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ANALISIS IMPACT LEADERSHIP STYLE OF THE FOUNDER ON THE EFFECTIVENESS OF BOARD IN NONPROFIT ORGANIZATIONS

Non-profit founders invest tireless hours calibrating a vision, creating programming, raising funds (or using their own), and organizing a board of directors, among countless other tasks. Some of them take this burden on solo, while others enlist the support of family members and friends [1].

As their fledgling organizations take flight and become more established, many founders run into issues with the organizations they have created. Founders sometimes become too rigid or autocratic, unable to allow the organization to become an entity of the community instead of their own. Founder leadership issues are so prevalent that the term “founder’s syndrome” has been coined to capture the associated concerns [3].

Founder’s syndrome is alleged to occur when start-up nonprofits grow to the point where more formalization is required, yet the founder is psychologically unable to release control and allow the organization to become an entity of the community instead of her/his own. At this point, founders may inadvertently block the further growth and development of their non-profit by not allowing their boards of directors to fully govern the organization. The board, on the other hand, can be hesitant to confront the founder, recognizing the sacrifices s/he made to birth and build the organization. These leadership style concerns impact not only the governance of the organization, but also its internal culture and external impact on the community.

The specific research questions are as follows: are chief executives’ leadership style and founder status (active v. inactive) associated with board effectiveness?

Previous analysis of the extant non-profit leadership style studies has focused on model of transformational vs. transactional leadership [5; 7]. However, none of these non-profit leadership style studies investigated the relationship of chief executive status (founder vs. non-founder) to leadership behaviours.

A founder inherently holds a great deal of power and privilege, and it is to be expected that founders use this power to influence board decisions in the early stages of an organization’s life cycle. However, as an organization matures the board and staff assume that the founder will release control. There are many anecdotal examples suggesting that this often does not happen; yet there are few empirical studies.

Our analysis of scientific sources also showed that organizational effectiveness is difficult to define, much less measure [6]. Historically effectiveness was conceptualized as goal achievement. Bradshaw et al. discuss three different measures of organizational effectiveness [2]:

- input effectiveness (success in obtaining resources);
- throughput effectiveness (efficiency in the use of resources);
- outcome effectiveness (success in goal attainment).

The widely held assumption regarding the negative impact of founders on board functioning is not supported by this study. Interestingly, organizations with active founders have significantly higher board effectiveness scores. This result may seem counterintuitive as organizations with active founders had significantly higher scores on Aggressive leadership styles and these styles are negatively related to board effectiveness.

Nevertheless, our results indicate that a founder's presence, apart from her/his leadership style, has a positive association with board effectiveness. However, if that founder has an aggressive leadership style, her/his leadership style may neutralize the benefit of the founder's presence, thus reducing board effectiveness. In other words, it is not just the presence of the founder, but the type of leadership s/he brings that impacts board functioning.

As this study used a purposeful sample, it has the inherent limitations of generalizability.

It also primarily relied on self-reports which leads to common method variance concerns. However, because common method biases are a primary source of measurement error, the authors designed both the data collection process and the data analysis process to minimize impact. Nevertheless, it is recommended that future researchers obtain either observer verification of self-reported leadership style data and/or replicate the data across time.

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