

Effective Governance in the Fraternal Community: A Report to Fraternity Executives Association

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Introduction

As lead author of an ASAE Foundation research report on governance, it is my pleasure to offer this additional comparative analysis of the 23 men's and women's fraternal organizations that participated in the 2013 ASAE study. This report provides a supplement to my book *What Makes High Performing Boards: Effective Governance Practices in Member-Serving Organizations* (2013, Association Management Press). It also serves as a summary of some of the study's key takeaways, although I encourage readers to look at the full book to obtain many more details about good governance practices.

Data and Methods

The ASAE Foundation sponsors some of the most exciting research to date on association management. I have collaborated with them since 2007 to produce several publications that may be of interest to FEA members: <http://www.asaecenter.org/foundation2/research.html>

This 2013 ASAE study used a representative, weighted survey of association CEOs from 1,585 U.S. member-serving organizations, combined with 990 financial data, to produce the most comprehensive information to date about the governance practices, challenges, and successes that association boards are experiencing. The study can be compared to BoardSource's frequent surveys of governance practices with the added advantage of greater statistical validity and also a focus on the unique experiences of member-serving boards regardless of tax status. Under the terms of participation, all respondents' names and organizational affiliations are anonymous in reports such as these.

The study was designed holistically, with an understanding that board practices are shaped by each organization's age, size, mission, and geographic scope. We gathered considerable information about association boards, including their selection criteria, meeting practices, self-evaluation methods, staffing, budget and membership trends. We extend our hearty appreciation to the association leaders who participated in this study and who helped this profession learn.

The study generated the first benchmark information against which association boards can compare themselves. ASAE then followed with a second study (Gazley and Kissman, *Transformational Governance*, Wiley 2015) that uses case studies of high-performing boards (including a fraternal organization) to help associations understand how to improve their governance practices through effective strategic planning and change management.

Four Lessons Learned

1. Function over Form. While it's tempting to focus on the most visible aspects of board activity, such as board size, when trying to understand nonprofit governance, the element most frequently associated with high board performance is how the board spends its time. Regardless of board size, number of meetings, the nature of its staffing, or the association's membership trends, we found that the greater the board's strategic orientation, the more likely its executive director was to rate the board highly. A strategic orientation is achieved through careful board meeting design, assigning less important items to consent agendas, limiting passive activities such as staff and committee reports, and ensuring that parliamentary rules do not interfere with the board's ability to engage in a full and open discussion about strategic matters.
2. Culture of Learning and Accountability. Boards that set and enforce their own performance goals and that invest in board member development (through any form, such as mentoring, orientations, training, expert consultants, etc.) are more likely to be rated as "excellent" by their CEOs on many different performance measures. The greater the amount of board development, the higher the rating.
3. Bad boards destabilize staffing. Similar to many other governance studies, this study found that CEOs are concerned about weak boards. They worry especially about the challenge of recruiting qualified individuals and the board's weak emphasis on its own performance. This concern has an impact on board-CEO relations. Not only did they report more policy conflicts but CEOs were more likely to have intentions to quit. In fact, within the lowest ranked quartile of boards, half (54%) of the CEOs planned to leave their position.
4. The most important work happens before somebody joins your board. High performing boards are more likely to invest in careful board member screening and selection, including competitive elections, diversity policies, and rules against external appointments. They are also more likely to invest in professional staffing to provide adequate staff support for boards.

How do Fraternal Organizations Compare?

I'll cut to the chase: Fraternal organizations compare well! Although with such a small number of participating fraternities and sororities, statistically significant comparisons were limited, fraternal associations on the whole were more likely to be rated as high-performing by their CEOs on many measures. In fact, one quarter of all fraternities were ranked in the top 10% of high performing boards, compared to 11% for the full sample.

Fraternal organizations performed especially well on the dimensions of self-assessment and a strategic orientation—for example, being more likely to use the majority of their meeting time in strategic activities (61% versus 51% of the full sample). They also engaged more often in other best practices associated with strong governance, including screening board candidates (89% of fraternities compared to 77% of other associations), investing in board member development (93% versus 82%), and assessing themselves (75% versus 48%). Figures 1-3 at the end of this report provide further detail.

