
The Prevalence of Governance Practices in Trade and Professional Associations and Community Foundations

Studies on Two Types of Nonprofits Under-explored by Current Research

- Study of board practices in national associations
(Jan. – Oct. 2005)
Funded by *William E. Smith Institute for Association Research*
- Study of board practices in community foundations
(Jan. – Dec. 2004)
Funded by *ASU College of Public Programs*
- For details on both projects please visit our website:
<http://www.asu.edu/copp/nonprofit/res/>.

I. Governance Practices in National Trade and Professional Associations



Purpose of the Study

Identify promising recruitment strategies, key board processes, and crucial structures which are present on high performing association boards.

We will survey and interview association executives and board chairs about

- board recruitment and development practices
- board member commitment attitudes and capabilities
- governance structures and processes
- indicators of board performance.

Data Collection Process

Phase one:

A survey of association executives to detail existing board governance practices

Phase two:

A survey of association board chair to describe board members' commitment, contribution, and perceptions of the board's performance.

Phase three:

Selected interviews with executives and board members from exemplar organizations

Phase One: Summary

- A random sample of 1,500 national trade and professional associations purchased from Columbia Books.
- National sample data collection will begin in late April.
- A pilot study of Arizona associations was conducted in February 2005

Phase One: Data Source

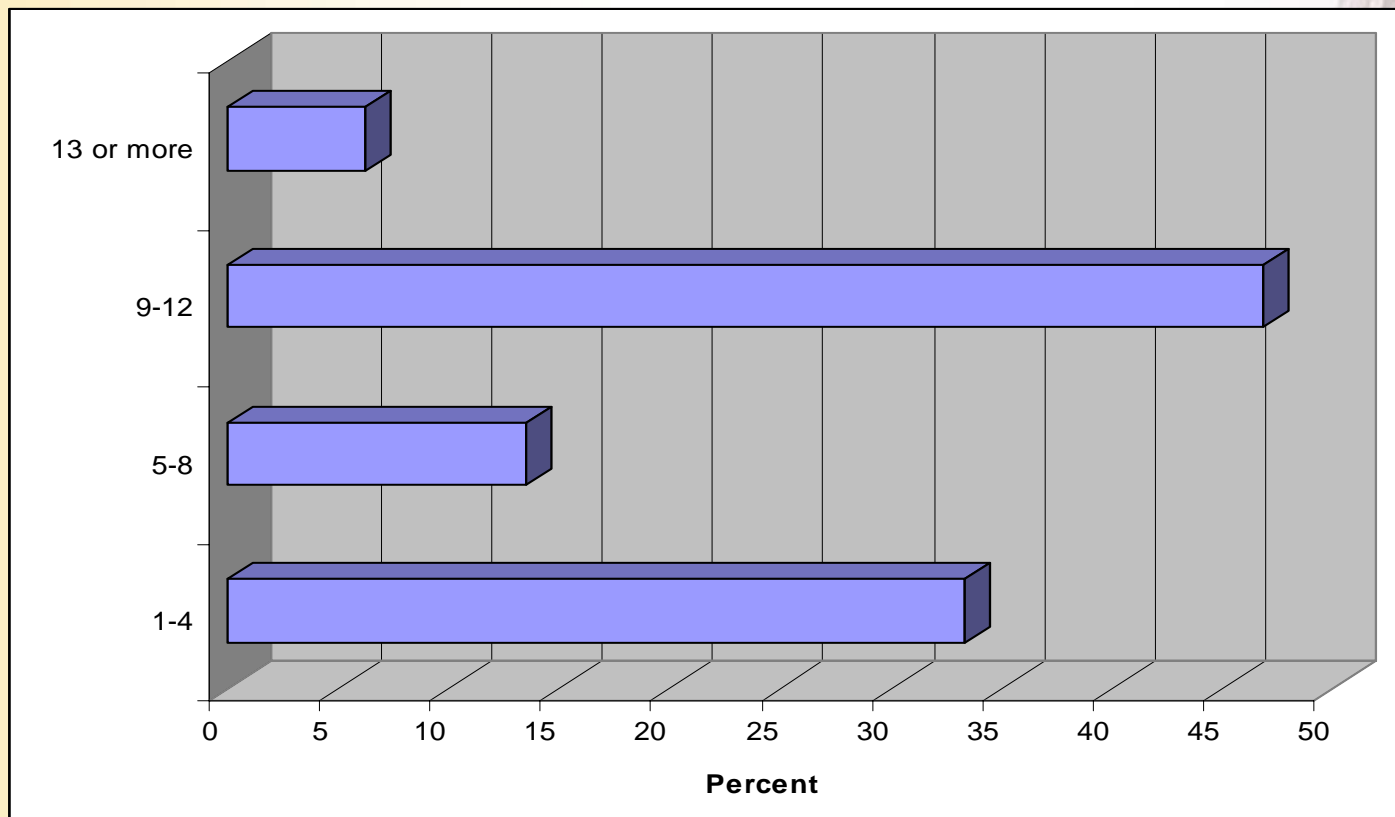
- National Trade and Professional Associations List (*Columbia Books*)
 - Contains 7,500 national trade associations, professional societies and labor unions
- Encyclopedia of Associations (*Gale Group*)
 - Contains 22,500 national associations (broadly defined)
- The American Society of Association Executives (ASAE) list
 - Contains an active paid membership of about 25,000, of which CEOs account for about 25%

