

# *The Participatory Revolution* in Nonprofit Management

by Gregory D. Saxton, PhD

More and more, stakeholders are becoming active participants in individual and organizational-level decision making. As stakeholders continue to demand greater institutional democracy, nonprofits will feel the pressure to become, as the author asserts, “more flexible, horizontal, collaborative, and transparent.”

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*The future that has already happened is not within [the organization]; it is outside: a change in society, knowledge, culture, industry, or economic structure. It is, moreover, a break in the pattern rather than a variation in it.*

—Peter F. Drucker<sup>1</sup>

**D**RUCKER WANTS ORGANIZATIONAL LEADERS to focus on the opportunities and challenges presented by changes in the external environment that are ongoing or have already occurred but have yet to be widely perceived. I argue that just such a “future” is underway: In the cultural sphere, people now

create and publish their own books, movies, and music; they eagerly customize orders on restaurant meals; and blogging, “podcasting,” and other forms of targeted media are displacing mass media through satellite- and Internet-based communications. In the business world, shareholder revolts have skyrocketed; self-organizing teams, stakeholder analysis, and self-employment have steadily increased; organizational structures have flattened; and corporate democracy is beginning to take hold. In government, the devolution of power, public disclosure agreements, community score cards, public audits, and citizen satisfaction

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surveys are becoming ever more commonplace. And in politics, key elements of direct democracy, including citizen ballot initiatives, recalls, open primaries, and supermajority and voter-approval rules for tax increases have all become increasingly popular.

These seemingly unconnected developments collectively point to a generalized surge in participatory practices and values throughout society. Thanks to an array of ongoing large-scale social changes, stakeholders now increasingly possess the capacity, interest, and opportunity to play a key role in decision making at the individual, organizational, and community levels alike. This growing propensity for participation has, in turn, begun to change prevailing nonprofit structures and management practices. A bona fide participatory society is emerging—and nonprofit leaders must be up to the challenge.

### The Driving Forces of Participation

The skyrocketing levels of education in the post-World War II era constitute the primary long-term driving force of greater participation. Since 1940, the percentage of Americans aged twenty-five years and over who have completed high school has jumped from 24.1 percent to 83.6 percent, while that for those who have completed at least four years of college has increased from 4.6 percent to 26.5 percent. More than one in every two adults has now completed at least some college. This reverberates throughout society. In the aggregate, education is the major institution that builds citizens and fosters the spirit and values of popular participation. A college education, in particular, is associated with numerous enduring attitudinal changes—including making people less fatalistic and more individualistic, informed, activist, and ambitious. Increasing education also engenders highly relevant behavioral changes. Studies have shown that educated citizens are more likely to vote, more likely to participate in the political process, more likely to demand involvement in critical healthcare-related decisions, and more likely to hold “participatory” attitudes—in favor of allowing employees, family members, and other normally excluded stakeholders to participate in relevant decision-making processes.

The second driving force is a long-term shift in value orientations. Simply put, younger generations are increasingly assuming the right to be included in the decision-making processes that most affect them. This diffusion of participatory attitudes is in line with what political scientist Ronald Inglehart has cogently argued: that each successive generation since World War II has placed a lower priority on “materialist” issues such as physical and economic security and a greater emphasis on “postmaterialist,” or quality-of-life, issues. A fundamental component of this postmaterialist value shift is the desire to have a greater say.

Third is the incredible diffusion of computer-mediated communications technology. According to the National Telecommunications and Information Administration, between 1994 and 2004 Internet access jumped from 3.4 percent to 74.9 percent of U.S. households. The Internet has proven to be a tremendous engine of participation. Not only does it facilitate the input, communication, and information-sharing essential for open decision making to occur but also has given rise to several highly participative forums and practices—including “targeted media,” specialized nonprofit knowledge communities, democratized information processes, and decentralized, open-source projects. The hallmark of these Internet-based activities is how participatory they are: individuals and individual groups can have autonomy over practically any strategic-level decision. Not surprisingly, consumers’ propensity for the highly participative interactions afforded by advanced communications technology is spilling over into the “off-line” not-for-profit world—not only by increasing individuals’ capacity to mobilize and acquire the information that makes for more effective participation in traditional decision-making processes, but also by increasing their demand to have a say in important service-related decisions.

