GOVERNANCE OF NOT FOR PROFIT ORGANISATIONS IN AUCKLAND AND CHRISTCHURCH:

2008

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Abstract

This research into the governance of not for profit (NFP) organisations involved the interviewing of twelve CEOs of medium-sized NFPs, six in Auckland and six in Christchurch. The research looked at their governance and how they compared with theoretical models, the strategies for dealing with the maintenance of the boards, and the key governance issues they faced. Comparisons were made where applicable between the NFPs in Auckland and Christchurch.

Two theories were considered: the stages of NFP boards by Wood (1992) and the isomorphic change of organisations (Powell & DiMaggio). In brief, the work by Wood shows how boards tend to evolve from a collective founder stage through to a corporate phase often with organisational crises as an impetus for those changes. Isomorphism explains why organisations evolve due to normative, coercive and mimetic reasons so that over time NFPs tend to become more professional and corporate with little difference between each organisation.

The research noted that there was a strong trend, particularly in Auckland, of a move away from the collective towards corporate governance. This was highlighted by the trend away from incorporated societies and towards charitable trust status. Auckland boards and CEOs tended to be professional and university educated, while Christchurch NFPs had a more community development focus, including more volunteers. Two of the Christchurch organisations have a strong Maori kaupapa and this may partly account for the difference between the organisations in the two cities.

The cycle of change relating to the stages of boards as proposed by Wood is applicable to both Auckland and Christchurch. However in terms of the theory of isomorphic change, this was more applicable to the Auckland NFPs. Auckland has a business culture and the normative reasons for isomorphic change was reinforced by the professionalisation of the organisations. Practically all the twelve organisations had government contracts and a strong governance structure is a requirement of such contracts. This indicated the influence of the coercive reason for isomorphism.

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GOVERNANCE OF NOT FOR PROFIT ORGANISATIONS IN AUCKLAND AND CHRISTCHURCH: 2008

1. Introduction

Over recent years, the Not for Profit (NFP) sector in New Zealand has been rapidly changing. This has been due to a number of reasons: recognition of the importance of the sector, the Government's Statement of Intentions for an improved community-government relationship (2001), the introduction of the Charities Commission to regulate the sector and increasing levels of philanthropic and government funding of the NFPs. This changing environment requires the NFPs to be competent and professional while holding on to their basic core values such as service, social justice and advocacy. At a time when the NFP sector in New Zealand is growing in importance, there is an increasing interest in how the sector and its organisations are managed and governed. This research has arisen due to the lack of information on the governance bodies of the NFP sector. The research looks at the following questions:

- What are the governance models of the selected NFPs and how do they compare with theoretical models of governance?

- Do the selected NFPs have any strategies for dealing with the maintenance of the governing body?

- What are the key governance issues facing the selected NFPs and how are they dealing with them?

There is little information on the governance of organisations in the NFP sector in New Zealand. Research in other countries e.g. Australia, Canada, USA and UK does not necessarily transfer to the New Zealand setting due to a different history, culture and size of the sector. It is for this reason that a small-scale research project was carried out in New Zealand, focussing on Auckland and Christchurch. Eleven chief executives (or equivalent) and one Board Chair were interviewed from six NFPs in Auckland and six in Christchurch. All NFPs were medium sized with incomes ranging in Auckland from $500,000 to $5 million and in Christchurch from $144,000 to $2 million. The number of staff in the organisations ranged in Auckland from 9 to 72 and in Christchurch from 3 to 20. However, in Christchurch three organisations have large pools of volunteers ranging from 18 to 40. In Auckland, the volunteers tended to be only through the voluntary work of the board members (although two trusts pay board members attendance fees).

Relevant Research and Theories

The stages of NFP boards has been researched by Woods M (1992). She showed that NFPs tended to move through various stages of development:

a) **Founding Stage.** The founding stage consists of two sub-phases:

Collective Phase. With the beginning of a community organisation the board has a sense of mission. Individual board members are often personally involved as volunteers in the delivery of services or they are the unpaid managers. All issues (policy and administration) come before the board for decision-making. During this phase a part-time administrative assistant may be appointed.

Sustaining Phase. This stage is characterised by the employment of an executive manager (usually a long-standing founder board member). The board now feels that the organisation is in capable hands. Board members are happy to hand over much of the voluntary work to staff. Unfortunately, board meetings become places where nothing much happens. The organisation may now be dominated by the founder-manager, which leads to resentment in some instances by managers and boards.

