

# Governance *and* Accountability: A Different Choice for Nonprofits

by Tracey Coule

While corporate governance theory has become increasingly sophisticated, theories of nonprofit governance

are comparatively underdeveloped. Have we, by default, settled on conceptual frameworks that keep our organizations stagnant even while all around us is changing?

This article pushes nonprofit boards to think differently and more expansively about their accountability frameworks.

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**G**OVERNANCE IS OF CENTRAL CONCERN TO NONPROFITS, yet theories of nonprofit governance are underdeveloped in comparison with corporate governance; and, specifically, it appears that knowledge of governance practices to achieve broadened accountability to multiple and diverse stakeholder groups has lagged. This article aims to expose and question the assumptions and asymmetrical power relations that are often taken for granted in the most normative of the governance theories used by nonprofits. In doing so, I challenge the notion of accountability as a somewhat benign and straightforward governance function, and recast it as a challenging, complex choice.

There is, in fact, a framing issue in governance, and different perspectives on governance are founded on distinct logics. Fundamentally,

these logics constitute organizing principles based upon a set of belief systems and associated practices.<sup>1</sup> One of the rudiments linking principal-agent theories such as agency and stewardship theory is that they are founded on what Tony Watson refers to in *Organising and Managing Work* as a "systems-control" approach to framing organizational realities.<sup>2</sup> Essentially, these approaches aspire to maximize control over human circumstances by presenting organizations as goal-based, controllable systems. The central logic is thus one of unitarism, a perspective built on the assumption that everyone—employees, beneficiaries, and the wider community—will benefit from decisions made at a senior level:

As regards the role of the CEO, structures will assist them to attain superior performance by their corporations to the extent that [they] exercise complete authority over the corporation and that their role is unambiguous and unchallenged. . . . The organisation will enjoy the classic benefits of unity of direction and of strong command and control.<sup>3</sup>

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Within the logic of unitarism, conflicting objectives are seen as dysfunctional, and agents' accountability to principals takes precedence and is enacted through adherence to monitoring, accounting and auditing, and the law.<sup>4</sup> In "Trust and Control in Anglo-American Systems of Corporate Governance," John Roberts argues that such formal hierarchical accountability creates "a sense of self as singular and solitary within only an external and instrumental relationship to others."<sup>5</sup> Here, we can draw parallels with narrow constructs of accountability presented in the nonprofit literature where the affiliation between nonprofits and their evaluators constitutes a typical principal-agent relationship founded on instrumental, rule-based accountability involving explicit and objective standards of assessment.<sup>6</sup> Indeed, in "The Defects of Stakeholder Theory," Elaine Sternberg argues that accountability is only legitimate in circumstances where principals have the authority to hold agents to account, and attacks stakeholder theory for "destroying" conventional accountability.<sup>7</sup> In short, she posits that just because organizations are affected by and affect certain factors, such as the environment, does not mean they are accountable to them. Principal-agent theories thus cast accountability as "the means by which individuals and organizations report to a recognized authority and are held responsible for their actions."<sup>8</sup> This may act to marginalize broader constructs of accountability based on "felt responsibility," or taking responsibility for one's own actions,<sup>9</sup> which would be central to critical management endeavors and their deliberate attempts to enhance empowerment and the voices of the less powerful.

But alternate governance theories such as stakeholder and democratic theory exist, directly challenging the foundations of unitary, principal-agent theories. One of the key purposes of the challenges inherent in these approaches is to extend companies' responsibilities beyond those enshrined in law, which are often premised on minimal standards. Stakeholder and democratic theory are thus driven by what may be termed a *process-relational* view of work and organizations, characterized by the acceptance of multiple

individuals and groups with divergent interests and priorities, requiring "continuous social, political . . . and moral processes."<sup>10</sup> The central logic is one of pluralism, where diverse groups' pursuit of disparate interests can produce conflict,<sup>11</sup> which is considered both inevitable and a possible driver of social transformation.<sup>12</sup> There are, however, differences between the practices associated with stakeholder and democratic theory, which I will briefly draw out.

