

ROUTLEDGE CONTEMPORARY CORPORATE GOVERNANCE

NONPROFIT GOVERNANCE

INNOVATIVE PERSPECTIVES AND APPROACHES

EDITED BY CHRIS CORNFORTH
AND WILLIAM A. BROWN

ROUTLEDGE



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approaches

*Edited by Chris Cornforth
and William A. Brown*



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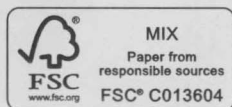
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NONPROFIT GOVERNANCE

The current fashion for rolling back the state has seen the nonprofit or third sector playing an increasing role in what were previously the heartlands of the public sphere. The growing significance of the sector and its increasing reliance on public funds mean it has also attracted increased scrutiny. From outside the sector concerns have been raised about the accountability and performance of nonprofit organizations. From within the sector there has been considerable debate about whether the increased reliance on government contracts is in danger of undermining the sector's independence. As a result the spotlight has fallen on governance arrangements and whether they are adequate to ensure that nonprofit organizations are effective and accountable for their actions, and able to retain their independence.

This collection offers a comprehensive assessment of research on the governance of nonprofit organizations. Nonprofit governance research has been dominated by the study of boards of unitary organizations and has paid insufficient attention to the multi-level nature of governance, governance relationships and dynamics, and the contribution of actors other than board members, to governance processes.

Drawing on the research of leading scholars in the US, UK, Canada and Australia, this book presents new perspectives on nonprofit governance, which help to overcome these weaknesses. Written in an accessible manner, the book will be of value to scholars, researchers, students, reflective practitioners and governance consultants and advisers.

Chris Cornforth is Professor of Organizational Governance and Management at the Open University, UK.

William A. Brown is Associate Professor of Nonprofit Management at Texas A&M University, USA.

'Chris Cornforth and William A. Brown have put together a book that many will highly appreciate. The not-for-profit sector has for decades experienced tremendous growth, and the governance of not-for-profit organizations is an extremely important topic that has not been given the attention it deserved. On the other hand, the book shows that not-for-profit governance has much to teach for-profit organizations about governance. In this book we find a language about governance questions that is considerably further developed than that found in most academic books about for-profit governance, and there are several thought-provoking cases that should be taken into account when understanding for-profit organizations. Of particular interest are the presentations about the power games and activities inside the boardroom, the use of alternative sets of governance theories, and the dynamics based on how board designs will change over time and depend on the context.'

Morten Huse, *Reinhard Mohn Endowed Chair of Management and Governance, University of Witten/Herdecke, Germany, and Professor of Organization and Management, BI Norwegian Business School*

'Research on nonprofit governance would certainly be very different without the contributions of Chris Cornforth and William A. Brown. We therefore should be happy they took the trouble to collect this set of state-of-the-research-art chapters on all relevant aspects of the topic.'

Professor Marc Jergen, *Vrije Universiteit, Brussels*

'Cornforth and Brown have compiled, and expertly edited, a collection of papers that present a fundamentally new, and extremely valuable, perspective on nonprofit governance. They do more than challenge traditional theories of governance. They propose new and promising approaches to understanding the form and function governing bodies and their interactions with the publics they serve.'

Kevin Kearns, *Professor and Director, Johnson Institute for Responsible Leadership, University of Pittsburgh, USA*

'This important book breaks valuable new ground in our understanding of nonprofit governance and offers creative conceptual insights for scholars and highly useful suggestions for improving nonprofit practice, including more effective community engagement.'

Steven Rathgeb Smith, *Syracuse University, USA*

The Routledge Contemporary Corporate Governance series aims to provide an authoritative, thought-provoking and well-balanced series of textbooks in the rapidly emerging field of corporate governance. The corporate governance literature traditionally has been scattered in the finance, economics, accounting, law and management literature. However the international controversy now associated with corporate governance has focused considerable attention on this subject and raised its profile immeasurably. Government, financial institutions, corporations and academics have become deeply involved in tackling the dilemmas of corporate governance due to widespread public concerns.

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PREFACE

This book builds upon the efforts of numerous scholars. Many are members of the Governance Interest Group at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA). Several provided material for the book, and many more participated in conference presentations and discussions at ARNOVA. Over the years, a small but growing group shared insights, questions and paradoxes in their work. Paul Salipante encouraged us to 'get together' to talk about recurring and cross-cutting themes in nonprofit governance research. This initiative was given further impetus by a two-day pre-conference workshop at the Academy of Management in Montreal in August of 2010, graciously hosted by Wendy Reid and Johanne Turbide of HEC Montreal. The workshop explored how we conceptualize governance and innovative theoretical and methodological approaches to the study of nonprofit governance. The idea for this book grew out of the workshop.

Chris Cornforth and William A. Brown, December 2012

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1

NONPROFIT GOVERNANCE RESEARCH

The need for innovative perspectives and approaches

Chris Cornforth

Until the global financial crisis in 2008 the nonprofit or third sector in many Western countries experienced a period of almost continuous growth over the preceding three decades. At the same time the sector's relationship with government evolved and changed dramatically (Phillips and Smith 2011). While there are important differences between countries related to their own history and culture, there do appear to be a number of common trends in the Anglophone countries that have shaped the growth and development the sector. The first has been the increased involvement of third sector or nonprofit organizations in the delivery of public services as governments have moved to contract out services. The second has been the increasing involvement of nonprofit organizations in cross-sector partnerships in response to a recognition that the resolution of complex social problems requires 'joined up' action and cannot be tackled by government or other organizations alone. The third has been a desire by governments to encourage active citizenship and the formation of social capital in response to pressing social problems, such as the breakdown of communities and increases in anti-social behaviour.

In response to the growing significance of the sector and its increasing reliance on public funds it has also attracted increased scrutiny. From outside the sector concerns have been raised about both the accountability and performance of nonprofit organizations. From within the sector there has been considerable debate about whether the increased reliance on resources from government is in danger of undermining the sector's independence (Independence Panel 2012). Paralleling developments in the private and public sectors, the spotlight has fallen on governance arrangements and whether they are adequate to ensure that nonprofit organizations retain their independence and are effective, responsible and accountable for their actions. This has stimulated a good deal of interest among practitioners about how to improve the quality of governance, and a small