THE POLICY GOVERNANCE MODEL:
A CRITICAL EXAMINATION

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Introduction

By any measure, John Carver has had a substantial impact on thinking about governance in nonprofits. He has authored three books, 14 monographs and over 160 separate articles, as well as a regular newsletter, audiotapes and a videotape (Carver 2002, pp. xli-xlii). His first book *Boards that make a difference* was reprinted 10 times before going into its second edition. He has consulted in over 19 countries. He has trained over 150 consultants (including the author) and other nonprofit leaders in his advanced Academy workshop, some of whom went on to form the International Policy Governance Association. His influence in Canada in particular has been profound, with one report noting that many Canadian organisations had debated whether 'to Carver, or not' (Panel on accountability and governance in the voluntary sector 1998, p. 15). His work has inspired books by other authors (Oliver 1999; Walters & Richardson 1997).

Probably no other writer on governance has attracted so much publicity, or such controversy, as Carver. As Fletcher (1999, p. 437) notes, Carver's approach has been 'both lauded and demonized'.

After explaining the basic principles and structure of Policy Governance, this paper briefly summarises the advantages of the model. It then examines how poorly the model is understood by some of its critics. The paper then explores in detail the negative critiques of Carver's writing on governance and of his Policy Governance model. Most of the critics are explicit in their comment on Carver's work, although one or two critiques have been implied from the general management literature. It should be noted that some of the negative critiques contradict others. Conclusions in relation to practice and research are then drawn.

The Policy Governance Model

Policy Governance is essentially a sophisticated 'management by objectives' approach to governance.

Carver writes that there are ten basic **principles** on which his model is built (Carver & Carver 1996a).

First, the board governs on behalf of people who are not at the board table. As trusteeship forms the foundation of governance, the board must establish, maintain, clarify and protect the relationship of trust with the legal and moral owners of the organisation.

Second, the board should speak with one voice. The power of directors is not as individuals, but as a corporate entity.

Third, board decisions should predominantly be policy decisions. Even in very small organisations, it is not possible for the board to control every interaction between the organisation and the world. Policies give the board the best means to frame the organisation's interactions.

Fourth, boards should formulate policies in layers, starting from broad statements and working down in logical succession. By starting broad, Carver argues that there is never a policy vacuum.

Fifth, the board should 'define and delegate, rather than react and ratify' (Carver & Carver 1996a, p. 9).

Sixth, the main game is the ends to be achieved, that is, the outcomes not the process.

Seventh, the board's best control over the means used by staff is to proscribe, not prescribe. Thus the board maintains prudent control of the organisation by putting certain actions off limits, while not unduly interfering in the work of staff.

Eighth, boards should explicitly design their own products and process.

Ninth, the link between the board and the CEO must be empowering and safe. It should be empowering, in that the CEO should not be subject to second-guessing about individual decisions, provided his or her decisions are consistent with any reasonable interpretation of the board's policy (Carver 2002, pp. 347 –352). The link should be safe, in that the CEO's decisions and actions must be within policy.

Tenth, CEO performance must be monitored rigorously, but only against policy criteria explicitly established by the board.

Carver posits that every board has at least three **jobs** (Carver & Carver 1996b, pp. 6-7). First, the board must link to the legal and moral ownership of the organisation. Second, the board should produce explicit governing policies. Third, the board should assure CEO performance by establishing clear expectations for performance and clear mechanisms for accountability.

Under Policy Governance, **policies** are developed in four areas:

- *Ends: The board defines which human needs are to be met, for whom, and at what cost. Written from a long-term perspective, these mission-related policies embody most of the board's part of long-range planning.*
- *Executive Limitations: The board establishes the boundaries of acceptability within which staff methods and activities can be responsibly left to staff.*
- *Board-CEO linkage: The board clarifies the manner in which it delegates authority to staff as well as how it evaluates staff performance on provisions of the Ends and Executive Limitations policies.*
- *Governance process: The board determines its philosophy, its accountability, and specifics of its own job.* (Carver 2001, p. 3)

Advantages of Policy Governance

The potential advantages of Policy Governance are fairly evident just from its description.