Stakeholder theory assumes stakeholders have different interests and it is therefore important that the governing board is made up of stakeholder representatives; there is a focus on how specific stakeholder groups exercise oversight and control over management. A core conviction is that organizations have more extensive duties to key stakeholder groups than is strictly required by law.<sup>13</sup> In "Shareholder versus Stakeholder—Is There a Governance Dilemma?," Gerald Vinten defines the stakeholder corporation as one which not only recognizes its direct legal and statutory responsibilities but also its need for a license to operate and responsibilities to those indirectly affected by its activities and decisions.<sup>14</sup> Democratic theory, on the other hand, is built on the premise that organization actors and the public have different interests, and that democratic political order allows for protection of individual liberties/rights against the potentially corrupt and tyrannical power of the state. Under this theory, good governance begins with implementing traditional democratic structures, and focuses on the process through which decisions are made as a source of legitimacy. Indeed, in *Entrepreneurs and Democracy*, Pierre-Yves Gomez and Harry Korine argue that all corporations must take into consideration society's views on what constitutes a legitimate exercise of power, based on the view that directors cannot govern the corporation in opposition to the values of the society in which the organization is embedded.<sup>15</sup>

The board's role under a pluralist logic is thus political: to represent diversity of interests and balance stakeholder needs, to make policy, and to control management.<sup>16</sup> Indeed, those who address the underlying philosophical and relational issues in corporate governance argue that it is a social

and dynamic process rather than an economic, fixed, and enduring reality, and therefore must be considered in relation to concepts of politics, power, culture, ideologies, modes of thought, and social relations.<sup>17</sup> Stakeholder and democratic theory require corporations to move beyond their legal and statutory responsibilities, and this immediately broadens the scope of accountability, constructing it as a combination of being held responsible by external actors and taking responsibility for one's own actions. John Roberts posits that "socializing forms of accountability . . . constitute a sense of the interdependence of self and other, both instrumental and moral."<sup>18</sup>

The theories reviewed thus represent distinct schools of thought on corporate governance, which are infused with particular and sometimes opposing assumptions about the nature of work and organization. This holds major implications for the treatment of stakeholders and the construct of accountability. In a nonprofit context,

principal-agent assumptions, and the instrumental forms of accountability associated with them, can be problematic. This is particularly the case where nonprofits are motivated to adopt alternative, democratic forms of organization in line with the societal change they aim to bring about and/or where legitimacy in the eyes of the nonprofit's host society is central to organizational viability. It is difficult to conceive of an environmental nonprofit, for example, maintaining legitimacy if it did not account for its own impact on the ozone layer or natural environment, simply because these factors are "not the sorts of things that can hold agents to account."<sup>19</sup>

Table 1, below, was created to frame the empirical findings and address the question of what implications exist for accountability in various governance theories and practices. It delineates the potential consequences of diverse governance assumptions for the nature of accountability in nonprofit organizations. Specifically,

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Table 1: A Typology of Nonprofit Governance and Accountability

Governance Theory	Board Composition and Role	Interests and Governance Relations	Focus and Nature of Accountability
<b>Agency (Unitary logic)</b>	Founder/member representatives ensure conformance through the following: safeguarding founders' interests; determining mission and purpose; and ensuring programs, managers' actions, and resource allocation are congruent with mission and purpose.	Governing boards and managers driven by different interests within principal-agent relationship. Relationship between board and staff largely conducted through Chair/CEO.	Primary focus is on instrumental accountability to resource providers. Accountability is founded upon principal-agent relationships and a rule-based view. There is a strong sense of expressive or "felt" accountability toward organizational mission, but this is determined by an often elite group of board members.  <b>Conceptions of board-staff accountability:</b> Often transactional—based on returns for contribution made. Board's focus is implementation of human resource management legislation and formal practices, which promote upward accountability. The CEO holds staff to account for actions; the board holds CEO to account.
<b>Stewardship (Unitary logic)</b>	Board members are often "experts" who act as stewards of the organization's assets and improve performance by adding value to top-level decision and strategy making.	Although a principal-agent relationship is maintained, the board partners and supports management on the premise of shared interests. Relationship between board and staff largely conducted through Chair/CEO; there is sometimes Chair/CEO duality.	<b>Conceptions of environment-organization accountability:</b> Again, has a primarily upward focus, prioritizing compliance with legal, regulatory, and funding requirements.
<b>Democratic (Pluralist logic)</b>	Board members are often lay/member-ship representatives of member/public interests; make policy; and ensure implementation of traditional democratic structures.	Organizational members and the public have different interests. Organizational relations are conducted and control of management is achieved by the (democratic) process through which decisions are made.	Adopts broad view of accountability that moves beyond legal requirements. Accountability is seen as something which is values-driven and (continually) negotiated with internal and external stakeholders in order to balance upward- and downward-accountability pulls.
<b>Stakeholder (Pluralist logic)</b>	Board is composed of stakeholder representatives who focus on balancing stakeholder needs and making policy.	Stakeholders and organizations have different interests. Organizational relations and control of management are achieved through explicit focus on how specific stakeholder groups should exercise oversight and control over management.	<b>Conceptions of board-staff accountability:</b> Moves beyond legalities and formal human resource management practices. Expressive accountability involves ensuring that organizational members are treated in congruence with values expressed in the organization's service work, structures, and processes.  <b>Conceptions of environment-organization accountability:</b> Again, moves beyond basic requirement for instrumental, upward accountability to powerful external players, and takes on expressive forms involving self-perception of community role and mission.

