

## **Board Structures and Successful CDCs: Modeling the Ways**

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New York: The New School University, Community Development Research Center, Working Paper #2003-002.

This paper was previously presented at the ARNOVA conference,  
November 13-16, Montreal, Quebec, Canada.

**Abstract:**

In just over thirty years, a new economic force has emerged in cities as thousands of Community Development Corporations (CDCs) have begun the task of revitalizing neighborhoods long abandoned by other engines of growth. As the organizations mature and founders begin to relinquish reigns on their organizations, the roles of the boards of directors are theoretically injected with new relevancy. It is the intention of this paper to place the role of the CDC board into the context of an evolving field, suggesting what CDC boards can learn from the generic governance literature and what the generic literature can learn from the case of CDC boards. Specifically we explore the impact of CDC contingency factors such as structure (e.g., size/age), environment (region, community), faith, and funding on the legitimacy of governance structures, compositions and processes/practices.

## **Introduction**

To date, literature on the governance of community development corporations (CDCs), borrowing much from the generic nonprofit trusteeship literature circa 1990, is mostly limited to self-help manuals and guides—lists of the “shoulds” of good governance. While valuable resources for many in the CDC sector, these handbooks, abstracted from local contingencies only take the concerned practitioner so far. The major exception is Kelly’s 1977 work based on her 1973 mail survey of known CDC board members and Abt Associates 1972 studies of the governance of OEO-funded CDCs. Provocative and forward thinking at the time, these 30-year-old studies are in desperate need of update given the enormous changes and growth in the CDC field since then. It is our intention in this paper to restate and update the potential for research in the field of CDC governance by reviewing what questions are answered and what questions cannot be answered by extant literature. Drawing on the history of the development of a parallel research literature on boards in generic nonprofits, as well as the exciting, but now historic work of Kelly (1977) and associates, we will suggest avenues for research in the specific case of CDC governance.

First we will define our terms and our populations of study. We begin with a very brief overview of the state of the CDC management field. From a review of the major questions haunting the field of CDC management, we will focus on those directly involving the boards of trustees of CDCs. We will situate the CDC governance literature within the broader context of nonprofit governance, making the case that the CDC governance discussion needs to draw on lessons from the growing generic nonprofit governance literature. This is a major departure from methods devised by Kelly (1977) and associates due in large part to the increasingly new relevance of the entire field of nonprofit studies that was barely in its infancy during the time of the first studies of CDC governance. We suggest that in understanding CDC governance, models of city council governance (used by Kelly, 1977) may not be as comparatively relevant as models of generic nonprofit governance.

We will next launch into an abbreviated discussion of the embattled relationship between governance and organizational effectiveness. Drawing from the generic nonprofit literature we will present the difficult case of correlating (private) governance (practice, characteristics, process, etc.) to organizational effectiveness in communities. While acknowledging and applauding the attempt that Kelly (1977) made to correlate funders' conceptions of success with CDC governance, we will suggest more inclusive constructs. This will entail a round up of that which we think we know about nonprofit boards and effectiveness. As such, we will be especially supportive of both neo-institutional and social constructionist perspectives of the legitimacy of governance in communities.

Our concluding section will set up a conceptual model for potential researchers in the field. It will note what literature is missing and suggest avenues for testing. It will review again, where we've been, what we've done, and where we can go to help scholars and practitioners better understand the fit between the idealized models, the anecdotal case studies eschewing the models, and the reality of CDC governance. This section will highlight how the study of CDCs challenges what we think we know about nonprofit governance while also suggesting what CDC board members might glean from the critical analytical literature.