- It emphasises the role of the board as trustees on behalf of the legal and moral ownership of the organisation.
- The model requires the board to be explicit about its values for the governance of the organisation.
- The roles of the board in governance and of the CEO in management are clarified.
- The model avoids the twin evils that plague boards: namely micromanagement, on the one hand, and rubber-stamping, on the other.
- The outcomes that the organisation seeks to achieve are clearly stated, and thus the model provides a sound basis for understanding what constitutes successful organisational performance.
- The executive limitations approach to delegation is, perhaps paradoxically, empowering of the CEO.

- The model fosters responsibility and provides a systematic basis for the achievement of accountability.
- Boards are encouraged to be future-focussed.

Despite these potential advantages, the model has been subject to extensive criticism by some academic commentators. Some of these critiques are informed, and some are not.

Poor understanding of the model

Much of the writing on Carver and Policy Governance is based on a poor, or an incomplete, understanding of his work and the model. This includes the otherwise thoughtful Bradshaw and colleagues, who confused traditional governance and Policy Governance (1998, pp. 13-14).

Perhaps the worst example of understanding Carver's work is the review by Leland (1997). Leland asserts that it is Carver's view that:

> *The board should not get involved in any management issue unless the policies have been violated. This translates to boards not getting involved in elaborating on strategic priorities, evaluating programs, raising monies, monitoring budgets, setting personnel policies, and so forth*. (Leland 1999, pp. 194-195)

The table on the following page analyses each of Leland's claims: note that all of the quotes from Carver are from the very book that Leland had purportedly read.

This example clearly establishes that some of the critiques of Carver's views and of Policy Governance are based on a misunderstanding of the model. Of course, everyone is entitled to a point of view - a well-informed point of view.

Informed critiques

There is no guarantee that things will not go wrong
Carver (2002, p. 47) himself acknowledges that things can go 'horribly wrong' in Policy Governance. He states that Policy Governance 'does not guarantee wise governance' (Carver 2002, p. 51). In his view, the model merely enables it. Carver argues that partial implementation is especially problematic, but acknowledges things can still go wrong when the model is fully implemented. He identifies the following sources of potential failure, even if the technical implementation is correct:

- a focus on the short term, perhaps encouraged by a short term of office of the board or inappropriate anxiety about measurement
- narrow vision and limited ambition when setting Ends[1] policies
- insufficient constraint on staff means (the opposite of micromanagement), and
- not monitoring often enough. (Carver 2002, pp. 48-50)

Of course, this critique does not invalidate the model; it merely points out the limits of the model. Given that many critics believe that Carver's view is that there is only 'one best way', Carver's explicit acknowledgement of the limitations of the model is welcome.

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[1] The word 'Ends' will be capitalised when referring to Ends policies within Policy Governance, but not capitalised when using it in the common way of the distinction between ends and means.

Table 1: Analysis of one assertion by Leland

Leland's claim	Current author's comment	What Carver says
This translates to boards not getting involved in elaborating on strategic priorities	Some validity to comment. Carver's concern is the nature of the board's involvement in strategising. The Board would be involved in elaborating on what is to be achieved through the Ends policies, but would not become involved in elaborating on means except by the executive limitations policies. The potential problems with this approach will be explored when discussing the 'fallacy of predetermination'.	*In short, the board's job is not long-range planning itself, but exploration of vision. The board's job is to maintain and behaviorally demonstrate a long-range mentality.* (Carver 1997, p. 68)
evaluating programs	Wrong. Carver's concern is that the board should be more concerned with evaluating outcomes than second-guessing process.	*Evaluation of Ends is an integral part of the management process.* (Carver 1997, p. 68)
raising monies	Wrong.	*Should a board be responsible for fundraising? The answer depends on the organization and its circumstances. From the perspective of governance concepts per se, one can only say that fundraising may be either delegated or retained, at the board's discretion.* (Carver 1997, p. 133)
monitoring budgets	Wrong.	*Monitoring information is used to gauge whether previous board directions have been satisfied … Good monitoring information is a systematic survey of performance against criteria.* (Carver 1997, p. 109)
setting personnel policies	Wrong.	See the examples of personnel policies set out in Carver 1997, pp. 96-97.
and so forth	Wrong.	See the examples of common executive limitation policies set out in Carver 1997, pp. 87-88.

