THE DEVELOPMENT OF THE BOARD OF TRUSTEES OF ANGLO-AMERICAN COLLEGE: A CASE STUDY IN LEADERSHIP AND GOVERNANCE

by

ROBERT NELSON THOMAS

Under the direction of Ronald D. Simpson

ABSTRACT

This is a study of the development of the board of trustees of Anglo-American College, a private institution of higher education established in Prague, Czech Republic in 1991. The author investigated the development of the board through models and theories used in assessing performance of governing boards in the academic and nonprofit communities in the United States. The findings suggest that these models are beneficial in analyzing the development of the board, but are limited in their potential application. Economic, legal, and cultural factors should be given more weight in advising boards of independent colleges and nonprofit organizations in developing countries. Issues of trust and the relationship between the board and the chief executive officer of the institution are critical to the development of the board.

INDEX WORDS: Governing Boards, Leadership, Independent Colleges, Nonprofit Organizations, Central and Eastern Europe, Czech Republic
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DEDICATION

This dissertation is dedicated to those who serve on governing boards of institutions of higher education and nonprofit organizations. It is also dedicated the individuals committed to expanding the capacities of these boards to better serve the needs of society. It is my hope that this study can contribute to their work and efforts.
ACKNOWLEDGEMENTS

This study would not have been possible without the assistance of members of the Board of Trustees and administrators of Anglo-American College. I appreciate their time, honesty and insight. I have been blessed by my affiliation with the nonprofit community in the Czech Republic. The lessons from that experience enhanced my understanding and appreciation of their challenges and contributions to society.

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A special thanks goes to my committee. They have expanded my knowledge and understanding of the academic and nonprofit community. Their support and guidance during my doctoral program is a valued gift. I have been honored to have Dr. Ron Simpson as the Chair of my committee. His leadership and dedication to my education cannot be overstated.

I am thankful for the love and encouragement of my family. I have been blessed to have the love and understanding of a wonderful lady, Tina. Thank you for being a part of my life and happiness.
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CHAPTER 1

INTRODUCTION

If we grant the failure of our society-nurturing institutions to prepare people for these more exacting trustee roles, then we have only the hope that there are enough people who are, or who might have the chance to be, trustees who have intrinsic motivation to do better and are restless with their present inadequacies.

My hope for the future lies in my belief that there are many actual or potential trustees with such a motivation and who might be roused into action by a realization of the great institution-building opportunities that is before them. I believe further that the meager light on the path ahead that is being shed by a few of us who are trying to generate it, is sufficient for the venturesome to start to move-and the venturesome are all that can be counted on at this state. (Greenleaf, 1975, p. 38)

Background

In 1989 the attention of the world was captured by the events in Central and Eastern Europe (CEE). The unexpected collapse of the Communist form of government heralded a new era of hope for millions of people. However, the excitement surrounding the dramatic images of massive demonstrations, tearing down the Berlin Wall, and inspiring speeches, was soon replaced by the realization of the enormous challenges these countries faced. “The transformation of post communist societies is without historical precedent…. Societies in CEE are not merely in transition but in metamorphosis” (Assistance to Transition Survey, 1995, p. 19). There were no models to follow and little understanding of the difficulties involved in a transition to a democratic government and market economy. Optimism remained high, however, as the West offered hope, encouragement, and promises of assistance.

Advisors from the United States and Western Europe flocked to these countries. Armed with financial resources, they had access to the top business, political, and social leaders in each
New social institutions were developed, the nonprofit sector flourished, business deals were negotiated, and existing systems were adapted to meet citizen demands. Between 1990 and 1994, developed nations and international financial institutions had committed over $82,000,000,000 to help those countries formerly under Soviet control to build democratic and civil societies. Seventy-five percent of these funds were dedicated to the countries of CEE (Assistance to Transition Survey, 1995, p. 26). A substantial portion of that aid was directed towards cooperative exchanges and training programs at universities and research institutions. According to Kirk and Rhodes (1994), over 1600 partnerships were established between universities in CEE and Western institutions. Several major initiatives were created to address the needs of the academic community, including the TEMPUS and PHARE programs of the European Union, the Higher Education Support Program and Central European University funded by George Soros, and the programs of the Institute of Human Sciences in Vienna.

The higher education systems in each of these countries represented both the failures of the past and the hope for the future. In 1991, Derek Bok, President Emeritus of Harvard University, issued a report on his observations of and recommendations for Hungary and Czechoslovakia. He found that most of the scholarly research resided in institutes operated as an extension of government ministries. Curricula were void of the realities that existed in the global community; rather, they were designed to promote state political goals. The resources of the universities were inadequate, faculty salaries were low ($125-$150 per month), classes were overcrowded, and the administrative structure discouraged innovation and risk taking. The higher education systems in these two countries did not have an accreditation system. The governments of the countries lacked the will and ability to provide universities with funds to address these critical issues (Bok, 1991).
In spite of the desperate state of public higher education, students flocked to these universities. The thirst for knowledge of the new world they were about to enter, coupled with the need to find jobs, drove the demand for a university degree. Enrollment at Czech universities rose from 112,980 students to over 136,500 by 1995. The state universities rejected over fifty percent of all applicants (Centre for Higher Education Studies, 1999). Even with the increased demand and influx of students, universities in CEE were slow to adapt to the changing needs of students. The weight of the past 40 years of communism and the inertia inherent within the structure combined to maintain the status quo. Students wanted more than credentials; they demanded to be intellectually challenged and wanted knowledge that was relevant to a changing global environment. Many American and European universities established branches in CEE to meet that demand. At the same time, independent colleges were being created. According to a survey by the Czech Centre for Higher Education Studies, the primary motivation for establishing a private college was the lack of programs in a field of study—generally management studies—in the existing network of state universities. This was in spite of the fact that the demand for these studies was evident (Centre for Higher Education Studies, 1999).

Private higher education institutions have been established since the fall of communism. In Poland they account for a quarter of all postsecondary enrollment (Bollag, 1999). According to The Economist (2000), over 40 private colleges and universities have been established in Romania, capturing one-third of all college students. In spite of their popularity, establishing private higher education institutions has not been easy. In addition to securing the financial resources needed to develop their institutions, the founders had to design the academic, administrative, and governance structures.
These challenges are not limited to the institutions themselves, but are integrated into the relationship between the government and higher education. As Kouchy (1990) concluded, “Profound changes are expected in the administration and organization of higher education institutions, in their internal structure, in the system of higher education studies, and in the rules governing the life of higher education institutions” (p. 376). He expressed concern, however, that the experiences of the past 40 years have dampened the ability of higher education to govern itself and that control mechanisms must be established to ensure that all institutions of higher education act in a responsible manner. Sadlak (1990) stated, “The reformers will also have to contend with something characteristic of all academic systems—their own inertia, which, if in the past could sometimes reduce unfavorable political interference, now might also reduce the ability to create new programs and eliminate anachronistic features of the previous system” (p. 37).

The impact of private institutions of higher education has not only helped meet the increasing demands of students and society but has also influenced the scope and pace of reform within state universities. “The trustees and presidents of independent colleges and universities have a special responsibility to preserve the diversity of institutions and to help ensure that this sector of higher education serves as a check and balance on the costs and quality of public institutions. The better the independent sector is, the better the public sector will be” (Ingram, 1993, p. xix). While Ingram’s comment was intended for an American audience, it is especially relevant in the countries of CEE as they move from total state control to autonomy.

Foreign advisors can play an important role in assisting the reformers and innovators in CEE higher education. But as the following suggests, there are questions to be addressed regarding the role of these advisors:
The problems to be investigated in this connection are numerous: when, why and in what areas have external models and advice been particularly effective? On the contrary, when have they been merely shelved? Are certain CEE countries more receptive than others to these models and advice, and how can the differences be explained (historical traditions, roles of individuals)? Are certain international organizations particularly successful in transmitting new concepts and visions of education development and why? (Cerych, 1995, p. 423)

Lewis (2002) observed a lack of research investigating the impact of culture on organizations by stating, “Organizational culture can be defined as the way of life in an organization and refers to shared values and practices that evolve within organizations. These are partly influenced by societal cultures and partly newly constructed, deliberately or by chance, by people within the organization themselves” (p. 71). He has called for expansion of the study of the link between culture and the third-sector organizational development literature.

Hans Christian Giesecke (1998) addressed the growth of independent colleges in CEE. He did an excellent job in analyzing the strategies for viability and legitimacy of private colleges in the region. He called for additional research on the governance of these institutions. Peter Dravas (1996), former head of the Higher Education Support Programme (a Soros Foundation-supported entity in Budapest), wrote in *Institutional Innovation in Central European Higher Education* that more research is warranted on leadership issues in higher education. He called for such research to be shared with those in the West so that it can enhance understanding of those involved in advising institutions of higher education in developing countries.

Other scholars have echoed these concerns and the need for both foreign advisors and local policy makers to understand the limitations and opportunities for adopting Western educational and governance models. As Cerych (1990) said, “We are far from thinking that external assistance can solve the main problems of Central European higher education. It will
never meet more than a fraction of the needs, but it can be a powerful catalyst of innovation and a help in overcoming the danger of innovation encapsulation” (p. 358).

The Basis for this Study

This study was undertaken in order to examine the development of private higher education in CEE. Because the only organizational structure available to those wishing to develop a private institution of higher education was the nonprofit organization, the lessons gleaned from this research may also be transferred to the nonprofit sector. In most organizations, the board of trustees has the ability to dramatically impact its effectiveness. Sadly, they often fail to exercise the leadership needed to move the organization forward. The management guru Peter Drucker (1990) has stated that to be effective, a nonprofit needs a strong board. The American experiences in the governance of private higher education and nonprofit organizations can be a powerful tool in the growth and development of these critical sectors of society in developing countries. However, those experiences, theories, and models must adapt to the culture and circumstances of those countries.

This is a case study of a private college located in Prague, Czech Republic. Anglo-American College (AAC) was established in 1990, shortly after the fall of communism. AAC has survived many crises and challenges, and appears poised to emerge as a stable private institution of higher education in the Czech Republic. AAC was founded as the first private college in the Czech Republic (Czechoslovakia at the time). AAC is a liberal arts college offering Western-style degree courses in humanities, legal studies, and business/economics. The goal of AAC is to provide an alternative and innovative style of education in Central Europe. Its curriculum is modern and based upon the best English and American systems. All classes are taught in English, and class size is small, with informal interaction encouraged. Current
enrollment is just over 300, and the College is growing rapidly, attracting students from all over the world (AAC promotional material, 2001).

The College’s development and particularly the role of its Board of Trustees may provide insight for others in developing countries that seek to establish a viable independent higher education sector. The opportunities and challenges faced by the Board of Trustees of AAC provide guidance in analyzing the political, legal, and organizational environment in which private colleges must compete and the impact of these elements on strategy. The leadership (or lack thereof) of the Board may guide those interested in supporting and advising private higher education in developing countries. Finally, the experience of the AAC Board of Trustees may provide research opportunities for those involved in issues of leadership and board development.

This study seeks to address those issues raised by Dravas, Giesecke, and others. It is undertaken to provide insight into the developing leadership role of the boards of trustees of independent colleges. The board of trustees has an opportunity to exercise leadership and to assist the institution in fulfilling its obligations to students and society. Colleges and universities serve society by developing the intellect and skills of students. The contributions of these students to society, as citizens and leaders, are greatly influenced by their education. Private higher education can also play a vital role by increasing the pressure on state-run institutions to adapt to changes in society. This will only occur if private institutions are viewed as effective and efficient. The challenge of achieving this is best articulated by Taylor, Chait, and Holland (1996): “Effective governance by the board of a nonprofit organization is a rare and unnatural act. Only the most uncommon of nonprofit board functions as it should by harnessing the collective efforts of accomplished individuals to advance the institution’s mission and long-term
welfare” (p. 4). Or, in the words of John Carver (1994): “Let’s face it. Boards are not our most efficient organs” (p.6).

This study ultimately is about leadership and governance. The board of trustees is in a unique position to exercise leadership within its organization. Regina Herzlinger (1999) points out the increasing demand for organizational efficiency and accountability in our global economy. This pressure will be intense as developing countries move towards integration with the West. “If higher education is as essential to the health of the country as most citizens believe, and if governing boards constitute ‘the keystone in the governance structure of higher education’ (Carnegie Foundation for the Advancement of Teaching, 1982, p. 72), as most students of the subject hold, then trustees embrace crucial responsibilities. The Trustee role is complex and difficult, time consuming and rewarding” (Nason, 1993, p. 97). Leadership is demonstrated through actions, behavior, and policies. The board of trustees is often vested with legal control over the institution. Many scholars and authorities believe that boards of trustees represent the interest of the owners of the institution, society. Greenleaf (1975) believes strongly that the board is the holder of the public trust. Boards of trustees would be well served to understand how to enhance their ability to exercise leadership in a manner that helps the organization better serve its constituents.

It is my hope that this study will enhance the understanding of the environment in which private colleges in other countries operate and how policy makers, advisors, and institutions of higher education can better contribute to the development of boards of trustees of private colleges and universities. The ultimate goal of this study is not to assess the performance of the Board of Trustees of AAC. Rather, it is to better understand how stakeholders can contribute to their growth as a board, so they can contribute to the growth and development of their institution.
Research Questions

This study will address the following research questions:

- What leadership role did the Board of Trustees of Anglo-American College play in the development of the College?
- How did the cultural, political, and economic environment impact the development of Anglo-American College’s Board of Trustees?
- What are the limitations and benefits of applying Western concepts of the Board of Trustees of independent colleges and universities to similar institutions in Central and Eastern Europe?
- How can the experience of Anglo-American College enrich the contributions of advisors, policy makers, and educators in developing independent institutions of higher education that serve societies?

American higher education has benefited from research that seeks to enhance the effectiveness of boards of trustees. Organizations have been created that are dedicated to improving the effectiveness of boards, and a great deal of time, energy, and financial resources are funneled toward activities that assess and seek to improve board effectiveness. American higher education is held in high regard in other parts of the world, and developing countries often look to the U.S. for guidance and advice as they organize and develop their institutions of higher learning. As the countries controlled by the former Soviet Union emerged from state-planned systems of governance toward market economies and private ownership, American models and systems have played a key role in organizational development.

The influence of the American ways of organization, assessment, and governance has been promoted in most sectors of society in CEE. In many cases adapting the U.S. model has
proven to be beneficial. However, there are also numerous examples where the application of American concepts failed to accomplish the desired objectives. Often, American advisors failed to take into consideration the cultural, historical, structural, and legal environment of the country.

A critical objective of this study was to assess the value of American models for board effectiveness in private higher education in the countries of CEE. Understanding the limitations and benefits of applying American approaches in another culture can enhance the value of future efforts to guide institutions and governments in developing countries as they seek to create viable sectors of independent colleges and universities.

Research Methodology

The development of the Board of Trustees of AAC will be analyzed through various lenses used to understand and enhance the performance of governing boards in the United States. This multifaceted approach has been chosen to better understand the factors that influenced the development of the Board and its ability to make positive contributions to the institution. A leadership perspective is used to determine the Board’s influence on the actions of the College. Leadership is also analyzed by referencing the style associated with six models of governance.

Three models to improve board performance are utilized in this study. The first is the approach articulated by John Nason and echoed by Ingram and the Association of Governing Boards (AGB) of Independent Colleges and Universities. The primary emphasis of this approach is on the responsibilities of the board, which were initially developed by AGB to help boards of U.S. private institutions of higher education function more effectively. John Carver, the originator of the second lens, assesses board effectiveness in terms of policies. The ends or goals of the institution should be clearly articulated by the board and communicated to those implementing these policies. The board must also define the parameters of the means to carry
out these policies. The third lens is the board assessment protocol of Chait, Holland, and Taylor. The scholars and organizations associated with this model are actively engaged in helping to enhance the effectiveness of boards of trustees of independent colleges and nonprofit organizations. The board assessment protocol accomplishes this task by identifying key elements of the role of the board (competencies) and provides an instrument that assesses the level of effectiveness in each competency. This lens was selected because of its reputation in the U.S. and acceptance within the academic community.

The analysis of the development of the Board of Trustees is supplemented by research on the life cycles of boards, the effect of external and internal culture on organizational development, and the link between leadership and governance. Finally, an overall assessment of the Board’s development is offered by viewing its performance in the context of Robert Greenleaf’s philosophy of servant leadership: Did the institution grow and develop as a result of the actions of the Board of Trustees? Did the Board exercise leadership in a manner that enhanced the capacity of the institution to serve society?

AAC allowed a review of its internal documents, including Board correspondence and minutes. All members of the 2001 Board of Trustees completed the Board Self-Assessment Questionnaire (see Appendix A). Each board member and the president of AAC responded to personal interviews conducted in 2001 in Prague and Budapest. The Interview Protocol for Critical Incidents – Project on Effective Trusteeship, developed by Holland et al. was used in the interview process (see Appendix B). The investigator was allowed to attend a Board meeting and spent valuable time with several members of the Board in informal settings. Previous case studies of AAC along with public documents and research on private higher education in CEE contributed to the research.
The Investigator’s Experiences

The investigator has been engaged in the transition of CEE from a State-controlled economic and political system to a democratic, market-economic society since 1990. During that time period, he spent over 600 days in the region, primarily working with universities, non-governmental organizations (NGOs), and public policy officials. The initial motivation for his travel to the region was to establish an investment fund for small and mid-sized companies in Central and Eastern Europe. The focus of his attention shifted towards education as he recognized the critical need for knowledge in the transition to a market based economy and democratic system of government.

He has worked with policy makers, business leaders, and government officials in the Czech Republic, Slovakia, Hungary, Poland, Bulgaria, Romania, Bosnia, and Russia. That experience has provided him an understanding into the systemic and structural issues facing both institutions of higher education and NGOs. During the early part of the 1990s, he worked with universities that were undergoing tremendous organizational challenges. The majority of these institutions were state universities, and the greatest challenges were organizational constraints and limited funding. He found that governmental agencies responsible for education lacked both the know-how and incentives for change.

In the mid 1990s, the investigator was involved with various projects focused on institutional development in the countries of CEE. This included a USAID-funded project that involved 18 universities in the Carpathian region of Central Europe. These universities were interested in the public service mission of American colleges and universities. Working with 18 institutions of higher education in the Southeastern U.S., the University System of Georgia, and the American Association of State Colleges and Universities, he directed a two-year program
that exposed the Carpathian universities to various public service activities. This experience and others in the region gave him insight into the workings and philosophy of higher education in CEE.

He began working with NGOs in the region during the mid-nineties. He directed a series of projects exploring the systemic and structural issues surrounding issues of financial sustainability. His work has been the basis for the creation of an investment vehicle for foundations in the Czech Republic and has influenced public policy and financial strategy throughout the region. His reports on the Czech Republic, Slovakia, Poland, and Hungary can be found at the website of the EastWest Institute (http://www.iews.org) and the International Center for Not-for-profit Law (http://www.icnl.org). He has consulted with NGO leaders in Russia, Romania, Bulgaria and Bosnia. This work presented opportunities to study and understand the legal and structural issues that faced the NGO community. This experience is relevant, because until 1998, the only form a private college in the Czech Republic could take was an NGO.

Terminology

- CEE – Central and Eastern Europe, the countries of Poland, Hungary, Czech Republic, Slovakia, Romania, Bulgaria and Albania.
- CZK – Czech crowns, the currency of the Czech Republic. For the sake of this study it is converted to U.S. dollars at the rate of 33 CZK to the dollar. The range of exchange during the period of the study was 25 CZK to 36 CZK per dollar.
- NGO – Non Governmental Organizations – nonprofit organizations
- o.p.s. – The Czech acronym for a public benefit corporation. Public benefit corporations address the needs of society and are funded through activities such as donations, fees, and payment for services.
Study Outline

After this introductory chapter, the investigator will provide an overview of the pertinent literature on leadership, governance, and the board of trustees. Chapter 3 will highlight the historical developments of the Czech higher education system, the events surrounding the Velvet Revolution in 1989, and the impact of this revolution on the legal environment for Czech higher education. The history of AAC will also be covered in Chapter 3. Chapter 4 describes the activities of the Board of Trustees of AAC, presents the findings of this study, and analyzes these findings. In Chapter 5, the investigator presents his conclusions and recommendations.
CHAPTER 2
REVIEW OF LITERATURE

There are two primary bodies of literature critical to this study. The first is a review of the research concerning leadership. This review will be limited to forming a basis for understanding leadership in general and specifically the role of leadership within higher education governance. The second body of research focuses on the governance of private colleges and universities. There is a strong relationship between the governance of independent institutions of higher education and nonprofit organizations; therefore, relevant research on the governing boards of nonprofit organizations is included. The role of the board of trustees in private higher education, their responsibilities, and competencies are particularly important to this study. While it is not the purpose of this study to assess the effectiveness of the board of trustees relative to American private colleges and universities, research related to the assessment of effective leadership by boards of independent institutions of higher education is of significance. These two bodies of research form the foundation for analyzing the development of the Board of Trustees at AAC.

Leadership

In seeking to define leadership, Bernard Bass (1990) stated, “There are almost as many different definitions of leadership as there are persons who have attempted to define the concept.” (p. 11). According to Rost (1991), the field of leadership studies is ill defined, confused, and filled with ambiguities. Leadership is often confused with management, and in spite of hundreds of books, journals and studies; scholars have yet to agree on a common
definition. Bass and Rost cite the frustrations of other scholars in the field including Stogdill (1974), Burns (1978), Smith and Peterson (1988), and Bennis and Nanus (1985). For the purposes of this study, leadership will be explored in terms of its application to understanding the development of the Board of Trustees at AAC. A key element of leadership relative to this study is examining how leadership is assessed. One measure of leadership is the achievement of the goals of the organization or group. Warren Bennis (1966) frames leadership as a question: “How do organizations translate intentions into reality and sustain it?” (p. 377). Chaffee (1989) relates leadership to two questions: “What direction should we head?” and “What kinds of decisions/actions can get us there?” (pp. 7-8). Hickman and Silva (Cited in Bass, 1990) addressed these questions by proposing that leaders are focused on the creation and refinement of a vision and are engaged in strategic and creative thinking. Leaders have a positive effect on those with a similar need for accomplishment. Leaders empower, motivate, and inspire through their actions and behavior. Leaders are willing to take risks and create environments that encourage others to be creative and innovative. These types of leaders believe in the potential of others.

The second key element of leadership in this study is an examination of the methods utilized in leadership. There appears to be two primary paths to exercising leadership, using influence or power. These terms are often interchangeable in the literature. For the purpose of this study, influence is a reciprocal relationship between the leader and follower not characterized by domination, control, or coercion (Bass, 1990). Leaders that use influence as their primary tactic rely on personal integrity and honest communications. They often lead by example. Power, on the other hand, is the ability to force others to follow your directions
because of your position or ability to reward or punish them (Weber, 1968). These two streams of leadership will be examined in this chapter.

Rost (1991) has suggested that leadership “is an influence relationship among leaders and followers who intend real change that reflects their mutual purposes” (p.102). Prentice (1961) links leadership to the accomplishment of goals by motivating fellow workers to join in the process. The one who leads must be perceived by followers to understand their goals and values, to understand the consequences of actions, and to be consistent. His definition implies that the leader must have a relationship built on trust and one in which the followers believe that the leader is interested in their development. This theme is at the core of the leadership philosophy of Robert K. Greenleaf. Greenleaf coined the term servant leadership in the early 1970s. Greenleaf (1996) defines leadership as “going out ahead to guide the way” (p. 294). The servant leader is constantly interested in meeting the highest priority needs of others. The test of servant leadership is: “Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?” (Greenleaf, 1991, p. 7). Greenleaf’s essays and writing have influenced many of the current scholars in leadership. His themes resonate with the transformative leadership model of Burns (1990), the emphasis on credibility in Kousner and Posner (1987), and the focus on understanding in Gardner (1990).

Recent works by Daniel Goleman and Richard Boyatzis (2002) point to the role of emotional intelligence in leadership. Many of the current writings on leadership bring to the forefront the need for self-awareness, trust, building relationship and other characteristics that are associated with the models of transformative and servant leadership. The centrality of influence within leadership is evident in the works of these scholars. “Defining effective leadership as
successful influence by the leader that results in the attainment of goals by the influenced followers, that is, defining leadership in terms of goal achievement is particularly useful, for it permits the use of reinforcement theory to understand leaders-follower behavior” (Bass, 1990, p. 14).

Leadership in the context of AAC and its Board of Trustees revolves around the issues of, power, authority, and influence. The ability to influence others is often achieved through authority. Authority is given to leaders by the followers. Barnard (1938) points to the willingness of followers to accept the leader’s direction. However, authority can also come from the state in the form of statutes and charters. Burns defines authority as “power that is legitimated by tradition, religion, and the rights of succession” (cited in Bass, p. 307). The challenge for effective leadership is to use the authority granted by external powers in a manner that will encourage the followers to accept the authority.

According to Bass (1990), traditionalists “viewed authority as the right to command and to induce compliance” (p. 305). A major impediment to authority as the basis for leadership occurred in CEE when the Communist state lost its legitimacy, and the new government faltered in meeting the expectation of its citizens. Heller (1985) found a similar effect in his research. He found that a decline in public confidence in institutions caused followers to question the authority of the leaders of those institutions (cited in Bass, 1990).

