

New Frontiers *and* Critical Questions: *Moving Governance Research Forward*

by Fredrik O. Andersson

By recognizing that governance is not the exclusive domain of boards, and that such emerging trends as multilevel governance, hybrid organizations, and social entrepreneurship continue to change the landscape of nonprofit governance as we know it, we may be better able to understand what it is that enables nonprofits to succeed.

OVER THE LAST TWO DECADES, SCHOLARS AND practitioners have attempted to understand and explain what enables nonprofit organizations to succeed. A key conclusion emerging from these efforts is that governance represents an essential dimension in nonprofit leadership, and that the boards engaging in the work of governance are pivotal to the success of the organizations they serve. As a consequence, both academic and practitioner interest in boards and governance is on the rise, and several insights into the complex and dynamic world of governing boards and governance have emerged in recent years.

Yet, much remains to be explored, and as the world around us continues to change, new frontiers open up and new questions surface. This article discusses five general areas for future inquiry and practical consideration as we continue to develop and refine our understanding of nonprofit boards and governance.

1. Broadening the Scope of Governance beyond the Board of Directors

Board work and governance are not synonymous.

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Boards are structures that exist to govern, but the board and its members can engage in multiple roles and responsibilities within a nonprofit organization. Governance, on the other hand, is a process involving several functions and several stakeholders. For some time now, leading nonprofit scholars have highlighted the danger of equating boards with governance, and argued that we must embrace a broader conceptualization of nonprofit governance.¹

Working with a wider conceptualization of governance means accepting that a variety of actors outside the boardroom can contribute to carrying out various governance functions, and that outside actors can and often will influence and shape the governance function itself. Examples of such actors are managers, operational staff, advisory groups, funders/donors, and “gray eminences,” including former executives, the founder(s) of the agency, and powerful community interest groups. It is both possible and often probable that one or more of these actors participate in governance of a nonprofit as members of what my colleague David Renz and I call the “dominant (governance) coalition,” which may or may not include members of the board of directors.² To date, however, we know very little about the architecture or dynamics of these dominant governance coalitions: How are they born and how are they organized? How do they lead and how do they evolve over time? To begin answering these questions we must not only open up the



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nonprofit governance construct but also focus on concepts long dormant in nonprofit governance research, including influence, power, politics, and elitism. Furthermore, by recognizing that governance is not the exclusive domain of boards, we can also better understand the relationships between various parts of the larger governance system, such as regulations, policies, norms, and funding regimes, and how they influence governance structures and practices at the organizational level. It is worth noting that there is a rich literature focusing on the “internal” (i.e., governance of organizations) as well as the “external” (i.e., the processes through which society is governed) aspects of governance, but they are seldom discussed or analyzed in tandem.³ Clearly, finding ways to examine the interactions between these two aspects is a promising and necessary area for future exploration while the social contract and relationships among the public, private, and civil sectors are being renegotiated.

2. The Emergence of Multilevel Governance

Possibly largely due to advancements in technology, we are increasingly witnessing how governance processes are taking place at multiple levels both below and above the level of the organization. Boards of directors and organizations may no longer be the obvious “home” of the governance process. Instead, the governance function is organized in an overarching network of relationships that crosses and links a broad set of participating organizations, stakeholders, and nonprofit leaders. Some of these may not even be acknowledged as stakeholders until the organization violates an expectation they hold or comes under attack. Networks have been widely recognized as a growing and significant form of multi-organizational governance, and in theory there are considerable advantages associated with network governance and coordination, such as enhanced learning, more efficient use of scarce resources, and a greater capacity to address complex social problems. Yet relatively little is known about how these multilevel governance structures operate, develop, and change over time. This discrepancy between the acclamation and attention networks receive and what we actually know suggests that there is much still to be explored

before we can deliver a verdict on the effectiveness and outcomes of multilevel governance.