The Policy Governance model is based on a traditional, mechanistic top-down view of organisations

This critique is implied in the work of Blair and Stout (1999, pp. 262) and made explicitly by Herman and Heimovics (1991, pp. 38, 44) and Bradshaw et al (1995, pp. 6-7).

There are several responses to this critique. First, Carver is not attempting to propose an all-embracing theory of nonprofit organisation, but merely a theory in relation to the role of the board. Second, despite Blair and Stout's argument that the legal role of shareholders is overstated, the reality is that shareholders/members have more extensive legal rights than other stakeholder groups. Third, outside of general meetings, the legal powers of the organisation are typically vested in boards and, in order to be further vested in other stakeholder groups, must be delegated by the board to them. Hierarchy is inevitable in

corporations, a point which Blair and Stout (1999, p. 281) and Herman and Heimovics (1991, p. 41) acknowledge. Fourth, Policy Governance empowers the CEO (and through the CEO, the staff) to pursue the Ends of the organisation, provided the Executive Limitations policies are not breached.

The model looks at the organisation in isolation
This is a critique made explicitly by Bradshaw et al, and Hind. Bradshaw et al (1995, p. 13) position Policy Governance at the unitary end of the unitary-pluralistic range. Hind (1995, p. 16) notes that Carver's views 'are invariably focused on the charity as an individual entity'.

It is true that the model principally seeks to answer the question of how a board should seek to govern the organisation, rather than how the board should relate to the outside world. Carver (1997, p. 138) identifies advocacy ('legislative impact'), fundraising and public relations as optional board responsibilities in the sense that the board can retain responsibility for their achievement or can delegate responsibilities to the CEO and staff. He also explicitly acknowledges the importance of interboard dialogue, noting that it can have 'momentous effect' (Carver 1997, p. 198). While interaction with the external environment is not built specifically into the diagrammatic representation of the model, it would be easy to do so.

Governance is a necessary, but not a sufficient, condition for success of nonprofits, and boards also need to be involved in management
Hind (1995, p. 15) argues that organisations can implement the four quadrants of Policy Governance, but still have poor organisational performance if management techniques are inadequate. He goes on to argue that it is unhelpful to think about governance in isolation.

Carver would agree with the first leg of the argument, but would take a different perspective on the second. Giving the example of the United Way scandal, he argued that there was a failure of governance to set the constraints on CEO action and to create and enforce the reporting systems that would detect the failure of management (Carver 2002, p. 401).

While there is an element of ideological correctness in Carver's analysis, there is much to be said for the board staying largely within the governance role and requiring the Chief Executive Officer (hereafter, 'CEO') to learn and practice the art of management. It means that both parties are clear on expectations and clear on their respective roles. While CEOs can seek out advice from individual board members in relevant areas of expertise, CEOs are not required to follow well-meaning but nonetheless sometimes unhelpful and contradictory 'advice' from individual board members.

Contrary to Carver's assertions, there can be no "one best way"
This critique is made eloquently and provocatively by Murray in his 1994 article, 'Is Carver's model really the one best way?', repeated in Murray (1997) and echoed by Widmer and Houchin (2000).

Many of the criticisms in Murray's 1994 article are set out as separate criticisms in this paper. The key argument now considered is this:

> *The history, culture, personalities and environmental conditions of many nonprofits make it impossible for a Carver-type model to be sustained over time … When it comes to board governance patterns, hardy hybrids of many models flourish. There really is no one best way.* (Murray 1994, p. 14).

