

Who Really Governs and How: Considering the Impact of the Dominant Coalition

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“The issues of politics and power in governance are important; they also provoke ambivalence,” explain the authors. “Many in the nonprofit sector prefer to ignore the issues or pretend they do not exist. Nonetheless, as we suggest in this article, the power dynamics of dominant coalitions are often a significant and integral dimension of nonprofit governance, and should be given serious consideration.”

SO LET’S ASK A REALLY IMPORTANT—OR (some might say) really dumb—question. Who governs your organization? We mean, who *truly* governs your nonprofit—not from the perspective of legal mandates and admonitions, and not from the perspective of all of the prescriptive writings that we and so many of our colleagues have produced, but from the perspective of *actually* governing. Reflecting on our real-world experiences with the couple hundred boards with which we’ve had the privilege of working—sometimes as consultants, sometimes as researchers, and sometimes as members—we have had to acknowledge a fundamental reality: *All too often, it is not the entire board of the nonprofit that is governing the organization!*

People with years of board experience have been whispering about this dynamic

forever, and they usually chalk it up to a mix of conspiracies and human failings. Often, they refer to the “80-20 Rule” to explain it. On any board, they assert, only about 20 percent of the board (or even less) can be counted on to do the actual work; the other 80 percent are freeloaders and no-shows who may take credit after the fact but do little or nothing of the real work. There is certainly evidence to support this lament.

We have seen this dynamic happen when a small group of charismatic and/or politically connected members become frustrated with lack of action and come together to “actually get things done.” Sometimes this happens when a founder calls upon a small group of her or his followers to take control (or maybe they never shared it to begin with?). We have seen the executive team (with or without a couple of key members of the

board) step in to exercise control to take the organization in a new direction. For good or ill—or perhaps both—it is not all that uncommon to see the power of the full board usurped or condensed by a small group that exercises the authority of the full board without any official role or delegation. Often, in these situations, the full board is “out of the loop” until it is time to act (to “rubber stamp”) a pre-selected course of action. But what is going on here? Where is the whole board when it comes to making decisions and monitoring performance?

True, the entire board is, in the end, legally accountable for actions taken. But, we must acknowledge, the ideal of everyone on a board playing an equally active and influential governance role is as much myth as reality. So, this raises the questions all of us in the research and consulting world (really, all of us

in nonprofit leadership roles) need to ask: Who actually does the real work of governance in nonprofits, and how does real-life nonprofit governance really work? Are there certain conditions or settings where this dynamic is more likely to occur? And what are the long-term consequences of this dynamic?

These questions have drawn our attention to the long-standing but relatively ignored concept of group dynamics: the *dominant coalition*. In this article, we introduce the concept of the dominant coalition, giving some background on its roots from the literature of organizational studies; highlight why and where dominant coalitions can emerge; and discuss why we think this phenomenon is an important addition to the literature and study of nonprofit boards and governance.

Some Background

As we look more carefully at what we know from research and practice about nonprofit boards and governance, we are repeatedly reminded of the need to consider governance from multiple and broader perspectives. This starts with a reminder of an important distinction that nonprofit leaders too often overlook, even though multiple scholars have documented this point: boards and governance are related, but they are not synonymous.¹ Governance is a function, while the board is a structure. By definition, boards must engage in governance, but most boards do other work, too (such as fundraising, which is not governance). Further, boards typically are not the only actors in the organization that engage in the process of governance. As Richard Heimovics and Robert Herman have explained, executives of staffed organizations are active participants in the process of governance, too.² It is imperative that the nonprofit scholarly community and nonprofit practitioners

and stakeholders continue to grow their capacity to examine and explain how nonprofit-organization governance is achieved.

As researchers search for deeper insights into the work of nonprofit governance, many have recently sought to develop fresh perspectives and alternative theories. We hope to contribute to the development of one such alternative by putting more emphasis on the behavioral processes and dynamics of stakeholders in and around the boardroom, with the goal of offering a pragmatic perspective that will both complement and challenge some of the prevailing perspectives vis-à-vis nonprofit boards and governance. And this is what has drawn our attention to the concept of the dominant coalition.

What Is Going On? Recognizing the Dynamic of the Dominant Coalition

As we reflected on this dynamic of partial-board engagement, we came to realize that a sociological concept introduced more than fifty years ago was at play. What we have come to see is that boards, like many other groups of people, are often run by a dominant coalition—a much smaller group of people who really “call the shots” in the name of (and sometimes even completely separately from) the governing board of the organization.