A crisis occurs when board members realise that the organisation is failing. This failing may be with changes/reductions of the traditional client base, or due to government or donor funding changes or to audit irregularities. This results in a move to a new phase.

b) **Super-Managed Phase**

The crisis, event or changed circumstances result in new board members brought in who have their own perspectives of governance and organisational life. They are often professional (lawyers, accountants and business people) who are middle aged. They act as unpaid professional consultants to the board and staff. However, they bring three distinct attitudes:

i) They approach problems and solutions from a bureaucratic point of view e.g. setting up new committees.

ii) They examine problems though a rational lens: goals, objectives, and results, rather than focusing on the mission.

iii) They see board activities as altruistic and a form of civic virtue.

In the process, the board and its committees become more independent from the executive, which may cause resentment. Another pressure builds up between board members who are long-standing volunteers (supervised by staff) and the new board members. It is at this stage that the executive manager may resign in frustration from internal disputes and board micro-managing.

c) Corporate Phase

When the crisis recedes and a new manager is appointed, the board members feel they should start handing over responsibilities. They signal that the organisation should mimic a corporate model. Now, agenda items and reports come directly from the manager. The board focuses on finance, strategic planning and fundraising. As the corporate style becomes entrenched and routinised, the board becomes dependent on the manager.

d) Ratifying Phase

Over time, the independent board becomes dependent and is unable to show any initiative. Decision-making becomes ritualised as staff recommendations are approved without question. This stage is reminiscent of the founder stage where the founder-manager was in charge. Now the manager is a professional. Higher prestige board members are recruited to focus on using their networks to fundraise. Board members become bored, miss meetings and turn their volunteer attention to more satisfying pursuits.

This phase is followed by another crisis e.g. the manager resigns, there are hostile articles in the newspapers regarding the inadequacies of the board, or changes to government funding. Board members are taken aback and even embarrassed. Their integrity is at stake and questioned openly. The day is usually saved by one or two board members who have the skills to save the situation. The board reverts back to the super-managed phase and the cycle begins again.

Isomorphism is a process within the NFP sector whereby organisations evolve their structural processes and practices to a point where organisation differences are minimal. This process usually sees NFPs taking on the corporate model as described by Woods. Isomorphism is change from voluntaristic and amateur groups to bureaucratic and professionalised organisations through the adoption of accounting, monitoring, performance, and registration requirements.

Powell & DiMaggio (1991) argued that there were three ways that isomorphism was occurring:

Coercive	Direct or indirect pressure to abide by institutional standards
	Pressure exerted by organisations such as government and funders (through contracts and reporting requirements
	Replacement of volunteers by professionals
Mimetic	Occurs during periods of organisational uncertainty. Organisations model (or mimic) themselves on others considered to be successful.
Normative	Professionals (when embedded in an organisation) have their own rules, procedures and codes of ethics (e.g. social workers, health professionals, bureaucrats and managers).

These two pieces of overseas research (Woods (1992), Powell & DiMaggio (1991)) are considered in the conclusions on this report to evaluate their relevance in New Zealand. In brief, Woods shows what the changes are and Powell & DiMaggio explain why these changes are occurring.

2. The Organisations

Auckland NFPs

In Auckland, four of the six NFPs are charitable trusts. One of those was an incorporated society until 2001 when it became a trust. Another trust is also a council controlled organisation (since 2002). Two NFPs are incorporated societies, with one converting to a charitable trust later in 2008. The other incorporated society has a membership of 180, holds annual general meetings and elects the governance board. The trend away from incorporated societies and towards trust status is due to difficulties in gaining quorums at AGMs and ensuring that elected board members have the necessary skills and commitments necessary to fulfil the requirements of a modern governance board. The organisation planning to change to a trust also has problems of membership involvement because it is nation-wide and elderly. This trend towards charitable trust status is also linked to the cycle of governance suggested by Wood (1992), a movement away from the collective model of governance and towards a more corporate model within NFPs.

Christchurch NFPs

In Christchurch, five of the six NFPs are charitable trusts, the sixth being a limited liability company with charitable status. In the case of the latter, this structure is thought to provide better liability protection for the business advisory role of the organisation. One of the charitable trusts also 'owns' a charitable company to deal with its trading arm. Two of the organisations were previously incorporated societies. This process towards charitable trust (and charitable company) status is a similar trend to that of the Auckland organisations studied.

