District agricultural associations: The influence of board structures and processes

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ABSTRACT

Governance literature has shown considerable interest in for-profit organization (FPO) board behavior, but according to Ostrower and Stone (2001, p.1) there are "major gaps in our theoretical and empirical knowledge" regarding nonprofit organization (NPO) board of directors. District Agricultural Associations (DAA's) control the 54 State Fairs that operate within the State of California and provide a rich opportunity to extend governance research.

The purpose of this study is to review governance theories, overlay them onto the DAA boards, and identify relationships between key behaviors of DAA directors and provide a preliminary evaluation of the effectiveness of their boards.

Keywords: Governance, Agency theory, Resource dependence theory, Institution Theory, Stewardship theory

INTRODUCTION

This article draws from four different organizational theories to more clearly understand the behaviors of District Agricultural Association (DAA) boards of directors. District Agricultural Associations are analogous to non-profit organizations in that they attempt to use their excess revenues to achieve a defined set of goals rather than issuing proceeds to their shareholders. The main functional difference between the two types of organizations is that the governor has the legal obligation to appoint directors to each nine-member board. First, there will be exploration of what is already known in the area of behavior, recruitment, and performance of nonprofit boards of directors. Second, will be an attempt to explain the possible implications of any functional differences. Following will be a description of the ten “best practices” that were surveyed from the DAA’s that have been identified as increasing the effectiveness of non-profit boards (BoardSource, 1995). This study attempts to identify possible correlations and/or differences between DAA’s and nonprofit boards regarding best practices and their effect on board governance. Lastly, is will be an analysis of the results of the surveys and conclusion with suggestions for improvement.

LITERATURE REVIEW

This literature review will address the overall significance and impact of nonprofit organizations within the United States. It addresses what is already known about the behavior, recruitment, and performance of nonprofit boards of directors. In addition, what has already been studied about agricultural fairs will be addressed.

Corporate governance research addresses the nature of interactions and relationships between the firm and its stakeholders in the process of decision making and firm resource control. In the corporate governance literature there has been ~~a~~ considerable interest in understanding for-profit board behavior, but according to Ostrower and Stone (2001, p.1) there are “major gaps in our theoretical and empirical knowledge” regarding nonprofit boards of directors. The authors acknowledged a small, but expanding body of research in understanding nonprofit board behavior and performance. However, the authors suggested that future research must address the contextual and contingent elements of nonprofit governance and make known the insinuations of these considerations.

Existing academic papers view board performance through a variety of perspectives, including agency theory, resource dependence, institutional theory, and transaction cost models. However, as noted in the papers and surveys, the body of empirical literature dealing with board behavior and performance is not only limited, but also only descriptive and exploratory. Stone and Ostrower (2007) note, “ Very few studies, however, have asked whether and how board composition affects measures of organizational performance…” and they go on to state, “We cannot at this point, therefore, speak with any certainty on the question of whether or how the composition of boards makes a difference to nonprofits or the broader communities they serve.”

Consequently, nonprofit board behavior and performance have been difficult concepts to define and study, partly because it can be defined in numerous ways and by various metrics. Bradshaw et al. (1992) outlined three ways of judging and measuring effectiveness. These included the organization’s success in obtaining resources, its efficiency in using these inputs, and the degree to which it attains its service provision goals. Likewise, Green et al, (2001) discussed three models for viewing effectiveness: a “natural systems model”, which deals with the organization’s ability to obtain the resources it needs to survive and grow; a “decision process model”, which looks at the board’s use of high-quality processes as an end in itself; and a “goals model”, which looks at the attainment of particular output goals.

Consequently, Miller-Millensen (2013) addresses this gap in literature by critically examining the theoretical assumptions that underpin a series of normative prescriptions about how a board ought to perform. Consistent with Ostrower and Stone (2001, p.4), Miller-Millensen (2013) drew on the organizational theory literature and investigated the degree to which theories that had been used to understand corporate governance is useful in developing a better understanding of nonprofit board behavior. Miller-Millesen (2003) argues that, due to the absence of an unambiguous objective (such as profit maximization), the large number of stakeholder types and confounding ideological concerns, nonprofit boards face a more complex and heterogeneous set of goals than do for-profit boards. ‘‘Performance’’ has numerous dimensions, and is judged differently in different contexts. As a consequence, no one theory can adequately explain the proper functions of nonprofit boards. Miller-Millesen (2013) then suggests three broad theories to provide the framework for board behavior and performance analysis: agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), resource dependence theory (Pfeffer & Salancik, 1978), and institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Rather than being mutually exclusive, Miller-Millesen (2013) contends that these three theories are complementary when used to predict, explain, and measure board behavior and performance. In addition to these three theories, the stewardship theory will also be explored and discussed.

The goal of this study is to better define the board’s involvement and role in shaping the future, not only of each particular district, but for the network of California fairs as a whole. The nature of such a study is underscored by the fact that the current appointment process may not necessarily work to the benefit of the DAA’s. To be clear, it is not the intention of this study to recommend alternative organizational structures, but to point out relative weaknesses in the current structure and processes. The ultimate goal of this study is to further the dialogue regarding the process of continual improvement within the DAA’s function and organization.

Agency theory, resource dependence theory, institutional theory, and stewardship theory provide us with a premise to better understand the behaviors of DAA boards given similar sets of conditions from one organization to another. Each theory helps to explain certain behaviors that may be prevalent in the organizations due to different environmental and organizational factors.

Agency Theory

Agency theory deals with the separation of ownership and control of the firm’s assets. This theory stresses the importance of separating ownership from control (Fligstein & Freeland, 1995). The board of directors assumes responsibility and ownership for the ratification and monitoring of decisions that have been implemented by the management of the organization. Consequently, risk-bearing functions are kept separate from decision structures, and stakeholders are guaranteed of organizational resources being used for their original purpose (Fama & Jensen, 1983). Nonprofit organizations differ from for-profit firms in that they are not residual owners of the entity’s assets. Nevertheless, as argued by Fama and Jensen (1983), for a nonprofit to survive and be successful, there must be assurances that donations will be received and used effectively and efficiently. According to this theory, board members have the responsibility to select and evaluate an appropriate administrator, in addition to monitoring his or her actions to ensure that the interests of management are aligned with the interests of the organization (Fligstein & Freeland, 1995). District Agricultural Associations are an agency of the state of California, therefore, the board represents the stakeholders' interests as the principal. Management serves as the agent. Agency theory posits that the agent may act in his or her own self-interest. Therefore, the board, in their oversight capacity, is obligated to guard against management's possible self-interest. Boards need to develop a framework through bylaws and policies to monitor management and develop metrics to measure progress. The board of directors assumes responsibility and ownership for the ratification and monitoring of decisions that have been implemented by the management of the organization. "An agency theory perspective focuses attention on the board's strategic contribution, particularly in terms of board involvement with mission development, strategic planning, program evaluation, executive recruitment and oversight, and resource allocation. Given the normative assertions about the kinds of activities nonprofit boards are expected to perform, it seems reasonable to conclude that agency theory may be a powerful heuristic in explaining the monitoring behavior of a nonprofit board of directors." (Miller-Millesen, 2003)

Resource Dependence Theory

This theory holds that the ability to acquire and maintain resources is essential to organizational survival (Pfeffer & Salancik, 1978). In view that no organization controls all of the resources it needs to survive, the board of directors plays a crucial role in facilitating exchanges that reduce interdependencies in the organization's operating environment. This theory highlights the board's boundary-spanning responsibility and provides insight into the ways in which power and influence have the capacity to bias resource allocation decisions.

