The evolving relationship between Chairs and Chief Executives: A negotiated order perspective

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Professor Chris Cornforth
Department of Public Leadership and Social Enterprise
The Open University,
Walton Hall,
Milton Keynes,
MK7 6AA,
United Kingdom
E: chris.cornforth@open.ac.uk

Dr Rob Macmillan
Third Sector Research Centre (TSRC)
University of Birmingham,
Park House,
40, Edgbaston Park Road,
Birmingham,
B15 2RT
United Kingdom
T: +44 (0)121 414 8975
E: r.macmillan@bham.ac.uk
W: www.tsrc.ac.uk
Abstract

The relationship between Chairs and Chief Executives (CEs) has been largely neglected in research on nonprofit governance. Yet a growing body of research on corporate governance in the private and public sectors suggests that this relationship is crucial both to the effective functioning of the board and the leadership of the organization. Much of the research on chair-CE relationships has employed cross-sectional research designs. Yet these relationships will evolve over time. More generally Cornforth (2012) has argued that research on nonprofit governance needs to pay much greater attention to processes of change and how these influenced by contextual and historical factors. This paper responds to some of these challenges. It presents the results from longitudinal research examining the relationship between the chair and chief executive in nonprofit organizations, and how this relationship is ‘negotiated’ and develops over time in response to both contextual and situational changes.

Keywords

Nonprofit governance, Chair-Chief Executive relationships, longitudinal research, negotiated order
Introduction

The relationship between Chairs and Chief Executives (CEs) has been largely neglected in research on nonprofit governance. Yet a small but growing body of research on corporate governance in the private and public sectors suggests that this relationship is crucial both to the effective functioning of the board and the leadership of the organization (e.g. Stewart, 1991; Roberts and Stiles, 1999; Robinson and Exworthy, 1999; Kakabadse et al, 2006; Kakabadse et al, 2010). Much of the research on chair-CE relationships has employed cross-sectional research designs. However, as Shen (2003) notes the relationship between boards (and hence also chairs) and CEs is a dynamic one and will evolve as it develops. As a result he calls for longitudinal research to examine the board-CE relationship. More generally Cornforth (2012) has argued that research on nonprofit governance needs to pay much greater attention to processes of change and how these are influenced by contextual and historical factors. This paper responds to these challenges. It presents the results from research examining the relationship between the chair and chief executive, and how this relationship is ‘negotiated’ and develops over time in response to both contextual and situational changes.

The research involved a longitudinal case study of a small nonprofit organization in the UK. The research was carried out over a 3.5 year period beginning in early 2010. Four sets of interviews were carried out separately with the Chair and CE over that period. In addition interviews were also carried out with some other board members, staff and external stakeholders. Background information was also collected on the organization detailing its history and development. Research on the governance of small nonprofit organizations has been rather neglected in the literature, and this research also reflects on the particular governance challenges they face, as part of what Rochester (2003) calls the ‘liability of smallness’.

As Roberts and Stiles (1999: 38) note the roles and relationship between chairs and CEs cannot be understood simply in terms of formal job and role descriptions. The boundaries between the roles are often unclear and may need to change as they develop and in response to changing circumstances. A conceptual framework derived from negotiated order theory (Strauss, 1978) is used here to analyse data from the case study. This approach suggests that relationships are ‘negotiated’ as actors both consciously and unconsciously construct and reconstruct their relationship through repeated interactions (Baïada-Hirèche et al, 2011).

The article is structured as follows. The following section analyses some of the relevant literature on chair – CE relationships and develops a conceptual framework based on negotiated order theory for helping to understand how they develop. The methodology for the research is then discussed. This is followed by a presentation of the empirical findings from the case study. Finally conclusions from the research are presented and the implications for further research are discussed.

Theoretical perspectives on the Chair – Chief Executive Relationship
A number of different theories have been used to throw light on the relationship between the chair and CE. In the following sections we examine agency theory and stewardship theory, role theory and negotiated order theory.

**Agency theory and stewardship theory**

Agency theory has been the dominant theory used to explain corporate governance arrangements in the private sector (Keasey et al, 1997: 3-5). It assumes that the owners of an enterprise will have different interests from those that manage it (their agents). Consequently the main role of the board is to oversee senior management to ensure it acts in the owners’ best interests. By extension a key role of the chair is to oversee and supervise the CE. Stewardship theory (Muth and Donaldson, 1998) starts from opposite assumptions. It assumes that managers and owners share common interests and that managers can be trusted to act in the organization’s and owners’ best interests. The main function of the board is not to ensure managerial compliance, but to work with management to improve organizational performance. By extension the role of the chair is to support and partner the CE in leading the organization.