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the implications of the governance theories foreshadowed in the earlier literature summary are linked to board composition and role, board–staff interests, and the subsequent focus and nature of accountability relations. It should be noted, however, that practitioners do not necessarily operate consistently within a particular stance, and often vary their approach within a specific context. Rather than claiming that the taxonomy presented is exhaustive, I would point to its heuristic value that exposes the possibility of diverse views of governance and accountability, thus illustrating the range of choices available to nonprofit practitioners.

The following section discusses the analysis underpinning development of the preceding typology.

### The Effects of a Unitary Model of Governance and Conceptions of Accountability

This section illustrates how agency and stewardship governance assumptions, based on a unitary logic, can produce particular effects on the nature of accountability. First, however, it is important to highlight the distinguishing features, which suggest the central logic of Case A and Case B to be unitary (see Table 2).

Both cases appear to be united by overarching unitary logics, where the goal is for organizations to be harmonious, consensual entities that exist for common purposes. There are, however,

differences in how they pursue this goal. Case A largely appears to operate within agency governance assumptions, where relationships are viewed as nothing more than a series of implicit and explicit contracts with associated rights.<sup>20</sup> Within such contracts, a key challenge is how to ensure agents will act in the best interests of principals. Within Case A, the board—made up of long-serving members—assumes its role in the monitoring and control of the chief executive officer (CEO) in order to limit any divergence from their interests: “In terms of the board, it’s our job to make sure the CEO is properly monitored. I see him fortnightly for an hour/hour and a half, see he’s doing the job, and I’m just trying to help him by holding him accountable.” (Board chair, Case A)

In contrast, Case B seems to adopt a partnership approach between CEO and board, indicating parallels with stewardship governance assumptions and the associated adoption of CEO duality.<sup>21</sup> Though United Kingdom charity law generally prevents it, organization B developed complex structures to allow the CEO to act as a trustee; the CEO simultaneously holds the position of honorary (unpaid) museum director of the charity and chief executive of the wholly owned trading subsidiary, for which he is remunerated. The board obtained an order from the charity commission to enable him to continue to be a trustee of the charity when he took on the role as CEO of the trading subsidiary. Despite a

