CEO FORMAL ASSOCIATION WITH NONPROFIT ORGANIZATIONS

A Dissertation

by

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ABSTRACT

This dissertation explores why some large company CEOs elect to serve in nonprofit organizations. While public expectations regarding large companies contributing to solving social issues have recently increased, CEOs are generally under heavy job demands, and their boards expect them to concentrate on business-related activities that promise to produce higher performance. Based on the data of CEOs in US large publicly-traded, for-profit firms from 2001 to 2020, my dissertation examines the antecedents of CEOs' formal association with nonprofit organizations (typically CEO outside directorships on nonprofit boards). Drawing on the volunteerism literature, I develop theory to predict that the antecedents of CEOs' formal association with nonprofits include individual, situational, and environmental factors along with value and discretion dimensions. As an individual factor, I predict that a CEO political orientation of leaning toward liberal (value) increases the likelihood of CEOs' formal association with nonprofit organizations, given that a liberal political orientation is linked to values such as caring for the community. CEOs having longer tenures (discretion) are more likely to serve in nonprofits because longer-tenured CEOs tend to have more managerial discretion in their organizations. Next, as a situational factor, CEOs with home boards that are more liberal (value) are more likely to serve in nonprofits because such boards may be more supportive and open to community involvement, a nonbusiness-related activity. CEOs in firms with dispersed ownership structure (discretion) may be able to serve nonprofits with less internal conflict. Finally, at the environmental level, I suggest that CEOs may join nonprofits to respond to the local community's needs (value). CEOs in low-discretion industries (discretion) are more likely to serve nonprofits because when discretion is limited in their main domain, individuals may seek a place of influence in a peripheral domain.

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I love you, LORD, my strength.

The LORD is my rock, my fortress and my deliverer;

my God is my rock, in whom I take refuge,

my shield and the horn of my salvation, my stronghold.

Psalm 18:1-2

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1. INTRODUCTION

1.1. Motivation and Research Questions

Chief executive officers (CEOs) are under increasing pressure to be socially responsible. Public expectations with respect to large corporations playing leading roles in resolving social issues have greatly increased in recent years (Barnett, Henriques, & Husted, 2020). Although governments can provide solutions for many social issues by providing public goods (Eggers & Macmillan, 2013), they do not satisfy all of the interests of the population and tend to serve the majority – the median citizen (Hansmann, 1987; Weisbrod, 1975, 1977). More and more citizens are apparently becoming skeptical and losing faith in the role of government in providing to their problems and are turning their attention to corporations as a "substitute for government" (Gond, Kang, & Moon, 2011: 642; Stewart, 2018). While Americans often report that they are losing trust in government, the criminal justice system, the news media, and businesses overall (Newport, 2017), many also support the idea that for-profit businesses should take action to address important social issues and that businesses have a responsibility to do so, expecting that businesses will play important roles in responding to social issues (Global Strategy Group, 2019).

Accordingly, many companies are currently engaged in this modern era in various environmental, social, and governance (ESG) activities, rooted in corporate social responsibility (CSR), to meet the expectations of their stakeholders, including shareholders, consumers, suppliers, and employees (Business Roundtable, 2019; Davidson, Dey, & Smith, 2018). CSR is becoming an essential business practice among for-profit firms (Basil, Runte, Basil, & Usher, 2011). Many firms are actively engaging in providing charitable donations or sponsorships, making health and safety practices or environmental policy, cause-related marketing, and supporting employee volunteering (Basil & Erlandson, 2008). For example, Timberland supports their full time employees’ volunteer activities by providing 40 hours of paid time per year to serve their communities, and Timberland employees have served over 1,000,000 volunteer hours worldwide (Timberland, 2021). As a result, firms that successfully achieve social impact strategies earn reputational and relational benefits (Fombrun, Gardberg, & Barnett, 2000), such as enhanced public image (Basil, Runte, Easwaramoorthy, & Barr, 2009), brand reputation (Hur, Kim, & Woo, 2014), corporate citizenship, organizational commitment (Carmeli, Gilat, & Waldman, 2007; Lin, Tsai, Joe, & Chiu, 2012), positive consumer attitudes toward the firm (Pivato, Misani, & Tencati, 2008), and customer satisfaction (Luo & Bhattacharya, 2006).

CEOs, who are the ultimate leaders of their firms, are responding to the societal call for their social participation and community involvement. Companies engage in various social impact strategies decided on by their CEOs. CEOs can participate in socially responsible activities through their firms’ by establishing new foundations, developing community support programs, or providing sponsorships from their corporations. However, an activity that directly engages the CEO is likely to garner the most attention and impact, and public expectations have increased to more active social roles requiring more time and energy rather than relatively easy and quick activities, such as donating money. One of the social participation or community involvement activities requiring the highest level of commitment from CEOs is that they themselves work for a nonprofit society or community as an outside director or project leader, supporting social issues.

However, the phenomenon of for-profit CEOs accepting formal associations with nonprofit organizations is relatively underdeveloped in strategic management research. CEOs’ formal association with nonprofit organizations is an important topic, given that CEOs have limited time and energy to spend. On the one hand, CEOs are under pressure to engage in social participation. On the other hand, shareholders and boards want their CEOs to focus on their main job, which is managing the for-profit firm and improving its performance. In general, boards want their CEOs to limit their external obligations. They do not want their CEOs to be distracted or otherwise engaged by other works. Given these tensions, I ask, *why do some CEOs serve nonprofit organizations?* Given that they are busy, *why do they spend their time and effort on nonbusiness-related works?*

Resource dependence theory, which is one of the dominant theories in explaining director selection, partly demonstrates why directors are invited to join boards. The resource dependence role is a prominent one for directors, regardless of whether the firm is for-profit or not (Pfeffer & Salancik, 1978). However, most director selection research has studied for-profit boards and provided important implications. Director selection research demonstrates that director selection is a matching process (Withers, Hillman, & Cannella, 2011). A firm acquires needed resources through or from directors invited, including their business expertise or networks, and directors also have benefits through their directorships, including compensation, learning, or acquiring human or social capital (Lorsch & MacIver, 1989; Withers et al., 2011). A similar logic also applies to the CEOs who take on project leadership for nonprofit firms.

However, this logic may not be completely applicable to nonprofit boards. Both a receiving firm and a director expect to acquire certain outcomes from each other in for-profit boards. In nonprofit directorships, a director could provide what nonprofits want to acquire (like for-profits do), but the director may not earn the same things they do on for-profit boards. For example, directors in nonprofit boards may expand their networks by meeting people they do not meet in their daily life. The relationship between the director of a nonprofit board and the nonprofit board is relatively unbalanced. A director on a nonprofit board tends not to be paid or earn business knowledge or status like they would on a for-profit board. Individuals often even pay money from their own pockets for the right to serve on the board of a nonprofit organization. Nonprofit organizations may have greater needs than what directors can provide. While what for-profit and nonprofit boards want from a director may be similar (e.g., advisory, monitoring role), what the directors gain from their service is likely to be quite different.

For-profit home boards may be less supportive of CEOs engaging in nonprofit directorships. Unlike for-profit directorships, nonprofit directorships are nonbusiness-related activities and could be regarded as volunteering, given that directors mostly give to nonprofit organizations and what they earn seems not to be directly linked to the home business. For-profit home boards may want their CEOs to focus on the main business to improve performance and do not want their CEOs to become distracted by dividing their time and energy by engaging in nonbusiness-related activities.

The volunteerism literature explains how an individual engages in unpaid discretionary behaviors. Volunteerism research has identified several factors for predicting individuals' volunteer activities (Smith, 1994; Wilson, 2012; Wymer, Riecken, & Yavas, 1997). Multiple antecedents have been examined and categorized into individual, situational, and environmental factors (Smith, 1994; Wilson, 2012; Wymer et al., 1997). Correspondingly, the Interdisciplinary Sequential Specificity Time Allocation Lifespan model (ISSTAL) (Smith & Macaulay, 1980) suggests that multiple factors affect an individual's discretionary behaviors by grouping the factors of personality traits, attitudinal dispositions, intellectual capacities, retained information, situational variables, the external context of the individual, and social background and roles, which also fall under individual, situational, and environmental factors.

Relying on this literature, I aim to examine what drives for-profit CEOs (serving US large corporations) to serve on nonprofit organizations with three groups of predictors. Applying the ISSTAL model to the context of my study, the antecedents are categorized as individual factors (CEO political orientation, CEO tenure), situational factors (board political orientation, ownership structure), and environmental factors (poverty level, industry discretion). Social background and roles, intellectual capacities, and retained information are incorporated into educational attainment, which is used as a control, given that CEOs tend to have similar education levels without much variance, compared to the whole population or volunteers.

1.1.1. CEO Formal Association with Nonprofit Organizations

CEOs of for-profit firms are often considered important resources by nonprofit organizations (Austin, 1998). Nonprofit organizations can leverage for-profit CEO business expertise, prestige, and networks for fundraising and strategic planning. Many nonprofits want to absorb financial sources into their organizations to reduce the significant dependence on donations (Pfeffer & Salancik, 1978). Nonprofits are also often unable to develop professional human resources internally, given the limited scale they have to engage in professional training and development and the smaller human resource pool that they tend to have relative to for-profits. Nonprofits also face pressure to be more like businesses, be efficient, and fulfill their missions effectively (Suarez, 2009). CEOs can provide managerial and organizational expertise to nonprofit organizations under such pressures. Additionally, having CEOs on nonprofit boards could be a sign of the quality of the nonprofit organization, and it could make the nonprofit more attractive for potential donors.

Nonprofit organizations have different organizational goals and employ different practices to attain their visions relative to for-profits. The nondistribution constraint and the resource needs of nonprofits create important differences in the boards of directors across the two types of organizations. Regarding the nondistribution constraint, nonprofit organizations are not prohibited from making profits but are not allowed to distribute any residual earnings to managers or directors, whereas for-profit firms specifically aim to create residual earnings and share them with shareholders (Hansmann, 1980). Relatedly, the fundamental organizational mission of nonprofits is always nonfinancial. Nonprofits exist to serve their communities and society. For-profits and nonprofit boards might appear similar, but they have some distinct characteristics (Herman & Heimovics, 1989; McFarlan, 1999), and the differences ultimately reflect different organizational practices and work contexts.

First, the nondistribution constraint creates a board context without shareholders. Nonprofit boards help to maximize utility for mission fulfillment, not to maximize profits and share them with shareholders. Following that logic, the roles of nonprofit boards, including monitoring, advising, and advocating, are to help the organizations operate to fulfill their organizational missions to meet social needs rather than to increase financial gains.

The goals of nonprofits tend to be complex with many trade-offs. For example, the cost of service and the quality of service comprise an important trade-off. A symphony orchestra could either invite Yo-Yo Ma for a concert, spending the entire budget for a year on a single performer, or invite multiple young musicians using the same budget. Nonprofit boards are responsible for helping organizations manage their complex goals to maximize utility. Although nonprofits do not have shareholders, they face a multiplicity of stakeholders. Nonprofit boards need to manage a variety of stakeholders from the organizational level (e.g., employees, customers), the community level (e.g., residents in town), and the social level (e.g., the government and those whom the nonprofit’s broader impact can influence) to fulfill their missions, acquire funds from different sources, and manage different expectations. Furthermore, there is no market for corporate control in nonprofits, unlike in many for-profits. It is true that there are forces for accountability (e.g., GuideStar and Charity Navigator) and that the IRS sometimes sues nonprofits for fraud. Additionally, because the required IRS filing documents are open to the public, donors may also take action, if needed, such as withdrawing support for a nonprofit that they suspect is behaving inappropriately. Nevertheless, no strong external institutions exist that naturally serve to correct shortcomings among nonprofits. For example, on for-profit boards, investors can vote directors out if they are not upholding their fiduciary duties, but there is no parallel mechanism on nonprofit boards.

Second, the frequent inability to price a product or service in such a way that covers its costs and donor's willingness to earn prestige generate the nonprofit board of directors' fundraising role. Fundraising is often critical for nonprofits, especially in certain sectors (e.g., charities, performing arts organizations), and nonprofit boards often play critical roles in raising money. In the performing arts sector, ticket sales frequently do not generate enough income to cover costs, and the firms must therefore turn to donations (Hansmann, 1981, 1987). The role of the board of directors is not only advising with respect to the business of the nonprofits (e.g., developing strategies to secure enough audience and to attract a new audience for arts organizations) but also supporting the nonprofits financially through individual donations as well as broader fundraising activities. This is a resource-dependence role, but not the same resource dependence role expected from those who serve on for-profit boards. For-profit boards mainly stay within monitoring, advising, and advocacy (but for-profit and nonprofit boards both provide legitimacy). Moreover, potential candidates for service on nonprofit boards can gain local prestige and community standing by becoming nonprofit board members. Nonprofits often require a certain level of donations from potential candidates to become board members but also recruit members who have links to other potential donors. In the nonprofit world, it is often said that directors either “give money or get money.” Potential candidates fulfill fundraising through their donations and access to other donors and earn prestige as community leaders.

Although differences on the boards of directors in for-profit and nonprofit boards certainly exist, some for-profit CEOs work for nonprofit organizations, crossing the organizational boundary. Based on upper-echelons theory and the volunteerism literature, I argue that two things should be considered to understand CEOs’ outside directorships in nonprofits.

The first is the value and motivation of the CEOs. The volunteerism literature suggests that understanding the motivation of a volunteer is important to nonprofit organizations as they provide their time and effort without being compensated (Carman, 1992). The motivation could either be intrinsic (e.g., altruistic, helping others) or extrinsic (egoistic, self-enhancement) or a combination of both (Liao-Troth, 2005; Mowen & Sujan, 2005). CEOs joining nonprofit boards might have personal motivations along with personal interest. CEOs’ outside directorships in for-profit firms are often motivated by learning from other firms or expanding business networks, which is not just useful for their firms but themselves. Contrary to the CEOs’ outside directorship in for-profit firms, CEOs’ service in nonprofits may be driven by prosocial motives, given that what CEOs could earn from nonprofit services is not the same as from for-profits. Given that boards of directors in nonprofits do not receive monetary compensation in general, their CEO’s choice of joining a nonprofit could be a personal choice based on altruistic motives rather than one motivated by monetary rewards.

The second is the discretion that CEOs have. Along with volunteer motivation (e.g., Clary & Snyder, 1999), retention (e.g., Garner & Garner, 2010), and managing relationships with volunteers (e.g., do Nascimento, Porto, & Kwantes, 2018), whether the volunteers are able to provide service is a critical issue in volunteerism. Although it might be assumed that volunteers are ready to join without salient constraints, this may not always be true for CEOs, who have greater job demands than lower-level employees (Hambrick, 2007; Hambrick, Finkelstein, & Mooney, 2005).