However, fraternity boards were less likely to be rated by the CEOs as being successful at advocacy and public policy activities. And they were more likely to have CEOs who were planning to leave (53% versus 42%) although their staffing was more stable overall (71% had stable staffing versus 54% for the full sample).

They were also no more likely than other associations to have formal diversity requirements or goals for board membership. Three out of four (28%) of fraternal organizations is not recruiting board members using formal (e.g., in bylaws) diversity goals. This point is worth noting since representativeness of board members is greatly prized in many men’s and women’s fraternal organizations, perhaps even more so than in member-serving organizations in general.

Conclusion

This information will be helpful to boards in understanding some of the norms of behavior in association governance, although caution should always be exercised in deciding what (if anything) needs to change. Organizational performance is a multi-dimensional construct, and tax status, age, and membership structure shape board behavior and capacity in important ways. And since this study captured only a part of fraternal organizations, your experiences may vary.

The value of the ASAE governance study has been in its ability to highlight what really matters in nonprofit board performance. While the conventional wisdom suggests that board size and structure shape board performance, it’s more likely that a healthy board culture and good dynamics shapes the decisions about board size and structure. In fact, this study points to three qualities that drive good governance: High performing boards hold in common a culture of accountability, a culture of learning, and a strategic culture. Table 1 below outlines the specific board practices that support a healthy board culture.

Table 1 The three dimensions of a healthy board culture

Boards do best when they:	
1. Practice a culture of accountability	<ul style="list-style-type: none"> ✓ Assess own performance ✓ Relate performance to a plan ✓ Commit to assessment process ✓ Challenge one another to improve
2. Practice a culture of learning	<ul style="list-style-type: none"> ✓ Commit to board and staff training in good governance ✓ Understand how stable, professional staffing supports good governance ✓ Recruit strategically (example: to ensure diverse viewpoints on board)
3. Practice a strategic culture	<ul style="list-style-type: none"> ✓ Commit to board and staff training in good governance ✓ Understand how stable, professional staffing supports good governance ✓ Recruit strategically (example: to ensure diverse viewpoints on board)

Figure 1 Quality of Board Relationships with Stakeholders



Note: N ranges from 694-1,541 (Frequencies omit non-responses and responses of “not applicable”)