Two important criticisms can be made of these theories in helping to understand the relationship between boards and managers, and chairs and CEs. Individually the theories are rather one dimensional, and have been criticised for only illuminating a particular aspect of a board’s work (Hung, 1998: 108; Tricker, 2000: 295). Secondly, the theories identify universal and fixed roles; there is no recognition that boards and chairs may play a number of different roles depending on the circumstances, and that the relationship between chairs and CEs may develop over time.

**Role theory**

Role theory asserts that people in social positions adopt characteristic behaviours or roles. It presumes that roles are shaped by the expectations others have of the role incumbent and their own expectations (Biddle, 1986). In contrast to agency and stewardship theory, role theory recognises that a person may carry out a number of different roles and that roles may change as expectations on the role incumbent change. Understanding the roles and relationships between a chair and CE has to take into account the context i.e. the wider relationships and expectations that surround these two top jobs (Roberts and Styles, 1999: 37).

Stewart (1991) used role theory to help understand the relationship between chairs and District General Managers (the equivalent of CEs) in various districts of the National Health Service in the UK. She showed that the ‘two roles are very dependent upon each other, and occupy overlapping domains, so that what each can do is considerably affected by the other’s behaviour’. There was wide variation in the way chairs and CEs performed their roles that were partly explained by the amount of time the chairs devoted to the job. Stewart (1991: 522) identified five different roles that chairs played:

1. Partner – the chair and CE play complementary roles.
2. Executive – the chair instructs the CE or other managers to take action.
3. Mentor – the chair attempts to influence the CEs behaviour through mentoring. (Conversely a CE may also attempt to influence a new chair in this way.)
4. Consultant – the chair waits to be consulted by the CE before offering advice.
5. Distant – the chair mainly attends to chairing board meetings and other official duties and is not easily available to give advice.

The partner role was the one most commonly adopted. This is in line with the role suggested by stewardship theory, while the executive role is similar to that suggested by agency theory. However, Stewart found that chairs may adopt more than one role, suggesting that neither agency theory nor stewardship theory by themselves offer an adequate explanation of the chair’s role.

While role theory offers an interesting insight into the different roles that chairs may play, it does not explain how the relationship between the chair and CE develops over time. The overlapping domains of chair and CE also suggest that a simple division of responsibilities between chairs and CEs will not be possible, and there needs to be some negotiation over who does what. This is likely to be particularly the case in small nonprofit organizations, where the boundaries between the board and the executive can be very blurred (Rochester, 2003).

**Negotiated order theory**

Negotiated order theory was developed by Anselm Strauss and colleagues in the 1960s and 1970s (Strauss, 1978). It was a development of social interactionist theory, which unlike earlier functionalist theories emphasised social change and the dynamic nature of social order (Day and Day, 1977). A key assumption of negotiated order theory is that ‘… an organization holds together not because of its role structure, but because its members consciously or unconsciously construct and reconstruct order, continuously negotiating formal and informal arrangements among themselves’ (Baïada-Hirêche et al, 2011:19).

Negotiated order theory has been subject to a number of criticisms (e.g. Benson 1977; Day and Day, 1977). Two of the most important are that it purports to provide a complete explanation of social order and that it has ignored wider structural factors, such as power relations, rules and historical forces. However, Strauss (1978: 247-259) explicitly refutes these concerns. He is at pains to point out that his theory is not meant to be a complete theory of social order, and argues that negotiation is ‘entwined’ with other processes, such as coercion, manipulation, education and persuasion, for ‘getting things done’, and that the researcher will need to study these processes together. Importantly the conceptual model Straus (1978) developed for analysing negotiated order outlined below explicitly recognises how negotiations are shaped by wider structural factors.

Strauss’ model can be thought of as three concentric circles with the negotiation itself at its heart, surrounded by the negotiation context, which in turn is surrounded by the structural context (Baïada-Hirêche et al, 2011:19). The negotiation consists of ‘the interactions and strategies that actors use in the process of mutual adjustment’ (Baïada-Hirêche et al, 2011:19). It involves various sub-processes including making trade-offs, paying off debts, compromises and making negotiated agreements. The
negotiation context consists of those ‘structural properties’ that immediately act as ‘conditions’ of the negotiation, including the actors, the stakes they have in the negotiation, the settings in which they interact, the frequency of their interactions, the power sources they can draw upon and the issues that they face (Strauss, 1978: 237-8). The structural context consists of the structural properties of the wider social setting in which the negotiations take places (Strauss, 1978: 237). It may include organizational, economic, social, technological and political conditions, that impact on the other two dimensions. The nature of the negotiation context and structural context will vary over time and ‘place’ and need to be derived inductively from the field (Baïada-Hirèche et al, 2011: 19).