Although CEOs are sometimes able to manage the greater job demands, their boards may be concerned about the higher job demands and hesitate to support additional service in nonprofit organizations. The boards of directors want their CEOs to focus on achieving their organizational goals and improving firm performance. Given the job demands that CEOs already have for their firms, the boards may not support their CEOs' nonbusiness activities. Rather, they might regard these as peripheral and nonessential work. CEOs may need greater discretion to accept other outside roles, including board service at nonprofits. If the home-firm boards are open to company executives serving the community and actively participating in community service, they are more likely to support and be open to their CEOs' service in nonprofits.

My study examines the antecedents of CEOs' formal association with nonprofits using individual, situational, and environmental factors. As an individual factor (values), I argue that CEOs leaning toward a liberal political orientation are more likely to join nonprofits because liberals are considered egalitarians and are interested in caring for the community (Jost, Federico, & Napier, 2009). Regarding individual discretion, I suggest that CEOs with longer tenures are more likely to join nonprofit boards, as they tend to have more managerial discretion and exert more influence over their own boards as their CEO tenures increase (Shen, 2003).

As a situational factor (values), CEOs working with liberal-leaning boards at their home firms are more likely to join nonprofit boards. Such boards tend to support and be open to the

CEO’s outside service regarding community involvement, a nonbusiness-related activity. I also suggest that CEOs in dispersed ownership structured firms, where CEOs have greater discretion, are more likely to join nonprofits.

As an environmental factor (values), I argue that the poverty level of a firm’s home community may influence the CEO’s choice to take on a formal association with nonprofits. The CEO may join a nonprofit organization to respond to the needs of the local community. As a factor affecting discretion under environmental factors, industry discretion could affect the CEOs’ participation in a nonprofit organization. Given that their discretion is limited in their main domain, they may seek a place where they can have more influence in a peripheral domain (Hambrick & Finkelstein, 1987), which could be a nonprofit organization.

1.2. Contributions

Building on strategic leadership, resource dependence theory, and volunteerism research, my dissertation aims to extend knowledge about strategic leadership and governance. My dissertation strives to make several contributions to management research. First, this study contributes to strategic leadership by explaining why large company CEOs accept leadership roles in nonprofit organizations. While most strategic management research has studied for-profit leaders and their service within the for-profit world, my study explains why some CEOs work across organizational boundaries. I suggest that individual factors, situational factors, and environmental factors determine their nonprofit service.

Understanding CEOs’ nonprofit service is important. Upper-echelons theory emphasizes strategic leaders, focusing on “who they are” with a variety of characteristics (Finkelstein, Hambrick, & Cannella, 2009; Geletkanycz, Boyd, & Finkelstein, 2001). Furthermore, my dissertation emphasizes another side of strategic leaders regarding “what they do.” What CEOs do directly matters for their firms. Investors and stakeholders pay attention to what CEOs do and respond to CEOs' actions. Investors generally react negatively to CEOs' outside directorships, arguably due to concerns about distraction (Fich, 2005; Geletkanycz & Boyd, 2011; Perry & Peyer, 2005; Rosenstein & Wyatt, 1994), although some scholars suggest that CEOs' outside directorships could be useful for their home firms (Pennings, Lee, & Witteloostuijn, 1998; Pfeffer & Salancik, 1978; Podolny, 1993). Given the influence that CEOs have and that nonprofit service is likely regarded as a non-business-related activity but could be a response to a societal call for CEOs' social responsibility, we need a better understanding of CEOs' formal association with nonprofits.

Second, my study contributes to director selection research by highlighting the market for nonprofit boards of directors. Director selection research has found that director selection is a matching process and that CEOs are likely the most preferred and valuable candidates in the market for corporate directors (Davis, 1993; Withers et al., 2011). This cannot be completely applicable to nonprofit boards, and it is important to know why some CEOs of for-profit firms serve on nonprofit boards. My study suggests that CEO's individual values and social needs around the CEO's firm influence them to take on such service. CEOs whose values are closer to the community (liberal orientation) than to the market (conservative orientation) are more likely to serve in nonprofit organizations. The primary goal of nonprofits is to serve the community and society, which are nonfinancial goals, and nonprofits are prohibited from distributing earnings, which is the fundamental goal of for-profit firms (Hansmann, 1980). My study shows that CEOs respond to and address community issues by working for nonprofit boards.

Third, my study also contributes to the volunteerism literature by extending the model of predicting discretionary behavior in volunteerism research (ISSTAL) to the context of for-profit

CEOs. By doing so, my study suggests a more applicable model predicting CEO volunteerism and explores why some people serve nonprofits, focusing on large company CEOs who could be very valuable contributors. Relatedly, my study highlights the social impact of CEOs in large public corporations. As public expectations of CEOs' social participation increase, my study shows how and why CEOs respond to the recent societal call for community involvement through their voluntary service in nonprofit organizations.

2. LITERATURE REVIEW

2.1. Upper-Echelons Theory

Upper-echelons theory focuses on the influence of strategic leaders, such as CEOs, top management teams (TMTs), and boards of directors, motivated by the assumption that "the small group of people at the top of an organization can dramatically affect organizational outcomes" (Finkelstein et al., 2009: 3). Until the 1970s, theories tended to focus on firms as macro entities without assuming managerial impact. Influenced by ideas such as bounded rationality and dominant coalitions (Cyert & March, 1963), scholars have started to consider the impact of managers. Hambrick and Mason (1984), building on behavioral theory, suggests that top executives matter and that researchers should consider the biases and dispositions of top executives to better understand organizations. Managers make strategic choices following their personalized interpretations based on experience, values, and personality. Their values, experiences, and personalities influence how they view situations and what information (field of vision) they consider, what they selectively see (selective perception), and how they assign meaning to what they see (interpretation). Observable characteristics, such as age, education, tenure, and functional background, are reflections of values and cognitions (Finkelstein et al., 2009). Later, researchers noted two moderators, arguing that the impact of managerial characteristics on organizational outcomes will be greater where managerial discretion is high or executive job demands are low (Hambrick, 2007).

Following the suggestion of foundational works (e.g., Finkelstein et al., 2009; Hambrick & Mason, 1984), scholars have shown that the experiences of strategic leaders affect organizational outcomes. Strategic leaders' significant impact on firms highlights the importance of studying strategic leaders. Carpenter, Sanders, and Gregersen (2001) found that CEOs with international experience tended to improve the financial performance of their firms. International experience is a valuable, rare, and inimitable resource and can provide a dynamic capability to firms. Executives' skills and experience could be used as important resources for firms, generating better firm-level outcomes. Crossland, Zyung, Hiller, and Hambrick (2013) found that CEOs' career variety (professional and institutional experience) increases the strategic novelty of their firms, suggesting that high career variety CEOs have diverse backgrounds and viewpoints and these impact firm outcomes.

Upper-echelons theory also describes how boards of directors are important to firm-level outcomes. Krause, Semadeni, and Cannella (2013) examined how outside director operational expertise (external COO/president experience) affects firm performance. They found that director operational expertise increases firm performance when the operational efficiency of firms decreases, but expertise decreases firm performance when efficiency increases. This study highlights directors' advice and counsel role rather than their monitoring role through their operational expertise and suggests that firms can benefit from director expertise depending on the context. When the expertise of directors and the needs of the firms are matched, the firm can experience better results.

Scholars have also examined appointments to boards of directors. Hillman (2005) found that boards in heavily regulated industries appoint ex-politicians more frequently than those in less regulated industries and boards with politicians are related to higher firm performance for firms in both types of industries. Firms can acquire needed resources such as information and legitimacy through ex-politicians. This study suggests that director appointments are importantly affected by resource dependence needs. Relatedly, Lester, Hillman, Zardkoohi, and Cannella (2008) showed that the service length and type of former government officials are positively related to their director appointments and that the likelihood of the appointments decreases over time. This study revealed what specific dimensions of the human and social capital of individual directors influence their appointments as outside directors and suggests that the knowledge and networks of directors can deteriorate or depreciate.

As upper-echelon theory suggests, strategic leadership and governance research encompasses a number of important issues in strategic management (Finkelstein, Hambrick, & Cannella, 2009; Hambrick & Mason, 1984). At the firm level, the research explains how top managers influence firm performance (e.g., Liu, Fisher, & Chen, 2018), strategic decision-making (e.g., Boeker, 1997; Haynes & Hillman, 2010; Westphal & Fredrickson, 2001), innovation (e.g., Cummings & Knott, 2018; Nadkarni & Chen, 2014), and stakeholder reactions (e.g., Friedman & Singh, 1989; Higgins & Gulati, 2006). At the group level, the research explores TMT heterogeneity (e.g., Carpenter, 2002; Hambrick, Humphrey, & Gupta, 2015), the CEO-TMT interface (Carpenter & Sanders, 2004), and boards of directors (e.g., Finkelstein & D'Aveni, 1994; Krause, Semadeni, & Cannella, 2013). At the individual level, scholars have examined executive compensation (e.g., Devers, Cannella, Reilly, & Yoder, 2007), CEO succession (e.g., Shen & Cannella, 2002), and director selection and exit (e.g., Boivie, Graffin, & Pollock, 2012; Withers, Hillman, & Cannella, 2011). Overall, the research highlights the conclusion that the upper echelons and boards of directors have an important and often predictable influence on firms.

However, most strategic leadership and governance research has concentrated on studying leaders in for-profit organizations, typically large, publicly-traded firms and leader service within for-profit organizations. For-profit firms are an important organizational form but are nonetheless limited considering the universe of organizations, including the interaction between for-profit and other types of organizations. Although management theory can suggest different implications for strategic leadership and governance over various organizational forms, most studies consider the influence of leaders within firms, the movement of individuals across firms of the same type, or director interlocks, mostly between for-profit firms. This poses an important limitation of management research, as many leaders work across the boundaries of organizational forms. For instance, some leaders of for-profit firms serve on the boards of nonprofit organizations.

The influence of upper echelons and boards of directors across different organizational forms is relatively underdeveloped in strategic management, especially with respect to boards of directors in nonprofit organizations. The inclination to study publicly traded for-profit firms in strategic leadership and governance research is understandable because publicly traded for-profits are the most impactful organizational form in the US (in terms of employment and contribution to GDP) and because a good deal of data is available for publicly-traded firms. In a notable exception, Krause, Wu, Bruton, and Carter (2019), examined nonprofit interlocks on for-profit boards from an institutional theory perspective. They explained how the forces of coercive isomorphism spread an intangible policy (asset starvation) from nonprofit organizations to for-profit firms through board interlocks and showed that the policy led to decreasing for-profit firm values. The paper represents an important contribution, but it also represents a rare emphasis of effects that cross organizational forms (nonprofits to for-profits).

2.1.1. CEO Outside Directorships

A stream of upper-echelon research has studied the outside directorship services of CEOs, mostly their board service in for-profit firms. CEOs who do not retire have been the most preferred outside director candidates, as they are often regarded as “proven experts” who have the scarce abilities of executives, such as first-hand knowledge and experience (Conyon & Read, 2006: 645; Lorsch & MacIver, 1989; Neff & Heidrick, 2006).

Independent outside directors are regarded as “a hallmark of effective corporate governance” (Geletkanycz & Boyd, 2011: 335). They do not have affiliations with the firms (e.g., business, employment, family) (Geletkanycz & Boyd, 2011). Scholars suggest that outside directors can serve monitoring roles effectively and the boards can operate independently (e.g., dismiss poorly performing CEOs) when they have more outside directors on the boards (Finkelstein et al., 2009; Weisbach, 1988). Shareholder wealth also increases due to the presence of outside directors on boards (Rosenstein & Wyatt, 1990). From the side of the firms that invite outside directors, those directors are beneficial, especially for their governance.

While scholars generally agree on the general role of outside directors in building a better governance system for firms, there have been two contrasting perspectives on the phenomenon of CEOs accepting directorships. Agency scholars argue that CEOs’ outside directorships could reflect a type of managerial opportunism, which takes the attention of CEOs from internal responsibilities (Conyon & Read, 2006; Geletkanycz & Boyd, 2011). The home firms of CEOs may not receive much benefit from the CEOs’ outside directorship (Fama & Jensen, 1983; Zajac, 1988), while CEOs earn status and financial perquisites through the service (Useem, 1979; Yermack, 2004). On the other hand, social embeddedness scholars consider outside directorships as conduits of information, relational assets, and critical resources (D'Aveni, 1990; Geletkanycz & Boyd, 2011; Haunschild, 1993; Oh & Barker, 2015; Pfeffer & Salancik, 1978; Westphal, Seidel, & Stewart, 2001). As these resources are hard to replicate and are socially complex, firms can acquire competitive resources through CEOs’ outside directorship service (Pennings et al., 1998; Podolny, 1993). Outside directorships are regarded as useful for the CEOs’ home firms in this view. Geletkanycz and Boyd (2011) reconciled the two contrasting views by arguing that the benefits of CEOs' outside directorship could be valuable when they are lined up with firms' strategic and environmental contingencies. They found that CEOs' outside directorships are positively associated with long-term firm performance when industry growth is low, the industry is less concentrated, and the firm is less diversified.

Booth and Deli (1996) investigated the factors influencing the number of CEOs' outside directorships and found that the nature of CEOs' firms is an important driver. The CEOs of firms having greater growth opportunities were less likely to join outside boards. As those firms need more attention from their CEOs, outside board service becomes more costly. The number of CEOs' outside directorships increases when employees of the home firms and receiving firms serve on each other's boards. The authors explained that CEOs' outside directorships, in this case, could be to bond the relationship between the two firms. Their findings also showed that the number of CEOs' outside directorships was not associated with CEO stock ownership but increased by the ratio of outside directors in their home firms. The authors suggested that CEOs may not take outside directorships for perquisite consumption. Monetary rewards do not attract CEOs who are highly compensated. Additionally, Fich (2005) found that the CEOs of firms with better firm performance and greater firm size are more likely to accept outside board service.

Several other studies have explored the outcomes of CEO outside directorships in for-profit firms. Geletkanycz et al. (2001) found that CEO outside directorship is positively associated with CEO compensation, and the effect is stronger for more diversified firms. They showed that CEOs are rewarded for their social capital, and the reward increases when firms face more external challenges. Oh and Barker (2015) showed that CEOs emulate the R&D spending of the firms where they serve as outside directors.