Carver has claimed Policy Governance to be 'the most thoroughly thought-through, conceptually coherent and complete theory of governance in the world today' (Carver 2002, p. xl). He argues that models are indeed most valuable when they seek universal applicability:

> *Because as individuals we are all unique does not prevent physicians from learning how the liver functions as though we are all the same.* (Carver 2002, p. xxxvi.)

He says that a 'theory that fits only one board isn't very helpful' (Carver 2002, p. xxxv) and what is needed is a 'conceptually coherent, rigorously rational model' (Carver 2002, p. 45). He argues persuasively against the 'everybody's different' analysis of governance:

> *For students of governance, settling to the 'everybody's different' approach is either a truism or a dumbing-down* … (Carver 2002, p. 46)

Although Carver's claim that there is no other coherent model of governance is immodest, it remains correct. The other, so-called, models of governance fall into two categories. The first category of 'models' is merely descriptive of different categories of boards (see, for example, Lyons 2001, pp. 126-131). These 'models' are clearly not intended to be conceptual models, but mere categorization. The second category of models are merely lists of perceived better practice: for example, Bowen (1994), Chait, Holland and Taylor (1996), Eadie (2001), Houle (1997) and, Tyler Scott (2000). In the latter category, there are striking omissions in the so-called models. Even in Chait, Holland and Taylor (1996), the most coherent and best researched of the other approaches, the issue of delegation is not addressed. This is surely a striking omission given that, outside of general meetings, the board is the source of power for action in the organisation's name.

The idea that governance can be distinguished from management is wrong

Garber (2002) argues Policy Governance and other approaches distinguishing between governance and management operate in 'splendid isolation from the day-to-day realities of the organization' and 'in real life, the differentiation is not so clear cut'. Carver is not alone in making the distinction between governance and management, although perhaps there are few writers who are so rigorous about the distinction.

It is true that the dividing line between governance and management is arbitrary. In the Policy Governance model, management takes over where the board says it may. Policy Governance is unique in allowing each party to know precisely what it is responsible for. That does not mean that the board will not seek management's advice, or that management will not seek the advice of knowledgeable board members. However, if the functions of governance and management are not conceptually different, then there is no reason to have a board.

Separating policy from administration and ends from means, is fallacious

Some authors treat these critiques as one and the same, although in reality they are not. Plunkett (n.d.) and Herman and Heimovics (1991, p. 43) argue that policy cannot be separated from administration. To quote Plunkett (n.d., p. 8):

> *the establishment of policy and its subsequent implementation must be seen as an interactive process involving those who have the power to decide policy and those who have the responsibility for managing its implementation.*

Carver is not in fact arguing for the absolute separation of policy and administration. He explicitly states that in Policy Governance both the board and the CEO will make policy (Carver 1997, p. 42). What he does argue for is CEO policy being made in the context of board policy.

The more important critique is the argument that ends and means cannot be distinguished. Murray (1994) argues that:

> *empirical research on strategic planning over the past decade has shown that this* [distinguishing between ends and means in practice] *is rarely the case. What actually happens is that strategies (ends) often emerge from actions (means) and the forces of strategic thinking and knowledge are to be found in all parts of the organization.*

Murray is incorrect in equating 'strategies' with Ends and 'actions' with means. Ends can be correctly equated with outcomes, and the distinctive notion of outcomes is accepted in much of the planning literature. Strategies, as well as 'actions', can be means.

However, there may be some truth in Murray's general point. Mintzberg (1994, pp. 227-228) presents a persuasive case about the fallacy of predetermination in planning: the idea that the organisation can impose its will on the environment and predict what outcomes it will have is fallacious.

In Policy Governance, the prediction of outcomes is by means of the Ends policies. However, Policy Governance is considerably less deterministic than traditional strategic planning, where the prediction not only extends to the outcomes achieved, but even the strategies by which they will be achieved and the scheduling of those strategies.

The critique of predeterminism is valid, while not invalidating the entire model. Just as there are some outcomes that are not easily predicted, there are others that can reasonably be predicted. In the former cases, a board should draft its Ends statement in terms of general outcomes more than precise outcomes. Finally, if the Ends are not achieved, there is nothing in the model suggesting an automatic finding of fault on the part of the organisation, the board or the CEO. The critique does point to the need for the model to be viewed and applied in a common sense manner.