Pilot Study:

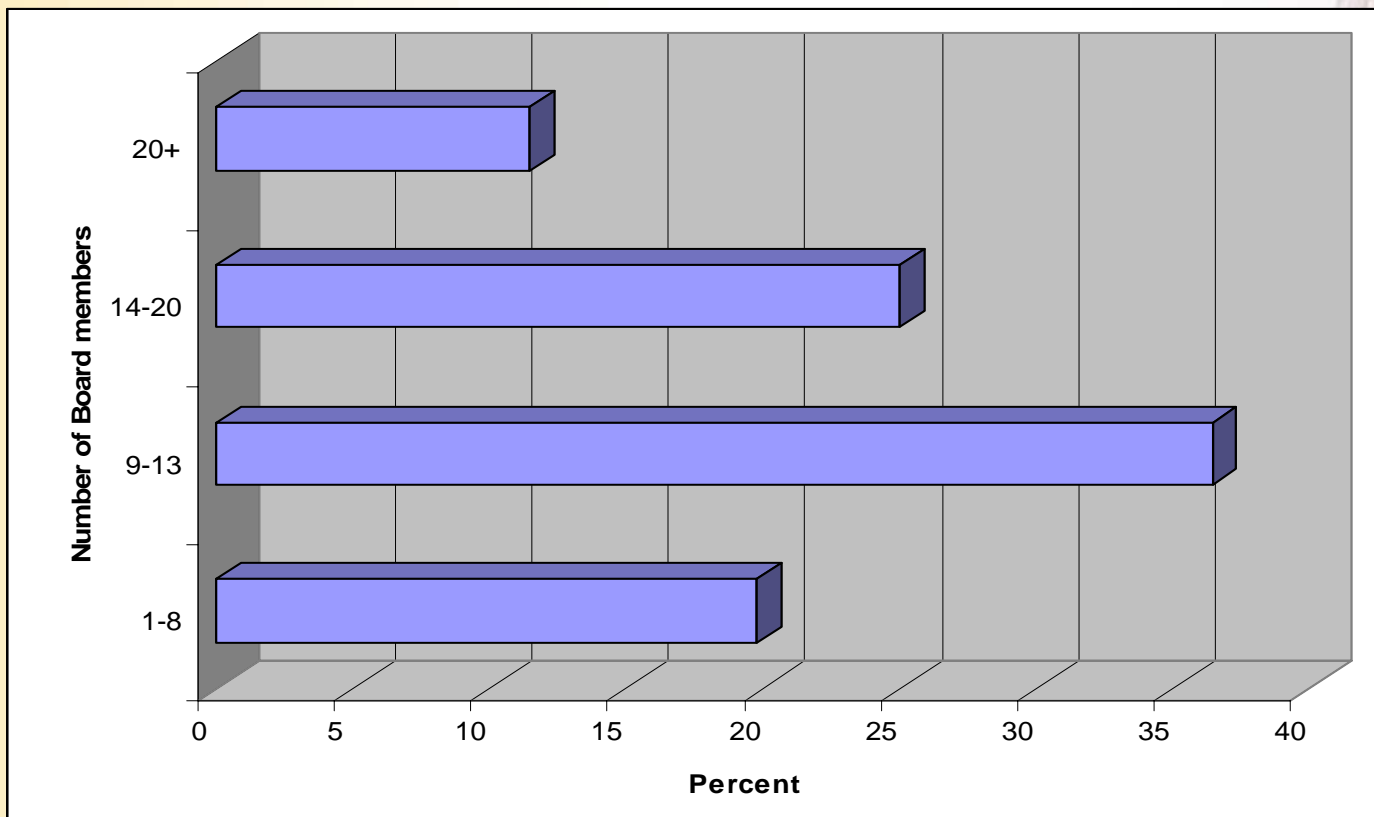
Arizona Professional and Trade Associations

