15. I trust that the management team can be relied on	4.33 (.58)	4.00 (1.00)
Q16. I trust that the management team places the interests of the organization stakeholders before their own	4.33 (.58)	4.00 (1.00)

### **Likert-scale items involving the management team in strategy formulation**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding involving the management team in strategy formulation	Mean (Std. deviation)	Median (Range)
Q1. I, as a board member, involve top management into formulating the mission	4.67 (.58)	5.00 (1.00)
Q2. I, as a board member, involve top management into formulating performance indicators	4.67 (.58)	3.00 (1.00)
Q3. I, as a board member, involve top management into determining the activities and services	4.67 (.58)	5.00 (1.00)
Q4. I, as a board member, involve top management into formulating goals	4.67 (.58)	5.00 (1.00)
Q5. I, as a board member, involve top management into making strategic action plans	4.67 (.58)	5.00 (1.00)
Q6. I, as a board member, involve top management into formulating evaluation criteria for activities and services	4.67 (.58)	5.00 (1.00)

**Likert-scale items involving the management team in policy-making**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding involving the management team in policy-making	Mean (Std. deviation)	Median (Range)
Q1. I, as a board member, involve midlevel managers into formulating the internal audit policy	4.67 (.58)	5.00 (1.00)
Q2. I, as a board member, involve top management into formulating the reporting policy	4.67 (.58)	5.00 (1.00)
Q3. I, as a board member, involve midlevel managers into compliance policy	4.67 (.58)	5.00 (1.00)
Q4. I, as a board member, involve top management into job descriptions	4.33 (.58)	4.00 (1.00)
Q5. I, as a board member, involve top management into formulating the budget	4.67 (.58)	5.00 (1.00)
Q6. I, as a board member, involve top management into production and service delivery policy	4.67 (.58)	5.00 (1.00)
Q7. I, as a board member, involve top management into formulating procedures for the activities and services	4.67 (.58)	5.00 (1.00)

**Likert-scale items involving the management team in monitoring & supervising**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding involving the management team in monitoring & supervising	Mean (Std. deviation)	Median (Range)
Q1. I, as a board member, involve top management into the budget follow-up	4.67 (.58)	5.00 (1.00)
Q2. I, as a board member, involve top management into supervising services provided	4.67 (.58)	5.00 (1.00)
Q3. I, as a board member, involve top management into monitoring the services provided	4.67 (.58)	5.00 (1.00)
Q4. I, as a board member, involve top management into determining the efficiency of the services provided	4.67 (.58)	5.00 (1.00)
Q5. I, as a board member, involve top management into complying regulations	4.67 (.58)	5.00 (1.00)
Q6. I, as a board member, involve top management into monitoring internal policies	4.67 (.58)	5.00 (1.00)
Q7. I, as a board member, involve top management into identifying risk factors	4.67 (.58)	5.00 (1.00)
Q8. I, as a board member, involve top management in overseeing the services provided	4.67 (.58)	5.00 (1.00)
Q9. I, as a board member, involve top management into watching over the budget	4.67 (.58)	5.00 (1.00)
Q10. I, as a board member, involve top management into monitoring resource allocation decisions to assure congruence with mission related priorities	4.67 (.58)	5.00 (1.00)

**Likert-scale items and descriptive statistics of the management team**

**Likert-scale items task environment and uncertainty**

On a scale of 1 to 5, please indicate whether you find the following statements (1) Very low (5) Very high	Mean (Std. deviation)	Median (Range)
Q1. The number of environmental elements the management team must take into account is	4.67 (.52)	5.00 (1.00)
Q2. The dissimilarity of the elements in the environment the management team must take into account	4.50 (.55)	4.50 (1.00)
Q3. The interconnectedness of the elements in the environment the management team must take into account	4.33 (.52)	4.00 (1.00)

Q4. The frequency of changes in the environment is	4.17 (.75)	4.00 (2.00)
Q5. The unpredictability of changes in the environment is	3.50 (.84)	4.00 (2.00)
Q6. The organization consists of a wide-range or diffused network of members	4.17 (.75)	4.00 (2.00)
Q7. The organization faces multiple stakeholders with differing expectations and agenda's	4.00 (.00)	4.00 (.00)

#### **Likert-scale items boundary-spanning**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding boundary-spanning	Mean (Std. deviation)	Median (Range)
Q1. The management team participates in acting as a link with important groups/organizations where the nonprofit deals with	4.33 (.52)	4.00 (1.00)
Q2. The management team represents the organization externally	4.00 (.00)	4.00 (.00)
Q3. The management team participates in setting the organization's mission, values and strategic direction	3.67 (.82)	4.00 (2.00)
Q4. The management team participates in recruiting new management team members	4.17 (.41)	4.00 (1.00)
Q5. The management team represents the interests of stakeholders to the organization	3.50 (.84)	3.00 (2.00)
Q6. The management team assures that new information is gathered and interpreted from the environment	4.50 (.55)	4.50 (1.00)
Q7. The management team ensures that the organization has adequate resources to meet the purposes of the organization	4.33 (.52)	4.00 (1.00)
Q8. The management team participates in helping to raise funds or other resources for the organization	3.83 (.41)	4.00 (1.00)