However, although CEO outside directorship is not limited to for-profit firms, studies have relatively ignored CEOs' outside directorship service in other organizations, such as nonprofit organizations. In a notable exception, Lungeanu, Paruchuri, and Tsai (2018) found that firms undergoing restatement events are more likely to create new board ties to nonprofit foundations through their CEOs than comparison nonrestating firms. Furthermore, firms without initial reputational endowments, such as an existing in-house corporate philanthropy (a foundation or giving program) or high corporate reputation form more new ties than the counterpart nonrestating firms after a restatement event. They also found that firms with the new ties receive more positive media tenors than counterpart nonrestating firms. This study suggests that firms can obtain social approval by forming ties with organizations characterized by high moral image and highlights the social approval benefits of forming ties with nonprofits.

Outside directorship is often regarded as extra work and nonprofit activities are nonbusiness-related engagements, but an increasing number of stakeholders ask for-profit firms and their CEOs to signal social responsibility. As CEO time and energy are limited, CEOs may need to forgo substantial financial benefits that they could receive from for-profit board service when they decide to serve on nonprofit boards. Thus, it is important to understand how CEO outside board service in nonprofit organizations could be driven by the CEOs' willingness or motivation to serve, executive job demands, and managerial discretion.

2.2. Volunteerism Research

The volunteerism literature has consistently and commonly suggested individual differences and situational factors around the individual as important antecedents of volunteering participation among various factors. In a review of volunteerism, Wymer et al. (1997) summarized the determinants of volunteering. They intentionally did not focus on demographic factors of volunteers in the review, as demographic characteristics are similar (mostly white, middle-aged, middle class, having at least one child, educated adults), and the findings of the research are consistent (Gerard, 1985; Smith, 1994). They were also interested in finding causal relationships rather than studying demographic correlates.

The first categorization the authors used to define the determinants of volunteering is person-related variables. This category includes personality, values, and attitudes. In this review, the author found that not much knowledge has been piled regarding personality and distinguishing volunteers and nonvolunteers using personality factors has not been successful. They argued that values, over attitudes, provide a good understanding of volunteering. Value includes motivation, determines attitudes, are fewer, and changes of value are more resistant and have a greater impact on behavior than those of attitude (Rokeach, 1973; Williams, 1979). The authors found that values successfully distinguished volunteers and nonvolunteers. Volunteers tend to support prosocial values (McClintock & Allison, 1989), social responsibility (Hobfoll, 1980), altruism (Rubin & Thorelli, 1984), and civic duty (Cook, 1984).

The next is social variables, indicating the influence of social groups. This category includes variables, such as parental attitudes (Smith & Baldwin, 1974), marital status (Auslander & Litwin, 1988), friend or family member involvement (Perkins, 1989), the length of time in a community (Berger, 1992), and church attendance (Cnaan, Kasternakis, & Wineburg, 1993). Another category, efficacy, describes the perceptions of an individual's skills and competencies. This is represented in social position or occupation. Studies suggest that a high sense of efficacy leads to greater volunteering (e.g., Auslander & Litwin, 1988; Miller, 1985).

Finally, contextual category refers to external situations around an individual affecting the person's volunteering. The authors noted that barriers, such as the amount of expenses from out-of-pocket regarding volunteering activities, could impede an individual from participating in volunteering. Studies have found that an individual's volunteering is influenced by the amount of free time (Clary, Snyder, Copeland, & French, 1994; Cnaan et al., 1993), the physical requirements (Fischer & Schaffer, 1993), and the opportunity costs related to volunteering (Lovelock & Weinberg, 1978; Rados, 1981).

In another review of volunteerism research, Wilson (2012) found that more studies explore the consequences of volunteering, especially health benefits, while the antecedents of volunteering still receive the most attention. The author categorized the antecedents of volunteerism into multiple groups. The first one is subjective dispositions. This is a broad concept of "the way people interpret themselves and the world around them," including personality, values, motives, attitudes, and norms (Wilson, 2012: 179). For example, extraverts tend to volunteer (Omoto, Snyder, & Hackett, 2010). The next group is named human resources indicating the assets of an individual, including race, class, and sex. For instance, women are more likely to volunteer in the US (Einolf, 2010). The life course category shows that the behaviors of an individual may be influenced by their past (e.g., family of origin, schooling) and could change over their lifetime. The social context category implies that social context may affect an individual's behaviors. This has been mostly neglected in the past, but more studies pay attention to the effect of social contexts, such as networks, schools, neighborhoods, cities/states/regions, and countries.

Since Smith (1975) initially assessed voluntary participation, volunteerism research suggests several models for predicting an individual's volunteer activities (e.g., Smith, 1994; Smith & Macaulay, 1980). Specifically, the dominant status model (Lemon, Palisi, & Jacobson, 1972), which uses social background variables, explains that individuals engage in volunteering activities when they are socially approved through their status, such as greater income level, higher education level, married, having lived longer in the community, and middle age (Smith, 1994). The General Activity Model (Smith & Macaulay, 1980) emphasizes the consideration of discretionary time activities, such as informal helping, church participation, and neighborhood interaction, in predicting participation in volunteering activities.

The interdisciplinary sequential specificity time allocation lifespan (ISSTAL) model, implies that volunteering can be adequately explained by considering dynamic variables, such as attitude, personality, and situational factors, along with social background variables (Smith & Macaulay, 1980). Specifically, in this model, Smith and Macaulay (1980) used seven factors to predict discretionary behavior: personality traits, attitudinal dispositions, intellectual capacities, retained information, situational variables, the external context of the individual, and social background and roles.

Personality traits represent an individual's general response dispositions. Examples are empathy, morality, efficacy, self-esteem, and emotional stability. For example, personality factors such as empathy play an important role in volunteerism (Davis, Mitchell, Hall, Lothert, Snapp, & Meyer, 1999; Penner, 2002). Attitudinal disposition (attitudinal variables) includes altruistic attitudes, sense of civic duty, perceived rewards, and values (as "a broad kind of attitude") toward moral integrity or political democracy (Smith & Macaulay, 1980: 252). Both attitudes and values refer to motivational dispositions (Cookson, 1986). Studies have found that such attitudes lead to volunteer participation (e.g., Condie, Warner, & Gillman, 1976; Hougland & Christenson, 1982). Intellectual capacities represent "probabilities of behavioral responses, given the disposition to respond," such as intelligence test scores (Cookson, 1986; Smith & Macaulay, 1980: 48), and retained information refers to the stock of information in the image of symbolic and nonsymbolic (Smith & Macaulay, 1980). While personality and attitude dispositions are related to information processing and interpretation, retained information variables comprise only the storage and retrieval of information and are closely influenced by personality and attitudinal dispositions (Cookson, 1986). These two categories have not been extensively studied due to the lack of data (Smith & Macaulay, 1980).

Situational variables have been defined broadly as the immediate situation around an individual. It is related to “a symbolic interaction between one individual and others” in sociological terms, or related to “an individual’s cognitive assessment of the situation” in psychological terms (Smith & Macaulay, 1980: 252). For example, while not many researchers explored situation variables, the findings suggest that having a friend in the organization or being asked to volunteer increases volunteering (e.g., Berger, 1992; Hougland & Wood, 1980).

External context (contextual variables) refers to what characterizes the external environment around an individual. Community characteristics, such as community economic status and urbanicity, are external contextual factors. Social background and roles (social background variables) indicate the characteristics of the social role of an individual, including income, age, marital status, sex, ethnicity, and family size. Many variables have been used in the dominant status model.

These categories are well-linked and overlap with the review study on volunteerism conducted by Smith (1994) along with the other two reviews introduced above, Wymer et al. (1997) and Wilson (2012). Scholars sometimes revised the model by eliminating some factors as some measurements could be excessively time-consuming or sensitive (e.g., Busching, 1987).

The models suggested in the volunteerism literature are perhaps less likely to be relevant in predicting CEO outside board service in nonprofits, given that most CEOs are socially approved individuals with relatively similar backgrounds and are often regarded as having not much free time. Recent increasing social demands for social responsibility on the part of for-profit firms could be a strong motive for CEOs to engage in volunteering, such as outside directorship on nonprofit boards. Additionally, the decision to join a nonprofit board is influenced by individual motives and could be limited by the situation around the CEO. CEOs are likely under heavy job demands and their home-firm boards may not welcome CEOs' nonbusiness-related activities. Thus, a model predicting nonprofit outside directorship services specifically for CEOs is developed in this study.

In this study, personality traits and attitudinal dispositions are incorporated into individual factors. Situational factors indicate various situations around the CEOs interacting with the boards. Last, external factors (environmental factors) represent the poverty level of the community. Social background, intellectual capacities, and retained information are incorporated into CEO educational attainment and CEO educational attainment was used as a control, not a predictor, given that, unlike the general population, CEOs tend to have similar educational levels without much variance.

2.3. Resource Dependence Theory

Resource dependence theory is one of the underlying theoretical backgrounds of this study. CEO outside directorship board service is widely believed to represent a resource provision function. Nonprofits need resources (e.g., finance, advising) and may fill their needs through the recruitment of outside directors, and CEOs may fulfill social responsibilities and earn an enhanced public image through their outside board service in nonprofit organizations as a response to the societal call for their social responsibility.

Resource dependence theory identifies organizations as open systems (Scott, 1998) that transact with and depend on the external environment to survive (Pfeffer & Salancik, 1978). The theory explains that the need for procuring critical resources generates interorganizational dependency, which constrains the behavior of organizations, and the ability of organizations to acquire such resources determines the survival of the organizations. Organizations can mitigate the constraints through boards of directors co-opting dependency (cooptation), mergers or vertical integration, interorganizational relationships (e.g., joint ventures), political action, and executive succession (Pfeffer & Salancik, 1978).

The board of directors could ease the constraints that organizations have. The organization can incorporate a person from the source of constraint into the board, building a good relationship with resource providers and exchanging valuable goods through cooptation (Boyd, Haynes, & Zona, 2011; Selznick, 1949). The key resources that boards of directors provide are information through advice and counsel, legitimacy, communication channels to external organizations for information sharing, and preferential access to resources (Pfeffer & Salancik, 1978). They can facilitate access to capital (Mizruchi & Stearns, 1988) and help with decision-making and strategy formulation (Hillman & Dalziel, 2003; Judge & Zeithaml, 1992). The resources that directors have are represented by board capital, such as skills, experience, expertise, reputation, and networks, and could be useful for the firms (Hillman & Dalziel, 2003). Studies on boards of directors have explored how the responses of organizations to their external environments are reflected in board characteristics, how environmental change affects board composition change, and which organizations benefit from resource provision by the board (Hillman, Withers, & Collins, 2009). For example, beyond the insider and outsider category, Hillman, Cannella, and Paetzold (2000) identified specific types of directors (business experts, support specialists, community influentials) who can manage environmental needs (deregulation) support that organization's response to the external environment through board composition change.

Nonprofit organizations, like all other organizations, are resource dependent, given the opportunities and constraints they have from the external environment (Pfeffer & Salancik, 1978; Saidel, 1991). They rely on external resources (e.g., donations) to operate their business and survive. Nonprofit boards could play a boundary spanner role to bridge important resources and external constituencies to their organizations (Harlan & Saidel, 1994; Provan, 1980). For example, powerful nonprofit boards (e.g., prestige, size) acquire greater funding (Provan, 1980), and the linkages with important community elements decrease dependency with increased power (Provan, Beyer, & Kruytbosch, 1980). Nonprofit boards help preserve the autonomy of nonprofit organizations in the contracting relationship with state governments and enhance interdependence between the government sector and the nonprofit sector (Harlan & Saidel, 1994). Nonprofits also add board members to acquire donations, advice, or legitimacy (Galaskiewicz & Bielefeld, 1998; Grønbjerg, 1993; Smith & Lipsky, 1993).

A few scholars have studied boards of directors in nonprofit organizations and their impact on for-profit firms. Miller-Millesen (2003) compared the resource dependence role of boards in nonprofits and for-profits. For-profit boards connect their organization to the external environment by enhancing coordination among firms and establishing board interlocks in a narrower sense than nonprofits, which tend to have a broader group of stakeholders. Nonprofit boards connect their organizations to constituent groups that possess requisite knowledge and information and aim to gain critical resources through the boundary-spanning role. While for-profit boards aim to increase reputation through networking for a better public image of their organizations, nonprofit boards are ambassadors for their organizations and serve as community representatives. By content analyzing the interviews asking about the most important board roles from a sample of 121 community foundation executives, Brown and Guo (2009) identified 13 roles of nonprofit boards that are matched with governance theories: “fund development, strategy and planning, financial oversight, public relations, board member vitality, policy oversight, relationship to executive, provide guidance and expertise, facilitate granting, generate respect, be a working board, board membership, and become knowledgeable” (ordered from the highest rank) (p.540).

Herman and Renz (2000) found that board effectiveness is related to organizational effectiveness and that effective boards follow recommended board practices such as developing a board manual and setting up a formal orientation for new members. Given the fewer legal constraints on board interlocks relative to for-profits, nonprofits use interlocks actively (Guo, 2007; Miller, Kruger, & Gauss, 1994). They are more likely to search for potential board members in a broader sense even across sectors (e.g., appoint an individual as a board member from the for-profit or government sectors). Many organizations plan to include board members with links to public agencies to acquire government funding (Grønbjerg, 1993). However, dependency on government funding decreases the likelihood of developing a board with strong board power and high community representation (Guo, 2007).

Krause, Wu, Bruton, and Carter (2019) found that for-profit boards reduce intangible asset investment as they experience coercive pressure to reduce overhead costs through nonprofit interlocks. This “nonprofit starvation cycle” negatively affects firm value. Nonprofit executives bring their skills, experience, and expertise to where they serve, including for-profit boards. Their skills could be applied in another sector (for-profits), but the application might produce harmful results if not aligned with the specific needs of the sector. The existing studies are mostly conducted with a focus on for-profit organizations, explaining the impact on for-profits partially but leaving out the implications for nonprofits.

2.3.1. Work Transition Between Sectors

Appointing business leaders on nonprofit boards is a widespread practice and is observed in most major nonprofits. Using serial surveys of Harvard Business School alumni (HBS Alumni Survey), Austin (1998) delineated the business leaders in nonprofit organizations regarding why they work for nonprofits, how they get offers to serve, and the benefits nonprofit organizations bring. Executives working for nonprofits through their board memberships answered in the survey that they work for nonprofits because they believe in the missions and they have a sense of community responsibility. The executives also believed that they have a set of skills that can be leveraged to meet social needs. They also acknowledge skill enhancement and networking opportunities. Executives expect to earn skills acquired in a less risky way through nonprofit board service. They also want to develop better personal reputations and access ideas and opportunities by knowing more people who they have not previously been exposed to. Executives in the business world often join nonprofit boards through an invitation from nonprofit organizations or their friends. It is an imperfect marketplace in that there are insufficient information and communication channels regarding recruitment. Thus, for-profit executives have great potential as nonprofit board members, and once a for-profit executive is appointed to a nonprofit board, the individual is more likely to receive another appointment from other nonprofits.