The dominant-coalition concept can be traced back to the so-called “Carnegie School,” a group of prominent scholars that included Herbert Simon, James March, and Richard Cyert.³ The Carnegie School adopted an interdisciplinary approach to depict and comprehend key processes of organizational and economic decision making. In the early 1960s, Cyert and March explained in their book *A Behavioral Theory of the Firm* that complex decisions in organizations are first and foremost the outcome of various behavioral factors, rather

than a consequence of some mechanistic process for economic optimization.⁴ Those in charge of making organizational decisions are frequently required to consider, and seek to accomplish, multiple and sometimes even conflicting goals simultaneously. According to Cyert and March, the more convoluted the decision to be made, the more pertinent the behavioral aspects of decision making become.

One of their key perspectives is that organizations are political coalitions in which the “composition of the firm is not given; it is negotiated. The goals of the firm are not given; they are bargained.”⁵ Put differently, an organization is best described as a dynamic political system consisting of multiple diverse stakeholders. Since different stakeholders may have distinct goals and preferences, negotiations and bargaining among stakeholders are common and essential practices. Moreover, because different actors inside and outside organizations may elect to pursue different goals at different times, organizations may even adopt a variety of possibly inconsistent goals.

Cyert and March focused on for-profit firms, which are ultimately guided by the goal of making a profit or exiting the market. However, there rarely is such a clear goal or performance indicator for nonprofits. As noted by Daniel Forbes, even figuring out surrogate measures for capturing nonprofit performance is tremendously difficult “because nonprofit organizations frequently have goals that are amorphous and offer services that are intangible.”⁶ He continues, “any discussion of effectiveness must begin with an equally problematic discussion about which—or more precisely whose—criteria of effectiveness are to be employed.”⁷

The key point here is that the decision-making process in nonprofits may well be even more convoluted than in for-profit enterprises, and thus even more prone to the forces described by

Cyert and March. And in order to comprehend how strategic choices are made given the plurality of stakeholders and stakeholder interests that characterize the reality of many nonprofits today, it is useful to consider the perspective of the dominant coalition.

Why Do Dominant Coalitions Emerge?

The phrase *dominant coalition* was introduced by James Thompson, who extended Cyert and March's coalition perspective by bringing additional emphasis to the role of power and power allocation in organizations.⁸ Thompson noted that while it is possible for an organization to have a single central power base, this is very seldom the case. As organizations get more complicated, the number of stakeholders expands, the sources of uncertainty increase, and the sources of contingencies and dependencies increase. Consequently, the number of power bases expands, as does the pool of stakeholders that can form coalitions. The result? In highly complex organizations, power is dispersed.

Next, Thompson asked a critical question: If an organization with a broad and dispersed power base needs to make a critical strategic decision, how can it get anything done in the face of all the coalition infighting? The answer, according to Thompson, is the emergence of an "inner circle" that will conduct business. This inner circle is most likely to emerge "informally, implicitly, tacitly"—and without this inner circle exercising leadership, the organization simply will not be able to function effectively. It will end up being "immobilized."⁹

Thus, dominant coalitions are born when power is widely distributed or diffused across many stakeholders, all seeking to get things done. Given that all of these stakeholders can have different interests and goals for the organization, it is likely—from the nonprofit

governance perspective—that "we can also consider goals of the organization, or organizational goals, as the *future domains intended by those in the dominant coalition*. Almost inevitably, this includes organizational members, but it may also incorporate significant outsiders."¹⁰ (Emphasis in the original.)

It is essential to note that the construct of the dominant coalition was introduced as a way of understanding how strategic choices were being made in organizations. It was not employed specifically to examine governance or governing boards. Nonetheless, given the above description, we strongly believe that the construct also has significant utility in helping us to understand with greater sophistication the process of nonprofit governance and those who are engaged in it. In fact, considering the uncertainties, resource dependencies, and institutional demands facing nonprofits from a wide range of stakeholders and a dynamic environment, we feel that the dominant-coalition perspective offers even more utility to the reality of nonprofits and their governance. Thus, ultimately—and in a very real sense, regardless of who is involved—if a dominant coalition exists, by definition it will be the true "home" for nonprofit governance activity.

The Dominant Coalition and Nonprofit Governance

Our discussion so far highlights a few central points of significance for nonprofit governance scholarship and practice. First, the use of the dominant coalition both reflects and reinforces the value of a power-control and political perspective when studying governance and strategic decision making in nonprofit organizations. Second, dominant coalitions are structures, and should be considered a source of significant structural variation in nonprofits. Finally, the dominant coalition helps us to examine

the role and influence of hierarchical structures and vertical authority in the governance process of nonprofits.