Carver's model does not have regard to organisational life cycles
This critique is implied by the works of Murray (1994) and Sharken Simon (2001). Sharken Simon (2001, p. 27) argues that concerns with governance vary with organisational age, with a true governance function and structure only emerging when enabled by the size and stability of the organization.

The first point to note about this critique is that the empirical study of Dart et al (1996) found limited evidence to support the concept of organisational life cycles in boards.

Stripped of its jargon, Policy Governance simply asserts that a board should specify: what outcomes the organisation seeks, the lawful delegation of its powers, its governance approach, and reporting and accountability. Once the organisation is actually constituted (ie, it has moved to Sharken Simon's stage 2), there is nothing about the model which suggests it is only suitable for organisations at a particular juncture in time. Especially with all volunteer organisations, the delegation of powers makes sense as it enables the work of the organisation to get done. There is no requirement in Policy Governance that delegation by the board be to one individual; all that is required is that the delegation and accountability be clear.

This is not to deny that working boards and membership boards can be legitimate choices for those smaller nonprofits that want a high degree of whole-group involvement and control. However, working boards and membership boards can require enormous commitments of time and energy. If the organisation grows to any great extent, working boards and membership boards are unlikely to be viable.

Governance systems should be based around stakeholders more than 'owners'

This heading captures a number of different but related critiques. First, from a theoretical perspective, it can argued that governance is about mediating the diverse demands of stakeholders. Second, critics argue that the conceptualisation of ownership is highly problematic, and indeed some nonprofit organisations have no identifiable owners. Third, there are practical problems if the board distances itself from critical stakeholders who are not 'owners'.

The theoretical objection to the primacy of owners is implied in the work of Blair and Stout (1999). Writing of for-profits, they argue that boards exist not to protect shareholders per se, but to protect the enterprise-specific investments of all the members of the corporate team. For the word 'shareholder', we might substitute the words 'owner' or 'member' in the case of nonprofits. There are several responses to this argument. First, Blair and Stout's theory relates to public for-profit corporations, not nonprofits. Second, the theoretical basis for their work is the economic problems of shirking and haggling (Blair and Stout 1999, p. 266). These problems do not apply (in the way Blair and Stout describe the problems) to nonprofits due to the distribution constraint. Third, as previously noted, members do indeed have special legal rights that are not accorded to other stakeholders. In summary, team production theory is largely irrelevant to nonprofits.

The second objection to the ownership concept is Murray's argument that the concept is vague. Murray (1994, p. 11) states that many nonprofits have multiple owners who 'are virtually impossible to distinguish from stakeholders whose interests and influences determine the survival of the organisation'. This argument is fortified by the example of long-established charitable trusts, which have no identifiable owners.

Carver (2002, p. 55) recognises that there are rare instances when the ownership concept might not apply. However, he argues that, in most cases, it does, and that board authority must come from the legal or moral owners of the organisation. Carver does not deny the importance of stakeholders such as staff or clients, their interests and of consultation with them, but simply states these relationships do not have the same special significance (Carver 2002, p. 50). The board's authority pre-exists the relationship with staff or clients:

> *Before jobs are created, a reason for operating must exist … If the governing body is given authority to choose which beneficiaries will be served and with what benefits, it will make that choice on somebody's behalf.* (Carver 2002, p. 57)

To summarise the discussion on this second objection, the ownership concept is useful and relevant in most but not all cases. In the unusual case of organisations without owners, Carver's statement of the role of the board would have to be modified. In relation to non-owner stakeholders, if a board wishes to give greater emphasis to the view of stakeholders, it can do so – and perhaps should do so - through Executive Limitation and Governance Process policies.

The third basis of objection is the practical consequence of use of the model on relationships with management and staff. Bradshaw et al (1998, p. 15) note that 'board and staff relations are vulnerable and disconnected because of the emphasis on separate and distinct roles'. However, the danger of disconnection is easily overcome in ways that do not jeopardise the model, e.g., joint social events, joint education programs, presentations by staff to the board, etc. This objection can be easily overcome by sensitive implementation.