A key question is how to govern an entity that shares little resemblance to what we typically think of as an organization. Although social movements have been around for a long time, the possibilities emerging from the use of new information technology are making the need for an established incorporated organizational entity less obvious. But as we move from *organization* to *organizing*, how do we ensure that important governance responsibilities, such as accountability and oversight, are not marginalized? And who are the key governance players in multilevel governance networks? (In other words, who *really* governs?) For instance, traditional agency theory assumes that we can differentiate relatively easily between the agent and the principal, but when this relationship grows more ambiguous, and perhaps even shifts depending on when and where one chooses to look, how can we infer and understand the key relationships that influence the governance function? We also used to be able to rely on the government as a sort of coordinating authority that could provide some macro-level guidance and set the rules of the game for nonprofit governance-related activities, but as responses to major social problems are increasingly being addressed at the international level and include multiple private and public players, there is no single overarching authority. Put differently, governments are becoming just one among a set of diverse stakeholders. A final question to consider is what happens when a network experiences asymmetric governance challenges, such as when one segment of the network requires a particular governance response and another segment requires a different one. Who gets to decide what to do, how to do it, when to do it, and with what consequences? As mentioned earlier, to answer such questions we must be willing to engage in conversations about topics long absent in nonprofit governance scholarship, including issues of power, politics, and conflict.

3. Hybridization and Its Consequences

One common observation in both popular and academic literature is that the sector lines that

used to separate government, nonprofit, and business entities from one another are getting blurrier. The rise of social enterprises, quasi-governmental organizations, and public-private partnerships is often highlighted as evidence of increasing organizational hybridization and described as a means of addressing complex social issues more efficiently and effectively by freeing organizations from constraints found in the various sectors. What makes this trend interesting is not so much hybridization itself—after all, one could make the argument that all organizations are to a varying degree hybrid constructs that marry various social and economical logics—but the consequences of hybridization on governance. Put differently, if all organizations are hybrids, what exactly are they a mix of, and what are the consequences of this mix for key organizational functions and processes?

One noteworthy approach for examining the above questions emphasizes the role of institutional logics, a perspective that can be described as a framework for investigating the multiple interactions among people, organizations, and institutions in a social system. One of the central ideas of this approach is that different institutional logics are associated with and distinguished by specific and unique organizing principles, practices, and images that guide and affect individual and organizational behavior. In other words, an institutional logic conditions and shapes how key reasoning takes place and what is considered and perceived as important, legitimate, and rational by various actors.⁴ Applying this lens to hybrid organizations immediately raises the key question of what happens when one organizational structure contains multiple and perhaps even competing institutional logics. For example, how can social enterprises balance the logics of business enterprise and market competition with the logics of social value creation and democratic governance, when furthering one of these logics may impede progress toward the other? This and many other questions are especially pertinent from a governance perspective, as they force us to think prudently about central issues such as accountability and strategic choice making in hybrid organizations.

4. Governance and Social Entrepreneurship

Social entrepreneurship has been described as a powerful way for nonprofits to generate substantial social impact and transformational change. Consequently, nonprofits and their boards are facing mounting expectations to be more socially entrepreneurial in their posture and operations. Given that propelling an organization in an entrepreneurial direction involves making critical strategic choices, taking strategic action, and leveraging existing resources, it is, at heart, a governance matter. Yet there is little research and public discussion linking aspects of governance to social entrepreneurship. Instead, we are evidently much more interested in telling “hero stories,” or describing success and making such normative statements as *nonprofits ought to be more entrepreneurial*. But without a clear understanding of the overlay of social entrepreneurship and governance (and other domains of nonprofit life), we are destined to find little constructive knowledge to guide research and practice. Hence, there is room for important questions to be explored by scholars and practitioners alike.

For instance, one common assumption is that any entrepreneurial endeavor entails risk and uncertainty. But boards of nonprofit organizations are mandated to behave as prudent stewards of resources and ensure accountability, which often includes minimizing risks. So how are boards responding to this challenge? What are the implications of the expectation placed on boards to be more entrepreneurial, and how is this impacting the practice of governance? Are boards ultimately the enablers or perhaps even the preventers of socially entrepreneurial initiatives in nonprofits? Other interesting questions: Is there such a thing as socially entrepreneurial governance, and, if so, what characterizes and what are the key dimensions of such a governance mode? Can boards learn to be more socially entrepreneurial, or is this something that is imprinted at the birth of the organization and that becomes something path-dependent as the organization grows and ages?