Thus, one of the stimulating aspects of applying a dominant-coalition lens is that it makes it possible to reframe and rethink questions to help us to develop new insights into some problems that pose significant challenges for conventional board-oriented research, including power dynamics among groups inside and outside the boardroom, issues of diversity and inclusion, and options for stakeholder engagement. Furthermore, while the dominant coalition can be useful as the focus of studies of governance in individual nonprofit organizations, it can also be very helpful when attempting to understand and explain governance dynamics in complex settings such as hybrid (especially cross-sector) organizations and in settings where networks of organizations become the primary means by which services are delivered. In these settings, individual-organization board models do not explain very well the actual processes and dynamics of governance or the roles and experiences of boards, their members, and other key actors.

When we apply a dominant-coalition approach to the study of a board, one of the first questions to surface is whom to include as a member of the coalition. One must certainly give serious consideration of board members as likely members of the dominant coalition, given the way most nonprofit boards are expected to be—and are currently—involved in the governance process. However, it is vital to recognize that the question of who is part of the dominant coalition is an empirical rather than a conceptual or normative question. In other words, we need to examine the specific organization to ascertain just who is involved in a dominant coalition.

As a starting point for thinking about

what a nonprofit-based dominant coalition can look like, we offer several types that are especially likely to be found. These archetypes are based on our knowledge of nonprofit governance research, as well as our experience working with nonprofit organizations and their boards. When looking at a specific organization and coalition, we would expect to find that an archetype has unique reasons to exist—unique grounding in a particular context and set of organizational and environmental conditions. Each type would have its own strengths and create its own set of issues. Given the political nature of the dominant-coalition construct, we would also expect a fairly significant degree of difference of opinion about what might be the strengths and challenges of each type. We propose the following as eight common dominant-coalition archetypes:

1. *True Governing Board.* In what some would consider an ideal scenario, the dominant coalition and the governing board are synonymous; there is 100 percent overlap. In this case, the entire board membership constitutes the dominant coalition, meaning that other governance stakeholders, such as the executive director, are not “in the game.”
2. *Strong Executive Committee.* Many boards have explicitly authorized an executive committee to act with all of the authority of the full governing board (sometimes without even any follow-up reporting or accountability to the governing board), and this committee becomes the dominant coalition because it has the power to make choices and decisions for the organization.
3. *Founder-Driven Coalition.* It is common to find that founders of nonprofit organizations seek to retain the power and influence they held from the founding of the organization, and

they may exercise this authority with the support of a small cadre of their associates. This could take multiple forms, since founders may also sit on the board, or in the executive director chair, or entirely outside of any official formal role or structure.

4. *Executive-Driven Coalition.* Similar to the findings of many for-profit organizations, many nonprofits develop a situation in which an executive leadership team of the organization acts as the true governance decision maker. In such cases, the board often becomes a mere rubber stamp, and all leadership derives from the executive corps.
5. *Funder-Driven Coalition.* Many observe that “those who have the gold, rule”—and that is the essence of this dominant coalition. In some cases, this coalition may be exceptionally small (e.g., there is one dominating funder, and s/he drives all key decisions), but in others we will see a funder in the lead but working closely with some small segment of the board and/or executive director. Resources, of course, are at the core of this power relationship.
6. *Profession-Driven Coalition.* Some organizations have a strong professional component to their work (e.g., the field of medicine in hospitals), and the real power to make decisions lies (intentionally or not) with some cadre of the professionals (e.g., physicians in hospitals). In these cases, such coalition membership may be reinforced by external regulatory or accreditation conditions.
7. *Blended/Diverse Stakeholder Coalition.* There are several models of governance that rely upon the active engagement of key stakeholders in the governance decisions of the organization, and in these cases it is conceivable that a dominant coalition

could emerge as a result of some set of these stakeholder representatives coming together to coalesce and exercise power.

8. *Diffuse (and Ineffective) Coalition.* Some nonprofits are not really governed by any actors with any significant power or influence. In these fragmented, shared-power settings, various constituencies come together to disrupt or blunt each other’s exercise of influence, power becomes very diffused, and no one is really in charge.

The value of considering such dominant-coalition archetypes is that each has characteristics that are worth understanding for their significance in shaping and affecting the success of a nonprofit organization. It is essential to underscore a core point: *dominant coalitions may result in positive or negative consequences—and often they will leave a mixed path of results.* Each form has the potential for a unique kind of impact on the nature and form of organizational performance, responsiveness, and accountability. And each has the potential to fundamentally disrupt the formal governing authority and responsibility that officially lies with the nonprofit organization’s governing board.