### **I. How did CDCs get so interested in management issues in the first place?**

After 30 years, the community development field (there are anywhere from a couple of hundred to over 20,000 CDCs depending upon who's counting, although most intermediaries in the field guesstimate at between 3,000 and 10,000) is at a crossroads. It can remain a "niche" player in community neighborhood revitalization and watch as other more skilled players come in and take advantage of the opportunities that CDCs have created or it can step up to the challenge of broadening its reach, responsibilities and skills. It has been CDCs that fought to recapture

neighborhoods and rebuild the physical and commercial infrastructure when others abandoned them (Vidal, 1992). Now that these neighborhoods are showing economic vibrancy and larger economic potential, other players are likely to capitalize on the hard work of the original pioneers.

It is also possible to imagine that CDCs will not be able to meet the new demands and the inner cities will again be ignored. Likewise, there is evidence to suggest that CDCs are increasingly subject to goal displacement as a result of increasing professionalization and the exigencies of searching for funding (Yin, 1998). The demands on CDCs are growing at a faster rate than their infrastructure can accommodate. They are poised to make the leap to the next level of functioning but are held back by the fragility of their own organizations (Glickman and Servon, 1998; Weinheimer, 1999; Anglin, 2000).

In 1995, the U.S. Senate Appropriations Subcommittee for HUD, VA and Independent Agencies funded a collaboration between the Neighborhood Reinvestment Corporation (NRC) and the Development Training Institute (DTI). This collaboration culminated in report that presented a five-year comprehensive agenda for enhancing the workforce of CDCs based on their assessment of the major management problems confronting the field (McNeely, 1995).

The findings of the five-year agenda continue to be relevant today. The field still faces substantial challenges in attracting and retaining a strong workforce. The best guesstimate floating in the field is that the industry-wide executive director turnover rate is 20% and senior staff turnover is over 30% per year. CDCs report particular difficulty attracting and retaining people of color. The industry's leadership and senior management staff do not reflect the communities' ethnic compositions (see for example, Anglin, 2000). This makes finding people who are both familiar with the issues of the indigenous community and skilled in project development and high-finance dealings quite challenging. In addition, like their parent nonprofit industry, CDCs often suffer from weak board structures. Strained relationships between boards

and leaders are cited as a common reason executive directors leave. Add to this picture an insufficient organizational management system and limited opportunity for advancement and you have an industry faced with serious challenges to continuity and growth (McNeely, 1995).

Of all of these challenges, recruitment and retention were the most frequently mentioned impediments to CDC growth. The average organization's small size (six people) precludes a satisfying career ladder. Others described a looming crisis, with young and old staff facing a conflict of cultures and expectations. Many first generation executive directors relied primarily on charisma, devotion to mission, and raw talent for their success (McNeely, 1995). Now some of these same executive directors are getting ready to retire without a second-in-command to whom to hand over the reins, creating a dire need for succession planning—rightly a task under the purview of the organization's board.

CDC providers were keen on ways to mentor the local population to keep their skills in the community. They mentioned the need for increases in training budgets and building scholarship funds that promote community development programs in higher education to grow their labor pools. They talked about the need for more highly skilled and better-trained project managers, but not at the expense of a commitment to mission. Another skill in low supply is financial management (McNeely, 1995). Accounting for funds and reporting on their use requires more sophisticated systems and the staff to manage them. The task is complicated when many CDCs lack basic financial reporting tools, accounting systems, monthly reports, cash flow statements and benchmarks (McNeely, 1995).

All of these challenges, in the end, find their way to the boardroom. Skills desperately needed by resource-challenged organizations can be supplied by carefully constructed boards of directors. Indeed as the how-to literature suggests: 1) Board members that are in social networks that include ethnically diverse individuals can help replace Executive Directors (EDs); 2) The board

should include people who understand the economic and social issues confronting the served communities; 3) Some board members must be financially sophisticated and understand financial management; 4) Some trustees might be skilled in project development and high finance dealings; 5) All board members must understand nonprofit management and the role of the ED and the board.

Many leaders in the field stress the importance of boards of directors in partnering with and evaluating the paid leadership. If the board is good, then it likely provides monitoring, challenges, direction, human capital development and change management. A good board can also reduce the isolation of executive directors and help raise funds for the organization.