#### **Likert-scale items mission attachment**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding mission attachment	Mean (Std. deviation)	Median (Range)
Q1. I have a clear understanding of this organization's mission and values	4.83 (.41)	5.00 (1.00)
Q2. I like to work on this management team because I believe in the mission and values of the organization	4.50 (.55)	4.50 (1.00)
Q3. I, as a management team member, support the mission of this organization	4.83 (.41)	5.00 (1.00)
Q4. My work as a management team member contributes to carrying-out the mission of this organization	4.67 (.52)	5.00 (1.00)
Q5. I, as a management team member, rely on the mission and purpose of the organization to motivate support for the organization	4.67 (.52)	5.00 (1.00)
Q6. I never hesitate to share the 'story' of this organization and its reason for being	4.33 (.52)	4.00 (1.00)
Q7. While on this management team, I have referred to the mission and purpose of the organization to help make decisions	4.00 (.63)	4.00 (2.00)
Q8. This organization and its mission has a great deal of personal meaning to me	4.33 (.52)	4.00 (1.00)
Q9. I am very familiar with the issues this organization is trying to address	4.00 (.63)	4.00 (2.00)
Q10. I feel it is part of my role as a management team member to embody the organization's mission and purpose	4.33 (.52)	4.00 (1.00)

### **Likert-scale items providing accountability**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding providing accountability	Mean (Std. deviation)	Median (Range)
Q1. The management team reports to donors, government, funders and other external parties	3.00 (.89)	3.00 (2.00)
Q2. The management team reports to staff, volunteers and partners of the organization	4.17 (.41)	4.00 (1.00)
Q3. The management team reports to clients, principals and other beneficiaries	4.00 (.63)	4.00 (2.00)
Q4. The management team reviews audit reports	4.67 (.52)	5.00 (1.00)
Q5. The management team approves reporting and disclosure requirements	4.00 (.63)	4.00 (2.00)
Q6. The management team discusses the provision of information to the society	4.00 (.63)	4.00 (2.00)
Q7. The management team collaborates with senior management in strategic planning	3.83 (.98)	4.00 (3.00)
Q8. The management team and management of the organization work interactively in a productive partnership	3.83 (.98)	4.00 (3.00)
Q9. The management team does not interfere with operational responsibilities of the organization's management and staff	2.50 (.84)	2.00 (2.00)
Q10. The management team seeks guidance and input from the organization's senior leaders to inform decision-making	4.17 (.41)	4.00 (1.00)
Q11. The management team ensures transparency in the use of funds by executives	4.00 (.63)	4.00 (2.00)
Q12. The management team ensures transparency in the oversight of funds by executives	3.83 (.98)	4.00 (3.00)
Q13. The management team reviews government, donors, financiers and other external parties to inform decision-making	4.33 (.52)	4.00 (1.00)
Q14. The management team reviews the staff, volunteers and community agencies to inform decision-making	4.17 (.41)	4.00 (1.00)
Q15. The management team reviews the clients, principals and other beneficiaries to inform decision-making	4.33 (.52)	4.00 (1.00)

### **Likert-scale items strategy formulation**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding strategy formulation	Mean (Std. deviation)	Median (Range)
Q1. The management team is actively involved in developing a mission statement for the organization	3.83 (.98)	4.00 (3.00)
Q2. The management team is actively involved in reviewing environmental conditions (economic forecasts and political, social and population trends)	3.83 (.75)	4.00 (2.00)
Q3. The management team is actively involved in identifying long-term goals for the organization	4.00 (.63)	4.00 (2.00)
Q4. The management team is actively involved in developing strategic action plans to achieve goals	4.17 (.75)	4.00 (2.00)
Q5. The management team is actively involved in monitoring the implementation of the organization's strategic action plans	4.33 (.52)	4.00 (1.00)
Q6. The management team is actively involved in reviewing and initiating strategic analysis	3.83 (.98)	4.00 (3.00)
Q7. The management team is actively involved in formulating the strategy of the organization	3.83 (.98)	4.00 (3.00)
Q8. The management team is actively involved in setting corporate direction	3.67 (1.03)	4.00 (3.00)

Q9. The management team is actively involved in discussions about the general direction of the firm's activities and programs	3.83 (.75)	4.00 (2.00)
Q10. The management team is actively involved in evaluating the strategy of the organization	4.17 (.41)	4.00 (1.00)
Q11. The management team is actively involved in discussing the setting of goals	4.17 (.41)	4.00 (1.00)
Q12. The management team is actively involved in establishing program evaluation criteria to assure that proposed programs reflect mission and purpose	3.50 (1.22)	4.00 (3.00)
Q13. The management team is actively involved in translating the mission and purpose into measurable goals and objectives	4.17 (.41)	4.00 (1.00)