Relatedly, Austin (1998) also explained the benefits of business leaders in nonprofits. Executives think that their board participation helps nonprofits through their expertise and managerial and business perspective. Not only their self-reporting but also survey responses from nonprofit organizations supported this conclusion. Nonprofit organizations answered that executives are perceived as different from other board members. They are more effective and prepared than other board members, and their energy and attendance could be a model for other members. Their professional skills, experience, and knowledge about organization and management are most valuable for them. Nonprofits are likely to live in survival mode, but business leaders are competent in long-term strategic planning. Executives can contribute by meeting the need of nonprofits for managerial skills.

Another contribution of executives serving in nonprofits is mobilizing financial resources. Executives in nonprofits provide either personal financial support or employer financial support. Donations are critical for the survival of nonprofits but are only one aspect of nonprofit board service. As an executive in a nonprofit board described it, “If all I need to do is write checks, I’ll go somewhere else. I want to go where I am needed. You have to involve me, because involvement leads to understanding. Understanding leads to commitment. Unless I’m involved, I can’t be committed, and if I’m not committed, I’m never going to give you any money” (Austin, 1998: 47). Executives also receive benefits from nonprofit board service. They can develop skills and be exposed to diverse groups of people in their community who they would not otherwise meet in their daily business life. Although executives appreciate the recognition of their company, it is not regarded as a significant benefit. Again, for-profit executives can be great resources for nonprofits, and they also have good motivation to serve on nonprofit boards.

Bowen (1994) argued that the performance of business leaders serving in nonprofits varies. Some evaluate that, among business leaders, “CEOs tend to be the best board members; they are more likely than others to understand how complex organizations function” (Bowen, 1994: 38), whereas others argue that one board with half of its members as being business professionals was unable to address the financial problems in a nonprofit, although they clearly had analytical skills. Executives often (Bowen, 1994) or exceptionally (Austin, 1998) do not actively exploit business thinking in their service on nonprofit boards. Bowen (1994) also pointed out that not all business leaders are ready to work under nonprofit-style decision-making which is slower and more collegial than for-profits’ and sometimes business leaders may bring personal goals onto the nonprofit board. They might think nonprofit employees are defensive or not actively respond to them compared to for-profit employees. Thus, it is important for business leaders to understand the sector, which could help fully exploit their skills and experience. Although differences across the two organizational forms require some adjustment at first, once they understand and become used to the differences following working across sectors, CEOs coming from for-profit firms can greatly contribute to nonprofit boards as skillful members based on their management expertise.

Scholars in many disciplines have explored business leaders working for nonbusiness sectors not just in nonprofits (e.g., from corporations to public offices or nonprofits). Most studies examined business leaders’ cross-sector working in a political area such as government. Business leaders often encounter difficulties in nonbusiness sectors. Regarding working in politics, business leaders typically need to spend extra time and money to catch up with professional politicians who already have political skills (Diermeier, Keane, & Merlo, 2005). However, research suggests that noneconomic motives or weak institutional environments drive working for politics. Li and Liang (2015) showed that successful Chinese entrepreneurs seek political appointments derived from their prosocial or altruistic motives, whereas pro-self motives lead entrepreneurs to avoid political appointments. The authors argued that entrepreneurs' prosocial motives are linked to traditional Chinese cultural values. Gehlbach, Sonin, and Zhuravskaya (2010), a group of political science scholars, explored business leaders' candidacy, which is a phenomenon wherein business leaders engage in politics by running for office. Using Russian gubernatorial election data, the authors found that business leader candidates are less likely to arise in regions where the freedom of media and government transparency are high, which implies strong democratic institutions. The authors explained that business leaders and professional politicians are treated similarly under strong institutions and that the behavior of election winners is constrained by campaign promises. The cost of revoking campaign promises is high in strong democratic institutions, while the election winner might enact policy following the preferences of business leaders under weak democratic institutions. Thus, business leaders tend to support politicians instead of running themselves under strong democratic institutions.

Business leaders in nonbusiness sectors might be able to produce better economic performance or business-like outcomes. Neumeier (2018) studied US state governors who have CEO backgrounds. The findings showed that business leaders are likely to take office in times of economic strain as their skills and experiences from previous CEO jobs appeal to voters. The longer their tenures, the better the economic performance indicators, such as higher growth rates in annual income and private capital stock a lower unemployment rate. This study suggests that business-leader governors have a more positive influence on the state economy than nonbusiness leader governors, meeting the expectations of voters. Business leaders can generate a positive impact on the nonbusiness sector. It is not always leaders with a sector background that have a desired influence within the sector. Based on data from 64 countries, Dreher, Lamla, Lein, and Somogyi (2009) found that when the heads of government have entrepreneur experience before entering politics they are more likely to perform market-liberal reforms, suggesting that different backgrounds are related to different policies. Studying German finance ministers, Jochimsen and Thomasius (2014) showed that finance ministers with business -related financial expertise (professional work experience in finance before their appointment and education background in business or economics) resulted in lower public budget deficits. Ministers with nonbusiness experience produced higher deficits. Using data of dictators from 100 countries, François, Panel, and Weill (2020) found that dictators who have business backgrounds have greater FDI inflows, while their age and political experience are not associated with FDI inflows. This paper suggests that the business experience and education of dictators are more attractive in the view of foreign investors. The use of skills, experience, and expertise in a sector is not limited to the sector itself. Business expertise is regarded as rational, efficient, and effective and could be exploited flexibly in nonbusiness sectors.

However, the influence of business leaders in nonbusiness sectors is not always positive. Focusing on the firms of business-leader politicians, Szakonyi (2018) found that when business leaders win an election, the financial performance of their firms (e.g., revenue, profit margin) increases. Their firms have lower informational and regulatory costs in dealing with bureaucrats by bureaucratic favors. Fuhrmann (2020) found that leaders (heads of government in NATO countries) with business executive experience underinvest in public goods as well as defense expenditures for military alliances. They free ride on powerful allies as they tend to be egoistic, considering government resources as self-interest. They also have greater self-efficacy, having confidence in acquiring what they want from alliance partners. Witko and Friedman (2008) found that the members of the US Congress who have business backgrounds engage in probusiness activities, focusing on business-related legislation.

2.4. Nonprofit Boards

Nonprofit and for-profit boards exhibit distinct characteristics. McFarlan (1999) described the similarities and differences of board structure in for-profits and nonprofits. Both include the number of directors, several committees, and work with executives for their organizations through monitoring, advising, and advocacy roles. While for-profit boards have eight to 14 board members, nonprofit boards are larger than that, sometimes 40 or even 100 members (depending on the organization), to represent many stakeholders, including potential donors who can meet their financial needs. Given a large number of board members, nonprofits often have several tiers of directors. Although all participate in the decision-making process in some ways, executive boards meet more frequently and have greater opportunities to engage in decision-making. The board committees, such as the operations committee and the nominating committee, are relatively active in nonprofit boards. While a CEO is a sole boss in for-profits, CEOs in nonprofits work with nonexecutive chairs and report to them regularly.

Differences between nonprofits and for-profits are observed in the structure, roles, and relationships between boards and executives (Herman & Heimovics, 1989). Like for-profits, the leadership structure of nonprofits includes the board of directors and executives. The board of directors monitors programs, develops and assesses the fulfillment of the organization's mission, and sets policy, and effective executives know the importance of leadership and their responsibility to fulfill their missions and provide resources (Herman & Heimovics, 1990b). Although boards are positioned at the top of the hierarchy, scholars have also pointed out that the centrality of the chief executive is underestimated by the hierarchical responsibility of boards (e.g., Drucker, 1990; Young, 1987). Chief executives are psychologically located at the center of the organization, as they have better access to information than board members and are at the center of the information flow (Heimovics, Herman, & Carole, 1993; Weick, 1979). They are expected to and do affect organizational outcomes (Herman & Heimovics, 1989, 1990b). Effective nonprofit chief executives tend to work closely with and frequently report to their boards (Herman & Heimovics, 1990a).

Studies have also described the relationship between the board and nonprofit executives as a partnership (e.g., Trecker, 1971, Mausner, 1988), colleagues for the same goal with different tasks (Drucker, 1989), or hierarchical arrangement (Brager, Specht, and Torczyner, 1987). Herman and Heimovics (1990b) showed that effective chief executives work closely with the board and revealed that researchers have possibly underestimated the chief executive's psychologically central responsibility for organizational outcomes hidden under board-centered leadership with hierarchical responsibility. The authors point out important actions taken by effective chief executives, although it is often perceived that the board of directors is in the superordinate position in an organizational hierarchy, and the chief executive assists the board in following the direction it provides. For example, effective chief executives manage the relationships between board members to achieve consensus. They also envision changes to help the board do things better, provide information, and promote board accomplishment. They set up schedules and show considerate respect to board members in exchange for their contributions. Successful nonprofit boards have effective executives (e.g., executive directors) who work with, guide, and educate the board of directors (Herman & Heimovics, 1994). Golensky (1993) also pointed out that the relationship between the board and executives is critical to the stability and smooth functioning of nonprofit organizations and that the relationship could vary in different settings and times. The board and executives who were partners can experience power struggles in other situations. The author showed that internal factors and the characteristics of the issue affect the board-executive relationship under noncrisis situations. The board of directors is in a position to affect the nonprofit overall and as well as its employees, such as chief executives, as they work closely together. While some studies describe the relationship between the board and nonprofit chief executives as a partnership and others as a hierarchy, both show that the board and chief executives influence each other, develop strategies, change operations, and make an organizational impact.

As in for-profits, strategic leaders in nonprofits and their succession processes more broadly influence their organizations. Geer, Maher, and Cole (2008) found that transformational leadership is positively associated with nonprofit accountability, which, in turn, is likely to increase organizational performance and mission fulfillment. The authors suggest that professional development opportunities for nonprofit leaders could enhance transformational leadership for better organizational accountability. Nonprofit executives who receive developmental training could generate a positive impact on their organizations. Given that nonprofits tend to experience resource insufficiency, for-profit board membership is likely perceived as a developmental opportunity that enables nonprofit executives to gain experience and skills. By coding the interviews of leaders in nonprofits, Heimovics, Herman, and Jurkiewicz (1995) found that effective executives exhibit behaviors rooted in a political framework, manage conflicts and competing interests, and allocate and acquire resources. What logic the leader uses influences the use of resources and operations. For-profit executives are familiar with business logic and maximizing shareholder value, while nonprofit executives tend to operate on a utility maximization logic. As a result, organizations managed by the two types of executives would operate differently. Allison (2002) provided suggestions for nonprofit boards in the leadership transition. The risks and costs of unsuccessful hiring should not be neglected, and boards should be prepared for the task as it is a normal development. The boards need to not be afraid to hire new CEOs and address potential problems following a new appointment. They should exploit the transition as an opportunity. This reflects the influence of a leader in an organization, and choosing the right leader for an organization (e.g., who can provide needed resources) is considered successful hiring.

Scholars have examined factors influencing the performance of board members and the board overall. Using social service nonprofits in Orange County, Preston and Brown (2004) found that board members' affective commitment influences board member performance. The authors measured performance as executives' perception of board member participation and their value and board members' self-reported involvement and showed strong convergence in boards' and executives' evaluations. The study suggests that building an emotional connection between board members and nonprofits can contribute to a better commitment. Using the data from sports organizations, Doherty and Hoye (2011) suggested that the three dimensions of role ambiguity on the scope of responsibility, means-ends knowledge and performance outcomes decrease the performance of individual volunteer board members. Brown (2002) found that diverse board membership increases board performance, suggesting that board composition affects board performance which is aligned with the findings for for-profit boards. Like for-profits, the board characteristics, such as size, composition, subcommittees, and board-executive director relationships, affect boards and organizational effectiveness (Cornforth, 2001; Holland & Jackson, 1998; Jaskyte, 2012). Appointing individuals to the board can have a direct impact on both the board and the organization.

Some scholars have explored the impact of governance and outside directors in nonprofits. In a case study of boards in arts organizations in Australia, Radbourne (2003) found that good governance is led by strong management systems and financial reporting in arts organizations. Based on in-depth interviews, the author presented a model supporting the notion that good governance results in positive reputation, increasing organizational outcomes such as the number of audiences, financial support, productivity, and public acceptance of the benefits of arts.

Relatedly, Harris, Petrovits, and Yetman (2014) examined the impact of governance on donations. They found that the quality of governance increases donations and government grants. They identified good governance dimensions, including board independence, independent audits, and accessible financial information. Brown and Iverson (2004) showed that the strategic orientations of organizations and board structures are related. They divided nonprofit organizations into four strategic types: prospectors, defenders, analyzers, and reactors. They found that prospectors tend to include nonboard members on committees as they pursue inclusive and broader boards, while defenders have focused structures. This study suggests that the board structure is set up to match the strategic orientation of the organization. The boards support the organizations by meeting diverse needs. The board structure, including the appointment of board members, may be influenced by various organizational needs.

Regarding the research on outside directors, Judge and Dobbins (1995) found that as the tenure of the CEO and outside directors increased, awareness of the CEO’s strategic decision style declined, and the effect was stronger among nonprofits than for-profits. This study suggests that CEOs of nonprofits whose organizational goals involve both financial and nonfinancial aspects need to work closely with boards so that outside directors can be more aware of the style of the CEO. Callen, Klein, and Tinkelman (2003) found that when nonprofits have a higher donor presence and the donor takes on the role of monitoring, organizational efficiency is enhanced. Contrary to the argument that agency problems can be reduced by increasing the outsider director ratio on the nonprofit boards as predicted in for-profit research, Callen and Falk (1993) reported that they did not find a significant relationship between outsider ratios and organizational efficiency using a sample of 72 specific health-focused charities.

Governance matters in nonprofits, specifically boards of directors, are important resources or conduits of critical resources for nonprofits. Aggarwal, Evans, and Nanda (2012) found that board size is positively linked to a nonprofit's number of programs, program spending, and fundraising performance. They also found that board size is negatively linked to managers' pay-performance sensitivities, suggesting that larger boards are perhaps more easily swayed to support managerial self-interest. Using the data from 46 nonprofit human service organizations, Provan (1980) showed that powerful boards are able to acquire greater funding as they can access scarce resources. Coombes, Morris, Allen, and Webb (2011) concluded that nonprofit boards are strategic resources by finding that boards' behavioral orientations influence organizational entrepreneurial orientation and organizational performance. Applying social capital theory to nonprofit organizations, King (2004) argued that nonprofits should foster social capital for better board member recruitment and advocacy, increasing financial support, and developing partnerships and community relations.