### **CDC management literature to date**

While it is popular to bemoan the lack of management studies and management focus in the published CDC literature, we would argue that the field has made some attempts (though not necessarily ones that speak to scholarly communities) to consider, and often evaluate, how these organizations are managed. That many of these funder-driven studies were prone to over-emphasize the most positive management stories is, however, a matter for concern. Vidal's 1992 *Rebuilding Communities* study of urban CDCs devoted an entire chapter to CDC characteristics including a subsection on board composition. However, a broader organizational theoretical framework to make sense of the reported frequencies was largely absent. Glickman and Servon's (1998) "more than bricks and sticks" study, attempted to wed the broader management concern for "capacity building" into the CDC literature, again however, relatively isolated from the concerns of the organizational theoretical literature. Ferguson and Dicken's (1999) edited volume does offer some theoretical frameworks for re-conceiving the community development field although the management of such is a very minor theme. Far fewer, however, are studies that actively engaged the roles, compositions, and values of CDC governance. Those that exist are often well-funded evaluations of existing major CDC programs. For example, the Urban Institute

has produced several excellent manuscripts on the outcomes and impact of the National Community Development Initiative. However, the lack of emphasis on the impact of varying governance structures demonstrates the lack of attention given to the role of boards in these organizations. A noteworthy nonacademic study on CDC organizational and human resource management was produced in the mid- 1990s as a result of the 1995 assessment by NRC and DTI of the CDC field (earlier reference).

### **CDC governance literature**

Searches of both the nonprofit governance and CDC management literature turned up a paucity of rigorous studies at the intersection of “CDC governance”. One of the few extant studies is probably also the most comprehensive yet the most dated. Kelly’s 1977 book on CDC boards provides a baseline for present and future conceptual and empirical studies. Written before the advent of the explosion in nonprofit management literature, this frequency-based study is somewhat divorced from theoretical developments in the management science field. It has been joined in more recent years by any number of practical guides and best practices manuals.

### **How-to’s**

The scholar and practitioner looking for guidance on CDC governance will most likely encounter the many “how-to” documents available from field intermediaries as well as field grantmakers. For instance, The Enterprise Foundations’ website-based database lists eleven resources for building CDC boards. They range from workbooks and assessment tools to guidelines and handbooks. A recent example of such a tool is the “Community Economic Development Handbook” published by Amherst Wilder Foundation in October 2002. There are also helpful links to generic non-profit self-help tools at BoardSource, The Evergreen State Society, ARDI, etc. What is not there are links to, or bibliographies of analytical and critical scholarly studies of CDC governance in comparative context or not. NCCED’s (the national “trade association” of CDCs) website emphasizes leadership development and management assessment but is relatively

devoid of governance content. The LISC enterprise also hotlinks to generic nonprofit management sites when a governance search is performed, but makes its greater contribution to the study of CDC governance through its case studies and conference proceedings. While these are useful pedagogical tools they are not substitutes for sustained analytical and critical work in CDC governance.

## **II. A brief history of the generic nonprofit governance literature**

In contrast to the dearth of specific CDC governance studies, the generic nonprofit governance field has hit its stride. Scores of both analytical and critical books and articles on the subject of nonprofit boards are published yearly and the major nonprofit scholarly journals (as well as public administration and generic management journals) are filling up with studies of nonprofit boards.