- Commenced on Feb. 19, 2005 using online survey tool.
 - *zoomerang.com*
- Sample consisted of all available associations in Arizona (n=411).
- 91 completed survey (22% response rate).

1. How many board meetings do you have each year?



7. How larger is your board?

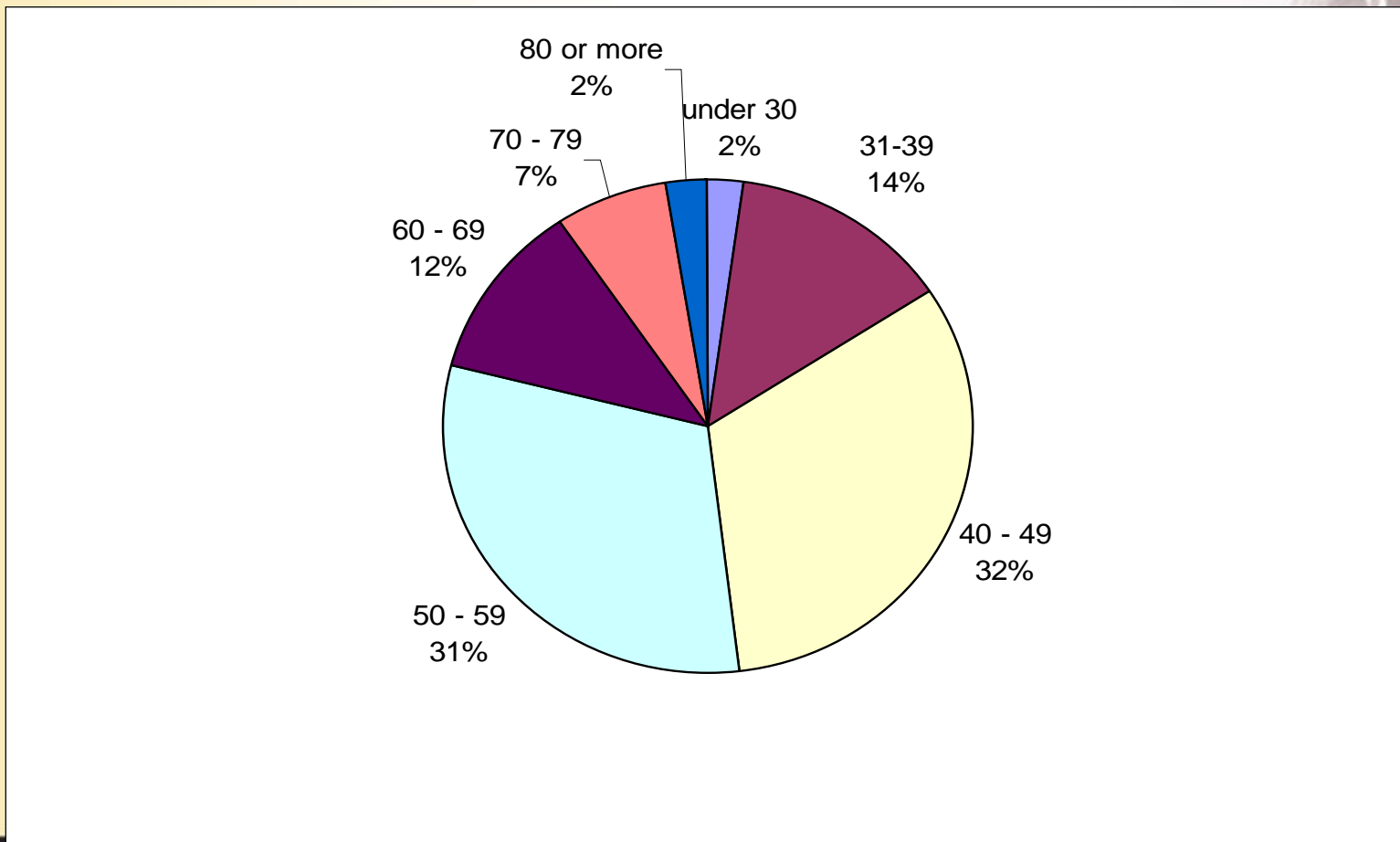


8. How many board members are women?

47%.