In short, through expanding education, we now have the societal capacity and desire to engage in and support participatory practices; through the diffusion of advanced computer-mediated communications, we have the appropriate technology to facilitate complex, open organizational decision-making processes; and through

Figure 1: Breadth of Stakeholder Participation in Governance and Decision Making



intergenerational value shifts and “spillover” from Internet-based participation, we have the underlying expectations and values that justify and demand stakeholder inclusion. The “future that has already happened,” in effect, is an ongoing explosion in the desire, ability, and opportunity of stakeholders to play a powerful role in individual- and organizational-level decision making. The implications for nonprofit governance, organization, and leadership are considerable.

### Participation in Organizational Governance and Decision Making

The most fundamental change in the governance of nonprofit organizations will be the widening and deepening of the organizational “selectorate,” or the set of people who have the right to participate in strategic decisions. As “widening and deepening” implies, there are two discrete dimensions to this expansion. First, as Figure 1 shows, organizations will feel growing pressure to increase the breadth, or “representativeness,” of the constituents involved in decision making beyond the traditional power centers of the board and executive management.

Many nonprofit organizations have already learned the benefits of devolving tactical and operational decision making to employees, and sometimes customers. And that’s normally where it ends: other stakeholder groups are excluded from direct involvement in organizational decisions.

Yet the participatory forces mentioned above are creating increased pressure on nonprofits to open up. A good example is the educational sector, which has experienced progressively more intense demand for involvement in funding, curriculum, hiring, personnel, discipline, and accreditation issues by consumers in public meetings,

in the legislative process, through participation in programs and on committees, in the lodging of complaints and investigations, and via the use of surveys, polls, and the media. Key stakeholders now see it as normal to demand information, justifications for actions taken, and even policy changes from teachers and administrators. Students and parents alike are demanding a say, and administrative workloads and teaching approaches have adjusted accordingly.

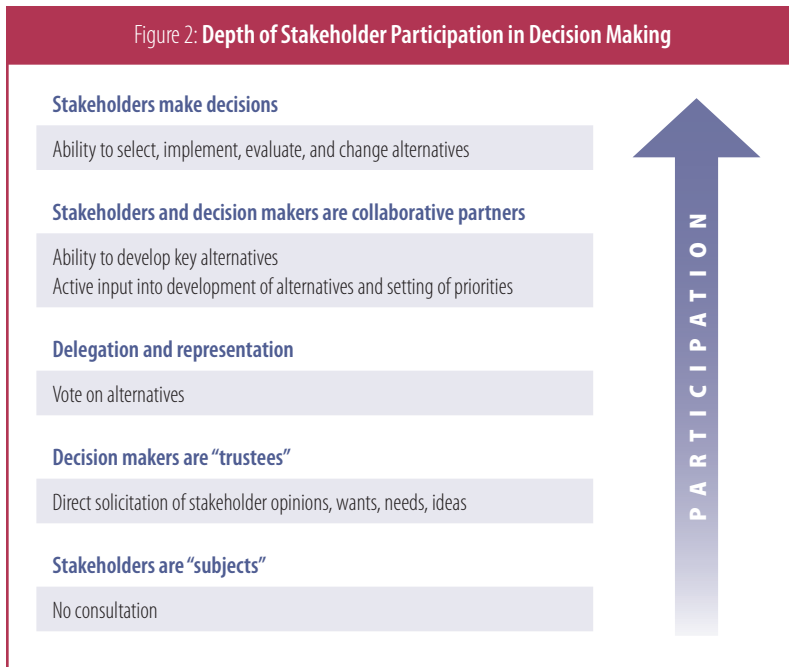
### Depth of Participation

A further challenge for the status quo is that, even in the most stakeholder-oriented organizations, participation is generally limited to providing input and being heard; as Figure 2 illustrates, there is little “depth” to the participation, in the sense of having the power to make the ultimate decisions. The majority of organizations are on the second rung of the ladder, where stakeholders are only indirectly included in the decision-making process via the “representative” role by which individual board members serve their constituencies. A significant minority of organizations (37 percent, according to BoardSource) make it a step higher by using some form of advisory board, council, or committee to facilitate constituents’ participation in governance and oversight functions.<sup>2</sup>

It is the rare organization that achieves the deepest levels of participation where stakeholders have significant control over decision making. Sometimes, exceptional programs, such as the World Bank’s “participatory poverty assessment” or those prevalent in community-based natural resource management, reach this cutting edge of participatory management by engaging the local community at the outset in setting priorities, developing alternatives, and selecting projects.