Existing studies support the view that a very important boundary spanning activity for nonprofit boards is securing external financing (fundraising). Zald (1967) found that boards of Chicago's YMCA are more likely to spend time raising funds than involving themselves with programs or attending meetings because fundraising is considered more crucial for the organization's existence. Pfeffer and Salancik (1978) show that fundraising is an important activity for boards of private and nonprofit hospitals that are more reliant on private donations. Interestingly, more recently O'Regan and Oster (2005) found evidence that executive directors of nonprofits may use their power to push nonprofit boards toward fundraising in place of monitoring. An important aspect of dependence theory developed by Pfeffer (1972, 1973) and Pfeffer & Salancik (1978) focuses on the environment and to what degree a board would exhibit certain behaviors. They found that boards that were more dependent on the environment for resources were more likely to focus on external roles; where boards that were less dependent on the environment for resources were more likely to focus on administrative functions. Historically, DAA's have received funding from the state through the Department of Food & Agriculture (CDFA), but funding was eliminated recently causing varying degrees of uncertainty to DAA boards. When funding was fairly consistent to DAA's, according to Pfeffer & Salancik, boards would be more focused on administrative functions. With funding gone, the focus should now turn to external roles, like fundraising. The emphasis now should be on external roles, specifically, finding resources.

Institutional Theory

Institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) aids to focus attention on the methods and ways in which organizational structure and processes reflect institutional pressures, rules, norms, and sanctions. Institutionalization occurs when boards enact similar behaviors, structures, and/or processes because these activities and courses of action become the accepted way of doing things. This theory is used to understand why nonprofit boards of directors engage in similar activities, codify like practices, and develop comparable structures.

In Zald's (1969) theoretical synthesis, he contended that board behavior is likely to vary based on two organizational characteristics. He argued that board functioning changes with different phases of development life cycle stages and activity. In regards to private sector boards, research further suggests that administrative expertise is also likely to affect board behavior (Johnson, Hoskisson, & Hitt, 1993).

Stewardship Theory

Stewardship theory examines relationships and behaviors often discounted in organizational economic theories, emphasizing collective, pro-organizational, contractual behavior in which a higher value is placed on goal convergence than on agent self-interest. Stewardship theory ''defines situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals'' and was developed as a management alternative to agency theory (Davis, Donaldson and Schoorman 1997a, 21).

Stewards are motivated by intrinsic rewards, such as trust, reputational enhancement, reciprocity, discretion and autonomy, level of responsibility, job satisfaction, stability and tenure, and mission alignment. Fundamentally, stewardship theory relies significantly on the principal's and steward's initial trust disposition. As the research of Mayer, Davis, and Schoorman (1995) identifies, trust is the willingness and risk of being vulnerable, on the part of both actors, to the possibility that one actor in the contract may pursue his/her own self-interest to the exclusion of the collectively agreed upon goals of the contract. A steward places greater value on cooperation, even when his/her goals are not perfectly aligned with the principal, over defection and other expressions of self-serving behavior.

Recruitment

NPOs are accountable to volunteer boards of directors. Researchers continue to develop the literature by studying various board-related issues. The policies regarding board-member recruitment and selection have received considerable attention. Two recruitment strategies common among NPOs are to 1) invite existing board members to recruit new members and 2) establish nominating committees to facilitate recruitment and selection processes (Brown, 2002; Houle, 1989). Research has suggested that when recruiting new board members, executive directors and board chairs look for candidates with attributes similar to their own among the potential candidates (Kearns, 1995). When determining whom to recruit, Provan (1980) found that NPOs take specific characteristics into consideration. He explained that candidates often are recruited for their knowledge of the organization, for specific abilities and skills they can bring to the board, and for relationships that they may be able to leverage to help the organization further develop its resources. The results of one study suggested that NPOs may wish to consider the occupation of potential board members: Miller, Weiss, and MacLeod (1988) found a correlation between the number of board members with a background in marketing and an organization's ability to fundraise effectively.

Agricultural Fairs

An extensive line of literature touches certain and small aspects of fairs. However, there are some serious gaps in recorded knowledge and information concerning them. There has been surprisingly little scholarship on the American institution of the county fair given its longevity, persistence, and popularity as both an educational and an entertainment experience for millions of Americans every year. However, several key works are to be highlighted.

While the American county fair has its historical roots in the European and English fairs of the Middle Ages, its American origins spring specifically from New England in the early part of the nineteenth century (McCarry and Olson 1997). From its earliest days, the dual purpose of the American county fair has been to educate and entertain, with an emphasis on the "to educate." McCarry and Olson write, "it had become the social event of the rural year. It had provided a morally legitimate and socially sanctioned reason for farm families to rest from their labors and travel to town to mingle and enjoy each other's company."

Within the scholarship of the contemporary county fair, there are many questions to consider. Lila Perl in her book, *America Goes To The Fair: All About State and County Fairs in the USA*, suggests that it is the pull of "participatory and direct experience" that brings us to the fair year after year. In her book, *Ordinary Life, Festival Days: Aesthetics in the Midwestern County Fair*, Leslie Posterman notes the very human social interactions which mark the county fair, especially for the "insider." In effect she sees very special values at play in the county fair: "The county fair represents a world they would like to exist and highlights rules of conduct, sets of judgments, from which they know they deviate but which reinforce a sense of togetherness in a fractured and strife-ridden world" (p.12).

Posterman agreed that one of the major tensions in a county fair is between the folklore of the insiders and popular culture of the outsiders. Another major tension is between the need to generate revenue and keep the county fair going from year to year as well as the need to showcase the community's traditions and values. These two major tensions are covered at length by Krista E. Paulsen in her dissertation, "Fairgrounds as Battlegrounds: Rationality, Community, and the Reproduction of an American Cultural Institution." Both Posterman and Paulsen agree as well on the county fair being an attempt to celebrate traditions of the golden age of American agriculture at the same time appealing to a much larger audience of fairgoers who may never visit an animal display or exhibition.

Drake Hokanse and Carol Kratz's work, *Purebreed & Homegrown: America's County Fairs*, reinforces numerous points of Prosterman and Paulsen's points about the significance of county fairs in American culture primarily through the use of oral interviews with fair participants and fair goers. Their study was in the oral culture of fairs over more than a 100-year period where community and competition blend, food and fun embody fair week, and rural values are annually re-visited. Through many rich and thorough narratives, the authors document the tensions and inversions that continue to define county fairs. The opinions of the fair participants are beautifully captured in the words of an anonymous fair manager in Missouri who said, "Everybody wants improvement, but nobody wants change" (pg. 158).