Table 2: Features Indicating Unitary Logics

Dimension	Case A	Case B
1. Restricted face-to-face contact between staff and board members	“My predecessor suffered quite a bit from staff going to talk to trustees. I think he felt sometimes a little bit disempowered. That doesn’t happen so much now.” (CEO)	“I don’t particularly get involved with the trustee side of things . . . obviously [the director’s] involved with that. What they’re doing tends to sit with the director.” (Manager)
2. Strategic decision making by organization elites	“When we had the strategic plan, [staff] weren’t particularly involved with that. We were just given this bit of paper, and . . . it all looked a bit like gobbledygook to me and to other people.” (Staff member)	“Policy decisions are taken by the board and they are enacted then by the director or his subsequent management teams.” (Trustee)
3. Policy and strategy making as a means of control	“The purpose of strategic planning is to keep the charity on track to achieve our goals . . . help us organize effectively . . . so you don’t have a lot of conflict. It reduces conflict, stops bickering.” (Chair)	“We make sure they understand what the policies are and we control their work. I particularly think we’ve benefited from some control being exercised on volunteers, because volunteers can be tricky.” (Trustee)
4. Conflict as illegitimate	“The main challenge is bad relationships with staff. Occasionally, you get someone who’s not quite fitting and it causes unhappiness. The difficulty is that it’s hard to sack people. You might think someone’s the source of a problem, but you can’t just say, ‘You’re out.’ You’ve got a procedure to go through.” (Chair)	“Some of the stupidity with volunteers made me more determined. The thing was to weed out the troublemakers . . . because it’s like a dog that bites you once; it will do it again. And the problem is they spread the poison amongst others.” (CEO)

collectivized approach between board and CEO, however, the CEO exercises complete authority over the organization, and his role is unambiguous and unchallenged by staff, thereby suggesting adoption of a unitary logic.<sup>22</sup>

Although Case A and Case B start from opposite assumptions regarding the interests of the board (as principals) and CEO (as agent), they share the idea that control emanates from the top of the organization, where elites rule: “You have, as trustees, people who are eminent in their professions and skilled . . . that’s where the expertise comes from. It’s assumed they’re capable and expert and they sit on the trustees [board], showing their wisdom.” (Board chair, Case A)

Thus, if we consider the relationship between board and staff more widely, it appears to illustrate that agents’ accountability to principals takes precedence and is enacted through adherence to monitoring and implementation of human resources legislation, policies, and procedures. Accountability thus acts as a constraint upon an opportunistic and self-interested human nature.<sup>23</sup> John Roberts argues, too, that such processes and practices of accountability create individualizing effects, which are associated with formal hierarchal accountability and drive development of instrumental relationships. The associated monitoring and organization surveillance take place within formal hierarchical accountability and, arguably, create disciplinary effects and

processes that attempt to prevent circumvention of formal hierarchy.<sup>24</sup>

At an informal level, there seems to be an attempt to “build strong cultures,” where employees share their leader’s beliefs, assumptions, and vision for the organization.<sup>25</sup> Case A’s employees are socialized with the founding story of a visionary faith leader who identified the need and established provision for “the needy,” while within Case B there is constant reference to the historical military links of the museum and maintaining an authoritarian approach consistent with that tradition. In each case, the historical roots of the organization are used to legitimize the authority of a select group of leaders (principals) over a group of subordinate followers (agents) and to ensure the principals’ goals are accepted as natural, unchallengeable, and given. Table 3 illustrates the various ways in which Case A and Case B reinforce instrumental accountability within internal relations.

Within such contexts, the construct of instrumental relationships at the individual level seems to reproduce at the organizational level, leading to the prioritization of instrumental transactional relationships to external stakeholders. Roberts argues that dominance of external market mechanisms contributes to producing such forms of accountability,<sup>26</sup> and it is noteworthy that the organization we are calling Case B has the highest level of earned income and is run as an “attraction business,” while the organization we

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Table 3: Mechanisms to Reinforce Hierarchical, Instrumental Accountability in Internal Relations

Dimension	Case A	Case B
1. Elevation of historical roots to ensure employees share leader’s beliefs, assumptions, and vision for the organization	<p>“The founder of [Case A] spoke these words eighty years ago. It is as fresh and relevant today as it was then.” (Org. document)</p> <p>“If you ask anybody, particularly the trustees, what the vision is, they will return to two elements of the [1967] trust deed. But, you’re not providing visionary leadership by simply trotting that out.” (CEO)</p>	<p>“There’s been a large number of people from [the military] who were involved initially, and some of that has rubbed off on the way that subsequently people operate.” (Trustee)</p>
2. Creation of policies to control work and ensure staff (agents) act in the best interests of the board (principals)	<p>“I think one challenge is getting our procedures up to date . . . tightening control and ensuring policies are in place.” (Chair)</p>	<p>“I think we have been at pains to produce policies and plans for most things, and, in particular, health, safety, and employment practice. That forms the framework. . . . When people come here, they are told what their requirements are, and it’s up to them whether they fit in with that and join us or not.” (Trustee)</p>
3. Enforcement of hierarchy by negotiating internal relations through formal structures involving clear separation of board and staff	<p>“Oh dear, I’m not really sure [what the trustees bring to the organization], because I always feel that they’re very distant. I know we have the staffing subcommittee and we have this committee and that committee, but what they actually do? They’re a bit of a mystery.” (Staff member)</p>	<p>“It’s a fairly traditional structure where you have managers in charge of teams and, ultimately, everybody is responsible to the director, and the director then is answerable to the board of trustees.” (Trustee)</p>

