

# Involving Nurse Leaders in Governance Roles

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## Background

America's health sector is in the midst of the most transformative period since Public Law 89–97, the Social Security Amendments of 1965, created the Medicare and Medicaid programs. The impact of an aging and increasingly diverse population on health needs, continuous advances in medical science and technology, the ongoing shift from traditional fee-for-service to various forms of value-based payment systems, growing consumer demands, and growing attention on population health are among the powerful forces impacting all segments of the health sector.

These forces complicate the roles and responsibilities of hospital and health system boards. In today's turbulent environment, the issues they must address in charting their organization's strategic direction are increasingly difficult. Moreover, most boards realize that key stakeholders—including government regulators, payers, rating agencies, the media, and the communities they serve—are expecting more transparency and better performance by America's hospitals and systems. Further, these parties are holding boards accountable for the performance of organizations they govern.<sup>1</sup> All stakeholders and the public at large are calling for hospitals and health systems to improve patient care quality and safety while

concurrently doing more to contain healthcare costs.

## Board Effectiveness

In the health field as well as other sectors, there is increasing evidence that board effectiveness has material impact on the success of organizations for which they have governance responsibility.<sup>2</sup> Recognizing the growing challenges they face, it is a *core* duty of every board to regularly assess its structure, composition, and practices and identify steps to take to improve its effectiveness.

Many factors contribute, directly or indirectly, to the effectiveness of corporate boards in performing organizational assessment and their other duties. Among those factors are how well the board and its committees are organized, the caliber of board leadership, the staffing support provided for the board, and the extent to which the board's culture enables healthy dialogue and debate.<sup>3</sup>

All of these factors have an impact on how a board functions and, thus, its effectiveness. However, there is widespread accord among governance experts that the *composition* of boards—their collective commitment,

## Key Board Takeaways

- Board effectiveness has a major impact on the performance and long-term success of organizations they govern. Many factors contribute to the effectiveness of boards. Of these, none is more important than the board's composition.
- As an integral part of board succession planning, the board should regularly review its current composition—that is, its collective commitment, diversity, and expertise—in relation to the rapidly changing environment and the board's evolving needs for talent.
- Experienced leaders in the nursing profession represent a large and virtually untapped pool of dedicated and highly qualified board candidates. Healthcare organizations that have not already taken this step are encouraged to consider nurse leaders as candidates for future board appointments.

diversity, and expertise—is perhaps the most important of all.<sup>4</sup> Good structures, practices, and staff support simply cannot produce effective board deliberations and decision making without a well-balanced mix of dedicated and expert board members.

## Some Reasons to Consider Involving Nurse Leaders in Governance

In this context, it is surprising that the nursing profession—the largest and one of the most important components of the health sector workforce—has a small presence on the boards of hospitals, health systems, and academic medical centers. Despite strong advocacy by AARP, the Institute of Medicine, the National Association of Corporate Directors, the Robert Wood Johnson Foundation, and numerous other authorities, a series of 10 studies conducted since 2005 has shown the proportion of nurses as voting members of hospital, health system, and medical center boards consistently has been



- 1 Mary Totten, "Survey Results Show Health Care Governance in Transition," *Great Boards*, Spring 2015; Kevin Barnett and Stephanie Sario, "Alignment of Governance and Leadership in Healthcare: Building a Roadmap to Transformation," *BoardRoom Press*, The Governance Institute, December 2017.
- 2 Hongjin Zhu, Pengji Wang, and Chris Bart, "Board Processes, Board Strategic Involvement, and Organizational Performance in For-Profit and Non-Profit Organizations," *Journal of Business Ethics*, June 2016; Thomas Tsai et al., "Hospital Board and Management Practices are Strongly Related to Hospital Performance on Clinical Quality Metrics," *Health Affairs*, August 2015.
- 3 Lawrence Prybil et al., *Governance in Large Nonprofit Health Systems: Current Profile and Emerging Patterns*, Commonwealth Center for Governance Studies, Lexington, KY, 2012; Ram Charan, *Owning Up: The 14 Questions Every Board Member Needs to Ask*, San Francisco: Jossey-Bass, 2009.
- 4 Guhan Subramanian, "Corporate Governance 2.0," *Harvard Business Review*, March 2015.

around 4 percent. There has been no indication of growth over this 14-year period. These studies also have found that a majority of these institutions have no nurses on their boards. A national study of 1,316 hospitals and health systems completed in 2019 found that 63 percent do not include nurses as voting members of their boards.<sup>5</sup> This figure is consistent with the results of previous studies.<sup>6</sup>

So, most hospital, health system, and academic medical center boards presently do not include nurses. Should they? If they haven't already done so, are there reasons why governance and executive leaders should consider adding nurse leaders to their board's composition as voting members? We believe there are.