Author Michael Marsden in his article, “The County Fair as Celebration and Cultural Text”, believed that if county fairs are to survive the next 100 years, they have to find and maintain a careful balance between these tensions. Even though county fairs in America have a remarkable 200-year history, their future may become compromised if merged within the carnival tradition when their rural values and aesthetics are not communicated and demonstrated more creatively and aggressively. The history of the American fair contains the blueprint for successful county fairs of the present and future, as long as traditions and values are made more viable and attractive to outsiders as well as insiders.

“Best Practices” of Boards of Directors

Research suggests a correlation between “best practices” and positive organizational outcomes (Axelrod, 1994; Block, 1998; Houle; 1997; Ingram, 2003). Table 1 lists behaviors identified by the above researchers listed along with “best practices” outlined by BoardSource (formerly the National Center for Nonprofit Boards).

Table 1. Normative Board roles and Responsibilities ((Miller-Millesen, 2003)

Axelrod (1994)	Block (1998)	Houle (1997)	Ingram (2003)	National Center Nonprofit Boards (1995)
Determine mission and purpose	Determine organization’s mission	Assure mission congruence and set broad policies	Determine mission and purpose	Determine organization’s mission and purpose
Select and support chief executive Review the executive’s performance	Recruit, hire, evaluate, reward, or terminate, if necessary, the executive director	Select the executive and establish conditions of employment	Select chief executive Support chief executive and assess performance	Select and support the executive, review his or her performance
Plan for the future	Set policies and adopt plans for the organization’s operations	Approve and periodically revise long-range plans for the institution	Ensure effective organizational planning	Engage in strategic planning
Approve and monitor the organization’s programs and services		Oversee the programs of the institution to assure objectives are being achieved	Determine, monitor, and strengthen the organization’s programs and services	Approve and monitor the organization’s programs and services
Provide sound financial management Ensure adequate financial resources	approve budget, establish fiscal policies and financial controls, monitor finances provide adequate resources for organization	Manage and secure adequate financial resources	Manage resources effectively Ensure adequate resources	Ensure effective fiscal management Raise money
Advance organization’s public image	Develop organizational visibility	Integrate the organization with its social environment	Enhance the organization’s public standing	Enhance the organization’s public image

Strengthen its own effectiveness as a board	Recruit and select new board members and provide them with an orientation to the board's business	Continuously appraise itself and periodically devote time to analyzing its own composition and performance	Recruit new board members and assess board performance	Carefully select and orient new board members and organize for efficient operation
	Ensure that the organization's corporate governance documents are updated and all reports are filed as required	Assure that its basic legal and ethical responsibilities are being fulfilled	Ensure legal and ethical integrity and maintain accountability	
	Protect and preserve the organization's tax exempt status			
		Work closely and interactively with the chief executive and staff		Understand the relationship between board and staff
		Serve as an arbiter in conflicts between staff		

The current study, then, outlines ten "best practices" used to survey directors. The study attempted to identify behaviors specific to DAA directors that could affect board effectiveness. The following best practices were examined in the survey.

Determine mission and purpose

Agency theory suggests that the board of directors is responsible for identifying the mission and purpose of an organization and then monitoring the firm's progress toward that end. this study attempted to identify if boards were aware of their mission and purpose, if they felt that their mission and purpose was an advantage in the market place, if they were quantifying results, and if their vision of the organization was aligned with their mission and purpose.

Select, support, and assess performance of CEO

Agency theory stresses the importance of separating ownership from control (Fligstein & Freeland, 1995), and selecting and assessing the performance of the CEO. The highest ranking executive in the DAA has the responsibility of developing and implementing high-level strategies, making major organizational decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board of directors and the corporate operations. This study attempts to discern the relationship between the board and the CEO, the level of support that the CEO receives, and to what degree the board assesses the performance of the CEO.

Engage in Strategic planning

Agency theory contends that corporate level strategy formulation is the responsibility of the principle with the execution of that strategy the obligation of the agent. The objective in this section is to gauge the commitment of the board to the planning and monitoring of their goals and objectives.

Approve and monitor the organizations programs and services

The main tenet of agency theory is the separation of ownership and control. Once the board approves of the programs and services that work towards the mission and purpose of the organization then they are obligated to monitor those programs and services to ensure that their goals and objectives are being met. The objective for this line of questioning is again to check the level of commitment to the organization's programs and services and to measure the extent of the board's commitment to the monitoring process.

Ensure effective fiscal management

An underlying assumption of agency theory is that the principal delegates control to an agent, but then it is the obligation of the principal to monitor the progress of the agent to make sure that they act in the best interests of the principal. The proper monitoring of the financial aspects of the firm is a prime responsibility of the board and to a greater extent each director. this study tests the ability and knowledge of the board regarding their responsibility to monitor the financial aspects of their organization.

Ensure adequate financial resources

One of the primary roles of the board, according to dependence theory, is to reduce uncertainty in the environment. One of the boundary-spanning functions of the board, therefore, is to provide adequate resources for the organization. This section allows us to test the willingness of directors to actively participate in this process, and to also test their belief that it is an aspect of their role.

Enhance the organizations public image

Another boundary-spanning function of the board is to enhance the organization's public image. Dependence theory posits that organizations that work to reduce environmental uncertainty can bias resource allocation. this study attempts to discover to what level DAA boards are willing to enhance their organization's public image and their individual connectedness to the organization and its purpose.

Carefully select and orient new board members and assess board performance

Boundary-spanning activities in regard to dependence theory can also include the recruitment of directors. It is important for an organization to actively seek out new members who have the potential to help bring resources and connections to the firm. DAA board behavior can be influenced by recruitment practices. For instance, Dependence theory suggests that recruitment practices can result in a board that focuses more on monitoring and oversight versus boundary-spanning behaviors like fundraising. Institutional theory would suggest that assessing board performance is a legitimate governance practice that could have serious effects on organizational legitimacy. The goal in this section is to not only gauge the participation of DAA directors in the actual recruitment process, but to also detect the willingness of boards to assess their own performance.

Understand the relationship between board and staff

Agency theory focuses on an agency relationship in which the principal delegates responsibilities to an agent. The board then monitors those delegated activities to ensure that the agent is acting in the best interest of the principal. There are no clear-cut set of rules, however, that defines the separation of management by the agent and control of the agent by the principal. Effort is made here to decipher if there is a consensus regarding the separation of monitoring of the organization and control of the organization.

Legal compliance and ethics

Institutional theory asserts that conventional behavior in organizations is shaped by the institutional environment (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Zucker, 1983, 1987). "The board is ultimately responsible for ensuring adherence to legal standards and ethical norms. By being diligent in its responsibilities, the board can protect the organization from legal action, promote a safe and ethical working environment, and safeguard the organization's integrity in pursuit of its mission" (Ingram, 2003, p. 8). This last set of questions probes how boards are following legal reporting requirements for their organizations.