Bass (1990) concluded that power and influence are often used synonymously. He proposed that there be a distinction between the two. Power is associated with “the capacity to produce effects on others. These effects are achieved by the exercise of authority, expertise, political influence and charisma…each having a different base or source and each having a different effect” (p. 226). Etzionni (1961) defines power in such terms as coercive (the
application of threat, physical sanctions or control through force); remunerative (control over material resources and rewards); and normative (based on allocation and manipulation of symbolic rewards and deprivation (cited in Bass, 1990). French and Raven (1959) identified five types of power. Expert power is based on the follower’s perception of the leader’s competence. Referent power is primarily derived from the follower’s positive feelings toward the leader. The ability to provide rewards to the follower results in reward power. Coercive power relates to the perceived penalties that the leader can use to force behavioral changes. Legitimate power is based on the internalization of common values or goals. The French and Raven typology is widely accepted within the field and has been the topic of much study (cited in Bass, 1990).

Much of the description of power is one-dimensional and focuses on the power of the leader over the follower. Hannah Arendt (1970) stated that power must be viewed in context of how individuals act together.

Power is never the property of an individual; it belongs to a group and remains in existence only so long as the group keeps together. When we say of somebody that he is “in power,” we actually refer to his being empowered by a certain number of people to act in their name. The moment the group, from which the power originated, to begin with, disappears, “his power” also vanishes. (cited in Lukes, 1974. p. 28)

Arendt provided a bridge between power and influence by framing it in terms of a consensual relationship between the leader and the followers. This power is derived from the act of getting together rather than the actions that may follow.

While issues of power, influence, and authority are critical in understanding and analyzing leadership, a major challenge for the Board of Trustees of AAC was to encourage faculty and administrators to adjust their behavior to a changing environment. John Kotter and Dan Cohen (2002) have found that effective methods of change involve a shift in individuals’ feelings about the situation. Heifetz and Linksy (2002) have pointed out that leadership is
essentially “disturbing people, but at a rate they can absorb” (p20). According to these authors, the key to effective leadership is management of the change process. It requires attention to what is going on in the organization and concern with the impact of change on the employees and constituents of the institution. It places a premium on maintaining open lines of communication. Heifetz and Linksy (2002) also contend that people do not fear change, but loss. Leaders must be able to discern what it is that their followers fear losing. For change to take place, leaders must identify the adaptive challenges that face the organization and encourage others to find new ways to work. This process must engage all in the organization.

Others have framed leadership in terms of change. Alexander and Helen Astin (2000) contend that leadership is “a process concerned with fostering change” (p. 8). The Astins emphasize that leadership is not about managing change, but about intentionally moving an organization forward. Kotter (1996) and Kantar (1983) point to the critical need for effective leadership during times of rapid change. Bass (1990) call leaders “agents of change” (p. 19).

Heifetz and Linsky (2002) encourage their readers to think of leadership as an exercise. The term “exercising leadership” breaks the link between positional power and the ability to influence others. In this context, anyone in the organization can exercise leadership, and it is not dependent on power, position, or authority. It also allows us to analyze those who have positional power and their effectiveness in exercising leadership. Regardless of statutory authority, power or position, the Board had an opportunity to exercise leadership. The question of their effectiveness in exercising leadership in a manner that helps the institution adapt to a changing environment lies at the heart of this study.

There will continue to be tension between the use of positional power as the primary means to lead and those advocating an emphasis on influence and relationship skills. Both
approaches are of value and should be considered in light of the situation. There are clearly
times and circumstances when the use of power is warranted. However, relying on positional
power or authority granted by external entities (government, church, accrediting agencies, etc.)
may limit one's ability to exercise leadership.

**Governance in Higher Education**

Governance is defined by Webster (1970) as to exercise authority over; to rule,
administer, direct, control or manage. It is interesting to observe that the Chinese meaning of
governance is to achieve harmony (Muller, 1982). Birnbaum (1988) refers to governance as “the
structures and processes through which institutional participants interact with and influence each
other and communicate with the larger environment” (p. 4). Included in this definition are the
many players of the academic community: deans, faculty, administrator, students, and board
members. Chait et al. (2005) suggest that governance is “the use of authority to set an
organization’s purposes and to ensure it serves those purposes effectively and efficiently” (p.
16).

Duryea (2000) traced the roots of academic governance to the early Roman Empire. He
points to the granting of a charter for a university by Pope Innocent IV in the thirteenth century
as a significant event for the evolution of academic governance. The early colleges in England
strengthened the governance structure in the fifteenth and sixteenth centuries. The founders of
Harvard and William and Mary College adopted the English system of governance. Yale shifted
the governance to a nonacademic entity by creating a board of trustees in 1754. The United
States Supreme Court in the 1819 Dartmouth College case validated the power of the board.
Duryea (1991) lamented “Little attention is given to the uniquely significant role of the
governing board in this country as the agency that both has protected internal autonomy and
intellectual freedom and has served as a force to keep institutions relevant to the general society” (p.15).

Models of Governance

Leadership must be exercised within the context of the governance model of the institution. The research on governance in American higher education provides insight into how leadership may be effectively exercised. Angiello (1997) outlines the six major concepts of governance in higher education, listing their primary characteristics. She cites the scholars associated with each model.

**Bureaucracy (Stroup, 1966; Blau, 1973, 1974)**

- Clearly defined organizational mission
- Underlying assumption of rationality
- Hiring and firing are based on qualifications
- Chain of command
- Clearly defined roles and tasks


- Community of scholars
- Professionalism of faculty
- Lack of clearly defined roles
- Organizational ambiguity
- Consensus decision making

**Political (Baldrige, 1971, 1977)**

- Special interest groups
- Decision making by brokering power among and within interest groups
- Power is based on ability to influence rather than legitimate authority
- Conflict is natural and to be expected
- Most major decisions are controlled by small groups of power elites
- Political pressure and bargaining limit the formal authority
- External interest groups exert power over decision making

**Organized anarchy (Cohen and March, 1974)**

- Goals are ill-defined, often inconsistent, and frequently ambiguous
- Participants are not always engaged in issues
- System overload
- Weak information base
- High inertia
- Decisions are linked to other issues creating a “garbage can” situation
- Educational organizations are “loosely coupled” (cause and effect are often difficult to recognize (Weick, 1976)

**Cybernetic (Birnbaum, 1988)**

- System is so complex it cannot be understood or predicted
- System has self-correcting mechanisms

**Mixed models**

- Dual organizational structure with both administrative and academic hierarchy (Corson, 1960)
- Faculty control of the learning process while learning environment, financial and support systems are controlled by administration (Millet, 1978)
- Professionalism, federated structure and bureaucracy (Clark, 1987)
• Partly collegial, partly hierarchical (Kerr, 1978)

• Mix of bureaucratic, collegial, professional and political (Baldrige, 1978)

Most of these models of governance focus on internal influences. Several scholars have pointed to the rising influence of external factors and bodies that affect the governance of institutions of higher education (Birnbaum, 1988; Millett, 1984; Mortimer & McConnell, 1978; Strohm, 1981). Brown (1982) highlights the influence of cultural and societal changes. Jaschik (1978) reports on the influence of state actions. Chait (1978), Millett (1984), Clarke (1984), Birnbaum (1988) and Christenson (1982) identify the pressure from outside advisory boards, courts, demographics, coordinating boards, economic conditions, collective bargaining, federal regulations, and accrediting agencies (cited in Angiello, 1997).

The model of governance influences the type of leadership that would be viewed as most effective. In her doctoral dissertation, Angiello (1997) identifies the characteristics of the leader to the six major models of academic governance.

Table 1: Characteristics of Leadership in Academic Governance Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Characteristics of leadership</th>
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<tbody>
<tr>
<td>Bureaucracy</td>
<td>Leader has a functional/structural emphasis. Relies on tools of scientific management. The leader develops and trains their staff, designs and assigns tasks, delegate responsibilities, assesses problems, and makes rational choices. All tasks are directed toward accomplishing the goals and objectives of the organization. These goals must be clearly articulated and accepted by the staff and faculty of the institution. The leader concentrates on building their problem solving skills and technical knowledge and pays close attention to the implementation of decisions.</td>
</tr>
<tr>
<td>Collegial</td>
<td>Leader is ‘first among equals’. Facilitates group process. Leadership depends on professional expertise. Leader is concerned with people and their needs. The leader must possess strong interpersonal skills and seeks to include all concerned parties in the decision making process. Successful collegial leaders empower others. The servant leadership model (Greenleaf, 1969) may be effective.</td>
</tr>
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Table 1: (continued)

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<tr>
<th>Model</th>
<th>Characteristics of leadership</th>
</tr>
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<tbody>
<tr>
<td>Political</td>
<td>Leader must be persuader, negotiator, compromiser, and coalition builder. The political leader uses influence and authority to build coalitions that are capable of making and implementing decisions. They are realistic about what can be accomplished and are willing to accept what they can get. They understand the power dynamics of the organization and understand how to harness that power. Baldridge (1977) refers to the political leader as an “academic statesman.”</td>
</tr>
<tr>
<td>Organized Anarchy</td>
<td>Leader must be tactician. Effective leader spend time, persist, manipulate symbols and interpret history, etc. The leader operating within the organized anarchy concept must have a clear vision for the institutions. He or she must understand the importance of the rites, saga, myths, and symbols of the organization. They must be persistent, patient, manage unobtrusively, overload the system, and create garbage cans for issues.</td>
</tr>
<tr>
<td>Cybernetic</td>
<td>May not always be needed because the system can correct itself. When needed the leader must use multiple frames, the techniques of all paradigms. The cybernetic leader manages by exception and must develop a system that monitors deviation from the established criteria. An effective leader should be able to recognize when the institution does not have the mechanisms to correct itself. They must play an active role when there is an external shock to the system. Cybernetic leaders are often reactive rather than proactive.</td>
</tr>
<tr>
<td>Mixed Models</td>
<td>Leadership depends on the situation. The leader is able to identify the paradigm that relates to the situation and apply the leadership skills that are effective within the specific model. Emphasis is on analytical skills (of the issue) and adaptability.</td>
</tr>
</tbody>
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The Board of Trustees

Boards of trustees are difficult to study (Zald, 1969, p. 110). It is because of this challenge that various streams of research must be integrated into the analysis of how the Board of AAC developed and to what extent they were able to enhance the capacity of the College to achieve its goals. The following review of literature seeks to describe the core features of the models and theories that are necessary for this study.
The role of the board of trustees has been the subject of much research and discussion. Kerr (1982) reported that the boards of independent colleges are unique in American higher education because of the mixed governance system. He provided some historical context to the shifting power between the various governance constituents. The board played the key role until the Civil War, giving way to the era of strong presidents. Faculties exerted their power after World War I and continued to exercise influence until the 1960s, when the state governments exerted their control. In the late 1960s, students, using their political power, demanded a place at the table. Students continue to exert a great deal of influence as the primary consumer of higher education. Despite the growing influence of other parties, governing boards continue to hold the legal authority at most independent colleges and universities in the United States.

The boards of private colleges and universities have greater influence than those at public institutions because of the limited role of state governments. Kerr (cited in Ingram, 1993) listed several characteristics that differentiate boards of private institutions from public colleges and universities.

- Because they are self-appointed, the selection is of great importance.
- A high percentage of members are alumni. The members are dedicated to the institution and familiar with its history and values.
- The trustees have friends on the faculty that provide them with valuable lines of communication.
- The board is concerned with preserving the institution rather than acting as watchdogs for the public.
- They are more interested in student affairs and educational policy than those on public boards.
• The smaller size of the college, coupled with less governmental control creates a favorable environment for decision-making.

According to Zald (1969), boards were established by law to insure continuity in the management of the organization and to fix a locus of responsibility for the control of independent organizations. Boards are charged with the proper use of resources in pursuit of organizational goals. Zald challenged the traditional assumption that boards are agents of the owners of the organization and suggest that legally they are servants of the organization armed with corporate control.

The legal foundation for boards is central to Houle’s (1997) definition of a board: “an organized group of people with the authority collectively to control and foster an institution that is usually administered by a qualified executive and staff” (p. 6). A key part of Houle’s meaning is the term “authority.” It is derived as either being a part of government or has authorization from the government either by the issuance of a charter or by means of legislation.

There is a wealth of literature and numerous organizations devoted to improving the effectiveness of the boards of trustees of private colleges and universities. Much of this is linked to the governance and leadership of nonprofit organizations. The key elements of these efforts can be grouped within the headings of roles and responsibilities, policy focus, organizational culture, and competencies.

Roles and responsibilities

John W. Nason (1993) describes four elements of trusteeship. The first is the tension between the various constituents in the governance system. Second, trustees are reminded that they hold the assets in trust and they have a fiduciary responsibility to current and future beneficiaries of the institution. Trustees must be aware of the long-term objectives of the
college. Finally, members of the board should understand that it is the board that fulfills these responsibilities, not the individual members.

Nason (1993) has articulated the primary responsibilities of the board as:

- **Appointing the president**
  “The President is the appointed agent of the governing Board and directly responsible to it” (p. 99).

- **Supporting the president**
  “Given the substantial investment a governing board makes in finding a president, it is simply good management for the board to conserve this important resource. Leadership is scarce and the precious asset that should not be taken for granted” (Kauffman as cited by Nason, 1993, p. 100).

- **Monitoring the president**
  Ensuring that the board’s expectations are communicated and achieved.

- **Insisting on a clear institutional mission**
  “The first thing an institution needs to do to start on a conspicuously higher course, is to state clearly where it wants to go, whom it wants to serve, and how it expects those served directly, as well as society at large, to benefit from the service” (Greenleaf as cited by Nason, 1993, p. 102).

- **Insisting on long-range planning**
  Focus on big issues: Where should the institution be in ten years? How does the college compare to other institutions in its category? What needs to be changed to enhance its standing? What new departments, schools or divisions are needed to
enhance the institution’s contribution to society? What programs or activities should be modified or eliminated? Where will future students come from?

• Reviewing the educational program

Teaching is the essence of higher education and the board must take seriously their responsibilities in this area. Two cautions are offered: Listen to the recommendations of the president, and do not meddle with the curriculum.

• Ensuring good management

Trustees have a special obligation to ensure that the financial health of the institution is maintained.

• Preserving institutional independence

“In academic governance, as in democratic government, the price of freedom is eternal vigilance” (p. 108).

• Relating campus and community

Trustees serve as a bridge between the community (society) and the institution. They must be aware of this critical communication link and work to strengthen the bond between the two.

• Serving as a court of appeal

The board must insure that the procedures support due process and fairness. In the event that issues cannot be resolved within the institution, the board plays an important role in the appeals process.

• Assessing board performance

A thorough process to determine if the board is meeting its responsibilities and performing in a manner that serves the institution.
• Acting as individuals

Trustees should act in a manner that reflects well on the institution. They must be prepared in their role as trustee and be an example for constituents of the institution.

Richard Ingram (1997), president of the Association of Governing Boards of Universities and Colleges, has adapted Nason’s wisdom by developing seven questions that one should ponder before accepting a position on a board of an independent college or university.

• Do you have an interest in higher education and a genuine concern for this college or university?
• Are you prepared to commit the necessary time and energy?
• Have you any conflict of interest?
• Are you prepared financially to support the institution, and are you prepared to ask others to give money?
• Are you prepared to be a public advocate for the institution?
• Are you prepared to work within the conventional framework of academic governance?
• Do you understand the full range of college or university trusteeship?

A trustee should be curious about every aspect of the institution’s operation and be willing to ask questions.

A trustee must tolerate ambiguity and be able to function effectively in an environment where complex questions preclude simple answers.

A trustee must have a sense of humor- that is, a sense of proportion and perspective, and a realistic view of one’s own limitation.
Greenleaf (1975) advocated a strong role for the board of trustees. He believed that the board has the legal power to manage everything in the institution. He points to the wording in many charters that state that the organization shall be managed by the board of trustees. He refers to the Latin root for the word, manage—manus, meaning the hand on the reins that guides the horse. Given that perspective, Greenleaf (1975) suggested that the role of the trustee is to “stand outside the active program of the institution and to manage” (p. 3).

Trust is a critical ingredient in Greenleaf’s model for trusteeship. He recognized that others in the institutions contribute to a culture of trust; however “it is the obligation of trustees to fulfill what their title implies and become initiating builders of trust. They should see this as their role. They will not supersede administration in doing this. Rather, they will become strengtheners of administrators in their trust-building roles” (1975, p. 23).

Greenleaf (1975) believed that institutions are not meeting the needs of society because their boards are failing to provide adequate leadership. Greenleaf wanted a small number of dedicated persons to serve on the board and believed that these trustees should be the primary source of power for the organization. These trustees would set the goals of the organization, define its obligations, and approve its plans. The board would appoint and design the top administrative offices, assess the performance of the individual officers and help them grow. They would also assess the organization as a whole. The board would take appropriate action to insure that the institution was meeting its goals and serving it constituents.

According to Greenleaf (1975), the board is responsible to all parties, including society. They are the holders of the public trust. A key ingredient to the role of the board is information. Greenleaf recommends that the board have its own staff to ensure they receive information vital to its decision-making. The board would function as a group, understand the history, purpose,
and vision of the institution, and have no career stake in the organization. Trustees would balance their attention with the current status of the organization with long term planning, ensuring that future leaders were being developed.

Greenleaf’s pedagogy of trusteeship challenges board members to understand their role and recognize that effectiveness will not necessarily evolve. Each member of the board must make a conscious effort to learn how to be effective. Trustees should play the role of coach to other board members and administrative officers. They must use their power to serve and not to hurt. The critical element of trusteeship is to care for the institution, for its employees, for its constituents, and for society.

The judgment of trustees is central to Greenleaf’s concept of trusteeship. He established seven characteristics of trustee judgment: 1) a perspective of detachment; 2) access to their own information; 3) no career stake in the institution; 4) stand as symbols of trust; 5) functions creatively as a group on institutional issues; 6) have a sense of the history and the future of the organization; and 7) keep the purpose of the institution in sharp focus.

Greenleaf set high standards for trustees. He believed that the trustees are the primary hope for building institutions that would develop a good society. His philosophy is best captured in the following quote:

I believe that caring for persons, the more able and the less able serving each other is what makes a good society. Most caring was once person-to-person. Now much of it is mediated through institutions—often, large, powerful, impersonal; not always competent; sometimes corrupt. If a better society is to be build, one more just and caring and providing opportunity for people to grow; the most effective and economical way, while supportive of the social order, is to raise the performance as servant of as many institutions as possible by new voluntary regenerative forces initiated within them by committed individuals, servants. Such servants may never predominate or even be numerous; but their influence may from a leaven that makes possible a reasonably civilized society. (1996, p. 5)
The American Association of University Professors (AAUP) adopted a statement on the governance of colleges and universities in 1967. The statement was revised in 1990. The statement confirms that the final institutional authority for most institutions of higher education in the United States is the board of trustees. “The governing board has a special obligation to ensure that the history of the college or university serve as a prelude and inspiration to the future” (p. 8). According to the AAUP, the board should entrust the administrative functions to the administrative officers, the teaching and research to the faculty, and should “ensure the publication of codified statements that define the overall policies and procedures of the institution under its jurisdiction” (p. 5). The governing board plays a key role in obtaining the necessary financial resources for the college or university. The AAUP suggests that the governing board develop a long-range plan, but does not demand that this is critical.

Ruth B. Cowan (1994) wrote an excellent occasional paper for the Association of Governing Boards of Universities and Colleges. “A Prescription for Small, Private Colleges” is based on interviews with members of the board of trustees at three private colleges. Each of these colleges had undergone a crisis and revitalization. She identified seven characteristics that were present in the boards that exercised leadership. These boards worked with the president as partners in the process of revitalization and understood that presidential leadership is critical. Each of the colleges had built a community of openness and mutual respect. The seven qualities of these boards are:

- The president made a commitment to a governance partnership.
- The board chair exercised leadership.

The chair is the only trustee who can know what’s going on across the board.
A successful chair focuses on the board itself and is responsible for the board’s performance.

- The board developed effective structure and procedures:
  
  Committees
  
  Bylaws
  
  Selection of members who reflect the diverse needs of the college
  
  Development of board members.

- The board met its responsibilities:
  
  Selecting and evaluating the president
  
  Ensuring the college’s financial soundness
  
  Charting the future
  
  Making policy.

- Board members made high-level psychological and resource commitments:
  
  Personal financial commitment
  
  Care for the institution
  
  Use personal and professional networks to attract funds
  
  Invest time and energy.

- Board members maintained multiple, constructive relationships:
  
  Between board chair and president
  
  Between trustees and president
  
  Amongst trustees
  
  Between trustees and college constituents.
• Board members stayed informed:
  
  Mission

  Educational environment

  Events on campus

  Constituents’ concerns and issues.

  Mintzberg (1996) has stated that the most important role for the board is to name (and, if necessary, dismiss) the president. He points to two other critical roles for the board: reviewing the overall performance of the organization and taking control of the organization in times of crisis. Mintzberg recognizes that the board members contribute to the organization by lending their status and prestige to the organization and establishing contacts with entities that benefit the organization (for example, banks, foundations, suppliers, governmental agencies). Board members also serve as advisors to the organization providing expertise in the areas of law, finance, and other organizational issues.

  Chait et al. (2005) expanded this list by highlighting the role of the board in “sense making.” Simply by meeting, the board forces managers to organize their activities into reports for the board. The collecting of data and information can raise awareness in the minds of the staff about the performance of the organization. The board’s oversight function encourages employees to be vigilant as they are aware that the board has the ability to investigate all activities of the organization.

  **Policy focus**

  John Carver (1996) identifies the difference between for profit organization and nonprofits as the lack of market indicators. These indicators--profit, market value, sales--help the organizational leaders define success and failure. Carver believes that the board must
perform this function. He advocates a new vision for governing boards, one that cradles the vision of the organization; focuses on values; is concerned with the needs of those served by the organization; measures success in terms of outcomes; spends time on the big issues; and moves the organization forward.

The secret of governance, according to Carver (1996), is developing policy that incorporates the values that drive the organization. “Because policies permeate and dominate all aspects of organizational life, they present the most powerful lever for the exercise of leadership” (p. 25). Carver presents four reasons for policy-focused leadership by the board.

- Leverage and efficiency – policy can affect many issues with less effort.
- Expertise – policy offsets the board’s lack of operational skills.
- Fundamentals – policy gets to the heart of most issues.
- Vision and inspiration – instilling values through policies can inspire others in the organization.

Carver has encouraged board members to inculcate values through policy rather than seeking to control behavior of the organization. To achieve this, the board should focus on four areas. First, it must define what is expected of the organization, how does it serve its constituents and society? In other words, what are the ends to be achieved? Secondly, the board must develop policies that articulate what means are acceptable to reach the ends. This requires that the board outline the parameters of the organizational activities so that staff understands that their means must be effective, prudent, and ethical. The board will measure results based on how well the organization meets its goals. The third area of policy involves how the board delegates responsibility and how it assesses performance of the CEO and other administrative
officers. Finally, the board should develop policy about how it assesses its contribution to the organization and the effectiveness of its policies and governance structure.

Carver’s (1996) vision for board governance is based on a belief that “the most important work of any governing board is to create and re-create the reason for organizational existence” (p. 50). And the only reason for continued existence is meeting the needs of those served by the organization, including society. Carver encourages the board to consider policymaking in terms of guidance for the actions of the managers of the organization. The board should not create personnel policies, but should articulate the philosophy that guides administrators in developing those policies. He calls for members of the governing board to dream and to expand their vision of what is possible. This governance structure leads leaders by empowering them to take risks and is tolerant of failures.

To create this type of board the selection process must be altered. Carver (1996) lists five qualifications for board members. (1) They must be committed to the mission of the organization and be willing to accept their responsibly as holders of the trust and agents of the organization’s ownership. (2) They must be system thinkers and be able to bring harmony to the whole. (3) They should possess the ability to think long term and deal with values and vision. (4) They must be able to participate assertively in discussions while contributing to broad participation. (5) They must be able to share power and delegate responsibilities to others.

Carver’s Policy Governance Model mirrors much of the advice of Robert Greenleaf, although Carver (1999) admitted he was not aware of Greenleaf at the time his model was created in 1990. Its reliance on information, focus on meeting the needs of others, and elevation of the role of the trustees is similar to that of Greenleaf.
Culture and organizations

Masland (1985) states that understanding culture is critical to understanding an organization and that it warrants careful attention. Pettigrew (1979) links leadership and values into what he defines as organizational culture, the amalgam of beliefs, ideology, language, ritual and myth (cited in Masland, 1985). This is consistent with Clark’s (1991) use of saga. Understanding and respecting these elements of the organization contribute to building trust and community.

Lewis (2002) defines organizational culture as the way of life in an organization and refers to shared values and practices that evolve within the organization. These are partly influenced by societal cultures and partly newly constructed, deliberately or by chance, by people within the organization themselves (p. 71). He encourages investigation into how organizations react to conditions of resource scarcity, risk and uncertainty, especially in developing countries. His study may help expand our understanding of nonprofit organizations beyond commonly accepted Western models of governance and behavior.

Wren and Swatez (1995) call for leadership studies that take into account the macro forces that effect leadership. Their conceptual model asks questions about the environment in which leadership takes place.