First, nurses comprise approximately half of the workforce in health-care organizations and have enormous impact on healthcare quality, cost, and the patient experience. There is a large body of evidence showing that boards need a *blend* of expertise in *multiple* key disciplines to function effectively.<sup>7</sup> It seems the perspectives of leaders in the nursing profession could make valuable contributions to the mix as

boards address patient care quality and costs and ways to improve the health of the communities the organization serves.

Second, a broad range of studies have shown that *diversity* in board composition—in experience, gender, and racial makeup—has a positive impact on board deliberations and practices. High-performing boards, in effect, perform as teams and studies indicate that teams address and resolve problems more effectively when they are experientially and cognitively diverse.<sup>8</sup> About 90 percent of registered nurses in the United States are women compared to 28 percent of hospital and health system board members.<sup>9</sup> The nursing profession includes experienced leaders who could add diversity in perspectives *and* gender and, by doing so, enhance the deliberations and performance of healthcare boards.

Third, it is well-known that the public's trust and confidence in America's large institutions—governmental and non-governmental—has declined significantly in recent years and this poses serious challenges for the leaders of these organizations. For healthcare organizations, community understanding, trust, and support is utterly essential.

Nursing has been ranked as the nation's most-trusted profession for nearly two decades.<sup>10</sup> As candidates for board roles, highly qualified nurse leaders—along with pertinent expertise, perspectives, and diversity—bring public respect and trust that is unmatched in our society.

Fourth, the nursing profession is large (over four million women and men) including many highly qualified and experienced nurse leaders. Numerous studies show they largely are untapped

as a pool of talent for potential board nominations. In an era when identifying individuals with the experience, expertise, and willingness to serve on the boards of non-profit healthcare organizations is challenging, nurse leaders collectively represent an invaluable source of candidates for board appointments. Of course, it is well understood that board candidates will rarely, if ever, be employees of that organization. Instead, nominations can be sought from nurses who have leadership roles in other organizations, such as educational institutions, public health agencies, other healthcare organizations, and consulting firms. There are many strong nurse leaders in all of these settings who could be excellent board members.

### Closing Remarks

For these reasons, there is a solid basis to believe experienced nurse leaders have the capability to make valuable contributions as voting members of healthcare organization boards. If they have not already done so, we encourage boards and their nominating committees to identify and consider nurse leaders as candidates for future board appointments. Their presence can enrich board composition and deliberations. ●

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- 5 Lawrence Prybil, "Nursing Engagement in Governing Health Care Organizations: Past, Present, and Future," *Journal of Nursing Care Quality*, October/December 2016; Kathryn C. Peisert and Kayla Wagner, *The Governance Evolution: Meeting New Industry Demands*, 2017 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute; American Hospital Association, *National Health Care Governance Survey Report*, 2019.
- 6 Marilyn Szekendi et al., "Governance Practices and Performance in U.S. Academic Medical Centers," *American Journal of Medical Quality*, November/December 2015; Diana Mason et al., "The Representation of Health Professionals on Governing Boards of Health Care Organizations in New York City," *Journal of Urban Health*, October 2013.
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- 8 Alison Reynolds and David Lewis, "Teams Solve Problems Faster When They're More Cognitively Diverse," *Harvard Business Review*, March 2017; Michael Peregrine, "Current Standards for Board Diversity," *BoardRoom Press*, The Governance Institute, December 2018.
- 9 *National Health Care Governing Survey Report*, 2019.
- 10 Megan Brenan, "Nurses Again Outpace Other Professions for Honesty, Ethics," *Gallup News*, December 20, 2018.