METHOD

The purpose of this study was to identify relationships between key behaviors of District Agricultural Association (DAA) directors and the effectiveness of their boards. To recruit respondents, detailed surveys were emailed to CEO's of the 47 active DAA boards in California. Each CEO was asked to distribute the survey to each director. Each DAA has positions for a maximum of 9 directors. There are a total of 423 possible directors in California, but an unknown number of vacancies. The surveys were emailed on October 24, 2014 and data collection was terminated on November 21, 2014, with 42 surveys completed (a completion rate of 10%). To enhance the completion rate, phone calls and emails were made to CEO's encouraging them to solicit responses from their board members. Personal interviews were also conducted with board members in order to clarify and enhance the data that was being collected. Six interviews were conducted.

A detailed questionnaire was developed using a Likert Scale to score 40 questions or Likert items into 10 separate categories. Each category was scored on the basis of 4 individual Likert items. The 40 questions were used to determine predictor or impact variables. These are shown in Table 1. The scores for each question were then tabulated by average, mode, and number of responses. A calculation was then used to determine the standard deviation for the responses to each question. The questions were then ranked by standard deviation. Total scores for each category were tabulated using the averages for each question. The total scores were used as a relative approach to evaluate behaviors as opposed to a ranking that evaluated overall effectiveness for each category. The summary sheet is shown in Table 2, the averages by category in Table 3, and the mode by category in Table 4.

Table 1

Question		To no extent	To some extent	To a moderate extent	To a large extent	To a great extent
1.	Our organization's mission and purpose give us a competitive advantage over other organizations	1	2	3	4	5
2.	Directors are vocal in their support for our CEO	1	2	3	4	5
3.	Directors understand and back the organization's vision, competitive strategy, and execution plan.	1	2	3	4	5
4.	Our board maintains a continuous vigilance over our organization's programs	1	2	3	4	5
5.	All directors are well versed regarding the financial aspects of our organization	1	2	3	4	5
6.	Our organization has adequate financial resources to pursue our mission	1	2	3	4	5
7.	Our directors actively promote our organization's mission and purpose in the community	1	2	3	4	5
8.	Our board actively recruits directors who have the capacity to think strategically about our mission and purpose	1	2	3	4	5
9.	Our board members possess integrity and expect it from all directors	1	2	3	4	5
10.	Your organization complies with website posting requirements regarding admission tickets received by directors	1	2	3	4	5
11.	Our board has a clear vision of what our organization wants to achieve	1	2	3	4	5
12.	All of our directors work to build a positive relationship with our CEO	1	2	3	4	5
13.	Our board takes strategic planning seriously	1	2	3	4	5
14.	Our board members can describe our (core) programs, who they serve, and their expected outcomes	1	2	3	4	5
15.	Our organization has clear financial goals with a plan to achieve them	1	2	3	4	5
16.	Our directors are active in raising money for our organization	1	2	3	4	5
17.	The mission and purpose of this organization inspires me	1	2	3	4	5
18.	Our board has a process in place to assess the performance of the board	1	2	3	4	5
19.	Directors are knowledgeable regarding the separation of responsibilities between board and staff	1	2	3	4	5
20.	Board members understand and comply with all laws regarding conflicts of interest	1	2	3	4	5
21.	Our organization's vision is tracked and measured	1	2	3	4	5
22.	Our board regularly assesses the performance of our CEO	1	2	3	4	5
23.	Our board consistently reviews and monitors the organization's goals and objectives established through strategic planning	1	2	3	4	5
24.	Board members make a concerted effort to attend and participate in meetings	1	2	3	4	5
25.	Our board makes sure that we receive regular financial statements	1	2	3	4	5
26.	It is every director's responsibility to make sure that our organization has adequate financial resources	1	2	3	4	5
27.	I feel connected to our program and its mission for the future	1	2	3	4	5
28.	Our board thoroughly orients new board members regarding their roles and responsibilities	1	2	3	4	5
29.	Our board members understand their roles and responsibilities	1	2	3	4	5
30.	Board members file a Form 700 "statement of Economic Interests' each year	1	2	3	4	5
31.	Board members are in sync with our mission and purpose	1	2	3	4	5

Please see following page for questions 32-40 and demographic information

Question	To no extent	To some extent	To a moderate extent	To a large extent	To a great extent
32. Our board regularly communicates with the CEO regarding the performance of the organization	1	2	3	4	5
33. Our organization is pursuing the right strategy to be successful	1	2	3	4	5
34. Board leaders (officers and/or committee chairs) discuss issues regarding board members attendance, participation, and involvement	1	2	3	4	5
35. Our organization's finance committee is thorough and competent	1	2	3	4	5
36. I am confident that our directors have the ability to raise money for our organization	1	2	3	4	5
37. In each board meeting a story is shared or example given of how our organization has made a difference in the community	1	2	3	4	5
38. Our board consistently participates in open dialogue that leads to the improved performance of directors	1	2	3	4	5
39. Our board members have a good working relationship with staff members	1	2	3	4	5
40. Board members comply with requirements regarding Ethics and Sexual Harassment training	1	2	3	4	5

Table 2

Response	Question #1	Question #2	Question #3	Question #4	Question #5	Question #6	Question #7	Question #8	Question #9	Question #10	Question #11	Question #12	Question #13	Question #14	Question #15	Question #16	Question #17	Question #18	Question #19	Question #20	Question #21
1	3	0	0	0	0	10	0	6	0	3	0	0	1	1	2	1	0	20	1	1	3
2	9	2	1	3	9	7	5	9	2	3	2	1	4	2	4	7	1	10	4	2	11
3	12	3	2	6	9	10	13	15	4	3	5	3	7	17	10	19	3	8	8	2	13
4	13	13	18	22	11	11	11	8	8	5	15	20	16	17	17	7	13	3	21	13	12
5	4	24	19	10	12	3	13	1	28	21	20	18	13	4	9	7	24	0	8	23	3
Average	3.15	4.40	4.38	3.95	3.63	2.76	3.76	2.72	4.48	4.09	4.26	4.31	3.88	3.51	3.64	3.29	4.46	1.85	3.74	4.34	3.02
Mode	4	5	5	4	5	4	5	3	5	5	5	4	4	4	4	3	5	1	4	5	3
Total Resp.	41	42	40	41	41	41	42	39	42	35	42	42	41	41	42	41	41	41	42	41	42
Stand Dev.	1.10817	0.82815	0.70484	0.8352	1.13481	1.29962	1.03145	1.05003	0.86216	1.35845	0.85709	0.71527	1.05345	0.8403	1.07797	1.03063	0.7449	0.98896	0.96423	0.96462	1.0704
Rank	9	34	39	33	8	4	17	16	28	1	29	38	15	31	11	18	35	20	24	23	12

