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THE SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS AND ITS EFFECT ON FINANCIAL PERFORMANCE FOR CULTURAL INSTITUTIONS.

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Abstract

At present, there has been little research to the influence of the board of directors on organizational performance in the cultural industries. This thesis analyses the composition, functions and possible effects of the board, with a final goal of finding a correlation between human capital from for-profit environments and financial performance in cultural institutions. After testing four hypothesis on 17 Dutch museums, over 5 years, it was found directors from for-profit environments might give higher incomes from funding. However, directors from non-profit cultural environments positively influence incomes from commercial activities significantly.

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1. INTRODUCTION

The creative and cultural industries are becoming increasingly prominent as a major contributor to economic growth (Jones et. al., 2005). On top of that they are considered to be a key source of competitive advantage in the globalized economy (Florida, 2002). There is however a conflicting relationship between art/creativity and business/management, which makes it hard to integrate the two. Eikhof & Haunschild (2007) found that despite of this need there very little organizational routines, based on economic logic, implemented in cultural organizations. This thesis will try to find more grounds upon which more economic logic can be implemented.

This topic is especially relevant to the Dutch cultural industry. To stimulate cultural institutions to become more business-oriented dependent and to create a more innovative and entrepreneurial cultural environment, the Dutch government recently deployed a new policy with which a minimum of 25% own income is required. This means, 25% of all income should come from a source other than the government. This makes the financial performance of the cultural institutions of increased importance.

This development combined with the theoretical need for more insight on integrating business with culture is the motivation of this thesis. I will research whether it is beneficial for cultural institutions to attract business people to help them cope with this new, more financial oriented, environment. Based on theory I will argue selecting board members from for-profit environments can give access to an increased financial legitimacy through experience and knowledge. I will also argue more board members will give access to a larger pool of resources and are therefore beneficiary to the financial performance of the cultural institution.

In this thesis I will first analyze how define the cultural industries and the importance of more research in this field. Then I'll do the same shortly for governance in non-profit organizations, because many of the cultural institution are non-profit. After this I'll analyze how the board of directors are composed and what its exact roles and responsibilities are. Fourthly I'll illustrate how the orientation of the board can influence the execution of these roles and responsibilities, after which an elaborate literature review on the possible performance influencers follows.

Based on the literature research in these first five chapters I'll argue board members from the for-profit sector and the size of boards positively influence the financial performance of cultural institutions. In the seventh chapter I'll try to prove this by testing three hypotheses. Hereafter I'll will revise these results and discuss their implications for different fields of research. Finally I will sum up my findings in the conclusion.

2. THE CULTURAL INDUSTRIES

Research in the field of creative and cultural industries is of great importance, because the issues faced in these industries are of increasing relevance to those in other industries (Lampel et. al., 2000). This relevance is thanks to many differences between these industries and others. It provides a unique setting in which resources and managerial processes can be analyzed (Caves, 2000). Unfortunately not most of the research is focused on issues concerning the public policy of the elite performing arts. There has been little attention to the management of creative or cultural organizations (Caves, 2003).

Although there are many similarities, it is important to make a difference between the terms “creative industries” and “cultural industries” when dealing with industry, theory and policy analysis (Cunningham, 2001). Creative industries can be defined as “goods and services that we broadly associate with cultural, artistic, or simply entertainment value” (Caves, 2000). However cultural industries can be defined quite similar, the products in the cultural industries are distinct form those from creative industries in two ways: the products comprise symbolic ideas and the market knows various types of market failure. The various market failures are result of the way arts are consumed. Firstly, benefits of consuming art are valuable to those who experience it directly and to those who are not present. Secondly, closely related, a large share of the people who fund the arts, through government policies, is not consuming it (Galloway & Dunlop, 2007). As we’ll explore later, the absent of a functioning market might be a reason why business people could increase the financial performance of the cultural institutions.

As might be logical in a ‘non-market’, many of these institutions are non-profit. Although money is not the prime reason for their existence, cultural institutions are, like any other non-profit organization, dependent on financial legitimacy. Their income results mostly from ticket sales, foundational or corporate sponsorships, private donations and governmental subsidies. So the income should increasingly come from the ‘customers’ or funders. Additionally, directors from a for-profit environment might also be able to create a more financially stable organization through good governance.

3. GOVERNANCE IN NON-PROFIT ORGANIZATIONS

Fueled by various scandals governance by the board of directors has, over the last few decades, been a central topic in a lot of academic research. Logically, these scholars were mainly focused on the relation between board composition and performance of for-profit, publicly traded companies. However, it is well known that organizational governance in the non-profit sector is of great importance too (Van Hooissen, 1994). This is because our knowledge of the activity and behavior of the board of directors is especially low in this sector (Steane and Christie, 2001, Parker, 2003). Therefore the knowledge on governance needed for this thesis partly originates from for-profit sector research. Because of the lack of research in this field, this thesis will contribute to the general knowledge whether correlations are found or not.

4. INFLUENCERS ON THE SIZE, STRUCTURE AND COMPOSITION OF THE BOARD

When considering the performance of board of directors by it's shape, it is useful when looking at the influencers on this shape. Three factors are determinant to the shape of the board: the people who are on it (composition), the kind of chairman (structure) and the size. The characteristics of the people who are on the board are worked out later. For the structure of the board there are roughly two options: either the CEO is the chairman, or somebody else is.

As open social systems organizations are inevitably linked to the conditions of the environment they operate in. Therefore the directors should represent, lead and relate to these stakeholder groups, while enlisting directors who can orchestrate a portfolio of new and existing stakeholder groups in order to obtain the resources needed to support the non-profit organization (Parker, 2007).

For cultural organizations stakeholders more diverse compared to other non-profit or for-profit organizations (Oster, 1995). They can be grouped under the organization, funders, customers, society and suppliers (Voss, Cable & Voss, 2000). As a result, aspects like high public/professional profile, communication skills and network relationships of board members seem to be ranked higher than in the for-profit sector (Parker, 2007).

In the next paragraph the influencers on composition and structure of the board are illustrated the distinctive characteristics of the directors. After the influence of the internal and external environment on the size of the board will be discussed. A short conclusion will end this paragraph.

4.1 Characteristics of board members

The main difference among the directors on the board in any kind of organization is the insider-outsider division. The balance between insiders and outsiders determines the independence of the board from the organization. A larger share of outsiders causes a more independent board (Weisbach, 1998).

Inside directors come from within the organization and serve largely by providing information about the organization and its direct environment (Fama & Jensen, 1983). Outside directors are focused mainly on providing resources from the environment. Based upon the kind of resources a director can provide Hillman, Cannella & Paetzold (2000) identify three kind of outside directors: business experts, support specialists and community influentials.

Business experts contribute with knowledge and expertise on the type of organization and the environment it operates in. They support on strategic decision-making and internal operations. Support specialists bring linkages and expertise in specific areas that support the main strategy. These can be public relations, law, insurance or capital. Community influential's posses' knowledge or influence on non-business organizations like political groups, institutions or social organizations.

4.2 Influences on the composition from the external environment

Zald (1967) states the ecological characteristics and social demographics of a community affect the organizations located in that area. Not only the demands may vary because of the demographic area, but also the supply of 'desirable' board members. Zald (1967) found demographic characteristics of the area had their effect on the socioeconomic status of the board. At the same time a larger concentration of other organizations in the area was correlated with larger organizations, who in their turn where more attractive to board members. In short the composition of the board seem to be related to the demographical environment in which the organization operates.

Pfeffer (1973) found the composition of the board is also related to the organizational environment. The regulations, stakeholders and resource dependency are in this case influencers of the kind of board members in the board. Increased dependency on the government leads for non-profit organizations to a focus on administrative tasks and therefore to directors who have knowledge of the business (business experts).

Another aspect of the board, which is influenced by the external environment, is the number of interlocks. An interlock is a connection between two organizations through board members. There are two kinds of interlock: direct interlocks and indirect interlocks. The interlock is direct when a director sits on the board of the other organization. An indirect interlock occurs when two board members of two different organizations sit together on a third party board.

Overall interlocks are formed to enable cooperation and increase access to resources. Boyd (1990) found an uncertain external environment led to an

increase in interlocks. This is because of the need for certainty, which is closely related to access to resources. The type of resource needed is on its turn influential to the type of interlock. Research by Stearns & Mizruchi (1993) found the types of interlocks with financial institutions are associated to the organizational borrowing strategies. In this perspective an organizations' dependency on the environment is an important influencer on the type and number of interlocks, and therefore the selection of board members. In other words, they function as support experts.

The environmental influence a board composition was further illustrated by Hillman (2000) who found organizations respond to significant changes in this environment by changing the composition of the board.

4.3 Influences on the composition from the internal environment

On top of the external environment, the internal environment of the organization was found to be of influence on board composition as well. It was found the size of the budget was directly correlated to the amount of directors from financial organizations (Hillman, 2000).

Other internal forces, when configuring the board, are the preferences of the CEO and the serving board members. Since both should be heard, Hermalin and Weisbach (1998) modeled the composition and structure of the board as a result from a bargaining game between the CEO and the serving board members. Generally they expect to see stronger CEO's with weaker dependent boards and weaker CEO's with stronger independent boards. When the board is structured in a way where the CEO is chairperson of the board his influence on the composition of the board will resultant be larger.

However, in case of the non-profit boards there is an extra board responsibility that complicates matters. For non-profit organization the board members are also expected to contribute resources. Therefore a CEO will favor high-giving individuals, insider or outsider, and take a possibly higher involvement of the board for granted (O'Regan & Oster, 2005). In short the role and the preferences of the CEO have an important role in the composition of the board.

4.4 Influences on the size of the board

As the kinds of directors seem influenced by the internal and external environments, so is the size of the board. Large organizations tend to have larger boards (Pfeffer, 1972). As for the external environment, Pfeffer (1973) found the size of the board was correlated its function and to the need for environmental linkages. The board was found to be larger when the total budget and the proportion private donations rise. It is argued this is because of the increased dependency on private donations and therewith the increased focus on access to resources. Likewise, non-profit boards are expected to be larger, because of the broader set of tasks and larger resource needs (Oster, 1995).

4.5 Conclusion

In case of the cultural organizations in the Dutch environment it therefore can be expected the boards will attract more support specialists and grow in size. Whether this will result in a better financial performance depends on the function the board has and how the board executes this function.

5. THE FUNCTION OF THE BOARD IN NON-PROFIT ORGANIZATIONS

In for-profit organizations the board of directors functions as a representative of the shareholders. Because non-profit organizations have no shareholders it is harder to establish what the exact purpose of the board is. According to Oster (1995) the non-profit board should promote the organization's mission and it therefore has the responsibility to multiple stakeholders like the public taxpayer, the clients, the donors and the staff. Because cultural organizations have more different kind of stakeholders compared to for-profit or other non-profit organizations this is an interesting research field in which no prior research has been done on board composition and performance.

In this paragraph the function of a non-profit board will be analyzed. This gives a set of variables on which different board members can contribute to support the organization. Later we will link these to different outcomes in performance.

5.1 Duty of loyalty

The board of directors is an organizational organ serving as buffer group between the public and professional staff (Price, 1963). As stated above its function in case of non-profit organizations is to promote the organization's mission. To do so all board members individually have two main duties when overseeing the conduct of an organization: the duty of loyalty and the duty of care (Wiehl, 2004). The duty of loyalty covers confidentiality, corporate opportunity and conflicts of interest. The most important directive is the fact a director may not (ab)use the position of board member to gain personal advantage. Unless, of course, this somehow works to the benefit of the organization primarily.

5.2 Duty of care

The second duty – the duty of care – addresses the need for directors to be working in line with the organization's purpose, finances and activities. There are three circumstances in which this duty of care is applicable for non-profit organizations. According to the well-accepted view of the three W's the board

members of non-profit organizations should bring Work, Wisdom and Wealth to the organization (O'Regan & Oster, 2005).

This view is based on the resource-based view (RBV), a dominant theory in strategic management (Barney et. al., 2001). It originates from the resource dependence theory (Aldrich & Pfeffer, 1976), which proposes the survival of an organization is subjected to its ability to get access and control over environmental resources. These resources can be categorized into the three W's: Work, Wisdom and Wealth.

5.2.1. Work

Within the non-profit sector the Work-function is somewhat different from the decision-making-function generally described in the for-profit sector literature. In case of the former the function includes more operational tasks. An other difference is the fact the options a board member can choose from are measured by profitability primarily. Other dimensions like strategic fit, term, added organizational pressure and the level of investment are all subjected to this main objective. With non-profit organizations it is key to decide for the option that is closest to the mission of the organization. This might very well be the least profitable option. Moreover, since the options are not weighted on financial and therefore measurable characteristics primarily, they tend to be more subjected to subjectivity. It can therefore be argued the quality of work by non-profit board members is based on expertise and knowledge compared to work in the for-profit.

5.2.2. Wisdom

The Wisdom-function of the board covers the assessment, evaluation and alignment of organizational and management performance in line with the mission and strategy of the organization. O'Regan & Oster (2005) claim resources in Wisdom have three purposes. First it covers the monitoring role of the board plus a more active responsibility of advising the senior management. Secondly, ethical and legal issues to which the organization is subjected are a field covered by this function of the board (Miller, 2002). Lastly, the board is also trusted to hold and manage the assets available in a way that is beneficiary to the stakeholders (Chait, Ryan & Taylor, 2005). These expectations are usually illustrated by applicable law systems within the country. However, the non-profit boards differ from for-profit boards on the fact a market for corporate control is absent. This may allow both the management and the board of directors with considerable autonomy, since no (potential) shareholders are monitoring the directors.

In this scope, the most important argument for the monitoring role of the Wisdom function can be found. Fama (1980) describes the theory of principal-agent relationships in which the board represents the community (the principal) as their agents. The board in it's turn is the principal of the senior management

of the organization, thereby the agent. This theory is better known as agent theory. In this theory it is assumed the goals of agents and principals are not fully aligned. Every different role brings different preferences for different courses of action based upon time-horizons, risk exposure and effort involved (Walsh & Seward, 1990). When there is no control by a principal it is expected the agent will, when divergences in goals occur, act in their self-interest.

For non-profit organizations the wisdom role is in essence similar too the wisdom role of for-profit organizations. The only differences are a wider variety of stakeholders represent and the absence of a market for corporate control. This could limit the pressure and control on a boards' performance, which therefore might not be optimal.

5.2.3. *Wealth*

According to the resource based view (RBV) theory an organization is always subjected to dependency on and uncertainties from the external environment. This dependency and uncertainty is subjected to the level of dependence of the company and the type of environment. This was illustrated by the correlation between higher percentages of attorneys in a board when there were more regulations applicable to the organization (Pfeffer, 1972).

Apart from the directors *as* resource, the resource dependency model illustrates how directors can connect the organization with the external environment in order to reduce the uncertainty (Hillman et. al, 2000). The board is in this case a linkage between the organization and the external environment. The board functions now as a tool for the organization to get more control over uncertainties in this environment.

The uncertainty reduced if directors are able to reduce the transaction costs coming from interdependencies with the external environment (Williamson, 1984). Besides interlocks an example could be a director who has knowledge of regulations and governmental processes, thereby reducing uncertainty (support specialist). The director can reduce the transaction costs of dealing with these regulations and processes, by knowing what people to contact and how to work as efficiently as possible.