- Who are the important players in this environment?
- What are their interest/aspirations?
- What aspects of the historical background threaten or challenge these interest/aspirations?
- What historical aspects support them?
- How do societal beliefs and values impinge upon these interest/aspirations?
- What cultural precedents have been established that might influence these interests/aspirations?
- How can this information be used by both leaders and followers to achieve mutual goals? (p. 251).

Holland, Leslie, and Holzhalb (1993) addressed the issue of culture and change in board development and point out that the underlying beliefs and assumptions of the board were critical to its development. Citing the work of AGB (1992), Carver (1990), Fisher (1991), Houle (1989), and Umbdenstock (1990), they questioned the assumption that all knowledge and skills are generic and the key to effectiveness is enhancing these. Holland et al. focus on the work of scholars who have studied the impact of organizational culture. These researchers (Calas and Smircich (1987), Davis (1984), Nord (1985), Sackmann (1990), and Wilkins and Ouchi (1983)) have found that behavior is influenced by assumptions, expectations, and customs. These beliefs and values drive the decision-making process and influence the willingness and ability of the board to effect change.

Schein (1992) has written that the essence of leadership is to understand the dynamics of the culture of the organization. “Culture is the result of a complex group learning process that is only partially influenced by leader behavior. But if the group’s survival is threatened because elements of its culture have become maladapted, it is ultimately the function of leadership to recognize and do something about the situation. It is in this sense that leadership and culture are conceptually intertwined” (p. 5).

The maturity of an organization will influence its governance. Cameron and Whetten (1981) found that as an organization matures its perceptions of effectiveness shifts from acquiring inputs to producing outcomes. Building on the works of the theories of Downs (1967),
Lippert and Schmidt (1967), Crainer (1972), Torbert (1974), Lyden (1975), and Katz and Kahn (1978), they describe four stages of development. The first stage is symbolized by creativity and entrepreneurship and is focused on creating an ideology. In stage two, members of the organization demonstrate high commitment to the mission by investing long hours of service. There is much face-to-face communication in this stage. Flexibility is reduced and formal policies and controls are implemented in stage three. Many of these trends are reversed in stage four as the organization becomes decentralized and demonstrate a renewed sense of flexibility. They conclude that greater consideration should be given to integrating life cycles into the analysis of organizational behavior.

Dart, Bradshaw, Murray and Wolpin (1996) undertook a study of 1200 nonprofit organizations in Canada to determine the impact of life cycle theories on board behavior. Focusing on the work of Mathiasen (1990) and Wood (1992), they conclude that those life cycle models do not apply. They suggest caution in explaining nonprofit board behavior based on the organization’s stage of development.

Wood’s (1992) model describes progression from a founding period in which board members are the agency of the organization to periods of committee development in the second stage. In the third phase the board seeks to replicate a corporate model of governance with emphasis on fundraising, oversight, goal and procedural development. The final stage is described as the ratifying stage in which the board acts primarily as a rubber stamp for the policies presented by the organization’s executives.

Mathiasen (1990) has offered a three-stage model. The organizing board is characterized as small, homogeneous, informal, committed to the mission of the organization and to the wisdom of the founder. They become strained by growth, burnout and division on key issues
and move towards the second stage, a volunteer governing board. In this phase, the board
accepts the traditional responsibilities of governance indicated by structure, delegation to staff
and expansion of the board size. Fundraising becomes a key responsibility for the board. The
institutional board seeks to recruit members that can enhance the reputation of the organization
and attract wealth. A strong executive committee emerges and planning and budgeting is
delegated to the staff and reviewed and approved by the board.

Zald (1969) identified life cycle problems in terms of organizational genesis, character
formation, and identity crisis. During the first stage of development, boards are preoccupied
with determining proper policies, guidelines, and the roles and responsibilities of its officers. A
crisis will test the board’s character and force them to question the values of the organization.
This may create conflict between and amongst managers and board members. Faced with
increased competition, a scarcity of resources, or changing environmental factors, the board will
explore the identity of the organization and how it fits within the new realities.

Competencies

Chait, Holland, and Taylor (1991) interviewed over 100 trustees at 22 independent
college and universities seeking to determine if there were characteristics that differentiated
those performing better than others. They hoped to identify those traits that were critical to high
board performance and determine if this resulted in enhanced performance for the institution.
They measured effectiveness in terms of reputation of the institution and certain indicators of
financial performance.

Chait, Holland, and Taylor (1993) raise questions about the validity of research
(Carver, 1990; Houle, 1989; Kovner, 1985; Nason, 1982; O’Connell, 1985; Savage, 1987; and
Zwingle, 1975) that suggests that the key to board effectiveness is based on enhancing specific
qualities and principles of actions. They contend that the advice of these researchers fails to produce systemic change or enhance the ability of the board to affect the performance of the organizations. Chait et al. undertook an extensive study of board effectiveness and found specific characteristics and behaviors that distinguished weak board from strong ones. Building on the critical incident technique (Flanagan (1954) and Klemp and McClelland (1986)), they identify characteristics of effective governance. These characteristics are defined as competencies. This research supported with additional research by the three (1996) and work by Ritvo and Kovner (1997) led to the development of the Board Self-Assessment Questionnaire (BSAQ). The BSAQ helps boards assess their strengths and weaknesses in term of the following competencies:

- **Contextual** – The board understands and takes into account the culture and norms of the organization it governs.
  - Adapts to the distinctive characteristics and culture of the colleges environment.
  - Relies on the institutions mission, values, and traditions as a guide for decisions.
  - Acts so as to exemplify and reinforce the organizations core values.

- **Educational** – The board takes the necessary steps to ensure that members are well-informed about the institution, the profession, and the board’s roles, responsibilities and performance.
  - Consciously creates opportunities for trustee education and development.
  - Regularly seeks information and feedback on its own performance.
  - Pauses periodically for self-reflection, to diagnose its strengths and limitations, and to examine its mistakes.
• Interpersonal – The board nurtures the development of members as a group, attends to the board’s collective welfare, and fosters a sense of cohesiveness. Creates a sense of inclusiveness among trustees. Develops group goals and recognizes group achievement. Identifies and cultivates leadership within the board.

• Analytical – The board recognizes complexities and subtleties in the issues it faces, and draws upon multiple perspectives to dissect complex problems and to synthesize appropriate responses. Approaches problems from a broad institutional outlook. Searches widely for concrete information and actively seeks different viewpoints from multiple constituencies Tolerates ambiguity and recognizes that complex matter rarely yield to perfect solutions.

• Political – The board accepts as one of its primary responsibilities the need to develop and maintain healthy relationships among key constituencies and open, two-way communication with them. Respects the integrity of the governance process and the legitimate roles and responsibilities of other stakeholders. Consults often and communicates directly with key constituencies. Attempts to minimize conflict and win/lose situations.

• Strategic – The board help envision and shape institutional direction and helps ensure a strategic approach to the organization’s future. Cultivates and concentrates on processes that sharpen institutional priorities.
Directs its attention to priorities or decisions of strategic or symbolic magnitude to the institution.

Anticipates potential problems and acts before issues become urgent.

In later work, Chait, Holland, and Taylor (1996) found that governing boards often lacked innovation and flexibility. They suggest that the key to addressing this challenge is to create “new work” for the board. This new work, another term for work that matters, is based on four elements: the work is critical to institutional success; it is driven by results; it can be measured; and it requires a strong relationship between the various constituencies of the organization. This new work demands that the board identify what are the critical issues for the organization, organize to address those issues, and act. Chait et al. have contended that most of these issues cannot be separated by the barriers of policy and administration. “In the new work, the board and management work together on both policy and implementation” (p.7).

Expanding on their work, Chait et al (1996) reported that the boards that added the most value to their organizations did so through five mechanisms: (a) They assisted senior management in focusing on the top priorities of the organization; (b) they facilitated an environment in which the president could speak openly and use the board for reflection and dreaming; (c) they stimulated creativity and innovation by lowering the barriers to risk; (d) they were acutely aware of the performance of the institution and developed systems for monitoring progress; and (e) they led by example, reflecting the values and desired leadership style by their actions and behavior.

**Governance and Leadership**

Almost two decades ago, Ernest Boyer (1987) called for a larger vision for the governing boards of institutions of higher education. “We conclude that the governing board constitutes the
keystone in the governance structure of higher education. The paradox is that, despite the authority of governing boards, their role remains ambiguous” (p. 248). In a recent study, Ron White (2004) found that the president of an independent college has greater influence over its financial sustainability than the board. His research confirmed the perception that most boards of trustees are underperforming and stuck in traditional patterns of governance and leadership. If this trend continues, the boards of trustees of independent colleges and universities could become irrelevant.

A recent book on leadership and governance of nonprofit organizations suggests that governing boards have abdicated their leadership role to the executive officers (Chait, Ryan, & Taylor, 2005). This drift in board leadership has accelerated as the CEO of the organization has enhanced his or her leadership abilities. “Constituents expect nonprofit CEOs to articulate clearly and persuasively the organization’s mission, beliefs, values, and culture… leaders are expected to shape agendas, not impose priorities; to allocate attention, not dictate results; to define problems, not mandate solutions. These expectations we now have for leaders closely resemble conventional notions of governing” (p. 3). The authors suggest that governing boards are acting more like managers. To remedy this situation, they recommend the adoption of a governance-as-leadership model. This model focuses the attention of the board in three modes. The first is concerned with their stewardship of the assets of the organization—their fiduciary responsibility. In the second mode the board develops a strategic thinking partnership with management. This goes beyond developing or rubber-stamping a strategic plan. It has the board thinking strategically about the current issues facing the organization. In the final mode the board is engaged in generative leadership in which they serve as a sounding board for the managers of the organization. Board members would question assumptions, explore alternative
methods of achieving results, identify future challenges and opportunities. The authors believe that this model of governance and leadership will invigorate governing boards and elevate their capacity to lead.

**Effectiveness of Board Development**

Given the wealth of research on how a board might improve its capacity to lead the organization, there remains a question of how well do boards implement these models. Of equal importance is the value of one model or approach over the others. Holland (2002) notes that there is little application of any of the models in the U.S. nonprofit sector. With the exception of the studies of Chait, Holland, and Taylor (1989, 1996) and Holland and Taylor (1997), Brudney and Murray (1998) note there is little empirical evidence on efforts to incorporate these models. Further, there is little research on the impact of these models on board performance. Nobbie (2001) did not find any significant difference in the performance of those organizations that followed Carver’s Policy Governance Model and those who were trained by the National Council for Nonprofit Boards (NCNB). Her research confirmed the findings of Brudney and Murray (1998) that no one model produced better results than others. Nobbie and Brudney (2003) suggest that the commitment of the board to improvement may be the most important ingredient in the developmental process.

Holland (2002) admonishes boards to exercise leadership by taking purposeful efforts to understand their constituents’ concerns, setting explicit standards and goals for their own performance, and then holding themselves accountable for reaching them. In addition to enhancing their ability to improve their own performance, these actions send a strong message of expectations and leadership to those in the organization.
Chapter Summary

The literature reviewed in this chapter forms a basis for analyzing how a board may exercise leadership within an independent college or university and how one may enhance the performance of the board. The research outlines the meaning of leadership, the roles and responsibilities of the board, and provides lenses for viewing the contributions of the board to the development of the institution. The next chapter will highlight the historical developments of the Czech higher education system, the events surrounding the Velvet Revolution in 1989, and the impact of this revolution on the legal environment for Czech higher education. The history of AAC will also be covered in Chapter 3.
CHAPTER 3

RELEVANT HISTORICAL, CULTURAL, AND LEGAL DEVELOPMENTS

This chapter provides a brief overview of the historical evolution of the Czech higher education system and the cultural environment prior to 1989. The impact of the Velvet Revolution on the political, cultural landscape is described, as is the development of the higher education system during this period. Legislative reforms that affected higher education and nonprofit organizations from 1989 are discussed. The chapter concludes with the legal and historical progression of AAC.

The description of the economic and cultural environment is based on the observations of the investigator. During the 1990s he was involved with several projects that allowed him to engage in dialogue and discussions with academics, nonprofit leaders, funders, business leaders, and policy makers. Many of these discussions were personal communication between individuals living in CEE or involved with the transformative process. Some took place during conferences and formal events. Articles in the local and international press influenced these observations: The Economist Intelligence Unit (1998), The Chronicle of Higher Education (1996, 1997), Prague Business Journal (2001, 2002), as well as the research by Sadlak (1990, 1991), Kouchy (1990), Cerych (1990), Sebkova (1996), Mateu and Rehakova (1996), Worgan (1995), Koutsky (1996), Hendrichova (1995), Rupnik (1992), Amsterdamski and Rhodes (1993), Kozakiewicz (1992), Haworth (1997), and Cerych (1998).
Development of Czech Higher Education

King Charles IV created the first university in Central Europe in 1348. Charles University was modeled after other leading European universities and was to serve as the central institution for higher education in the Holy Roman Empire. Charles University was provided with vast material resources and soon emerged as a major center of intellectual activity. Within a decade of its founding, the university had faculties of law, medicine, philosophy, and theology. The university attracted faculty and students from all of Europe. The university played a critical role in the development of the political, economic, and social environments (Centre for Higher Education Studies, 1999).

The Czech higher education system was expanded to include universities in Olomouc and later in Brno. Technical universities were established in the early 1700s. Late in the 19th century, institutions were created to develop fine arts. While the numbers of universities were increasing, there was never a formal system of higher education. Most of the universities and institutions operated independently. By the end of the 19th century, the Czech universities were well respected by the European academic community (Centre for Higher Education Studies, 1999).

After the fall of the Austro-Hungarian Empire, a second Czech university was established in Brno. Others were created during the period between 1918 and 1938 to meet the growing demands of society. The Czech institutions of higher education maintained a strong academic reputation and were characterized by their autonomy and independent administrative structure. Universities focused on teaching, learning, and research. There was a high degree of academic freedom, and students were considered an integral part of the academic community. Over
24,000 students were enrolled in the 12 public universities in 1936. All of this was about to change (Centre for Higher Education Studies, 1999).

The Nazi occupation forced the closure of all universities from 1939 until the end of World War II. Many of the students and professors were held in prisons during the war. Once the war was over, students returned to the classroom and their studies. New universities were founded, and parliament passed legislation requiring that all teachers have a university degree. Faculties of education were established at several universities to ensure that teachers had the proper training and education. It appeared that the Czech higher education system was poised to regain its vaulted position within the international academic community (Centre for Higher Education Studies, 1999).

The progress and enthusiasm came to an abrupt halt in 1948. The Communist control of society deeply affected the higher education system. Administration was altered to ensure conformity to the dictates of the ruling Communist party. Faculty lost most of their academic freedom and their rights to govern the institution (Day, 1999). Students were deprived of their right to choose their plan of study. Research was transferred to the Czechoslovakia Academy of Science, and universities were primarily concerned with instruction. Control over higher education was consolidated under the Ministry of Education (Centre for Higher Education Studies, 1999).

The Communists reopened the Czech universities that were closed during World War II in 1953. The emphasis on research was shifted to teaching Marxist philosophy. State-run academies conducted research. Professors were monitored by the State, and political influence dominated the operations and pedagogy of the universities. The teaching of capitalism was banned in the classroom. Professors thought to be opposed to the rule of the Communist party
and the philosophy of socialism were expelled from the university or sent to prison. Independent thought was discouraged and punished (Centre for Higher Education Studies, 1999; Day, 1999).

The state used fear as their primary vehicle for governing during the period from 1948 to 1989. Political leaders were the first to be identified as enemies of the State. Many were prosecuted and executed in the early 1950s. Other society leaders, lawyers, teachers, and small business owners were accused of behavior inconsistent with the socialist model and sentenced to prison. Except for a brief period of time in the spring of 1968, Czechoslovakia was a prison (Day, 1999). The most devastating tool for the Czech citizens, and the foundation of society, was the erosion of trust. The state recruited informers who would report on the activities of their neighbors, friends, and relatives. Often accusations were motivated by envy, revenge, and misunderstandings. This is vividly captured in the following excerpt from The Velvet Philosophers by Barbara Day:

Nothing evokes greater fear than the unknown, and it was this fear that governed life of most Czechs and Slovaks from 1949 to 1989. After the war, the decline in living standards and the failure of the Communist Party’s post-war promises had led to a search for scapegoats—a witch-hunt. Amongst those who died were eleven leading Communist politicians, prosecuted in what were known as the Slanky Trials. But thousands more disappeared in the late 1950s—lawyers, priest, shopkeepers, and small businessmen. Without warning, someone could be intercepted on the way home or taken from his bed in the small hours of the morning. (p.3)

The 1960s ushered in a period of relaxed rule and allowed some expression of independence. This came to an abrupt halt when Soviet troops invaded Czechoslovakia in the spring of 1968. Repression of activities and thought returned, although in a less brutal form. What remained was a culture of fear and distrust. This, coupled with the propaganda of the Communist party, created a citizenry that had abandoned any concept of civic responsibility and was focused on personal survival (Day, 1999).
In spite of the authoritarian nature of the State, the thirst for knowledge and independent thinking was still present within the academic community. This was most visible in the declaration by some of the leading intellectuals and independent thinkers in 1977. Charter 77 was the beginning of a more open discussion of the lack of individual freedom and the oppression of the State. The petition was created to express concern for the violations of human rights under the United Nations’ International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights, and to remind the citizens of the world of their responsibility to ensure that these rights were not abridged by the State. Charter 77 intensified the repressive activities of the State, but also energized the underground movement in Czechoslovakia (Day, 1999).

The role of the Jan Hus Foundation was critical to the universities during this period. The Foundation organized an underground university in the late 1970s that allowed Western teachers and scholars to meet with Czech professors and students. These home seminars facilitated the exchange of ideas and the development of new ways of thinking. Knowledge and understanding were reciprocal, as the West was able to grasp the conditions that existed in Czechoslovakia. Those involved in the underground university paid dearly for their participation. Some were jailed; others were expelled from their jobs. Several were beaten and killed. However, the seeds of the Velvet Revolution were cultivated in the activities of the underground university. The transition to a market-based economy and democratic society was benefited by the knowledge and insight gained from this courageous undertaking (Day, 1999).

The Communist party used universities as instruments to promote their ideology. During the 1970s and 80s, there were constant reforms and restructuring within the universities. This contributed to the decline of the academic reputation of Czechoslovak universities within the
international academic community. The number of institutions, faculties, and students continued to climb during the forty-year reign of the Communist party. However, it did not keep pace with the population growth or with the needs of society. By the late 1980s, there were 23 state universities in Czechoslovakia with an enrollment of 110,000. Most institutions were defined by low morale, rigid structures, and a lack of innovation and quality (Centre for Higher Education Studies, 1999).

The Velvet Revolution - 1989

The end of the rule of the Communist party in CEE opened the door for opportunities. There was clearly a need for new knowledge and information for a generation about to embark on a journey to a new world. The State-controlled political environment and planned economic system was gone. Now the emphasis shifted to the individual. A market economy and democracy was paramount in everyone’s thinking. Czechoslovakia was not prepared for this new way of thinking and needed a way to understand the rules of the game and how to engage in this Western world.

The Velvet Revolution had excited the world. Prague quickly emerged as one of the major centers for commerce and adventure in Central Europe. The prospects of new markets and the pioneering spirit attracted international businesses, government agencies, and individuals yearning for a challenge. It is estimated that between 30,000 and 40,000 Americans were living and working in Prague in the early 1990s. The charm of “The Golden City of Bohemia” and opportunities to make a difference countered the confusion and disarray that ushered in this period of change (Andersen and Winn, 2001).

Most Westerners did not understand the culture or the Czech language. The citizens of Central Europe did not comprehend the market economy, democracy, or the hectic pace of the
West. The demand for English speaking Czechs that understood Western business practices was high and expected to grow. People with American MBAs were paid a good salary. This, coupled with the low cost of living in Prague, added to the attraction (Andersen and Winn, 2002).

The State-run universities in Central Europe were in disarray. Professors understood the Communist approach to economies, but few had knowledge of the market economic system. The past four decades of Communist rule had transformed the universities into centers for the promotion of central controls and critics of the market economy. Very few professors had an understanding of the market economic system and most did not have the incentive to learn.

The forty-year effort to build institutions that followed the Communist party line and discouraged independent thinking was effective within the universities of Czechoslovakia. When the Velvet Revolution occurred and radically altered the political and economic landscape, the universities were unable to adapt quickly. With the economic system in disarray and state funding questionable, the prospects of State-supported universities were dim. The lack of resources, coupled with increased demand for knowledge and credentials, fueled the development of private higher education (Giesecke, 1998).

One of the first acts of the new government of Czechoslovakia was to acknowledge the contribution of students, teachers, and the academic community to the success of the Velvet Revolution. The Parliament recognized the critical role that higher education could play in the transition to democracy and market economics. The Higher Education Act of 1990 radically changed the organization and administration of the universities. It restored academic freedom and transferred administrative control to the universities. The Act allowed universities to establish new academic programs and expand the types of degrees that they could award. It
created an independent body to ensure quality and address the critical issue of accreditation (International Center for Not-for-Profit Law website, 2005).

Universities then undertook the difficult tasks to reform the institutions. Universities were faced with major adjustments to their curricula and administrative restructuring (Bok, 1991, 1992). This task was complicated by the desire to eliminate from universities those persons that were members of the Communist party. The Lustrace (pronounced lus-TRAH-tzay) Act was passed in 1992 and prohibited members of the Party, informants, and other persons involved in the past regime from certain public positions, including higher education. These persons were included on the Lustrace list that was developed by searching the files and records of the secret police. It failed to differentiate between those on the list that were members of the Party for professional reasons and those who were active in the repressive actions of the State. The list also included names of persons who were listed as agents for the secret police. In some cases these individuals were never aware of the contents of their file and were often identified so as to discredit them to those in the dissident community (Rosenberg, 1996). It has been rumored that Vaclav Havel was listed as a potential agent for the secret police.

The Lustrace Act, coupled with the need for organizational restructuring, created upheaval in the administrative system of the universities. By 1992 over 90% of the administrators had been replaced (Rosenberg, 1996). New courses were being developed to meet the changing needs of society. Obsolete and antiquated equipment was being replaced. New professors were hired to teach. The increased influx of students put pressure on the universities to find lecture halls and seminar rooms. By 1995 the student population had expanded from 113,000 to over 136,000. In spite of the increased capacity, over half of those applying for admission were rejected (Centre for Higher Education Studies, 1999).
The situation was further complicated by the influx of foreign professors, consultants, and advisors. The European Union, the United States Agency for International Development, the World Bank and private foundations dedicated millions of dollars for the restructuring of higher education in CEE. While many of these efforts added value and contributed to the development of higher education, they also demanded the time of administrators and increased the pressure on facilities and other resources. The funds to support many of these projects reached a peak in 1994 (PECAT Foundation, 1999). These sources of funds were diminishing as the Czech Republic was faced with a deteriorating economic environment and declining tax revenues. Therefore, public funds for higher education were reduced in real terms and as a percent of gross domestic product.

The Legal Environment in the Czech Republic

In order to understand the role of the Board of Trustees of AAC, it is critical to have a thorough understanding of its powers, or lack of powers, derived from the legislation. The legislation for nonprofit organizations was initially developed in 1990 and has undergone several changes in the past decade. The statutes that are contained in the articles of incorporation determine the organizational authority of the board of trustees. Statutes are similar to our corporation by-laws.

When AAC was formed in 1991, there was no legal basis for the creation of a private institution of higher education. The state controlled higher education, and therefore the only option available under the existing laws was to create a nonprofit organization. There were three choices: a civic association, a public benefit corporation, or a foundation. Civic associations are member organizations dedicated to serving the interest of those members. Public benefit corporations address the needs of society and are funded through activities such as donations,
fees, and payment for services. Foundations, at that time, were organizations with assets that served the needs of society. The law on foundations allowed the founder of the organization to be the sole person with statutory authority. All decisions rested with the founder. A board of trustees was to be appointed; however, its powers were derived from the statutes that the founder registered with the court (Aserova and Thomas, 1998). AAC elected to register as a foundation in 1991.

Foundations were required to register with the court in the local area of incorporation. There are eight judicial districts in the Czech Republic. The judge in each district had the ability to either approve or reject the application. This procedure created its own problems, as many of the judges were holdovers from the Communist period and in many cases unfamiliar with the law. This was also a period of vast legislative changes as the old laws were being replaced with laws designed to help the Czech Republic move into a new era. In addition, the court system was burdened with a flood of applications to form nonprofit organizations (in 1997 there were over 48,000 nonprofits in the Czech Republic) (Aserova and Thomas, 1998). The registration process could easily take six months or more. According to the law, even changes such as addresses of the members of the board of trustees were to be approved by the court. The environment was frustrating and confusing and was a contributing factor to some of the problems faced by the nonprofit community. Because of the uncertainty and time-consuming nature of registration, many nonprofits were unwilling to modify their approved organizational structure, even if they felt that it was inadequate for the changing environment in which they operated.