#### **Likert-scale items policy-making**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding policy-making	Mean (Std. deviation)	Median (Range)
Q1. The management team is actively involved in the policy making of the organization	4.17 (.41)	4.00 (1.00)
Q2. The management team is actively involved in reviewing the internal audit policies	4.17 (.41)	4.00 (1.00)
Q3. The management team is actively involved in reviewing the internal reporting policies	3.67 (.82)	3.50 (2.00)
Q4. The management team is actively involved in reviewing the compliance policies	4.17 (.41)	4.00 (1.00)
Q5. The management team is actively involved in reviewing the enterprise risk management policies	3.83 (.98)	4.00 (3.00)
Q6. The management team is actively involved in reviewing job descriptions of the management team and the management team	2.33 (1.21)	2.50 (3.00)
Q7. The management team is actively involved in reviewing the investment policy of the organization	3.50 (1.05)	3.50 (3.00)
Q8. The management team is actively involved in reviewing financial controls of the organization	3.33 (.52)	3.00 (1.00)
Q9. The management team is actively involved in reviewing the information policy of the organization	4.00 (.63)	4.00 (2.00)
Q10. The management team is actively involved in approving investments of the organization	3.33 (1.21)	3.50 (3.00)
Q11. The management team is actively involved in approving the budget	3.50 (1.05)	3.50 (3.00)
Q12. The management team is actively involved in determining the compensation policy for senior executives	2.00 (.89)	2.00 (2.00)
Q13. The management team is actively involved in developing the production and service provision policies	4.00 (.63)	4.00 (2.00)
Q14. The management team is actively involved in reviewing the recruitment policy of the organization	4.00 (.63)	4.00 (2.00)
Q15. The management team is actively involved in reviewing the personnel policy of the organization	4.00 (.63)	4.00 (2.00)

#### **Likert-scale items monitoring & supervising**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding monitoring & supervising	Mean (Std. deviation)	Median (Range)
Q1. The management team ensures that staff and management carry out the organization's objectives	4.50 (.55)	4.50 (1.00)
Q2. The management team oversees the financial management systems and procedures of the organization	4.17 (.75)	4.00 (2.00)

Q3. The management team monitors organizational performance and takes action when required	4.33 (.52)	4.00 (1.00)
Q4. The management team reviews the manager's performance and ensures it works well	4.33 (.52)	4.00 (1.00)
Q5. The management team ensures that the organization fulfills its legal obligations	4.17 (.41)	4.00 (1.00)
Q6. The management team selects and monitors the organization's management team	4.17 (.41)	4.00 (1.00)
Q7. The management team is actively involved in conducting a budget follow-up	3.67 (.82)	3.50 (2.00)
Q8. The management team is actively involved in deciding about measures as a consequence of budget follow-up	3.50 (.55)	3.50 (1.00)
Q9. The management team is actively involved in discussions with auditors and inspectors of the organization	3.00 (.63)	3.00 (2.00)
Q10. The management team visits different firm sites	4.33 (.52)	4.00 (1.00)
Q11. The management team evaluates the performance of the management team	4.17 (.75)	4.00 (2.00)
Q12. The management team monitors the performance of the programs and services provided	4.33 (.52)	4.00 (1.00)
Q13. The management team monitors budgetary control and takes corrective actions	4.33 (.52)	4.00 (1.00)
Q14. The management team reviews the results of the nonprofit	4.50 (.55)	4.50 (1.00)
Q15. The management team monitors resource allocation decisions to assure congruence with mission-related priorities	4.00 (.63)	4.00 (2.00)

#### **Likert-scale items delegation of strategy formulation**

On a scale of 1 to 5 (1 indicating board of directors, whereas 5 indicating other staff), please indicate the organizational level at which decision-authority or responsibility is vested in practice for the activity. Please indicate one answer.	Mean (Std. deviation)	Median (Range)
Q1. Where lies, in practice, the responsibility for the formulation of the mission of the organization	1.17 (.41)	1.00 (1.00)
Q2. Where lies, in practice, the responsibility for approving the mission of the organization	1.17 (.41)	1.00 (1.00)
Q3. Where lies, in practice, the responsibility for the formulation of performance measures	1.50 (.55)	1.50 (1.00)
Q4. Where lies, in practice, the responsibility for approving performance measures	1.33 (.52)	1.00 (1.00)
Q5. Where lies, in practice, the responsibility for the formulation of strategic options	1.00 (.00)	1.00 (.00)
Q6. Where lies, in practice, the actual choice of strategy	1.17 (.41)	1.00 (1.00)
Q7. Where lies, in practice, the ratification of strategic decisions	1.33 (.52)	1.00 (1.00)
Q8. Where lies, in practice, the responsibility for scanning the environment (economic forecasts and political, social and population trends)	1.33 (.52)	1.00 (1.00)
Q9. Where lies, in practice, the responsibility for developing organizational goals	1.50 (.55)	1.50 (1.00)
Q10. Where lies, in practice, the responsibility for selecting organizational goals	1.17 (.41)	1.00 (1.00)
Q11. Where lies, in practice, the responsibility for formulating indicators for the strategic goals and objectives	1.50 (.55)	1.50 (1.00)
Q12. Where lies, in practice, the responsibility for setting indicators for the strategic goals and objectives	1.33 (.52)	1.00 (1.00)
Q13. Where lies, in practice, the responsibility for establishing core values	1.17 (.41)	1.00 (1.00)
Q14. Where lies, in practice, the responsibility for program and service formulation	1.33 (.52)	1.00 (1.00)