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are calling Case A has the second-highest proportion of earned income—albeit marginally—with the ambition to increase this type of income. With both cases, references to “professionalization,” “amateurism,” and “business” are prevalent within the narratives of senior organizational actors, and compliance with legal and regulatory obligations seems to take priority. External stakeholders, such as service users, who lack the authority to bring about sanctions, appear marginalized in decision-making processes in favor of viewing them as customers or consumers of services. Moreover, donors and other players in the external environment are looked upon as an instrumental resource to further the goals set by the organizations’ elite (see Table 4).

My analysis indicates that if missions, visions, and goals are developed and governed solely by organization elites, it is their perspectives that become prioritized and legitimized at the organization level. Prioritization of principals’ interests is not considered a problem if principals’ appointments are assumed to be based on merit. They are assumed to be the rightful guardians of the organization’s overall purpose, which is pursued in the best interests of all members—whether they realize it or not. As Table 2 suggests, rationality is “automatically accorded to decision making of

the leadership and the behavior of subordinates who might be recalcitrant or even resistant to such direction becomes deemed to be irrational.”<sup>27</sup> I find that in this situation, broader conceptions of expressive accountability based on moral foundations often can be marginalized in favor of narrow conceptions of hierarchical accountability within instrumental principal–agent relationships. By conceptualizing accountability in this way, the priorities of the majority of organization members and wider community stakeholders who are affected by the organization’s operation may be marginalized or excluded. Moreover, this narrow instrumental view of human nature can appear at odds with the values embedded in the social mission of many nonprofit organizations.

## The Effects of Pluralist Governance Models

Table 5 illustrates the characteristics that imply a central pluralist logic in Case C and Case D.

Though Case C and Case D appear to be founded upon pluralist logics, where organizations are constituted by diverse groups that pursue disparate interests, there are subtle but important differences that deserve attention. Case C seems to operate under the premise that to prevent the organization from adversely affecting stakeholders, it requires governance

Table 4: Privileging of Upward, Instrumental Accountability in External Relations

Dimension	Case A	Case B
1. Service users framed as customers, but their voice remains silent/marginalized in decision-making processes	<p>“[The change agenda] is actually driven by an understanding that people we’ve historically called service users are actually customers. So that means you remodel reception so it looks a little bit more like the Hilton than a prison; you remodel the drop-in centre so it looks more like Starbucks than a dosshouse [cheap hotel].” (CEO)</p> <p>“The board of trustees aren’t in the place that they should be in terms of service user representation.” (CEO)</p>	<p>“We exist as a visitor attraction through gate money and from corporate business that we can attract.” (Trustee)</p> <p>“[The board members are] highly professional, highly experienced . . . and they all enjoy the kudos of being on the board, and that’s the basis on which we recruit members.” (CEO)</p>
2. External stakeholders who lack ability to bring about sanctions seen as an instrumental resource upon which the organization can draw to further goals set by upper echelons	<p>“[Financial] support comes from a variety of places. We’ve got individual donors; we have a lot of Christians, and churches support us. When we had a financial crisis, I wrote to them and said, ‘We’re in trouble,’ and the response was tremendous. Then you’ve got the corporates. They tend not to give money directly, but they help in all kinds of ways. They provide food, expertise; we get pro bono help from lawyers with all our HR stuff. It saves us a fortune. So the challenge is being effective and efficient, you know, in each of those areas.” (Trustee)</p>	<p>“We can survive within our own site and we see the way ahead is to build up the strength of what we have control over, not on third-party intervention.” (Trustee)</p> <p>“We have very good relationships with the other museums . . . we have good contacts with the parish council, and I think it’s always to the advantage of a business to keep in good contact with anybody who can be of help.” (Trustee)</p> <p>“It’s important to be seen to be part of the museum mafia.” (CEO)</p>