There is a lack of empirical research in relation to the operation of the model
Of all the critiques of the Policy Governance model, this is the most important. Although criticism and replies can be made from a theoretical or anecdotal perspective, there is no substitute for properly constructed empirical research. As Jackson and Holland (1998, p. 159) tartly observe of Carver and other writers:

> *There is no dearth of advice for nonprofit boards … almost entirely based on subjective individual experience and anecdotal evidence. It fails to provide any systematic, empirically tested basis for setting standards, measuring performance, or examining the extent to which board performance may affect the work of the organization.*

Or, as Murray (1997, p. 441) writes:

> *One would have hoped that after six years of working with hundreds of nonprofits in trying to implement the policy governance model, Carver would now publish a thoughtful appraisal of the successes and failures with pertinent examples.*

Carver (2002, p. 37) himself acknowledges 'that the extensive claims for Policy Governance cry out for research'.

There are three empirical studies which have been published looking, either exclusively or in part, at Policy Governance. The first study is that of Brudney and Murray (1998), which looks at intentional efforts, including Policy Governance, to improve board performance[2]. The study consisted of 851 chief executive officers of Canadian nonprofits. Respondents were specifically asked whether they had used the Carver or other formal models for board change. One hundred and fifty four respondents had applied Carver's model exclusively and another 37 had adopted aspects of the Carver model. CEOs whose boards had used a model were more likely to report the changes as being successful. In relation to the particular models, Brudney and Murray found:

> *no one model or combination of models proved to be more significantly associated with perceived success than any other. This finding could have resulted because no model was in fact more successful than any other, because some models were applied ineptly, or because the CEO respondents tended to believe in the models adopted by their boards,* whatever they might be*, and therefore had a biased tendency to view them as effective.* (1998, p. 343)

Carver has no problem with the qualified and tentative nature of Brudney and Murrays' conclusions, but more with the possible interpretations of the conclusions. Carver points out that self-reported 'Carver users' should not be confused with actual users. Also,

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[2] There is an interesting series of publications about this research, with the authors becoming ever more tentative in their conclusions. See Carver 2002, p. 36.

satisfaction, 'useful as that information might be', might not be associated with effectiveness (Carver 2002, p. 37).

The second study is that by Brudney & Nobbie (2000). This is a more limited study, involving North American consultants/trainers who participated in Carver's Policy Governance Academy. Forty-six consultants responded[3]. Preliminary analysis revealed that:

- the majority of consultants taught the model as a conceptual whole, rather than teaching only parts
- larger board size (over 15 members), older organisations (over 10 years old) and no hierarchy between board and staff all negatively impacted implementation
- board members experienced 'moderate difficulty in several areas focusing solely on the policy-making aspect of the model', and
- the consultants were in consensus in believing that the model has the potential to improve performance in all types of nonprofit organisations.

Brudney and Nobbies' findings are more important for what they do not find, than what they do. If the study had found that the consultants considered the model impractical, then that would have been a significant finding. However, it is hardly surprising that consultants, who had voluntarily elected to pay thousands of dollars to attend a five-day course with Carver, believed the model has the potential to improve board performance.

The third empirical study on Policy Governance is that of Gordon (2000). He studied judgements of board effectiveness by board members and CEOs in 32 United States organisations, some of which used Policy Governance and others traditional governance[4], using the Board Self-Assessment Questionnaire (BSAQ). The BSAQ is based on Jackson and Holland's (1998) 'Six Dimensions' of board competence. Although CEOs of Policy Governance boards believed that their boards were more effective in the contextual competency, the study concluded that overall Policy Governance is equally as effective as traditional governance practices.