The board may not only reduce uncertainty by knowledge, but also through access to scarce information and resources (Pfeffer & Salancik, 1978). Zald (1969) supports this theory by finding a relation between resource acquisition and board interlocks with financial institutions. In this case one of these memberships was with a financial institution, allowing the organization of which the person was a board member too, to get easier access to financial resources.

In short the wealth-function board of directors allows an organization to deal with dependency on and uncertainty from the external environment by reducing transaction costs and increase access to resources (Daily & Dalton, 1994).

6. THE EFFECTS OF THE BOARD-ORIENTATION

Depending on the specific board members' characteristics and the needs of the organization, a director's completion of his role might differ. As Johnson (1996) finds, directors might perform both the wealth-function as the wisdom-function, while they are theoretically distinct. However, they are interdependent, while a board member with lower resource contributions (Wealth) might compensate with more operational duties (Work). In other cases a board member with high resource contribution might focus more on monitoring (Wisdom) to ensure those resources are well spent. In other words, a directors orientation influences the contribution made to the organization.

Baysinger & Butler (1985) further elaborates by suggesting the differences in fulfilling the role of director are probably most visible when looking at their individual occupational attributes and experience. It was found these characteristics had influence on the kind of decisions and strategies implemented by the board (Hambrick & Mason, 1984), which on their turn could thereby be predicted (Westphal & Zajac, 1997).

Pfeffer (1973) found a correlation between the overall orientation of the board and the environmental context. So apart from interpersonal differences between board members, the orientation of the boards in general is affected by the environment. The level of affection is in its turn linked to the extend resources are coming from this environment (Levine & White, 1961)

On top of that, the CEO also influences the overall orientation of the board. O'Regan & Oster (2005) found that CEO's in nonprofit organizations often use their power in order to get boards to focus more on fundraising instead on monitoring activity.

7. THE INFLUENCE OF THE BOARD ON FINANCIAL PERFORMANCE

There is much literature and research on the board of directors in relation with the performance of an organization. The diversity of influencers and the ways to measure performance are rich, but the orientation to non-profit boards is limited. To stay in line with the goal of this paper the focus of this analysis lies on finding possible influencers on financial performance for cultural institutions.

7.1 Board composition: Insiders vs outsiders

Based largely on agent theory, a large representation of outside directors on boards is expected to have a positive correlation with a better performance. According to this theory the division of control and ownership leads to self-interest actions by managers. These actions could benefit themselves, but be harmful for an optimal result for the firm. The boards function as mechanism to

secure the interests of the owners, which is high financial performance (Fama & Jensen, 1983). The monitoring role is in this case one of the primary duties (Fleischer et.al., 1988). Because outside directors are expected to be independent from the organization's management, they should provide superior performance when monitoring the management (Dalton et. al., 1998). This might be a reason why Zald (1967) found non-profit organizations with a larger representation of business leaders in their boards where perceived to be more effective.

Alternatively, a large representation of inside directors is expected to have a positive correlation with a better performance, based on stewardship theory. This theory argues managers are always working to realize high levels of profit and shareholder's return. Inside directors are, in this case, better capable to evaluate the work of top managers because of their knowledge of the organization and its direct environment (Boyd, 1994). Additionally outside directors might be less reliable to evaluate the performances of non-profit organizations because of a lack in experience or distraction by external responsibilities (Westphal & Zajac, 1998).

For both the views there are a lot of researches with supportive findings. However, there is also a large stream of literature not finding any correlation. Callen & Falk (1993) illustrated non-profit organizations are not more efficient when the boards have a larger proportion of outsiders. Based on many of these researches Dalton et.al. (1998) conducted a meta-analytic review of board performance in relation to board composition and structure. They used 159 usable samples out of 5 empirical studies and found no correlation between financial performance and either board composition or structure.

However, research done by Hillman & Dalziel (2001) gives a more detailed view. They found board dependence was negatively influencing the monitoring role and positively influencing the provision of resources. It seems the balance between the two roles are different among different organizations. This might cause the mixed results in research. This is justified for it will zoom in on the kind of outside director and test the relation to a very specific form of performance.

7.2 Board composition: Personal characteristics

When looking at the level of the individual director research showed a director might influence performance positively if he's resource-rich (Boyd, 1990), has specific knowhow (Mizruchi & Stearns, 1994) or has critical capital in order to obtain certain resources (Hillman & Dalziel, 2003). A board members' capital can be either human (Work & Wisdom) or social capital (Wealth). Human capital can be described as a person's skills, reputation, knowledge, experience and expertise (Coleman, 1988). According to Miller & Shamsie (1996) knowledge-based resources can result in higher financial performance in a more uncertain cultural environment. Social capital can be expressed as the resources that are

potentially available through the network of relationships of a person (Nahapiet & Goshal, 1998). Together they form the board capital (Hillman & Dalziel, 2001).

Board capital was proven to be a positive influence on performance based upon the benefits of Pfeffer and Salancik (1978). First, an organization gets advice and counsel leading to a better performance (Westphal, 1999). This is partly provided through the human capital of directors (Gales & Kesner, 1994). Advice and counsel are also influenced by social capital. For instance, through directors' ties with strategically related organizations (Carpenter & Westphal, 2001).

Second, the legitimacy and reputation of the organization are positively influenced by social capital of board members (Daily & Schwenk, 1996) and can lead to a better performance at an IPO (Certo, Daily & Dalton, 2001).

Third, through social capital a board member can increase the communication channels available to an organization. This gives can give access to valuable information and reduce transaction costs caused by uncertainties. Interlocks are an example of such a communication channel and can increase performance (Hillman, Zardkoohi & Bierman, 1999).

7.3 Board structure

Both agency and stewardship theory are also applicable to the position of chairperson. The chairman of the board can be an outside director or the CEO (inside director). In this case too there is a large stream of literature in favor of the split control between the operational managers and the board. This preference of a separate board structure is based upon agency theory. Rochester (2003) found boards led by the CEO where primarily passive. It is suggested this way the CEO limits the monitoring function, allowing managers more freedom to operate. Domination like this could result in decisions based on self-interest, again leading to suboptimal organizational performance (Rechner & Dalton, 1991).

Alternatively stewardship theory on its turn advocates the joint structure gives the organization a unified leadership. Therefore there would be no differences between internal or external perception of control. The organizational outcomes and processes are the responsibility of one person. On its turn unified leadership will give an optimal result (Donaldson & Davis, 1991).

For both the composition as the structure theory, there are a lot of researches with supportive findings. However, there is also a large stream of literature not finding any correlation. Based on many of these researches Dalton et.al. (1998) conducted a meta-analytic review of board performance in relation to board composition and structure. Based on 159 usable samples they found no correlation between financial performance and either board composition or structure.

7.4 Board interlocks

Apart from personal characteristics board members can also increase access to resources by interlocks. The main benefit is a channel to exchange the resource information. In addition the cooperation could increase access to external resources apart from information. The organization in control of these particular resources gains additional advantages by having a way to influence on the decision-making apparatus and to control the use of exchanged resources. Benefits for the 'receiving' party are an increased access to resources and reduction in transaction costs (Stearns & Mizruchi, 1993). These findings suggest interlocks may increase organizational performance.

7.5 Board performance

The acquirement of resources, and therefore performance, can be positively affected by board capital. This can be done through securing resources on more profitable terms or influence on financial capital, political bodies or important stakeholder groups (Hillman & Dalziel, 2001). To do so, organizations secure commitment and involvement of their stakeholders, by having them represented on their boards (Hillman et.al., 2001).

The performance of the board itself might as well be correlated to organizational performance. Research by Miller, Weiss & MacLeod (1988) suggests the certain board practices may have a positive influence on effective governance. This is illustrated by Cornforth and Edwards (1998) who found strategically important items can be undervalued against routine reports and other agenda items when their agenda's are unstructured and unprioritized. Holland (2002) shows by implementing structurized and prioritized agenda's, experimenting with meeting structures and focused briefing papers for decisions result in higher board performance. This suggests the organizational abilities of the chairperson can have an influence on the performance of the board and therewith the company.

7.6 Board Size

Next to the composition, structure and performance of the board, corporate literature also focuses on the relation between board size and performance. Yermack (1996) finds large board sizes have a significant negative effect on organizational value. A reason might be increased risks for free-riders, and therewith a declining effectiveness of the board in general. In this line it is also argued smaller board have a better cohesiveness (Jensen, 1993), are less vulnerable to manipulation (Mintzberg, 1983), and are better able to initiate actions (Goodstein et.al., 1994).

A preference for larger board sizes is largely build on the resource based view. The number of board members may increase the ability to make links to needed resources in the environment (Goodstein et.al., 1994). Therefore a larger board will be needed when the need for resources from the environment is bigger (Pfeffer & Salancik, 1978). Provan (1980) findings support this view by

illustrating the positive relation between board size and the level of critical resources gained from the environment an increased chance for board interlocks and increased access to knowledge and advice could be two other arguments for large boards (Dalton et.al., 1999).

Boyd (1990) argues the board must be small enough to work in an efficient manner, but large enough to obtain the resources needed. But, Dalton et.al. (1999) showed by meta-analysis of 131 samples a positive correlation between board size and organizational performance. Because of the larger variety in stakeholders it can be argued a larger board size is leading to a better performance for cultural organizations too.

8. THE HYPOTHESIZED EFFECTS OF THE BOARD COMPOSITION AND SIZE ON THE FINANCIAL PERFORMANCE IN CULTURAL INDUSTRIES

8.1 Hypotheses 1-3: The composition of the board

Based on theory on board composition it is safe to say the changing environment in the Dutch cultural industry will cause a change the composition of the boards of directors. It is however not sure whether this will make the organizations perform better financially. To argue in favor of a better performance I'll analyze the relevant distinctive characteristics of the cultural industries and use these to formulated four hypotheses.

The cultural industries are a different kind of industry from the regular for- or non-profit industries. As Potts, Cunningham & Hartley (2008) observe, they have many similarities to the service economy and are an outgrowth of a 'non-market'. This non-market was characterized by public goods and private imagination, but is increasingly product from and representation of the whole society.

First of all, value is not solely determined by offer and demand.

Wijnberg and Gemser (2000) discuss three selection systems influencing the valuation of products in different industries. They distinguish market, peer and expert selection. In market selection the consumers select the producers. When a system of peer selection is in place the selected and selectors are in the same group. In the third case, expert selection, the group determining value is not part of the consumers or producers. In the postimpressionistic cultural industry the latter has been dominant.

In the cultural industries museums and theatres are institutions functioning as important experts. By producing certain cultural products (plays, exhibitions etc) they try to distinguish new trends between different styles and periods. As a result they value art in terms of innovativeness. As an expert your competitive advantage is therefore the ability to select the newest styles and most innovative

artists the first (Wijnberg, 2004). This makes it important for the museums to identify stylistic innovations. These innovations are on the elements of a product that can be changed, without influencing the technical features of this product. To value these changes a selector has to have knowledge on the product category and it's history (Wijnberg, 2004).

However, the ordinary consumers do not share the same standards of evaluation as the experts. There seems to be a weak relationship between expert judgment and popular appeal (Holbrook, 1999). It seems the evaluation (or taste) of the consumers weakens the correlation between the two (Holbrook & Addis, 2007a). When producing a film it seems there are two paths, creating artistic excellence or commercial appeal. Theoretically it seems it's possible to have both (or neither), but the two distinctive routes seem harmful to each other (Holbrook & Addis, 2007b). In other words, based upon what somebody values the most it can be decided to use the resources in order to gain artistic status or commercial success.

The way on which the values of people in the organization affect the situation of a cultural institution in its environment is even more diverse. There are more parties judging the organization than just the general public and the experts. Voss, Cable & Voss (2000) illustrated there are four different stakeholders with different values, or selection criteria, to the cultural institution. It was found the organizational values affected the relation with the corresponding stakeholder. The relation was influenced positively when the values appeared, through behavior, to be similar to each other. Figure 1 gives a schematic visualization of the relational activities and partners influenced by the organizational values.

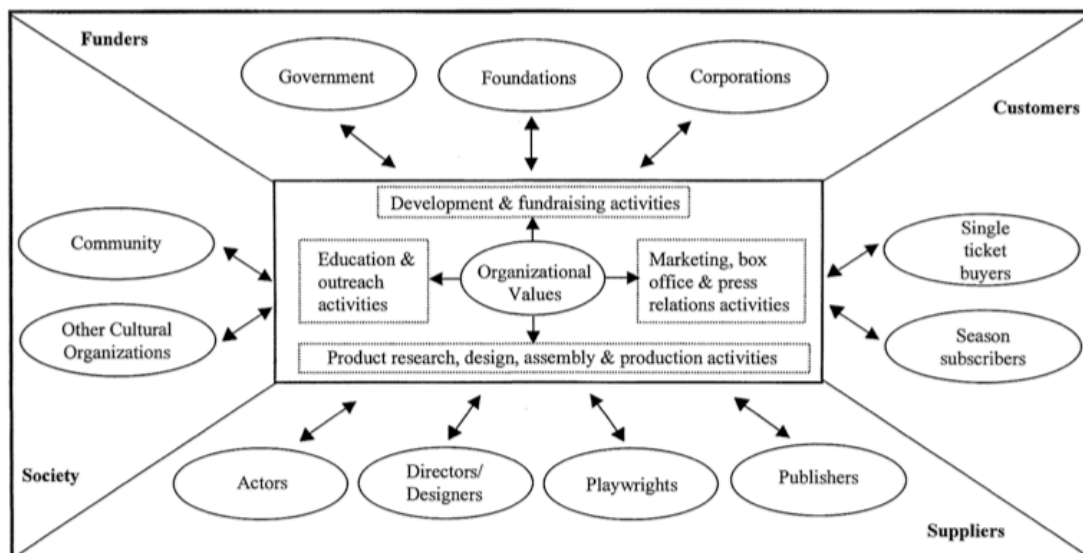


Figure 1

It was proven the financial values to “increase the theatre’s financial stability” and “expand our base of financial support” received a greater proportion of their revenues from corporate and foundation funders. At the same time they were also more likely to produce plays in the public domain Voss, Cable & Voss (2000).

The selection systems in a for-profit environment are market based. The products will therefore be commercially oriented, not artistic, and the most important stakeholders are those who are the source of money. Based on the differences in environment a director with a for-profit background can be expected to value financial performance stronger. On top of that such a person has the experience, knowledge and orientation to implement resources aimed at such stakeholders.

Such characteristics make a director with a background in a for-profit environment a support specialist, by bringing expertise in finance and commercial products and linkages to the corporations. In this line the contributions to a cultural institution can be:

1. Enhancing the financial stability
2. Generating more revenues from customers
3. Increasing support from corporations

8.1.1. Hypothesis 1: Financial stability

Pfeffer (1972) found a correlation between board members from financial institutions and a more positive debt/equity ratio. Board members from for-profit organizations could give the same effect to the cultural industries because of two arguments. First, the value and orientation for financial stability in cultural institutions of these directors are, as illustrated above, expected to be stronger. Adding such human capital to the board can enhance the boards' orientation on monitoring the financial stability of the organization. As Radbourne (2003) illustrates, good governance ensures strategic development and organizational effectiveness. For non-profit cultural board the capacity of managing finances is part of this governance. Second, the cultural institution has more knowledge and expertise available to increase financial stability. As Holcomb (2009) illustrated the productivity of resources is affected by the human capital of the ones who use them to create value. Therefore both arguments are based on the wisdom role of the directors.