Q15. Where lies, in practice, the responsibility for ratification of programs and services	1.33 (.52)	1.00 (1.00)
Q16. Where lies, in practice, the responsibility for selecting performance indicators for programs and services	1.83 (.41)	2.00 (1.00)

### **Likert-scale items delegation of policy-making**

On a scale of 1 to 5 (1 indicating board of directors, whereas 5 indicating other staff), please indicate the organizational level at which decision-authority or responsibility is vested in practice for the activity. Please indicate one answer.	Mean (Std. deviation)	Median (Range)
Q1. Where lies, in practice, the responsibility for formulating reporting policies	1.67 (.52)	2.00 (1.00)
Q2. Where lies, in practice, the responsibility for formulating internal audit policies	2.00 (.00)	2.00 (.00)
Q3. Where lies, in practice, the responsibility for formulating enterprise risk policies	1.67 (.52)	2.00 (1.00)
Q4. Where lies, in practice, the responsibility for formulating procedures for activities and services	2.00 (.00)	2.00 (.00)
Q5. Where lies, in practice, the responsibility for formulating investment policies	1.17 (.41)	1.00 (1.00)
Q6. Where lies, in practice, the responsibility for formulating the budget	1.17 (.41)	1.00 (1.00)
Q7. Where lies, in practice, the responsibility for formulating the information policy	2.33 (1.37)	2.00 (4.00)
Q8. Where lies, in practice, the responsibility for formulating the regulatory compliance policies	2.50 (1.22)	2.00 (3.00)
Q9. Where lies, in practice, the responsibility for making significant changes in the procedures	2.50 (1.22)	2.00 (3.00)
Q10. Where lies, in practice, the responsibility for making significant changes in the policies	1.00 (.00)	1.00 (.00)
Q11. Where lies, in practice, the responsibility for approving the reporting policies	1.33 (.52)	1.00 (1.00)
Q12. Where lies, in practice, the responsibility for approving the internal audit policy	1.67 (.52)	2.00 (1.00)
Q13. Where lies, in practice, the responsibility for approving the risk management policies	1.00 (.00)	1.00 (.00)
Q14. Where lies, in practice, the responsibility for approving the procedures for activities and services	2.00 (.00)	2.00 (.00)
Q15. Where lies, in practice, the responsibility for approving the investment policy	1.17 (.41)	1.00 (1.00)
Q16. Where lies, in practice, the responsibility for approving budgets	1.00 (.00)	1.00 (.00)
Q17. Where lies, in practice, the responsibility for approving the information policy	1.00 (.00)	1.00 (.00)
Q18. Where lies, in practice, the responsibility for approving regulatory compliance policies	1.17 (.41)	1.00 (1.00)
Q19. Where lies, in practice, the responsibility for approving significant changes in the procedures	1.67 (.52)	2.00 (1.00)
Q20. Where lies, in practice, the responsibility for approving significant changes in the policies	1.00 (.00)	1.00 (.00)

### **Likert-scale items delegation of monitoring & supervising**

On a scale of 1 to 5 (1 indicating board of directors, whereas 5 indicating other staff), please indicate the organizational level at which decision-authority or responsibility is vested in practice for the activity. Please indicate one answer.	Mean (Std. deviation)	Median (Range)
Q1. Where lies, in practice, the responsibility for monitoring the strategy implementation	1.50 (.55)	1.50 (1.00)