In this chapter, I reviewed the relevant literature regarding my research question. While scholars in political science or nonprofit have studied business leaders working in other organizational forms, such as government and nonprofit, it has been largely ignored in the strategic management area. Business leaders could provide critical resources to these different organizations. Strategy scholars have explored CEOs' outside directorship, but they have been predominantly focused on outside directorship in for-profit firms. Volunteerism scholars have revealed various models predicting an individual's participation in volunteering. However, to understand CEOs' participation in nonprofit organizations, it is necessary to consider their job demands and increased societal call on social responsibility around them. Expanding our current knowledge on the influence of business leaders in other organizational forms, I seek to understand why CEOs serve in another organizational form, nonprofit organization. My dissertation provides a theoretical framework for CEOs' outside directorship in nonprofit organizations. I draw individual factors, situational factors, and environmental factors from the volunteerism literature to predict CEOs' nonprofit board service.

3. THEORY AND HYPOTHESES

3.1. Hypotheses

3.1.1. Individual Factors

Upper-echelons theory suggests that CEOs have diverse value systems and that decisions are often impacted by their values (Finkelstein et al., 2009). Scholars have evaluated CEO political orientation as part of an "interconnected constellation of values or values systems" (Chin, Hambrick, & Treviño, 2013; Hambrick & Wowak, 2021; Jost et al., 2009). Political orientation represented by a conservative to liberal continuum has been widely used in management studies. Political orientation reflects a worldview and is suggestive of basic actions and thoughts (Jost, Nosek, & Gosling, 2008). Political orientation, as reflected by measures of political contributions, has been shown to be highly consistent over time within individuals (Chin et al., 2013). Using the liberalism-conservatism spectrum to represent political orientation treats the concept as a continuum, indicating the degree of preference between conservative and liberal values (Chin et al., 2013).

Previous studies have demonstrated that CEO political ideologies influence firm decisions. For example, both the political beliefs of organizational members and those of CEOs affect corporate social responsibility (CSR), suggesting that liberalism is associated with increased CSR (Chin et al., 2013; Gupta, Briscoe, & Hambrick, 2017). CEOs leaning toward liberalism are more likely to use egalitarianism in the pay structure in TMT (Chin & Semadeni, 2017) and are more likely to allocate resources evenhandedly to business units in multibusiness firms (Gupta, Briscoe, & Hambrick, 2018), while CEOs who are more politically conservative tend to avoid tax less than CEOs with more liberal orientations (Christensen, Dhaliwal, Boivie, & Graffin, 2015).

An individual exhibits distinct characteristics depending on political orientation. Conservatives and liberals are different in their attitudes on inequality and social change/tradition (Gupta, Nadkarni, & Mariam, 2019; Jost, Glaser, & Sulloway, 2003). Political conservatives tend to encourage market logic. They support free-market principles, efficiency, stability, and individualism (Detomasi, 2008; McClosky & Zaller, 1984 ; Tetlock, 2000; Tetlock, Vieider, Patil, & Grant, 2013). This is based on their consideration of inherent inequality between people, leading to differential rewards and punishments (Skitka & Tetlock, 1993). In contrast, liberals are more likely to hold to egalitarianism and support control over markets and economic equality (Jost et al., 2009; Jost et al., 2003). They are also more sensitive to social justice and environmental issues (Dunlap, 1975; Jost et al., 2009; Jost et al., 2003) and are relatively open to new experiences (Carney, Jost, Gosling, & Potter, 2008).

Conservative CEOs support a market logic, welcoming business-related activities, whereas liberal CEOs hold to a social logic and prefer to engage in nonbusiness-related activities, such as service in nonprofit organizations. While conservative CEOs are related to downsizing, liberal CEOs tend to enact CSR practices (Gupta, Nadkarni, & Mariam, 2018). Liberal CEOs may want to actively address community or societal issues by working at nonprofit organizations as members. Contrary to directorships at for-profit organizations, directorship at nonprofit organizations could be regarded as nonbusiness-related activities and relatively unfamiliar jobs to CEOs who spend most of their time working for for-profit firms pursuing financial goals. As liberal CEOs tend to be open to new experiences (Carney et al., 2008), they are more likely to work for nonprofit organizations. Thus, as CEOs lean toward a politically liberal orientation, they are more likely to accept directorships at nonprofit organizations.

Hypothesis 1: The extent to which a CEO has a liberal political orientation is positively associated with the likelihood of joining a nonprofit organization.

Scholars in the upper-echelons tradition suggest that CEOs vary in their levels of discretion (e.g., Crossland & Hambrick, 2011; Hambrick & Abrahamson, 1995). CEO discretion, defined as the latitude of managerial action, has been explored as a moderator that enables or constrains the influence of a CEO's ability on firm-level outcomes (Finkelstein, 1992; Hambrick, 2007; Hambrick & Finkelstein, 1987). CEO discretion is derived from various sources (e.g., individual, organizational, environmental), and one of them is the CEO's power base, perhaps indicated as the tenure of the CEO (Hambrick & Finkelstein, 1987).

Powerful CEOs have "only limited barriers in exercising discretion" (Hambrick & Finkelstein, 1987: 388), and their power increases over time (Shen, 2003). In their early tenure, CEOs are closely monitored by boards (Vancil, 1987). They need to learn and adjust to the firms and prove their ability to secure their position as a CEO in the early period (Shen, 2003). Over time, CEOs gain power and are able to develop more power as they prove themselves in the role and meet the expectations of the board (Shen, 2003). When CEOs prove their leadership, the boards' monitoring may become less vigilant (Lorsch & MacIver, 1989). As a CEO attains longer tenure, the CEO could more effectively influence the decisions and policies of boards (Porac, Wade, & Pollock, 1999).

CEO tenure could be critical in deciding whether a CEO makes formal associations with a nonprofit organization. Given that service at a nonprofit organization could be regarded as a nonbusiness-related job that requires the CEO's time and effort in addition to their current job demands, greater discretion derived from longer tenure would facilitate a CEO's acceptance of such a service. With greater discretion, they may want to extend their legacy in home firms to other domains, such as nonprofit organizations.

Moreover, as CEOs become established as leaders, they tend to become interested in achieving broader goals related to society or caring for others, such as serving the community, rather than individual goals, such as promotion (Erikson & Erikson, 1997; Levinson, Darrow, Klein, Levinson, & Mckee, 1978; Lord & Hall, 2005). Established leaders such as CEOs may want to give back to the community given their success and achievement. CEOs with longer tenures are likely more proficient than others who are under development as senior managers. They are more likely to be skillful in managing high job demands. Longer-tenured CEOs may perceive involvement in nonprofit organizations as a good extra service relative to shorter-tenured CEOs based on their proficiency and experience, while shorter-tenured CEOs may regard the service as an unnecessary extra. They may want to focus on their firms' issues and meet the expectation of the boards to prove themselves.

Furthermore, especially in a large public US firm such as those in the S&P 500, their power may not be limited to their organizations but have a societal impact on communities and society, regardless of the CEO's personal values. Such CEOs are asked to exert their power outside of their firms' boundaries for society, and they are more likely to answer the call as they become better established in their firms. CEOs may think that extending themselves from for-profit firms to nonprofit firms is not too complicated and that they can easily serve the community and enrich their lives by serving on nonprofit boards. Thus, the longer tenure a CEO has, the greater the likelihood that the CEO accepts service at a nonprofit organization.

Hypothesis 2: CEO tenure is positively associated with the likelihood of joining a nonprofit organization.

3.1.2. Situational Factors

The preference of boards of directors with respect to CEOs' formal association with nonprofits could vary with the political ideology of the board. For example, politically conservative boards are more likely to dismiss the CEO after financial misconduct than liberal boards, as conservatives reference individual character in explaining social issues and behaviors and emphasize personal responsibility, while liberals rely more on external and situational factors (Park, Boeker, & Gomulya, 2020). CEOs received greater compensation under conservative boards, and conservative boards present a stronger relationship between firm performance and CEO compensation than liberal boards (Gupta & Wowak, 2017).

CEOs tend to be attentive to their boards' value systems and interact with the boards when making important decisions, including their formal association with nonprofit organizations. When CEOs and boards share common values and beliefs, they are more likely to agree on decisions. Value congruence produces positive outcomes, such as clear communication, increased trust and attraction, and greater predictability in how others will act (Edwards & Cable, 2009).

Boards affect what CEOs do (Daily, Dalton, & Cannella, 2003; Shen, 2003). However, the values of boards and CEOs do not always have to be matched. For example, conservative CEOs can work on liberal boards, and liberal boards do not have to recruit a value-matched CEO, a liberal CEO. Boards may or may not use values as a selection tool for CEOs. They do not always hire CEOs based on values but consider other criteria as well. If a firm needs special expertise to make the firm perform better, the board may find some CEOs who have the expertise regardless of value matching between them. Thus, CEO political orientation and board political orientation work separately and may not produce selection bias. These are rather individual effects.

A board with many liberal individuals – a politically liberal board – would collectively exhibit liberals' characteristics (Gupta & Wowak, 2017). Conservative boards that support market logics may push their CEOs to focus on business-related activities. Liberal boards may encourage and understand their CEOs' formal association with nonprofit organizations based on the characteristics of liberalism. As they tend to be egalitarian and have an interest in community and societal issues, liberal boards are likely to be more open to their CEOs' formal association with nonprofit organizations.

> *Hypothesis 3: The extent to which the directors on the CEO's home firm have a liberal political orientation is positively associated with the CEO's likelihood of joining a nonprofit organization.*

Another source of CEO discretion is the organization (Hambrick & Abrahamson, 1995). Internal political conditions, reflected in the distribution of ownership, could enhance or limit CEO discretion (Finkelstein et al., 2009). For example, if a firm has a dispersed ownership structure, the CEO could have higher discretion, whereas the CEO could have lower discretion when the firm has a few owners holding concentrated blocks (Hambrick & Finkelstein, 1995; McEacher, 1975; Werner, Tosi, & Gomez-Mejia, 2005).

CEOs in firms that have dispersed ownership are more likely to serve nonprofit organizations. As nonprofit directorship service is nonbusiness-related activity, CEOs would need greater discretion to realize it against the boards' general expectation for CEOs to concentrate on the business of the firms. As dispersed ownership structure could be a source of greater managerial discretion, dispersed ownership structure would positively relate to the CEO's nonprofit outside directorship.

> *Hypothesis 4: Dispersed ownership structure is positively associated with the CEO's likelihood of joining a nonprofit organization*

3.1.3. Environmental Factors

Specific environmental characteristics could influence the propensity of CEOs working in nonprofit organizations. The primary focus of nonprofit organizations is to serve their communities and society based on various social goals. Most nonprofits provide services based on locality (Wolpert, 1988). Nonprofits tend to interact with and provide service to their close community or society.

Firms respond to the needs of the community (Wymer & Samu, 2003). CEOs may think they have a set of skills that can be leveraged to meet social needs, and their board participation helps nonprofits through their expertise and managerial and business perspective (Austin, 1998). Nonprofits are likely to live in survival mode, but business leaders are competent in long-term strategic planning. CEOs can contribute to the community through their board service in nonprofit firms. Many volunteer board members in nonprofit organizations are motivated by community issues rather than self-development issues (Inglis & Cleave, 2006).

A CEO's top priority with respect to community would likely be the community where the home firm is located. Although large company CEOs may all face social responsibility pressures, salient social need around them would be a trigger for their behavior related to community engagement. A home community is where for-profit firms have the best knowledge, can engage with their stakeholders, and contribute to the local economy. Serving communities other than the home community could be time demanding for CEOs. CEOs may need to fly to other communities to participate in nonprofit board meetings and interact with stakeholders in the community.

CEOs in large public companies tend to have greater influence not limited within their firm boundaries. Sometimes they become social figures who are expected to have social responsibilities. As the home community is in greater social need, CEOs may support their communities through their board service in nonprofit organizations.

> *Hypothesis 5: The poverty level in a firm's home community is positively associated with the CEO's likelihood of joining a nonprofit organization.*

CEO discretion varies substantially across industries (Hambrick & Abrahamson, 1995). CEOs can have a better impact when they are in an industry with fewer constraints. Low managerial discretion in significant domains could produce various outcomes that could be positive or negative. Low managerial discretion may be related to relatively stable performance or low involuntary turnover of CEOs over time, but it can also produce direct outcomes in managerial processes and profiles, such as a risk-averse CEO or low CEO compensation, as CEOs with low discretion serve more perfunctory roles or become figureheads (Hambrick & Finkelstein, 1987). When CEOs have low discretion in significant domains, they may turn their attention to relatively insignificant domains, isolated issues, where they can exercise discretion (Hambrick & Finkelstein, 1987). Low managerial discretion indicates that CEOs have limited choices. They may have lower job demands and try to find something they can control or make changes. In contrast, CEOs with high discretion may focus on more significant domains where major challenges occur (Hambrick & Finkelstein, 1987). They spend their time and effort solveing issues in their major domains.

Nonprofit organizations are different organizational forms from for-profit organizations (Hansmann, 1980). Their working logic and mindset under the nondistribution constraint coupled with a social mission make them different from for-profit firms (Hansmann, 1987). Nonprofit organizations exist to accomplish social goals to serve communities or society, not maximizing profits, whereas for-profit firms achieve financial goals and share earnings with their shareholders. They also have different organizational practices such as slower and more collegial decision-making than for-profits' (Bowen, 1994). Given the differences, formal association with nonprofit organizations could be perceived as additional service rather than a major organizational task. Although some firms that engage in corporate misconduct acquire legitimacy by building relationships with nonprofits through board service (Lungeanu et al., 2018), this could still be regarded as supportive action in trivial domains, enabling major tasks. As the top priority and responsibility for a CEO are to improve the performance of their firms, service for nonprofit organizations would be considered less significant work.

Thus, when CEOs have low managerial discretion, they may consider nonprofit organizations to be places where they have greater discretion and devote their attention to formal associations with nonprofit organizations. Conversely, CEOs with high managerial discretion may actively work in a more significant domain, their for-profit firms, to address issues with their discretion. They may not have enough time to serve in nonprofits, as they are busy addressing their home firm issues[1].

Hypothesis 6: The level of industry discretion is negatively associated with the CEO's likelihood of joining a nonprofit organization.