Although no relation was found between outsiders en performance by Dalton et. al. (1994), Holcomb (2009) illustrated there is a clear gap between an artistic or commercial orientation, which is important for the wisdom available. In the research of Dalton et. al. (1994) no such gap between differences in human capital was identified. Based on large differences in orientation and wisdom between the for-profit and non-profit environments, we therefore can hypothesise the following:

Hypothesis 1A:

“Directors from the for-profit environment increase the financial stability of cultural institutions thanks to their knowledge, expertise and orientation on financial performance when monitoring the organization”

When combining the theories on board orientation with the ones on the structure of the board, one could hypothesize a director from a for-profit environment as chairman gives higher financial stability. This is based on two arguments. First, the value and orientation for financial stability in cultural institutions of these chairmen are, as illustrated above, expected to be stronger. This leads to a greater orientation of the board on such topics. Secondly the human capital of this chairman could help the board of director become more effective in implementing a more financial oriented monitoring role. Therefore we can hypothesise the following:

Hypothesis 1B:

“Chairmen from a for-profit environment increase the financial stability of cultural institutions thanks to their orientation on financial stability when monitoring the organization and their human capital to make the board more effective in doing so”

8.1.2. Hypothesis 2: Revenues from commercial activities

Throsby (1994) showed many basic economic models, for example cross-elasticity and supply/demand management, are applicable to the cultural industries. In line with the arguments above we could argue the human capital of directors, or chairmen, from for-profit environments enable the cultural institutions to generate higher revenues from customers.

However, as Holbrook (2009) illustrated such marketing activities are coupled with a commercial path instead of an artistic one. This on its turn undermines the expert status of cultural institutions like museums and theatres. Eikhof & Haunschild (2007) argue managing and marketing artistic practices following economic logics are a danger to resources needed for creative production. In line with these findings Voss & Voss (2000) found strategic orientation on customers is not desirable in case of a non-profit environment, based on artistic innovations, with customers who may not be able to articulate their preferences, and lead customers who are looking for product expertise. Because the cultural institutions are first and foremost dependant on their expert status, which is dependant on the artistic level of their product, we can hypothesise the following:

Hypothesis 2A:

“Directors from the for-profit environment do not increase the revenues from commercial activities for cultural institutions, because their customer orientation is conflicting with the expert status of the organization.”

Hypothesis 2B:

“Chairmen from the for-profit environment do not increase the revenues from commercial activities for cultural institutions, because their customer orientation is conflicting with the expert status of the organization.”

8.1.3. Hypothesis 3: Support from non-governmental funders

Aside from the arguments of human capital and orientation on financial performance the main argument for an increased support from corporations is based on a second difference between the cultural and the for-profit industries. It appears social networks play a larger role in the cultural industries compared to the for-profit industries (Potts, 2008). The quality and the reach of an institution’s network are therefore of greater influence to its performance. This might be a reason why Alexander (1996) found the orientation of the stakeholders is determinant for the kind of exhibitions shown in museums. Where products of for-profit organization are largely determined by the internal selection systems, the products in the cultural industries are not solely aimed at contribution to the expert status of cultural institutions. So even though when the monetary value of a cultural product is quite clear (e.g. the value of ‘old culture’) and therefore less subjective to the opinions or choices of others, the value of the product can vary per stakeholder.

TABLE 1
SUMMARY OF THE ORIENTATION OF STAKEHOLDERS IN MUSEUM EXHIBITIONS

STAKEHOLDER	INTEREST			
	Popular Exhibitions	Accessible Exhibitions	Scholarly Exhibitions	Other Concerns
Individual philanthropist	No	No	Yes	Own collection
Corporate funder	Yes	Yes	No	...
Government funder	Yes	Yes	Yes	Nontraditional audiences, living artists
Foundation funder	No	No	Yes(?)	...
Museum curator	No	No	Yes	...

Differences between environments influence the social capital people poses. In this case the social capital of the board members from non-profit environments can result in a higher reputation for the cultural institution. They can make sure the orientation of a stakeholder from the for-profit industries is translated to the product (exhibition) of that institution. This is important, because the orientation of corporations are completely opposite from the orientation of the curator himself (table 1). In this role the directors limits the uncertainty for

corporate sponsors. Therefore it becomes more attractive to become a sponsor in the first place.

The reduction of uncertainty by the social capital of directors from the for-profit industries works both ways. As stated before, the directors can provide access to valuable resources and lower the costs of transaction. Interlocks are a great example of such strategic ties by social capital. The number of outside directors is an indicator of the level of integration an organization has in inter-organizational networks (Mizruchi, 1994).

The connection between networks and resource dependency is well established (Mizruchi, 1994). Some positions in such networks are more beneficiary than others (Kogut, 2000). For cultural institutions these positions have traditionally, based on their selection system, been on positions between other experts where knowledge was most valuable. When there is a need for other resources than knowledge the organization has to position itself in other networks. As an important supplier of financial resources to cultural institutions, the for-profit industries are such networks. By having a board member on the board with social capital in these networks the position of the cultural can improve and result into increased access to resources.

The social capital of directors from the for-profit sector can give access to important resources for the cultural institutions since corporations and foundations of wealthy individuals from the for-profit industries are important funders. Although no relation was found between outsiders en performance by Dalton et. al. (1994), this theory illustrates an increased importance of their social capital under the Wealth function, since important sources of funding lie outside of the non-profit environment . Therefore we can hypothesise the following:

Hypothesis 3A:

“Directors from the for-profit environments give cultural institutions increase access to non-subsidy funding thanks to their social capital from these environments”

Likewise, and for the same arguments as provided for Hypotheses 3A and 2B we can hypothesise:

Hypothesis 3B:

“Chairmen from the for-profit environments give cultural institutions increase access to non-subsidy funding thanks to their social capital from these environments”

8.2 Hypothesis 4: The size of the board

As illustrated by Dalton (1999) there is a positive correlation between board size and the financial performance of an organization. Because cultural institutions have more diversity in their group of stakeholders and board are a representation of these stakeholders, it can be argued larger boards are needed to give host all of these representatives. In other words, there are more directors available to focus on the three different functions the board has. A larger board can be expected to have an increased possibility on directors who *can* and *are* actively monitoring the financial performance of cultural institutions (Wisdom). Therefore it can be argued there also is a possible correlation between board size and performance in the cultural industries.

Hypothesis 4A:

“Board size is positively correlated to financial stability of cultural institutions, because there is a larger possibility for directors who can and are fulfilling this financial monitoring role.”

In addition, it can also be argued a larger board hosts more social capital. In line with the argumentation above the reach of the social networks and reputation might therefore increase. This is in line with Oster (1995) who found non-profit boards are expected to be larger because of a broader set of tasks and larger resource needs (Wealth).

Hypothesis 4B:

“Board size is positively correlated to increase funding by corporations to cultural institutions, because there is a larger possibility for directors who posses the relevant social capital.”

9. METHODOLOGY

9.1 Sample

The core data set for this study is based on 17 museums that receive subsidies from the national government. For one these museums are subjected to the new Dutch legislations, but also they are of a size and national allure they are able to attract resources from their environment. On top of that they are the ones that play a gatekeeping role in the visual arts sector which small museums do not (Crane, 1987).

There are actually 29 museums who receive government subsidies, but some of the museums were reluctant to provide the information (Huis Doorn and Nederlands Scheepvaartsmuseum Amsterdam) or geographically too far away to visit in this time frame. Although I collected 192 annual reports I limited the quantitative data set to years I had at least 20 different annual reports from. This left me with the years 2004 until 2008. Unfortunately not all data (financial and directors) could be retrieved for all selected museums. Full data sets were obtained for 17 museums (see appendix A). This allowed me to test the hypothesis on 90 appearances of the connections.

Since all financial successes must be placed in perspective of the museums themselves I decided to use ratios in order to test financial performance. This way the influence of (financial) size of the museums is minimized.

9.2 Coding

As recommended by Prof. Mr. Dr. Wijnberg I developed a coding scheme that tapped various backgrounds of the individual directors. Not only I reviewed the environment a director was coming from (for-profit or non-profit), but also the content of his position (cultural or non-cultural). This way his human capital from for-profit environments was separated from his relevant human capital of the cultural environments of museums. As a result directors could fall into one of four categories (see Appendix B):

1. Non-profit with cultural content
2. Non-profit with non-cultural content
3. For-profit with cultural content
4. For-profit with non-cultural content

The form in which the organization was registered with the Chamber of Commerce could determine whether an environment is non-profit or for-profit. Determining whether the content was cultural or not was done by testing its environment to the definition of Galloway & Dunlop (2007) or, where possible, by job title (e.g. Minister of Education, *Culture* and Science). These backgrounds can be found in Appendix C. When no information was found about the background of a director, the museum was removed from the sample.

Apart from relative share of the four different types of directors I also tested the correlations by the share and dominance of directors from a for-profit environment. This is done to test the connection on a more general level.

9.3 Ratios

Financial ratios are an established tool for businesses and nonprofits. While there are dozens of ratios that can be calculated, most nonprofits can use a handful of them to learn more about their financial condition. Financial ratios are useful if they are:

- Calculated using reliable, accurate financial reports – in this case annual reports
- Calculated consistently from period to period – in this case over 5 years
- Used in comparison to benchmarks or goals – in this case to XX other museums
- Interpreted in the context of both internal and external factors – in this case to ‘non-profit directors’ and to other sources of money.

In H_{1A} and H_{2B} the presence of director with a for-profit background is tested in relation to ‘financial stability’. There are two financial ratios for non-profit organizations which can be used to test this financial stability, without taking into account the results of acquiring resources (non-profit assistant fund, 2008): the debt ratio and the current ratio.

<p>Debt ratio</p> <p>$\frac{\text{Total liabilities}}{\text{Total unrestricted net assets}} = \text{Debt ratio}$</p>	<p>How much the organization is relying on funding from others, such as loans, payables, and obligated funds. Indication of how much of a cushion there is.</p>
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<p>Current ratio</p> <p>$\frac{\text{Current assets}}{\text{Current liabilities}} = \text{Current ratio}$</p>	<p>An indication of the organization’s ability to pay obligations in a timely way (within 12 months). A useful indicator of cash flow in the near future.</p>
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For H_{2A} and H_{2B} the background of for-profit directors is believed not to (positively) influence the income from commercial activities. Again there are two ratios recommended to test this with. For this purpose they for this purpose both are based on commercial incomes only.

<p>Commercial income as a percentage of total income</p> <p>$\frac{\text{Total commercial income}}{\text{Total income}} = \text{Earned income ratio (commercial)}$</p>	<p>Organizations with commercial income have more autonomy and flexibility</p>
--	--

<p>Self-sufficiency ratio (commercial)</p> <p>$\frac{\text{Total commercial income}}{\text{Total expense}} = \text{Self-sufficiency ratio (commercial)}$</p>	<p>The proportion of operating expenses that are covered by commercial income.</p>
--	--

The background of the directors is focused on another source of income, non-subsidy funding, in H₃. As I argued I believe the directors have a positive effect on the level of this income. To measure this I used the same ratios as used for H_{2a} and H_{2B}, with non-subsidy funding as an alternative source of money.

<p>Non-subsidy funding as a percentage of total income</p> <p>$\frac{\text{Total non-subsidy funding}}{\text{Total income}} = \text{Earned income ratio (non-subsidy)}$</p>	<p>Organizations with nonn-subsidy funding have more autonomy and flexibility</p>
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<p>Self-sufficiency ratio (non-subsidy)</p> <p>$\frac{\text{Total non-subsidy funding}}{\text{Total expense}} = \text{Self-sufficiency ratio (non-subsidy)}$</p>	<p>The proportion of operating expenses that are covered by non-subsidy funding.</p>
--	--

Finally H_{4A} and H_{4B} are each tested by two ratio. The influence of the size of the board on the financial stability (H_{4A}) can be tested with the same ratios as H₁. To test the influence of size of the board on the I used the same financial ratios used to test H₃. All financial data can be found in Appendix D.

9.4 Analysis

To analyze the linkages between the various directors and the ratios I used the R method to find correlations. With this method, the random selection of large samples of participants also suggests the findings can be generalized with some degree of confidence (Addams, 2000).

The R method refers to the use of the Pearson's product-moment correlation, r, to the examination of trait or test relationships. A typical R method study might investigate the relationship between two variables such as divorce (x) and depression (y). By doing so generalizations are geared towards showing the more extensive tendencies and potentialities that occur with people across various situations (Brown, 1980).

The ability to reflect individual differences in significance is important to get results that can be generalized. Since I wanted to generalize my findings over all

cultural institution this is the reason why I used this method. Applying the R method was possible, because my data consists of one data matrix containing scores from objective tests such as intelligence or mathematical tests (Burt, 1937).

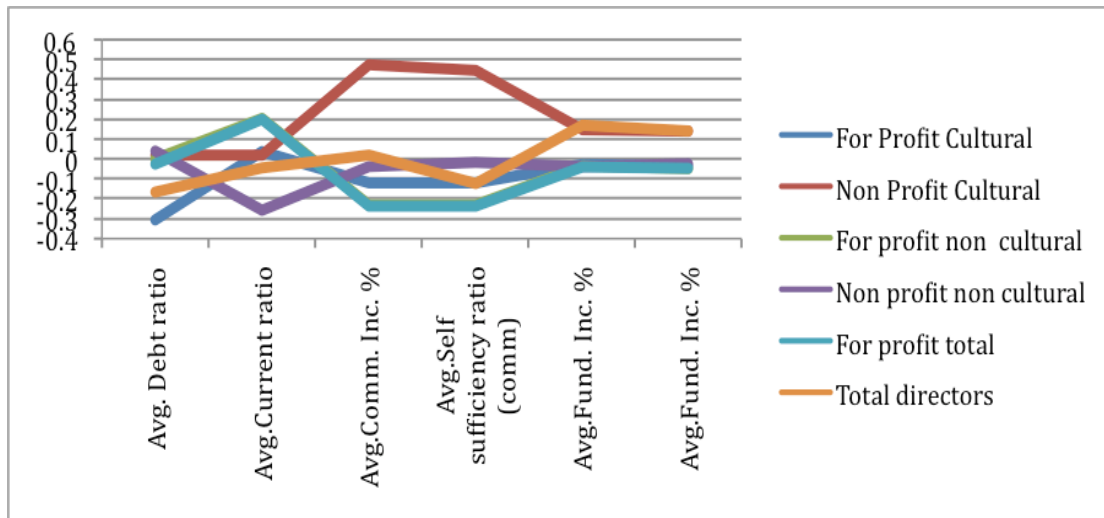
When testing the kind of chairman and the dominance of for-profit directors I used the Analysis of Variance (ANOVA) method. This is because I had to test the variables in relation to three different groups. Because ANOVA uses an F test (opposed to a Z or t test) to compare multiple means, it is possible to determine whether three or more sample means are significantly different from each other (Stoline, 1981).

Furthermore it is important the data is well established on validity and operational definitions. To increase the validity I tried to use a large as possible sample size while keeping the selected entities as relevant as possible. On top of that I tried to find significances that were average over all the years, so single successes are of limited influence. To limit the influence of other variables as much as possible, I tried to formulate the hypothesis as clear as possible and I tested them to multiple ratios.

Since my sample is rather small it is relatively hard to proof a correlation is significant. Because I didn't want to miss any possible correlations because of this I also compared the means of the ratios with the kind of chairman and the dominance of non-profit or for-profit directors over the years. When there seems to be a structural difference between groups, this might be a good foundation for further research.