In 1995 the Czech Parliament created the Nadace (Foundation) Investment Fund (NIF). This legislation directed that 1% of all of the proceeds from the privatization process be used to establish a national endowment for the foundation community. The estimated amount of funds
from NIF was expected to equal $50,000,000. There was an explosion in the registration of new foundations. In 1997, over 5,300 foundations were registered in the Czech Republic (Aserova and Thomas, 1998). Many were established in the hopes of receiving part of the NIF. The Parliament addressed this problem in 1997 by requiring all foundations to register as either a foundation or as a public benefit organization. Foundations were required to have at least 500,000 CZK (~$15,000) in their account to be used as an endowment. In addition, the law set limitations on the percent of funds that could be used for administrative purposes. The result was that only 200 foundations were registered with the courts. Other organizations were either dissolved or registered as public benefit organizations (Aserova and Thomas, 1998). AAC elected to register as a public benefit organization.

The 1995 Act on Public Benefit Corporations contained provisions dictating the establishment of a board of trustees. However, the founder maintained a great deal of organizational authority. According to the legislation, nonprofit organizations (public benefit corporations or foundations) could have three governing boards. The founder could have a founder’s board and determine its powers. The language of the legislation allows the founder to do this so that the corporation abides by the vision and intent of the founder. In the event that it does not, in the opinion of the founder’s board, the board of trustees can be dismissed. The founder’s board appoints the original board of trustees and determines their powers and limitations. The supervisory board was required for those organizations that had assets over 5,000,000 CZK (~$150,000). The statutes of the organization may also require the establishment of a supervisory board if the assets are below this threshold. The members of the supervisory board cannot be members of the board of trustees and are responsible to ensure that legal and financial obligations comply with the law. The supervisory board must have at least three
members and they report to the board of trustees. The statutes may require that they report to the founder’s board.

The founder still has extraordinary powers. If the founder feels that the board is not operating according to its mission and in a manner that respects the vision of the founder, he or she may partition the court and have the organization dissolved. The powers of the founder remain in effect for life and may be delegated to others through a will or other legal vehicle.

It became clear that the 1990 Higher Education Act had not addressed some of the critical issues of higher education. The 1998 Higher Education Act was passed to remedy the situation and to address problems with integration into European organizations and structures, primarily the European Union (Centre for Higher Education Studies, 2000). The new act encouraged the diversification of higher education by authorizing new programs of study and new institutions. For the first time, the law allowed for the establishment and accreditation of private institutions. The law required that the founding documents name a statutory body, but there is no guidance as to its powers or obligations. Those seeking to create private colleges or universities must submit their application to the Ministry of Education for approval. It sets in place a requirement for the institution to submit an annual report to the Ministry on its financial condition and to the Accreditation Commission on its academic performance. The law creates an opportunity for state support for private higher education through grants. The Accreditation Commission was granted expanded authority to review all academic programs, establish standards, and ensure quality and consistency.

The 1998 Higher Education Act transferred all the property of the university from state control to university control. This property was to be managed by a board of trustees, appointed by the university. This board shall have authority over the real estate and other “movable” assets
of the institution. It allows the board to provide statements on the overall economic condition of the university as well as its evaluation of the institution’s activities. These statements are to be in an annual report to the Rector or the Ministry and are open to the public. The members of the board will include representatives from the public and private sectors of society (Centre for Higher Education Studies, 1999).

The following table summarizes the Czech laws affecting foundations, nonprofit organizations, and private institutions of higher education.

Table 2: Czech Laws Affecting Foundations, Nonprofit Organizations, and Educational Institutions

<table>
<thead>
<tr>
<th>Year</th>
<th>Name of Act</th>
<th>Major Provisions</th>
</tr>
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<tbody>
<tr>
<td>1990</td>
<td>Citizen Civil Law Associations</td>
<td>Gave citizens the right to create associations to address social needs. There are no provisions for a board of trustees.</td>
</tr>
<tr>
<td>1995</td>
<td>Public Benefit Corporations</td>
<td>Mandated that all public benefit corporations have a board of trustees (directors). The board is the statutory body of the organization.</td>
</tr>
<tr>
<td>1997</td>
<td>Law on Foundations</td>
<td>Defines foundations as organizations with endowment funds that serve social purposes. Gives the board of trustees the authority to manage the assets of the organization.</td>
</tr>
<tr>
<td>1998</td>
<td>Law on Higher Education</td>
<td>Provides for the establishment of private institutions of higher education. The act requires that all public universities create a board of trustees.</td>
</tr>
</tbody>
</table>

The Anglo-American College Statutes

After the 1997 legislation requiring that all foundations re-register, AAC elected to register as a public benefit corporation (o.p.s. in Czech). This decision was based on the
financial requirement that foundations must have an endowment of at least 500,000 CKZ and the limiting nature of the administrative expenses. The application to incorporate as Anglo-American Institute contained several provisions that have impacted the Board of Trustees. The founders of AAILS (Anglo-American Institute for Liberal Studies) replaced the AAC that was established in 1993 as a foundation. The founders included Jan Raichl, Dr. Susan Tidtjen, Dr. Richard Smith, Dr. Petr Mateju, and Lenka Deverova, an attorney. The governance of AAILS included the Board of Trustees, the Supervisory Board, the president, the Executive Committee, the Academic Council, and the Student Council. The founders also elected to form a Founder’s Board in order “to ascertain the fulfillment of their rights and responsibilities with respect to AAC” (AAC Statutes, 2002).

The Board of Trustees is the statutory body responsible for the College’s policies and control of its management. It consists of six members nominated by the Nominating Committee and appointed to by the Founder’s Board. The composition of the Nominating Committee is defined in the statutes and consists of five persons. These include one member of the Founder’s Board, one member of the Board of Trustees and representatives from the Executive Committee, the academic council and the student council. All members of the Board of Trustees serve for a term of three years and may be re-appointed to a second term, with the recommendation of the Nominating Committee and the approval of the Founder’s Board.

The Supervisory Board is the inspecting body of the institution. It reviews the financial records of the organization and reports its findings to the Board on an annual basis. The Supervisory Board is appointed by the Founder’s Board and is subject to the same term and re-appointment conditions as are members of the Board of Trustees. There are three members of the Supervisory Board. The Supervisory Board inspects the activities of the AAC governing and
managerial bodies and ensures that these bodies are operating according with current laws and the statues of AAC. They have the power, and obligation, to report any discretion to the Board of Trustees and Founder’s Board. The Supervisory Board may make motions for the dismissal of the president and members of the executive council in the event that they are found to be in violation of the laws or articles of incorporation. They may also call for dismissal if these persons are harmful to the mission or good name of AAC. The Supervisory Board may recommend to the Founder’s Board to seek the resignation of a member of the Board of Trustees in the event that member is inactive or their activities are not in compliance with the law or statutes of AAC.

The Board of Trustees appoints the president of the College after receiving nominations from the Nominating Committee and consultation with the Founder’s Board. The president may not be a member of the Board of Trustees or the Supervisory Board. He or she may be removed from office with a two-thirds vote of the Board of Trustees and a recommendation from either the Founder’s Board or the Supervisory Board.

The Founder’s Board members are appointed for life. In addition to ensuring that the organization is in compliance with the laws and statues of AAC, members are expected to promote the interest of the College whenever and wherever possible. In the event that a majority of the Founder’s Board members present at a meeting fail to agree with a resolution, it is considered defeated. If there are no longer members of the Founder’s Board, the Supervisory Board will assume its rights.
History of Anglo-American College

The historical development of AAC is best understood by creating distinct periods. The president of the institution at the time designates each period. The description of each period will focus on the following items: financial condition, economic environment, political events, students, faculty, facilities, and the Board of Trustees. The descriptions of the events in each period were derived from internal documents, a series of case studies of AAC by Mark Anderson and Joan Winn, interviews with existing administrators and board members, and other cited sources.

The Raichl Period

The development of AAC must be viewed in conjunction with the evolving environment in which it operated. The country was undergoing dynamic cultural, economic, and legal changes during the 1990s. Western models of democratic governance and regulatory systems that encouraged market economic behavior influenced policy makers. The rush to develop a modern working system of government often resulted in flawed legislation and regulations. Creating new institutions of higher education during this period took imagination, determination, and persistence.

The pace of change in Czechoslovakia and the newfound freedom to engage in the global community created heightened demand for business skills and knowledge. The State-controlled universities were facing intense pressure from the government to reform while at the same time experiencing demands from students to provide them with the knowledge needed to compete in the global marketplace. The state universities were having difficulty meeting these challenges.

1 The names of some individuals affiliated with AAC have been changed to protect confidentiality.
Czech students seeking to acquire these skills migrated to Western colleges and universities. However, the lack of financial resources was a major obstacle to the average Czech citizen.

Jansen Raichl was a Czech living in London in 1989. He had studied at Charles University, but elected to leave Prague in 1987 to complete his studies at the University of London. Raichl shared the optimism of his fellow countrymen when the Velvet Revolution overthrew the 40-year rule of communism. The election of Vaclav Havel, the playwright and dissident, as president of the Czechoslovak Republic further energized Raichl and others dedicated to forging a future for CEE (Andersen and Winn, 2001).

Raichl felt that there was a need for a college that would teach business skills to Czech citizens. He wanted to create “the leading independent Liberal Arts College in Central Europe, to develop innovative educational programs in the fields of economics and business, Humanities, and Legal Studies and through these to promote strong analytical and critical skills with an interdisciplinary setting” (AAC Mission Statement, 1993). English was the international language for business, and Raichl believed that if his students were taught in English, the College would enhance their opportunities in the marketplace.

Raichl began to post flyers around the campus at the University of London soliciting volunteers to join him in his effort to create a private college in Prague. While there were universities in Czechoslovakia that offered instruction in English, students were not able to earn a degree where all of the courses were taught in English. Raichl wanted to create a college where English was the official language. This would help his country westernize and prove that Czechs were sophisticated and capable. Raichl was upset at the media depictions of his fellow countrymen as lacking in ability and knowledge. He was dedicated to dispelling that image.
In September of 1991, Raichl opened the doors to AAC. It operated in rented space in a local high school and admitted fifty students. The teaching staff comprised six dedicated individuals committed to building a quality institution. This was a time of pioneers, and there was an abundance of qualified, experienced individuals seeking opportunities to make a difference. But this changed quickly. The “velvet divorce” between the Czech and Slovak Republics in 1993 took much of the luster away from the optimism that existed in the early days of the 1990s. Economic conditions were deteriorating, while living costs were rising in Prague. With their heads out of the clouds, the reality of the tremendous challenge involved in building a new economy and political system began to permeate the culture of the Czech Republic and AAC.

The financial resources were tight, and this affected the quality of instruction and created dissatisfaction among both students and faculty. Enrollment was increasing; however, faculty and student unrest threatened the existence of AAC. There were no library facilities, despite promises. Classes were inconsistent and administrative support was inadequate. There was a constant turnover of faculty. Raichl was aware that he was unprepared to handle the management responsibilities and in 1993 created an executive council (council of deans) to address the issues of students and faculty. The executive council turned into a forum for expressing frustration and anger. After a short period of time, Raichl discontinued the meetings.

Raichl knew that he needed to find someone that could address the administrative issues, but was reluctant to give up control of the institution that he founded. In the spring of 1994, Raichl was confronted with a well-organized group of students. Supported by many of the faculty, they demanded a change in management. Two weeks after the confrontation, Raichl announced the appointment of Aaron Miller as administrative director. Raichl negotiated an
agreement that allowed him to remain on the Board and as a member of the faculty. He maintained a presence at AAC, but it was clear that his authority and influence were limited.

**The Miller Period**

Aaron Miller was only twenty-three years old, but he had a mature image and had garnered support from most students and faculty. He had a B.A. in International Relations from George Washington University and had worked in President Vaclav Havel’s office prior to taking the position at AAC (Andersen and Winn, 2002). Miller was a good public speaker and appeared to place himself above the constant conflicts among faculty, students, and administrators. He kept his thoughts to himself and rarely shared his plans for AAC with others. This was apparent in the negotiations with the American International University.

In the spring of 1994, the American International University in Prague was about to close its doors. Miller felt this was a golden opportunity to expand its market share, regain some of its former students, and strengthen its financial position. He proposed a merger with AIUP and took the lead in negotiations. This was a sensitive matter since a disgruntled AAC faculty member had started AIUP. Miller demanded complete control of the merger process and was successful in making the deal. The merger expanded AAC’s enrollment by sixty students and brought in much-needed tuition income.

Miller capitalized on the success of the merger to consolidate his power base. He recruited three Americans to join the College as heads of the departments of business and economics, humanities and legal studies. He also hired Bob Chames as fundraising director. The team considered their job to be turning the College into a financially sustainable, respected institution for higher education. With a monthly salary of only $175, it was clear that these individuals were not at AAC for the money. Each of them was familiar with Western-styled
systems of governance and quickly moved to enhance their ability to lead by moving authority to the Executive Committee. They were hindered by their lack of Czech language skills and their misunderstanding of the complexities of the Czech approach to business. As was true for many American business leaders in Prague, the aggressive, can-do attitude prevalent in the U.S. was resisted by the Czechs. The transition to capitalism was proving to be difficult and this created confusion, frustration, and stress.

In the summer of 1994, the College obtained an attractive lease on property at the outer rim of Prague. The site was known as Fleisnerka House and had been built as a villa for an aristocratic family in the 1800s. It was seized by the Communists in the 1940s and had been the headquarters for the Young Pioneers until 1989. It had been vacant since the fall of communism and was in desperate need of renovation. Although the financial situation was delicate, AAC recognized that this was an opportunity they could not let pass. Classes had been held in mixed-use buildings, and space had been limited. Fleisnerka House was convenient to the subway and bus lines, and it represented the future of AAC (Andersen & Winn, 2002).

Volunteer students joined the faculty and administrators in repairs and renovations of the Na Jetelce home during the summer of 1994. Most of the work was done on weekends. The renovation raised the spirits of the students and faculty and became a vehicle where many could contribute to building AAC. Bob Chames was able to bring potential donors to the site and inspire them with the commitment of the students and faculty. Donors were happy to pledge their support to a college that demonstrated such dedication and commitment.

The college was exploring partnership within the corporate community. AAC developed programs intended to demonstrate its ability to address the educational needs of businesses. These programs attracted attention and critically needed financial resources.
Eighty new students arrived for classes in the fall of 1994 at the new campus. The majority of the students were from the Czech and Slovak Republics. There were also students from Serbia, Croatia, Bosnia, Macedonia, Turkey, Sweden, and Africa. Expanded student services, a computerized registration system, and an optimistic staff and faculty greeted the student body. This hope and enthusiasm vanished by the end of the semester as administrative, leadership, and board issues began to surface.

The students contributed both to the success of the College and to expand its challenges. Student leaders began their own newspaper, created posters promoting AAC, and organized community building events for students and faculty. They formed a student government association (SGA) and became a vehicle for student concerns. While student services, facilities, and classes had expanded, so did the pressure on students to meet the academic rigors of AAC. This meant more homework and classes and less time for work and leisure. The relatively high cost of tuition exacerbated the situation. This created tension amongst the student body. The SGA attempted to voice these and other concerns to Miller, but his manner offended the students and created more problems.

There were bright spots during this time period. AAC was the recipient of several grants from U.S.-based foundations and international assistance organizations. Organizations provided books, furniture, and computers. Fundraising continued to have success, and contributions flowed into the College. AAC established a corporate training program that addressed some of the urgent needs of the business community. It also provided an opportunity for some of the AAC faculty to supplement their meager salary.

Richard Jones joined AAC in the fall of 1994 as an instructor. Both faculty and administrators quickly embraced him. His credentials and manner had a calming effect on the
College, and he moved to address some of the critical administrative challenges facing AAC. Miller became more secretive in his dealings with other administrators and would not share any information concerning the financial condition of the College. He hired his wife to assist him, exercising his “statutory authority,” and since very few, other than Miller and his wife, spoke Czech, most people were unaware of the official dealings of the College.

Jones was encouraged by others to create a more balanced administrative structure. He developed a system where he was the academic director and Miller remained as administrative director. The revised structure gave each academic school positions as chairs and coordinators. This was done in part to comply with the Czech education law that maintained that AAC was not a university. Miller agreed with the revised structure, but continued to keep all financial and official records to himself. His leadership style was irritating to many of the other administrators. Rather than speak to others directly, he often resorted to short, terse memorandums. The effect of this was a culture of distrust, confusion, and low morale.

The 1994 academic year was capped of by the first graduating ceremonies. Twenty students graduated in the beautiful Hall of Mirrors in Prague. Over 200 people attended the event, and it raised the spirits of everyone associated with AAC. This carried over to the opening of the 1995 academic year. There were some new faces in both the administration and faculty. The 298 students enrolled at AAC were provided with formal orientation activities, an expanded library, and a number of new computers.

AAC was required by the 1995 law on foundations to re-register (keep in mind that AAC was a foundation). Administrators used this as an opportunity to diminish the powers of Miller. New statutes were proposed that defined the powers of the academic and administrative directors, the Board, and the committees. An Executive Committee comprising the academic
and administrative directors, chair of the Business-Economic School, and general counsel was formed. Richard Jones led the way in creating the proposals. It became a game of cat and mouse as Jones, representing many of the administrators, and Miller revised proposals to increase their own power and decrease that of the others. The board approved the new statutes in December 1995. In spite of all of these efforts, Miller continued to hold the “statutory authority” of AAC and with it, legal control of AAC.

Tensions between Miller and the administrators continued to escalate. A series of events contributed to this, including a conflict on extra compensation, an article that credited the success of AAC to Miller and his wife, and Miller’s continued isolation. Several members of the faculty and staff began to hold private meetings to consider how to replace Miller. Richard Jones was approached with the idea of leading the effort and assuming the presidency of AAC. He rejected the idea, feeling that Miller was young and that his leadership style could improve with the support of the Board and others.

During the Christmas break a number of the administrators and faculty met and drafted a letter to the Board asking them to replace Miller. Of the twelve involved in the process, only Jones and one other dissented. It was a difficult period for most involved at AAC. Most felt they were building something important and regarded themselves as pioneers. In spite of their feeling about Miller’s leadership style, they recognized his contributions to AAC. Some felt that it was better to live with the enemy you knew than with the uncertainty that comes with change. It was time to turn to the Board for leadership.

The Board addressed the concerns during several meetings in the spring of 1996. Miller did not want to resign, but was also frustrated with the attacks from the faculty and staff. He was not responsive to learning new ways of communication and leadership. After a difficult four
months, he agreed to resign after receiving a very generous severance package. Richard Jones was named as the chairman of the Executive Committee of AAC.

The change and chaos at AAC was mirrored in the Czech Republic. The state universities were beginning to restructure. Curriculum was reflecting the current economic and political environment. The focus was shifting to business and economics, and teaching techniques were shifting away from the traditional lecture method to more interactive forms of learning. The European Union had invested millions of dollars into faculty development and academic reform through their Tempus Program. Foundations in Europe and America provided sizable grants for faculty training, technology, and administrative reform. Partnerships with American and European universities were common. The list included such names as the State University of New York, University of Pittsburgh, Rochester Institute of Technology, and Highbury College (England). Visiting faculty members from the West were considered an integral part of state universities.

The demand for higher education and knowledge continued to put strains on the State-run institutions. Issues of quality and capacity were prevalent. The Higher Education Initiative was created in 1994 to address some of the problems facing the academic community. One of its goals was to push through legislation that would recognize the degrees of non-state institutions of higher education. While this was not to be, the Ministry of Education did create a mechanism that allowed AAC and other non-state institutions to offer courses in business, financial management, legal studies and international politics. These institutions were designated as Adult Requalification Institutions.
The Jones Period

Dr. Richard Jones accompanied his wife, a Dutch diplomat, to Prague in 1994. He came across as a well-dressed, articulate British diplomat. Jones had a Ph.D. in history, a strong background in curriculum development, and was well traveled. His pleasant and sophisticated manner impressed the faculty and administrators at AAC. He was reluctant to assume the role of academic director in 1995, but found himself drawn to the challenge and mystique of AAC. Jones took on the responsibilities without compensation (Andersen & Winn, 2002).

Jones had earned the respect and admiration of the faculty and staff at AAC by his tireless efforts to raise the professionalism of the institution. He led the drive for accreditation by the European Council for Business Education (ECBE). ECBE, based in Geneva, was well recognized in Europe as the primary educational association for business programs. It had over 100 universities, mostly in Western Europe, as members. Jones played a critical role in revising curricula and organizing the reports and data for the application process.

After Miller’s ouster in the spring of 1996, Jones accepted the role as chairman of the Executive Committee. This was the top administrative position in the College. He was shocked by the financial condition of AAC. Many were concerned that Miller had not shared much financial information, but no one was prepared for the reality. Miller had failed to pay some tax obligations and insurance payments. He had burdened the College with lease agreements that drastically increased the overhead. Jones realized that AAC was headed towards bankruptcy.

The Executive Committee developed an emergency budget and slashed expenses as much as possible. The senior management did not receive any salary during the summer of 1996. Thanks to a couple of donations, a successful summer session, and the deferment of certain expenses, AAC was able to survive until the fall of 1996. A strong registration allowed the
College to generate funds to cover outstanding obligations, but there were no reserves. AAC was robbing Peter to pay Paul.

Most of the senior management that had engineered the turn-around under Miller had departed. AAC was able to attract talented people to assume key administrative and academic positions. The morale was good and the changes in the administrative structure brought with it a sense of hope. New systems were developed, courses were expanded, and progress was being made. AAC was granted provisional status by ECBE making it the first private college in Central Europe to achieve this honor. The student body was changing as graduates were obtaining good jobs and acceptance into prestigious graduate programs. Enrollment expanded to 390 students in the fall of 1997. Many were now choosing AAC because of its teaching methods and reputation for concern for the welfare of the students. There were now eighty courses offered at the College, 41 in business, 26 in the humanities, and 13 in legal studies. The average class size was 20 students. Tuition was about $600 per semester (five courses).

The growth of the College allowed it to overcome many of its financial challenges. Jones maintained a tight grip on expenses, including salaries of faculty. The college was able to attract some outside contributions, but never on a consistent basis. The facilities were barely being maintained and it was becoming difficult to attract new faculty to meet the growing demands attributed to growth. Jones was concerned with the burdens that the financial situation placed on the College. It was unable to mount a recruiting program that expanded its reach beyond Prague. The lack of student housing, coupled with the rising cost of housing in Prague, would limit the attractiveness of AAC to the international market. Jones knew that the continued enrollment growth would catch up with the College and expose its financial vulnerabilities.
Jones knew the end of his tenure was near. His wife was scheduled for reassignment in 1998. He did his best to ensure that the College had the systems in place to monitor its financial position and manage its growth. Jones and his senior administrators had overcome the financial crisis deeded to them by Miller and had created a sound academic and administrative structure. Jones undertook the responsibility to find his replacement. An advertisement was posted in the Chronicle of Higher Education. Dr. Henry Mann responded to the ad and spoke with Jones on several occasions about the position. In the summer of 1998, Jones offered the position as chairman of the Executive Committee of AAC to Mann.

The Mann Period

Henry Mann looked forward to the challenge of taking AAC to the next level. Mann retired as director of the language program at the University of South Florida and was seeking a way to give back to Central Europe. He had served as a Fulbright teacher at Charles University in 1996, where he became acquainted with AAC. He felt his experience, credentials, and passion were just what AAC needed. He assumed the position as chairman of the Executive Committee in the summer of 1998 (Andersen & Winn, 2004).

In the State of the College report submitted to the Board of Trustees in November of 1998, Mann stated that enrollment had increased to 412 students, an increase of 6% over the previous year. It was the first time in AAC’s history that qualified students were turned away. The college had cash reserves and was able to expand the number of classrooms and offices at the Na Jetelce campus. He credits his predecessor, Richard Jones and his staff, for placing AAC in a strong position.
After his brief half-page positive introduction, Mann continued for 11 pages pointing out challenges and problems that stand in the path of progress. He went in depth to cover the following areas of concern:

- The potential adversaries to AAC’s accreditation, primarily the state universities and foreign institutions of higher education. He expressed concern over the economic and political environment and its impact on the future of the College.

- He characterized the administrative structure as ineffective and “bizarre.” He was critical of the title of his position, chairman of the Executive Committee rather than CEO or president. He claimed the lines of reporting were confusing and would lead to a culture of miscommunication.

- He expressed his displeasure with the academic structure and pointed out the lack of experienced, credentialed persons to lead the academic schools. He reported that he had created the position of provost and was renaming the chairs of each school as deans.

- Mann was disturbed by the lack of academic support staff and its impact on the quality of education. He was particularly concerned with the lack of clerical staff and the burden this placed on faculty and deans.

- The lack of an adequately funded recruitment and information office was another area for Mann’s wrath. He wrote of his embarrassment in not being able to provide outsiders with materials and information on the College.

- He observed that the financial office is the strongest department at the College, but stated that this must be viewed in light of the under-funding of all other
departments. Understanding that this was due to the past financial problems of AAC, Mann still insisted that the department be reorganized.

- He noted that the physical facilities were inadequate, poorly located and were in desperate need of repair and renovation. The lack of student housing placed a severe burden of the College and would hamper AAC’s effort to recruit students and meet accreditation requirements. Mann encouraged the Board to purchase additional property for student housing, classrooms, offices, and parking.

- Mann was highly critical of the salary structure and its failure to take into account the length of service, credentials, and experience of faculty. He advocated a comprehensive system that would include administrators, staff, and part-time faculty.

- Mann proposed the expansion of academic majors and external programs. He wanted to establish majors in journalism and mass communication studies, as well as a Language Center and Entrepreneurial Center for non-traditional students. In addition, Mann was intent on creating an Office of Information and Student Services.