In this chapter, I explored why CEOs serve in nonprofits based on individual, situational, and environmental factors suggested by the volunteerism literature. Figure 1 shows my research model. Six hypotheses show different predictors grouped as value and discretion. The offered predictors are CEO political orientation, CEO tenure, board political orientation, organizational discretion, community social needs, and industry discretion. Contrary to previous CEO outside directorship studies examining for-profit firms, the model in this dissertation focuses on CEOs' formal association with nonprofits (typically CEO outside directorships on nonprofit boards).

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[1] I propose that industry discretion and previously discussed individual and organizational discretion do not capture the same thing, thus could play individually, although all are ultimately tied as the sources of managerial discretion. CEO tenure implies expanding one's legacy and self to another domain as a CEO becomes an established leader. This focuses on a CEO, an individual. Ownership structures could represent internal conflict that a CEO may face in an organization. Industry discretion partly describes CEOs' job demands. Higher industry discretion indicates that CEOs face many complex strategic issues that they need to solve, whereas lower industry discretion refers to more stable industries where strategic decisions of CEOs may not be variant and less important.

The next chapter is the methodology section, describing the sample, data, variables, and analyses that will be used in the dissertation.

4. METHODS

4.1. Sample and Data Collection

The sample is set up to test the hypotheses at the CEO-firm level using public data sources, including *ExecuComp*, *Boardex*, and *Compustat*. This sample includes any individual who became a CEO at an S&P 500 firm between 2001 and 2020. Each individual who became the CEO of an S&P 500 firm was followed to the end of his or her tenure or December 31, 2020, whichever came first. These individuals comprise the set that is “at risk” of joining a nonprofit firm according to my theory. For the sequence of observations that comprise CEO tenure, there are three outcomes: (1) the CEO joins a nonprofit firm as a director or in a leadership role; (2) the CEO ends his or her tenure for any reason; and (3) the CEO reaches the end of the observation window (December 31, 2020). The first outcome is the key outcome for the dissertation, and the second and third outcomes are treated as censoring events (Allison, 1984; Tuma & Hannan, 1984). To update independent variables and to assure temporal precedence, each observation was censored at each end of each fiscal year and on the next day a new observation started.

I model only the first nonprofit affiliation engaged in by any CEO. This approach predicts the occurrence of the first nonprofit engagement, and the methodology drops any observations of any CEO after that first engagement. Only a small proportion of the CEOs who joined one nonprofit, later joined another. Nonprofit service prior to becoming a CEO was coded as a control variable, described below.

This data structure is key to an event-history analysis because it ensures that right-censoring (the observation ends before the expected outcome is observed). While left-censoring is a concern for event-history analysis, I assure there is no left censoring as each CEO is tracked from the start of his or her tenure. The power of the event-history approach (it is not biased by right-censoring) is because the methodology models a conditional likelihood: the likelihood that the event of interest will be observed given that it has not already occurred. CEOs who do not join a nonprofit firm are included in our analysis because those observations are needed to estimate the hazard function – key to modeling the conditional likelihood (Allison, 1984; Tuma & Hannan, 1984).

The data all come from public sources. As noted earlier, the basic data structure comes from data provided by *Boardex*, *Compustat*, and *ExecuComp*. Data on political donations come from the Federal Election Commission (FEC). Data on CEO service to not-for-profits came from *Boardex* and *GuideStar*. Data on corporate social responsibility (CSR) came from *Kinder, Lydenberg*, *Domini* (KLD). Other data sources include *Thompson*, *Audit Analytics*, proxy statements (SEC) and the US Census Survey.

4.2. Measures

4.2.1. For-profit CEO Formal Association with Nonprofit Organization

The CEO's likelihood of joining a nonprofit organization is coded as 1 if the event occurs, and 0 (censored) otherwise. The event is identified by *Boardex* (employment data) and verified with GuideStar. The majority of the events (approximately 70%) are CEO board service in nonprofits and the rest include CEO service as an officer or project leader in a nonprofit. Importantly, this dissertation defines nonprofits following the definitions of the IRS and Hansmann (1980). Given that there are various types of nonprofits that exist in idiosyncratic contexts, not all forms of nonprofits are considered but rather I focused on a specific type of nonprofit. For the purposes of my dissertation, nonprofit refers to 501(c)3 organizations, commonly named charitable organizations or public charities. The nondistribution constraint in the 501(c)3 category implies different management logics across the two organizational forms (for-profit and nonprofit) and provides a context where different perspectives of for-profit and nonprofit executives can be observed. Nonprofits seek to accomplish organizational missions to meet social needs by maximizing utility and are restricted by the nondistribution constraint, whereas for-profits aim to achieve maximum shareholder value without such a constraint. The 501(c)3 organizations, public charities, are a dominant nonprofit organization type[2] (72% in 2018) among IRS tax-exempt nonprofit organizations (Golensky & Hager, 2020). The data sample is based on the tax filing documents of 501(c)3 charitable organizations as provided by *GuideStar* and the IRS.

Based on each CEO's prior employment history, an organization associated with a CEO was identified as a nonprofit using the IRS Publication 78 (cumulative list of organizations entitled to obtain tax-deductible charitable giving) and *GuideStar*. *LinkedIn* and *Factiva* were used as supplementary data sources to assure accuracy in CEO nonprofit service.

4.2.2. Individual Factors

All independent and control variables were lagged by one year. That is, the independent and control variables as of December 31 in year Y were used to predict whether or not the CEO joined a nonprofit at any time in year Y+1.

CEO political orientation was measured by personal political donations to the US major parties – Democrat or Republican (Chin et al., 2013; Gupta et al., 2017). The Federal Election Commission (FEC) requires the reporting of any political gift of $200 or more (Chin et al., 2013). After a first and last name match across *Boardex* and the FEC political donation database, the sum of CEO's contributions in the past 10 years was used (Chin & Semadeni, 2017). CEO

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[2] Nonprofit researchers have had special attention to charitable organizations as these organizations received the largest tax subsidy (Boris & Steuerle, 2006).

political orientation was calculated as the dollar value of each CEO's contributions to the Democratic Party minus the dollar value of the CEO's contributions to the Republican Party, divided by the total dollar value of the CEO's contributions to both parties (Christensen et al., 2015; Hong & Kostovetsky, 2012). The measure ranges from -1 (all Republican Party) and +1 (all Democratic Party). Higher values indicate a more liberal political orientation.

CEO tenure was calculated as the number of years of employment in the firm as a CEO. CEO tenure was the key time-related variable in the event history analysis. Put differently, in this analysis, time means tenure as CEO.

4.2.3. Situational Factors

Using the same approach to measure full political orientation as in CEO political orientation (Chin et al., 2013; Christensen et al., 2015), *board political orientation* was calculated by the average of individual liberal scores of outside directors on our sample firm (for-profit) boards. Following previous studies (Gupta et al., 2017; Gupta & Wowak, 2017), CEO political orientation was measured separately from board political orientations, given the influence of CEOs on boards. That is, for board political orientation I included only political donations from nonexecutive directors (not the CEO or other inside directors). The board political orientation measures were created by averaging the values across outside directors, generating board-level measures. *Institutional Ownership* was measured as the number of institutional investors holding greater than or equal to the two percent of common shares outstanding. These data come from *Thompson*, through *WRDS*.

4.2.4. Environmental Factors

The poverty level in a firm's home community was measured as the number of people in poverty within a HQs county divided by the total population in the county using US Census Bureau data. The US Census Bureau data are based on county and state. A for-profit firm's home community (county) was identified using the zip code in the firm's address.

The level of industry discretion was measured using the industry discretion scores reported in Finkelstein et al. (2009: 29-30) based on the Standard Industrial Classification (SIC) 4-digit level, representing 70 industries. Financial firms, under special regulations, were excluded (SIC 6021, 6022, 6035, 6141, 6211, 6411). This score was created by Hambrick and Abrahamson (1995), who asked a panel of academic experts to rate product differentiability, demand instability, absence of regulations, market growth, capital intensity, , absence of strong outside forces, and industry structure. This approach was validated by Hambrick and Quigley (2014) who recalculated the scores with recent data and found that correlations between the original and the new scores averaged approximately 0.80. The original scores are still used in recent studies (e.g., Hambrick & Quigley, 2014; Lewellyn & Fainshmidt, 2017; Perry, Yao, & Chandler, 2011).

4.2.5. Control Variables

Several controls are included in the models. As noted previously, all independent and control variables were lagged by one year. *Prior firm performance* was measured as ROA. This study controls for firm performance because it is positively associated with CEO outside directorships (Kaplan & Reishus, 1990). *Firm size* was calculated as the natural logarithm of the number of employees. Large firms may have greater pressure for CEO social engagement. They are also more formalized in supporting employee volunteerism (Basil et al., 2011). *Board size* was measured as the number of directors on the firm's board. Board dynamics with CEOs could vary by board size.

Higher educational attainment leads to greater volunteering (Brand, 2010; Wilson, 2012). Given the CEOs in US large company tend to have similar educational background, educational attainment is used as a control rather than as another predictor variable, incorporating social backbround, intellectual capacities, retined information factors in the ISSTAL model. *CEO educational attainment* was measured as 0 if a CEO has no formal higher education; 1 if a CEO graduated from undergraduate or graduate schools, both nonelite; 2 if a CEO graduated from undergraduate or graduate school, one of which is elite; and 3 if a CEO graduated from undergraduate and graduate schools, and both are elite (Finkelstein, 1992). Elite educational institutions were identified using Finkelstein's (1992) list.

CEOs may join nonprofit boards to restore legitimacy, expecting legitimacy spillover (Lungeanu et al., 2018). To control for this, the variable financial restatement event was coded as 1 if the CEOs home company issued a restatement of previously-issued financial statements that downgraded (was adverse to) the previously issued statements, and otherwise 0.

Each CEO's prior experience in nonprofits could influence future joining events. CEOs who have prior experience in nonprofits may be interested in further services or less interested in the services as the person already served in nonprofits. To control for this, *CEO prior nonprofit experience* is measured as the number of nonprofit organizations the CEO served prior to becoming CEO.

4.3. Analysis

The dependent variable of this study is binary and represents a CEOs' nonprofit-organization-joining event. Given the type of dependent variables, logit regression and Cox event history analysis were used as the analytical methodologies (Allison, 1984). The models are similar except when a dependent variable is measured as the timing of an event or the rate of event occurrence (Allison, 2018). Event history analysis is designed to "describe, explain, or predict the occurrence and timing of events" (Allison, 2018). CEOs are at risk of joining a nonprofit board when they become CEOs of for-profit firms. If a CEO does not experience a board joining event in a given year, he or she will stay at risk until either the tenure ends or the observation window closes (December 31, 2020). While ordinary least square (OLS) regression does not distinguish censoring observations, and could potentially lead to sample selection issues, event history analysis, as noted earlier, is not affected by right censoring. Event history models do not produce biased estimates derived by right-censoring as it is a conditional likelihood model. Right censoring occurs when an event cannot be measured (e.g., an individual reaches the end of the observation window before experiencing events). Right censored observation are endemic to longitudinal data, and event history analysis is designed to resolve the concern (Allison, 2018).

While the Cox model (and other event-history models) deal with right censoring, they do not handle left censoring as the basic model is based on relative hazards, not absolute hazards. Left censoring, however, was addressed by including each new CEO starting in the year he or she became CEO. Therefore, there is no left censoring my sample and each CEO tenure starts at 1. In addition to handling right censoring, the Cox approach also has another advantage (Allison, 2014). The log hazard is the sum of a baseline function (all predictors are zero) and a weighted linear combination of predictors. For this reason, the shape of the baseline hazard curve function is irrelevant.

I use the Cox proportional hazards regression models (Cox, 1972) as follows:

$$h_i (t) = h_0 (t)*\exp[\sum \beta_{k*}(X_{ik} (t))]$$

$h_0(t)$ represents the baseline hazard function. $X_{ik}(t)$ is the value of the kth covariate for CEO i at time t. A key feature of the Cox proportional hazards regression models, as I noted earlier, is that the models do not assume anything about the distribution of the baseline hazard function (Allison, 2014).

In this study, the unit of analysis is CEO-firm-year, and the failure event is the occurrence of a CEO's formal association with nonprofit organizations (typically board service). As described earlier, there are four potential outcomes. The S&P 500 CEO does not join a nonprofit, but continues as CEO the next year; The S&P 500 CEO joins a nonprofit (the outcome I am interested in); the S&P 500 CEO finished the CEO job for any reason and ended his or her tenure; and the S&P 500 CEO reached the end of the observation window.

In this chapter, I proposed the sample, data, variables, and analyses for my dissertation model. All hypotheses are tested following the proposed method, and results are reported.

5. RESULTS

In this chapter, I report the descriptive statistics and correlations for the variables included in this study. Next, I report the results of hypotheses testing.

5.1. Descriptive Statistics

Table 1 provides descriptive statistics and correlations of all variables used in this study. The CEOs' formal association with a nonprofit organization occurs in about one percent of CEO-firm-years in the sample. The average CEO tenure in the sample is 4.59 years, and the average board size is 10.71 directors.

There were no abnormally high correlations among variables and collinearity diagnostics are well below accepted limits, indicating that multicollinearity is not an issue. Specifically, the mean variance inflation factor (VIF) diagnostic of 1.08 was well-within reasonable levels and no VIF is larger than 1.22. Needless to say, VIFs were well below 10, easily corresponding to the guidelines put forth by Chatterjee and Price (1991).

Figure 2 depicts the smoothed hazard function estimate of the CEO formal association with nonprofit organizations. This shows the nature of the baseline hazard function. CEOs are more likely to formally associate with nonprofits after 4-5 years of tenure and the likelihood increases dramatically after 8-9 years of tenure.

I also ran the proportional hazard assumption test to ascertain the viability of the Cox approach. The proportionality assumption assumes that the hazard functions are proportional over time. A non-significant relationship between time and Cox model residuals supports the proportional hazard assumption. The proportional hazard assumption test results showed that the proportionality assumption is not violated. Hence, the Cox approach is a viable one for my study.

5.2. Results of Hypothesis Testing

Table 2 provides the results of Cox regression analyses, and Table 3 represents the results of logit regression analyses as an alternative for testing the hypotheses. Given that CEO tenure is a time variable in the Cox regression analyses, I ran a logit regression with year dummy variables to test Hypothesis 2 – which predicted that CEO tenure will be positively associated with the likelihood of joining a nonprofit organization. While the estimates and exp(*b*) are not the same, Cox and logit regressions are comparable. The discrete-time model using a logit regression yielded similar results to the Cox proportional hazards model, and the estimates of Cox and logit become closer as the hazard function gets smaller (Singer & Willett, 2003).