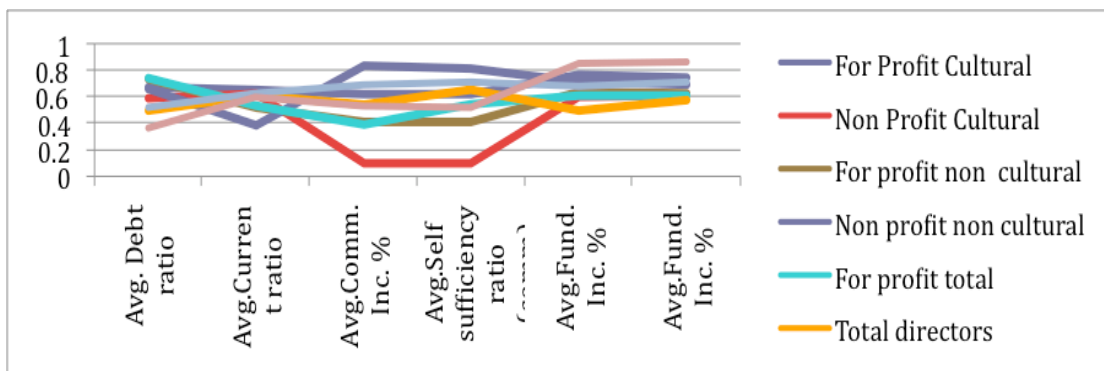
10. RESULTS

The strength of a connection is illustrated by the correlation. The correlation can be between -1 (variable has a full negative influence) to +1 (variable has a full positive influence). When the correlation is 0 there is no influence from the variable. As can be seen in graph 1, almost all variables lie between -0.3 and +0.2. So these are very weak correlations. The only strong correlation seems to be the influence of Non-Profit Cultural directors on the Average Commercial Incomes (%) and Average Sufficiency Ratio (Comm).



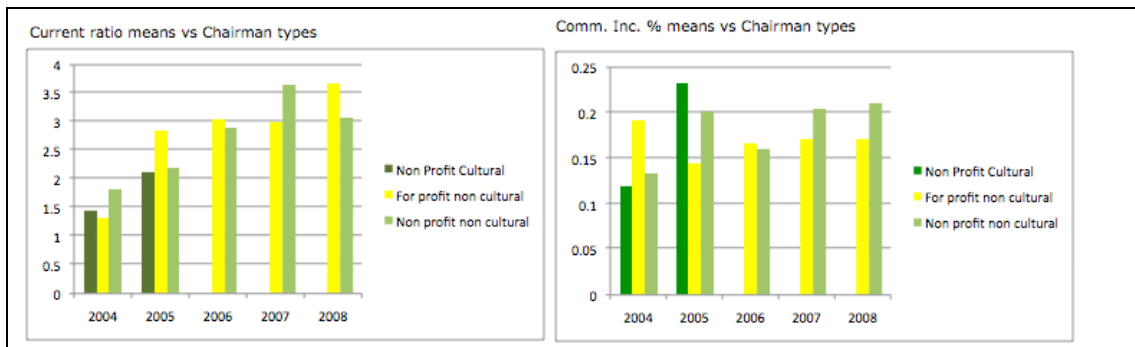
Graph 1

The measurement of the significance is the chance a correlation is not found. Usually a P level of 0.05 and lower indicates a significant correlation. However, since my sample is rather small we use the marginal significance level of $P < 0.1$. As can be seen in graph 2 the influence of the share Non-Profit Cultural directors on the Average Commercial Incomes (%) and Average Sufficiency Ratio (Comm) are the only ones with an (almost) significant correlation with P-values of 0.0984 and 0.1118 respectively (see Appendix E). So although a significant correlation is likely further research should be done.



Graph 2

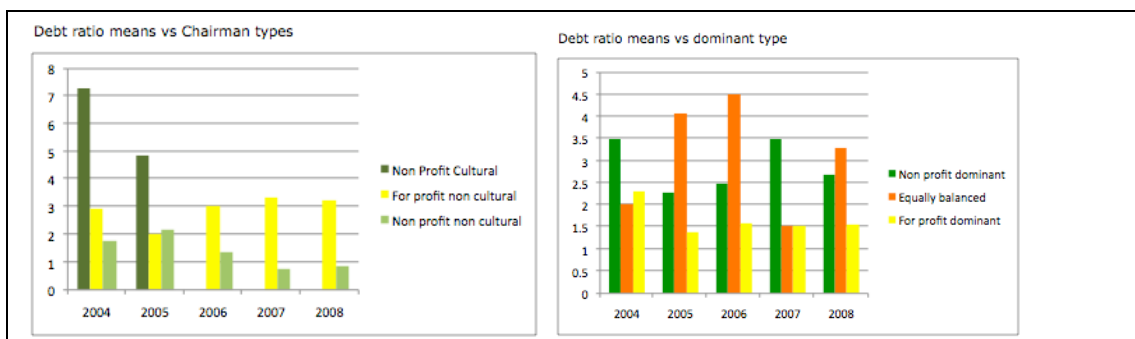
This does support H_{2A} , arguing directors from a for-profit environment will not result in higher commercial incomes for museums. Even better, we found directors from a non-profit cultural environment are likely to increase commercial incomes. H_{2B} however, seems to have no correlation when analyzing the means of the ratios per Chairman type (graph 3 and 4).



Graph 3 and 4

Although no significance was found, we find some interesting results for the other hypotheses when we look at the comparison of means of the other connections.

When this is done for H_{1A} and H_{1B} we notice two possible correlations for the Debt Ratio that seem to contradict each other. When we don't consider Non Profit Cultural chairman (graph 6), for there are only two years with such chairmen, we notice For Profit Non Cultural chairmen have higher Debt Ratio Means compared to Non Profit Non Cultural chairmen. This is contrary to H_{1B} . On the other hand, when we look at the Debt Ratio Means compared to the dominance of For-profit or Non-profit directors, we see the debt ratio is structurally lower, therefore supporting H_{1A} . Unfortunately the current ratio we used to test H_{1A} and H_{2A} show no structural differences between the types of directors and chairmen, limiting the strength of support for these hypotheses.



Graph 5 and 6

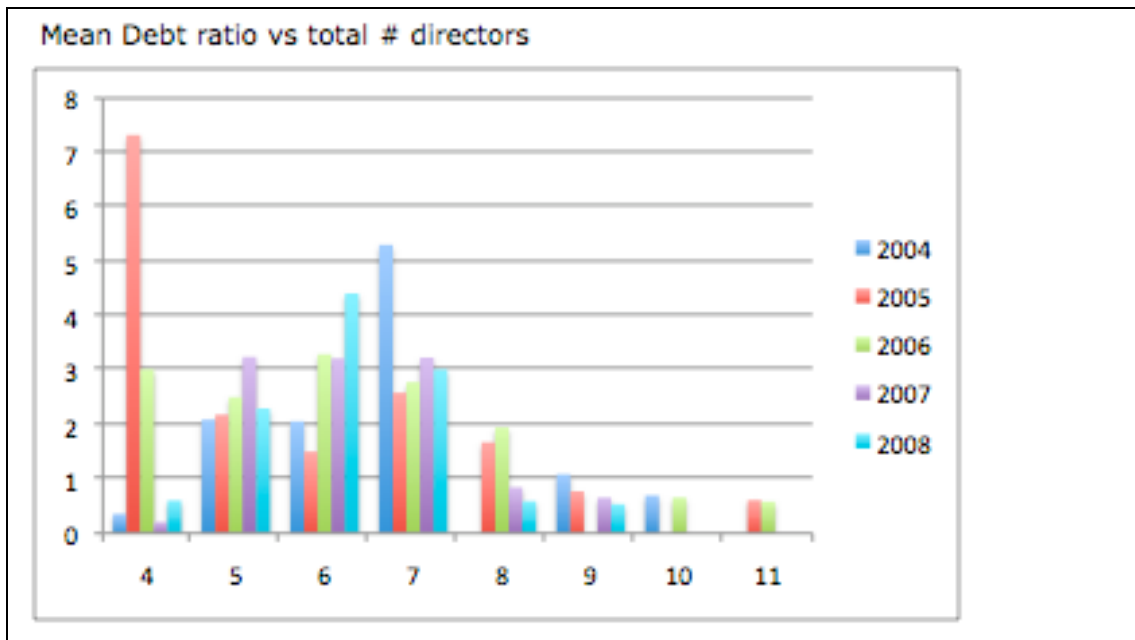
When we use the same method to analyze H_{3A} and H_{3B} we notice For Profit chairmen are structurally more successful in generating incomes from funding

(see graph 7 and 8). Also a dominance by For Profit Directors results, mostly, in higher funding (see graph 9 and 10). Also note in most cases an equally balanced board appears to be less effective compared to both For Profit or Non Profit dominance. These results support each other and give enough reason to do further research in this field.



Graph 7, 8, 9 and 10

Interesting enough there was no significant correlation found between size and any financial performance (H_{4A} and H_{4B}). This is unexpected since the theoretical background, based on meta-studies, did find a significant correlation. When looking at the means of the Total Number Directors over the years there too seems little correlation (see Appendix F). When leaving out boards with 4 directors, it does seem there is a relation between the Mean Debt Ratio and the Total Number Directors, as can be seen in graph 11.



Graph 11

11. CONCLUSION

Only H_{2A} was strongly supported, since no correlation between For-Profit directors and commercial income was found. Even better for H_{2A} a marginal significant correlation was found between Non-Profit Cultural directors and commercial income. As already indicated by Eikhof & Haunschild (2007) and Voss & Voss (2000), for-profit influences on the product of the cultural institutions don't result in higher financial performance. By the outcome of this thesis we can assume directors with a non-profit cultural have a positive influence on the commercial incomes of cultural institutions. This might very well be thanks to the added cultural knowledge and therewith an increased expert status of the institution.

Hypothesis	Independent variable	Dependent variable	Correlation
H1: Stability	A: Directors	Debt	+-
		Curr.	-
	B: Chairman	Debt	+-
		Curr.	-
H2: Income	A: Directors	Inc.	++
		S.S.	+
	B: Chairman	Inc.	-
		S.S.	-
H3: Funding	A: Directors	Inc.	+-
		S.S.	+-
	B: Chairman	Inc.	+-
		S.S.	+-
H4: Size	A: Health	Debt	+-
		Curr.	-
	B Funding	Inc.	-
		S.S.	-

As expected For-Profit chairman didn't increase commercial income either, therewith supporting H_{2B}. However, there was no correlation found between Non-Profit Cultural chairmen and commercial income, as might be expected based on the outcome from H_{2A}. One reason might be the relative small number of cases with such a chairman, biasing the sample.

Both H_{3A} and H_{3B} are supported, although not significantly, meaning more research should be done with larger samples. This is an important outcome for (Dutch) cultural institutions, because a way to increase income funding from non-governmental subsidies might be by having a chairman or dominance of directors with a For-Profit background in the board.

There seems little support for H_{1A} and H_{1B}, although an interesting contradiction was found in small correlations of the debt ratio. Apparently For-Profit Chairmen have structurally a higher debt ratio compared to Non-profit Chairmen. At the same time a dominance of For-Profit Directors seemingly leads to a lower debt ratio. One explanation might lie in differences in orientation. Where directors might be more focused on their monitoring role, a chairman might be more focused on future growth of the institutions and therefore allows a higher debt ratio in order to fund this growth. Another explanation may be a For-Profit Chairman adds more to a better reputation or provides a higher quality interlock to the institution compared to a For-profit director. However, this might explain the higher debt ratio for H_{2B}, but doesn't

explain the lower debt ratio for H_{2A}. More research on the differences between the influences and orientations of chairmen and directors is clearly needed.

Most noticeable is the lack of correlation between the size of the board and the financial performance of cultural institutions (H_{4A} and H_{4B}). Only in the debt ratio some correlation could be found. This might be because of increased monitoring capabilities by the board, but this is unsure. Since there was no correlation in increased funding incomes, while H_{3A} and H_{3B} indicate such correlation by For-Profit Directors and Chairmen, we might be able to conclude the efficiency of the cultural boards are not optimal. This might explain why a solidly proven correlation in between board size and financial performance (Dalton, 1999) is not found in this research. It might also explain why For-Profit Directors only show correlation with financial performance when they are dominant over Non-Profit Directors. Further research to the efficiency of the cultural boards is needed to investigate this 'absent' correlation.

In short:

H1A: NOT SUPPORTED , but interesting for further research
H1B: NOT SUPPORTED , but interesting for further research
H2A: SUPPORTED , even found significant correlation showing Non-Profit cultural directors are of positive influence to commercial income.
H2B: SUPPORTED , although more research is needed to proof significance.
H3A: SUPPORTED , although more research is needed to proof significance.
H3B: SUPPORTED , although more research is needed to proof significance.
H4A: NOT SUPPORTED , but interesting for further research
H4B: NOT SUPPORTED , but interesting for further research

12. IMPLICATIONS

The results of this thesis can be seen through the lens of the two main different functions of the board: Wisdom and Wealth. Apparently the Wisdom supporting the expert status of the cultural institutions is valuable (H_{2A} and H_{2B}). However, the Wisdom of creating financially healthy organizations seems not to be correlated with For-Profit directors (H_{1A} and H_{1B}). But, these directors do give a correlation with the Wealth function (H_{3A} and H_{3B}). Therefore the background of the directors may be affecting the functions they perform.

Hillman & Dalziel (2003) found a similar effect with dependent and independent board members. They found dependency influenced the monitoring (wisdom) function negatively and the RBV (wealth) function positively. Research in this field can contribute to the interplay between agent theory and the RBV, “which has been most important in the literature on corporate restructuring, where the two approaches are both substitutes and complements” (Lockett & Thompson, 2001).

If further research proves For-Profit backgrounds give stronger performance on the Wealth function and Non-Profit backgrounds stronger performance on the Wisdom function, cultural boards could increase efficiency by allocating responsibilities accordingly. Based on the lack of support for the effectivity of a larger board (H_{4A} and H_{4B}) research on the efficiency of cultural boards seems important. Especially since research to the relation between the RBV, strategic human resource management and sustainable competitive advantages (SCA) is still limited (Barney et. al., 2001).

For Dutch institutions this research means they can attract a dominance of For-Profit or Non-Profit directors and chairmen to respectively generate more income from funding or commercial activity. There are also strong indications it can be beneficiary to make the board more effective by adjusting the different functions and responsibilities of board members to their background.