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Figure 2: Depth of Stakeholder Participation in Decision Making



Still, given the challenges of devolving power within the typical nonprofit organization, the highest rung on the participatory ladder is most readily attainable through an “exit” strategy, whereby a stakeholder or group of stakeholders forms a new, independent venture. By definition, such autonomous groups are the epitome of “participatory” organizations—the founders alone are able to make the critical strategic decisions regarding when and where and how to act.

### Democratization of Information

The democratization of information accompanying the spread of the Internet has brought about several other participatory phenomena that similarly take place outside the purview of the traditional nonprofit organization. It has led, first of all, to the decentralized generation and acquisition of sector-specific knowledge for individual managers and organizations. The low cost of rapid, ubiquitous information exchange facilitated by centralized online databases such as GuideStar, moreover, has been a boon to the organizational transparency and accountability movements. Democratized web-based knowledge has also facilitated the rapid diffusion of sector-specific best practices and benchmarking data. This in turn allows the public to take much more active decision-making and advocacy roles in local-level

policy making. Citizens can now easily benchmark and compare service levels, tax rates, and societal outcomes (e.g., crime rates). It also drives the flourishing “community indicators” movement, which strives to improve community quality of life through the use of measurable community indicators and, in advanced cases, through online, spatially enabled community statistical systems.

An excellent example is the National Neighborhood Indicators Project, a collaboration between the Urban Institute and community organizations in twenty-one cities. By integrating the active involvement of local community organizations, advanced “neighborhood information systems,” and the sharing of data by public administrative agencies, the partnership’s approach effectively represents a new paradigm in the control and use of administrative information that significantly enhances local-level citizen participation in community development and policy making.

Not only does the Internet’s information-sharing power enhance individual capacity to participate in making decisions, but the generally highly participative interactions afforded by web-based technologies further increase stakeholders’ expectations that they will be included in important decision-making processes. And together, this increased capacity and expectation for participation is spilling over into traditional “off-line” not-for-profit activities.

This is clearly visible in the health sector, both in consumers’ increasing use of the Internet to help diagnose and make treatment decisions and the broader self-managed care and “patient empowerment” movements. Consumers overall are no longer shy about taking a greater role in their own medical care. This is not due solely to their enhanced ability to obtain relevant knowledge via the Internet; it is also due to their heightened expectations of the right to a greater role in making medical-related decisions.

### Pressure for Open Decision Making

This is mirrored in the increased pressure on nonprofits in general for open decision-making practices. Fortunately, opening up to stakeholder input can carry significant benefits for the innovative organization. One of the most interesting

developments is the increasing interest in the “bottom-up economy,” where consumers and businesses co-create value for the enterprise through a form of participatory product development. Nonprofit leaders should follow suit by moving beyond traditional needs assessment data-gathering techniques and looking for ways to incorporate bottom-up approaches to both developing and delivering their services.

The fact is, there is currently as little organizational democracy that takes place regarding the most important strategic-level organizational issues as there is regarding the incorporation of broader groups of external stakeholders. But things are beginning to change. Strategic decisions regarding business expansion, product development, entrepreneurial activities, program evaluation, and the like are increasingly being made by a broader organizational “selectorate”—which includes stakeholders both inside and outside the organization—and these groups are slowly demanding, and acquiring, a deeper level of input in making the ultimate decisions. Though the specific adaptive strategy will vary according to organizational size, age, and subsector, all nonprofits will feel increasing pressure to incorporate “inclusive governance” practices that effectively engage constituents in board-level decisions.

### Participatory Organizational Structures and Forms

The increasing potential of stakeholders to actively participate in decision making is also exerting pressure on the traditional top-down organizational structures prevalent in the nonprofit sector. Even the most democratic of commonly used organizational models, including Total Quality Management, are “participatory” primarily in their inclusion of employees and customers in operational decision making. The full range of stakeholders is not included, and decision making is primarily nonstrategic. Still, such models can be a good way for an organization to initiate participatory management practices.

A significant problem after that is the dearth of practical organizational models that are both compatible with existing organizational forms and

fully conform to the requirements of a participatory age. One alternative is to incorporate even more decentralized forms of teamwork within the traditional organization. Generally speaking, “self-managed” and “self-directed” teams can be used to facilitate strong participation in making workplace decisions within the bounds of goals that are set and defined externally, in the first case, and by the team itself, in the second. Flexible “self-organizing” teams that have decision-making power negotiated ad hoc according to the task at hand are the most radical departure from the traditional workplace hierarchy. These self-governing “loose hierarchies” or “heterarchies” (good examples of which are “hot groups” in the private sector and “smart mobs” in social movements) are ideal for decentralized mobilization, collaborative problem solving, and most information-related projects. They are not a panacea, however, and are inappropriate for many tasks. Moreover, they are difficult to incorporate into traditional nonprofit organizations, which typically lack both the institutional capacity and suitable frameworks within which such highly decentralized stakeholder participation can be effective.