While Strauss’ theory is relatively old it continues to attract interest in a variety of fields, including management studies, and has been used for example to help understand managerial responsibility (e.g Baïada-Hirèche et al, 2011) and technological innovation (e.g Dokko et al, 2012). More specifically various authors have suggested its potential for understanding chair-CE relations (Roberts and Stiles, 1999; Robinson and Exworthy, 1999). However, neither of these studies make use of Strauss’ conceptual model to analyse and make sense of their empirical data on the relationship between chairs and CEs.

In the remainder of this article we attempt to deploy the conceptual model of ‘negotiated order’ in understanding the dynamic unfolding of a chair-CE relationship in a small nonprofit organization in the UK. In the next section we outline the methodology and approach to data analysis.

Methodology

The data on which this article draws comes from a case study of a small, local, and relatively new nonprofit organization – ‘Hawthorn’1 – which provides family support services in a town in the North of England. It provides weekly drop-in support sessions at a variety of locations across its local area. Each session runs for a couple of hours and involves a (paid) facilitator, supported by one or two volunteers, working with a small group of women and their children, with expert input from a range of specialist professionals, such as health visitors.

The case study is part of a wider qualitative, longitudinal programme of research – ‘Real Times’ - examining the fortunes, strategies and challenges faced by a range of nonprofit organizations (Macmillan, 2011; Macmillan, et al 2011). At ‘Hawthorn’, the research has involved, inter alia, 22 semi-structured interviews over the period Spring 2010 to Summer 2013, supplemented by observations of, for example, project activities, an Annual General Meeting, a volunteer coffee morning and an external stakeholder open day. In particular, the research has included four interviews with the new CE (July 2010, December 2010, September 2012 and July 2013), three interviews with the Chair (April 2010, September 2011 and September 2012), and finally one joint interview with both the Chair and CE (July 2013).

All the interviews were transcribed and entered into NVivo for initial coding. A form of template analysis was used to analyse the data (King, 2012). This allows for both a priori and inductively derived themes to be used for coding. A priori codes are usually
broad and this part of the coding framework was derived from negotiated order theory (Strauss, 1978 and 1993; Baiada-Hirèche et al, 2011).

An important strength of case study methodology is the potential for theoretical generalization (Tsang, 2013). In contrast to cross-sectional studies there is the potential to identify causal processes and the key contingencies under which these mechanisms operate (Tsoukas, 1989).

**Analysis of the case**

When the research started, Hawthorn had been in operation for approximately five years, originating as a small volunteer group led by its founder. It had recently been able to expand and employ its first paid staff through a long-term grant from the Big Lottery Fund alongside a small grant from the local council. However, as research participation was being discussed, Hawthorn was thrown into crisis. The founding Co-ordinator/CE was dismissed for disciplinary reasons. Within a couple of months a new and relatively inexperienced Coordinator was appointed, tasked by the board of trustees with restoring Hawthorn’s external reputation and developing new internal structures and systems. Given the size of the organization, and the fact that the trustees and staff had mainly been recruited through the founding co-ordinator, the crisis tested personal and professional loyalties. However, the trustee board held together, and the new Coordinator, supported by the Chair, started implementing new ideas for how Hawthorn should be organised and developed.

Over the subsequent 3.5 years the research tracked Hawthorn’s progress in its deliberate strategy of becoming more formal and professional in its approach, in order to provide more services and be in a better position to compete for new resources. Our analysis here uses negotiated order theory to examine how the relationship between the Chair and CE evolved through four important phases during this period. Following the conceptual model, the analysis proceeds from the macro to the micro levels, analysing the structural and negotiation contexts before analysing how the relationship between the Chair and CE was negotiated. A summary of the main findings are presented in table 1 and are discussed in more detail in the sections below.