Q2. Where lies, in practice, the responsibility for monitoring the correctness of the financial reporting and accounting methods	1.83 (.41)	2.00 (1.00)
Q3. Where lies, in practice, the responsibility for monitoring and evaluating the management team	1.00 (.00)	1.00 (.00)
Q4. Where lies, in practice, the responsibility for monitoring and evaluating midlevel managers	2.00 (.00)	2.00 (.00)
Q5. Where lies, in practice, the responsibility for monitoring and evaluating healthcare personnel	3.00 (.00)	3.00 (.00)
Q6. Where lies, in practice, the responsibility for monitoring of resource allocation decisions	1.83 (.75)	2.00 (2.00)
Q7. Where lies, in practice, the responsibility for monitoring of activities and service outcomes	2.17 (.75)	2.00 (2.00)
Q8. Where lies, in practice, the responsibility for monitoring efficiency and effectiveness of the activities and services	2.33 (.82)	2.50 (2.00)
Q9. Where lies, in practice, the responsibility for financial oversight of the organization	1.17 (.41)	1.00 (1.00)
Q10. Where lies, in practice, the responsibility for fulfilling legal obligations	1.67 (.52)	2.00 (1.00)
Q11. Where lies, in practice, the responsibility for policy oversight	2.00 (.63)	2.00 (2.00)
Q12. Where lies, in practice, the responsibility for monitoring budget achievement	1.50 (.55)	1.50 (1.00)
Q13. Where lies, in practice, the responsibility for reviewing the mission	1.00 (.00)	1.00 (.00)
Q14. Where lies, in practice, the responsibility for monitoring risk factors and determine action plans in mitigating risks	1.83 (.41)	2.00 (1.00)
Q15. Where lies, in practice, the responsibility for monitoring performance against goals/objectives	1.83 (.41)	2.00 (1.00)
Q16. Where lies, in practice, the responsibility for overseeing recruitment and selection process of management team members	1.17 (.41)	1.00 (1.00)
Q17. Where lies, in practice, the responsibility for monitoring reports on financial performance of past and planned future <i>operating activities</i>	2.00 (.89)	2.00 (2.00)
Q18. Where lies, in practice, the responsibility for monitoring reports on financial performance of past and planned future <i>capital activities</i>	1.67 (.82)	1.50 (2.00)
Q19. Where lies, in practice, the responsibility for supervising programs and activities	2.33 (.82)	2.50 (2.00)
Q20. Where lies, in practice, the responsibility for monitoring regulatory compliance	2.17 (.41)	2.00 (1.00)
Q21. Where lies, in practice, the responsibility for supervision on mission achievement	1.50 (.55)	1.50 (1.00)
Q22. Where lies, in practice, the responsibility for supervision on strategy achievement	1.33 (.52)	1.00 (1.00)
Q23. Where lies, in practice, the responsibility for taking action on changing strategy	1.17 (.41)	1.00 (.00)

#### Likert-scale items trusting midlevel managers

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding trusting midlevel managers	Mean (Std. deviation)	Median (Range)
Q1. I trust that midlevel management is completely honest with me	3.83 (.75)	4.00 (2.00)
Q2. I trust that midlevel management places our organization's interests above their own	3.67 (.52)	4.00 (1.00)
Q3. I trust that midlevel management will keep the promises that they make	4.33 (.52)	4.00 (1.00)

Q4. I trust that midlevel management are competent in performing their jobs	4.17 (.41)	4.00 (1.00)
Q5. I trust that midlevel management expresses their true feelings about important issues	4.00 (.63)	4.00 (2.00)
Q6. I trust that midlevel management cares about my well-being	3.50 (.55)	3.50 (1.00)
Q7. I trust that midlevel management can contribute to our organization's success	4.33 (.52)	4.00 (1.00)
Q8. I trust that midlevel management takes actions that are consistent with their words	4.17 (.41)	4.00 (1.00)
Q9. I trust that midlevel management shares important information with me	4.00 (.00)	4.00 (.00)
Q10. I trust that midlevel management cares about the future of our organization	4.50 (.55)	4.50 (1.00)
Q11. I trust that midlevel management can help solve important problems in our organization	4.17 (.41)	4.00 (1.00)
Q12. I trust that midlevel management has consistent expectations of me	4.00 (.00)	4.00 (.00)
Q13. I trust that midlevel management would make personal sacrifices for our organization	3.67 (.52)	4.00 (1.00)
Q14. I trust that midlevel management would acknowledge their own mistakes	4.17 (.41)	4.00 (1.00)
Q15. I trust that midlevel management can relied on	4.33 (.52)	4.00 (1.00)
Q16. I trust that midlevel management places the interests of the organization stakeholders before their own	3.50 (.84)	4.00 (2.00)

#### **Likert-scale items involving midlevel managers in strategy formulation**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding involving midlevel managers in strategy formulation	Mean (Std. deviation)	Median (Range)
Q1. I, as a management team member, involve midlevel managers into formulating the mission	4.00 (.63)	4.00 (2.00)
Q2. I, as a management team member, involve midlevel managers into formulating performance indicators	4.17 (.41)	4.00 (1.00)
Q3. I, as a management team member, involve midlevel managers into determining the activities and services	4.17 (.41)	4.00 (1.00)
Q4. I, as a management team member, involve midlevel managers into formulating goals	4.17 (.41)	4.00 (1.00)
Q5. I, as a management team member, involve midlevel managers into making strategic action plans	3.67 (.82)	4.00 (2.00)
Q6. I, as a management team member, involve midlevel managers into formulating evaluation criteria for activities and services	3.67 (.52)	4.00 (1.00)

