

**BOARD COMPOSITION**

# Board Size: What the Evidence Actually Supports

The confident number you've heard quoted is less settled than it sounds

You will find confident claims all over the governance literature that eight is the ideal board size, or seven, or somewhere between nine and seventeen. Before this series repeats any of them, it is worth actually testing what the evidence says, because the honest answer is more useful than the confident one, and considerably more contested than most governance advice admits. Start with the legal floor: a company limited by guarantee must have at least three directors, and incorporated associations must meet the committee requirements in their state or territory Act and rules. Note also that most board size research comes from the United States, and much of it from listed companies rather than associations.

### Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

### In this resource

1. [The Origin Of The Most Quoted Number](#)
2. [What The Competing Evidence Actually Shows](#)
3. [What This Means For Your Board, Practically](#)

## The Origin Of The Most Quoted Number

The figure most commonly cited for smaller boards traces back to research from Bain & Company, widely reported as finding that decision-making effectiveness in a group declines by roughly 10 per cent for every member beyond seven. This statistic appears constantly across governance advice, often presented as settled fact. It deserves more scrutiny than it usually receives. The figure comes from Bain & Company's book *Decide & Deliver* (2010), is not peer-reviewed research, and describes general group decision-making dynamics rather than nonprofit board governance specifically. It is a data point worth knowing, not a law of governance.

## What The Competing Evidence Actually Shows

The case for larger boards is often stated just as confidently, and is just as hard to pin down. Several widely repeated survey figures favouring boards of 15 or more members are difficult to trace to a published source, so we have not relied on them here. United States nonprofit surveys such as BoardSource's *Leading with Intent* mainly describe how boards operate rather than prove an ideal size; its 2017 report, for example, noted that average board size had steadily declined over the previous 20 years.

Academic research on board size and performance, mostly on companies, is mixed and suggests the effect depends on context. One 2020 meta-analysis of 148 studies (Prashar and Gupta, *International Journal of Emerging Markets*) found board size was positively associated with company performance on average, but that industry and firm type explained much of the variation between studies. Larger boards

bring more resources and expertise but carry higher coordination costs, and which effect dominates varies with the organisation and its setting, not by a single universal number.

The honest reading of the evidence is not that eight is right and everyone else is wrong. It is that board size research points in different directions depending on what you measure and which organisations you study, and any adviser who states a single number as settled science is simplifying past the point the evidence actually supports.

---

## What This Means For Your Board, Practically

None of this means board size is an unanswerable question for your specific organisation. It means the right approach is not importing a number from a study of different organisations in a different context, but reasoning from your organisation's actual governance demands.

- What committee structure does your governance actually require? A finance, audit and risk committee, a nominations committee, and possibly others each need enough board members to resource them without the same few people serving on every one.
- What is your actual decision-making pattern? A smaller board does move faster on operational matters, and if your board spends significant time on operational rather than strategic decisions, that speed advantage is real.
- What does your membership base need represented? Associations with meaningful geographic, sectoral or modality diversity, a theme relevant to many professional bodies, may need enough seats to represent that diversity without artificially inflating size for its own sake.
- What is your actual capacity to support directors well? A larger board that the organisation cannot properly induct, brief and engage will underperform a smaller board that is well resourced, regardless of what the raw number suggests.

In our experience, a workable range for many association boards is between seven and twelve members, wide enough to reflect the mixed evidence, narrow enough to be useful. Where your organisation sits within that range should be a deliberate answer to the committee, decision-making and representation questions above, not a number borrowed from a consultant's slide because it sounded authoritative. Board size is usually fixed, or bounded, by the constitution, so changing it generally means a constitutional amendment.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

### Annie Gibbins

Founder and CEO, Nexus Leadership

## BOARDROOM ACTION WORKSHEET

# Board Size: What the Evidence Actually Supports

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

### 1 What is the issue or decision?

State the governance question in one clear sentence.

---

---

### 2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

---

---

### 3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

---

---

### 4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

---

---

| Action owner | Review date | Board decision or resolution |
|--------------|-------------|------------------------------|
|              |             |                              |

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

## CONTINUE YOUR LEARNING

### Turn governance principles into practical board action.

Self-paced courses, editable resources and practical support for association boards and CEOs at [nexusleadership.com.au](https://nexusleadership.com.au).