3. Board appointments or Elections

In Auckland, the boards of two incorporated societies are nominated and then elected annually at the AGM in the normal manner. One organisation struggles to achieve a quorum at the AGM. The reality is that prospective board members of incorporated societies are shoulder tapped before the meeting. There are no roll-over limits to board membership. With the other incorporated society (a coordinating organisation), board members must be representative of various sectors: disability, aged, youth, arts, church social services, lower income, women's centre, broader family and budgeting. If vacancies occur between AGMs, then the board co-opts other members.

The trustees of the charitable trusts in Auckland tend to be appointed, usually by the trust itself. The council controlled trust has trustees appointed by the mayor of the city council (with recommendations from the trust). In addition, this trust has two non-voting members: a kaumatua and a council observer. Two trusts pay the trustees attendance fees. Appointments are usually for limited periods such as two or three years with the possibility of being re-appointed. As in the business sector, it is common for the trusts to have governance sub-committees such as finance, strategy, ethnic & cultural, nomination & remuneration, audit (which is free to meet without the presence of the CEO), and an executive committee. Three of the four trusts are currently seeking to fill vacancies on the board. One trust has a mixture of appointments and elections for board membership. In this case, the appointments are made to ensure appropriate skills on the board.

In Christchurch, the five charitable trusts appoint the trustees. The charitable company directors are appointed by the seven shareholders at the AGM. Appointments to the trusts go through various processes. One trust advertises in the media for new trustees and appointments depend on the skills being sought. The others select new trustees using their own networks. With one trust the trustees have personal prior involvement with the trust. They must also have a commitment to the Treaty of Waitangi. It is the kaupapa rather than the skills that they are seeking for their board. This trust has a system of revolving the chair at each meeting. Another trust leaves the recruitment of new trustees to the Chair.

4. Characteristics of Boards

The type of people involved in Auckland boards tends to be professional people, either middle aged and older and of pakeha ethnicity. There tends to be a gender balance of board members, with two exceptions: one being all male and another being all female except one male. With one organisation that has two board vacancies, the board is seeking to appoint females and Maori to achieve greater balance and diversity. The Christchurch boards tend to have more trustees with community development experience and less business and professional skills. Two organisations have specific requirements for Maori representation on the boards and this is ensured through recruitments. Three organisations have gender balance and three are dominated by male board members.

Auckland Boards

	Gender	Age	Ethnicity	Special Skills
1	50/50 balance	50+ years	6 pakeha 1 Maori	accountant health professionals
2	6 female 1 male	40+ years	All pakeha	All representing participating organisations
3	50/50 balance	35 to 60 years	8 pakeha 1 Maori 1 Pacific	business tertiary education health university accounting & legal skills contracted in as required
4	4 male 3 female	40 to 60+ years	6 pakeha 1 Maori	accounting health professionals legal skills are contracted in as required
5	7 male	30+ years to 50+years	all pakeha	Public health Social work
6	4 males 2 females	40+ years to 60+ years	all pakeha	lawyer business finance engineering

Christchurch Boards

	Gender	Age	Ethnicity	Special Skills
1	3 male 2 female	50+ years	All pakeha	2 energy I HR 1 business 1 community
2	4 male	45-55 years	All pakeha	1 finance 1 business 1 youth 1 self employed
3	3 male 3 female	40-50 years	3 Maori 3 pakeha	1 accountant The rest are community people with a variety of experiences and skills
4	4 male	Not stated	3 Maori 1 pakeha	1 business 3 community
5	5 male 6 female	30-60 years	9 pakeha 1 Maori 1 Pacific Island	Various community skills
6	4 male 1 female	50 + years	5 pakeha	Various Not for Profit, local government & community skills

5. Roles of the CEO and the Board

The six Auckland organisations have a clear separation between the day to day operational work of the CEO and the governance role of the board. Generally the CEO carried out the operational activities within the parameters of the annual plan and budget. However, all six stated that it was not that straight forward. For example, the networks of the board are used extensively by the CEO, and the chair of the board is often a founding board member and has background knowledge available to the CEO. Financial responsibilities are also shared, with the CEO preparing budgets and monthly accounts which are scrutinised by the board. One CEO stated that she would like more board support for her extensive financial responsibilities. One of the main roles of the board is to monitor the work of the CEO.