#### **Likert-scale items involving midlevel managers in policy-making**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding involving midlevel managers in policy-making	Mean (Std. deviation)	Median (Range)
Q1. I, as a management team member, involve midlevel managers into formulating the internal audit policy	3.83 (.41)	4.00 (1.00)
Q2. I, as a management team member, involve midlevel managers into formulating the reporting policy	3.67 (.82)	4.00 (2.00)
Q3. I, as a management team member, involve midlevel managers into compliance policy	3.83 (.75)	4.00 (2.00)
Q4. I, as a management team member, involve midlevel managers into job descriptions	3.17 (.75)	3.00 (2.00)

Q5. I, as a management team member, involve midlevel managers into formulating the budget	3.50 (.84)	4.00 (2.00)
Q6. I, as a management team member, involve midlevel managers into production and service delivery policy	3.67 (.52)	4.00 (1.00)
Q7. I, as a management team member, involve midlevel managers into formulating procedures for the activities and services	4.00 (.00)	4.00 (.00)

**Likert-scale items involving midlevel managers in monitoring & supervising**

On a scale of 1 to 5 (1 indicating strongly disagree, whereas 5 indicating strongly agree), please indicate your agreement or disagreement with each of these statements regarding involving midlevel managers in monitoring & supervising	Mean (Std. deviation)	Median (Range)
Q1. I, as a management team member, involve midlevel managers into the budget follow-up	4.00 (.63)	4.00 (2.00)
Q2. I, as a management team member, involve midlevel managers into supervising services provided	4.00 (.63)	4.00 (2.00)
Q3. I, as a management team member, involve midlevel managers into monitoring the services provided	4.17 (.75)	4.00 (2.00)
Q4. I, as a management team member, involve midlevel managers into determining the efficiency of the services provided	3.83 (.41)	4.00 (1.00)
Q5. I, as a management team member, involve midlevel managers into complying regulations	4.00 (.00)	4.00 (.00)
Q6. I, as a management team member, involve midlevel managers into monitoring internal policies	4.17 (.41)	4.00 (1.00)
Q7. I, as a management team member, involve midlevel managers into identifying risk factors	3.83 (.41)	4.00 (1.00)
Q8. I, as a board member, involve top management in overseeing the services provided	4.17 (.41)	4.00 (1.00)
Q9. I, as a management team member, involve midlevel managers into watching over the budget	4.33 (.52)	4.00 (1.00)
Q10. I, as a management team member, involve midlevel managers into monitoring resource allocation decisions to assure congruence with mission related priorities	4.00 (.00)	4.00 (.00)

## APPENDIX D: Interview protocol

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### Interview protocol Board of Directors

#### Information needs board of directors

- Q1. What information do you acquire from top management for making strategy-making? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q2. What information do you acquire from top management for internal policy-making? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q3. What information do you acquire from top management for monitoring & supervising? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q4. What information do you acquire from top management for making corrections, adjusting or steering the organization? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q5. What information do you acquire from top management for meeting the information needs of the supervisory board of directors? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q6. What information do you acquire from top management for providing accountability to the government, Health Care Inspectorate, financiers and supervising authorities? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q7. What information do you acquire from top management for providing accountability to clients and other beneficiaries? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q8. What information do you acquire from top management for providing accountability to staff, volunteers and partners of the organization? How do you obtain this information? How do you know this information is up-to-date? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q9. Do you acquire other (management) information not previously discussed? If so, for whom? And why? From whom do you acquire this information

#### Accountability mechanisms

- Q1. Which accountability mechanisms are mainly used for providing accountability within the organization for finances? What accountability mechanisms are used for providing

accountability for results? What accountability mechanisms are used for providing accountability for the mission or governance of the organization?

- a. To whom is accountability provided?
  - b. For what is accountability provided?
  - c. Which other actors are involved in providing accountability?
- Q2. Which accountability mechanisms are mainly used for providing accountability externally? What accountability mechanisms are used for providing accountability for results? What accountability mechanisms are used for providing accountability for the mission or governance of the organization?
- a. To whom is accountability provided?
  - b. For what is accountability provided?
  - c. Which other actors are involved in providing accountability?

### **Decision-making freedom top management**

- Q1. How is the policy document drawn up? How is top management involved in formulating the policy document? What role does the information of top management play in formulating the policy document? How is the operational knowledge of top management involved in determining the policy document?
- Q2. How is top management involved in formulating internal policy? How is the operational knowledge of top management about bottlenecks involved in formulating internal policy? How are new opportunities identified by top management involved in formulating internal policy?
- Q3. How is top management involved in determining the direction of the organization? How is the operational knowledge of top management on bottlenecks involved in determining the direction of the organization? How are new opportunities identified by top management involved in determining the direction of the organization?
- Q4. How is top management involved in determining budgetary goals of the organization? How is the operational knowledge of top management involved in determining the budgets?
- Q5. How is top management involved in determining quality control of healthcare? How is the operational knowledge of top management about bottlenecks involved in determining quality control of healthcare? How are new opportunities identified by top management involved in determining quality control of healthcare?
- Q6. How is top management involved in monitoring and supervising operations and employees? How is the operational knowledge of top management involved in determining the controls? How are new opportunities identified by top management involved in determining controls?
- Q7. What freedom does top management have in formulating policy?
- Q8. What freedom does top management have in formulating internal rules?
- Q9. What freedom does top management have in determining management information?