Yet as little as ten years ago, scholarly studies on nonprofit boards were relatively rare. What did exist fell into one of two main camps. The first camp includes studies of boards (and their reputed effectiveness) within one organization or one industry. These include Zald's 1967 pioneering study of YMCA directors; Pfeffer's 1973, Anderson's 1987, Alexander's 1989, and Boeker and Goodstein's 1991, hospital studies; Dain's 1991, library studies; Baldrige, Curtis, Ecker, and Riley's 1977, and Kohn and Mortimer's 1983, college and university studies; and Meier's 1992, symphony studies. The second includes studies of board models and roles including models of relations with executive staff, as told, often, by the executive director. These studies include Chait and Taylor's 1989 work on governing versus managing boards; Middleton's 1987 theoretical groundwork; Carver's 1990, boards that make a difference; Herman's 1989, meta-analysis of board models; Harris's, 1989 and 1993, total activities approach to the board role; Bradshaw, Murray and Wolpin's 1992 study of board effectiveness; Fletcher's 1992, work on board development; Wood's 1992, models of board lifecycles; and Saidels' 1993, typologies of board roles in government relations.

Missing were historical and comparative works of the evolution and variation of nonprofit boards. In the early 1990s, Yale University's Program on Nonprofit Organization's Changing Dimensions of Trusteeship project, together with other trusteeship scholars (often funded through the Lilly Endowment), sought to fill that gap. Numerous comparative, historical studies came out of that research effort including Hall's 1992, historical work on cultures of trusteeship, Kang and Cnaan's 1995 study on trustees across human service organizations, and Wood's 1996 compendium of cases on governance. The related research of Abzug et al. (see for example, Abzug, DiMaggio, Gray, Kang, and Useem, 1993; Abzug 1995; Abzug 1996; Abzug, 1999; and Abzug and Galaskiewicz, 2001) began the foray into contextual issues surrounding the particular forms that trusteeship took. It is this literature that we draw upon and extend as we seek to understand the context of governance of CDCs.

### **III. The Case for Governance Mattering**

While the ink has been pouring on matters of nonprofit governance, one nagging issue keeps re-appearing—do governing boards matter? Much of the organizational management literature has gently sidestepped that practical question, choosing instead to address the more contingent questions of, for instance, when do governing boards matter? What about governing boards matters? And matters in what way? Yet most practitioners remain convinced that a more overarching relationship between the performance of boards and the performance of organizations exists.

Confining the rest of this section to the issue of nonprofit board performance correlates with nonprofit organizational performance, we review the state of the field.

## **The legal word**

Practitioners and academics alike looking to state statutes for prescriptions on effective governance (that would lead to organizational performance) are likely to be disappointed. Still, as Herman and Heimovics (1991) suggest, most prescriptive accounts of effective governance start with legal requirements (which differ geographically and tend to proscribe rather than prescribe structures, compositions, and even practices) and moral assumptions.

Nonprofit Corporation laws in most states, for example, establish minimums in terms of reporting requirements and allow for protection from personal liability for the directors (Edie, 1997). Although many states have moved towards standardization of minimum governance expectations by adopting the ABA's Model Nonprofit Corporation Act, the history of nonprofit statutory law in the United States remains a history of variation by state jurisdictional boundaries (Hone, 1989, Fishman, 1985, Moody, 1984). Indeed, following the ABA model, most state statutes today describe the duties of (effective) directors as those of care, loyalty, and obedience. State courts may apply the "Business Judgment Rule" to determine a director's adherence to the duty of care. Yet, as Peregrine, 2001 makes clear in the healthcare case, there is still a concern that some states will not recognize the application of the Business Judgment Rule under certain circumstances and, as such, establish a higher standard of nonprofit director decision-making. The combination of different state statutes coupled with different state court interpretations means that even relatively standardized statutes allow ample room for diversity in board performance expectations from a legal standpoint. Given the variation in legal form adopted by CDCs (with some choosing for-profit subsidiaries, for instance), we might expect even more variation in legally mandated director duties.