- Mann suggested that the tuition schedule was ill designed and that tuition must be raised to cover the cost of education. He proposed that the current tuition be raised from 27,000 CZK (about $1000) to 47,000 CZK over the next three years. He also wanted a tuition schedule that would be uniform for both Czech students and those from other countries.
• Mann’s report informed the Board that he had launched an endowment campaign. Campaign 2000 would raise funds for an endowment that would support scholarships, lectureships, and physical facilities improvement.

The tone of Mann’s report echoed his belief that AAC was fortunate to have a man of his intelligence, experience, and credentials. While his depiction of the conditions were mostly accurate, his recommendations suggested that he had a poor understanding of the Czech culture and failed to recognize the difficulty in expanding resources needed to implement his ideas.

Mann wasted no time in putting his stamp on the College. By March of 1999 he had implemented several of his initiatives. He signed a contract on behalf of the College to take possession of a building in the Mala Strana district of Prague. The new main campus of AAC would be located less than 100 yards from the Charles Bridge. The building was leased from the Sovereign Order of the Knights of Malta. There was room for six classrooms, seminar and meeting rooms, offices, and the library. Mann acknowledged that the cost was greater, but felt that the location was worth the extra expense.

In early March of 1999, students expressed concern over Mann’s leadership and the College’s failure to submit an application for accreditation. The letter was sent to the Board of Trustees and distributed throughout the College community. Students were upset over the lack of respect afforded them by the administration. Another issue was the increasing expenses and the ill-conceived use of college funds. The students were worried about the exodus of students and the declining enrollment. Many of these same concerns were expressed in a letter signed by eight faculty members. The letter covered six areas: financial impropriety, lack of knowledge of the Czech educational system, hiring practices, accreditation, increased tuition, and abuse of the democratic decision-making process.
Mann responded to the letter from the faculty by sending a six-page letter to the Board of Trustees on March 24. He expressed dismay over the fact that they chose to bypass his office and that if they had come to him he would have explained the situation. Mann dismissed the authors of the letter as naïve, ill informed, and selfish. He accused those who wrote the letter of being racist and insensitive. Mann described them as part of the problem and suggested that they keep to those matters that they knew and leave the administration to him.

Mann sent a report to the entire AAC community on March 19, 1999. In it he confirmed that AAC was required to submit an application to the Ministry of Education for re-accreditation as a Requalification Institution. This was the only status available for private colleges under the Czech higher education system. Mann assured faculty, staff, and students that the application would be completed before the end-of-the-month deadline. In the same report, Mann advised students that admission standards were being raised and graduation requirements were revised. All of this was part of Mann’s effort to raise academic standards.

Mann pointed out to the AAC community that over 80% of the faculty was part time and few held terminal degrees. It was clear that AAC would need to recruit full-time faculty with better credentials if the College were to meet the demands of the students. Mann also pointed to the changing economic conditions in Prague. In the past, AAC had been able to attract quality faculty in large part due to the attractiveness of being part of something exciting. But now there were new challenges in the world, and many of those who came to Prague to be part of the Velvet Revolution were exploring other opportunities. This was especially true for those organizations that funded the transformation from communism to democracy. Western foundations, governments, and multilateral organizations were pulling out of Central Europe. In
addition, the cost of living was increasing. These conditions contracted the supply of faculty and administrators. The result would be a sharp increase in the personnel costs of the College.

The average salary for a full-time faculty member was 24,000 CZK (about $1000) per month. Recognizing that 95% of the revenue for AAC came from tuition and fees, Mann prepared the students for a sharp increase in tuition.

Mann proceeded to lay out his case for the tuition increase. Since 1991 AAC had a two-tier tuition schedule. Students from the Czech (and Slovak Republic prior to 1994) paid 6,000 CZK per semester. Expenses associated with educating the student averaged 10,000 CZK per semester. To compensate for this difference, AAC charged 12,000 CZK for students from other countries. In the early 1990s, approximately 40% of the student body was from other countries. In effect, foreign students were subsidizing the Czech students. By 1998 the tuition had increased to 27,000 CZK for Czech students and to 47,000 CZK for foreign students. However, the percentage of foreign students had declined to less than 20% of total enrollment. The cost of education for AAC was estimated at 32,000 CZK per student.

In an effort to create a fairer, more economically stable tuition structure; Mann announced that the tuition for 1999 would be 33,000 for Czech students. Foreign students would continue to pay a differential; however their tuition would be reduced to 46,000 CZK. To offset the burden of this 22% increase, AAC was increasing its scholarship funds by 44%. (Mann stated that this was double the rate of tuition increase; however, he never stated the actual amount of funds that were available for scholarships).

Mann quickly alienated students, faculty, and Board members. Within a week of his report to the AAC community, unnamed members of the faculty created a two-page document, “The Real State of the College.” The report interpreted his written comments in their terms.
Their view of Mann’s actions and leadership indicated a lack of trust and confidence. The report questioned his integrity, decision-making capacity, and vision for the College. There was concern over the financial condition of the College and the lack of transparency in this area. The faculty was particularly irritated by Mann’s use of funds to travel to Turkey to recruit students. When questioned about this at a meeting called to address students’ concerns, Mann responded that the question was racist and did not warrant a response.

Mann made several changes to the administrative staff of the College, including the dismissal of the chief financial officer. This disturbed both the members of the Board and those who had gained respect for her efforts to return the College to solvency during the Jones period. Mann appointed John Carey as advocate and general counsel. The agreement, signed by Mann, grants the advocate a lifetime appointment as head of the School of Legal Studies and states that his salary shall be comparable to other administrative and academic officers. The agreement also gives Carey the right to separate the School of Legal Studies from AAC. Carey could initiate this decision at his discretion. This agreement also gives the rights to the logo and name of the College to Carey. The agreement was not revealed to the Board.

On April 1, 1999, AAC received notice that their application to register as a public benefit organization had been rejected. The 1997 law on foundations required that all non-governmental organizations register as either a foundation or a public benefit organization (o.p.s.). This was critical for the approval of AAC as a Requalification Institution by the Ministry of Education. AAC’s application to the Ministry of Education to operate as a Requalification Institution had been extended based on the application to transform it into an o.p.s. Once the Ministry was informed that their application had been rejected, it threatened to withdraw its accreditation. AAC negotiated with the Ministry and was able to maintain its status
as a Requalification Institution until the end of the year. If the o.p.s. approval was not granted by the court, AAC would have no legal authority to operate as an educational institution. A series of events occurred during the next few weeks that placed the students, faculty and the Board on a collision course with Mann.

In the spring of 1998, Dr. Venys, acting as chairman of the Board of Trustees, assembled an application to transform AAC into a public benefit organization. The application listed his wife as founder and reduced the members of the Board to three persons: Barghava, Dr. Muller, and Venys. There was no official record of discussion of this action by the existing Board of Trustees. According to Venys and Muller, the application was filed to protect AAC. It was a time of confusion surrounding the new law governing foundations. The action taken by Venys generated a great deal of animosity between the members of the Board, especially those who were not listed as members of the new Board. Once Mann learned of the application, he began to document his concerns with the process and built allies on the Board that shared his opinion. The court, thereby facilitating the crisis that erupted in April of 1999, rejected the Venys application.

The situation between Mann and other administrators and faculty continued to deteriorate. Students continued to express their disdain of Mann, and he was forced to resign in the late spring of 1999. Prior to resigning, Mann announced that Rosemary Taugher would become the acting president. Taugher had been hired by Mann in March to perform an audit of the College. She was later appointed chief financial officer. Taugher resigned in July of 1999, but left documents outlining the major challenges facing the College. The Board, after conferring with members of the Executive Committee, asked Dr. Richard Smith to serve as interim president of AAC.
The Smith Period

The Board and Executive Committee turned to Dr. Richard Smith and asked him to serve as interim president. Smith was in Prague representing a Christian organization in the United States and seeking to develop programs in Central Europe. He had been working with AAC and was familiar with their challenges and many of the people.

Smith wrote a report to the Board of Trustees in November of 1999 in which he described the College as being critically ill. He suggested that the illness was systemic and that his primary goal was to get the College ready for an investor. He was hoping to find donors that would infuse funding and if that was not feasible, find a Western institution that would assume control of the College. There were four areas that demanded immediate attention: legal status, organizational structure, accreditation, and fiscal management. He sought to build consensus among the major constituents of the College—the Board, Executive Committee, faculty, staff, and students. He framed his argument in moral and philosophical terms; that is, he felt the College had a moral obligation to current and past students, and the success of AAC was important to the future development of the Czech higher education system.

Smith noted a culture of distrust, fear, and confusion among faculty, staff and students. There was a climate of self-serving agendas, misrepresentation, blame, and secrecy. Everyone had ideas, but no one was exercising leadership. Students, faculty, and staff were concerned with the lack of strategic direction. To address this environment, Smith formulated a Corporate Ethical Code of Conduct and achieved buy-in from the members of the Executive Committee. He then posted this Code and invited others to agree to its terms of honesty, openness, and cooperation.
Smith reduced the members of the Executive Committee from eight to five and changed the membership to consist of the four officers reporting to the president: the directors of administration, academics, finance, and student affairs. The legal counsel would hold an advisory position and the students would have a voice through a representative with no voting power. The deans of each school were relieved of their role with the Executive Committee so they could focus on issues such as faculty and program development. A presidential weekly forum was set for discussion of issues from students, faculty, and staff.

The primary task of the Executive Committee was preparing the application for accreditation required by the Ministry of Education. The accreditation process was complicated by the rejection of the application to register as an o.p.s. The Board had appealed the decision and was awaiting a ruling from the court. The problem was there were over 350 appeals of similar rejections, and the 13 judges in the legal system were overwhelmed. It was estimated that the appeal process could take over a year. The Ministry of Education was not willing to extend the application for accreditation for that period of time. With advice of legal counsel and support from the Board, the Executive Committee decided to apply for permission to form a new o.p.s. The new entity would assume the assets of the old AAC. To accomplish this goal, AAC would need to develop new statutes, form a new Board of Trustees, Founder’s Board, and organizational structure. It would also have to change its legal name, but could use the Anglo-American College name in marketing.

The final critical issue was financial management. Henry Mann had over-obligated the College, and it was in danger of forfeiting on its financial obligations. The rent on the Mala Strana campus was three times higher that the Board had been told. Financial reserves were non-existent. The cost of education had risen dramatically during Mann’s tenure, and revenues had
fallen. Student enrollment had declined, and normal repairs and services had to be curtailed to save money. In addition, foreign students, who were paying the highest tuition, were being denied visas by the Czech government because of the uncertain legal status of AAC. There were several financial claims against the College and a financial management system that was out of control.

Over the next year, Dr. Smith brought stability and hope to the College. He mended fences between the Executive Committee and Board of Trustees. The college gained accreditation from the European Council of Business Education and was holding promising negotiations with the Ministry of Education on its accreditation. The establishment of a new o.p.s. resolved the legal crisis over the legal status. The college hired two very qualified professionals to provide leadership to the Business School and Humanities. Dr. Smith had explored several partnerships in an effort to bring financial sustainability to AAC. While few of these were successful, he had expanded the Board and Executive Committee’s knowledge of the competitive environment for private higher education in the Czech Republic.

Smith worked closely with the Executive Committee and the Board in developing an outline for a three-to five-year strategic plans. In addition, he prepared an in-depth description of the tasks to be addressed by the Executive Committee, Board, and new president. Smith was active in recruiting a new president for AAC and had identified a strong candidate by the late fall of 2000. The Board was engaged in the selection process and hopes were high as Dr. Joseph Drew accepted the position as president in May of 2001. He assumed the role in September of that year.

By 2001 AAC had over 300 students and was organized into three schools: Business Administration, Humanities, and Legal Studies. Seventy percent of the students were in the
School of Business Administration. More than 80 courses were offered each semester. The majority of the students were from the Czech and Slovak Republics and the other 25% came from 15 different countries (AAC website, 2001). The following table (from a presentation by Dr. Richard Smith to the Board) summarizes AAC’s vital statistics from 1991 to 2000.

Table 3: AAC Statistics (1991-2000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
<th>Courses Offered</th>
<th>Graduates</th>
</tr>
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<tbody>
<tr>
<td>1991/92</td>
<td>51</td>
<td>20</td>
<td></td>
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<tr>
<td>1992/93</td>
<td>80</td>
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<td>1993/94</td>
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<tr>
<td>1999/2000</td>
<td>326</td>
<td>156</td>
<td>95</td>
</tr>
</tbody>
</table>

Subsequent Events

This report is limited to the time period from 1990 to the middle of 2001. Enrollment is currently 384 students and the tuition for an academic year is 85,000 CZK (US$2900). Dr. Drew resigned as president of AAC in January of 2004. The Board of Trustee announced the appointment of a new President on April 12, 2005. Dr. Alan Krautsengl will assume the position as President in August (AAC Website, 2005).

The academic programs of the College are organized into three schools, Business Administration, Humanities and Social Science, and Legal Studies. The college has entered into
several academic partnerships with universities in the United Kingdom, Europe, and the United States. It has a new masters program in applied sociology and public policy and a bachelor’s program in humanities, society and culture. It has developed and articulated its teaching philosophy and values.

Chapter Summary

This chapter provided the reader with an overview of the historical and political events relevant to this study. Included are the critical developments of the Czech higher education system, the events of 1989, and the history of AAC (1990-2001). Legal reforms after 1989 were also discussed. The impact of 40 years of Communist rule and the decline in civic engagement and trust are important to this study and therefore were discussed in this chapter. The next chapter describes the activities of the Board of Trustees of AAC, presents the findings of this study, and analyzes these findings.
CHAPTER 4
PRESENTATION OF FINDINGS AND DISCUSSION

The purpose this chapter is to analyze the evolution of the Board of Trustees of AAC from 1990 to 2000. This analysis provides insight into the development of the governance structure of private higher education in periods of transition from state-controlled economic and political systems to market-based democracies. This analysis will be undertaken by utilizing multiple lenses suggested in the literature and often used by higher education institutions and nonprofit organizations in the United States. Using these models achieves the second objective of the study: to determine the benefits and limitations of American models for enhancing board effectiveness in developing countries. This case study of AAC in Prague provides the context to analyze the effectiveness of governance and leadership through these lenses.

Research Design

The investigator discussed the concept of this case study of AAC with Dr. Richard Smith, president of the College, and Dr. Stepan Muller, chairman of the Board of Trustees, in the spring of 2001. The Board granted permission to access documents and correspondence relating to the development of the College and the Board. Utilizing case study methodology, the investigator conducted interviews with members of the Board and the president of the College during the later part of 2001. He reviewed board minutes, correspondence between board members and AAC administrators, financial records, and other pertinent documents at the offices of the College. Included in these documents were information on the history of the College and articles describing its development. Because few files and documents from the early stages of the
College’s development were available, the investigator relied on the case studies of Andersen and Winn (2001, 2002, 2004) for much of this data.

Each member of the Board of Trustees (Smith period) was interviewed for this study. The interview protocol designed for the Project on Effective Trusteeship (Chait, Holland & Taylor, 1991) was adapted and used for these interviews (see Appendix B). All but one of these interviews were conducted in Prague. One board member was interviewed in the United States. The chairman of the Board, President Richard Smith, and President Joseph Drew met with the investigator on several occasions. These interviews provided information and insight into the research obtained during the document investigation. They were also valuable in understanding the environmental factors that influenced the development of the Board and AAC.

Each member of the Board completed the Board Self-Assessment Questionnaire (see Appendix A). The composite scores of these questionnaires were presented and discussed at a meeting of the Board in Prague in 2001. The BSAQ was selected as a research instrument because of its reliability and validity in measuring board performance in nonprofit organizations and institutions of higher education in the United States (Holland & Jackson, 1998).

The data and information gathered through this process was analyzed through the following lenses and models.

Lenses for Analysis

There are numerous models and approaches to assess board development:

- Leadership – What was the leadership style and philosophy of the board?
- Governance Models – Did the board reflect leadership similar to the six models of governance found in the United States higher education system?
• Roles and Responsibilities – Did the board understand its roles and responsibilities? How well did the board meet those roles and responsibilities?

• Policy - Do the policies established by the board address the needs of the organization, further its development and reflect its values?
  Do policies enacted by the board define the goals of the organization?
  Do policies articulate the acceptable means to reach those goals?
  How does the board assess performance?
  How does the board assess its contribution to the organization?

• Competencies – What are the strengths and weaknesses of the board in terms of competencies?
  Contextual – Does the board understand and take into account the culture and norms of the organization it governs?
  Educational – Does the board take the necessary steps to ensure that members are well-informed about the institution, the profession, and the board’s roles, responsibilities and performance?
  Interpersonal – Does the board nurture the development of members as a group, attending to the board’s collective welfare, and foster a sense of cohesiveness?
  Analytical – Does the board recognize the complexities and subtleties in the issues it faces and draw upon multiple perspectives to dissect complex problems and to synthesize appropriate responses?
  Political- Does the board accept as one of its primary responsibilities the need to develop and maintain healthy relationships among key constituencies and open, two-way communication with them?
Strategic – Does the board help envision and shape institutional direction and ensure a strategic approach to the organization’s future

- Culture – What is the impact of the external and internal cultural issues?
- Relationship with president – How does the relationship with the president impact the development of the board and its ability to exercise leadership?
- Improvement – Are there any concerted efforts by the board to improve its capacity to contribute to the growth and development of the college?

The Historical Periods of Development

There are five distinct periods in the history of AAC covered by this study. The periods are defined by the president of the College.

- Raichl period
- Miller period
- Jones period
- Mann period
- Smith period.

Each of these periods was analyzed with the hope of assessing the development of the Board of Trustees. Board minutes, correspondences, and recorded histories of each of the periods provide insight into how the Board did or did not fulfill its responsibilities, develop effective policies, and enhance its competencies.

The Raichl Period

When Jansen Raichl established AAC in 1990, the only option available to him was to register it as a nonprofit foundation. There was no provision in the Czechoslovakian law that allowed him to organize as a private college. The 1990 Act for Citizen Association did not have
any provisions for a board of trustees. Raichl served as the statutory authority for the foundation and was the only person legally responsible for the actions of AAC. There are no records that indicated that Raichl formed an advisory body that resembles a Western-style board of trustees. He worked closely with advisors and colleagues, but this is more in keeping with the administrative function of the organization.

Changes to the Civil Code in the Czech Republic prior to 1993 prompted Raichl to re-register AAC as an educational foundation. He continued to hold the statutory authority but named a Board of Trustees. No bank accounts could be opened without the signature of the statutory authority and he had to sign all official documents. There was a pending Law on Foundations that most expected to pass. Under this legislation the Board had some legal authority. The law was not passed until 1997. The ultimate power continued to rest in the hands of the person holding the statutory authority.

According to the AAC statutes, the Board of Trustees did have the power to dismiss the Statutory Authority and, in theory, would oversee the activities of the organization. In addition to himself, Raichl named Pavel Mach and Peter Suk as members of the Board of Trustees (Andersen & Winn, 2001, 2002). There is no evidence that the Board members met as a separate entity, distinct from their administrative positions. Both Suk and Mach were members of the senior administrative staff.

Discussion

The nascent development of a board of advisors does link with the early stages of life cycle models in which the founder is revered for his wisdom and vision. The board in this phase will have few, if any, formal tasks other than supporting the vision of the founder. This style of
leadership is indicative of the collegial model of governance in which the leader is “first among equals.”

Given the complex challenges facing Raichl and others creating non-governmental organizations in the early 1990s, it is understandable that issues of governance were not in the forefront. The culture and history of the Czech Republic contributed to this decision. The people in CEE had lived under Communist rule for over forty years and had become accustomed to turning to the government for direction and permission. The fall of State-controlled government and the rush to build the social infrastructure that would support the emerging democracy created pressure to move quickly and address the most critical elements of the process. The lack of legislative directives was a major contributing factor in the failure of AAC to establish a board of trustees.

The Raichl period took place during the first stages of regional transition from the Communist rule to the new order. An underlying current in this stage was the tension between three orientations that sought to affect policies. The modernists sought to sweep away all of the old institutional structures and implant Western-styled organizations. Their view was widely supported by the massive financial support from the West. The traditionalists desired to draw upon the culture and history that were in place prior to the Communist takeover. “We want to be ourselves, and the rapid and indiscriminate adoption of Western economic, political and cultural patterns must be checked, as it will rather destroy the prospects of that project. Western patterns are suspected as being not suitable for us” (Elster, Offe, & Preuss, p.16). The third camp felt that the failure of communism was not the fault of the system, but the responsibility belonged to those individuals that implemented policies. This group wanted to maintain the social and employment security that was ingrained in the Communist philosophy.
The absence of strong political parties and the need to form coalition governments meant that each of these orientations was incorporated into the legislation that influenced institutional formation. In time, the modernist argument would become the dominant philosophy in the Czech Republic. The tide towards this argument turned when Czechoslovakia split into two republics. Klaus, the prime minister of the Czech Republic, was a strong supporter of the modernist view, while Meciar, the prime minister of Slovakia, wanted Slovakia to maintain its cultural and political heritage.

**Summary**

AAC was created without a board of trustees and was controlled by the founder during this period. The emergence of a board of trustees is evident in the later stage of Raichl’s term as president. The two major factors suppressing its development are the lack of legal requirements and the events surrounding the transition to a market-driven, democratic society.

**The Miller Period**

Raichl gave Aaron Miller statutory authority in the spring of 1994, two weeks after he was named as Administrative Director. Raichl retained his position on the Board. Miller expanded the Board to include two of the former officials (Linda Caire and Chris Roederer) of the American International University, which had been merged into AAC. The proposed new Law on Foundations encouraged him to appoint two outside directors. Dr. Ladislav Venys was the founder and executive director of the Center for Freedom and Democracy. John Schwallie served as financial director for the first private television station in the Czech Republic. Most on the Board understood that their position was honorary and that their decisions were based on the information supplied by the person holding statutory authority (Andersen & Winn, 2001, 2002).
Raichl was concerned with the direction of the College, especially in the area of expenditures. He became a vocal critic of Miller and his management team and resorted to gridlock tactics that created ongoing operational problems for the College. Board members were appreciative of Raichl’s contributions to AAC and felt he deserved to be heard. Raichl had the support of his co-founders, Mach and Suk, whom he had appointed to the Board in early 1991. Raichl used the Board as a forum for his displeasure. The discussions were often heated. The two outside Board members, Venys and Schwallie, intervened and brokered an agreement by which Raichl and his colleagues would resign from the Board. The three were given a financial package that would pay them a stipend in the future (Andersen & Winn, 2001, 2002). These actions allowed the Board to focus on other pressing issues.

Shortly after these events, Schwallie resigned from the Board for business reasons. Stepan Muller, the former rector of the Prague University of Economics, replaced him. Muller had recently moved to the investment community working for Bank Austria/Creditanstalt (Andersen & Winn, 2001, 2002). The membership of the Board was expanding in part to include representatives of international corporations that were providing financial support to AAC. The Board included senior executives from Citibank, Colgate-Palmolive, AIG Insurance, and S.C. Johnson Wax. These individuals brought not only prestige and funds, but also energy and connections. They were active in negotiating the lease for the new location. They were active in fundraising. They helped promote many of the activities of AAC, including the Center for Corporate Development and an international conference on the World Wide Web. CzechWeb raised the visibility of AAC and attracted co-sponsors such as Radio Free Europe, IBM and Oracle. This would not have been possible without the support of the Board. Despite
its lack of legal authority, the Board was exercising leadership and was engaged in moving the College forward.

The Board supported efforts to enhance the academic integrity of AAC. This included developing standards for academic excellence and seeking accreditation for the business program from The European Council of Business Education. The Board applauded the efforts of administrators to strengthen the legal studies program and explore opportunities to increase the enrollment of the College. They supported the expansion of the physical facilities and, indirectly, the dramatic increase in expenses and liabilities.

In spite of their actions and encouragement, the Board failed to address some major issues. There is evidence that the Board was aware of the dissention between the administrators. Many members of the faculty were upset at their low pay and their treatment by Miller. The infrastructure was inadequate to meet the growing demands of the ever-expanding student body. Students’ complaints were increasing and were often very vocal. Institutional overhead was increasing at alarming rates. All this was taking place in an environment of unrest in the Czech economy. Many of the corporations that rushed to Prague to take advantage of the golden opportunities were facing the realities of the market. Competition was intense, the bureaucracy was daunting, and the culture was confusing. Politics were even more confusing as the leaders of 1989 were being discarded for politicians that promised quick solutions to the problems associated with transition. The love affair between the West and the Czech Republic was fading, and the outlook looked dim.

Discussion

In terms of responsibilities, the Board failed in its obligation to appoint and monitor the president. The decision to hire Miller was solely the decision of Raichl. There is no indication
that the Board, as an entity, discussed or approved the appointment of Miller. There was no attempt to monitor the actions of the president or to establish parameters for his actions. The Board was involved in many of the activities that took place during this period, but it was mostly as individuals, not as a Board function.

The Board supported the actions of the administrators to clarify an institutional mission and ensure that the academic rigor and integrity of AAC’s educational programs were addressed. However, the Board took a reactive rather than proactive position on this and most other issues. The Board excelled in its role as a bridge between the College and the community. Board members accomplished this by making introductions, promoting the College, and lending their names and reputations to endeavors of AAC. The Board failed to insist on good management and took steps to silence the only voices that took exception to the financial management practices of the institution.