### **Involvement of management and middle management**

- Q1. Do you think you should be informed about operational bottlenecks? If so, who is involved in collecting this information? How is this information acquired?
- a. How does the operational knowledge about bottlenecks in the organization reach the board of directors? What role plays the information of top management in recognizing/identifying bottlenecks?
  - b. How do potential opportunities in the organization reach the board of directors? What role does the information of top management play in recognizing/identifying opportunities?

- Q2. How does the knowledge and experience gained through everyday activities have implications for internal policy? And how is this secured or guaranteed?
- Q3. How is the knowledge and experience gained through everyday activities of management having implications for determining the direction of the organization? And how is this secured or guaranteed?
- Q4. How is the knowledge and experience gained through everyday activities of middle management involved in determining the direction of the organization? And how is this secured or guaranteed?
- Q5. How is the knowledge of operational bottlenecks of middle management used for formulating internal policy? And how is this secured or guaranteed?
- Q6. How is the knowledge and experience gained through daily activities involved in determining monitoring and supervision of employees or processes? And how is this secured or guaranteed?
- Q7. How is the knowledge of operational bottlenecks of middle management used to determine the strategy? And how is this secured or guaranteed?
- Q8. In what way do potential opportunities identified by middle management reach the board of directors? And how is this secured or guaranteed?

### **Interview protocol top management**

#### **Information needs board of directors**

- Q1. What information is needed to meet the information needs of the board of directors in terms of providing accountability to external and internal stakeholders? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q2. What information is needed to meet the information needs of the board of directors in strategic decision-making? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q3. What information is needed to meet the information needs of the board of directors in making policies (i.e. compliance policies, reporting policies)? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q4. What information is needed to meet the information needs of the board of directors in managing the organization? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q5. What information is needed to meet the information needs of the board of directors in monitoring and supervising operation/employees? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q6. Does the board of directors have any other information needs to be met? How do you obtain this information? How should the division of labor be arranged so that you and other officials perform their function optimally?

#### **Information needs top management**

- Q1. What information do you need for decision-making about your strategic goals? How are you being held accountable regarding strategic goals? What information do you need from middle management to achieve strategic goals? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q2. What information do you need to achieve your budgetary goals? How are you being held accountable regarding budgetary goals? What information do you need from middle management to achieve budgetary goals? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q3. What information do you need to achieve quality control? How are you being held accountable regarding quality control? What information do you need from middle management to achieve quality control? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q4. What information do you need for complying with internal policies? How are you being held accountable regarding compliance with policies? What information do you need from middle management to comply with internal policy? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q5. What information do you need for monitoring and supervising operations/personnel? How are you being held accountable for monitoring and supervising? What information do you need from middle management to monitor or supervise? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q6. What information do you need for providing accountability to clients or employees? What information do you need from middle management for providing accountability? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q7. How is top management involved in formulating policy? How is the operational knowledge of top management about bottlenecks involved in formulating policy? How are new opportunities identified by top management involved in formulating policy?
- Q8. How is top management involved in determining the direction of the organization? How is the operational knowledge of top management about bottlenecks involved in determining the direction of the organization? How are new opportunities identified by top management involved in determining the direction of the organization?
- Q9. How do you monitor procedures executed by middle management?
- Q10. How do you monitor performance of middle management?
- Q11. How do you monitor the behavior of middle management in implementing policy?
- Q12. Which accountability mechanisms are mainly used for providing accountability within the organization for finances? What accountability mechanisms are used for providing accountability for results? What accountability mechanisms are used for providing accountability for the mission or governance of the organization?
- a. To whom is accountability provided?

- b. For what is accountability provided?
  - c. Which other actors are involved in providing accountability?
- Q13. Which accountability mechanisms are mainly used for providing accountability externally? What accountability mechanisms are used for providing accountability for results? What accountability mechanisms are used for providing accountability for the mission or governance of the organization?
- a. To whom is accountability provided?
  - b. For what is accountability provided?
  - c. Which other actors are involved in providing accountability?

### **Information needs midlevel managers**

- Q1. What information do you need from midlevel managers to make corrections, adjust or steer operational processes? How do you obtain this information? How do you know what information you need? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q2. How do operational bottlenecks in processes reach top management? How does this information reach the board of directors?
- Q3. How is middle management involved in formulating internal policy? How is the knowledge of operational bottlenecks of middle management used for formulating internal policy? How are new opportunities identified by middle management involved in formulating policy?
- Q4. How are midlevel managers involved in determining the direction of the organization? How is the operational knowledge of midlevel managers on bottlenecks involved in determining the direction of the organization? How are new opportunities identified by midlevel managers involved in determining the direction of the organization?
- Q5. How is middle management involved in determining the way monitoring and supervision is executed? How is operational knowledge of middle management involved in determining monitoring and supervision in the organization? How are new opportunities identified by midlevel managers involved in determining monitoring and supervising in the organization?
- Q6. Does top management execute visual inspections at the different regions?