Clearly, if we want nonprofits to be more entrepreneurial, we can gain insight by looking at boards and the governance domain—no matter

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if boards are the drivers of entrepreneurial initiatives, the preventers, or perhaps even excluded from the entire process altogether.

5. New Methods in Studying Boards and Governance

As already alluded to, we live in complex times, and, as the universe of nonprofit organizations and organizing evolves, we must not only ask new questions but also take a critical look at the ways we are trying to answer these questions. In other words, are there limitations arising from the dominant and/or current research approaches and methodologies employed to study and assess nonprofit boards and governance? In a recent article, Chris Cornforth addresses this question and points to a number of shortcomings in current research, including the reliance on cross-sectional rather than longitudinal sources of data, the neglect of process and evolutionary studies, and the deficiency of research using large and representative samples of nonprofit organizations ranging from grassroots agencies to large nonprofit enterprises.⁵ This is particularly important, as several scholars have acknowledged the significance of size on not just governance but other key nonprofit dimensions. Furthermore, despite the growing interest and relevance of adopting contingency approaches in nonprofit governance research, this line of research is still sluggish.

Cornforth also highlights that, somewhat surprisingly, we still have very limited insight into what boards and those involved in governance are actually doing. Hence, one important methodological direction to explore is to adopt a behavioral approach to study processes and dynamics in and around the boardroom to better understand both what boards are doing and how governance unfolds in nonprofits. A more behaviorally oriented lens would also lend itself toward the use of first-hand empirical data-collection methods, such as questionnaire surveys, in-depth interviews, and participant observations. Ideally, we would be able to collect longitudinal data from multiple respondents and stakeholders in and around the boardroom to outline and understand changing configurations and modes of governance

as they evolve over time. Moreover, behavioral studies would also be able to take into account variations in perceptions, ideas, and influence among different stakeholders. Taken together, a behavioral emphasis can help open up the “black box” of actual board behavior and nonprofit governance—which is needed to answer many of the questions discussed in this article.

Conclusion

A central dimension in the leadership of nonprofit organizations, governance is a fascinating field for researchers and practitioners alike. This short article provides a few areas and questions believed to be of importance as we move forward in our understanding of this topic.

NOTES

1. See, for example, Chris Cornforth, “Nonprofit Governance Research: Limitations of the Focus on Boards and Suggestions for New Directions,” *Nonprofit and Voluntary Sector Quarterly* 41, no. 6 (December 2012): 1116–35, <http://nvs.sagepub.com/content/41/6/1116>; David O. Renz, “Leadership, Governance, and the Work of the Board,” in *The Jossey-Bass Handbook of Nonprofit Leadership and Management*, 3rd ed., ed. Renz (San Francisco: Jossey-Bass, 2010), 125–56.
2. Renz and Fredrik O. Andersson, “Leadership, Power, and Influence: The Impact of the Dominant Coalition on Nonprofit Governance” (paper presented at the annual conference of the Association for Research on Nonprofit Organizations and Voluntary Action [ARNOVA], Toronto, Canada, November 17–19, 2011).
3. Kari Steen-Johnsen, Philippe Eynaud, and Filip Wijkström, “On Civil Society Governance: An Emergent Research Field,” *Voluntas* 22, no. 4 (December 2011): 555–65.
4. Patricia H. Thornton and William Ocasio, “Institutional Logics,” in *The SAGE Handbook of Organizational Institutionalism*, eds. Royston Greenwood, Christine Oliver, Kerstin Sahlin, and Roy Suddaby (Thousand Oaks, CA: Sage Publications, 2008), 99–129.
5. Cornforth, “Nonprofit Governance Research,” *Nonprofit and Voluntary Sector Quarterly* 41, no. 6.

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