## **The empirical record**

Inglis, Alexander and Weaver (1999), in their study of board roles and responsibilities, noted that cautious support for a relationship between the effectiveness of the board and the effectiveness

of the organization had been shown by, for instance, Herman and Renz (1998) and Jackson and Holland (1998). Indeed, in 1997 Herman and Renz found that judgments of board effectiveness (a social constructionist construction) were strongly related to judgments of organizational effectiveness (also a social constructionist construction). Herman and Renz (1998, page 158) were confounded by the likelihood that "...if...nonprofit organizations often are judged on different criteria and in different ways on the same criteria by differing constituencies, then the search to identify board practices, management strategies, and procedures associated with effectiveness is bound to be nearly impossible." Still, they felt confident that they could uncover consensus around especially effective organizations, and in those cases, "nonprofit organizational effectiveness is strongly related to board effectiveness." Herman and associates have pioneered the literature on the social construction of effective governance. We will come back to that school in a later section.

Much of the rest of the literature that examines the relationship between "effective" governance and "effective" organizational performance takes on relationships between smaller components of both governance and performance hoping to correlate practices and processes of one with measurable outcome indicators of the latter. Specifically "attribute" studies examine which board structures and compositions are correlated with organizational success, while "process" studies examine which board practices are so correlated.

### **Attribute Studies**

That certain types of people are more effective on boards based on their educational, social, occupational, and other network ties is an idea that has been percolating through the board effectiveness literature (Abzug, 1996). Plambeck (1985) explained differences between successful and less successful organizations by both ethnic and sexual composition of the board, as well as members' length of residence in the community; Austin and Woolever (1992) show that community characteristics are related to board composition through the intermediary of

membership composition; Kang and Cnaan (1995), explored how board composition in human service agencies changes in response to changing internal needs and social environments; Kearns (1995) found that CEOs mentioned specialized skills and talents as valued board member attributes; Humphrey and Erickson (1997) suggested that public accountability of industrial development nonprofit organizations will be enhanced through increased board member connections to community development corporations and other local organizations; and Cornforth (1998) questioned the value of choosing members for their expertise and experience. In all, the studies' results (and, therefore, recommendations) are as varied as the questions they ask, reflecting the great variety in attributes associated with effectiveness. As well, different results (the varying effectiveness of certain characteristics) might be dependent upon different subsectors of organizations studied.

### **Practices/processes**

Other studies have looked at what the board "does" in relation to how the organization fares. Siciliano (1997) found that better financially and socially performing YMCAs assigned responsibility of strategic planning to a special subcommittee of the board. Green and Griesinger (1996), studying sixteen social service organizations in southern California, found a significant relationship between organizational performance and policy formation, strategic planning, program monitoring, financial planning and control, resource development, board development and dispute resolution. In a study focusing on correlates of effective nonprofits, Smith and Shen (1986), studying almost 40 organizations in a Boston suburb, implicated the presence of standard officers and boards of directors and a greater number of committees (although presence of an executive committee and the size of such were not similarly implicated). Plambeck (1985) studied four Midwestern United Ways and found that attendance at board meetings (as well as some compositional factors) helped to explain differences between successful and unsuccessful organizations. Studying CDCs in their infancy, Kelly (1977) used the judgments of major early CDC funder OEO (Office of Economic Opportunity) as the social construction proxy for

organizational performance. Her general finding was that the greater participation of board members in eleven activities, the greater the success ranking of the CDC. Board activities strongly related to rankings of organizational success included: success in setting goals, strategies, and policies, review and control functions, greater accountability to target area residents, and willingness to defer to experts.

Not all of the results have been as unequivocal, however. In a study of 417 Canadian voluntary organizations, Bradshaw, Murray, and Wolpin (1992), demonstrated a relationship between the perception of board effectiveness and the presence of prescribed board activities. However, the relationship was much more limited when board behaviors were correlated with objective indicators of organizational performance. Miller, Weiss, and MacLeod (1988), studying 184 nonprofit human service nonprofits in Philadelphia, also had difficulty demonstrating statistical relationships between board activities and agency outcomes. Note, as well, that the studies that were not able to statistically demonstrate the correlation between effective governance and effective organizational performance were also the studies with the largest sample sizes.