Checking the accountability of the CEO was carried out by boards in different ways: using a Human Resource Committee of the board, having the CEO report bi-monthly on key performance indicator achievements, monthly review of budgets and accounts, and accounts checked by a Finance Committee. Another key governance role is the preparation of the strategy for the organisation. This was usually done through the board working collaboratively with the CEO, but one organisation also had an Executive Committee that meets fortnightly and is the ideas forum for the strategy and its progress. This committee also has a role of questioning the CEO and providing him with necessary support. Another organisation summed up the role of the board as that of "keeper of the promise". This involved ensuring the promises were kept from within the organisation's constitution, vision and mission, as well as the work programme and contracts.

In one Auckland organisation, the Chair of the board was also contracted by the CEO to carry out certain tasks for which he was well qualified and paid normal staff rates. This working situation had operated well with no conflicts of interests.

In Christchurch three of the Christchurch organisations have clear separation of roles between governance and management. In one of those, this separation only occurred in 2004 with the appointment of a new chair. Prior to that the board micro-managed, much to the frustration of the CEO. In all three cases the CEO has to provide a lot of written information and guidance to the board. Joint responsibilities occur in relation to strategic policy, financial policy and budgeting.

The other three Christchurch organisations operate somewhat differently. Two of them are more of a collective with board and management involved in all aspects of the organisation. In one, the trustees are also volunteers and so have dual roles. In this case the board lacks strategic direction. This has been partly due to the fact that they have had to focus on the financial health of the organisation over the past few years. The third organisation has no clearly stated policies on the roles of the board and management. Some trustees have professional knowledge that the CEO doesn't have. This leads to a cross-over of roles and trustees being involved in

operations. Recently, new trustees have been appointed and they are trying to clarify roles.

It would appear that the Auckland organisations tend to follow a more corporate approach in the separation of roles between management and governance. There seems to be a more collective approach in Christchurch, although, even that is changing and they are experiencing a shift towards role differentiation.

6. Stages of the Board

Many NFP boards go through various phases as their organisation evolves. Small organisations, following their Founding Phase reach a Collective or Supportive Phase and there they happily remain being run primarily by the volunteers. But medium sized NFPs usually evolve further and move through a Super-managed Phase to a Corporate Phase and sometimes to a Ratifying Phase where the board becomes merely a rubber stamp for decisions by the CEO. CEOs were asked to identify what phase their organisation has reached and something about the history of the organisation evolution.

Auckland

1	Corporate Phase. When the organisation was first formed it grew out of an association with members and there were tensions between the old collective and new corporate phase. Some members eventually left and formed their own organisation.
2	Corporate Phase but with elections for four of the seven board members to ensure collective spirit and CEO accountabilities. Elections have also been used to counter the 'founder-syndrome' of the organisation.
3	Mostly Corporate Phase with some straying into the Ratifying Phase due to the CEO's extensive knowledge and experience. The move from an incorporated society to a charitable trust will also reinforce the corporate model.
4	Corporate Phase with some occasional ratifying. The CEO presents papers for consideration by the board. The change from an incorporated society to a charitable trust also reinforces the corporate model.
5	Corporate Phase. The organisation went through a Founder Phase with a minimum collective period. The CEO still has to deal with the 'founder syndrome' amongst two board members.
6	Ratifying Phase. The new CEO is trying to move the board into a more corporate model. The new CEO needs more board support and involvement from the board. The previous CEO had been in the organisation for 30 years and tended to make all the decisions which were ratified by the board.

By and large the Auckland boards are in the Corporate Phase with some tendencies towards the Ratifying Phase. This is probably due to the greater knowledge and experience of the CEO. However, other experienced CEOs work hard with their

boards to ensure that the important governance functions are correctly carried out. A number of organisations have been through the founder and collective periods and as they have grown have found the need for greater NFP professionalisation of the CEOs and the boards.