APPENDIX A – DATA SAMPLE

Museums receiving a subsidy from the Subsidieplan 2009-2012

	97	98	99	00	01	02	03	04	05	06	07	08	09
Afrika Museum								x	x	x	x	x	
Geld- en Bankmuseum								x	x	x	x	x	
Haags Historisch Museum/Museum de Gevangenpoort										x	x	x	
Hollandse Schouwburg				x	x	x	x	x	x	x	x	x	
Huis Doorn													
Joods Historisch Museum			x	x	x	x	x	x	x	x	x	x	
Keramiëkmuseum Princessehof								+	+	+	x	x	x
Kröller-Müller Museum				x	x	x	x	+	+	+	+	+	
Letterkundig Museum				-	-	-	-	-	-	-	-	-	
Mauritshuis				x	x	x	x	x	x	x	x	x	
Muiderslot				x	x	x	x	x	x	x	x	x	
Museum Boerhaave								x	x	x	x	x	
Museum Catharijneconvent				x	x	x	x	x	x	x	x	x	
Museum Merrmanno-Westreenianum													x
Museum Slot Loevestein								x	x	x	x	x	
Museum van Oudheden				x	x	x	x	x	x	x	x	x	
Museum Volkenkunde								x	x	x	x	x	
Naturalis				x	x	x	x	x	x	x	x	x	
Nederlands Filmmuseum								-	-	-	-	-	
Nederlands Fotomuseum								-	-	-	x	-	
Nederlands Openluchtmuseum				x	x	x	x	x	x	x	x	x	x
Nederlands Scheepvaartmuseum Amsterdam												x	
Paleis het Loo	x								x				
Persmuseum				x	x	x	x	x	x	x	x	x	
Rijksbureau voor Kunsthistorische Documentatie													
Rijksmuseum Amsterdam		x	x	x	x	x	x	x	x	x	x	x	
Rijksmuseum Twente			x	x	x	x	x	x	x	x	x	x	
Teylers Museum								x	x	x	x	x	x
Van Gogh Museum							x	x	x	x	x	x	
Zuiderzeemuseum				-	-	-	-	-	-	x	x	x	

- x Full data available
- Incomplete financial data
- + Incomplete director data

APPENDIX B – DIRECTORS

Description	Type
For Profit Cultural	1
Non Profit Cultural	2
For profit non cultural	3
Non profit non cultural	4

Director	Museum	Type	Chairman
1 A. Brugmans	Mauritshuis	3	*
2 A. van Es	Van Gogh Museum	4	
3 A.J.J.M. van Hooff	Naturalis	3	
4 Ageeth Scherphuis	Persmuseum	4	
5 Agnes Koerts	Persmuseum	3	
6 C.F.C graaf zu Castell	Rijksmuseum Twenthe	3	
7 D.H. Kat	Joods Historisch Museum	3	
8 Dhr. Arthur Arnold	Museum van Oudheden	3	
9 Dhr. dr. P.L.C. Huvenne	Rijksmuseum Amsterdam	2	
10 Dhr. H.J. Hielkema	Museum van Oudheden	2	
11 Dhr. J.A.W.J. Leerdam	Museum Volkenkunde	4	
12 Dhr. J.B.H. Hardholt	Persmuseum	2	
13 Dhr. Krant	Hollandse Schouwburg	3	
14 Dhr. M.W. Meijer	Museum Volkenkunde	2	
15 Dhr. Mr. M.L.B. van der Lande	Rijksmuseum Amsterdam	3	
16 Dhr. prof. dr. F.P. van Oostrom	Rijksmuseum Amsterdam	4	
17 Dr E.S. van Eijck van Heslinga	Naturalis	4	
18 Dr. A.H.E.M. Wellink	Nederlands Openluchtmuseum	4	*
19 Dr. A.H.E.M. Wellink	Mauritshuis	4	
20 Dr. B. ter Haar	Geld- en Bankmuseum	4	
21 Dr. Ch.E.S. Choenni	Museum Catharijneconvent	4	
22 Dr. E. Van Delden	Rijksmuseum Twenthe	3	
23 Dr. F.A. Petter	Museum Slot Loevestein	4	
24 Dr. H.H.F. Wijffels	Rijksmuseum Amsterdam	2	*
25 Dr. L.P.J.J. (Lucas) Noldus	Naturalis	3	
26 Dr. R.E.O. Ekkart	Museum Volkenkunde	2	
27 Dr. Th. H.J. Clemens	Museum Catharijneconvent	4	
28 Drs S.C.J. de Vries	Naturalis	3	
29 Drs. A. Van Harten	Museum Slot Loevestein	4	
30 Drs. B.Fransen	Rijksmuseum Twenthe	3	
31 Drs. B.J. Koekoek	Museum Slot Loevestein	3	
32 Drs. D.J.M.G. Baron van Slingelandt	Museum Boerhaave	3	
33 Drs. F.A. Versteeg	Nederlands Openluchtmuseum	4	
34 Drs. F.M Erkens	Museum Slot Loevestein	3	
35 Drs. H. Benninga	Naturalis	3	
36 Drs. H. Heemskerk	Geld- en Bankmuseum	3	*
37 Drs. H.A. Doek	Nederlands Openluchtmuseum	4	
38 Drs. ir. C. Maas	Geld- en Bankmuseum	3	*
39 Drs. J. Polak	Joods Historisch Museum	4	
40 Drs. J. Wertheim	Hollandse Schouwburg	3	
41 Drs. J.B.J. Bremer	Rijksmuseum Twenthe	1	
42 Drs. J.F. Van Duijne	Museum Catharijneconvent	4	*
43 Drs. J.F. Van Duijne	Museum Volkenkunde	4	
44 Drs. J.H. Gerson	Hollandse Schouwburg	3	
45 Drs. J.P. De Jong	Nederlands Openluchtmuseum	3	
46 Drs. K.J. Storm	Teylers Museum	3	
47 Drs. L.K. de Koekkoek	Museum Slot Loevestein	4	
48 Drs. P.J. Schoon	Rijksmuseum Twenthe	2	
49 Drs. P.M. Noordervliet-Bol	Rijksmuseum Amsterdam	1	

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50	Drs. P.M.M. Tromp	Rijksmuseum Twenthe	3
51	Drs. Ph. Van Tijn	Joods Historisch Museum	4
52	Drs. R.M. Weisz	Joods Historisch Museum	3
53	Drs. W. Bloemberg	Geld- en Bankmuseum	2
54	Drs. W.M.J. Pijbes	Rijksmuseum Amsterdam	2
55	Drs. W.Th.M.Frijhoff	Museum Catharijneconvent	4
56	Drs.ir. P.J.A.T. Loyson	Geld- en Bankmuseum	3
57	E. Kist	Van Gogh Museum	3 *
58	F. Wijnen	Afrika museum	4
59	Frank van Vree	Persmuseum	2
60	G. Van den Heuvel	Afrika museum	4
61	Geert-Jan Laan, voorzitter	Persmuseum	3 *
62	H. Van Loon	Afrika museum	4
63	H.F. Dijkstal	Naturalis	4 *
64	H.M. Holterman	Rijksmuseum Twenthe	3 *
65	Hans Westerhof	Persmuseum	4
66	Harriet Schrier	Persmuseum	3
67	Ing. K. Damen	Museum Slot Loevestein	3
68	Ir. G.N. Kok	Museum Slot Loevestein	4 *
69	Ir. H.M. Darmanata	Naturalis	3
70	J. Krant	Joods Historisch Museum	3 *
71	J.M.M. van der Ven	Van Gogh Museum	3
72	James Cuno	Van Gogh Museum	2
73	Jan Willem Gast	Persmuseum	4
74	Jhr. Drs. D. Laman Trip	Nederlands Openluchtmuseum	3
75	Jhr.mr. J.P.E. Teding van Berkhout	Geld- en Bankmuseum	3
76	Joan Hemels	Persmuseum	4
77	Johan Olde Kalter	Persmuseum	3
78	K. Lee-Reid	Van Gogh Museum	2
79	Kees van der Wild	Persmuseum	3
80	Mevrouw Drs. J.R. Beets-Hehewerth	Teylers Museum	3
81	Mevrouw drs. M.A. Scheltema	Rijksmuseum Amsterdam	3
82	Mevrouw drs. S. Wolff	Museum van Oudheden	4
83	Mevrouw S. van Heemskerck Pillis - Duvekot	Museum van Oudheden	4
84	Mevrouw. Drs. M.E. Ruys-van Haaften	Mauritshuis	4
85	Mr M.C. Udink	Naturalis	3
86	Mr. A. Ruys	Rijksmuseum Amsterdam	3 *
87	Mr. A.R. van Heemstra	Museum van Oudheden	3 *
88	Mr. A.S. Fransen van de Putte	Rijksmuseum Amsterdam	4
89	Mr. A.W. Kist	Museum Volkenkunde	4
90	Mr. B.I.M. Hudig	Museum Catharijneconvent	4
91	Mr. C.G.A van Wijk	Teylers Museum	3
92	Mr. E. Ten Cate	Rijksmuseum Twenthe	3 *
93	Mr. G.H.N.L. Van Woerkom	Nederlands Openluchtmuseum	4
94	Mr. J. Van Zwol	Rijksmuseum Twenthe	3
95	Mr. J.J. Van Es	Teylers Museum	3
96	Mr. J.L. de Wijkerslooth	Museum Volkenkunde	4
97	Mr. J.M. Boll	Teylers Museum	4 *
98	Mr. J.M.N. Leighton	Mauritshuis	2
99	Mr. L.R. Van der Weij	Afrika museum	4 *
100	Mr. M.J. Cohen	Hollandse Schouwburg	4 *
101	Mr. R.G. Degenaar	Museum Slot Loevestein	3 *
102	Mr. S.G.M. Asser-Ribbert	Joods Historisch Museum	3
103	Mr.R.J. Hoekstra	Mauritshuis	4
104	Mrs. C.L.E. Van Tets-van Tienhoven	Mauritshuis	2
105	Mrs. Gonçalves-Ho Kang You	Mauritshuis	3
106	Mw. A. Doesburg	Museum Volkenkunde	4
107	Mw. C. Lemmens	Museum Boerhaave	3
108	Mw. Drs. J.P. Rijdsijk	Geld- en Bankmuseum	4
109	Mw. Drs. M. van Rossen	Museum Volkenkunde	4 *
110	Mw. drs. M.W.M. Vos-van Gortel	Naturalis	4 *
111	Mw. drs. S. Bruines	Museum Catharijneconvent	4

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112	Mw. Drs. S.C. Shkolnik-Oosterwouder mme	Nederlands Openluchtmuseum	4
113	Mw. M. Kilic-Karaaslan	Museum Volkenkunde	3
114	Mw. mr. A. Deveci-Kesmer	Rijksmuseum Amsterdam	4
115	Mw. mr. F.G. van Diepen-Oost	Naturalis	4
116	Mw. mr. J.J.M.S. Leyten-De wijkerslooth de Weerdesteyn	Mauritshuis	4
117	Mw. mr. M.E.C. Pernot	Museum Catharijneconvent	4
118	Mw. mr. Y.N. Rosina	Geld- en Bankmuseum	3
119	Mw. N.Y. Albayrak-Temur	Nederlands Openluchtmuseum	4
120	Mw. P.W. Kruseman	Nederlands Openluchtmuseum	2
121	Mw. Prof. Dr. E.A. Van Zoonen	Nederlands Openluchtmuseum	4
122	O.M. Starmans RA	Afrika museum	3
123	P. Schnabel	Van Gogh Museum	2
124	P. Winsemius	Van Gogh Museum	3 *
125	Ph. van Tijn	Museum Boerhaave	3
126	prof dr R.S. Reneman	Museum Boerhaave	4
127	Prof. Chr. J. White	Mauritshuis	2
128	Prof. Dr . H.J.M. Venbrux	Afrika museum	4
129	Prof. Dr R.H. Dijkgraaf	Teylers Museum	4
130	Prof. Dr. H.S.A. Heymans	Joods Historisch Museum	4
131	Prof. Dr. Ir. J.H.C. Reiber	Museum Boerhaave	4
132	Prof. Dr. J.W. Winter	Mauritshuis	4
133	Prof. Dr. S.L. De Blaauw	Museum Catharijneconvent	2
134	Prof. Drs. F.W. Saris	Teylers Museum	4
135	Prof. drs. W. Otterspeer	Museum van Oudheden	2
136	Prof. Ir. W. Dik	Museum Boerhaave	3 *
137	Prof. mr. I.P. Asscher-Vonk	Rijksmuseum Amsterdam	3
138	Prof. mr. P.F. van der Heijden,	Museum Volkenkunde	4
139	Prof.dr. J.M.W.G. Lucassen	Geld- en Bankmuseum	4
140	Prof.dr. L.E.M. Vet	Naturalis	4
141	Prof.dr. M.Barnard	Museum Catharijneconvent	4
142	Rik Vos	Persmuseum	4
143	Servaas Smulders	Persmuseum	3
144	Trude Maas	Van Gogh Museum	4
145	W. Kok	Rijksmuseum Amsterdam	4
146	Willy Pieterse	Persmuseum	4
147	Wim Vroom	Persmuseum	4

APPENDIX C – DIRECTOR BACKGROUNDS

Background	
1	Former Chairman of Unilever
2	Chairman GGZ Nederland
3	Director Burgers' Zoo
4	Nederlands journalist en programmamaker bij de AVRO
5	Independent journalist, Director NVJ
6	An insururer " http://www.rtvoost.nl/nieuws/?nid=106471 "
7	Healthcare entrepreneur
8	CEO Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
9	CEO Koninklijk Museum van Schone Kunsten Antwerpen
10	VSB Fonds
11	Politician Tweede Kamer der Staten-Generaal PvdA fractie
12	CEO Nederlands Persmuseum
13	Director Kempen & Co
14	TiMe Amsterdam
15	Partner Baker & McKenzie
16	Universiteitshoogleraar Universiteit Utrecht en President Koninklijke Nederlandse Akademie van Wetenschappen
17	Algemeen directeur Bestuursbureau Universiteit Leiden
18	President of De Nederlandsche Bank
19	President of De Nederlandsche Bank
20	Politician: Thesaurier-generaal & CEO financiële markten, ministerie van financiën
21	Ministry of Interior and Kingdom Affairs Integration Policy
22	Partner antiquiteitenhandel at Osnabrück
23	Mayor Woudrichem
24	Chairman Socio-Economical advisory board
25	General secretary and Treasurer Managing Director Noldus Information Technology B.V.
26	directeur Rijksbureau voor Kunsthistorische documentatie
27	Katholieke Theologische Universiteit Utrecht
28	Amsterdam University Press
29	Medical doctor & researcher
30	CEO Agfra Holding B.V.
31	NVTB - Nederlands Verbond Toelevering Bouw
32	Vice Chairman of the Supervisory Board KAS bank
33	CEO AWWN
34	Former CEO Woning Bedrijf Rotterdam
35	Former CEO Jaarbeurs Utrecht
36	Chairman Rabobank Nederland
37	Politician: Eerste Kamer
38	Senior Advisor Cerberus Global Investment Advisors
39	Economist - transportation
40	Chairman De Nederlandse Orde van Makelaars
41	Writer cultural topics
42	TenneT BV
43	TenneT BV
44	President & CEO, Port of Amsterdam
45	Zelfstandig adviespraktijk voor strategie, overleg, organisatie en samenwerking 'Achter de duinen
46	Since 1978 with Ago, now Aegon
47	Advisor Ministy OCW & SZW: projectsubsidies Belvedere
48	CEO Dordrechts Museum
49	Writer
50	Koninklijke Grolsch NV
51	President of the Algemene Rekenkamer
52	CEO DBN Groep
53	Director Cultuur Erfgoed, Ministerie OCW
54	CEO Kunsthal Rotterdam
55	Professor History religious culture, university history, mentality history
56	CEO Onderlinge Levensverzekering-maatschappij 's-Gravenhage u.A.
57	Former Chairman Raad van Bestuur ING groep
58	Professor Psycholinguïstiek Universiteit Utrecht