### **Legitimacy and Social Construction**

That both the concepts of governance effectiveness and organizational performance lead to great variability in results and recommendation in the nonprofit literature leads us back to the social constructionist perspective. In this view, as presented by Herman, Renz, and Heimovics (1997), the wide variety of effective governance practices found is mirrored by the wide variety of judgments of board effectiveness garnered from diverse stakeholders (multiple constituencies). This emphasis on the judgments of constituencies leads us back to the neo-institutionalist concern with organizational legitimacy as the cornerstone for effective functioning. Specifically, we marry the social construction perspective of governance with a neo-institutional one to suggest that effective governance is in the eye of the beholder, who grants (or does not grant) legitimacy to the board. It is that legitimacy that can be leveraged to increase resources coming

in to the organization. This is the way, we would argue, that CDC boards can, indeed, make the difference between credibility and stability and failure. To the extent that a CDC board is considered “the right kind of board” by powerful players in the field (including, but not limited to, communities, funders, watchdogs, intermediaries, universities, etc.) it can help the organization attract resources.

#### **IV. Models for the Future**

##### **What, then, do we want to know about CDC boards?**

We know it is a struggle to keep boards that function and help their organizations. In trying to find measurable demonstrators of board’s help to their organizations, we are particularly attracted to the resource-dependence notion that successful boards are those that can attract resources to their organizations. From our neo-institutional perspective, we expect that in order to attract certain resources (including but not limited to financial, human, and social capital) boards must have legitimacy. Indeed, the nonprofit literature of governance increasingly emphasizes the legitimacy-achieving responsibility of boards of directors (see for example, Stone and Middleton, 1997). “What, then, about boards, raises what types of legitimacy concerns?” is the subject of this final section.

Frequency-listing studies have suggested that what is important about CDC boards is their composition—“who they are” as suggested by Kelly (1977:11) (community representativeness, business representativeness, racial and ethnic representativeness — and now management expertise), and their practices and process— “what they are doing as CDC board members” (Kelly, 1977:11) (motivation, responsibility, participation, etc.). It is then presumed that these dimensions, as proxies for board performance depending upon the audience, can be correlated with success of the CDC enterprise in terms of resource attraction. For model building purposes, we take a step back and ask, what might help us to understand the variation we see in board

composition and board practices across the CDC field? Specifically, how do different legitimacy requirements influence CDC board structures and practices?

### **Contingencies**

One of the main lessons that can be derived from review of the nonprofit governance literatures is that much about governance cannot be generalized across large swaths of organizations. One might even argue that within-sector differences are often greater than across-sector differences. Still, the literature has also suggested that patterns have emerged and are useful for scientific prediction as well as practical insight. This final section of the paper highlights the contingencies that speak to legitimacy requirements and, thus, shed the most light on the field of CDC governance.

### **Lifecycle/Size**

As evidenced by both the generic nonprofit governance literature (see for example, Mathiasen, 1990, Wood, 1992 and Dart, Bradshaw, Murray, and Wolpin, 1996) and CDC case studies, size (and age) often does matter! Our expectation here is that different audiences (from whence resources are secured) will expect board signals of effectiveness (particular structures and practices) to differ based on where the organization is in its lifecycle. We expect that different audiences will grant legitimacy for certain structures and practices depending upon whether the organization is perceived as Executive Director-founded and driven or board-founded and driven. The governing board expectations for an "entrepreneurial" (Young, 1986; Smith and Lipsky, 1993) CDC may be, for instance, different from governing board expectations for a community board-driven CDC. Specifically we would suggest that if an organization is perceived as board-led (or community-led), rather than executive director led, then it will feel a greater need to adapt to its audiences' perceptions of legitimate board structures, compositions, and practices.