Christchurch

1	Corporate Phase. It has been in this phase for a number of years. Six years ago, the CEO brought the organisation out of the super-managed phase. This was a relief to the founders.
2	Corporate Phase. When formed three years ago, the board was controlled by the CEO and founder. But as the board gained experience, it has taken over its governance responsibilities.
3	Supportive Phase. The board looks after strategy and vision, but there tends to be overlaps due to the collective nature of the organisation.
4	Between Super-managed and Corporate Phase. Five years ago the organisation went through a crisis. New trustees took control of the management and returned it to viability. It is now moving to a more corporate phase.
5	Corporate Phase with some rubber stamping. Since 2004 the board has removed itself from management responsibilities. Prior to that, the board micro-managed causing conflicts with the CEO.
6	Corporate Phase with an occasional leaning towards ratifying.

Like Auckland, there has been a steady movement over recent years towards the corporate model. In two organisations, this change was a result of crises: one between the CEO and the board over the board micro-managing and the other due to a near collapse of the trust because of the CEO's control over the board. However, the responses to this question are somewhat inconsistent with previous responses where collectivity was stressed.

7. Strengths of the Boards

All boards received praise for their qualities. On average, in both Auckland and Christchurch there were four strengths noted per board. These are shown in the table below. The differences between the qualities of the boards in the two cities are worth noting. In Auckland the strengths were predominantly corporate qualities such as board responsibilities within the board and towards the CEO. Having professional skills on the board was also noted. In Christchurch, the strengths were often seen as ones relating to collective responsibilities such as protectors of the values and mission, passion for what the organisation was doing and debate within the board.

Strengths	Auckland	Christchurch
Board is approachable, good CEO/Chair relations & support for CEO	5	1
Good commitment and attendance at board meetings	4	2
Boards have professional knowledge	4	2
Boards have good networks	2	2
Board understand the NGO sector & governance role	2	4
Boards protects the Values & Mission	2	5
Excellent chair	1	
Passion	1	3
Strategic planning	1	1
Good debate & Insightful questioning of CEO	1	4
Business-like	1	1
Steadying influence		1
Self-reflection		1
Builds trust & good relationships		1

8. Weaknesses of the Boards

Weaknesses	Auckland	Christchurch
Skill gaps on the board	6	4
Board not representative of the community	5	2
No succession planning for CEO or board members	3	
Inadequate training of board members	1	1
Board interferes with management	1	3
Too many meetings	1	
Board not focussed	1	
Poor behaviour towards CEO	1	
Deferring to experts on the board	1	
CEO expected to take minutes	1	1
Board merely ratifies CEO proposals	1	1
Board turnover	1	
Need more board members		1
Founder (& long standing member) syndrome		2
Problem getting a quorum		1
Members have indefinite terms of appointment		1

Auckland comments:

The 'skill gaps on boards' was mentioned about all boards. The gaps referred to were:

- Financial and accounting skills   4

- Legal skills   1

- Strategic skills   1

- Political relations   1

Conversely, one NFP, at one stage in their development, stated that their board members used to defer too often to professional experts on the board.

Comments in relation to the problem of the board not being representative were:

"(The difficulty of) retaining Maori and Pacific (board members) who are committed and attend regularly."

"The majority (of board members) are female and pakeha."

"(We have) no African, Maori or female representatives on the board."

A common frustration was that board members were predominantly pakeha and that there was difficulty in securing people from other backgrounds. One national organisation had a board whose members came from Auckland only. This was seen as unrepresentative.

Christchurch comments:

The skills gaps identified were different from those of Auckland. The Christchurch respondents wished to have other and different perspectives on the board. Also one mentioned the need for active volunteers to be recruited and another said that the age of the board members was a weakness in that they did not relate to the younger clients.

Two CEOs commented that their board was constrained by the views of a long-standing member and a founder. Specifically mentioned was the domination of the boards by these two members.

Comparisons

The weakness of the boards in Christchurch was more related to board behaviour e.g. interfering with the work of the CEO, lack of quorums and power relations. This differed from Auckland where the weaknesses were seen to be often related to the structure of the board e.g. lack of professional skills, not representative of the community and no succession planning.

