

Conflicts of Interest between Board Members and Executives in Nonprofit Organizations

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In Nonprofit Organizations (NPOs), three types of staff-members exist: volunteers, volunteers in an executive position (e.g. board members) and executives, whereas the existence of volunteers in an executive position is one of the typical characteristics of NPOs. The relationship between the two groups “executives” and “volunteers in an executive position”, has always been rather problematic and conflict-laden. Executives are responsible for the operative leadership of a NPO, while board members are in charge of strategic leadership. Since executives are full-time employees, whereas board members only operate part-time, the relationship between the two groups has always been an area of structural tension. In comparison to board members, executives have an advantage in terms of time and information at their disposal. In addition, due to their professional background executives also have an advantage in terms of know-how. The problematic relationship between board members and executives, goes beyond this structural area of tension however is often caused by human resources policies and the relationship itself (Farmer/Fedor, 1999; Netting et al. 2004)

In the literature, these conflicts of interest between executives and board members have up until now only been addressed from their structural point of view. However, despite the central role of those two groups in NPOs, only a limited amount of scientific findings concerning the problematic relationship between executives and board members exist so far. A comprehensive survey of the possible causes for conflicts between executives and board members has though, not yet been conducted empirically. Therefore, the authors try to contribute to closing this research gap and try to get a better understanding of the causes of conflicts of interest between executives and board members. Two literature streams have been identified to be relevant in this context: on one hand the literature on motives (e.g. Clary/Snyder/Ridge, 1992; Farmer/Fedor, 1999), on the other hand the literature on conflicts itself. Two subcategories of conflict literature have been identified to be of particular importance: literature on structural conflicts in NPOs (e.g. Murray/Bradshaw/ Wolpin, 1992; Miller, 2002; Netting et al., 2005; Caers et al., 2006) and literature on intragroup conflicts, (e.g. Jehn, 1994, Jehn, 1995; Jehn/Mannix, 2001 Tidd/McIntyre/Freidman, 2004).

The main objectives of the survey will be to, in a first step, determine the causes for conflicts of interest between board members and executives in NPOs based an explorative research design. In a next step a qualitative survey will be conducted and via critical incident technique

or switching path analysis techniques the main influencing factors will be seized, described and systematized. Then, by means of a quantitative survey, the main factors of the occurring conflicts will be analyzed, whereas the authors try to determine which variables have an influence to what extent on conflicts. Dyadic analysis (Homburg/Stock, 2004) will be used for that purpose. Finally, based on the findings, recommendations to human resources and general management of NPOs will be deduced.

At the 2008 ISTR Conference the authors would like to present the first results of their qualitative analysis.

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