Certain actions of the Board can be translated as attempts to preserve the independence of the College. There was clearly a concern for strengthening the institution’s capacity to generate income. The support of the efforts to acquire accreditation can be taken as evidence that the Board addressed its responsibility in this area. But members of the administration or faculty and not the Board initiated most of these activities.

There are no written records of Board policies during this time period. The lack of policies indicates that the Board did not view its role in terms of decision-making. It confirms the belief that they were serving in an honorary role and were present to assist the institution in implementing the decisions of the president. This view was supported by the existing legislation that placed the decision-making role in the hands of the person that was named as the statutory authority.
The actions of the Board can give us insight into the competencies that were demonstrated during this time period. Its lack of action in dealing with the consequences of Miller’s authoritarian management style and its impact on faculty, staff and students suggests that they were weak in contextual competency. There were no efforts taken to inform new Board members about the institution, its mission, history or the expectations of the Board. There were some attempts to address issues that prevented the Board from acting in a manner that encouraged consensus and harmony. However, the impact of these actions may have sent a signal to other Board members to refrain from questioning the actions of the president.

The Board failed to recognize the complexities and long-term impact of many of the issues it addressed. This became evident in the future. It failed to address the concerns of many of the constituents or the College, especially the students and faculty. Finally, the Board played a role in shaping the institution’s future but not in a strategic manner. Its lack of understanding of the educational environment and its failure to integrate political and economic factors into decision making contributed to a situation that placed AAC on the brink of failure.

The concept of a board was emerging during the Miller period. It lacked the legal authority to act on behalf of the institution. While the legal authority continued to rest with the person holding statutory authority, the statutes of the College shifted some power to the Board. There was some turnover on the Board and a lack of formality in setting Board meetings and agenda. Economic, political and cultural factors played a critical role in creating this environment. This was a period when many of those appointed to the Board were associated with multinational corporations. Most of these individuals were new to the Czech Republic, did not speak the language, and were not aware of the cultural frame of mine of the Czech citizens. These executives were primarily focused on ensuring that their firm could succeed in the region.
They viewed their position on the Board as honorary and were sincerely interested in helping AAC achieve its goals. However, most were overwhelmed with the tasks of running their companies and understood that they would not be assigned to Prague for the long term. These factors dampened their enthusiasm to fulfill the responsibilities they might understand as members of a board in most Western organizations.

The political environment caused a great deal of confusion for many organizations in the Czech Republic. While many of the laws had been liberalized to encourage institutional building, there were bureaucratic obstacles still in place. Judges that were appointed during the Communist period ran the courts that had the authority to approve applications for non-governmental organization. The state universities and the ministries that controlled them continued to exert power over the educational system. Many of those in power during the Communist period remained in control. These and other factors created an environment of confusion and misunderstanding.

Culturally, the Czech people were hesitant to support the creation of entities that had power. Their experiences under communism made them wary of boards and other organizational bodies that could have hidden agendas. 1989 brought freedom to the citizens of the Czech Republic and there were concerns about creating organizations that might prevent them from exercising their new-found liberties. This was especially true in the academic community. Faculty members and students wanted to ensure that they would have influence over the academic institution. The idea of placing power in the hands of a board of trustees, mostly from the corporate community, was not supported by many in the academic community. In spite of these conditions, individual members of the Board engaged in activities that built trust within the organization. Their contributions to the programs of the College and towards addressing its
challenges signaled that the Board could be of value to the institution. Its light-handed use of its statutory authority was a critical ingredient in this effort.

In terms of organizational life cycles, this period continues to reflect the characteristics of the founder’s phase. The Board is relatively small, informal and dedicated to the mission of the institution. No formalized structures, such as committees, were created.

The Board was supportive of the president and explored ways to help him develop as a leader. When these efforts failed, the Board was involved in negotiating for Miller’s departure. But most of these actions were taken as individuals, not by the Board as a group.

The Board had elements of the leadership associated with the political governance model. It relied on compromise, negotiation, and influence to serve the needs of the College. It is questionable if the motive for this was its understanding of the organizational dynamics. It is more likely that it was due to the view of the Board as a vehicle for personal contributions to the College. There were no organized efforts to address the Board’s performance.

Summary

The Board of Trustees made many contributions to the growth and development of AAC. These efforts were primarily undertaken as individual members of the Board and not as a collective group. The development of the Board continued to be hampered by the legal, economic, and political environment. In spite of these limitations, the Board served the institution well.

The Jones Period

The leadership and dedication of Jones and senior administrators of AAC distinguished the tenure of Richard Jones. The relationship between the Board and the AAC administrators was stable and civil during the Jones period. There was very little action taken by the Board of
Trustees. This may have been caused by the departure of many of the corporate Board members during this period. Most departures were due to the demands of the business climate and the individuals being reassigned, and sometimes dismissed, by their companies. There were several events that occurred during the Jones period that shed light into the Board’s development.

During the final weeks of Miller term, the senior administrators of AAC met to explore ways to force a change in leadership. Although he was not supportive of their actions, Richard Jones was the group’s choice to become the academic director and chairman of the Executive Committee of AAC. (It should be noted that the Executive Committee was created at the end of Miller’s term to counter his dictatorial management style and his sole legal authority. The Executive Committee comprised the senior academic and administrative managers of the College.) The group approached the Board and convinced them to encourage Miller to resign. They approved the Executive Committee’s recommendation to appoint Jones to head the College.

The Board was shocked and distressed by the news of the financial crisis. They had given Miller a generous severance package to encourage him to resign in the late spring of 1996 (Andersen & Winn, 2002, 2004). The Board supported Jones in his plans to address the financial challenges. They encouraged him and the staff to pursue aggressive fundraising activities, and they were active in promoting the College within the corporate community. Documents indicate that the Board held only three meetings in late 1997 and early 1998. Two Board members and two prospective Board members, Alshaya Bhargava, attended the August 1997 meeting president of Citibank of the Czech Republic, and Ayla Ficken. The motion to accept them as Board members was approved. Venys suggested that Mark Ellenbogen be considered for Board membership, but no action was taken. The Board received a positive report from Jones on the
condition of the College. The financial report indicated that AAC was in a strong financial
position and it was preparing an annual budget for the Board’s next meeting. A report on the
fundraising activities was encouraging. A progress report on finding a replacement for Dr. Jones
was given and the Board discussed one candidate that would be worth pursuing.

Venys and Ellenbogen, a prospective Board member attended the Board meeting in
January of 1998. Again, there was no action taken to elect Ellenbogen to the Board. Reports
were presented outlining some administrative changes at the College. An update on the
renovation of the campus indicated that the city of Prague had agreed to contribute to the cost of
the renovations. The Board was informed of the ongoing search for a successor for Richard
Jones and agreed to place an ad in the Chronicle of Higher Education. Ellenbogen offered to
personally pay for the ad.

In 1997, the Czech parliament enacted legislation that impacted all foundations in the
Czech Republic. The Board reviewed and discussed a draft of proposed statutes in the late
spring of 1998. The statutes were intended to keep AAC as a foundation. By electing to remain
as a foundation, AAC would have greatly limited its ability to operate as an educational
institution. The “Act on Foundation” also required that the foundation set aside 500,000 Czech
Crowns ($15,000) as an endowment (Aserova & Thomas, 1998). Given the financial situation at
the time, this would have been problematic for AAC.

The Board considered a proposal from the International Institute for Christian Studies
(IICS). The proposal would have created a partnership between IICS and AAC for the purpose
of creating a Christian Studies and Ethics program. Venys indicated that he had the proxy of
three of the absent Board members. The Board discussed the need to change its status to a public
benefit company in order to comply with the new Law on Foundation. There was concern about
losing some of its existing Board members as the legislation dictated that two-thirds of the Board must be Czech citizens. The Board took no action.

During the next few months, two of the existing Board members resigned from the Board. All of the resignations were due to business reasons. This left the Board with four members: Venys, Bhargava, Muller and Ficken.

A major action taken by members of the Board was the filing of a proposal to convert AAC into a public benefit company. This was filed with the court in Prague in late August of 1998. The Board had never approved it. Three members of the Board signed the application and listed themselves as the only members of the Board of the new organization. The wife of a Board member was listed as the founder of the new entity. When asked about this, two of the Board members involved stated that they undertook this action because of the urgency created by the Law on Foundation. This law was passed in September of 1997 and became effective in January of 1998. There was a period of 12 months after the effective date of the act for filing new statutes with the court. Therefore, the Board should have been aware of the act for almost a year since it was passed, and it had three months to file before the deadline.

Prior to his departure in 1997, Jones wrote to the Board and encouraged them to address the strategic direction of the College: “There is a clear need to draw up a strategic plan for the College’s future and it would be helpful to get the input of the Board before this task if begun.” There is no indication that the Board took any action on his suggestion.

There appears to have been an unspoken agreement between the administrative staff and the Board. Administrators understood the demands placed on the outside directors by the stressful economic environment. They appreciated Board members’ service to the College and the fact that they were not being compensated. The Board had a sincere desire to see the College
succeed, but did not have the time or energy to address the complex and challenging issues that faced AAC. Therefore, the Board would offer support and encouragement to the administrators and allow them to take control of the decision-making process.

Minutes from the Board meetings during this period validate this understanding. The focus of authority was clearly in the hands of Jones and the Executive Committee. The clearest example of this relationship was the process of selecting the president to replace Jones in 1998. Jones had made it clear that he would be leaving Prague in the summer of 1998. He discussed this with the Board and took action to find a suitable replacement. The Board was not engaged in the search process and only two members of the Board met the incoming president prior to his appointment. The decision to name Henry Mann as president was made by the Executive Committee of the College. Mann agreed to accept the position in August of 1998.

Discussion

The Board played a role in selecting the president by approving the recommendation of the Academic Council to name Jones as director of the Executive Committee of AAC. The Board provided support to Jones during his tenure. Communication between Jones and the Board was good, and this allowed the Board to gain an understanding of the steps Jones was taking to meet the challenges facing AAC. Jones provided the Board with information about the educational programs and management of the College.

There is no evidence that the Board addressed the issues of long-range planning and clarifying the institutional mission. Individual members of the Board assisted the College by providing access to the business community and to potential donors. The Board did not undertake any action to assess Board performance.
The Board retreated from its position of influence during the Miller period to one of
passivity, and there was indeed little evidence of leadership by the Board. Legislation had been
enacted that provided for legal authority for a board of trustees. The AAC statutes, approved in
March of 1997, stated that the Board was the “highest decision making organ of the College.” In
spite of these powers, the Board demonstrated little understanding of its responsibilities.

An interview with a Board member provides insight into the thinking of the Board. This
is his response to the question, “How do you see the role of the Board?”:

At first it was purely a social, prestigious title and Board members were not aware of
their responsibilities. I was very interested in education and believed in the mission of
AAC. I wanted to make a contribution. But I was unaware, as most of those in the
Czech Republic, of the role of a trustee. Academia is close to my heart and I am
confident in my abilities in this area. I felt that I could add value to AAC because of my
past responsibilities in higher education. I have done just about everything in the
academia world, from lecturing to writing textbooks, to administration. I tried to
influence AAC as best as I could.

The first Board was pleasant and well meaning, but lacked the ability to influence
management. We felt that we should try to help it get through the problems of growth.
We trusted Richard Jones and felt that he did his best. He was primarily a volunteer. He
did not receive much, if any, compensation. So, we felt we were limited in our ability to
push him beyond his limits.

Once it was known that Jones was leaving, the Board wanted to bring in a professional
academic manager. After a search that Jones led, we were left with only one serious
candidate. The Board did not have the opportunity to meet with Henry Mann. It was
during holidays and the Board consisted of only three individuals. We relied on Jones’
judgment and the strength of Mann’s resume. It indicated that he had some strong
administrative experience in South Florida. Even after I met him upon his arrival in
Prague I was impressed. He seemed to have the energy and knowledge to move the
college forward. (personal communication, 2001)

The Board “rubber stamped” the appointment of Jones as president and showed little
interest or involvement in the search for his replacement. Jones and other administrators kept
board members abreast of the administrative and academic activities of the College, but they
rarely questioned these reports. They did represent AAC well in the community, and their high profile positions enhanced the status and credibility of the College.

The policies of the Board did little to help the organization define the goals of the institution or the means of how to achieve them. It took no action to assess or enhance its performance. It demonstrated some strength in the political competency, but was weak in all others. The relationship with the president was supportive, but it did little to enhance his ability to exercise leadership. There is little resemblance to any of the governance models, although they did exhibit some traits of the collegial (empowering others) and political (realistic about what can be accomplished) models.

The characteristics of the Board do not match any of the stages of the life-cycle models. While there are some elements of the organizing (founder’s) board and others from the governing board phase, neither accurately describes this Board. The internal culture of the College may have contributed to the passive leadership role of the Board. Administrators were concerned with the financial condition of AAC and its survival. They had the utmost confidence in Jones, as did the Board. The Board may have felt it was in the best interest of the College to allow Jones and the Executive Committee to lead the College during this difficult period.

External factors did play a critical role in the Board’s development. Once again the economic environment contributed to limiting the time and energy members could invest in Board functions. While legislation was passed that provided the Board with more authority, it also created uncertainty. The Law on Foundations was complex and confusing. Rumors circulated about the bureaucratic hurdles to overcome and the lack of consistency in the courts. These factors drove members of the Board to take action to register AAC as a public benefit company without thorough Board review or discussions.
The circumstances surrounding the decision were explained by one of the Board members involved in this action: “We were aware of the new law on foundations and knew we had to register the College as a public benefit organization. We had not identified a replacement for Jones, so Venys began the registration process. We wanted to keep the application as simple as possible because we were concerned about the approval process. [There was reason for this concern. The courts had rejected hundreds of applications.] We agreed to appoint Venys’s wife as founder and limit the statutes and details of the application. One of the reasons that we did not want to expand the Board was the daunting process that Board members had to go through. There were background checks and an extremely bureaucratic process to follow. We felt that it would not be fair to invite others to join the Board and undergo this process. We may have taken some shortcuts on the application, but our motives were in the best interest of the college” (personal communication, 2001).

The decision to file the registration without communication with members of the AAC administration would prove to be a major problem for the Board. The lack of any official records of this action, coupled with the naming of Venys’s wife as founder, later provided Mann with ammunition that the Board was not acting in the best interest of the College. This action by members of the Board facilitated a crisis that undermined its authority and placed the College in a precarious position. Its actions diminished trust between the institution and the Board and paved the way for future challenges to the Board’s influence.

Summary

The actions of the Board indicate a retreat from its path of development as leaders of the College. Legal reforms provided the Board with more authority; however, economic conditions limited the engagement of the Board in traditional roles and responsibilities. The unofficial
actions of members of the Board, while well intentioned, harmed the fragile bond of trust that was being built between the Board and the College.

The Mann Period

Henry Mann served from August of 1998 to April of 1999 as president of AAC. His tenure was characterized by chaos, turmoil, and mistrust. It was during his presidency that the Board of Trustees faced its greatest crisis. It emerged with a stronger sense of its responsibilities and a clear idea of its authority. This period is rich in insight into the actions of the Board and its relationship with Mann and the other constituents of AAC. The members of the Board of Trustees provided access to correspondence, Board minutes, and their impressions of the events that highlighted this period of development.

This period reflects the changing role of the Board and its relationship to the administration of AAC. This change can be seen through the Board’s response to the growing evidence of Mann’s mismanagement and leadership style and its reaction to Mann’s attempt to dissolve the Board.

There is ample evidence available that should have warned the Board of the destructive leadership style of Henry Mann. The first was a report to the Board in November of 1998. “The State of the College: A Report Submitted to the Board of Trustees of Anglo-American College” is comprehensive in its description of the challenges facing the College. In the final section of the report, Mann informed the Board of his understanding of its role and responsibilities: “Boards of trustees all share one common and primary obligation: assistance with institutional development.” He went on to state that, “Gratuitous advice, casual oversight, and infrequent involvement will be of little use to AAC during the next few years.” He criticized the Board for failing to meet with him during the interview and hiring process. Mann raised concerns about
the manner in which Board decisions have been made and the lack of official records. Finally, Mann noted that two of the Board members were involved in activities that represent a potential conflict of interest. He suggested that these Board members either discontinue these activities or remove themselves from the Board. Mann did not define the activities or identify the persons.

In an extraordinary attachment to the report, Mann outlined the conditions for his continued tenure. He explained the economic sacrifice he has undergone to pursue the challenge offered by AAC. He framed his forgone salary, and that of his wife, as a gift to the College. Mann informed the Board that other institutions of higher education in CEE were compensating their presidents at a much higher level and warned them that he would not continue his service at the present level. His compensation requirement to continue as president after the six-month interim period was 1,635,000 CZK plus 240,000 CZK for his wife. The 1,865,000 CZK would have been 12% of the total operating budget of AAC and equal to about $62,500 (based on the exchange rate at the time). Mann had agreed to a compensation of 650,000 CZK when he accepted the position in July of 1998.

Mann stated that the current financial condition of the College would not support such an increase. He asked the Board to accept the responsibility to find the funds to pay this compensation package: “I believe that it [the Board] should be mindful of the extreme unlikelihood of its ever finding anyone with my academic credentials and experience again in its current environment.” Mann shared with the Board that he had reviewed the applications for the position and found most of the resumes to be “laughable.” He stated further, “I will be even more blunt and immodest in asserting that in terms of background, academic credentials, and high level administrative experience, even those in the final weren’t even in my league.”
Mann was able to get Board support for three of his major initiatives. He expanded the College’s efforts to recruit students from countries outside of CEE, especially from Turkey. These activities proved to be expensive and unproductive. The Board approved Mann’s revision of the tuition schedule. Finally, he was able to get Board approval for the move to the Mala Strana location. While the new site greatly enhanced the visibility of the College, the costs of renovation and relocation strained its financial resources. There is evidence that Mann misled the members of the Board on these costs.

Correspondence between Mann and Venys indicated a growing tension between the two. In a letter dated November 25, 1998, Mann pointed to some misunderstanding between them and offers to present his point of view. He told Venys that he was offended by Venys’s remarks during the previous Board meeting. Mann stated his concern about the application to register AAC as a public benefit organization and the naming of Venys’s wife as founder. He said that he discussed the matter with the general counsel of the College and determined that the AAC Foundation statutes had not been followed; therefore, the action lacked legitimacy.

Mann continues to criticize Venys for other actions and comments. He pointed to the heated discussions between Venys and Ellenbogen that took place at the previous Board meeting. Mann offered to put all this behind them, provided the Board is reconstituted and that Venys step down as chairman. He suggested that his “State of the College” report be used as a blueprint for the vision of AAC.

At the December 1998 Board meeting, the issue of the o.p.s. application was addressed. Members of the Board acknowledged that they did not follow the procedural rules of the AAC Foundation in submitting the application for registration as a public benefit organization. Under pressure from Mann it agreed to expand the Board to nine members once the application was
approved and that the new Board should strictly adhere to the rules and regulations. Minutes from the Board meeting indicate that some of the tension within the Board was taking action to build a supportive relationship with Mann. Mann’s development plan was approved. Venys encouraged the institution to set aside funds to support Mann’s fundraising travel to the U.S. and Europe. It is interesting to note that the minutes list Ellenbogen as a guest, not a member of the Board. Ficken is listed as the AAC inspector, a position that was required by the new law on foundations. Mann, Carey, and Pospisilova attended as guests. A follow-up letter from Venys to Mann asked if there were any reactions to the minutes. There is no indication of changes. This becomes important as the listing of Board members and Ficken as inspector conforms to the statutes of the public benefit organization that was pending in the courts.

On March 14, 1999, the Board received two letters that outlined concerns over Mann’s leadership. A letter from “The students of AAC” expressed frustration over their inability to voice their concerns through other channels of communication. Their issues included the following:

- The failure of AAC to file an accreditation application until this date.
- Frequent manipulation of meetings, specifically, a lack of democracy and an apparent refusal to provide information necessary for student representatives to understand the issues and make informed decisions at the executive Board meetings (for example, purchasing the new building, establishing of the Office of Student Services, etc.).
- Persistent disregard of student concerns regarding bad teaching staff, especially within the business school (for example, reappointment of people who were known to be bad teachers).
• The overall decline in academic standards over the prior three years.

• The lack of communication of any sort of strategy regarding the present changes and the long-term future of the College.

• Major decisions made without an overall concept and understanding its consequences for the student body (for example, the creation of the Office of Student Services, the impact of continually raising fees, particularly if the present low standards are maintained, etc.).

• The unclear use of funds (for example, appointing people to positions and consequently raising their salaries without consulting the Executive Board, unjustified issue of credit cards, etc.)

• The apparent general mismanagement (for example, appointing new people without regard to and understanding of the existing structure and without consulting the Executive Board, apparent misunderstanding of the corporate culture, refusal to dismiss a person involved in a sexual harassment case, even though there were serious misgivings with the gentleman’s overall behavior to the students in the past).

• The total general dissatisfaction with the way the College is run at the moment, in particular with the way the feedback from the students (as paying customers) is being disregarded on several major issues especially accreditation.

All the above-stated observations are reflected in the inability of the College to attract new students and in a growing propensity for students to leave before completing their studies.

A similar letter from seven members of the staff and faculty of AAC outlined six serious concerns:
• Financial impropriety.

• Lack of any overall direction or basic understanding of the position of AAC within the Czech educational system.

• Placing ineffective personnel in high positions because they are friends.

• Lack of concern for the whole process of accreditation.

• A presumption that fees can simply be raised without improving the quality of the teaching offered.

• A total abuse and manipulation of the democratic decision-making processes within AAC.

The letter expanded the reasons for these concerns and provided details and examples that supported the issues: “We feel quite sorry and uncomfortable about having to take the step of approaching you directly, but we have very little option. The various points that we have enumerated about have to be resolved immediately for the sake of the College, especially the issue of accreditation which has to be resolved as quickly as possible. It is our belief that AAC could still play a most important role within the Czech educational system, but not under this most divisive and undemocratic leadership.”

One event that may have contributed to these letters was the resignation of Danny Pospisilova on March 10, 1999. Her letter of resignation raised concerns about the financial stewardship of Mann and his management style. Pospisilova was a well-respected member of the AAC administrative team and had been a critical part of Richard Jones’ efforts to bring the College back to a strong financial position.

The Board called a special meeting on March 17, 1999, to address the letters from the students, staff, and Pospisilova. Mann was confrontational and stated that “this is the last time I
have come to a BOT meeting for an inquisition.” Mann defended his position by presenting a document dated March 19, 1999, entitled “The State of the College.” He blamed the previous administration for the “mess that he inherited.” When a Board member remarked that the financial statements reflected a strong position before Mann took control, he stated that Pospisilova was totally incompetent and he welcomed her resignation. He dismissed the letters from the students and faculty. He insisted that the students were asked to sign the petition without knowing what it was all about. Mann informed the Board that some of the staff and faculty did not like the way he was running the school, but they were in the minority. The majority supported his leadership. He concluded his remarks by stressing he “had been working long hours virtually pro bono and has no problem to pack up and leave any time my efforts are not appreciated.” The Board agreed to gather more information and meet in the near future.

Mann responded to the minutes of the March 17 special Board meeting by sending a memorandum to the members of the Board on March 22: “This is to place in the record my strong objection to the characterization of the above-cited meeting of the BOT, and in particular the misquotations, flagrant distortions, and self serving editorial comments and omission by the BOT chairman.” He also noted that he had conferred with the AAC general counsel and it was their opinion that the current Board had no legal authority to act. He suggested “that Board should recuse itself and leave any official proceedings in the hands of Ayla Ficken, Inspector, whose objectivity alone I rely upon.” He left the Board with a veiled threat: “I would enjoin the BOT also to consider soberly what leadership prospects the AAC is likely to attract in the open market of a small fraternity of international education who will certainly consult me before applying, if it permits me to be driven out of this post by a lynch mob largely on the basis of unfounded hearsay.”
Venys faxed a message to Mann in which he said “I am truly sorry that you could not (again) resist the urge of presenting everything in a typically confrontational, belligerent manner. I feel no need to react to your emotional outburst and unjustified statements.” He assured Mann that the Board would continue to act in a manner that was in the best interest of AAC.

Mann wrote a six-page letter to the Board on March 24, 1999, addressing the letters from the faculty, staff, and students. He expressed resentment for the “Star Chamber” atmosphere at the previous special Board meeting. He presented his version of the environment at AAC and took issue with the each concern stated in the letters. He accused the students of being racist and told the Board of his intention to take disciplinary action against all those who signed the letter. The focus of his letter was to dismiss the stated concerns or to shift blame for these concerns raised by the students, staff and faculty to others.