9. Board Maintenance and Development

Participants were asked whether the board had strategies for the maintenance and development of the board. The following tables provide a breakdown of responses:

Auckland

Strategies	Number	Comments & descriptions
Board Manual (BM)	4 2	Comprehensive BM but under review Also each committee has 'terms of reference' BM being updated. BM available on line (300 pages) Two had no BM
Induction of new board members	5	Two stated that they handed out basic information but did nothing proactive. One stated that a briefing was carried out by the chair & CEO which took two hours.
Training of board members	3	Board members not willing to be trained. Members attend Institute of Directors training course. Training offered but not always taken up. Training issues placed on agenda of each monthly meeting.
Board self-review	3	Carried out at annual retreat. Carried out at end of year by the Chair.
Board statement of conflict of interest (SCI)	4	No, but rely on voluntary declaration. No, rely on members' honesty. Reviewed annually and declared at meetings. SCI strictly adhered to & reviewed annually.
Succession plan for CEO and board members	2	No, but may arise at strategic planning day. No, but identified as 'a need to do' project.
Recruitment strategy for new board members	5	Vacancies filled by Nomination & Recruitment committee. CEO given responsibility to 'shoulder-tap' possible members. Use advertising & 'shoulder tapping'. Use CCMAU & Ministry of Women's Affairs lists. Not done formally (2)
Stated duties & roles for board members	3	Yes, this includes a position on one of the committees. Job descriptions are in the BM. Only done for treasurer's role.
Other	3	Succession planning was seen as a matter of concern by two. Use of bi-annual hui between staff and board with guest speakers.

Christchurch

Strategies	Number	Comments & Descriptions
Board Manual (BM)	6	All six had a BM. One was not in written form One stated that the BM was reviewed every 2 years.
Induction of new board members	6	All new members provided full information and some made introductions to key stakeholders.
Training of board members	6	No special board training provided. One started that it had a budget for training but it had not been used.
Board self-review	5 1	No self-review carried out. One carried out a review at the annual planning review.
Board statement of conflict of interest (SCI)	3 3	No SCI. Conflicts of interest are left to individual members. Three had a SCI. Two were reviewed annually & two were items on the monthly agenda.
Succession plan for CEO and board members	6	No succession planning done. One stated that they were always on the look-out for new members.
Recruitment strategy for new board members	6	No recruitment strategies.
Stated duties & roles for board members	2 4	No stated duties. Four had them for chair, secretary and treasurer.
Other	1	Chair & CEO meet informally on a regular basis to discuss issues.

All six boards in Christchurch have BMs while four in Auckland have them. Practically all boards in Auckland and Christchurch had formal inductions of new board members. However, in relation to some other board self-maintenance activities there were differences. For example, no Christchurch organisation offered board training. In Auckland three boards received training. Only one Christchurch board carried out a self review compared to three in Auckland.

10. Main Issues facing the Board

Auckland

The issues facing the board are noted in the tables below:

Strategic planning – role of board and CEO	4
Treaty of Waitangi issues (e.g. representation of Maori and meeting needs of Maori)	4
Legal issues (e.g. move from incorporated society to a trust structure, and change to trust deed to incorporate flexibility)	2
Stakeholder/funder relationships (e.g. contract up for review)	2
Board skills & representation (e.g. preparation of board skills sheet, lack of financial skills)	3
Meeting needs of Pacific Island population	1
Administrative	2
Appointing new CEO	1

Christchurch

Strategic Planning	4
Relationships between CEO & Board	1
Crisis Management	1
Demographics of area has changed	1
Fund raising: (inc. funder uncertainty, affects on mission, not applying for gambling society funds)	3
Government contracts: too slow for continuity of services (affects board members' liability)	1
CEO succession	1
Restructuring of organisation	1

Issue similarities between Auckland and Christchurch include strategic planning, and funder/contractor relationships. The differences mainly relate to the concerns in Auckland over Treaty of Waitangi responsibilities.

11. Other Matters of Concern to CEO

CEOs were asked for any final comments on issues facing their organisation that may have been left out of the interview. The following were noted:

Auckland

- Strategic Planning Day in 2008 – The CEO had little support for this important day but the board and staff needed to deal with major governance issues.

- A new board member has joined the board. He was previously a disgruntled staff member.

- Lack of CEO succession planning.

- Changing role of organisation from one that focussed on counselling, to that of advocacy and social activism.

Christchurch

- Position of the Chair is reviewed annually.

- Organisation lives by its values, which means that it may refuse requests from other organisations.

- Trust is based on Ngai Tahu principles and therefore attracts other Maori organisations.

12. Conclusions

Of the twelve NFPs, nine are charitable trusts, one is a charitable company and two are incorporated societies (one of these is in the process of changing to a charitable trust in 2008). This trend away from the incorporated society model and towards charitable trust model is significant. It is related to the professionalisation of the NFP sector and away from a collective approach. It was commented that this trend was due to difficulties with membership, gaining quorums at AGMs, ensuring that skilled people were elected to boards, and commitments to modern governance requirements.