Response	Question #22	Question #23	Question #24	Question #25	Question #26	Question #27	Question #28	Question #29	Question #30	Question #31	Question #32	Question #33	Question #34	Question #35	Question #36	Question #37	Question #38	Question #39	Question #40
1	4	2	0	1	0	1	3	1	0	1	0	1	5	0	3	7	2	0	3
2	7	10	1	0	2	1	4	4	0	2	2	0	5	3	4	12	6	2	4
3	10	13	3	0	4	5	17	6	2	4	5	6	13	2	12	9	13	3	3
4	8	11	15	8	11	9	11	19	1	17	16	13	10	10	9	6	13	15	5
5	11	4	23	32	20	24	6	12	38	16	16	19	5	20	9	4	5	18	24
Average	3.38	3.13	4.43	4.71	4.32	4.35	3.32	3.88	4.88	4.13	4.18	4.26	3.13	4.34	3.46	2.68	3.33	4.29	4.10
Mode	5	3	5	5	5	5	3	4	5	4	5	5	3	5	3	2	4	5	5
Total Resp.	40	40	42	41	37	40	41	42	41	40	39	39	38	35	37	38	39	38	39
Stand Dev.	1.333734	1.066687	0.737261	0.715678	0.883618	0.975337	1.082567	1.016987	0.457991	0.96576	0.854456	0.909539	1.211902	0.937546	1.215515	1.254296	1.059626	0.835299	1.353259
Rank	3	13	36	37	27	21	10	19	40	22	30	26	7	25	6	5	14	32	2

Table 3

Scorning Sheet- Averages

A		B		C		D		E		F		G		H		I		J	
1	3.15	2	4.40	3	4.38	4	3.95	5	3.63	6	2.76	7	3.76	8	2.72	9	4.48	10	4.09
11	4.26	12	4.31	13	3.88	14	3.51	15	3.64	16	3.29	17	4.46	18	1.85	19	3.74	20	4.34
21	3.02	22	3.38	23	3.13	24	4.43	25	4.71	26	4.32	27	4.35	28	3.32	29	3.88	30	4.88
31	4.13	32	4.18	33	4.26	34	3.13	35	4.34	36	3.46	37	2.68	38	3.33	39	4.29	40	4.10
	14.56		16.27		15.63		15.02		16.33		13.83		15.26		11.22		16.38		17.41

	Scores
Column A= Determine Mission & Purpose	14.56
Column B= Select, Support, and Assess Performance of CEO	16.27
Column C= Engage in Strategic Planning	15.63
Column D= Approve and Monitor the Organizations Programs and Services	15.02
Column E= Ensure Effective Fiscal Management	16.33
Column F= Ensure Adequate Financial Resources	13.83
Column G Enhance the Organizations Public Image	15.26
Column H= Carefully Select and Orient New Board Members and Assess Board Performance	11.22
Column I= Understand the Relationship Between Board and Staff	16.38
Column J= Legal Compliance and Ethics	17.41

Table 4

Scoring Sheet-Mode

A		B		C		D		E		F		G		H		I		J	
1	4.00	2	5.00	3	5.00	4	4.00	5	5.00	6	4.00	7	5.00	8	3.00	9	5.00	10	5.00
11	5.00	12	4.00	13	4.00	14	4.00	15	4.00	16	3.00	17	5.00	18	1.00	19	4.00	20	5.00
21	3.00	22	5.00	23	3.00	24	5.00	25	5.00	26	5.00	27	5.00	28	3.00	29	4.00	30	5.00
31	4.00	32	5.00	33	5.00	34	3.00	35	5.00	36	3.00	37	2.00	38	4.00	39	5.00	40	5.00
	16.00		19.00		17.00		16.00		19.00		15.00		17.00		11.00		18.00		20.00

	Scores
Column A= Determine Mission & Purpose	16.00
Column B= Select, Support, and Assess Performance of CEO	19.00
Column C= Engage in Strategic Planning	17.00
Column D= Approve and Monitor the Organizations Programs and Services	16.00
Column E= Ensure Effective Fiscal Management	19.00
Column F= Ensure Adequate Financial Resources	15.00
Column G Enhance the Organizations Public Image	17.00
Column H= Carefully Select and Orient New Board Members and Assess Board Performance	11.00
Column I= Understand the Relationship Between Board and Staff	18.00
Column J= Legal Compliance and Ethics	20.00

RESULTS

The survey consisted of ten categories or "best practices" with a total of forty questions; four questions in each category. The goal of the survey was to gather information concerning behaviors of District Agricultural Association (DAA) directors regarding key "best practices." Below are the results for each category along with unsolicited comments for the corresponding questions.

Category A

Determine Mission and Purpose:	Average Score: 14.56 Mode Score: 16

Q1. Our organizations mission and purpose give us a competitive advantage over other organizations. (Responses 41 of 42) (One comment with "N/A")	Average Mode	3.15 4
Q11. Our board has a clear vision of what our organization wants to achieve in the future. (Responses 42 of 42)	Average Mode	4.26 5
Q21. Our organization's vision is tracked and measured. (Responses 42 of 42)	Average Mode	3.02 3
Q31. Board members are in sync with our mission and purpose. (Responses 40 of 42)	Average Mode	4.13 4

Category B

Select, Support, and Assess Performance of CEO:	Average Score: Mode Score:	16.27 19
Q2. Directors are vocal in their support for our CEO. (Responses 42 of 42)	Average Mode	4.40 5
Q12. All of our directors work to build a positive relationship with our CEO. (Responses 42 of 42)	Average Mode	4.31 4
Q22. Our board regularly assesses the performance of our CEO. (Responses 40 of 42) (One comment with "?")	Average Mode	3.38 5
Q32. Our board regularly communicates with the CEO regarding the performance of the organization. (Responses 39 of 42)	Average Mode	4.18 5

Category C

Engage in Strategic Planning:	Average Score: Mode Score:	16.53 17
Q3. Directors understand and back the organization's vision, competitive strategy, and execution plan. (Responses 40 of 42)	Average Mode	4.38 5
Q13. Our board takes strategic planning seriously. (Responses 41 of 42)	Average Mode	3.88 4
Q23. Our board consistently reviews and monitors the organization's goals and objectives established through strategic planning. (Responses 40 of 42)	Average Mode	3.13 3
Q33. Our organization is pursuing the right strategy to be successful. (Responses 39 of 42)	Average Mode	4.26 5

Category D

Approve and Monitor the Organizations Programs and Services:	Average Score: Mode Score:	15.02 16
Q4. Our board maintains a continuous vigilance over our organization's programs. (Responses 41 of 42)	Average Mode	3.95 4
Q14. Our board members can describe our (core) programs, who they serve, and their expected outcomes. (Responses 41 of 42)	Average Mode	3.51 4
Q24. Board members make a concerted effort to attend and participate in meetings. (Responses 42 of 42)	Average Mode	4.43 5
Q34. Board leaders (officers and committee chairs) discuss issues regarding board members attendance, participation, and involvement. (Responses 38 of 42) (One comment with "N/A.")	Average Mode	3.13 3

Category E:

Ensure Effective Fiscal Management:	Average Score: Mode Score:	16.33 19
Q5. All directors are well versed regarding the financial aspects of our organization. (Responses 41 of 42)	Average Mode	3.63 5
Q15. Our organization has clear financial goals with a plan to achieve them. (Responses 42 of 42)	Average Mode	3.64 4
Q25. Our board makes sure that receive regular financial statements. (Responses 41 of 42) (One comment with "in conjunction with our CEO," and another with "Better now.")	Average Mode	4.71 5
Q35. Our organization's finance committee is competent. (Responses 35 of 42) (One comment with "N/A.)	Average Mode	4.34 5