On March 19, Mann presented “The State of the College” to the AAC community. In this document, he reported on the accreditation issue, academic standards, faculty development and tuition. He also announced that the College had signed a contract to take possession of buildings in Mala Strana. This is a prime location just across the Charles Bridge in Prague. The location would expand classroom space, seminar and meeting rooms, and administrative offices. This move gave AAC a very visible and desirable location. Members of the Board had been informed about the move, and there appears to have been support for the action, although there is no record in the minutes of the Board meetings. According to Stepan Muller, Mann assured the Board that the College could bear the cost of the move and renovation. At the time AAC had 400 students and was growing. Ladislav Venys recalled that the rent was 800,000 CZK higher than Mann had told the Board, and the renovations were at least twice the estimated cost.
Members of the AAC faculty and staff circulated a letter responding to Mann’s “State of the College” report and a meeting held with students on March 19. Titled “The Real State of the College,” it presented ten of Mann’s statements and provided “clarification and factual background.” The tone of the letter was highly critical and accused Mann of distorting the facts. For example, Mann stated, “I began working at this school pro bono and only recently began to take a modest salary.” The letter states that Mann was paid 33,000 CZK per month when he began and during the ensuing eight months raised his salary to 57,000 CZK. He also had the College pay expenses that were not part of his original compensation package. Both Venys and Muller confirmed the issue of the change in salary. The Board had never been consulted about the adjustment.

Muller and Venys communicated by phone during the following week and were weighing their options with regard to Mann. However, before they were able to take any action, the court informed the College that the application to convert to a public benefit organization had been rejected. This was a critical juncture, as the College was in the process of re-certification by the Ministry of Education. Mann seized upon the crisis as an opportunity to consolidate his power and dismiss the Board. He hired outside counsel to support his position that the Board had misused its authority and therefore was an illegal body.

On April 7, 1999, Mann called his senior administrative and academic officers together to discuss their options. Mann obtained the support of the existing members of the Founders Board, Raichl and Mach. With the concurrence of both internal and external counsel, the Executive Committee declared that the Board of Trustees had neglected to fulfill its fiduciary obligations and had placed the College in grave danger. Specifically, it was claimed that the
Board had failed to operate in accordance with the statutes of the College. Therefore, the Board was declared illegal and the authority of AAC was transferred to the Executive Committee.

The application to the Ministry of Education to operate as a Requalification Institution had been extended based on the application to transform it into an o.p.s. Once the Ministry was informed that the application had been rejected, it threatened to withdraw AAC’s accreditation. AAC negotiated with the Ministry and was able to maintain its status as a Requalification Institution until the end of the year. If the o.p.s. approval was not granted by the court, AAC would have no legal authority to operate as an educational institution.

The tension between the Board and the Executive Committee continued to escalate during the spring and early summer. Led by Dr. Muller, the Board refused to accept the decision of Mann and the Executive Committee. Mann presented the Board with prepared letters of resignation, but the Board declined to sign them. A battle of memorandums and faxes ensued in April and early May.

The Board was able to prevail because of the legal system. Mann did not have the legal standing to appeal the court’s ruling since he was not listed as the founder. Only Venys’s wife could take that action. This left Mann with few legal options. He had lost the support of the administrative staff, faculty, and student body. Venys threatened to take Mann to court, and this was the final blow. According to a Board member, “Mann was forced to resign because he had run out of options.” In May 1999, he resigned as president of AAC. His last act was to appoint Rosemary Taugher, his chief financial officer, as president. The Board took no action on this appointment. A contributing factor in its lack of response was the timing. Graduation was being planned, and there was no agreement between the Board and the Executive Committee on who should be in charge. Taugher remained as president until the middle of July and then resigned.
The resignation was expected as she was returning to the U.S. Shortly after her resignation, members of the AAC Executive Committee approached the Board and suggested that Richard Smith be named president. The Board agreed with the recommendation, and Smith began his tenure at the end of July 1999.

Taugher provided a valuable service to AAC during her short tenure. She had been involved in an audit of the College prior to Mann’s departure. She presented a report of her findings to the AAC Executive Committee and the Board. The report covered many academic and administrative aspects of the College and presented the status of each as of July 31, 1999. She listed 28 items that were of grave concern, including:

- A lack of a highly experienced, professional manager with overall responsibility for operations.
- Sharply differing cultural and communication styles.
- Unclear or muddy communication channels.
- The lack of an integrated strategic plan, including lack of a marketing and enrollment plan, financial plan, anticipated cash flow, departmental budget etc.
- The lack of internal controls.
- The lack of working cash flow.
- The lack of clarity on voting bodies (persons who can legally vote, quorums, legal notices of meetings, legally adopting and dropping members, disciplinary actions, rights and responsibilities and expectations of Board and council member, etc.).
- An overall lack of financial resources for the growth the College is undergoing.
- Low faculty pay rates, resulting in high turnover, difficulty in acquiring qualified teachers, burnout, and dissatisfaction of students.
• Low staff pay rates, especially considering their heavy workloads.

• No predictable system of job descriptions and performance evaluations.

The Taugher report provided a sobering assessment of the College as of July 1999. Her recommendations were clear and concise. Taugher did not place the blame for these problems on any person or group. Her report was a valuable asset for Richard Smith, the Executive Committee, and the Board as they began to identify the critical issues facing the institution.

Discussion

The Board failed to fulfill its responsibilities during the tenure of Henry Mann. It was not involved in the hiring process. It did not support the president or adequately monitor his actions. The Board was tentative when presented with evidence that Mann was alienating staff, faculty, and students. The Board did not insist on good management and did little vigilance in reviewing decisions by Mann that would greatly impact the College. They never asked to see a financial analysis on the Mala Strana site and did not ask enough questions about the costs associated with relocation and renovations. The Board demonstrated little interest in testing the validity of Mann’s assumptions and conclusions inherent in his proposals to expand the recruitment of foreign students and his plans to restructure the tuition system. They were lax in monitoring the financial condition of the College. In each area of responsibility, the Board failed to fulfill its obligations.

One reason for this failure was the impression by members of the Board that they did not have the legal authority to take action. As one Board member explained, “My frustration comes from the lack of power to deal with management. I felt that the Board did not have the power to remove the president or influence his actions, until there was a serious problem” (personal communication, 2001). He cited an incident in which Board members heard that Mann was
giving credit cards to everyone and making some questionable spending decisions. “The Board
is not supposed to delve into the administration of the College, including academic affairs”
(personal communication, 2001).

The Board did not address policy issues during this period. It never articulated standards
of behavior or means to achieve goals. Dissent within the Board was broadcast to the
administration. The divisions on the Board were well known by administrators, and Mann used
this to promote his agenda. The Board was tentative and confused about its role and this was
reflected in its decisions, or lack of action.

Because of the turmoil in the College, the Board was provided uncommon access into
operational details. This access was possible because of the frustration of the students, staff, and
faculty and their communications with the Board. However, the Board was not aggressive in
investigating what was occurring at the College. It called meetings but took little action to
address the concerns of its constituents. This lack of action eroded trust between the Board and
the staff, faculty and students.

There is no evidence that the Board sought to inform new members about the institution,
the profession, or the Board’s responsibilities. Members of the Board were not sure of its legal
authority. The 1997 statutes gave the Board broad powers to take action to ensure that the
College achieved its mission. The Board acted as if it was not aware of these statutes. The
Board did not follow its own procedures in electing new Board members.

The interpersonal competency of the Board was weak. Records of the Board meetings
and correspondence between Board members and Mann reflect sharp divisions within the Board.
The Board did not appreciate the complexities of the issues it addressed, particularly the
decisions surrounding which organizational form was best for the College (foundation or public
benefit organization). The Board failed to address strategic issues in a manner that reflected the changing environment of the Czech higher education system or political system. There was little or no action by the Board to strengthen relationships among constituents. When action was called for, the Board was tentative.

The Board acquiesced to Mann’s request in his November 1998 “The State of the College” report that the Board should not provide advice, oversight, or involvement. Only when the existence of the College was threatened did the Board take decisive action. While Board members stated that they did not feel empowered to take actions, the proposed statutes included in the o.p.s. application tell a different story. The statutes state that the Board has the authority to “make decisions to secure the fulfillment of the organization’s objectives.” It further states that the Board shall determine the tuition charged and the level of scholarships. Mann made these decisions without approval from the Board.

The Board did have the legal authority to take action. According to the statutes of the AAC Foundation adopted in March 1997 (over a year prior to the hiring of Mann), the Board of Trustees is the highest decision-making organ of the Anglo American Foundation. Some of the tasks of the Board include:

- To meet the aims for which the AAC Foundation was set up.
- To authorize the Foundation’s annual budget and to audit its previous year’s accounts.
- To authorize the taking out of loans and credits.
- To designate and dismiss the chair of the Executive Committee/president of the College.
• To designate and dismiss the director of finance (Mann hired Taugher without Board knowledge)

As the transition to a market-based economy proceeded, the citizens were more comfortable with uncertainty, confusion, and change. The external environment was not impacting the Board as it had in the past. The exception was the turmoil surrounding the 1997 Act on Foundations and the courts implementation of the legislation. The Board should have been aware of the growing challenges to the College as the state universities were adapting to the demands of students. This growing threat coupled with the much-publicized intentions of Western funders to withdraw from the region should have been one of the major concerns for the Board.

The leadership of the Board does not correspond with any of the governance models in the U.S. There are elements of the mixed model, but it does not adequately describe how the Board exercised leadership. The Board attempted to serve the needs of the institutions, but did not contribute to its development during the early period of Mann. It fared better during the final days of Mann’s tenure by exerting its authority and taking actions to protect the College.

The Board did not exhibit an acceptable level of competency, adopt policies that moved the institution forward, or fulfill its responsibilities during the Mann period. This analysis would be incomplete, however, if it did not recognize the positive development of the Board during the crisis caused by the court’s rejection of the o.p.s. application. The Board stood up to the challenges and forced the resignation of Mann, even when it was uncertain of its legal authority. Interviews with Board members indicate that this was done to ensure the continued existence of AAC. A Board member expressed this by stating, “My role has been to save the College from
the individual interest of certain persons, especially Henry Mann….my role was to get rid of Mann” (personal communication, 2001).

The relationship between Mann and the Board was the single most important element in this juncture of the College’s development. Mann viewed the Board as an obstacle to his plans. The Board could have enhanced Mann’s understanding of the Czech environment and his ability to succeed in his role as president. Correspondence between Mann and members of the Board indicate that such a relationship may not have been possible. A factor in this was a lack of understanding by the Board of its responsibilities and the confusion surrounding the legislation affecting the governance structure. Both parties must share the burden of this failure; however, its impact caused severe damage to the College.

Summary

The Board failed to meet many of its basic responsibilities during the Mann period. The genesis of these problems may have been created by its lack of involvement in the hiring of Mann. These challenges were further complicated by the actions of individual members of the Board to proceed with the legal restructuring of the College. Although there is ample evidence that their intentions were honorable, the action threatened the existence of the College and the bond of trust that had been growing during the previous periods. The Board demonstrated its commitment to the institution and its ability to serve by its actions and resolve brought about by the rejection of the o.p.s. application. This period highlights the critical relationship between the Board and the College president and the consequences of a lack of confidence and trust between the two.
The Smith Period

Richard Smith had come to Prague to establish a Christian studies program through the Komensky Institute. He began teaching at AAC shortly after his arrival in 1995. The members of the Executive Council felt he was the right person to calm the environment at AAC and focus on its many challenges. Smith quickly developed a cooperative relationship with the Board and assisted them in recruiting new members. Venys stepped down as chairman of the Board and was succeeded by Stepan Muller. During the next few months, four individuals joined the Board. Petr Pajas had been active in the development of the NGO sector in the Czech Republic and had extensive knowledge of the legal system. Helena Fialova was a professor of business and Chair of the MBA program at Masaryk Institute of Advanced Studies (Prague). She was a good friend of Stepan Muller and joined out of respect for him. Pavel Zavitkovsky was a partner with the Prague office of KPMG (an international accounting and consulting firm). Dennis Miller had spent considerable time in the region developing projects for Covenant College (Tennessee) and had become friends with Richard Smith. Miller was in Prague for two Board meetings in 2000 but was not able to attend any meetings in 2001. He resigned from the Board in 2002.

The Board supported Smith’s agenda as outlined in his report to the Board on November 29, 1999. Together they agreed to develop an application to form a new o.p.s. The rationale driving this strategy was that a comprehensive application with well-defined lines of authority would have a good chance of being approved by the court. If the appeal for the former application was denied, AAC would have a new entity to continue business. In the event that both applications were approved, the organizations would merge. Both applications were later approved, and the organizations were merged.
The Board worked closely with Smith and members of the administrative staff in preparing the necessary documents for accreditation by the Ministry of Education. Muller was heavily involved in the process and utilized his experience as a former academic and his network as an investment banker. The Ministry of Education had extended the deadline for the application for accreditation, and in March 2000, AAC filed all of the necessary documents. It was granted full accreditation in June 2001.

Smith had made it clear that he would only serve on an interim basis and encouraged the Board to begin the search for a new president in the fall of 2000. The Board created a nominating committee that included representatives from the Executive Committee, the student body, the Founder’s Board and the academic council. All were active in designing the job application and search process for a new president. There were many inquiries, but most did not pursue the position once they learned of the compensation package. AAC was offering a 30,000 CZK ($1,000) housing allowance per month and no salary. Only four individuals submitted résumés, and only one invested in a trip to Prague. All members of the Board met Dr. Joseph Drew in 2001 and agreed with the nominating committee to offer him the position. He accepted the position in May 2001, and took office in September of that year.

Discussion

The dramatic improvement in relations between the Board and administration mirrors the leadership style of both Muller and Smith. Both sought a collaborative relationship and held each other in high regard. The crisis of the Mann period encouraged Board members to reflect on their roles and responsibilities. Many administrators witnessed the energy and dedication of the Board during the accreditation process. This enhanced their respect for the Board. Most
agreed that the accreditation process would not have been possible without the leadership and cooperation from the Board.

The new members of the Board contributed to shifting their perception of their role. Dr. Dennis Miller played a key role in encouraging the Board to undertake Board development. Petr Pajas pushed the Board to consider its role in building the image of AAC and to demonstrate strong leadership. Cultural factors contributed to a review of the relationship between the Board and administrators. The enactment of the 1997 law on foundations and the creation of the Nadace Investment Fund provided incentive for all nonprofit organizations to review their governance structure. In addition, many of the funding sources that were supporting the development of the NGO sector (and higher education) were diverting their resources to other regions. Most NGOs understood that they needed to be effective and well organized to compete for the limited remaining Western funds.

Members of the Board of Trustees were interviewed in 2001, and all completed the BSAQ. That input and review of the available documents reveals strong progress in meeting the goals and expectations inherent in each model. The Board fully understood its obligation to select the president and took positive action to do so in a manner that would build support within the community. It monitored the actions of the president and demonstrated strong oversight over the administrative and academic functions of the College. When faced with a severe financial crisis, the Board investigated numerous options but was firm in its commitment to maintain the independence of AAC. Its attention to the legal environment and accreditation process reflected a commitment to ensure the development of the College. It showed an interest in assessing its performance by agreeing to be the subject of this study.
The Board was engaged in the development of a strategic plan, a concise mission statement, a code of ethics, and clear job descriptions. While President Smith initiated these efforts, the Board provided support and leadership. There is no evidence that the Board was called upon to act as a court of appeal. Finally, the Board promoted the institution and represented it in a positive light within the broader community.

The majority of the Board’s actions were focused on means rather than ends. It supported the actions of Smith to accomplish the goals that he and the Executive Committee determined to be of the highest priority. The Board was involved in implementing the goals of AAC. However, the majority of the goals (ends) were initiated by Smith and the members of the Executive Committee. Much of the Board discussion was focused on details of the activities of the president and administrative functions of the College. The Board appeared to take the position of overseeing the academic and administrative activities of the College rather than address policy issues. In spite of this approach, the Board’s decisions were now being taken seriously, which had not been the case under prior administrations. For example, in late 1997, the Board voted to reject the partnership with the Komensky Institute for the purpose of establishing a Christian Studies Program. In spite of the Board’s rejection, the College proceeded with the development of the program, and it was firmly in place in 1999. Smith, who had promoted the program, was not aware that the Board had rejected the proposal. During his tenure, he made sure that the Board was aware of all partnerships and that its wishes were respected.

All members of the Board completed the Board Self-Assessment Questionnaire in late 2001 (see appendix A). The BSAQ is a self-administered, Likert-type questionnaire developed to assess a board’s strength in the six dimensions of board effectiveness (Jackson and Holland,
The BSAQ provides the board with insight into their performance in each of these competencies. A score lower than those recorded from the U.S. Institutional Scores would indicate lower levels of competency in that area. The results were compiled according to the criteria established by Holland, Blackmon and Associates, Inc. The following table compares the results with the averages derived from over 200 diverse nonprofit organizations in the United States.

Table 4: AAC BSAQ Scores in Six Competencies

<table>
<thead>
<tr>
<th>Competency</th>
<th>AAC Score</th>
<th>US Institutional Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contextual</td>
<td>.56</td>
<td>.69</td>
</tr>
<tr>
<td>Educational</td>
<td>.49</td>
<td>.54</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>.60</td>
<td>.64</td>
</tr>
<tr>
<td>Analytical</td>
<td>.69</td>
<td>.62</td>
</tr>
<tr>
<td>Political</td>
<td>.61</td>
<td>.65</td>
</tr>
<tr>
<td>Strategic</td>
<td>.65</td>
<td>.66</td>
</tr>
</tbody>
</table>

The instructions for understanding these comparisons encouraged the Board to keep in mind that self-assessments are not always consistent with assessment by outside observers and should not be a substitute for other measures of organizational performance. They can serve as a stimulus for group discussion and identification of areas competencies that may need to be addressed. When these scores were presented to the Board, there was little defensive reaction. They were pleased that they had measured up so well with U.S. institutions.

The questionnaire did confirm areas in which the Board needed improvement. Some of the Board members were not familiar with the context in which they were operating. A
contributing factor in this was the ever-changing legal and regulatory environment. The fact that AAC was the first private college in the Czech Republic and there was little experience to learn from was critical. This was further complicated by the infusion of four new Board members.

The definition for the educational competency suggests that a board “takes steps to ensure that members are well-informed about the institution, the profession, and the board’s roles, responsibilities and performance.” It is clear the Board had not addressed this issue in the past, but was making a concerted effort to do so with incoming Board members. It was evident that the Board was uncertain about its role and responsibilities, but this too was evolving. Two of the new members reported they had several meetings with Board members and President Smith. They met with faculty, staff, and students at the College. Both felt they had a good orientation to the Board. They were familiar with the mission and objectives of the College and were aware of some of the past problems. The orientation process was informal, and there were no specific guidelines for incoming or current Board members.

The AAC Board scored better than expected in the educational competency. One reason for this result may have been because one of the new Board members was very familiar with the legal environment surrounding the NGO community. Another had been involved with Czech higher education for over two decades and was currently in a senior administrative role in a Czech university. A third new member of the Board had extensive experience with American higher education and had been actively involved in establishing cooperative programs with CEE universities. Only one of the new Board members did not have direct experience with higher education or the NGO community.

The interpersonal competency of the AAC Board was close to those surveyed by Chait, Holland, and Taylor. There is no doubt that the Board had created a sense of community and
was seeking to prevent the type of divisiveness that had defined the Board during the Mann period. The tone of communications between the president and the Board changed dramatically, as did the relationship among Board members. The leadership style of Smith and Muller appears to be the primary reason for this change. The memory of the previous relationship between Mann and the Board was a contributing factor in this shift of attitude. The Board was, however, taking steps to strengthen the relationships among Board members. After many of the Board meetings, most Board members would share a meal together. Conversations indicated a climate of genuine respect and care among the Board members. They demonstrated a shared sense of pride in their contributions to AAC and the results that were being created.

The Board comprised individuals who were very analytical. One was an investment banker, another, a financial advisor. All but one had grown up in Czechoslovakia and knew how to navigate through complex legal and political systems. They had experienced ten years of transition to a market economy and understood the changing nature of economics, politics, and culture. This may explain why the Board’s analytical competency was higher than the average for U.S. institutions. A review of the minutes and personal observation of a Board meeting did not leave the impression that the Board intentionally focused on in-depth analysis. The homogenous nature of the Board and its knowledge and experience of the Czech environment was an important asset of the Board.

The political competency of the Board was close to those of U.S. institutions. The experience with Mann coupled with the leadership of Muller and Smith combined to encourage the Board to develop clear and honest communications. Taugher had highlighted the lack of open communications in her report, and both the Board and administrators at AAC were determined to address this issue. It was a key issue for Board members, and two of the Board
members credited Muller for rebuilding the collaborative relationship between administrators and the Board. One Board member wanted closer contact with the students, but pointed out that the Board agreed that this was the role of administration. The Board insisted that they be keep informed of student’s concerns, achievement, and issues. All Board members expressed great delight in being a part of college functions, especially graduation.

The Board members contributed to the success of AAC by utilizing their personal contacts when appropriate. This was particularly evident during the accreditation process and the effort to address the legal crisis. Board members were engaged as partners with Smith and other administrators in these and other issues that confronted AAC. Communication channels were improved through reports given by the president, vice president of academic affairs, and other key administrators. The Board was creating an environment in which faculty, staff, and students felt comfortable approaching the Board.

The leadership style of the Board reflects many elements of the political governance model. The Board demonstrated its ability to serve the needs of the institutions and to form relationships built on communications and trust. They expected more information from the College, but did so in a manner that signaled that they wanted to become more involved. The Board engaged in several activities that strengthened the bond of trust with the constituents of the College. They were visible at college functions, engaged in addressing the immediate challenges of the institution and supportive of the administration. There continues to be a lack of interest in the long-term consequences of external events. The continued progress of the state universities and the passage of the Act on Higher Education (1998) increased the competitive threats to AAC. The Board’s attention was not on these matters during the Smith period.
Summary

The AAC Board strategic competency was on par with those surveyed by Chait, Holland, and Taylor. There is strong evidence that the Board was engaged in more strategic thinking and was moving towards a long-term view. This became more visible as the institution moved away from the crisis mentality that was characteristic of the Mann period. Several members stated that the Board needed to be more proactive and forward thinking. As of 2000, the initiative for strategic planning came from Smith. The Board was supportive and assisted in the process. This was a change from the Board’s reaction to Jones’ strong encouragement in 1997 to develop a strategic plan. At that time the Board took no action.

Later Developments

The Board took an active role in the selection of Joseph Drew as president and has demonstrated that it is taking its role and responsibilities seriously. There is evidence of a more proactive Board, one that is engaged in strategic issues and dedicated to address the challenges and opportunities that face the College. In 2002, AAC’s application to register as an o.p.s. was approved, and the Board moved quickly to expand its membership. They were able to attract several prestigious individuals including the United States Ambassador to the Czech Republic. Muller’s term as chair expired, and Pavel Zavitkovsky replaced him.

Minutes of Board meetings in 2003 were reviewed and indicate a more comprehensive and responsible environment than existed prior to 2001. In past years, Board minutes were non-existent or limited to a single page. Current Board minutes are detailed and demonstrate a vibrant environment. The Board minutes reflect serious discussion on budgets, fundraising plans, student admissions and retention, and strategic partnership. Members of the academic and administrative staff are present at the meetings, and there appears to be an open discussion of
issues raised by them. The process is more organized, and procedures outlined in the AAC statutes are followed. Reports to the Board indicate a strong financial position.

Chapter Summary

Chapter Four has outlined the development of the Board of Trustees of AAC through multiple lenses used to assess and enhance the performance of governing boards of colleges, universities, and nonprofit organizations in the United States. Analyses of the actions of the Board from 1990 to 2001 provide insight into the development and evolution of the Board during the tenure of each of the presidents of AAC. These findings and discussion will assist those engaged in the development of governing boards of private institutions of higher education (and certain nonprofit organizations) in developing countries. It may also provide insight into the benefits and limitations of applying the American leadership and governance models in developing countries. Conclusions and recommendations from this research are presented in Chapter 5.
CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

The study of the development of the Board of Trustees at AAC provides insights that may be beneficial to those involved in enhancing the performance of independent colleges and universities in developing countries. Some of these lessons may be adapted to organizations in the nonprofit sector of developing countries. This chapter presents the conclusions the investigator derived from the study and makes recommendations based on these conclusions.

Conclusions

The following conclusions were derived from the four research questions outlined in the first chapter and from observations during the study.

Conclusion One: The Board of Trustees at Anglo-American College made a positive contribution to the development of the College through its leadership role.

It is clear that the Board of AAC did not perform well against the standards articulated in the U.S. models of board governance. It has been pointed out by many scholars (Carver, Holland, and Houle) that U.S. boards seldom meet that standard. With few exceptions, the Board seldom took a proactive leadership role. The Board would have not fared well in terms of competencies or in meeting the expectations of Greenleaf, Carver, Nason, or Ingram. In spite of the failure to meet these standards, the Board did contribute to the growth and development of the College.

The Board demonstrated its commitment to the mission and goals of the College by serving as a bridge between the College and the broader community. This resulted in expanded
opportunities for fundraising, program development and institutional visibility. Board members lent their names and reputations, as well as their organization’s name, to AAC. The prestige by association enhanced the reputation of the College. The Board became a vehicle for individual members of that body to provide professional advice to administrators, and in many cases, students.

The Board seldom relied on state-granted authority for its leadership. It led through influence. While there were periods in which this influence waned, the commitment and caring of the Board was never in doubt. Greenleaf (2002) presented a test to determine if a person was a servant leader. “Do people grow as individuals? Do they, because of your leadership, become wiser, freer, healthier, more autonomous, more likely to become servant leaders?” (p. 27). Adapting this test to an institution, one could ask, “Did the institution grow because of your leadership?” The Board of Trustees of AAC can answer in the affirmative. They could have done better, and there is much room for improvement. However, given the environment in which they operated, and the lack of knowledge and understanding of the potential roles and responsibilities of a board, the Board of Trustees of AAC made a positive contribution through its leadership.