9. Board members in each age group

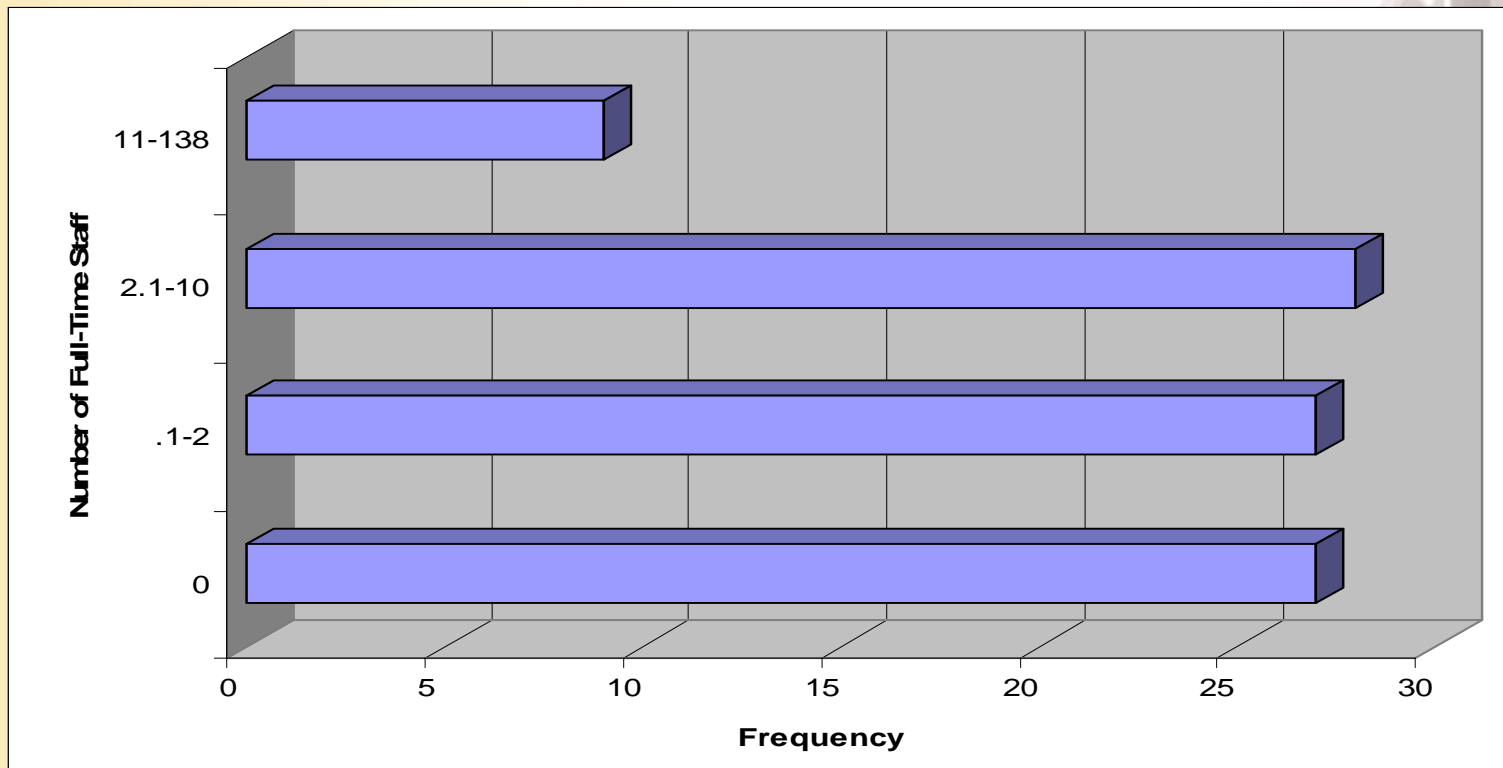


10. Board members in each of the following racial/ethnic groups

White	88.2%
Hispanic	6.6%
Black	2%
Asian	1.1%
Other	2.1%



21. How many full-time equivalent paid staff does your organization have?



26. Are new board members typically nominated by (select all that apply)?

	# of responses	Response Ratio
The CEO alone	6	7%
The board as a whole	19	21%
By a nominating committee	60	67%
By petition from the membership	17	19%
Other	10	11%

30. Indicate the extent to which the following statements reflect board development practices?

<i>The top percentage indicates total respondent ratio; the bottom number represents actual number of respondents selecting the option</i>	1 Not at all	2	3	4	5 To a high degree
1. Your organization has a plan on how to strengthen the board	16% 14	20% 18	30% 26	28% 25	6% 5
2. Your organization provides an orientation for new board members	4% 4	20% 18	30% 27	25% 22	20% 18
3. Your organization has an effective process for preparing new members for their role on the board	9% 8	26% 23	29% 25	23% 20	13% 11
4. Board members are engaged in the kind of training they need to perform their role effectively	18% 16	31% 27	23% 20	18% 16	10% 9
5. The board evaluates individual board member's performance	56% 49	23% 20	14% 12	7% 6	1% 1
6. The board evaluate the performance of the board overall	42% 37	20% 18	18% 16	15% 13	5% 4
7. Does the organization/board remove/replace low performing members	38% 33	25% 22	19% 17	13% 11	6% 5