[Insert table 1 about here]

**Phase 1: Growth and the Coordinator Crisis**

**Structural context**
Hawthorn began as a small voluntary group in 2004 led by its founder Clare. She recruits various friends and acquaintances to be the first board members of the organization. Between 2004 and 2008 the organization grows very slowly by obtaining small grants, but in 2008 it is able to expand its operations through new funding. This enables the organization to employ Clare as a Coordinator and other staff to run sessions for its client group. The new funding effectively shields the organization from the immediate effects of the financial crisis that began in 2008, and the subsequent austerity measures and cut-backs in public services.
An important consequence of the new funding is that the Coordinator and the board recognise that the organization needs to become more business-like now they are managing an increased budget and paid staff. As a result a new Chair for the governing body is recruited to bring this necessary experience and expertise to the organization.

**Negotiation context**

Clare uses her contacts to recruit the new Chair, David. He has considerable experience in the governance of housing associations. He is also a local parish councillor, well known and well-connected politically. As one staff member observes his recruitment marks the beginning of an important transition for the organization:

‘...the major transition was ... getting a new chair. We had, in my time, two previous chairs but they weren’t aware of the chair role, ... but after the lottery bid came in and we got that, it became a business and getting a new chair that we’ve got now, he’s brought it into a business…’

However, the new Chair has something of shock after joining the board, when he finds the organization is in a worse state than he has been led to believe:

‘I was led to believe that the organization was ... a very good organization with policies, procedures and all financial internal controls and within two months I saw the real picture ... it ... had no internal controls, very few policies, procedures,...’

The organization has a very informal culture. For example, the Chair comments on trustees’ meetings: ‘There were verbal updates and the minutes of the meetings were very kind of sketchy which didn’t really capture anything.’ As a result he sets about trying to professionalise the organization by introducing more formal policies and procedures, and establishing a clear accountability structure. This sets the context for the evolving relationship between the Chair and the Coordinator.

**Negotiations**

The new Chair seeks to change relationships between himself, the board and the Coordinator. In particular he tries to establish a line management and accountability relationship with the Coordinator, but these are resisted. The Chair observes:

‘So when I started doing my initial one to one meetings with Clare I very quickly introduced ... some smart targets into a work plan, which for the first probably 6 months Clare resisted that kind of approach and it was quite a struggle and there was lots of discussions around that we weren’t really big enough to have written reports to Trustees. But then very quickly it became very clear that the verbal updates were just a smokescreen to very poor performance ...’

The Chair is so concerned about the state of the organization that he calls in outside consultants to carry out an audit of Hawthorn’s systems and procedures to see if his views are supported. This appears to be a negotiating tactic. He is aware that trustees are friends of the Coordinator and that his views might not be supported without
external validation. Again the Coordinator resists this process, as one staff member observes:

‘I’ve always been answerable to somebody, but Clare never was and I think that was her biggest struggle and it was the information holding got worse and worse, that’s what I saw. And it was power, it turned out to be this power struggle...’

The consultants’ audit report sets out an action plan to improve performance management in the organization and a framework for accountability between the Chair and Coordinator. The trustees are frustrated by failure of the Coordinator to provide information, and there is a growing sense of distrust. Subsequently, the Coordinator is suspended and then dismissed for an unrelated disciplinary matter after an investigation by the trustees.

As discussed earlier, Strauss notes that negotiations are entwined with other processes such as the exercise of power, persuasion and manipulation, and that these processes have to be studied together. The relationship between Chair and the Coordinator could not be satisfactorily resolved by just negotiation and persuasion, but resulted in a power struggle with the Chair and the board having to use their formal authority to resolve the situation, and then, when the disciplinary matter arises, to dismiss the Coordinator.

**Phase 2: Transition and appointment of new Coordinator**

**Structural context**

A new phase begins with the dismissal of the founding coordinator in Spring 2010. During this period the funding for the organization is still secure but the main grant is due to end in 2013. Discussions are held with Hawthorn’s funders about a new set of key performance indicators (KPIs) that are developed, and the situation regarding the audit and previous Coordinator are explained.

**Negotiation context**

The Chair is aware the organization needs to be in the position to bid for further funding before the current grant ends. In the absence of a Coordinator the Chair supported by trustees effectively acts as the manager of the organization, with other staff taking on increased hours and responsibilities. The crisis over the Coordinator and the recruitment of a replacement, Ellie, also requires the board to take a more proactive role, which helps it to gel and work together more effectively. As one board member observes:

‘... the trustees had a lot of input into getting another coordinator and doing it our way, and I think that’s what it made it work a lot better; because we all came together... so I think Ellie knew where she stood from the beginning ... It was like her working for us and not us working for them ...’