All control variables described in the previous chapter were included in all models. Model 1 includes only the control variables, and Models 2, 3, 4, 5, 6, and 7 show the direct effects of each hypothesized variable on CEO nonprofit joining events. Model 8 is a fully specified model that includes all independent and control variables. I used the statistical information from the full model (Model 7 in Table 2 and Model 8 in Table 3) to interpret the hypotheses tests. The results of Model 1 of Table 2, which is the baseline model including only control variables, are generally consistent with my expectations. Board size was significant and positively associated with CEO's nonprofit joining event (*hazard ratio*=1.11, $p<0.01$). Negative opinions against CEO's nonprofit involvement may be less likely to emerge as the number of directors increases.

The results of Cox regressions in Table 2 were reported as hazard ratios for CEOs' formal association with nonprofits. The magnitude of the effect, hazard ratios (100[exp(*b*)-1]), present the percentage change in hazard rate with a one-unit change in the independent variable (Allison, 2018). Hazard ratios are the exponentiated beta coefficients (Allison, 2014). A value greater than one represents a positive relationship, a value less than 1 represents a negative relationship, and a value of 1 in the hazard ratio represents no effect.

Hypothesis 1 predicts that CEO political orientation toward liberalism is positively associated with the likelihood of joining a nonprofit organization. I found that CEO political orientation is marginally significant and positive for the CEO formal association with nonprofit organizations (*hazard ratio*=1.44, $p<0.1$). The hazard ratio of CEO political orientation is 1.44, suggesting that one-unit increase in CEO political orientation increases the hazard rate of CEO's nonprofit joining event by 44% during the sample period. Reflecting liberalism that values community over market, CEOs are more likely to serve in nonprofits when the values of the CEO are closer to liberalism.

In Hypothesis 2, I predicted that CEO tenure is positively associated with the likelihood of a CEO joining a nonprofit organization. As discussed, Hypothesis 2 was tested in a logistic regression with a discrete time model, which is an approximation of Cox regression. As shown in Model 8 of Table 3, Hypothesis 2 was not supported (*harard ratio*=1.00, n.s.). Additionally, the graph of the hazard function supports the hypothesis, albeit without a significance test.

Hypothesis 3 states that the extent to which the directors on the CEO's home firm board have a liberal political orientation is positively associated with the CEO's likelihood of joining a nonprofit organization. The evidence in Model 7 of Table 2 shows a negative and insignificant result, which is in opposite direction of the hypothesis (*hazard ratio*=0.99, n.s.).

Hypothesis 4, stating that disperse ownership structure is positively associated with the CEO's likelihood of joining of a nonprofit organization, was marginally supported. Institutional ownership is negatively associated with the CEO's nonprofit joining event (*hazard ratio*=0.92, $p<0.05$). One-unit increase in institutional ownership decreases the hazard rate of CEO's nonprofit joining event by 8% during the sample period. As the increased number of institutional investors who exert power over a firm by holding greater shares represents concentrated ownership structures that leave CEOs with less discretion, the negative direction supports Hypotheses 4.

In Hypothesis 5, I predicted that the poverty level in a firm's home community is positively associated with the CEO's likelihood of joining a nonprofit organization. The result of poverty level was negative and insignificant (*hazard ratio*=0.99, n.s).

Hypothesis 6 states that the level of industry discretion is negatively associated with the CEO's likelihood of joining a nonprofit organization. In support of this hypothesis, I found that industry discretion is negatively associated with the CEO nonprofit joining event (*hazard ratio*=0.72, $p<0.01$). The hazard ratio of industry discretion is 0.72, indicating that one-unit increase in industry discretion decreases the hazard rate of CEOs nonprofit joining event by 28% during the sample period. Thus, Hypothesis 6 was supported.

5.3. Supplementary Analyses

Potential endogeneity issues that emerge due to omitted variable bias can be addressed by using the robustness of inference to replacement (RIR) statistics (Busenbark, Yoon, Gamache, & Withers, 2022). In contrast to the impact threshold of a confounding variable (ITCV) statistic, the RIR is appropriate for dichotomous dependent variables. The RIR indicates "the percentage of a parameter estimate that would need to be biased in order to invalidate causal inference" (Busenbark et al., 2022: 23; Xu & Frank, 2021). I ran analyses to estimate the RIR (Xu & Frank, 2021; Xu, Frank, Maroulis, & Rosenberg, 2019). For instance, the result of industry discretion suggests that to invalidate the inference 32.61% (2,329) cases would have to be replaced with cases for which there is an effect of 0. A similar pattern was found in all analyses. These results suggest that the statistical inferences were not influenced by omitted variable bias.

Along with the CEO's prior service in nonprofits, the firms' tendency to pursue socially responsible activities could influence the CEO's likelihood of joining nonprofits. This issue could be addressed by including corporate social responsibility (CSR) as a control in a model. The KLD database provides annual ratings of for-profit firms' social performance calculated based on various sources, including annual surveys, quarterly reports, proxy statements, articles from business press and academic publications, and the ratings have been widely used in CSR research (Flammer & Kacperczyk, 2019; Hillman & Keim, 2001). *CSR* was measured as the composite index by counting the total number of KLD strengths regarding community, environment, employee, human rights, governance, diversity, and product (Flammer, 2018; Flammer & Ioannou, 2021). Although the KLD database provides CSR weaknesses as items, CSR researchers have criticized the usage of the net score of CSR index based on the differences between strengths and weaknesses due to lack of convergent validity (e.g., Mattingly & Berman, 2006). It has been methodologically questioned and failed to produce a valid measure when both were used jointly. I ran supplementary analyses by controlling for-profit firms' corporate social responsibility (CSR), and the results were consistent with the main analyses.

An alternative measure of CEO political orientation and board political orientation was calculated by using two indicators described in Chin et al. (2013): (1) the total dollar amount given to the Democratic Party divided by the total amount given to both parties and (2) the number of contributions to the Democratic Party divided by total number of contributions to both parties . Then, following the previous studies (e.g., Chin et al., 2013; Gupta et al., 2017), the two indicators were averaged and multiplied by 100. Higher values indicate a more liberal political orientation. Those whose donation data was not found were assigned a value of 50. The results were consistent with the main analyses.

Furthermore, more institutional investors tend to request a better ESG strategy to firms and CEOs may address it by making formal associations with nonprofits. Thus, although concentrated ownership structure reflects lower managerial discretion, institutional investors may also encourage CEOs to formally associate with nonprofits, just as CEOs can do in high managerial discretion contexts. To find evidence on this recent trend, I ran an additional analysis with an activist investor variable, which is the count of activist investors gathered from 13f filings. The effect of activist investor was positive and marginally significant on the likelihood of CEO nonprofit joining event (*hazard ratio*=1.03, p<0.1). The hazard ratio of 1.03 indicates that the hazard rate of CEO nonprofit joining events increases by 3% during the sample period for one activist investor increase. This result confirms the notion that activist investors tend to encourage CEOs' formal association with nonprofits.

6. DISCUSSION

In this chapter, I summarize my dissertation and discuss the results. Next, I describe the contributions of this study and the potential directions of future research.

6.1. Summary and Conclusion

This study explores why some CEOs serve in nonprofit organizations. Using a sample of CEOs of S&P 500 firms from 2001 to 2020, I examined different sets of determinants of CEOs' formal association with nonprofit organizations. CEOs are in tension between public expectations about resolving social issues and their home boards and shareholders' concern regarding outside distractions and high job demands. Current theory and research on for-profit boards helps explain why firms want CEOs to serve as directors but does not adequately explain why CEOs choose nonprofits instead. As such, this study provides several important contributions to the upper echelon literature as well as research on director selection and volunteerism.

6.2. Contributions

My dissertation contributes to the literature in several ways. First, my dissertation contributes to strategic leadership by explaining why large company CEOs formally associate with nonprofit organizations. This study extends research on CEO outside directorships by focusing on nonprofit organizations beyond for-profits. Some CEOs serve in nonprofits across organizational boundaries despite the heavy job demands and the board and shareholder concerns about outside distractions for CEOs. Specifically, this study found that CEOs whose political orientation toward liberalism were more likely to join nonprofits, given that liberal individuals likely value community (Chin et al., 2013; Jost et al., 2008). Additionally, CEOs in low discretion industries are more likely to join nonprofits as they find a place to devote their attention, while CEOs in high discretion industries are less able to do so but are active in their home firms and address issues in the significant domain. These results highlight the role of values and discretion on CEOs' service outside their firms. At the same time, I found that CEOs of firms with dispersed ownership structures are more likely to join nonprofits and that pressure from activist investors increases CEOs' nonprofit joining events. This could be evidence that CEOs join nonprofits to address increasing expectations of the firms' ESG activities. CEOs experiencing less internal conflict could overcome others' concerns about their outside distraction and respond to the expectations on ESG activities by joining nonprofit organizations. As such, my dissertation contributes to the literature by suggesting individual, situational, and environmental determinants of CEOs' formal association with nonprofits.

Second, my dissertation contributes to director selection research by highlighting the market for nonprofit boards of directors. Previous research on outside directorships has shown why CEOs serve on for-profit boards and its outcomes (Conyon & Read, 2006; Fich, 2005; Geletkanycz & Boyd, 2011; Kaplan & Reishus, 1990). CEOs serve on for-profit boards to acquire business knowledge, connection, and compensation. Research on director selection suggests that director selection is a matching process in which both directors and firms agree to directorships. However, previous for-profit logics are not completely applicable to the service in nonprofits. Nonprofits are fundamentally different from for-profit in that they have nonfinancial goals and are prohibited from distributing residuals to any individuals with decision-making authority (Hansmann, 1980). The nondistribution constraint creates a different governance context in nonprofits: there are no shareholders, they maximize utility (not profit), no strong market for control exists, and there is a significant fundraising role for directors (Hansmann, 1980; Herman & Heimovics, 1989; McFarlan, 1999). Besides the fundraising role, for-profit and nonprofit boards are similar in what they want from a director, but what CEOs could expect from nonprofit boards is different from for-profit boards. CEOs could acquire new connections and knowledge, but those could be less beneficial for their business directly. They also tend not to receive compensation for nonprofit service. CEOs can also serve only on a limited number of boards and may trade-off the board seats in for-profits and nonprofits. Existing research explains why firms invite CEOs to their boards but does not adequately explain why CEOs choose to serve nonprofits. In this vein, my dissertation contributes to the literature by suggesting that CEOs' individual values and social needs around the firms that the CEO works with affect their service in nonprofits.

Third, my dissertation contributes to stakeholder theory and nonmarket strategy by extending our understanding of the importance for the CEO to manage relationships with their secondary stakeholders (e.g., community) beyond the primary stakeholders typically discussed (Su & Tsang, 2014). Public expectations of firms' ESG activities and social impact have increased, especially for large public corporations. The CEO's nonprofit service could be a way to respond to the societal call for community involvement.

Fourth, my dissertation contributes to the volunteerism literature by extending volunteerism theory to the context of for-profit CEOs. My dissertation suggests a theoretical model predicting CEO volunteering in nonprofits. Large company CEOs could be valuable supporters of nonprofits. They could be different from other volunteers because they face public expectations about their social role and the board and shareholders' concerns about their outside firm activities. My dissertation focuses on the underlying tension that the CEOs have and provides intriguing findings on their volunteering in nonprofits.

6.3. Future Research

My study provides a foundation for future research on CEOs' service in nonprofits. Although this study focuses on the first nonprofit service after becoming a CEO, modeling those who have multiple seats (e.g., already have a seat and predicting their additional nonprofit board services) could help understand the S&P 500 CEOs' nonprofit service. A multiple failure model (Ezell, Land, & Cohen, 2003) could be then used to compare the results. I expect the time between the board seats to become shorter, if a person has multiple board seats, as the person might be known in the nonprofit world. Although this could not be tested in this study, given that the CEO formal association with nonprofit organizations is a rare event, this idea provides a future research direction on for the CEO formal nonprofit association.

Some hypotheses were not supported. Regarding Hypothesis 3, board dynamics in political orientation could be considered. While board political orientation is assessed as the collective political orientation of directors, the manifestation of values at the board level may be different from that at the individual level through dynamics among board members. Hypothesis 5 suggests that although most large company CEOs face social responsibility pressure, salient social needs around them would be a trigger for their behavior. However, this hypothesis was not supported. If CEOs face salient social needs closely, they may try to meet the social needs through other means that may be quicker and flashier (e.g., donation) rather than making formal associations. Additionally, the definition of the community could be reconsidered. Given that tenure is a key time variable of the Cox regression model, Hypothesis 2 was not tested in the regression model. While logistic regression was used in this study, future research may also consider different approaches to clock at-risk observations or choose different measures for individual-level discretion.

While collecting data, I found that a sizable proportion of for-profits own foundations. Those foundations are not the interest of my dissertation and were not included in the sample. Extending my dissertation that focuses on 501(c)3 charitable organizations, future research may explore how and why CEOs create and manage those foundations. This could be a firm’s social impact strategy but distinct from serving in nonprofits, outside the firm’s boundary.

Relatedly, future research may also examine different types of nonprofits. Categorizing nonprofits is useful, given that nonprofits are not homogenous. For example, Hansmann (1980) classified nonprofits into four categories using a two-by-two table. The categories indicate extreme polar ends of a continuum and are not mutually exclusive and collectively exhaustive. First, nonprofits can be categorized by financing: donative nonprofits and commercial nonprofits. Donations and grants are the major sources of income for donative nonprofits (e.g., the Salvation Army, CARE). The income of commercial nonprofits mostly comes from prices charged for services (e.g., hospitals, nursing homes). Second, nonprofits can be grouped by the concept of control. Mutual nonprofits are owned and controlled by patrons (e.g., country clubs). Patrons influence board member selection in mutual nonprofits. Directors typically come from the membership, and members comprise the customer base and pay membership fees. In contrast, entrepreneurial nonprofits are managed by self-perpetuating boards (e.g., hospitals, nursing homes). Unlike mutuals, entrepreneurial nonprofits are generally unrestrained by patrons’ formal control. As a result, there are four categories in combination: donative mutual (e.g., Common Cause), donative entrepreneurial (e.g., CARE, art museums), commercial mutual (e.g., Country clubs, Consumers Union, American Automobile Association), and commercial entrepreneurial (e.g., hospitals, nursing homes, National Geographic Society). Although the boundaries of the categories are blurred beecause they are on a spectrum, this categorization distinguishes various nonprofits with some criteria and could be used as a basis for grouping. In particular, commercial nonprofits are similar to for-profits in that they engage in commercial activities by selling products or services as for-profits do (Weisbrod, 1998).