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- 59 Historian and Professor of Journalism & Culture at the University of Amsterdam
- 60 Lecturer art at an HBO-school and an authority on African art and ethnographics
- 61 Chief editor at Vandaag & Morgen
- 62 Pastor at 'de congregatie van de Heilige Geest'
- 63 Politician: vice-premier and minister of foreign affairs and member of the Tweede Kamer.
- 64 Royal Numico N.V.
- 65 Independent Museums and Institutions Professional
- 66 Secretary general at Dutch Publishers Association
- 67 President en CEO Damen Shipyards Group
- 68 Waterschap Rivierenland
- 69 Consultant IBM
- 70 Chairman Kempen & Co
- 71 CEO Samas-Groep NV
- 72 President and Eloise W. Martin Director of The Art Insitute of Chicago
- 73 World Association of Newspapers (WAN)
- 74 Former Chairman ING Nederland
- 75 Former vice-chairman Hudig-Langeveldt Groep
- 76 Professor of Communication Science at Universiteit van Amsterdam
- 77 Reporter and Chief editor De Telegraaf
- 78 Former CEO Cleveland Museum of art
- 79 Vice-Chief editor De Telegraaf
- 80 Chairman Woning-winkel Zuid
- 81 CFO Shell Nederland
- 82 Former chairman executive committee African Parks Foundation
- 83 Politician: Tweede Kamer der Staten-Generaal (1982-1998)
- 84 Secretary SOS Children's Villages
- 85 Chairman of the Supervisory Board of NV Koninklijke Delftsch Aardewerfabriek since 2003
- 86 Chairman Heineken N.V
- 87 Former director Unilever
- 88 Lawyer Van Doorne
- 89 Director Autoriteit Financiële Markten
- 90 Leids Universiteits Fonds
- 91 CEO Gottmer Uitgeverijgroep
- 92 CEO bank Ten Cate & Cie NV
- 93 CEO ANWB
- 94 Banking sector: "Weer is gekozen voor iemand uit het bankwezen" Annual report Rijksmuseum
- 95 Laywer Houthoff Buruma NV
- 96 Professor: law, Universiteit Leiden
- 97 Politician: lid Raad van State
- 98 CEO National Galleries of Scotland
- 99 President of court Arnhem
- 100 Mayor Amsterdam
- 101 Lawyer with DHC Advocaten
- 102 SAR Legal Advice
- 103 Politician: lid Raad van State, secretaris-generaal, informateur
- 104 Vereniging Rembrandt
- 105 Lawyer
- 106 Statengriffier van de Provincie Flevoland
- 107 Psychology with Spel Hardewijk
- 108 Manager with Nederlandsche bank N.V
- 109 Former Mayor Alkmaar
- 110 Former Mayor Utrecht
- 111 Local government and tourist office Amsterdam
- 112 CEO School Gelders Mozaiek
- 113 Organization consultant Twynstra Gudde Adviseurs en Managers
- 114 Laywer & CEO Rhythm of Reason Arnhem
- 115 Former 'gedeputeerde' Provinciale Staten Noord-Holland
- 116 Politician: Eerste Kamer, Raad van State
- 117 Director Vereniging eigen Huis
- 118 Laywer & Partner Rosina Eising Advocaten
- 119 Director HR & Organization Centraal Orgaan opvang asielzoekers
- 120 CEO amsterdams historisch museum & Chairman amsterdamse hogeschool voor de kunsten

MASTERTHESIS MAARTEN KRISTIAN BUL

- 121 University Loughborough, UK
- 122 G. Van Den Bergh Nijmegen Beheer BV
- 123 CEO Sociaal en Cultureel Planbureau & professor university Universiteit Utrecht
- 124 McKinsey & Company
- 125 Director Corporate Communicatie Connexion
- 126 President Koninklijke Nederlandse Akademie van Wetenschappen
- 127 Former Director of the Ashmolean Museum and an expert on Dutch art
- 128 Professor: Radboud University Nijmegen: Antropologie van de religie, dood, religiositeit, ritueel
- 129 University Professor of Mathematical Physics at the University of Amsterdam and president KNAW
- 130 AMC: Child doctor
- 131 Leids Universitair Medisch Centrum
- 132 Lecturer UvA
- 133 Professor KNAW: Department of Art History
- 134 Professor Leidse university: Wiskunde & Natuurwetenschappen
- 135 Hoogleraar Universiteitsgeschiedenis, Universiteit Leiden
- 136 KPN Royal Dutch Telecom
- 137 Professor social law Radboud Universiteit Nijmegen
- 138 Rector Magnificus en Voorzitter College van Bestuur Universiteit Leiden
- 139 Reseacher international institute Social History
- 140 CEO Netherlands Institute Ecology NIOO-KNAW and professor Wageningen Universiteit
- 141 Professor of Liturgical Studies at the Protestantse Theologische Universiteit (Utrecht)
- 142 CEO nederlandse museum vereniging
- 143 Communication specialist
- 144 Politicain: Eerste Kamer
- 145 Minister van Staat
- 146 Archivaris
- 147 Head section ESCI at Defence Materiel Organisation

APPENDIX D – FINANCIAL RATIOS

	2004	2005	2006	2004	2008
Afrika Museum					
Debt ratio	0.18	1.08	4.63	6.74	6.36
Current ratio	5.77	3.59	4.3	5.9	4.29
Comm. Inc. %	21.72%	15.15%	18.92%	25.89%	22.33%
Self sufficiency ratio (comm)	26.21%	12.02%	15.57%	25.42%	22.40%
Fund. Inc. %	0.31%	0.38%	11.66%	2.27%	0.80%
Self sufficiency ratio (fund)	0.37%	0.30%	9.60%	2.22%	0.81%
Geld- en Bankmuseum					
Debt ratio	0.81	1.71	1.93	3.22	2.9
Current ratio	2.32	1.45	1.42	1.04	1.1
Comm. Inc. %	0.84%	1.37%	0.38%	7.92%	7.94%
Self sufficiency ratio (comm)	0.85%	1.16%	0.43%	8.02%	7.96%
Fund. Inc. %	0.00%	1.65%	2.14%	8.22%	8.29%
Self sufficiency ratio (fund)	0.00%	1.39%	2.43%	8.32%	8.31%
Hollandse Schouwburg					
Debt ratio	0.36	7.32	3.02	0.83	0.61
Current ratio	5.06	1.3	1.77	3.3	3.11
Comm. Inc. %	0.68%	0.09%	0.59%	0.51%	0.51%
Self sufficiency ratio (comm)	0.65%	0.08%	0.63%	0.66%	0.57%
Fund. Inc. %	0.00%	12.29%	3.75%	16.14%	21.51%
Self sufficiency ratio (fund)	0.00%	11.33%	3.96%	20.71%	24.25%
Joods Historisch Museum					
Debt ratio	7.6	2.28	5.31	6.17	6.46
Current ratio	2.86	2.73	1.72	1.89	1.58
Comm. Inc. %	7.27%	11.70%	9.23%	11.72%	9.26%
Self sufficiency ratio (comm)	7.20%	12.10%	9.11%	11.13%	9.11%
Fund. Inc. %	27.65%	27.39%	34.20%	38.20%	40.54%
Self sufficiency ratio (fund)	27.37%	28.35%	33.75%	36.25%	39.91%
Mauritshuis					
Debt ratio	2.2	1.5	0.42	0.47	0.22
Current ratio	1.96	1.94	4.43	4.36	7.59
Comm. Inc. %	25.70%	10.88%	29.27%	15.40%	22.97%
Self sufficiency ratio (comm)	27.56%	11.11%	37.80%	14.53%	30.99%
Fund. Inc. %	31.41%	49.50%	35.30%	62.12%	34.86%
Self sufficiency ratio (fund)	33.67%	50.54%	45.60%	58.60%	47.03%
Museum Boerhaave					
Debt ratio	0.85	0.73	1.04	0.52	0.5
Current ratio	2.09	3.59	4.3	5.9	4.29
Comm. Inc. %	3.58%	3.21%	3.27%	3.62%	4.06%
Self sufficiency ratio (comm)	3.75%	3.58%	3.19%	4.64%	4.27%
Fund. Inc. %	12.80%	10.13%	7.38%	18.75%	9.42%
Self sufficiency ratio (fund)	13.42%	11.30%	7.20%	24.03%	9.91%

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Museum Catharijneconvent

Debt ratio	6.32	1.63	5.4	4.4	3.97
Current ratio	0.94	0.8	0.59	0.33	0.29
Comm. Inc. %	6.25%	6.99%	9.47%	13.83%	14.07%
Self sufficiency ratio (comm)	5.12%	8.41%	9.38%	13.90%	14.34%
Fund. Inc. %	0.98%	10.16%	11.74%	6.71%	7.15%
Self sufficiency ratio (fund)	0.80%	12.22%	11.63%	6.74%	7.29%

Museum Slot Loevestein

Debt ratio	5.14	3.08	1.55	0.79	0.52
Current ratio	2.22	3.54	4.25	6.42	6.65
Comm. Inc. %	40.05%	20.47%	21.64%	37.54%	41.79%
Self sufficiency ratio (comm)	40.47%	26.55%	27.54%	48.68%	61.83%
Fund. Inc. %	13.29%	16.01%	17.25%	25.08%	20.44%
Self sufficiency ratio (fund)	13.43%	20.77%	21.95%	32.52%	30.23%

Museum van Oudheden

Debt ratio	5.63	8.47	7.24	6.98	6.64
Current ratio	0.57	1.69	1.96	3.35	3.19
Comm. Inc. %	12.33%	10.55%	11.64%	9.58%	9.30%
Self sufficiency ratio (comm)	12.05%	13.20%	12.83%	10.80%	9.50%
Fund. Inc. %	0.78%	1.14%	0.66%	1.47%	1.62%
Self sufficiency ratio (fund)	0.76%	1.42%	0.72%	1.66%	1.65%

Museum Volkenkunde

Debt ratio	4.5	1.72	1.95	1.61	1.55
Current ratio	0.73	1.91	2.1	2.24	2.23
Comm. Inc. %	5.09%	7.29%	7.27%	10.76%	3.80%
Self sufficiency ratio (comm)	5.30%	7.84%	7.41%	10.79%	3.84%
Fund. Inc. %	7.54%	11.14%	3.97%	5.59%	9.01%
Self sufficiency ratio (fund)	7.85%	11.98%	4.06%	5.60%	9.12%

Naturalis

Debt ratio	3.52	0.81	0.84	0.49	1.04
Current ratio	0.77	1.5	1.65	3.12	1.73
Comm. Inc. %	12.01%	12.44%	12.89%	13.29%	12.71%
Self sufficiency ratio (comm)	14.18%	13.66%	12.71%	14.40%	13.93%
Fund. Inc. %	1.83%	5.02%	3.49%	5.28%	9.34%
Self sufficiency ratio (fund)	2.15%	5.51%	3.44%	5.72%	10.24%

Nederlands Openluchtmuseum

Debt ratio	1.09	0.77	0.66	0.66	0.96
Current ratio	3.34	4.28	4.83	5	2.96
Comm. Inc. %	30.60%	31.76%	31.06%	33.98%	34.36%
Self sufficiency ratio (comm)	36.98%	33.91%	32.77%	33.82%	33.65%
Fund. Inc. %	17.26%	15.95%	23.96%	14.92%	6.82%
Self sufficiency ratio (fund)	20.86%	17.03%	25.27%	14.84%	6.67%

Persmuseum

Debt ratio	0.7	0.61	0.58	0.84	0.54
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MASTERTHESIS MAARTEN KRISTIAN BUL

Current ratio	2.29	3.26	4.19	1.73	8.08
Comm. Inc. %	5.41%	5.81%	5.93%	10.15%	7.62%
Self sufficiency ratio (comm)	5.30%	5.74%	5.55%	10.04%	7.00%
Fund. Inc. %	10.47%	10.90%	9.27%	7.73%	9.23%
Self sufficiency ratio (fund)	10.26%	10.77%	8.67%	7.64%	8.48%

Teylers Museum

Debt ratio	1.58	0.19	0.16	0.25	0.29
Current ratio	2.47	2	2.83	1.86	1.75
Comm. Inc. %	27.25%	48.89%	22.95%	26.88%	33.52%
Self sufficiency ratio (comm)	27.62%	51.58%	22.71%	27.64%	32.93%
Fund. Inc. %	2.11%	0.49%	2.14%	16.39%	11.29%
Self sufficiency ratio (fund)	2.14%	0.51%	2.12%	16.86%	11.10%

Rijksmuseum Amsterdam

Debt ratio	7.27	4.84	5.99	6.24	72.57
Current ratio	1.44	2.12	2.43	2.4	36.39
Comm. Inc. %	11.96%	23.25%	28.52%	23.85%	23.92%
Self sufficiency ratio (comm)	11.86%	23.16%	28.57%	23.39%	23.20%
Fund. Inc. %	19.85%	5.68%	6.74%	5.87%	13.59%
Self sufficiency ratio (fund)	19.69%	5.66%	6.75%	5.75%	13.18%

Rijksmuseum Twente

Debt ratio	-0.78	0.6	0.6	0.82	0.54
Current ratio	2.48	4.92	4.26	2.67	3.62
Comm. Inc. %	5.69%	6.09%	7.80%	6.52%	6.79%
Self sufficiency ratio (comm)	5.73%	6.38%	7.93%	6.64%	7.63%
Fund. Inc. %	0.82%	9.08%	11.71%	14.66%	19.87%
Self sufficiency ratio (fund)	0.83%	9.51%	11.91%	14.93%	22.30%

Van Gogh Museum

Debt ratio	0.36	0.43	0.4	0.53	1.22
Current ratio	2.54	3.79	3.95	3.27	3.44
Comm. Inc. %	62.67%	67.68%	57.77%	60.96%	61.20%
Self sufficiency ratio (comm)	66.80%	83.99%	56.44%	65.94%	59.52%
Fund. Inc. %	17.13%	14.91%	24.61%	14.87%	15.53%
Self sufficiency ratio (fund)	18.26%	18.50%	24.04%	16.09%	15.10%

APPENDIX E - RESULTS

		Debt ratio					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.31	-0.78	-0.19	-0.146	-0.102	-0.3056
	Significance	0.353	0.766	0.944	0.576	0.696	0.667
Non Profit Cultural	Pearson	-0.258	-0.154	-0.175	-0.115	0.8	0.0196
	Significance	0.443	0.555	0.503	0.661	0.76	0.5844
For profit non cultural	Pearson	-0.247	0.138	0.056	-0.011	0.064	0
	Significance	0.464	0.597	0.83	0.968	0.807	0.7332
Non profit non cultural	Pearson	0.477	-0.36	0.049	0.119	-0.086	0.0398
	Significance	0.138	0.891	0.853	0.649	0.742	0.6546
For profit total	Pearson	-0.278	0.116	0.047	-0.04	0.034	-0.0242
	Significance	0.408	0.658	0.857	0.88	0.898	0.7402
Total directors	Pearson	0.081	-0.325	-0.333	-0.17	-0.083	-0.166
	Significance	0.813	0.204	0.192	0.515	0.752	0.4952
Chairman	Significance	0.896	0	0.748	0.695	0.26	0.5198
	Mean: For profit non cultural	2.946	2.012	3.048	3.357	3.245	2.9216
	Mean: Non profit non cultural	1.737	2.163	1.361	0.772	0.828	1.3722
	Mean: Non Profit Cultural	7.269	4.845	-	-	-	-
Dominance	Significance	0.76	0	0.351	0.356	0.354	0.3642
	Non profit dominant	3.5	2.277	2.475	3.485	2.679	2.8832
	Equally balanced	2.013	4.068	4.502	1.526	3.29	3.0798
	For profit dominant	2.316	1.377	1.589	1.516	1.559	1.6714