Ellie is young and has relatively little managerial experience. The Chair takes a risk in arguing for her appointment, against the views of some other panel members, who thought she was too inexperienced.
Negotiations
The Chair takes on a line management and mentoring role for the new Coordinator, with regular meetings and contact. She sees the Chair as acting as her boss in the first few months of the job, but gradually this relationship begins to change to a position where she feels can have more input or disagree with him:

‘The first four or five months was very much whatever David says goes, and he’s the big boss, whereas even now I’m learning that some things I can disagree with him on ... he’ll sometimes say, “Well, this is what I would do,” and I’m at the point now where I’ll say, “Okay. But I’m going to do it this way.”’

Initially Ellie feels that the problems with the previous Coordinator means that the board is less willing to trust her and other staff. In contrast she feels she has the trust of the Chair, perhaps because he sees her more regularly:

‘... it’s the same problem of in my view the trustees not trusting people, ... For instance I completely think that David trusts me wholeheartedly. If I’m not in the office he would trust that I’m at a meeting or a one to one ... Whereas if he rings the office on the time that Mary [another staff member] should be in the office it’s, ‘where’s Mary?’’

Gradually the Coordinator begins to feel that board members begin to trust her more. For example, six months in post, she reports:

‘It does feel like everyone has kind of moved on really. And even one of the Trustees, the documents, I’ll email them over and get the Trustee to proof read them, and she’ll print them out and write on it. So she’ll drop into the office with them. Whereas when I started, I would have been a bit like, “Oh, she’s coming to check up on me,” but now I know her and we are more friends, she will come and have a cup of tea with me.’

The first year of Ellie’s role as Coordinator involves working to restore Hawthorn’s internal operations and external reputation. Ellie and David develop a strong working relationship. Ellie consciously attends to internal procedures, for example for managing volunteers. In addition Ellie and David implement a rethink of the way services are organized, including a rebranding exercise to demonstrate Hawthorn’s new professional image. Ellie comments on how she and David developed the idea, which reflects a change in the relationship towards one based on partnership:

‘we were having this kind of idea thing of where we could take Hawthorn and what it could do...So we had that conversation, so then once he had gone, I thought, “right, okay, I’ll develop this journey”... We have kind of an idea sharing conversation, then I’ll put that on paper really, and then we’ll then look at it again... I’ll see what people say...’

Phase 3: Further Consolidation and internal conflict

Structural context
The local authority is moving towards a model of commissioning family services. The security of national funding for these services is also reduced and a local targeted source of funding is to be abolished. The Chair has anticipated these developments for some time, and thus his efforts to professionalise Hawthorn to be in a position to compete for contracts from the local authority when the lottery funding finishes.

The new service structure in Hawthorn is in place and services have expanded. From interviews with external stakeholders, it appears that the more professional approach and image has been well received.

**Negotiation context**

The Coordinator is primarily office bound, away from the various community locations where the drop-in sessions are held. Her emphasis is on sorting out the administration of the organization and getting the new policies and procedures in place. As a result the Chair considers that she has become somewhat isolated from the rest of the team and activities: ‘…she’s too office based and she’s not really engaging with the service users…’.

During this time some tensions emerge among the staff team. The Chair comments:

‘…it appears that the team’s split…. It’s not healthy, they don’t seem to work together particularly well at the moment…’

In part the split is exacerbated by the return from maternity leave of a longer standing and experienced staff member. She is unhappy with the changes the organization has gone through and fears that the original ethos of Hawthorn is being lost. The Chair is concerned that Ellie has not adequately addressed the situation, he observes:

‘when the staff meetings take place there’s almost like two camps within the staff meeting. And …I think Ellie’s lack of experience hasn’t been able to manage that process.’

**Negotiations**

This conflict makes the Chair reassess the Coordinator’s strengths and weaknesses and his relationship with her, and her relationship with the team. He observes:

‘…that’s something that me and Ellie have got to get our heads around and we going to address that. …we are at the moment looking for some mentoring for Ellie around people management, how she engages. Because the paperwork side is exceptional…but we need the whole package’

The Chair is also concerned about the boundary between his and the Coordinator’s roles, and whether he is getting too involved in management:

‘…it’s so difficult to not get sucked in and actually do the job for Ellie and start not only advising her and coaching her, but then if I started getting involved in line managing her staff, one, it’s not beneficial to Ellie and two, I might as well apply for Ellie’s job.’

His concerns are reflected by another staff member who comments:
‘I do feel that David is running Hawthorn, and Ellie’s just David’s puppet. He’s moulding her, modelling what he wants through her.’