processes that allow stakeholders to participate in decision making. In a practical sense, this plays out formally through the election of trustees by Case C's membership and the co-option of other board members, representing statutory agencies, to ensure a sufficiently wide representation of stakeholder interest groups. The board, in turn, charges the CEO with the responsibility of stakeholder involvement in wider organizational endeavors: "The trustees usually give me a steer . . . a recent issue has been to what extent we build relationships with the private sector and how that is presented to members; we will also not compete to provide any service that our members could provide. The general instruction I have from the trustees is that we want people in the tent rather than outside the tent, and we should work to accommodate what they want." (CEO, Case C)

Case D appears strongly driven by the principles of democratic theory, built on the protection of individual liberties and rights. Such ideological foundations are endemic in both the formal charitable objectives of the organization, which talks of helping a particular section of society "obtain their full rights and privileges" and its processes and practices: "Because we go about changing things outside of the organization, it's really

important that we change things within the organization. We don't just accept how things 'should' be; we're always trying to change things, and that thing about the process is really important . . . if we don't get the process right, then the end result is never right." (CEO, Case D)

Despite maintaining a structural separation of board and staff, a requirement of U.K. charity law and also often a strategy to reassure funders, regulators, and other interest groups, the reality of organizational life is very different.<sup>28</sup> Much value, for example, is placed on locating decisions in democratic discourse (see dimensions 2 and 3, Table 5), perhaps based on the recognition that transactions are "conducted on the basis of mutual trust and confidence sustained by . . . mutually obligated and legally nonenforceable relationships."<sup>29</sup> It is particularly notable that there is an element of self-governance, as appointment of trustees is conditional on prospective board members spending time with and receiving approval from the "governed," who are, in turn, often people with disabilities.

Despite these differences, actors within both organizations arguably display skepticism about the moral defensibility of dominant models of management and organization and the automatic rights of organizational elites to govern and

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Table 5: Features Indicating Pluralist Logics

Dimension	Case C	Case D
1. Open, face-to-face contact between staff and board members	"We have an agreement that for every management committee meeting, staff write and present a project report. I don't edit those; I pass them straight on, so there is a direct dialogue between staff and trustees." (CEO)	"I realize how important it is that staff, volunteers, and the board have really strong communication [with] each other. If this doesn't happen, a director can have more and more power." (CEO)
2. Strategic decision making by all levels of organization hierarchy	"The director is absolutely fantastic. He allows everyone to bring their views to the table. He probably sees it as a waste of talent if there are so many people with so much ability doing their own projects and not feeding into the wider organization." (Staff member)	"If we start dictating to [staff], that's when we'll get a breakdown in terms of where they want to go, what they want to do, and what they think is achievable. It has to be done in a way that people with disabilities also have the power, rather than just being told what to do." (Trustee)
3. Policy and strategy making as a means of learning and development	"We include everyone from the organization, irrespective of whether they are volunteers or national project managers. The organization really takes into consideration the views and perspectives of people who work for it. I don't think I'd work for an organization that didn't." (Staff member)	"There wouldn't be any point in doing a [strategic] plan without everybody . . . there's no interest there if you're not involved; it doesn't mean anything; it's just another piece of paper. If the involvement is there . . . there is ownership." (Staff member)
4. Conflict as inevitable and a source of creativity	"There are lots of strong characters in the organization. It's very difficult to get away with a half-baked idea . . . almost everything you say, someone's going to say, 'Oh really, and why do you think that?' All that excites me . . . it's quite creative and . . . open; it's always a challenge and you've got to be on your toes." (Staff member)	"Because we go about changing things outside of the organization, it's really important that we change things within the organization. It's trying to work with people so the culture in the organization is one where people can . . . say if they're not happy about things." (CEO)



Such practices challenge a narrow view of accountability relations within and between organizations and their stakeholders as essentially instrumental, and instead construct them as a potential source of legitimacy.

manage. I find that such an approach often leads organizations like Case C and Case D to go beyond instrumental, hierarchical forms of accountability to a broader, expressive view of accountability involving ongoing social, political, and moral processes between internal groups. Such processes and practices of accountability can create socializing effects, often involving face-to-face accountability between people of relatively equal power, in a cultural if not structural sense. The ability of trustees and managers to pursue organizational strategy in this context seems to require account to be taken of employees' perceptions of its legitimacy. Table 6 suggests various ways in which Case C and Case D reinforce expressive accountability within internal relations.