		Current ratio					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.092	0.32	0.095	-0.08	-0.056	0.0374
	Significance	0.724	0.211	0.717	0.76	0.83	0.6484
Non Profit Cultural	Pearson	-0.143	-0.1	0.138	0.111	0.155	0.0322
	Significance	0.585	0.702	0.597	0.672	0.553	0.6218
For profit non cultural	Pearson	0.416	0.388	0.118	0.025	0.073	0.204
	Significance	0.097	0.124	0.652	0.924	0.781	0.5156
Non profit non cultural	Pearson	-0.329	-0.488	-0.237	-0.079	-0.154	-0.2574
	Significance	0.198	0.047	0.359	0.762	0.555	0.3842
For profit total	Pearson	0.37	0.437	0.131	0.006	0.054	0.1996
	Significance	0.143	0.08	0.616	0.981	0.838	0.5316
Total directors	Pearson	-0.21	0.059	0.126	-0.239	0.065	-0.0398
	Significance	0.419	0.821	0.63	0.356	0.804	0.606
Chairman	Significance	0.925	0.7	0.696	0.573	0.196	0.618
	Mean: For profit non cultural	1.318	2.846	3.049	2.987	3.679	2.7758
	Mean: Non profit non cultural	1.829	2.197	2.906	0.3658	3.073	2.07416
	Mean: Non Profit Cultural	1.439	2.123	-	-	-	-
Dominance	Significance	0.909	0.558	0.555	0.523	0.403	0.5896
	Non profit dominant	2.132	2.483	3.201	3.749	3.831	3.0792
	Equally balanced	2.578	1.398	2.1	2.539	2.403	2.2036
	For profit dominant	2.475	3.357	2.952	2.864	3.51	3.0316

		Comm. Inc. %					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.177	-0.056	0.046	-0.202	-0.187	-0.1152

MASTERTHESIS MAARTEN KRISTIAN BUL

	Significance	0.496	0.831	0.861	0.438	0.473	0.6198
Non Profit Cultural	Pearson	0.309	0.345	0.652	0.621	0.441	0.4736
	Significance	0.228	0.175	0.005	0.008	0.076	0.0984
For profit non cultural	Pearson	-0.089	-0.116	-0.342	-0.308	-0.296	-0.2302
	Significance	0.735	0.658	0.179	0.228	0.249	0.4098
Non profit non cultural	Pearson	-0.048	-0.095	-0.033	-0.05	0.049	-0.0354
	Significance	0.854	0.717	0.899	0.85	0.85	0.834
For profit total	Pearson	-0.119	-0.122	-0.303	-0.32	-0.319	-0.2366
	Significance	0.65	0.64	0.237	0.21	0.211	0.3896
Total directors	Pearson	-0.072	0.469	-0.089	-0.116	-0.097	0.019
	Significance	0.784	-0.188	0.735	0.658	0.71	0.5398
Chairman	Significance	0.967	0.278	0.585	0.614	0.958	0.6804
	Mean: For profit non cultural	0.191	0.145	0.166	0.172	0.172	0.6804
	Mean: Non profit non cultural	0.133	0.201	0.161	0.205	0.211	0.6804
	Mean: Non Profit Cultural	0.12	0.233	-	-	-	-
Dominance	Significance	0.839	0.262	0.713	0.57	0.259	0.5286
	Non profit dominant	0.143	0.181	0.193	0.214	0.262	0.5286
	Equally balanced	0.242	0.063	0.146	0.231	0.108	0.5286
	For profit dominant	0.109	0.181	0.112	0.12	0.123	0.5286

		Comm. Inc. %					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.177	-0.056	0.046	-0.202	-0.187	-0.1152
	Significance	0.496	0.831	0.861	0.438	0.473	0.6198
Non Profit Cultural	Pearson	0.309	0.345	0.652	0.621	0.441	0.4736
	Significance	0.228	0.175	0.005	0.008	0.076	0.0984
For profit non cultural	Pearson	-0.089	-0.116	-0.342	-0.308	-0.296	-0.2302
	Significance	0.735	0.658	0.179	0.228	0.249	0.4098
Non profit non cultural	Pearson	-0.048	-0.095	-0.033	-0.05	0.049	-0.0354
	Significance	0.854	0.717	0.899	0.85	0.85	0.834
For profit total	Pearson	-0.119	-0.122	-0.303	-0.32	-0.319	-0.2366
	Significance	0.65	0.64	0.237	0.21	0.211	0.3896
Total directors	Pearson	-0.072	0.469	-0.089	-0.116	-0.097	0.019
	Significance	0.784	-0.188	0.735	0.658	0.71	0.5398
Chairman	Significance	0.967	0.278	0.585	0.614	0.958	0.6804
	Mean: For profit non cultural	0.191	0.145	0.166	0.172	0.172	0.1692
	Mean: Non profit non cultural	0.133	0.201	0.161	0.205	0.211	0.1822
	Mean: Non Profit Cultural	0.12	0.233	-	-	-	-
Dominance	Significance	0.839	0.262	0.713	0.57	0.259	0.5286
	Non profit dominant	0.143	0.181	0.193	0.214	0.262	0.1986
	Equally balanced	0.242	0.063	0.146	0.231	0.108	0.158
	For profit dominant	0.109	0.181	0.112	0.12	0.123	0.129

		Self sufficiency ratio (comm)					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.187	-0.077	0.029	-0.195	-0.175	-0.121
	Significance	0.471	0.769	0.913	0.454	0.502	0.6218
Non Profit Cultural	Pearson	0.312	0.362	0.636	0.568	0.356	0.4468
	Significance	0.222	0.153	0.006	0.017	0.161	0.1118
For profit non cultural	Pearson	-0.098	-0.099	-0.367	-0.28	-0.295	-0.2278

MASTERTHESIS MAARTEN KRISTIAN BUL

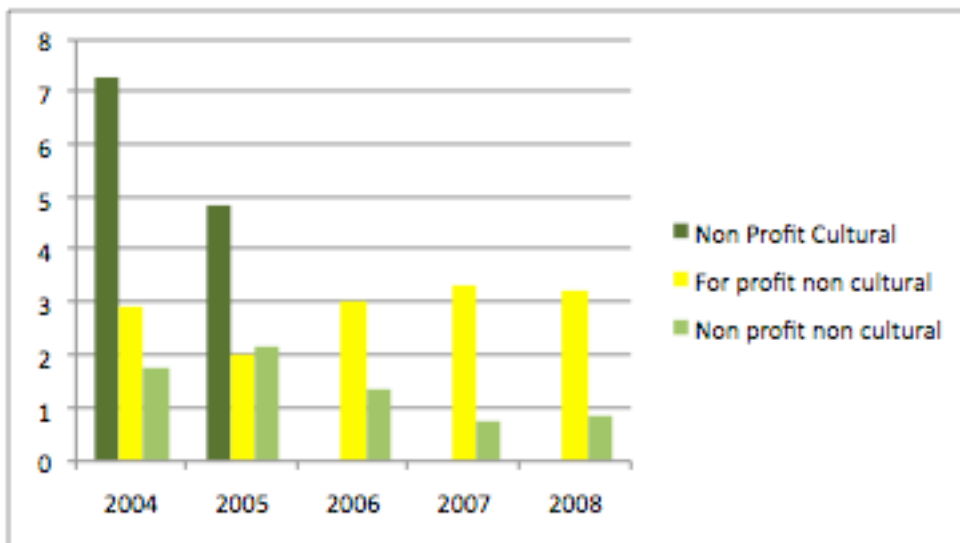
	Significance	0.707	0.706	0.148	0.276	0.25	0.4174
Non profit non cultural	Pearson	-0.038	-0.123	0.008	-0.045	0.101	-0.0194
	Significance	0.885	0.637	0.975	0.863	0.701	0.8122
For profit total	Pearson	-0.13	-0.11	-0.33	-0.293	-0.316	-0.2358
	Significance	0.619	0.673	0.96	0.254	0.216	0.5444
Total directors	Pearson	-0.054	-0.199	-0.073	-0.172	-0.103	-0.1202
	Significance	0.838	0.443	0.781	0.51	0.695	0.6534
Chairman	Significance	0.951	0.438	0.639	0.711	0.815	0.7108
	Mean: For profit non cultural	0.204	0.168	0.17	0.177	0.178	0.1794
	Mean: Non profit non cultural	0.152	0.214	0.173	0.227	0.245	0.2022
	Mean: Non Profit Cultural	0.119	0.232	-	-	-	-
Dominance	Significance	0.875	0.377	0.616	0.555	0.188	0.5222
	Non profit dominant	0.157	0.201	0.206	0.227	0.295	0.2172
	Equally balanced	0.255	0.069	0.146	0.249	0.106	0.165
	For profit dominant	0.111	0.2	0.111	0.124	0.125	0.1342

		Fund. Inc. %					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.002	-0.137	-0.107	-0.015	0.14	-0.0242
	Significance	0.994	0.6	0.684	0.954	0.593	0.765
Non Profit Cultural	Pearson	0.167	0.082	0.305	0.1	0.076	0.146
	Significance	0.522	0.755	0.234	0.703	0.771	0.597
For profit non cultural	Pearson	-0.161	-0.042	-0.204	-0.015	0.231	-0.0382
	Significance	0.537	0.872	0.432	0.965	0.372	0.6356
Non profit non cultural	Pearson	0.07	0.029	0.068	-0.047	-0.306	-0.0372
	Significance	0.789	0.913	0.794	0.858	0.233	0.7174
For profit total	Pearson	-0.151	-0.069	-0.213	-0.016	0.248	-0.0402
	Significance	0.563	0.793	0.413	0.95	0.337	0.6112
Total directors	Pearson	0.216	0.209	0.202	0.08	0.142	0.1698
	Significance	0.406	0.421	0.436	0.76	0.586	0.5218
Chairman	Significance	0.469	0.634	0.46	0.872	0.952	0.6774
	Mean: For profit non cultural	0.113	0.138	0.141	0.164	0.146	0.1404
	Mean: Non profit non cultural	0.07	0.09	0.091	0.139	0.131	0.1042
	Mean: Non Profit Cultural	0.198	0.057	-	-	-	-
Dominance	Significance	0.942	0.866	0.597	0.992	0.849	0.8492
	Non profit dominant	0.0975	0.121	0.141	0.155	0.12	0.1269
	Equally balanced	0.085	0.087	0.052	0.131	0.145	0.1
	For profit dominant	0.108	0.126	0.118	0.168	0.166	0.1372

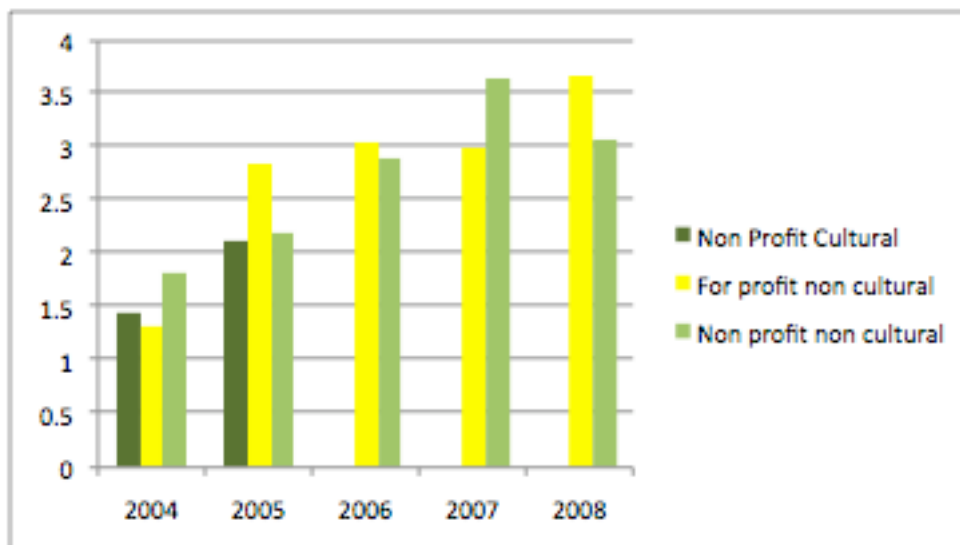
		Self sufficiency ratio (fund)					
		04	05	06	07	08	Avg.
For Profit Cultural	Pearson	-0.02	-0.152	-0.112	-0.025	0.132	-0.0354
	Significance	0.939	0.56	0.668	0.923	0.613	0.7406
Non Profit Cultural	Pearson	0.171	0.09	0.306	0.046	0.093	0.1412
	Significance	0.511	0.732	0.232	0.86	0.722	0.6114
For profit non cultural	Pearson	-0.18	-0.041	-0.227	0.043	0.172	-0.0466
	Significance	0.49	0.877	0.382	0.871	0.509	0.6258
Non profit non cultural	Pearson	0.091	0.025	0.094	-0.067	-0.258	-0.023
	Significance	0.727	0.924	0.721	0.797	0.317	0.6972
For profit total	Pearson	-0.172	-0.071	-0.235	0.033	0.192	-0.0506

	Significance	0.509	0.788	0.364	0.899	0.461	0.6042
Total directors	Pearson	0.222	0.198	0.186	-0.011	0.127	0.1444
	Significance	0.391	0.447	0.475	0.967	0.626	0.5812
Chairman	Significance	0.57	0.58	0.56	0.953	0.845	0.7016
	Mean: For profit non cultural	0.118	0.15	0.148	0.166	0.158	0.148
	Mean: Non profit non cultural	0.085	0.093	0.101	0.161	0.153	0.1186
	Mean: Non Profit Cultural	0.197	0.057	-	-	-	-
Dominance	Significance	0.894	0.871	0.577	0.999	0.97	0.8622
	Non profit dominant	0.105	0.13	0.154	0.159	0.147	0.139
	Equally balanced	0.088	0.084	0.054	0.151	0.152	0.1058
	For profit dominant	0.109	0.141	0.117	0.176	0.169	0.1424