The Chair recognizes he needs to move from a mentoring role to a more line management role and ‘negotiates’ with the Coordinator to get an outside person to undertake the mentoring role:

‘…I felt that I’ve turned into almost like a mentoring role with Ellie and I’ve reverted now back to more of a traditional kind of line manager’s … spending more time about prioritising and discussing what she feels are her priorities.’

Phase 4: A new crisis and critical incidents

Structural context
After a period of relative calm and consolidation a move of premises and concerns over long-term funding dominate issues affecting the organization. The new building is owned by the local authority and is let for a peppercorn rent. It has the advantage of consolidating the staff in one place, reducing the previous sense of isolation.

A further bid to the Big Lottery Fund to give continuation funding is submitted, but is unsuccessful. This is a significant blow to morale. The local authority’s commissioning process has moved on, so that the organization has to tender for a local authority contract to deliver services for the first time.

Negotiation context
The move to a new building and the funding situation creates new issues that have to be dealt with by the Chair and Coordinator. The Chair resists the Coordinator’s efforts to have her own separate office. There is a sense of continuing crises from the Chair and a high level of involvement with difficult decisions about where to focus his attention:

‘As soon as we get quite level, we then decide to come and move to a building like this, … there’s a different set of skills that then needs quite a lot of support. Even getting this place painted and stuff like that. So I think I’m becoming more of a resource as a practical… rather than managing, or so much involved with the day to day operations. But the funding issues are causing us quite a lot of headache. Ellie’s still… got quite a lot of development in quite a few areas, which takes a lot of time … and then trying to strengthen the trustee Board and encouraging some of the trustees to get more involved. All I do is move my attention somewhere else…’

In addition longer-term funding issues are becoming more pressing. This crystallises when the new bid to the Big Lottery Fund is rejected. The Chair comments:

‘… we had a letter from the Lottery saying that we weren’t successful … which has really kicked the organization, … And then supporting Ellie through that, kind of, what our next plans are, what does that mean? It’s another drain on my resources and now we’re having an emergency trustee meeting on Monday’
At the same time the Chair wants to step back from his role as Chair, but the organization is finding it difficult to find a replacement and he feels pressure to stay on:

‘I made it very clear – and I always have done – that I would resign from the Chair position at this AGM…. But … everybody’s, you know, “I want you to stay’”

One of David’s reasons for stepping down as chair is that he wants to become a paid member of staff in the organization. He has been the lead volunteer in setting up and running a new project and Hawthorn has the chance to expand this. He is also interested in taking on a wider business development role. This potential shift in the role inflects some of the discussions and negotiations with the board and Coordinator.

Negotiations
The Chair tries to negotiate a less involved relationship with the organization and Coordinator. However, he feels compelled to give more time when challenges arise, for example with the move to the new building and when they receive the rejection letter for the grant application:

‘Before the move, Ellie was very much in the seat, running the show. But I got more involved again when we moved here and I’ve just about started to back off and then the letter on Friday’s… this week’s peaked it again. Ellie just needs that support… As soon as we get a strategy agreed then she’s clear again, she’ll be off again.’

The Chair also feels he has to support the Coordinator when she has to bid for a tender with the local authority as she has not done this before, and worries about what will happen to Hawthorn if this is not successful:

‘…potentially the heat’s on then, do you know what I mean? … … I am getting a bit jittery, just about what my role will look like, if we get a bad tendering process.’

During this period the Chair and Coordinator are still negotiating their relationship and how the Chair can best offer support, as highlighted here by the Coordinator:

‘We do speak most weeks but… he always says to me “you need to tell me what I need to do or where I need to go if I’m… stepping on your toes.”’…so we’ll see…it’s probably going to take us another six months to get it right, how we work together.”

Both had done a Myers-Briggs™ psychometric profile and were discussing the implications for how they work together:

‘… one of the things that come out is that Ellie’s personality has lots of ideas … an ideas person. So, my view is … why aren’t you sharing them? Am I a barrier to that? …And that’s all come from the Myers Briggs.’
The Coordinator reflects similarly:

‘it was really helpful, really interesting. ... Because he gets very wound up with me because he says I don’t communicate, I make all the decisions in my head and then I just go and do it. And, and I do do that, that’s true, but I think it’s having a sit down and actually think that’s just my personality ... if you give me time to talk and time to share things I will.’