There is a clear difference between the characteristics of board members in Auckland and Christchurch. Auckland board members tend to be professional and business-oriented., while Christchurch members are more community development people, with a few professionals either as board members or contracted to provide special services. There is little difference in terms of age and gender. However, Christchurch boards have more Maori board members than Auckland. However, this is probably due to the fact that two Christchurch organisations have a Maori kaupapa as their founding principle. Further research is warranted in relation to the governance of Maori and Pacific Island NFPs. The lack of Maori and Pacific Island members is seen as an issue in Auckland.

In relation to the roles of the board and staff, the Auckland organisations all have clearly defined roles with the board protecting the vision of the organisation, dealing with policy and strategic issues, and monitoring the CEO; and the CEO implementing policy and supporting the board. This corporate model in Auckland differs from the Christchurch approach which has a mixture of corporate and collective responsibilities. Three of the Christchurch NFPs have separation of roles between board and management. With the other three, they have a more collective approach with board and management involved in all aspects of the organisation. Many board members are also volunteers and this adds to the collective complexity. The involvement of volunteers was particularly noticeable in Christchurch organisations that had a large Maori involvement. However, respondents did say that governance is changing over time with more differentiation of roles. The movement to the corporate model has often been due to crises in the organisation such as board micro-managing and inadequacies of the CEO.

The differences between Auckland and Christchurch boards were also highlighted in the stated strengths and weaknesses of the boards. Auckland's strengths tend to be related to corporate qualities (e.g. professional knowledge) and behaviours (e.g. good relations between board and CEO), while in Christchurch they were related to the values and mission and collective qualities such as healthy debate. In relation to the weaknesses similar trend are evident. In Auckland all boards felt that they need more skilled board members and that the board was not representative of the community. In Christchurch, the skill gap was also recognised but other problems

related to board interference with management and the founder syndrome, which indicates that the organisations do not yet have a corporate model of governance. This is reinforced by the strategies for self-maintenance of board. Auckland boards tended to have more strategies for their own maintenance and development than the Christchurch boards. For example, no Christchurch boards received any training in governance and only one board carried out any self review.

The cycle of change relating to the stages of boards as proposed by Wood is applicable to both the Auckland and Christchurch NFPs studied. Most organisations have moved from the collective model through various stages to the corporate model or a mixture of corporate and collective. This mixed approach is noticeable where there is a strong Maori involvement. Some of the organisations had faced crises in the past and this had resulted in a reversion to the super-managed phase for a while before making a further governance change to the corporate model. It is likely that the change in Auckland is linked to the normative reasons outlined by Powell & DiMaggio in their research on isomorphism. Auckland is a business centre and institutions, including NFPs, are strongly influenced by the business culture of the community. The professionalisation of the Auckland NFPs by the appointment of both professional and university educated managers and boards also indicates a normative reason of isomorphic change. Almost all CEOs in Auckland are university qualified and they bring to an organisation their own professional understanding of governance. In addition, most organisations in both Auckland and Christchurch have contracts with government agencies. Contracts are such that the strengthening of NFP governance is a usual requirement of the contract. This type of coercive isomorphism reinforces the necessities of the business culture that already pervades the Auckland Region. It is also likely (although not proven by this research) that the mimetic reasons for isomorphic change has also influenced the transition to the corporate model of governance.

This research demonstrates that the theories of Wood (stages of boards) and Powell & DiMaggio (isomorphism) are relevant to the Auckland NFPs and, to a lesser extent, the Christchurch NFPs that have been studied.

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Appendix 1

Five of the Auckland respondents were all in their 50s and one was in his 30s. All were pakeha; three were male and three female. One had a PhD, four had other university qualifications and one was taking the Unitec Not for Profit Management Diploma. All were experienced in a variety of ways: project coordinator, teacher, researcher, business and public sectors, marketing.

Four of the Christchurch CEOs were in their 50s, one was in his 60s and the other in his 30s. Four of the CEOs were pakeha and the other two Maori. Two were female and four male. The CEOs were less qualified than the Auckland CEOs. One had a university degree and two had diplomas. However, the Christchurch CEOs had more experiences in the not for profit sector. Three were also experienced in the private and public sectors.