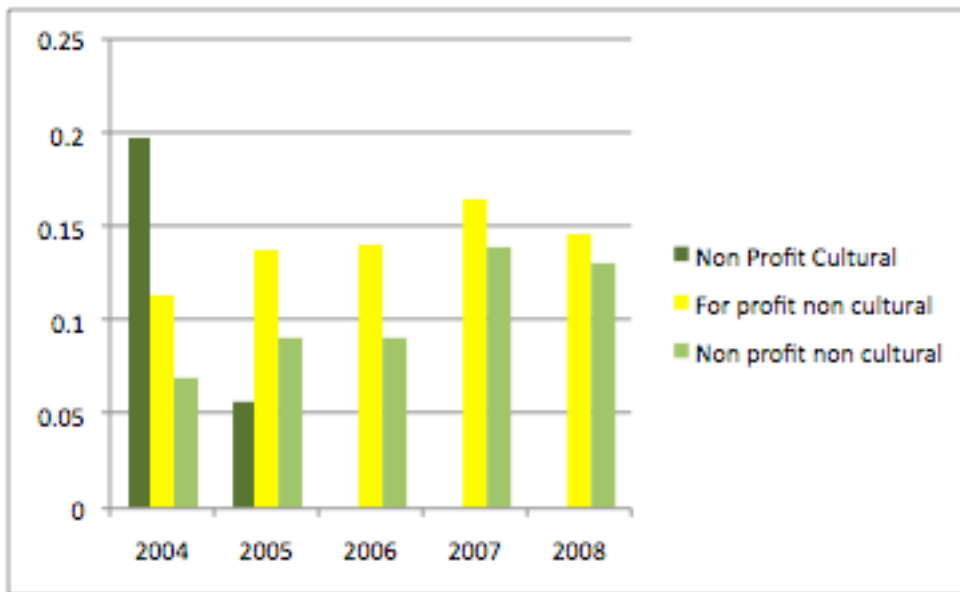
Debt ratio means vs Chairman types



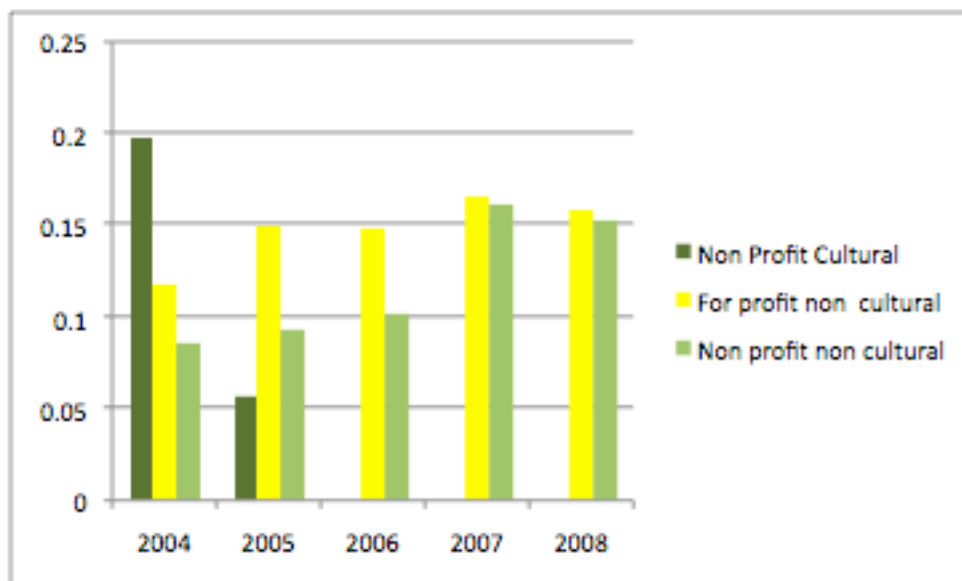
Current ratio means vs Chairman types



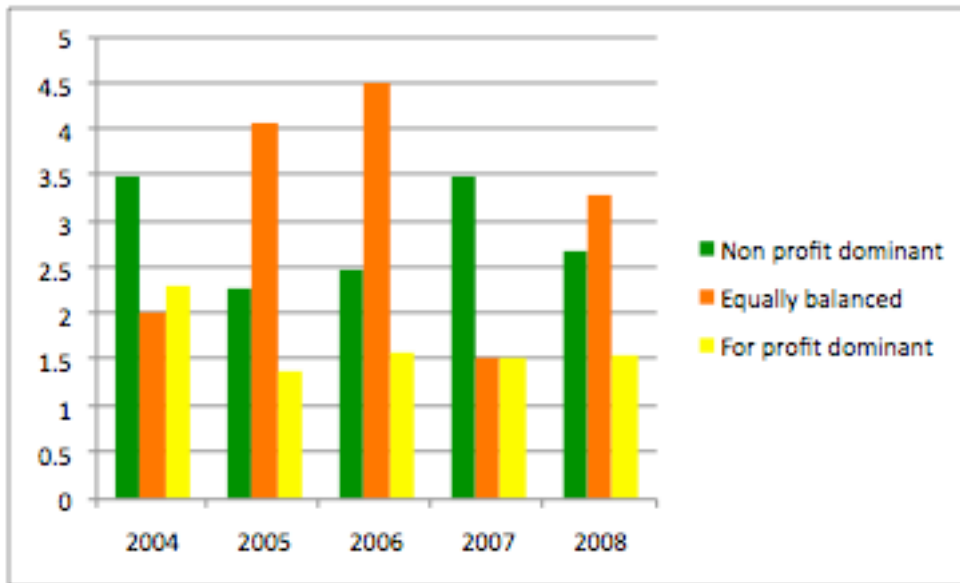
Fund. Inc. % means vs Chairman type



Self sufficiency ratio (fund) means vs Chairman type



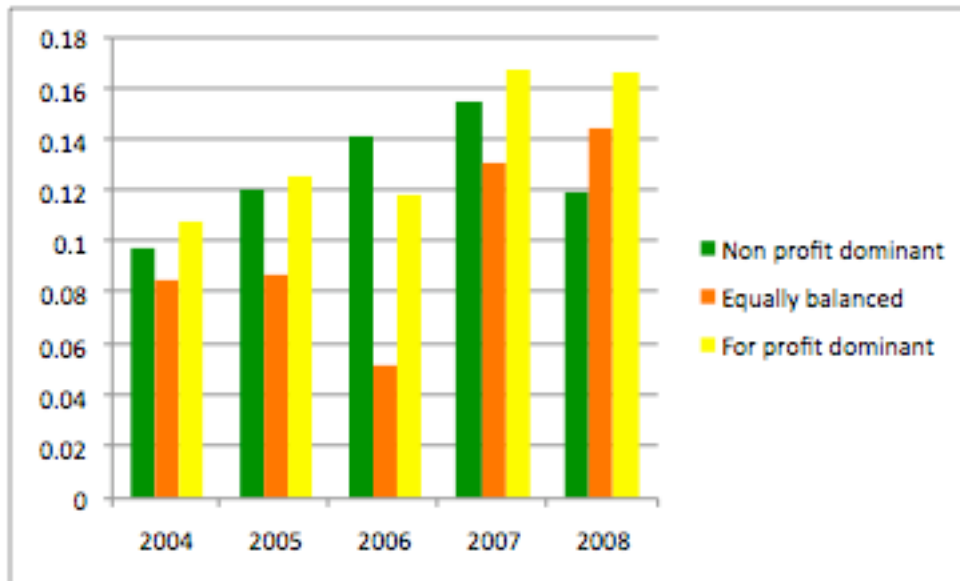
Debt ratio means vs dominant type



Current ratio means vs dominant type



Fund. Inc. % means vs dominant type



Self sufficiency ratio (fund) means vs dominant type



APPENDIX F – MEAN RATIOS BY NUMBER OF DIRECTORS

Mean Debt ratio vs total # directors

	2004	2005	2006	2007	2008
4	0.35668	7.322	3.017	0.209	0.606
5	2.089	2.182	2.503	3.242	2.295
6	2.059	1.501	3.291	3.216	4.41
7	5.303	2.583	2.779	3.23	3.015
8		1.673	1.945	0.845	0.591
9	1.085	0.773		0.655	0.536
10	0.697		0.658		
11		0.6114	0.582		

Mean Current ratio vs total # directors

	2004	2005	2006	2007	2008
4	5.0631	1.295	1.771	0.021	3.113
5	2.572	2.933	3.599	1.954	3.89
6	2.002	3.32	3.346	1.044	1.464
7	1.657	2.061	1.961	2.391	1.846
8		1.354	2.098	1.728	5.275
9	3.338	4.276		4.996	8.08
10	2.293		4.835		
11		3.258	4.189		

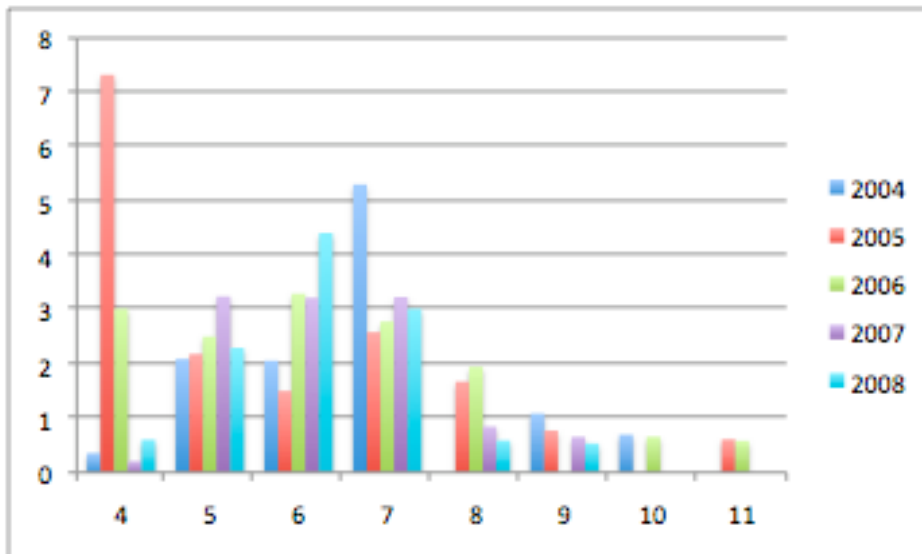
Mean Fund. Inc. % vs total # directors

	2004	2005	2006	2007	2008
4	0	0.123	0.037	0.009	0.216
5	0.095	0.054	0.106	0.094	0.113
6	0.083	0.1	0.092	0.082	0.097
7	0.112	0.211	0.174	0.206	0.196
8		0.106	0.04	0.077	0.208
9	0.173	0.16		0.149	0.092
10	0.105		0.24		
11		0.109	0.093		

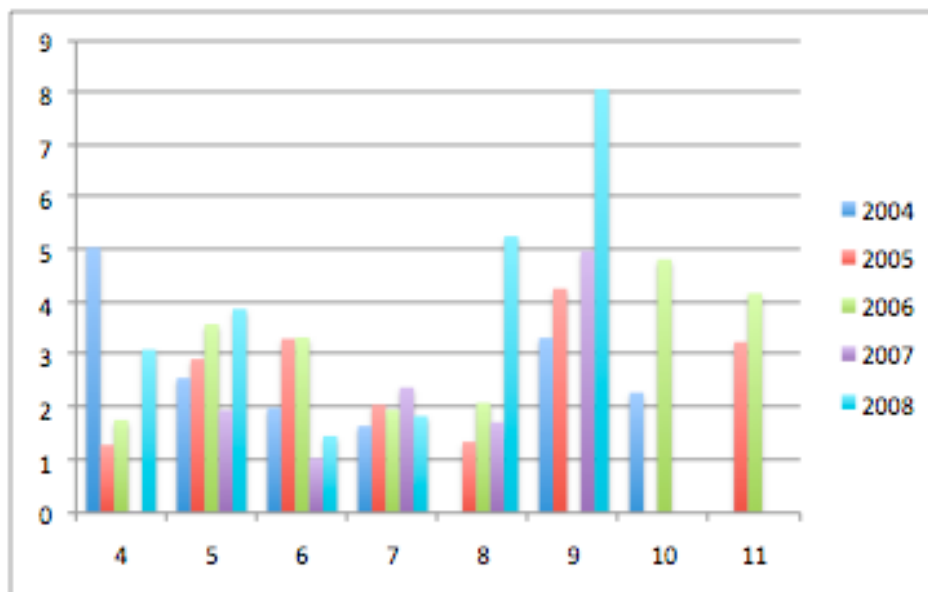
Mean Self sufficiency ratio (fund) vs total # directors

	2004	2005	2006	2007	2008
4	0	0.113	0.04	0.033	0.243
5	0.101	0.064	0.109	0.121	0.13
6	0.087	0.119	0.093	0.083	0.096
7	0.111	0.215	0.194	0.198	0.198
8		0.121	0.041	0.076	0.269
9	0.209	0.17		0.148	0.085
10	0.103		0.253		
11		0.108	0.087		

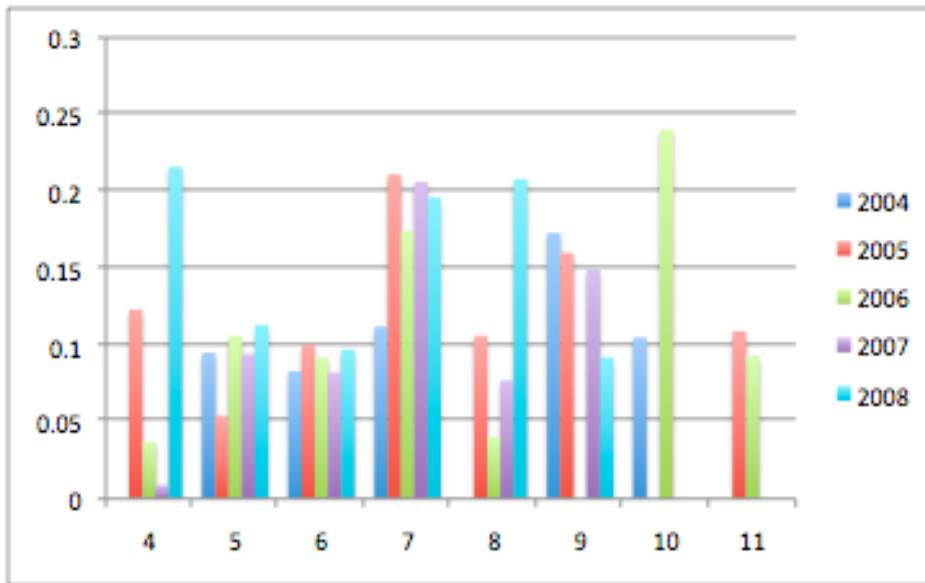
Mean Debt ratio vs total # directors



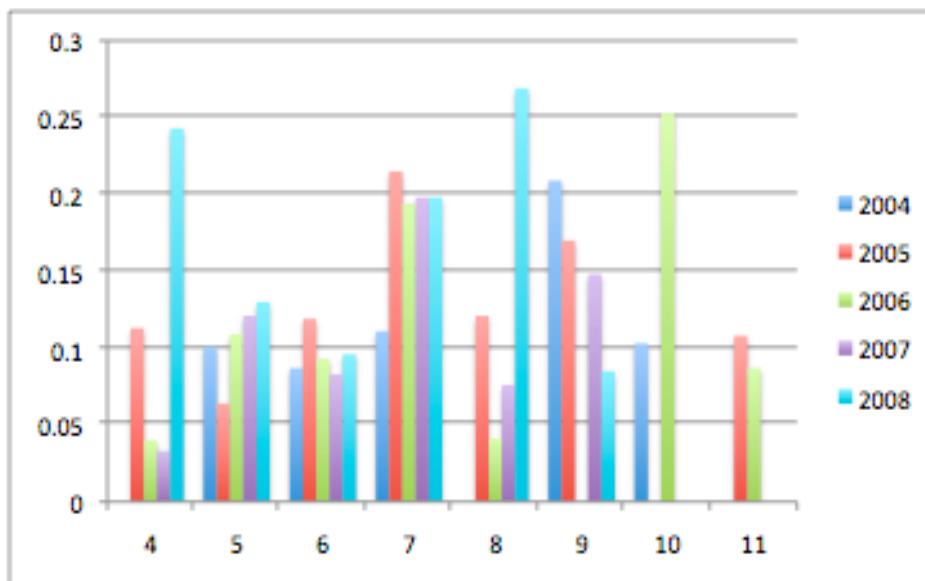
Mean Current ratio vs total # directors



Mean Fund. Inc. % vs total # directors



Mean Self sufficiency ratio (fund) vs total # directors



APPENDIX G – REFERENCES

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