Figure 2 Measurement of Board Performance, Activities Rated Most Positively

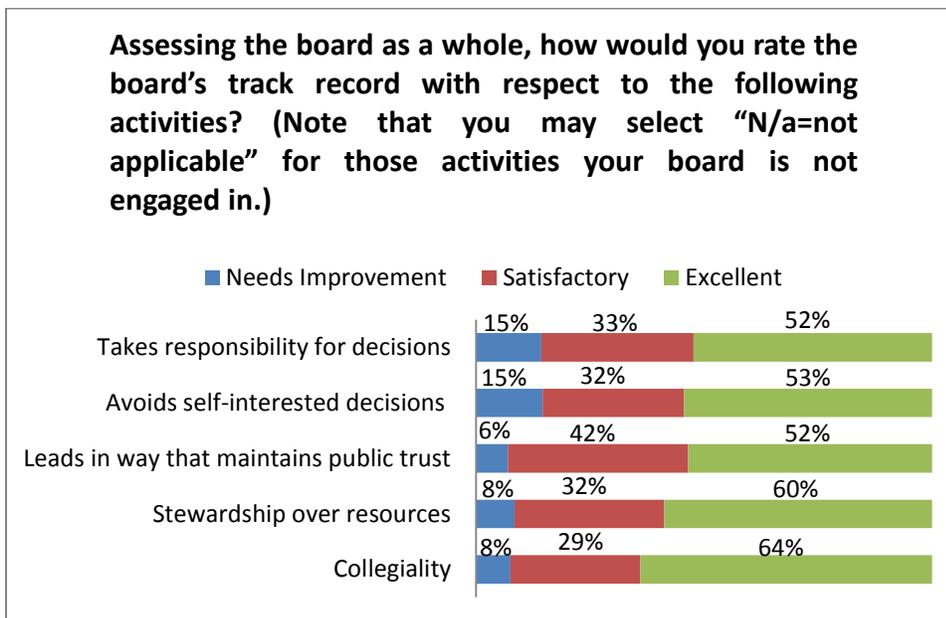
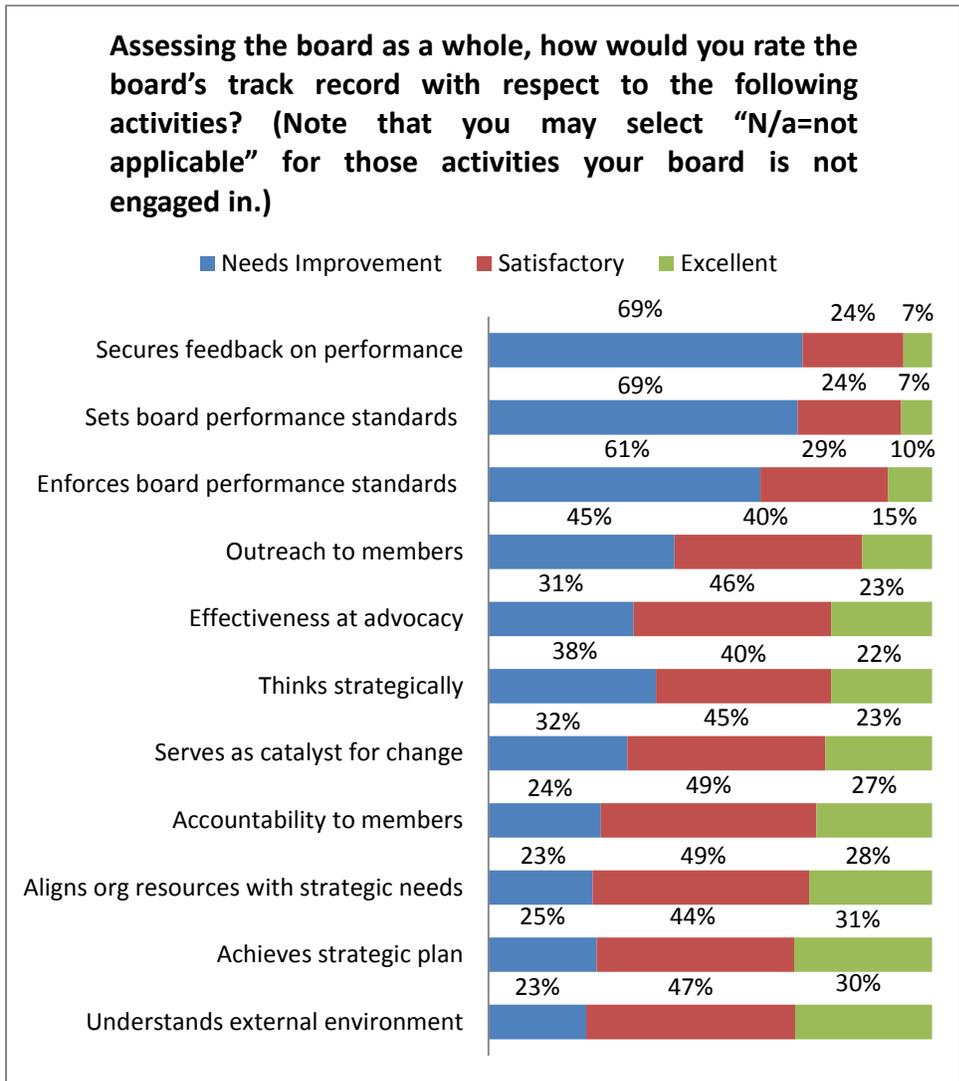


Figure 3 Measurement of Board Performance, Activities That Need Improvement



☀ = Fraternal organizations did better than average
 ☁ = Fraternal organizations did worse than average