**Conclusion Two: Cultural, economic, and political factors were critical in the evolution and development of the AAC Board of Trustees.**

Economic and political events played a major role in the development of the Board of Trustees at AAC. The pressure to transition from a state-controlled economic system to a market-driven economy limited the availability of individuals from the corporate sector willing to accept positions as board members. Those that were willing to serve were affected by the demands of an ever changing market and the need to devote their time and energy to their
companies. During the early part of the 1990s, over 40,000 NGOs were created in the Czech Republic (Aserova and Thomas, 1998). Legislation enacted in the 1995 required many NGOs and foundations to have both a board of trustees and a supervisory board. Those on the board of trustees could not serve on the supervisory board. This increased the demand for qualified persons willing to serve at a time that the complexities and demands facing board members were rising. Administrators and faculty members at AAC were aware of the economic pressures on members of the Board and viewed whatever contributions of time and resources to the College as a gift. In such an environment it was difficult to pressure the Board to increase its performance.

The political landscape was dynamic during this time period. New institutions were being created. The country experienced the division of the state into two separate countries. Political power was shifting from a philosophy of civil society to a market-driven approach to one of coalitions and compromise. The legislative process reflected the changes in ideologies. AAC was in a sector that had been identified as needing dramatic adjustments, but was also known for its resistance to change. Therefore, the academic community experienced political pressure in the form of reform-minded legislation. Many state universities and some independent colleges received substantial financial assistance from Western foundations, governments, and multilateral institutions. So while AAC benefited by the failure of existing universities to meet the demand for new knowledge and adaptive teaching methods, it was facing more competition for potential students as other institutions improved. The efforts of the Board were being directed to addressing the internal crisis facing the College and therefore they were not able to focus on this emerging threat.

A critical ingredient in the development of the Board of AAC and its ability to effectively influence the growth of the College is trust, or the lack of trust. Forty years of Communist rule
eroded the foundation of trust. This extended from trust between individuals and particularly the lack of trust in entities of power. This was especially relevant in academia. Even if the Board had been vested with the legal authority to manage the affairs of the institution, its ability to influence the faculty and administration would have been hampered by the residual of mistrust from the Communist period.

Robert Greenleaf (1975) referred to trust as the leaven for a good society and called for individuals to serve that role as trustees: “Trustees can become the persons who are trusted partly because they are seen as being unusually sensitive to the corrupting influence of power and who are an effective bulwark against the abuses of power that are so common today. They would be the people, among all others, who would insist that power be used to serve and not to hurt” (p. 33). Some of the acts of the Board of AAC diminished its trustworthiness, and therefore hampered its ability to exercise leadership. However, the overall actions and behavior of the Board built trust with the constituents of the College. These positive trust-building activities were critical to the Board’s development.

Conclusion Three: U.S. models and theories of leadership and governance are of value in assessing the development of the Board, but have limited applicability.

Most of these models and theories were developed primarily for the United States environment. They were of value in understanding the evolution of the Board of Trustees at AAC by providing important lenses through which to analyze appropriate elements of a complex environment. The models were beneficial in examining how well the AAC Board measured up to the standards of performance expected of boards in the U.S. The leadership theory was critical in determining the source of power (authority or influence) the Board relied on to exercise leadership. Those theories relating to servant leadership were valuable in identifying
the impact of the leadership on the institution. These theories differentiate between the intention to serve and the realities of those intentions.

The limitations of the models were primarily cultural. Many were based on the assumption that the Board held the legal authority to manage the affairs of the organization. While this is true in the United States, it was not incorporated into the Czech legal system until the middle of the 1990s. It took some time for members of the Board to accept this legal authority and to grasp the consequences of its meaning. Moving from an environment in which the government exerted influence over most aspects of decision making to one in which a newly created body, the board, has these powers takes time and education. U.S. models of governance and board development fail to take this into consideration.

Conclusion Four: The relationship between the Board and the president was critical in the development and performance of the Board.

A major contributing factor to the development of the Board was the relationship with the president. As the Board developed trust in the president, it tended to move towards a passive leadership position. It demonstrated its commitment to the College by addressing specific requests by the president, making contacts within the corporate community, assisting with fundraising, and providing professional advice. The Board did not engage in monitoring the performance of the president until it was evident that the future of the College was in danger. The ebb and flow of the development of the Board can be directly linked to its faith in the president’s abilities and in his commitment to do what was best for AAC. Once this bond was broken, the Board became aggressive in protecting the College.

There is a growing body of research focused on the relationship between the Board, its chair, and the president (Carver (2005), Chait, Holland and Taylor (1993), Astin and Astin
(2000), Oliver (2005), White (2004), Penson (2003), Fisher (1991), Guskin (1996), and Basinger (2002)). Recent scandals in the U.S. corporate and academic communities highlight the relationship between the CEO and the board and have spurred new regulations and encouraged more transparency. Seeking to find the right balance between the Board and the president of the institution can be a delicate undertaking, but one worthy of the effort. Jaroslav Pelikan (1974) expands the responsibility to find this balance to those beyond the Board: “Where the process of trusteeship has broken down and changed into either indifference or interference, a significant part of the blame for the breakdown must often be assigned to the university administrators and faculty for not responsibly engaging in intellectual dialogue with the trustees about the idea of the university” (p74).

**Recommendations**

The final research questions sought to determine how the findings of this study could be used to enrich the advice and counsel of those who influence policy makers and advise boards of trustees in private colleges, nonprofit organizations, and institutions of higher education. The following recommendations are based on the findings and observations from this investigation. They are primarily focused on those active in developing countries.

**Policy Makers**

As countries make the transition towards a market-based economic system, they need the institutions that reflect and support the goals of a civil society. Strong independent colleges and nonprofit organizations can play a vital role in the process. While the leadership in these organizations is often vested in their founders, executive directors, and presidents, the reality is many of these individuals move to other institutions or depart to other sectors of society. To minimize the disruption of these departures, public policy should support and encourage the
establishment of boards of trustees as the primary organ of governance. This approach will also allow individuals committed to the goals of the organization to devote some of their talents and leadership skills to the entity.

Public policy should clearly articulate the legal authority of the board of trustees and provide guidance to the organization in developing their duties and responsibilities. The principle of reasonable prudence should be the standard of performance incorporated into public policy. The legislation should also provide indemnification for members of a board that meet this standard.

Governments should encourage educational programs that provide guidance to those interested in understanding the roles and responsibilities of boards of trustees. Such programs would also seek to enhance the performance of boards and expand their capacities to influence their respective organizations. In the event the government is not in a position to provide financial assistance, it should use its influence (for example, in the form of tax incentives) to garner support from citizens, local foundations, and corporations.

Advisors

A thorough understanding of the environment can enhance the adaptation of Western models of governance and leadership in developing countries. Knowledge of the legislation affecting the authority and obligations of the board of trustees is essential. Advisors should be aware that legal requirements and limitations on the authority of the board are often found in legislative acts other than those directly related to nonprofit organizations and institutions of higher education. The review of tax and civil codes would be beneficial.

Independent colleges and nonprofit organizations are often aware of the impact of economic conditions on such issues as fundraising. Advisors should encourage the broadening
of this perspective to the indirect affect of the economic environment on members of the board. Economic conditions can be a major factor in turnover of members of the board, especially if these individuals are from the corporate community. Understanding this would shift attention to expanding the educational competencies of the board.

Advisors should be aware that methods for board improvement might not be accepted in developing countries. One example is the use of board retreats. Members of the AAC Board were familiar with the concept but had serious doubts it would work in the countries of East and Central Europe. One commented, “The board retreat idea seems to be working well in the U.S.; here it is yet to be accepted. I have seen some attempts for a board retreat in another organization in which I serve, but even the Americans gave up after a few failed attempts” (personal communication, 2001).

Culture is a critical ingredient in the development of a board of trustees. Issues of trust, dependence on the state, and impressions of the use of power and authority should be considered in the advice given to board members. Advisors should familiarize themselves with the history, demographics, and significant cultural events. In addition, advisors would be well served to take time to read some of the fiction from the country. Within the literature of the country, advisors may enhance their understanding of cultural meaning and its relationship with leadership and governance. (This was particularly true in the Czech Republic. The writings of Havel, Kilma, Kafka, Kundera, and others vividly communicated the hopes, dreams, frustrations, and fears of the citizens during the Communist period. It is interesting to note that two of the popular writers during the Communist period, Havel of the Czech Republic and Gonz of Hungary, were elected presidents of their respective countries after the fall of communism. Their ability to capture the essences of their countrymen’s experiences contributed to their elevation to leadership positions.)
Advisors should encourage board members to engage in activities that build trust between them and within the institution. While overcoming years of mistrust will take time and effort, board members should be aware that their ability to influence the organization is built step by step. This is not a calculated strategy to expand the power of the board or to engage in insincere efforts to win the support of students, faculty and staff. Rather, it is increasing the knowledge and understanding of how trust can be earned and the critical need of the board to demonstrate it commitment and caring to the institutions and its constituents through actions.

Western advisors should be sensitive to the cultural resistance towards U.S. governance and leadership models. While our institutions of higher education and nonprofit organizations are often well respected and admired in developing countries, so are their traditions and heritage. Some of the oldest universities in the world are in CEE. (Charles University was founded in 1348 and Jagiellonian University was created in 1364.) While these and other universities lost much of their prestige during the Communist period, their history is filled with success and accomplishments. Western models can be valuable as these and other colleges seek to adapt to a new social order, but respect should be afforded to the past achievements of those being advised.

Institutions of Higher Education

Colleges and universities in the United States, Europe, and the target country can play an important role in furthering the development of the board of trustees. Programs in the field of education should expose students to the critical role of the board and its potential to contribute to the success of independent institutions of higher education. The relationship between the president of the college and the board should be examined. Students in higher education studies should be aware of tools and strategies that can be utilized in building a strong relationship with
the board. There is a need for additional research on the critical nature of this relationship and how it may be enhanced.

Robert Greenleaf (1975) recommended the establishment of a Chairman’s Institute for current and prospective chairs of boards of trustees. Holland (2000) and others advocate similar development programs. It may not be feasible to expect the private sector to create such an institute due to the lack of market demand. This does not mean it is not needed. U.S. institutions of higher education could partner with colleges and universities in developing countries to establish programs or institutes that reflect the suggestions of Greenleaf and Holland. Multilateral support organizations (for example, World Bank, EU, and OECD) and foundations may be interested in supporting the creation of such programs. The need for greater efficiency and performance of nonprofit organizations is heightened as these organizations invest their resources into the social support structures of developing countries.

Scholars and researchers might expand the scope of this study to other developing countries. While this study was concentrated on a single private college in the Czech Republic, others countries in the region experienced vast growth of nonprofit organizations and independent institutions of higher education. The development of these institutions and organizations offers rich opportunities for study. Additional research into the link between leadership and governance in the nonprofit sector, other private institutions of higher education, and state-run universities may reveal patterns that would be beneficial to the development of boards.

Concluding Reflection

When measured against the expectations of Western models of governance and leadership, one would summarize that the Board was not performing. There is little doubt that
the Board of Trustees made a positive contribution to the development of AAC. One can only imagine how AAC would have overcome many of its challenges had it not been for the care and commitment of the Board. It may be beneficial to explore the expectations of boards of trustees and how they can be in a position to exercise leadership. If, as in this case, the roles and responsibilities of the Board of Trustees are not defined in legislation, there exists an opportunity to rethink how a group of dedicated, non-employed individuals can contribute to an organization.

Chait, Ryan and Taylor (2005) suggest that the leadership of many organizations has moved from the boardroom to the executive suite. If this is true, it may be of value to reexamine governance and leadership structures in nonprofit organizations and institutions of higher education. These issues are of critical importance in the social sectors of developing countries (Perlmutter, 1995; Shigetomi, 2002; Centre for African Family Studies, 2001). One of the challenges facing many nonprofit organizations and institutions of higher education in developing countries is the consequences of strong leadership vested in the top executive officer. Often these organizations excel because of their outstanding leadership, and the board takes a passive position. In the event that the “leader” leaves for another organization or sector, there is a vacuum in leadership. Organizations with boards capable of providing effective leadership during these transitional periods would be beneficial to the entity and society. If circumstances prevent boards from exercising leadership, as they are encouraged to do in the literature, can they be positioned to fill that role when leadership is critical? Such an exploration may enhance the sustainability and effectiveness of institutions of higher education and nonprofit organizations. That appears to be the goal of those involved in this field.

The issue of trust is an important ingredient in building an organization. While this study suggests that more attention should be paid to the culture of mistrust in developing countries, it is
also a growing concern in the United States. Speakers at a 2005 conference at Kennesaw State University entitled “The Trust Factor: Leadership in an age of Cynicism” argued that trust in American institutions and organizations is at an all time low. The effect of these eroding levels of trust of organizations and between individuals will impact the leadership and governance of nonprofit organizations and institutions of higher education. Attention to this disturbing trend warrants research and attention.

Chapter Summary

The investigator presented conclusions based on the stated research questions and observation from this study. Recommendation were offered to those involved in policy making, to those advising governing boards of colleges, universities, and nonprofit organization, and to institutions of higher education in the United States and abroad. A concluding reflection encouraged others to examine the governance and leadership structures promoted in developing countries and explore the growing levels of distrust in the United States and its impact on the performance of nonprofit organizations and institutions of higher education.
REFERENCES


Anglo-American College Website. http://www.aac.edu


International Center for Non-for-Profit Law Website. http://www.icnl.org


APPENDIX A

Holland, Blackmon & Associates, Inc.

BOARD SELF-ASSESSMENT QUESTIONNAIRE

Adapted from form originally developed by the Center for Higher Education Governance and Leadership, University of Maryland, College Park under funding by the Lilly Endowment. © Thomas P. Holland, Ph.D., 1994.

Name of Organization

Thank you for participating in this study of non-profit organization boards. The following statements describe a variety of possible actions by boards. Some of the statements may represent your own experiences as a member of your board, while others may not. For each of the items, there are four possible choices. Please mark with a check the choice which most accurately describes your experience as a member of this board. There are no "right" or "wrong" answers; your personal views are what is important. In order to ensure the anonymity of all responses, please do not put your name anywhere on the form. After you have completed all the items, please fold the form, insert it into the envelope provided, and drop it in the mail. Thank you.

<table>
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<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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<tbody>
<tr>
<td>1. This board takes regular steps to keep informed about important trends in the larger environment that might affect the organization.</td>
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<td>2. I have participated in board discussions about what we should do differently as a result of a mistake the board made.</td>
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<td>3. I have had conversations with other members of this board regarding common interests we share outside this organization.</td>
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<td>4. I have been in board meetings where it seemed that the subtleties of the issues we dealt with escaped the awareness of a number of the members.</td>
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<td>5. Our board explicitly examines the &quot;downside&quot; or possible pitfalls of any important decision it is about to make.</td>
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<td>6. Orientation programs for new board members specifically include a segment about the organization's history and traditions.</td>
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<td>7. This board is more involved in trying to put out fires than in preparing for the future.</td>
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<td>8. The board sets clear organizational priorities for the year ahead.</td>
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<td>9. This board communicates its decisions to all those who are affected by them.</td>
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<td>10. At least once every two years, our board has a retreat or special session to examine our performance, how well we are doing as a board.</td>
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<td>11. Many of the issues that this board deals with seem to be separate tasks, unrelated to one another.</td>
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<td>12. In discussing key issues, it is not unusual for someone on the board to talk about what this organization stands for and how that is related to the matter at hand.</td>
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<tr>
<td>13.</td>
<td>Values are seldom discussed explicitly at our board meetings.</td>
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<td>14.</td>
<td>If our board thinks that an important group or constituency is likely to disagree with an action we are considering, we will make sure we learn how they feel before we actually make the decision.</td>
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<td>15.</td>
<td>Differences of opinion in board decisions are more often settled by vote than by more discussion.</td>
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<td>16.</td>
<td>This board delays action until an issue becomes urgent or critical.</td>
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<td>17.</td>
<td>This board periodically sets aside time to learn more about important issues facing organizations like the one we govern.</td>
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<td>18.</td>
<td>I can recall an occasion when the board acknowledged its responsibility for an ill-advised decision.</td>
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<td>19.</td>
<td>This board has formed ad hoc committees or task forces that include staff as well as board members.</td>
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<td>20.</td>
<td>This board is as attentive to how it reaches conclusions as it is to what is decided.</td>
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<td>21.</td>
<td>Most people on this board tend to rely on observation and informal discussions to learn about their role and responsibilities.</td>
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<tr>
<td>22.</td>
<td>I find it easy to identify the key issues that this board faces.</td>
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<td>23.</td>
<td>When faced with an important issue, the board often &quot;brainstorms&quot; and tries to generate a whole list of creative approaches or solutions to the problem.</td>
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<td>24.</td>
<td>When a new member joins this board, we make sure that someone serves as a mentor to help this person learn the ropes.</td>
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<td>25.</td>
<td>I have been in board meetings where explicit attention was given to the concerns of the community.</td>
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<td>26.</td>
<td>I have participated in board discussions about the effectiveness of our performance.</td>
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<tr>
<td>27.</td>
<td>At our board meetings, there is at least as much dialogue among members as there is between members and administrators.</td>
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<td>28.</td>
<td>When issues come before our board, they are seldom framed in a way that enables members to see the connections between the matter at hand and the organization's overall strategy.</td>
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<tr>
<td>29.</td>
<td>I have participated in discussions with new members about the roles and responsibilities of a board member.</td>
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<td>30.</td>
<td>This board has made a key decision that I believe to be inconsistent with the mission of this organization.</td>
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<td>31.</td>
<td>The leadership of this board typically goes out of its way to make sure that all members have the same information on important issues.</td>
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<td>32.</td>
<td>This board has adopted some explicit goals for itself, distinct from goals it has for the total organization.</td>
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<td>33.</td>
<td>The board periodically requests information on the morale of the professional staff.</td>
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<td>34.</td>
<td>I have participated in board discussions about what we can learn from a mistake we have made.</td>
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<tr>
<td>Question</td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
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<td>------------------------------------------------------------------------</td>
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<td>35. Our board meetings tend to focus more on current concerns than on preparing for the future.</td>
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<td>36. At least once a year, this board asks that the executive director articulate his/her vision for the organization's future and strategies to realize that vision.</td>
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<td>37. I have been present in board meetings where discussions of the history and mission of the organization were key factors in reaching a conclusion on a problem.</td>
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<td>38. I have never received feedback on my performance as a member of this board.</td>
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<td>39. It is apparent from the comments of some of our board members that they do not understand the mission of the organization very well.</td>
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<td>40. This board has on occasion evaded responsibility for some important issue facing the organization.</td>
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<td>41. Before reaching a decision on important issues, this board usually requests input from persons likely to be affected by the decision.</td>
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<td>42. There have been occasions where the board itself has acted in ways inconsistent with the organization's deepest values.</td>
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<td>43. This board relies on the natural emergence of leaders, rather than trying explicitly to cultivate future leaders for the board.</td>
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<td>44. This board often discusses where the organization should be headed five or more years into the future.</td>
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<td>45. New members are provided with a detailed explanation of this organization's mission when they join this board.</td>
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<td>46. This board does not allocate organizational funds for the purpose of board education and development.</td>
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<td>47. Recommendations from the administration are usually accepted with little questioning in board meetings.</td>
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<td>48. At times this board has appeared unaware of the impact its decisions will have within our service community.</td>
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<td>49. Within the past year, this board has reviewed the organization's strategies for attaining its long-term goals.</td>
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<td>50. This board reviews the organization's mission at least once every five years.</td>
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<td>51. This board has conducted an explicit examination of its roles and responsibilities.</td>
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<td>52. I am able to speak my mind on key issues without fear that I will be ostracized by some members of this board.</td>
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<td>53. This board tries to avoid issues that are ambiguous and complicated.</td>
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<td>54. The administration rarely reports to the board on the concerns of those the organization serves.</td>
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<td>55. I have been in board meetings where the discussion focused on identifying or overcoming the organization's weaknesses.</td>
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<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
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<td>56.</td>
<td>One of the reasons I joined this board was that I believe strongly in the values of this organization.</td>
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<td>57.</td>
<td>This board does not recognize special events in the lives of its members.</td>
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<tr>
<td>58.</td>
<td>The board discusses events and trends in the larger environment that may present specific opportunities for this organization.</td>
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<td>59.</td>
<td>Former members of this board have participated in special events designed to convey to new members the organization’s history and values.</td>
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<td>60.</td>
<td>This board provides biographical information that helps members get to know one another better.</td>
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<td>61.</td>
<td>This board seeks information and advice from leaders of other similar organizations.</td>
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<td>62.</td>
<td>This board makes explicit use of the long range priorities of this organization in dealing with current issues.</td>
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<td>63.</td>
<td>This board understands the norms of the professions working in this organization.</td>
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<td>64.</td>
<td>Members of this board seldom attend social events sponsored by this organization.</td>
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<td>65.</td>
<td>More than half of this board’s time is spent in discussions of issues of importance to the organization’s long-range future.</td>
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APPENDIX B

Interview Protocol *

Introduction

I am trying to learn about the development of the board of trustees of Anglo American College and its influence on the institution. This research will be used for my doctoral dissertation in higher education. I am using many of the US models for board governance and leadership for the analysis of the AAC board. This interview will take about an hour and your answers will be kept confidential. I will ask you a number of questions, however feel free to provide any details that you feel may be helpful in this study.

Do you have any questions?

1. When you appointed to the board?
2. Did you have any connections to the college before you became a board member?
3. Why do you think you were asked to serve on the board?
4. Have you ever served as a trustee of any other college or nonprofit organization?
5. Have you ever served as a member of a corporate board?
6. Why did you agree to serve?
7. What have you found to be the most satisfying or fulfilling aspect of your service on the board?
8. When your term on the board expires, if eligible and invited, would you agree to another term? Why?
9. What have you found to be the most frustrating or disappointing aspects of service on the board?
10. Sometimes it is easier to get a clear picture of how a board works and what a board does by discussing something very concrete. Would you take a few minutes to recall three key situations in the past 2 to 3 years where you think the board was particularly effective in dealing with an important matter.
11. Please describe the first event. When did it occur, what were the circumstances leading up to the event? Who was involved? When did the board become involved? Was the board involved or only certain members of the board? How did the board get involved? What actions did the board take? What were the results of these actions? Was the board satisfied with the results? Why do you think the board was effective in this situation? What limited the board’s effectiveness?
12. Please describe the second and third events.
13. How would you describe the operating style of the board?
14. How important is the board to what goes on at the college?
15. How important is the president to what goes on in the board?
16. How does the board know if it is providing effective leadership?
17. What would you consider the single biggest mistake the board has made – if you had to do it over again, what would you do differently?
18. Is there anything else you would like to say about the development of governing boards in the Czech Republic?
19. How do you think that board can improve their effectiveness?
20. What is your opinion on the book I sent to you “The Effective Board of Trustees” by Chait, Holland, & Taylor. ?

Thank you for your time and thoughts.

* This interview protocol was modified from the Phase I Interview Protocol for Critical Incidents – Project on Effective Trusteeship, by Chait, Holland, and Taylor (1991).
APPENDIX C

Consent Form

I agree to take part in a research study titled A Case Study of Anglo American College: Determining the relevance of American models of assessing board effectiveness, which is being conducted by Robert N. Thomas (706-864-7792), mthomas@mindspring.com under the direction of Dr. Ronald Simpson of the University of Georgia, Institute of Higher Education (707-542-34632; rsimpson@arches.uga.edu). I do not have to take part in this study; I can stop taking part at any time without giving any reason, and without penalty. I can ask to have the information related to me returned to me, removed from the research records, or destroyed.

The reason for this study is to determine the usefulness of the Board Effectiveness Model as developed by Chait, Holland and Taylor in the setting of the Czech culture. Robert N. Thomas undertakes the research as a dissertation for a degree in higher education at the University of Georgia.

The benefit that may result in this research is that the Board of Trustees of Anglo-American can identify areas for improvement in their performance. There may be additional benefits to other non-profit organizations in Central and Eastern Europe if the study proves valuable.

The procedures of this research involve completing the Board Self-Assessment Questionnaire and being interviewed by Mr. Thomas. I understand that that may be one or more request for interviews and I may be asked to meet with Mr. Thomas and other members of the Board of Trustees of Anglo American College.

There are no areas of stress, discomfort or risk that have been identified by Mr. Thomas in conjunction with the research.

I understand that all materials and information will be held in confidence. All information that is obtained in connection with this study and that can be identified with me will remain confidential and will be disclosed only with my permission or as required by law. I understand that I may be identified as a member of the Board of Trustees of Anglo American College and that I participated in the study.

My signature below indicates that the researcher has answered all of my questions to my satisfaction and that I consent to volunteer for this study. I have been given a copy of this form.

______________________________________  _______________________
Signature of Researcher      Date

______________________________________  _______________________
Signature of Participant      Date

For questions or problems about your rights please call or write: Human Subject Office, University of Georgia, 606A Boyd Graduate Studies Research Center, Athens, Georgia 30602-7411; Telephone (706) 542-6514; e-mail Address IRB@ugc.edu.