There are two issues that should be considered in relation to Gordon's study. First, although the study appears well constructed, there are major differences between the response rate of the Policy Governance boards and that of the traditional boards to the invitation to participate in the study. Thirty two percent of the former choose to participate, whereas a mere 5% of the latter did so (Gordon 2000, p. 48). Gordon (2000, p. 78) acknowledges the possibility of inherent bias in the sample in that only those organisations that considered themselves to be performing well participated. Given the disparate rates of participation, this inherent bias could have been more pronounced in the traditional boards.[5]

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[3] The author has not been able to obtain the full paper and therefore has to rely on the abstract.

[4] Gordon defines 'traditional boards' as boards that do not use Policy Governance (Gordon 2000, p. 47). More accurately, his comparison is between Policy Governance boards and non-Policy Governance boards of any description.

[5] It would not be surprising if some or most of the so-called 'traditional' boards had participated in board improvement efforts. If so, this still raises the interesting possibility that the exact approach to board improvement does not really matter, as long as some attempt is made. This would be consistent with one possible interpretation of the Brudney and Murray (1997) research.

Second, there is the question of the appropriateness of the BSAQ instrument. Although the instrument has been reasonably well validated, Jackson and Holland (1998, p. 168) concede that reliability, face validity and content validity all 'suffer a sort of theoretical incestuousness' and content validity depends on the theory being used. In the case of the BSAQ, the theoretical model is the 'Six Dimensions' approach. A perusal of the BSAQ shows that few of the questions relate to such issues as appropriate delegation and control, or accountability of the CEO. These are issues which are presumably important issues for governance effectiveness, on which Policy Governance boards should perform very well by comparison to traditional boards. Also, it should be noted that the Jackson and Holland study demonstrates correlation between board practice and organisation outcomes, not causation (1998, p. 176).

This discussion highlights the dilemmas of current research into board effectiveness. All of the studies on the links between board effectiveness and organisational effectiveness are about correlation, not causation (Herman & Renz 2000, p. 5). Indeed, it will be difficult to undertake research demonstrating the impact of various governance frameworks on organisational performance, given the difficulty of identifying sufficient cases to permit multivariate analysis (Herman & Renz 2000, p. 7). Also, there is a problematic conceptual argument: should board performance be judged on the basis of organisational performance? On the one hand, it is easy to argue that board impact on organisational performance is the ultimate test. On the other hand, it can also be argued that organisational performance should be judged principally on the basis of what the owners of the organisation want, rather than on the basis of what outside observers deem important (Carver 2002, pp. 29-34).

To summarise on this point, the relative lack of empirical study into Policy Governance is a significant concern. A close eye should be kept on future empirical studies to see what light they shed on the effectiveness of the Policy Governance model and of other approaches.

The model is for heroic boards and perfect CEOs
It is well known that nonprofit boards seldom meet normative standards for governance (Herman & Renz 2000, p. 2). The 'heroic boards' critique is simply that only heroic boards will pursue these normative standards. Herman (1989, quoted in Herman and Heimovics 1999, p. 45) applied the term not only to the Carver model, but to other normative approaches such as that of Chait and Taylor as well. The 'heroic boards' critique of Policy Governance is reflected in Murray (1994) and in Murray (1997). Murray (1994) argues that the successful operation of the model not only requires perfect board members, but perfect CEOs as well.

The implementation of the model requires considerable discipline on the part of board members and CEOs, but the maintenance of the model requires even more effort over time. The model assumes that the majority of board members will ensure that:

- organisational politics are conducted in a principled way
- representations by board members on their own behalf or on behalf of clients/constituents or staff will always be conducted having regard to the board's policy framework and the 'any reasonable interpretation' rule
- board members will only be concerned about CEO achievement of Ends and the avoidance of unacceptable means, and not about matters of CEO personality and interpersonal style (not covered by Executive Limitation policies), and
- board members will not evaluate formally or informally the work of other staff.

In the absence of empirical studies on longevity of the model in organisations, there is no way of knowing whether most organisations that attempt to use the model sustain it over time or whether, as Murray (1994) asserts, this is an impossibility.