### **Interview protocol middle management**

#### **Information needs top management**

- Q1. Are you responsible for intra- and extramural care?
- Q2. What is your management team member?
- Q3. What information need does your management team member have on a daily basis? What information do you need to acquire and record? How do you obtain this information? Where do you need to record this information? How is this information provided?
- Q4. What information need does your management team member have on a weekly basis? What information do you need to acquire and record? How do you obtain this information? Where do you need to record this information? How is this information provided?
- Q5. What information need does your management team member have on a monthly basis? What information do you need to acquire and record? How do you obtain this information? Where do you need to record this information? How is this information provided?

- Q6. What information does the nursing staff provide you on a daily basis? How is this information provided? What do you do with this information? Why does staff provide this information? How is this information provided to top management?
- Q7. What information does the nursing staff provide you on a weekly basis? How is this information provided? What do you do with this information? Why does staff provide this information? How is this information provided to top management?
- Q8. What information does the nursing staff provide you on a monthly basis? How is this information provided? What do you do with this information? Why does staff provide this information? How is this information provided to top management?
- Q9. How are you being held accountable regarding the policy paper? How do you obtain this information? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q10. How are you being held accountable regarding budgetary goals? How do you obtain this information? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q11. How are you being held accountable regarding quality control? How do you obtain this information? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q12. How are you being held accountable regarding monitoring (waiting lists, occupation, procedures, staffing)? How do you obtain this information? How is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q13. How are procedures executed by yourself, monitored by top management? Why is this information needed? How is this information obtained? How is this information recorded and by whom?
- Q14. How is implementation of policy by yourself, monitored by top management? Why is this information needed? How is this information obtained? How is this information recorded and by whom?
- Q15. Does top management execute visual inspections at the different regions?

**Information needs middle management**

- Q1. Are there any goals formulated for middle management? What are these goals? What information is needed for your own decision-making regarding these goals? How do you obtain this information? How do you know what information you need? Where is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q2. What information do you need to monitor staff? How do you obtain this information? How do you know what information you need? Where is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q3. What information do you need to provide accountability to clients and employees? How do you know what information you need? Where is this information recorded and by whom? How should the division of labor be arranged so that you and other officials perform their function optimally?
- Q4. How is middle management involved in formulating internal policy? How is the knowledge of operational bottlenecks of middle management used for formulating internal policy? How are new opportunities identified by middle management involved in

- formulating policy? How do operational bottlenecks in processes reach top management? How does this information reach the board of directors?
- Q5. How are midlevel managers involved in determining the direction of the organization? How is the operational knowledge of midlevel managers on bottlenecks involved in determining the direction of the organization? How are new opportunities identified by midlevel managers involved in determining the direction of the organization? How does this information reach top management? How does this information reach the board of directors?
- Q6. How is middle management involved in determining internal controls of employees? How is the operational knowledge of middle management involved in determining internal controls? How are new opportunities identified by middle management involved in determining internal controls?
- Q7. Do you regularly meet with other midlevel managers? Do you compare the information needs of the other middle managers or top managers? Is this standardized information or is this just information within the region?

#### **Interview protocol nursing staff**

- Q1. What information need does your middle manager have on a daily basis? What information do you need to acquire and record? How do you obtain this information? Where do you need to record this information? How is this information provided?
- Q2. What information need does your middle manager have on a weekly basis? What information do you need to acquire and record? How do you obtain this information? Where do you need to record this information? How is this information provided?
- Q3. What information need does your middle manager have on a monthly basis? What information do you need to acquire and record? How do you obtain this information? Where do you need to record this information? How is this information provided?
- Q4. What information do you need to provide to your middle manager for the internal policy document? How do you obtain this information? Where do you need to record this information?
- Q5. What information do you need to provide to your middle manager about staffing or equipment? How do you obtain this information? Where do you need to record this information?
- Q6. What information do you need to provide to your middle manager about quality control? How do you obtain this information? Where do you need to record this information?
- Q7. What information do you need to provide to your middle manager about internal monitoring? How do you obtain this information? Where do you need to record this information?
- Q8. How are the procedures performed by you monitored by your supervisor? What information is required for this monitoring? How is this information obtained?
- Q9. How is the nursing staff involved in formulating internal policy? How is the operational knowledge of nursing staff about problems or new opportunities involved in the formulation of policy? How does this information reaches top management?
- Q10. How is the nursing staff involved in the determining the direction of the organization? How is the operational knowledge of the nursing staff about problems or new opportunities involved in the formulation of the direction of the organization?
- Q11. Does middle managers execute visual inspections at the different regions?