Category F

Ensure Adequate Financial Resources:	Average Score: Mode Score:	13.83 15
Q6. Our organization has adequate financial resources to pursue our mission. (Responses 41 of 42)	Average Mode	2.76 4
Q16. Our directors are active in raising money for our organization. (Responses 41 of 42)	Average Mode	3.29 3

Q26. It is every director's responsibility to make sure that our organization has adequate financial resources. (Responses 37 of 42) (One comment with "N/A" and another with "True.")	Average Mode	4.32 5
Q36. I am confident that our directors have the ability to raise money for our organization. (Responses 37 of 42) (One comment with "N/A.")	Average Mode	3.46 3

Category G

Enhance the Organizations Public Image:	Average Score: Mode Score:	15.26 17
Q7. Our directors actively promote our organization's mission and purpose in the community. (Responses 42 of 42)	Average Mode	3.76 5
Q17. The mission and purpose of this organization inspires me. (Responses 41 of 42)	Average Mode	4.46 5
Q27. I feel connected to our program and its mission for the future. (Responses 40 of 42)	Average Mode	4.35 5
Q37. In each board meeting a story is shared or example given of how our organization has made a difference in the community. (Responses 38 of 42)	Average Mode	2.68 2

Category H

Carefully Select and Orient New Board Members and Assess Board Performance:	Average Score: Mode Score:	11.22 11
Q8. Our board actively recruits directors who have the capacity to think strategically about our mission and purpose. (Responses 39 of 42) (One comment with "N/A" and another "Governor appoints")	Average Mode	2.72 3
Q18. Our board has a process in place to assess the performance of the board. (Responses 41 of 42)	Average Mode	1.85 1
Q28. Our board thoroughly orients new board members regarding their roles and responsibilities. (Responses 41 of 42)	Average Mode	3.32 3
Q38. Our board consistently participates in open dialogue that leads to the improved performance of directors. (Responses 39 of 42)	Avg. Mode	3.33 4

Category I

Understand the Relationship Between Board and Staff:	Average Score: Mode Score:	16.38 18
Q9. Our board members possess integrity and expect it from all directors. (Responses 42 of 42)	Average Mode	4.48 5
Q19. Directors are knowledgeable regarding the separation of responsibilities between board and staff. (Responses 42 of 42)	Average Mode	3.74 4
Q29. Our board members understand their roles and responsibilities. (Responses 42 of 42)	Average Mode	3.88 4
Q39. Our board members have a good working relationship with staff members. (Responses 38 of 42) (One comment with "N/A.")	Average Mode	4.29 5

Category J

Legal Compliance and Ethics:	Average Score: Mode Score:	17.41 20
Q10. Your organization complies with website posting requirements regarding admission tickets received by directors. (Responses 35 of 42) (Three comments were "?")	Average Mode	4.09 5
Q20. Board members understand and comply with all laws regarding conflicts of interest. (Responses 41 of 42)	Average Mode	4.34 5
Q30. Board members file a Form 700 "statement of Economic Interests" each year. (Responses 41 of 42) (One comment with "I do.")	Average Mode	4.88 5
Q40. Board members comply with requirements regarding Ethics and Sexual Harassment training. (Responses 39 of 42) (One comment with "most through their personal jobs – Not formal through DAA.")	Average Mode	4.10 5

INTERPRETATION OF RESULTS

The intention of this study was to analyze key behaviors of directors of District Agricultural Association (DAA) boards in regard to the "best practices" previously outlined. Using a Likert scale for each question gave each respondent a choice between five numerical numbers ranging from 1 to 5, with 1 representing "To no extent" and 5 representing "To a great extent." The responses for each question were then added together and divided by the number of responses to obtain an average. The mode is the answer that was most often given for each question. The total scores for each category are not reflective of any judgment, but are more of a relative placement of the category in relation to other categories.

In category “A, Determine Mission and Purpose,” it was observed that most directors were aware of their fair’s mission and purpose, but for many, using metrics to track their progress is moderate. While the scoring from the survey seems positive, the interview process exhibited different findings. Board members were sometimes at a loss for what their mission and purpose actually were and often would admit that the mission and purpose were not communicated amongst the board very often. From the interviews it was observed that most directors gave interpretations of what they felt the mission and purpose of the organization meant to them while sometimes admitting that they had not actually seen the organizational mission and purpose. Some comments included: “Have had one in the past,” “Bothered by direction,” “not communicated a lot,” “can’t remember,” “To be provider of choice – meeting educational, recreational needs of the community,” “going to try and develop something new.” “Don’t think that they have anything in place,” Basically to serve community – make money.” “To conduct as a business, bring in community, operate like a business.” “We do not have a written mission or purpose.”

Further research should be conducted regarding directors actual knowledge of the organization’s mission and purpose versus perceived knowledge of the organization’s mission and purpose, but regardless, boards could reiterate the mission and purpose in formal and informal settings on a more consistent basis.

Category “B, Select, Support, and Assess Performance of CEO,” consisted of questions regarding the selection, support, and assessment of the CEO. The responses showed consistently higher scores for all questions except #22, which related to regularly assessing the performance of the CEO. There was more variability regarding this question than any other question in the survey. A sample of some of the comments received during interviews was; “not real satisfied with the process – He was good so they didn’t use as they should.” “Standard form, once in 5 ½ years.” “Didn’t know what was expected of the CEO.” “Process needs to be changed.” “Evaluation was done, but not delivered because president disagreed with outcome.” “Last CEO was not evaluated in 8 years.” “Need more tools to monitor projects.” “Have done it in the past, but nothing in place. Hopefully getting there.” “Just budget.” Based on the responses given it is apparent that directors believe that the CEO should have performance reviews, but the initiation of these reviews does not happen on a consistent basis.

Category “C, Engage in Strategic Planning,” specifically targeted strategic planning and the board’s activities surrounding this process. The results showed positive outcomes regarding the process, but showed less than desirable results regarding the review and monitoring of the organization’s goals and objectives after the planning process was completed.

Category “D, Approve and Monitor the Organizations Programs and Services,” focused on monitoring programs and services. Relatively speaking, the scores were on the lower side of the spectrum, but not abnormally so. Question 34, *Board leaders (officers and committee chairs) discuss issues regarding board members attendance, participation, and involvement* had four non-responses. More research would need to be conducted on why respondents might feel compelled to leave this question blank. What seemed to be an innocuous category turned into more of a questionable topic when interviewing some of the respondents. There seemed to be a disconnect between the programs and services provided and how they related to the mission and purpose. Furthermore, the process of monitoring the programs and services seemed to be foreign to some. Some of the comments in regard to this category were: “Not many committees – some ad hoc.” “Not much action from committees.” “CEO reports.” “Reviewing financial results, participation reviewing activities.” “Interim – we do not have any process in place to monitor.”