The author's own consulting experience suggests that sustainability of the model will vary by organisation. Of the eight organisations that the author has helped to implement Policy Governance, six, and possibly seven, organisations have sustained the model over time, albeit for relatively short periods of between two and three years since implementation. In a number of cases there has still been tension between the board and the CEO. However, the level of conflict is reasonably consistent with that in client organisations which use a different approach to governance. The one spectacular failure of Policy Governance was in an organisation with a predominantly political mode of operation, where the model was abandoned de facto after a dramatic change in board leadership. Clearly, the Policy Governance model is not appropriate for those boards which are incapable of moving beyond a political style of operation.

There is much to be said for the claim that Policy Governance and other normative approaches to governance are indeed for 'heroic' boards. However, to use a double negative, Herman and Heimovics (1991, p. 58) were not urging boards not to attempt to be heroic, but merely arguing that boards were more likely to meet normative standards with the help of the CEO.

It might also be that empirical research will demonstrate that the model might not be sustainable over time in some organisations. However, for most organisations using the model, this might be more a question of implementation and maintenance strategies, such as ensuring training for new board members, rather than fundamental questions of impracticality.

The model does not recognise the reality of CEO-centrality
This critique is implied in the work of Herman and Heimovics (1991) and made explicitly by Block (1998). Herman and Heimovics argue for a 'board-centred' approach to CEO leadership, where the CEO is seen as pivotal to the success of the board. The difference between the 'board-centred' approach and Block's 'executive director-concerted leadership' approach is not altogether clear, but seems to be that Block's emphasis on the role of the CEO is even more pronounced. He explicitly states that CEOs should:

> *Be thankful for what you get and do the rest by yourself, alone, with staff, with consultants, or other volunteers* … (Block 1998, p. 137)

There is some substance to these claims, and Block's practical suggestions to CEOs on how to engage or not engage their board members appear useful (for example, Block 1998, p. 136-138).

Carver also sees the CEO as having a critical role in governance, with recommendations that the CEO be obliged to ensure that the board is aware 'of relevant trends, anticipated adverse media coverage, material external and internal changes,' and that the CEO provides the board with 'as many staff and external points of view, issues, and options as needed for fully informed board choices' (Carver & Carver 1997, p. 196).

However, there is a fundamental problem with taking the 'board-centred leadership' approach to the extreme position of Block's 'executive director-concerted leadership'. The board is ultimately accountable to the membership (in most organisations) and for legal compliance. A board that fails to ensure appropriate structure, processes and practice does so at its peril.

To summarise on this point, the Carver model does place sufficient emphasis on the role of the CEO.

Conclusion

It has been demonstrated that some of the criticisms of Carver's views and the Policy Governance model are based on fundamental misunderstandings of his work. Although this raises the question of whether the model is simply too complex to be understood even by academic writers, the reality is that the principles and the model are not 'rocket science'. They certainly are different to traditional governance practice, and their divergence from tradition makes them foreign and difficult for some board members experienced in the traditional mode. However, the principles and the model are essentially straightforward.

Of the numerous objections that have been raised to Policy Governance, there are only two deserving weight of any significance. The first is the lack of empirical verification of the model. As already noted, this problem is not confined to Policy Governance, but applies to many other approaches to governance as well. Even with the 'Six Dimensions' approach, which has been subject to extensive empirical investigation, studies have only demonstrated correlation between board performance and organisational performance.

The second objection is related to the first. Until such time as there are properly structured empirical studies on the longevity of Policy Governance in adopting organisations, it cannot be known whether the model is, or is not, sustainable given the realities of nonprofit boards. Although the author's own consulting experience demonstrates that many organisations can sustain the model for at least two or three years since implementation, there only remains anecdotal evidence of organisations maintaining the model for longer periods. The lack of empirical demonstration of sustainability in the long term is true for all so-called 'heroic' approaches to governance.
This paper does point to the need to implement Policy Governance in a common-sense way, and to the importance of maintenance strategies such as training for new board members.

In summary, until there are appropriate empirical studies conducted on Policy Governance, the jury will and must remain out on whether Policy Governance is sustainable over the medium and long term and on any factors contributing to long-term sustainability.

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