Within such contexts, the view that social relations involve moral, ethical, and political processes is also applied to relationships with external stakeholders. Here, the focus moves beyond instrumental, upward accountability to those who have the authority to hold the organization accountable, and can take on expressive forms based upon sets of relationships and understandings of community roles and mission (see Table 7).

From the perspective of Case C and Case D, organizations appear to be viewed as social

collectives where, "through critique, reflection, debate, and the development of democratic relations, the status quo might be challenged and alternative forms of organization developed that express the perceived interests of those currently excluded from a say in how organizations are organized."<sup>30</sup> Such practices challenge a narrow view of accountability relations within and between organizations and their stakeholders as essentially instrumental, and instead construct them as a potential source of legitimacy. This broad view of accountability, however, would come under attack by those who adopt the assumptions of principal-agent relations as the best way to organize. Here, the only legitimate form of accountability is to those who have the (legal) authority to hold agents to account.<sup>31</sup>

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While theorization of corporate governance has become increasingly sophisticated, theories of nonprofit governance are comparatively underdeveloped. Advances have been made regarding the effects of particular systems of governance on processes of accountability within the corporate domain.<sup>32</sup> In the nonprofit arena, however, theoretical developments surrounding the

Table 6: Mechanisms to Reinforce Felt, Expressive Accountability in Internal Relations

Dimension	Case C	Case D
1. Deliberate opportunities to test and challenge own and others' views and assumptions through dialogue	"The trustees bring a lot of expertise. They also act as our . . . gatekeeper, if you like. If we come up with silly ideas, they will tend to be the people who knock them back. But they're such an incredibly intelligent bunch that sometimes they'll come up with things, problems in your strategic approach that you'd never even contemplated. And I think that's really key." (Staff member)	"[The team meeting is] generally chaired by people with learning disabilities, and we have an agenda up for about a week before so anyone can write whatever they want on it. It's trying to work with people so the culture in the organization, and the atmosphere, [are ones that allow] people . . . to argue . . . and say if they're not happy about things. It's about trying to get people to take responsibility that way." (CEO)
2. Alignment of treatment of organizational members to be congruent with values expressed in service work	"Despite the organization having a lot of disparate projects, internally we very much adopt a partnership approach. We have bimonthly staff meetings and that works very well. We have a knowledge management meeting where we focus on the organization's strategic aims and how our projects align with them to meet stakeholders' needs." (Staff member)	"I was first attracted to work here because it is a political organization and I believe in what they're doing towards rights for people with disabilities. I like the way it works 'cause it works differently from other organizations . . . it's empowering to people. We employ disabled and nondisabled people who are paired as coworkers and paid an equal salary." (Staff member)
3. Promotion of direct contact between board and staff to build virtuous circle of openness and engagement	"Certainly in the early days, when the staff was smaller, things would definitely informally have been discussed and chewed around. As an organization gets larger and staff are dispersed, it actually then becomes practically more difficult to do that unless you make a specific decision." (Trustee)	"When the trustees are having a board meeting, they come early and we meet over lunch and it's open for us to discuss things with them. It wouldn't be a problem to say, 'Look, I'm concerned about this or that.' It makes the board less detached from the workers on the ground because they're not set up in this hierarchy. I don't feel like it's all going on and I'm not contributing . . . that out-of-control feeling . . . and decisions are just being made. I feel that if it came to it, I could walk in there [the board meeting] and say, 'This isn't okay.' I wouldn't feel frightened to do that or intimidated." (Staff member)

nature of accountability transcend understanding of nonprofit governance. In particular, understanding of governance to achieve broad accountability—as called for by numerous nonprofit scholars—has lagged. By addressing the underlying philosophical and relational issues in governance, this article frames nonprofit governance and accountability as social and dynamic processes.