Hybrid organizations have recently emerged that have characteristics of both business form of for-profits and charity form of nonprofits (Battilana, Besharov, & Mitzinneck, 2017; Battilana & Lee, 2014; Pache & Thornton, 2020). Future research may examine how formal associations between for-profits and nonprofits could vary by the type of nonprofits.

While my dissertation focuses on one side of working across organizational boundaries, i.e., for-profits CEOs joining nonprofits, future research may extend this study by exploring the other side. For example, why do executives of nonprofits work in for-profits through formal associations? Additionally, how are they invited to for-profits? Overall, highlighting the differences between the two organizational forms could provide fruitful opportunities for future research.

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APPENDIX

Figure 1. Theoretical Model of CEO Formal Association with Nonprofits

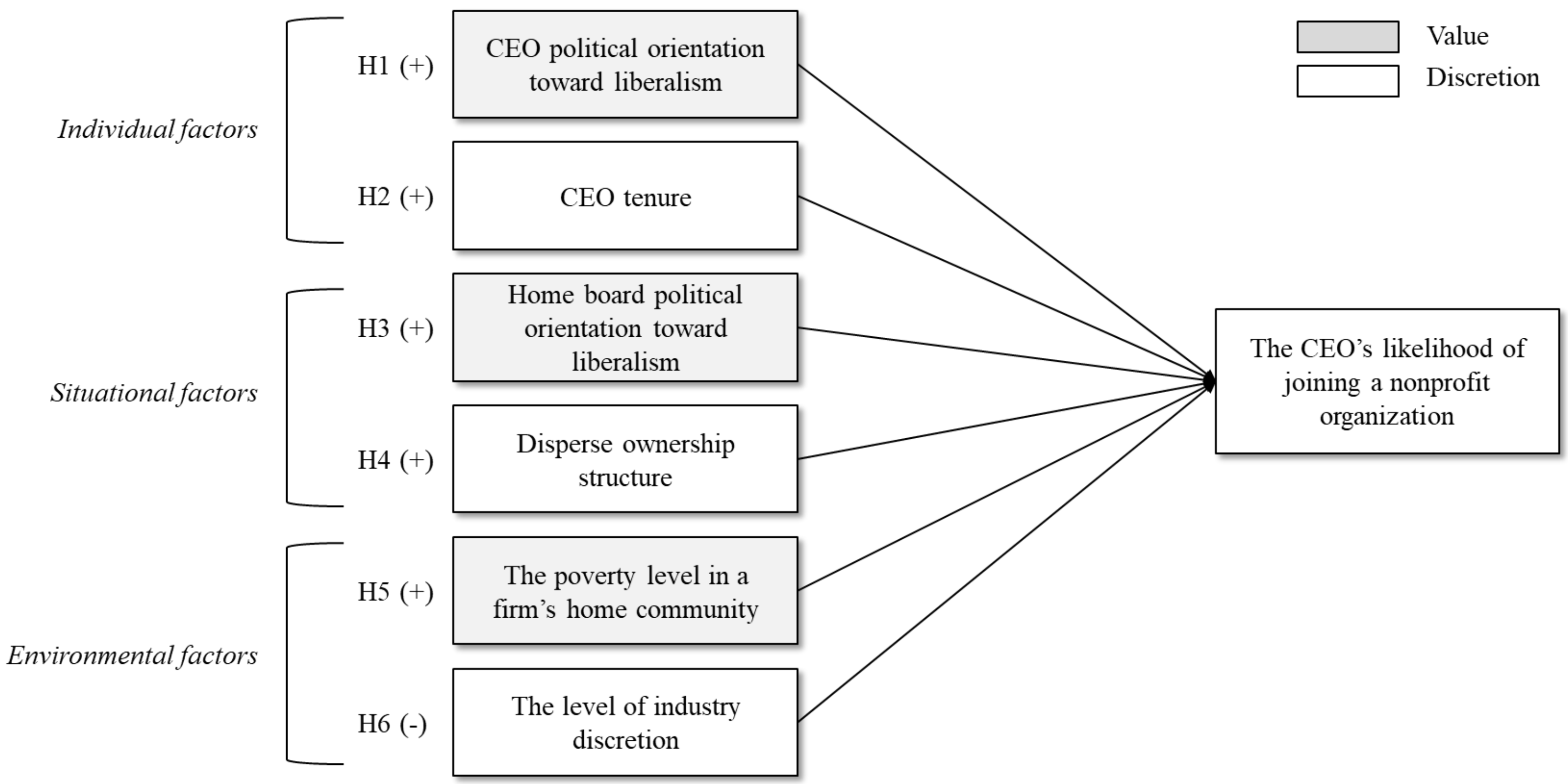

Figure 2. Smoothed Hazard Estimates for CEO Formal Association with Nonprofits

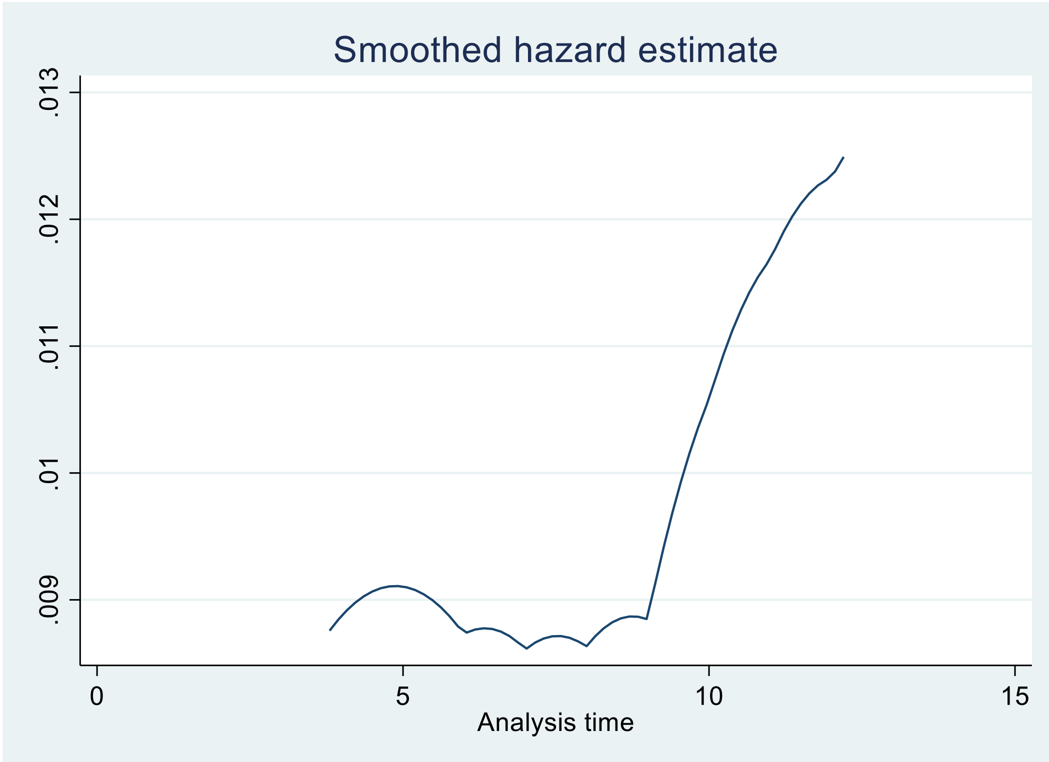

Table 1. Descriptive Statistics and Correlations[a]

	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Join nonprofit	0.01	0.10	1.00												
2. CEO political orientation	-0.14	0.60	0.02	1.00											
3. CEO tenure	4.59	3.35	0.00	-0.07	1.00										
4. Board political orientation	-0.18	0.61	-0.00	0.12	0.01	1.00									
5. Institutional ownership	8.02	2.89	-0.03	0.04	-0.03	0.02	1.00								
6. Poverty level	13.31	4.68	0.01	-0.05	0.03	-0.04	-0.00	1.00							
7. Industry discretion	4.79	1.09	-0.04	0.06	0.01	0.03	0.09	-0.21	1.00						
8. Firm performance	0.05	0.11	0.00	-0.02	0.08	-0.02	-0.08	-0.01	0.12	1.00					
9. Firm size	2.73	1.47	0.02	0.01	0.02	-0.03	-0.25	0.04	0.09	0.13	1.00				
10. Board size	10.71	2.33	0.04	0.02	-0.03	-0.02	-0.24	0.14	-0.14	0.01	0.33	1.00			
11. CEO educational attainment	1.10	0.41	-0.01	-0.03	0.07	0.02	-0.01	0.04	-0.09	-0.05	-0.03	-0.01	1.00		
12. Financial restatement	0.05	0.21	0.02	-0.01	-0.01	0.00	0.02	0.00	0.02	-0.02	-0.00	-0.01	0.00	1.00	
13. CEO prior nonprofit experience	0.02	0.14	0.02	0.04	-0.02	0.01	-0.03	0.02	-0.08	-0.03	0.03	0.13	-0.03	-0.02	1.00

N=7,610

[a] Correlations greater than |0.02| are significant at $p < 0.05$.

Table 2. Results of Cox Regression Predicting CEO Formal Association with Nonprofits[ab]

Variable	Model 1 Cox	Model 2 Cox	Model 3 Cox	Model 4 Cox	Model 5 Cox	Model 6 Cox	Model 7 Cox
CEO political orientation		$1.37^{\dagger}$					$1.44^{\dagger}$
		(0.26)					(0.27)
Board political orientation			1.01				0.99
			(0.19)				(0.19)
Institutional ownership				0.91^{*}			0.92^{*}
				(0.04)			(0.04)
Poverty level					1.00		0.99
					(0.02)		(0.03)
Industry discretion						0.73^{**}	0.72^{**}
						(0.07)	(0.08)
Firm performance	0.90	0.92	0.90	0.77	0.09	1.32	1.14
	(1.04)	(1.06)	(1.04)	(0.87)	(1.05)	(1.60)	(1.35)
Firm size	1.11	1.11	1.11	0.77	1.11	$1.16^{\dagger}$	1.12
	(0.09)	(0.09)	(0.09)	(0.87)	(0.09)	(0.10)	(0.09)
Board size	1.11^{**}	1.110^{**}	1.11^{**}	1.09^{*}	1.11^{**}	1.10^{*}	$1.08^{\dagger}$
	(0.04)	(0.04)	(0.04)	(0.05)	(0.04)	(0.05)	(0.05)
CEO educational attainment	0.78	0.79	0.78	0.76	0.78	0.72	0.70
	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.22)	(0.21)
Financial restatement	1.82	1.84	1.82	1.83	1.82	1.88	1.91
	(0.77)	(0.78)	(0.77)	(0.78)	(0.77)	(0.80)	(0.82)
CEO prior nonprofit experience	1.65	1.16	1.65	1.67	1.65	1.36	1.36
	(0.88)	(0.88)	(0.88)	(0.90)	(0.88)	(0.71)	(0.72)
Observations	7,610	7,610	7,610	7,610	7,610	7,610	7,610
Log likelihood	-496.76	-495.38	-496.76	-494.55	-496.75	-492.15	-488.42
Likelihood ratio χ^2	13.37^{*}	16.13^{*}	$13.38^{\dagger}$	17.79^{*}	13.38^{**}	22.59^{**}	30.05^{**}
df	6	7	7	7	7	7	11

$^{***}p < .001$, $^{**}p < .01$, $^{*}p < .05$, $^{\dagger}p < .10$

[a] Standard errors are reported in parentheses.

[b] Reported values are hazard ratios.

[c] CEO tenure, which is the time variable, was not tested in Cox regression.

Table 3. Results of Logit Regression Predicting CEO Formal Association with Nonprofits[ab]

Variable	Model 1 Logit	Model 2 Logit	Model 3 Logit	Model 4 Logit	Model 5 Logit	Model 6 Logit	Model 7 Logit	Model 8 Logit
CEO political		1.37†						1.45†
orientation		(0.26)						(0.28)
CEO tenure			0.99					1.00
			(0.04)					(0.04)
Board political				1.02				1.00
orientation				(0.20)				(0.20)
Institutional					0.01*			0.91†
ownership					(0.04)			(0.05)
Poverty level						1.00		0.99
						(0.03)		(0.03)
Industry discretion							0.72**	0.72**
							(0.08)	(0.08)
Firm performance	0.87	0.88	0.88	0.87	0.76	0.87	1.52†	1.31
	(1.09)	(1.11)	(1.10)	(1.09)	(0.92)	(1.10)	(2.08)	(1.75)
Firm size	1.11	1.11	1.11	1.11	1.07	1.11	1.16†	1.12
	(0.09)	(0.09)	(0.09)	(0.08)	(0.09)	(0.09)	(0.10)	(0.10)
Board size	1.11**	1.11*	1.11**	1.11**	1.09*	1.11*	1.10*	1.08†
	(0.05)	(0.04)	(0.05)	(0.04)	(0.05)	(0.05)	(0.05)	(0.08)
CEO educational	0.78	0.79	0.78	0.78	0.77	0.78	0.72	0.71
attainment	(0.24)	(0.25)	(0.25)	(0.24)	(0.24)	(0.24)	(0.22)	(0.22)
Financial	1.79	1.81	1.79	1.79	1.80	1.79	1.84	1.85
restatement	(0.78)	(0.79)	(0.78)	(0.78)	(0.78)	(0.78)	(0.80)	(0.81)
CEO prior nonprofit	1.82	1.75	1.82	1.81	1.85	1.81	1.53	1.49
experience	(1.01)	(0.99)	(1.01)	(1.01)	(1.02)	(1.01)	(0.82)	(0.81)
Constant	0.01***	0.01***	0.01***	0.01***	0.02***	0.01***	0.03**	0.10†
	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.03)	(0.21)
Year fixed effect	*Included*	*Included*	*Included*	*Included*	*Included*	*Included*	*Included*	*Included*
Observations	7,143	7,143	7,143	7,143	7,143	7,143	7,143	7,143
Log likelihood	-397.06	-397.71	-397.05	-397.06	-395.04	-397.05	-392.37	-388.89
Pseudo R^2	0.066	0.070	0.066	0.066	0.071	0.066	0.078	0.086
Likelihood ratio χ^2	56.67***	59.39***	56.70***	56.68***	60.71***	56.69***	66.05***	73.03***
df	23	24	24	24	24	24	24	29

$^{***}p < .001$, $^{**}p < .01$, $^{*}p < .05$, $^{\dagger}p < .10$

[a] Standard errors are reported in parentheses.

[b] Reported values are odds ratios.