Looking back, from the vantage point of 2012, on how her relationship with the Chair has changed since she started in 2010, Ellie suggests the emergence over time of a more equal ‘partnership’ relationship:

‘... to start with I think he was very foreboding to me and very intimidating... And I think it took me, you know, a good six months to get comfortable in the organization ... And I think, I think it’s his style more than, you know, I’ve continued to grow and I think... he’s started to, you know, respect me and trust me and things like that.... He still definitely will challenge me on things and it’s only now after kind of two and a half years that I’m starting to think right, okay, I could challenge him back.... There hasn’t been many times that we’ve had a different view... but I’m definitely more confident to do that now.’

Discussion and Conclusions

The research contributes to the development of the field of nonprofit governance research in a number of ways. It provides evidence of the dynamic nature of the Chair - CE relationship, and shows that the role of the Chair can not be fully captured in terms of stable role descriptions. In the case study the Chair played a number of the roles identified by Stewart (1991), namely executive, mentor and partner with respect to the two Coordinators, but these roles were often conducted in parallel and the balance between them changed as the relationship matured (Shen, 2003). The boundary between the Chair and CE roles was also subject to renegotiation and change over time in the light of changing circumstances.

One of the strengths of case study research is the potential for theoretical generalization (Eisenhardt and Graebner, 2007; Tsang, 2013). In particular longitudinal case studies provide an opportunity to reveal underlying causal mechanisms, so strengthening internal validity, and to identify the contingent conditions under which these mechanisms operate (Tsoukas, 1989). The case study suggests that differences in authority between the Chair and CE based on levels of experience, expertise and their positions were particularly important ‘causal mechanisms’ in shaping the relationship between them, and these mechanisms were often triggered by volatility and uncertainty in the external and internal environment. The Chair’s established position, greater experience and skill gave him a strong position of authority with respect to the second Coordinator enabling him to adopt executive and mentoring roles and establish the terms for their relationship. The contrast with respect to his relationship with the first Coordinator is also revealing. In this instance it was the Chair who was new and the Coordinator who was established and had close personal links with the board. The Coordinator initially felt able to resist the Chair’s attempts to establish a line management relationship. Because the
Chair was unsure of his degree of influence with the respect to the board he felt he had to commission an external audit to reinforce his position.

As noted above the relationship between the Chair and Coordinators developed over time. As a number of authors have argued a positive personal relationship between the chair and CE is important if they are to work together successfully. Kakabadse et al (2010) highlight what they call the importance of interpersonal ‘chemistry’ which they analyse as shared sense-making and philos or friendship. Robinson and Exworthy (1999) suggest that mutual respect, trust, shared values and tolerance are important in developing good relations. Roberts and Styles (1999) identify in particular the importance of trust in developing a good relationship and highlight both virtuous and vicious circles that can occur if trust builds or breaks down. In our case study, the first Coordinator resisted change and withheld information and this led to a deterioration of trust and the eventual breakdown of the relationship with the Chair and board. As the second Coordinator gained confidence and experience, she and the Chair were able to establish a close working relationship which enabled mutual trust and respect to develop. As a result there was a gradual change in the relationship to more one of partnership.

However, this gradual change in the relationship was not a linear process, and the research highlights some of the important contingencies that affect short-term changes in the relationship. As various authors have noted boards in both the private and nonprofit sectors are more likely to become proactive when their organization faces a crisis (Lorsch and MacIver, 1989; Wood, 1992; Mordaunt and Cornforth, 2004). Similarly in this case crises were important in triggering the Chair to intervene and take a more executive and sometimes managerial role himself. Sometimes these crises stemmed from within the organization, for example when there were tensions among the staff group the Chair intervened directly and organised a meeting with staff to try to air the problems and arranged external mentoring to help develop the Coordinator’s people management skills. Sometimes crises stemmed from outside the organization, for example when its continuation grant bid failed. Again the Chair stepped in to support and work with the Coordinator in the pursuit of new funding. Other changes in wider structural variables were also important in influencing the relationship. The Chair’s drive to professionalise the organization was a proactive response both to meet the monitoring requirements of existing funders, and to build the systems and external reputation of the organization to prepare for the new commissioning environment that was being pursued by the local authority.

The research also throws further light on what Rochester (2003) has called the liability of smallness. In particular he notes that in small organizations it is more difficult to differentiate between the role of the board and the role of management/staff than in larger organizations as the staff often do not have all the skills or time needed to run the organization and so board members often take on more operational roles. Similarly, in our case the boundary between the roles of the Chair and Coordinator was more of a blurred and shifting zone as the Chair felt it necessary to take on or assist with certain tasks when he felt the Coordinator lacked experience or skills. This created certain dilemmas for the Chair in managing his relationship with the Coordinator, and his own time and commitments. He was aware of the dangers of intervening too much and undermining the Coordinator, but at the same time was aware of certain skill gaps, including strategically anticipating
developments in the external context. He was also aware of the pressure on his own time and wanted to step back from the role, but often felt he could not. Small nonprofit organizations are also often reliant on a few sources of short-term funding. This can make them particularly vulnerable when funding streams come to an end or there are changes in the funding environment. It was noticeable that in these potential crisis situations the Chair was more likely to intervene. These tensions and challenges can make the position of chair in small nonprofit organizations particularly demanding.