Each governance theory is infused with assumptions of how organizations work and the interests of the diverse parties involved. The analysis presented suggests that unitary logics tend to focus the work of principals on producing policies and procedures to control the work behavior of agents. The purpose of internal accountability is to constrain an opportunistic and self-interested human nature through trustees and, subsequently, senior managers attempting to institutionalize their power over others. This can result in transactional or instrumental relationships governed by the system and created by those at the apex of the organization. Equally, organizational members often prioritize compliance with the formal rules of powerful players within the external environment who have the authority to hold the organization to account.

Accountability can thus take on a narrow, hierarchical form.

In contrast, while pluralist logics do not reject the notion of control, they recognize that only partial control can ever be achieved. Organizations exist only through human relationships, and whatever control is achieved is “brought about as much through processes of negotiation, persuasion and manipulation as through system devices like rules and official procedures.”<sup>33</sup> Similarly, external stakeholders are seen as part of social groups where interests diverge. Expressive, negotiable accountability to a broad range of stakeholders is often seen as central to organizational mission and legitimacy within society. It has been argued that framing organizations as social collectives in this way is a “vital source of learning and can produce complex relationships of respect, trust, and felt reciprocal obligation, which far exceed the purely instrumental orientation to action that agency theory assumes.”<sup>34</sup> The four governance theories reviewed thus represent distinct schools of thought, which are infused with specific and sometimes opposing assumptions about the nature of work and organization that hold major implications for the treatment of stakeholders.

**Table 7: Privileging of Expressive, Values-Based Accountability in External Relations**

Dimension	Case C	Case D
1. Meeting the needs of external stakeholders through mission-driven activities as a source of legitimacy	“There’s a challenge in maintaining enough credibility for grant-giving trusts to fund us . . . [and] that credibility is gained from delivering services to organizations that are in our field. So, we need to be seen to be doing our core duties. The other element of our work is reliant on how good our partnerships are with other agencies in the criminal justice sector. So, we need to maintain our strategic partnerships and also be seen as an organization that isn’t necessarily biased but is a just organization. That we will always work in terms of the interests of offenders.” (Staff member)	“Because we’re an advocacy organization, not a service provider, what we tend to do is focus on what learning-disabled people tell us are issues for them, and they are usually learning-disabled people involved with the organization as volunteers or workers but also within the national arena. We respond to and influence policy initiatives. So, we respond in both ways, upwards in relation to what learning-disabled people tell us are issues, and I guess downwards in terms of what policy initiatives are coming out and how we can ensure that learning-disabled people are involved in their implementation and their monitoring.” (Trustee)
2. Collaborations and partnerships actively developed on basis of congruence of values and politics to ensure organization acts in best interests of social mission	“There was a small grant-giving trust . . . and they were very keen to merge with us and bring their money with them. The board decided not to pursue that. There’s been a number of merger approaches, three in fact. The two that weren’t accepted, one was, in all honesty, [because of] a genuine lack of trust in the organization proposing the merger, the other due to a feeling that it just didn’t fit.” (CEO)	“There’s some voluntary organizations we wouldn’t work with. Because we feel that they would overtake our politics, [name of leading national charity] being one of them. We’ve got some funding applications that we’ve done jointly with other organizations . . . in fact, we’re doing one with [a local] university that’s really successful. The reason is because it’s with the disabilities unit. So, the person we’re working with there, who runs it, who’s a disabled person, we have the same politics.” (CEO)
3. Consideration given to funding relationships’ ability to present adverse effects on less powerful stakeholders	“We won’t accept government funds for core funding. It all comes from grant-giving trusts, which can be a bit strained, but it gives us the ability to lobby as an organization. It’s definitely a value-based decision, an ethical decision.” (Staff member)	“We’re pretty clear about who we are and what we are, and that’s part and parcel of the bid, so . . . people will give us money on the basis of that, but . . . we don’t tend to make any adaptation as to who we are.” (Trustee)

## NOTES

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