To get around these limitations, organizations are increasingly turning to non- and semi-permanent participatory decision-making processes such as Open Space technology, Future Search meetings, citizen summits, participatory budgeting, citizen juries, and consensus conferences. They are feasible in even the most hierarchical of organizations. The U.S. Navy, for one, has employed highly democratic Appreciative Inquiry techniques in special multiday sessions to make critical organizational decisions. What is notable about all these techniques is how they allow otherwise hierarchical, command and control organizations to temporarily employ participatory organizational models to decide major strategic issues.

Since few stakeholders are interested in attending meetings or committing large blocks of time to all of their group affiliations, organizations can also resort to computer-mediated technologies. Through the use of real-time consultation, centralized information gathering, e-relationships, online training, web-enabled databases, discussion lists

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and bulletin boards, and online surveying and polling, avant-garde organizations can build their participatory capacities while facilitating the participation of a broader range and new generation of constituents.

### Increase in Interorganizational Partnerships

By reducing communication costs, the spread of computer-related technologies is similarly fostering an increase in interorganizational partnerships, which are inherently more participatory given the greater number of individuals conferred decision-making control. At the extreme end of the decentralized, collaborative continuum—and probably the most exciting information-related participative development facilitated by the Internet—is the “open-source” organizational model. This originally referred to the free and open access to software source code given by enterprising computer programmers, but the movement has recently spread from computer software to other areas—ranging from popular culture to education to journalism. Most well known is Wikipedia, an “open content” encyclopedia being written collaboratively by thousands of volunteer contributors from around the world.

The movement is beginning to have a broader impact on the nonprofit community. It has been instrumental in, for example, the rise of “participatory politics,” which is heavy on bottom-up advocacy, as well as “participatory culture” in the realms of the arts, music, religion, popular culture, and journalism. And promising open-source knowledge enterprises, such as the California Open Source Textbook Project, an open-source textbook repository, or Appropedia, a wiki designed to build knowledge on sustainable development, are becoming increasingly salient. Beyond the generation of specialized sectoral knowledge, open-source models and other forms of “loose hierarchies” could ultimately play an important role in, among other places, intense data-gathering, problem-solving, and brainstorming efforts; in volunteer and fundraising drives; in interactive online communities and support groups; in advocacy and policy research; in community indicators projects; and in the development of software and management tools.

In the end, traditional top-down organizational structures—with their inflexibility and “thinking/doing” dichotomy—have always been inefficient. The increasingly participatory (internal *and* external) environment engendered by rising levels of education, changing value orientations, and the spread of computer technology is now spurring dynamic nonprofits to adapt by becoming more flexible, horizontal, collaborative, and transparent.

### Sectoral Challenges and Opportunities

The transition to a participatory society will also bring about a series of significant changes visible chiefly at the macro level. For the not-for-profit sector as a whole, the growing consumer demand for participation will create a new set of “winners” and “losers” as consumers flock to those organizations that allow them to assume a greater role in making strategic decisions. Organizations and venues without satisfactory, genuine, participatory processes will see their market share, participation rates, and customer satisfaction levels decline. This is already evident in the much-lamented decline of “traditional” civil society organizations such as the PTA, 4-H, Elks, Moose, and Kiwanis. It is also discernible in the decline of several traditional religious organizations and the rise of the most decentralized forms of religious congregations.

This shift in consumer demand is also engendering a rise in interorganizational collaborations, intersectoral partnerships, and “self-start” organizations. Participatory segments of society will be more likely to form a new organization when an existing one does not adequately respond to their desire for input or whenever they want complete control over strategic decision making. For this very reason, we will continue to see a rise in the number of personal foundations, where founders are able to take a decidedly active role in charitable decisions. The recent focus on “social entrepreneurship,” with its ability to allow nonprofit organizations to free themselves from granters’ stipulations, is also more than tangentially related to this development.