Finally, the research demonstrates that negotiated order theory provides a valuable conceptual framework for helping to understand not only how but why the relationship between Chair and CE/Coordinator changed over time. It has shown that how the relationship was negotiated is influenced by the relative differences in experience, skill, the extent to which each has established a position of authority in the organization, and by the wider structural and interactional contexts. In particular perceived crises triggered by either external events, such as the failure of the funding bid, or internal events such as the conflict between the staff, caused the Chair to take a more pro-active and executive role. Establishing mutual trust and respect were also important in developing a successful working relationship, when trust begins to break down there is a danger the relationship can enter a downward spiral.
Endnotes

1. ‘Hawthorn’ is a pseudonym designed to provide case anonymity, and all names of respondents have been changed.
2. The research has been subject to ethical review through the University of Birmingham.
3. Myers-Briggs is a psychometric test to assess psychological preferences in how people perceive the world and make decisions and is often used to help with personal development and group dynamics.
References


Table 1: A summary of the analysis of the case

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<tr>
<td>Structural context:</td>
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<tr>
<td>- organizational</td>
<td>Organization starts as small volunteer group led by founder. Friends and acquaintances ‘recruited’ to the board. New funding enables expansion of services. Founder becomes paid coordinator. Funding provides insulation from effects of wider financial context.</td>
<td>In the absence of a Coordinator the Chair takes on a much more proactive role.</td>
<td>A new service structure is in place and services have expanded. The new approach (and image) has been well received.</td>
<td>A move of premises and concerns over long term funding dominate issues affecting the organization.</td>
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<td>- financial/economic</td>
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<td>- political</td>
<td>Political shift to the right in local authority, which may have implications for funding.</td>
<td>Funding secure until 2013.</td>
<td>The local authority is moving towards outsourcing services and a ring fence on national funding has been removed. A local targeted source of funding is to be abolished.</td>
<td>A funding bid is unsuccessful and the organization now has tender for a local authority contract for the first time.</td>
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<td>Negotiation context:</td>
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<td>- settings</td>
<td>New more business-like</td>
<td>Trustees become more</td>
<td>Chair concerned about</td>
<td>The move to a new</td>
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<td>- key actors, interests and expectations</td>
<td>Chair concerned over state of the organization, e.g. the lack of systems and procedure. Coordinator happy with informal way of working.</td>
<td>involved during the crisis and in appointing a new relatively inexperienced coordinator. Chair clear that organization needs to be in a good position to bid for further funding when current funding ends.</td>
<td>emerging funding environment and wants organization to professionalise to be in position to bid for contracts when current funding ends. The new Coordinator is primarily office bound and potentially isolated from the rest of the team and activities. Divisions emerge in the staff team.</td>
<td>building creates practical challenges. Chair concerned about possible funding crisis given failed funding bid. At the same time the Chair would like to step back from his role, but is finding this difficult.</td>
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<td>‘Negotiations’</td>
<td>Very different styles of Chair and Coordinator lead to tensions. Chair deploys outside consultants to review organization. Coordinator resists the process. Leads to further distrust between Chair and Coordinator. Disciplinary investigation</td>
<td>Chair takes on line management and mentoring role for new Coordinator, who sees Chair as ‘guiding’ what she does. New Coordinator feels Chair trusts her more than the rest of the trustee board. Gradually trust is rebuilt. After 4-5 months</td>
<td>Chair concerned by team conflict and Coordinator’s isolation from staff. Chair recognizes need to move from mentoring role to a more line management role and ‘negotiates’ with Coordinator to get an outside mentor. Chair concerned about getting too sucked into a management role.</td>
<td>Chair tries to negotiate a less involved governance relationship with the organization and Coordinator. However, he feels compelled to give more time when funding crises or problems occur. Chair and Coordinator still working on their relationship and discussing how the Chair can best offer support.</td>
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| of the Coordinator, who is suspended and then asked to leave. | Coordinator feels more confident to disagree with the Chair. |   | }