"Need to do an inventory to develop programs and services." "Can't really describe programs or services."

Category "E, Ensure Effective fiscal Management," shows that DAA boards seem to be conscientious regarding the financial reporting aspects of their organizations. What also seems evident is that there may be a lack of overall financial understanding with many directors. This lack of understanding could be because the financial edification of directors is lacking, or, the process for keeping directors knowledgeable regarding the financial aspects of their fair is lacking. I believe that there is a deficiency in overall financial understanding among directors, the lack of a process to further educate directors, and techniques to keep them updated on the overall health of their organizations.

Category "F, Ensure Adequate Financial Resources" is a topic that needs a more thorough understanding among boards. There seems to be a need for more resources at fairs, but then, there seems to be a misunderstanding regarding what it means to raise money for the organization and who is ultimately responsible. Question 26, *It is every director's responsibility to make sure that our organization has adequate financial resources,* averaged a 4.32 and had a mode of 5. Directors understand that ultimately they are responsible for the overall financial health of the organization. But, when it comes to being active in raising money, question 16 *Our directors are active in raising money for our organization,* suggests they are moderately active. Question 36, *I am confident that our directors have the ability to raise money for our organization,* helps us understand that there may be a lack of ability among directors to raise capital as the standard deviation was 1.21515 and was the sixth highest in the survey. Some of the comments in the interviews led us to believe that directors did not understand their responsibilities in regard to raising funds or that they did not believe they were responsible for raising funds. Some sample quotes were; "Do that fairly well – Directors do get involved in fundraising ideas." "Their organizations support the fair." "Some get involved, not others." "Basically there is no direct involvement in raising revenues." "Small scale." "We all try to promote – bring groups to the fair."

Category "G, Enhance the Organizations Public Image," was a topic that tested director's activities and willingness regarding this boundary-spanning function. According to their responses, directors are connected to the mission and purpose of the organization and the programs and services that they offer, but more activities need to be undertaken to properly enhance the image of their organizations outside their inner circle. This is a boundary-spanning activity and by definition that means the outside environment. It should also be noted that enhancing the organizations public image increases the bias towards resource allocation and that is why directors need to promote the organization in the community.

Category "H, Carefully Select and Orient New Board members and Assess Board Performance," was the lowest scoring category in this survey. It is important to note that this is another boundary-spanning activity that mandates that boards seek individuals outside of their internal environment that can enhance the abilities and effectiveness of the current board. Furthermore, because of the governance structure that is mandated by law, the board then must have a process in place where they can communicate their needs and desires to the appointing authority. DAA boards do not have a process in place whereby active participation by boards takes place regarding recruitment. Some of the comments from directors during interviews were; "The board does not actively recruit." "No process for recruitment." "Individuals will ask others to apply." "Board is not involved." Directors need to be intimately involved in the process of recruitment and they are not. There is a disconnect between the board and the appointing authority and this causes a multitude of problems that can ultimately lower the effectiveness of the board. This category also had the lowest scoring question in the entire survey, #18; *Our board has a process in place to assess the performance of the board"* had and average score of 1.85 and a mode of 1. In essence, the responses to this question showed us that boards are reluctant to self assess. If boards do not have a process in place to assess their own performance, then effectiveness of the board, and ultimately, the organization will suffer. Communication between board members that is meant to improve effectiveness is also an issue according to the survey. It would seem that most boards could use counseling or third party assistance regarding better communication.

Category "I, Understand the Relationship Between Board and Staff," focuses on the delegation of duties to staff and whether directors understand that relationship. The scores show that directors, for the most part, have good working relationships with staff. It also appears that directors possess integrity and expect it from other directors, but the knowledge of their roles and the roles of the staff may not be as clear. Understanding the relationship between board and staff is not an easily defined concept and this can often times cause blurred lines between director's responsibilities and the responsibilities of staff.

Category "J, Legal Compliance and Ethics," is focused on legal standards and ethical norms. From the results of the survey it is evident that directors are aware of their legal requirements, but it would be advisable to enhance the monitoring of these requirements more thoroughly. The oversight for directors is insufficient and there is not a very coherent process in place that rewards or punishes certain behaviors.

Conclusion

Within the NPO literature there is a consistent theme that there is no one-size-fits-all, universal model of board governance because context arguably influences behavior (Ostrower & Stone, 2001; Taylor, Chait, & Holland, 1996). However, Miller-Millensen (2013) created a model of nonprofit board governance capable of predicting the conditions under which a nonprofit board is likely to assume certain roles and responsibilities over others.

There have been calls to open up the "black boxes" of actual board behavior (Daily et al., 2003; Gavrielsson and Huse, 2004). New directions and alternate theories are needed in research on nonprofit boards. Strikingly, these calls are in complete alignment with the original aim of Cyert and March 45 years ago in *A Behavioral Theory of the Firm*. The author's objective was "to open up the 'black box' of the internal workings of organizations" (Argote and Greve, 2007: 344). Despite the requests and appeals, these ideas and concepts have not been used extensively in the current literature on nonprofit board behavior. In this article, steps were taken in outlining a behavioral theory of nonprofit boards that challenges the mainstream approach for understanding boards and corporate governance in contemporary research.

The focus of this study was to better understand the behavior of District Agricultural Association (DAA) boards and their directors given their governance structure and environmental factors. Surveying DAA directors provided a glimpse of their activities and to assess some of the contributing factors that led to certain behaviors.

In this paper, four organizational theories were explored in order to better explain the behavior of DAA directors. This insight informed a survey created for DAA directors regarding behaviors that research suggested could promote board effectiveness. An attempt was then made to create a framework of activities, "best practices," that might possibly aid DAA boards in creating a more stable environment for their organizations.

Agency theory deals with the separation of ownership and control of the firm's assets (Fligstein & Freeland, 1995) and keeping risk-bearing functions separate from decision structures (Fama & Jensen, 1983). A decidedly large portion of a board's responsibilities revolves around the many aspects of this theory. this survey tested the board's behaviors regarding the alignment of goals between the principal and agent, monitoring the performance of the CEO, communicating information to the CEO, and the board's delegation of responsibilities to the CEO. this study showed that there was a decided connection between directors and their organizations, along with a clear vision of what their organizations wanted to achieve, but it seemed that boards were not consistent in their processes and controls to ensure that their vision was eventually achieved. There was a lack of metrics to check the progress of their initiatives and control functions to ensure that the delegations to the CEO were observed. In addition, the survey showed that directors were not entirely clear regarding their roles and responsibilities and that better processes needed to be put in place to deal with dysfunctional directors.

Resource dependence theory focuses on an organization's ability to acquire and maintain resources (Salancik, 1978). Directors play a very crucial role in facilitating exchanges that can influence resource allocation. this study showed that boards need to further their understanding of what their responsibilities are regarding resource allocation, and in particular, raising funds. The survey, and subsequent interviews, showed that some directors thought that raising funds was not their responsibility. this research also indicated that directors felt that the recruitment of potential directors was not within their purview.