## **Environment**

We use the catch all term 'environment' to represent both the spatial and temporal context of the CDC. The spatial component places CDCs within local communities while the temporal component considers the impact of broad environmental events. A literature has grown around the geography or place-based nature of nonprofit governance (see for example work by Hall, 1992, and Abzug, 1995) supplemental to the work on variations of state law. This literature suggests that different regions spawn different expectations of legitimate governing boards. Yet, to the extent that nonprofits (and especially CDCs) operate on the community, or even neighborhood, level, we can further parse the geographical division down to the very local. At the local/neighborhood level, we can suggest that specific communities, in which CDCs reside, place legitimacy demands of representation on governing boards. Specifically, if a CDC is "of" a community (drawing resources from the community), then it will feel a greater need to adapt to its audiences' perceptions of legitimate board structures, compositions, and practices.

We would argue that variation over time would work the same way. For a CDC to be considered up-to-date, or even cutting edge, its board structures, compositions, and practices would need to conform to prevailing legitimate forms. These legitimate forms are expected to change over time due to at least, economic cycles (stock market crashes, recessions, etc), external shocks to the systems (e.g., terrorist attacks, infrastructure breakdowns, etc.), or changes in regulation, etc.

## **Faith**

A further way to delineate local community is by faith affiliation. With 15% of CDCs claiming faith affiliation, it can be expected that faith communities will also place legitimacy demands on CDC governance. We would suggest that if a CDC is affiliated with a faith community then it will feel a greater need to adapt to its community's perceptions of legitimate board structures (how many clergy ex officio, for example), compositions, and practices.

## **Funding Nature of the Beast**

The resource dependence literature (for an iconic example see Pfeffer and Salancik, 1978) introduces the notion that organizations come to resemble those upon which they depend—or, form (structure) follows money (structure of the funder). As such, we would expect that if a CDC is particularly dependent upon particular institutions (audiences) for funding, then it will feel a greater need to adapt to the funder's perception of legitimate board structures.

According to the most recent census of CDCs (Steinbach, 1999), at least some CDCs receive significant amounts (\$50,000 or more) from (in order of frequency listed): federal government, state government, local government, intermediaries, banks, foundations, corporations, religious institutions, United Way, other private sources. We can also think about the CDC universe as clustering around three different "funding" logics: those organizations most dependent upon government or public monies (shadow state organizations), those organizations more dependent upon private sources of donations/funding (more charitable nonprofit organizations), or those more dependent upon revenue generated from economic development activity (commercial organizations). Each of these ideal types will adapt to a different funding regime's perception of legitimate board structures. More commercial CDCs may adopt more corporate-style governing bodies, more charitable CDCs may adopt more nonprofit style boards of trustees, and shadow state organizations might adopt boards that more closely resemble civic councils. Indeed, Kelly's 1977 study that used judgments by OEO analysts as success rankings, intuitively tapped into the notion that funders can be legitimacy brokers—passing judgment on, and dollars to, boards that demonstrate particular behaviors or perform particular tasks.

The above discussion leads to the following model of variation in the structure, composition, and practice of CDC boards depending upon the legitimacy expectations of relevant constituents:

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Figure 1 About Here

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## **V. Recommendations**

Knowing the context (history, location, values, funding situation) of a CDC will help to generate templates for legitimate governance models. Having a sense of models that will satisfy constituent legitimacy needs will go a long way towards helping the CDC practitioner move beyond the “how-to” literature and move towards a more critical and analytical framework for assessing governance strategies. Such strategies may then lead to ways to overcome CDC governance issues such as: isolation in the communities from the networks of individuals that can bring the skills that are needed; lack of time and training to effectively run and use a board; lack of funds to reimburse board members; and even lack of visibility of the field. It may also help CDCs to identify ways to gain legitimacy from more than one critical audience, e.g., funders and the community, for example (Anglin, 2000). Having a board that is “legitimate” in more than one arena may help a CDC to attract needed human and financial resources. Identifying what forms legitimate boards actually take is a question for empirical research. We hope that our review of the state of the CDC governance literature combined with suggestions from the generic nonprofit governance literature help provide a framework for future work.

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