Where Might This Lead? Questions Moving Forward

The goal of this article is to illuminate what we believe is a different, intriguing, and potentially useful framework for deepening and advancing knowledge about nonprofit governance, how it is actually accomplished, and by whom. Studying dominant coalitions is likely to be messy work, given how they intersect with the dynamics of politics, power, and other coalitions in and around nonprofit organizations. The issues of politics and power in governance are important; they also provoke ambivalence.

Many in the nonprofit sector prefer to ignore the issues or pretend they do not exist. Nonetheless, as we suggest in this article, the power dynamics of dominant coalitions are often a significant and integral dimension of nonprofit governance, and should be given serious consideration.

At this point in time, we are only beginning to explore the nature of dominant coalitions in nonprofit organizations and networks. A myriad of questions will emerge as we take further steps to more fully understand the existence, impact, and implications of the dominant coalitions in nonprofit organizational governance. We therefore close with some of the key questions that we believe this perspective brings to the fore.

- How do various actors become members of a dominant coalition? Especially, how does this differ by organization age, mission, size, and organizational revenue model? Or does this differ according to board characteristics, such as board size, board stage of development, or whether the board is a leading versus a following board, etc.?
- In what ways might competing coalitions emerge and vie for dominance, influence, and control?
- Is the dominant coalition exemplary of, or a manifestation of, the dark side of nonprofit governance? Does a dominant coalition inherently subvert, or threaten to subvert, the legitimacy of full-board governance? Does it subvert true accountability by stealing power and influence away from the “official” board? Or is it simply the embodiment of the truth about governance in real life?
- How do successful dominant coalitions manage their boundaries and exchanges across their boundaries? How do they most effectively manage the dynamics of intra-organizational

versus extra-organizational environments?

- How do dominant coalitions affect or drive definitions of organizational and board effectiveness? Or do they have any impact in this regard at all?
- When are dominant coalitions intentionally created, and by whom? When do they emerge organically? And what are likely to be germane founding conditions for each?

Have you had experience with the emergence or operation of one or more dominant coalitions in your organization? We invite readers to share their insights and thoughts about this concept and how it might be relevant to ongoing efforts to advance understanding of the complex field of nonprofit governance. We believe this to be a rich and rather unusual complementary perspective on the study of nonprofit governance, and we look forward to sharing more insights and questions in the future.

NOTES

1. See, for example, Patricia Bradshaw, “Reframing Board–Staff Relations: Exploring the Governance Function Using a Storytelling Metaphor,” *Nonprofit Management & Leadership* 12, no. 4 (Summer 2002): 471–84; David O. Renz, “Reframing Governance,” *Nonprofit Quarterly* 13, no. 4 (Winter 2006): 6–13; Francie Ostrower and Melissa M. Stone, “Governance: Research Trends, Gaps, and Future Prospects,” in *The Non-Profit Sector: A Research Handbook*, 2nd ed., ed. Walter W. Powell and Richard Steinberg (New Haven, CT: Yale University Press, 2006), 612–28; Francie Ostrower and Melissa M. Stone, “Moving Governance Research Forward: A Contingency-Based Framework and Data Application,” *Nonprofit and Voluntary Sector Quarterly* 39, no. 5 (2010): 901–24; and Chris Cornforth, “Nonprofit Governance Research: Limitations of the Focus on Boards and Suggestions for New Directions,” *Nonprofit and Voluntary Sector Quarterly* 41,

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2. Robert D. Herman and Richard D. Heimo-
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3. Herbert A. Simon, *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organizations* (Glencoe, IL: The Free Press of Glencoe, 1957); and James G. March and Herbert A. Simon, *Organizations* (New York: Wiley, 1958).
4. Richard M. Cyert and James G. March, *A Behavioral Theory of the Firm* (Englewood Cliffs, NJ: Prentice-Hall, 1963).
5. James G. March, “The Business Firm as a Political Coalition,” *Journal of Politics* 24, no. 4 (November 1962): 672.
6. Daniel P. Forbes, “Measuring the Unmeasurable: Empirical Studies of Nonprofit Organization Effectiveness from 1977 to 1997,” *Nonprofit and Voluntary Sector Quarterly* 27, no. 2 (June 1998): 184.
7. *Ibid.*, 185.
8. James D. Thompson, *Organizations in Action: Social Science Bases of Administrative Theory* (New York: McGraw-Hill, 1967).
9. *Ibid.*, 140, 141.
10. *Ibid.*, 128.

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