Institutional theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) helps to focus attention on how processes, rules, or routines can be established as authoritative guidelines and how organizational structures achieve stability. Survey results established that boards are very aware of the need to comply with the legal requirements, but also informs how boards are deficient in the processes they use to monitor their organizational progress and assess board effectiveness. Boards need be better informed regarding self-assessments and how to make the processes more institutionalized.

Stewardship theory (Donaldson, 1990a; Donaldson, 1990b; Barney, 1990) posits stakeholder interests can be maximized when a higher value is placed on goal convergence than on agent self-interest. The biggest difference between traditional non-profit organizations and DAA's is that directors are appointed by the governor's office instead of being appointed by the board. Stewardship theory would suggest that the appointing authority and the DAA board work together for the betterment of the organization, but in actuality there is not an institutionalized process that brings the parties together that works to align their goals. The authors would suggest that a process be developed that whereby the appointing authority (principal) and the DAA board (agent) come together and develop lines of communication that enable both principal and agent to express their values, needs, and desires. The more information that flows between the principal and the agent the better the chance for goal convergence. The DAA boards need to feel a part of the appointment process. The authors suggest that each board form a "governance committee." The committee would be charged with the responsibility of recruitment of potential candidates for director. In addition, this committee would have the responsibility to communicate with the governor's office regarding the operations of the DAA.

Many of the "best practices" researched here are familiar to directors and are practiced to an admirable level. What the authors would suggest, however, is a more balanced approach to adhearing to these best practices. The following is a director's checklist that if used along with a calendared reminder of scheduled activities may help to improve the overall effectiveness of

DAA boards. In addition, if these ten "best practices" are followed then the relationship between the appointing authority and DAA boards could improve the effectiveness of DAA's as a whole.

Director's Checklist:

1. Determine Mission and Purpose:
    - Establish, review or modify, and reconnect with mission and purpose
        - Board members and staff should have a clear understanding of what this means
        - Are the mission and purpose aligned with the organization's programs and services?
    - Establish a clear vision of what the organization wants to be
        - Is it compelling?
        - Is it clear and concise?
        - Easily defined metrics to track progress
    - Does the organization tell stories that celebrate the benefits that their organization brings to the community?
        - Do directors tell stories during board meetings regarding the successes of the organization?
        - Does the organization publish these stories through press releases, blogs, or newsletters on a consistent basis?
        - Is the general public aware of the benefits that your organization brings to the community?
2. Select, support, and Assess Performance of CEO:
    - Does the board currently have a policy in place that outlines the process for the selection of a new CEO due to a vacancy?
        - Does the board have a clear understanding of what distinctive leadership talents and capabilities are required from their CEO?
    - Does the board have a clear and concise job description in place for the CEO?
        - Are there clear policies in place that give direction to the CEO?
        - Are there clear policies in place that outline how to monitor the CEO?
    - Are there clear and understandable policies in place that outline how feedback is delivered to management?
    - Is there a process in place to consistently assess the performance of the CEO?
        - Is the performance evaluation given at least once per year?
        - Is this process taken seriously by every director?
    - Is there a clear process for regular communication between the board and the CEO regarding performance?
3. Engage in Strategic Planning:
    - Does the board engage in the process of strategic planning?
        - Does the board undertake strategic planning, or at least review and update the organization's strategic plan yearly?
        - Do directors understand and back the organization's vision, competitive strategy, and execution plan?
    - Does the organization have clear metrics that gauge the progress of the organizations strategy?

        - Does the board have a satisfactory process in place for the reporting of the organization's progress?
        - Is the reporting calendared for each board meeting?
4. Approve and Monitor the Organization's Programs and Services:
    - Is there a strategic fit between the programs and services that the organization offers and the firm's mission and purpose?
        - Does the board clearly understand the relationship between our mission and purpose and the goals and objectives of our organization?
        - Can each director articulate the organization's core programs and services?
    - Does our board have committees that monitor the organization's programs and services?
        - Are directors active on those committees?
        - Are there clear goals and objectives for committees with attainable time-lines?
        - Do committee chairs report back to the board on a consistent basis?
5. Ensure Effective fiscal Management:
    - Do all directors have the knowledge and/or the experience to understand your organizations financial reports?
    - Does the board ensure that the finance committee members are well versed regarding financial reporting and the finances of the organization?
    - Does the board ensure that members understand the organization's risk appetite and its effect on operations?
    - Is the board informed and accepting of risk management policies?
    - Does the board ensure that the organization has clear financial goals and a strategy for attainment?
    - Does the board ensure that management delivers accurate financial reports to the board on a monthly basis?
6. Ensure Adequate Financial Resources:
    - Ensure that every director understands their role in securing funding for the organization.
        - Properly orient directors on the importance of their participation in securing resources.
        - Work with the governance committee to recruit directors with the ability to secure resources.
7. Enhance the Organization's Public Image:
    - Are directors actively engaged in promoting the organization in the community?
    - Does the board discuss the positive effects that the organization has within the community on a regular basis?
    - Does the board ensure that there are open lines of communication between the board and stakeholders?
    - Is there a sense of team among board members
    - Does being a board member of this organization instill a sense of pride?
8. Carefully Select and Orient New Board Members and Assess board Performance:
    - Does your organization have a governance committee?

        - Does the governance committee have a mandate from the board to recruit potential directors
            - Do potential directors fit strategically with other board members?
            - Are potential board members familiar with the organization and its vision?
            - Does the potential director have a proven track record of working collaboratively in similar settings?
            - Will the candidate offer intellectual or experiential abilities to the organization?
        - Does the governance committee have a process for communicating with the appointing authority regarding performance of the board and the organization?
            - Are the goals of the board aligned with the goals of the appointing authority?
            - Does the appointing authority have a clear understanding of the needs and desires of your organization?
            - Does the appointing authority have the needed information from the board to properly orient candidates?
        - Does the committee work to increase the activities of the board regarding "best practices."
        - Does the committee work to develop the relationship between the board and the CEO?
    - Ensure that there is a clear and consistent process for board assessment?
        - Institutionalize the process of board assessment?
    - Develop a process that outlines the proper orientation of new board members.
        - Ensure that new board members are supplied with a mentor to help orient them to the organization and its environment?

9. Understand the Relationship Between Board and Staff:
    - Ensure that the CEO has a clear and well-defined duty statement
    - Ensure that there are adequate policies in place that define the board's roles and responsibilities regarding operations.
    - Work to ensure that board members are familiar with their roles and the roles of management.
    - Ensure that the governance committee has a mandate to work with the CEO on the relationship between the board and the CEO.
    - Work to improve the working relationship between staff and the board.
10. Legal Compliance and Ethics:
    - Ensure that there are clear policies in place that mandate any required testing, classes, and reporting requirements for the organization, the board, directors, and staff.
        - List any and all legal requirements along with any qualifications
        - Outline the ramifications or sanctions for non-compliance.
            - Include relevant dates.
    - Ensure that there is a written policy in place for reporting and dealing with legal and ethical violations by board members.

- Empower the governance committee to take action regarding possible violations.

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