II. Governance Practices in Community Foundations



Summary

- **Study was conducted at the population level.**
 - There are about 700 community foundations in the United States today.
 - The Council on Foundations (COF) website contains a list of 677 community foundations
- **A short survey was sent to each of the 677 foundations.**
- **117 foundations responded (17% response rate)**
- **Follow-up interviews were conducted with CEOs of the 117 respondents**

Phase One: Research Questions

Combining both survey and population data, we examine

- The extent to which community foundations vary in their performance in asset development and grant-making
 - Fiscal efficiency
 - Grant allocation efficiency
 - Percentage of unrestricted funds
- The environmental, organizational, and governance factors that lead to such variations.

Phase One: Data

Comparison of Responding Community Foundations with the Original Sample

	Foundations Responding to Our Survey	Foundations in the Original Sample
Organizational Age	27.7 (years)	22.4 (years)
Asset Size	58.7 (million \$)	42.3 (million \$)
Annual Revenue	5.7 (million \$)	5.2 (million \$)

Phase One: Selected Findings

- Higher niche density is associated with higher fiscal efficiency, but lower grant allocation efficiency.
- Compared with generalists, specialist foundations are associated with lower fiscal efficiency, but higher grant allocation efficiency.
- Larger community foundations are associated with lower fiscal efficiency and grant-allocation efficiency.
- Board performance is associated with higher fiscal efficiency.