As a result of the technological and value changes, participatory engagement in nonprofit



activities can also be briefer, more intense, and less centralized. This is reflected in who does the work of the nonprofit sector. The rise of the “episodic volunteer” is one salient example. Nonprofits are increasingly entering into partnerships to tap this growing short-term volunteer labor pool. Habitat for Humanity in western New York, for example, has teamed up with local Starbucks stores to offer one-day volunteering opportunities involving both customers and employees. More broadly, the HandsOn Network is increasingly becoming the communication bridge of choice between those who are interested in volunteering and local nonprofit organizations that need assistance. By having HandsOn do much of the legwork—coordination, project identification, marketing, and volunteer and organizational certification—this “outsourced” volunteer management system makes it easier for both the nonprofit organization and the budding episodic volunteer.

Organizations should also increasingly be prepared to work and collaborate with nonprofit entrepreneurs, smaller independent and ad hoc organizations, and self-employed “e-lancers” who bid for outsourced work online. And given the difficulty of navigating, directing, and implementing participatory organizational responses, there will also be more work for those educators, writers, trainers, and consultants with expertise in guiding nonprofits through the process.

## The Challenge of Leading and Managing in a Participatory Era

In the end, much of the impact in the nonprofit community will be felt and shaped by the individual manager. Are you a leader who unwittingly engages in “false participation,” believes in a top-down hierarchical approach, or routinely hides information from your subordinates? Do you shield yourself from your employees and customers with a layer of bureaucracy? Do you serve on a board that does not disclose salary information of top managers? Do you regularly develop policies without engaging key stakeholders? Do you survey clients or employees only to justify a decision you’ve already made, rather than to obtain quality input? Do you believe that your primary

task is to develop the “best” policy option, and then try to convince people of that option’s worth? If so, you’ll be doing yourself and your organization a disservice.

Enlightening is U.S. Navy Captain Mike Abrashoff’s story, wonderfully related in his 2002 *New York Times* best-selling book, *It’s Your Ship: Management Techniques from the Best Damn Ship in the Navy*, of the epiphany he had at his induction ceremony as commander of the USS *Benfold*.<sup>3</sup> When he saw the crew cheering the departure of his traditional, “coercive” predecessor, he “knew then that command and control leadership was dead.” If command and control leadership is dysfunctional in the military, it probably is in every organization.

But doesn’t the emergence of a more democratic, participatory age mean that newer generations will be unwilling to be led? No. As Abrashoff found out, he was able to implement a leadership approach that focuses on active listening, communicating the organizational purpose, generating bottom-up ideas, and strengthening others in a climate of trust—to turn an underperforming vessel into the “best damn ship in the navy.” In many instances, workers will only want input and to know the reasons for the actions that are to be taken. Of Daniel Goleman’s well-known leadership styles typology, the mobilizing “Authoritative” approach will still be effective in the day-to-day management of the typical nonprofit organization.<sup>4</sup> What will change is the decline of the “Coercive” style of leadership and the concomitant increase in the extent to which the “Democratic” style becomes a critical component of managers’ leadership repertoires. Managers must be prepared to assume more participative and open forms of leadership that are less manipulative with regard to the withholding of information.

## Conclusion

As the late Senator Daniel Patrick Moynihan (D-NY) once counseled, “Stubborn opposition to proposals often has no other basis than the complaining question, ‘Why wasn’t I consulted?’” In the participatory society, all managers must take Moynihan’s wisdom to heart, since their

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role will increasingly involve leading their organization to respond and adapt to a progressively more participatory strategic environment featuring transparent information, loose hierarchies, interorganizational collaborations, new types of organizations and workers, bottom-up and open-source models, “temporary” and technologically based participatory decision-making procedures, and broader and deeper input from organizational constituents. In the end, while we can't know the ultimate form this participatory future will assume, we do know that people will want to participate in areas where they are capable and passionate—and these areas are rapidly expanding. Though stakeholders will not care to participate everywhere, nonprofit managers must everywhere be prepared to accommodate participatory demands by opening up and facilitating the decision-making process. Much of this “future” is already happening.

## NOTES

1. Peter F. Drucker, with Joseph A. Maciariello. *The Daily Drucker: 366 Days of Insight and Motivation for Getting the Right Things Done* (New York: Harper Business, 2004).
2. See [www.boardsource.org](http://www.boardsource.org). The url to the original survey, cited in this article in 2005, is no longer available.
3. Michael D. Abrashoff. *It's Your Ship: Management Techniques from the Best Damn Ship in the Navy* (New York: Warner Books, Inc., 2002).
4. Daniel Goleman, with Richard Boyatzis and Annie McKee. *Primal Leadership* (Boston: Harvard Business Press Books, 2002).

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