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Nonprofit Governance Research: Limitations of the Focus on Boards and Suggestions for New Directions

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Abstract

This paper examines some of the main limitations of research on the governance of nonprofit organisations. It argues that there are limitations in both the way governance has been conceptualised and the ways in which it has been researched. It suggests that research has focussed too narrowly on the boards of unitary organisations, and ignored both the wider governance system and the more complex multi-level and multi-faceted governance structures that many organisations have evolved. It also argues that the dominant research designs employed have been cross-sectional and positivist in orientation. As a result too little attention has been paid to board processes and change and how they are influenced by contextual and historical factors. Based on this analysis some new directions for nonprofit governance research are briefly mapped out.

Introduction

In many countries the nonprofit or third sector has grown rapidly in size and significance in recent decades. This growth has been stimulated in part by the contracting out of public services and the desire of governments to see voluntary and nonprofit organizations play a greater role in public service delivery. The increasing significance of the sector and its growing reliance on public funds has also attracted increased scrutiny. In particular, paralleling developments in other sectors, the spotlight has focused on governance arrangements and whether they are adequate to ensure that nonprofit organizations are effective, responsible and accountable for their actions.

It is not surprising therefore that the governance of nonprofit organizations has become an increasingly important (and popular) topic in third sector research. At an organizational level an organization's governing body or board has the legal responsibility to ensure that governance functions are carried out. Perhaps as a result the main focus of nonprofit governance research has focused on boards. In a review of the North American literature on nonprofit governance in the areas of human services and health, which has tended to dominate the field, Ostrower and Stone (2006) suggest that the main topics for research have been: the composition of boards, the relationship between boards and managers or staff, board roles and responsibilities, and board effectiveness and the link with organizational effectiveness. An analysis of articles on nonprofit governance and boards published in the period 2005-10 in three leading nonprofit journals (Nonprofit and Voluntary Sector Quarterly (NVSQ), Nonprofit Management and Leadership (NML) and *Voluntas*) suggests that dominant focus has remained on boards, see table 1. About 50% of the articles focus on the four main topics identified by Ostrower and Stone, which suggests there has been a

broadening of interests with a number of articles being published on governance structures and board characteristics; governance, stakeholders and accountability and a variety of other topics. Perhaps most notably there is a stream of more theoretical, conceptual and review articles, and a number of articles that draw on and extend economic theories of corporate governance to nonprofit organizations.

- Table 1 here -

While the dominant research tradition focusing on boards has made an important contribution to understanding certain characteristics of boards and their behavior the paper argues it also has important limitations. The purpose of this paper is to examine these limitations and to begin to sketch out some new directions for research. In particular the paper argues that the focus on boards has been unduly narrow (see also Renz, 2006 and Ostrower and Stone, 2007) and has not adequately kept up with the changing context in which many nonprofit organizations operate or the complexity of governance arrangements that are common in the sector.

The paper examines three inter-related criticisms of third sector governance research. First, it argues that implicitly equating governance with what boards do has led to an overly narrow conceptualization of nonprofit governance that largely ignores the influence of the wider governance system, including regulators, audit and inspection bodies, and the role that internal actors such as managers, members and advisory groups play in helping to carry out governance functions. Secondly, it argues that most research has focused on the boards of unitary organizations and has neglected the governance of organizations that have more complex governance structures. Thirdly, there are important limitations in the dominant methodologies and research designs used to study nonprofit governance. In particular much research has used cross-sectional research designs and tended to be positivist in orientation looking

for general principles or relationships with respect to boards. As a result it has paid insufficient attention to governance processes, the heterogeneous nature of the third sector and how governance structures and practices change over time and are influenced by historical and contextual factors.

The paper is divided into a five sections. The next section examines briefly the changing context for nonprofit governance in the UK in order to help locate much of the supporting evidence used in the paper. The following three sections examine in more depth the limitations of current research discussed above. Finally, in the concluding section the paper sets out some new directions for third sector governance research that can help overcome these limitations.

The changing context

In recent decades the delivery of public services in the UK (and many western countries) has changed dramatically, which has had important consequences for organizations in the third sector. During the 1980's and 1990's a series of government reforms, under what became known in the academic literature as New Public Management (NPM) (Hood, 1991), began to change the relationship between the public and nonprofit sectors. Three inter-related reforms were particularly important in underlying these changes. First, was the disaggregation of parts of the public sector by government through devolving certain powers and creating quasi-autonomous organizations to deliver public services, for example to schools and hospital trusts, or in some cases completely 'handing over' services to new third sector organizations, such as housing associations, that took over public housing stock (Mullins, 2006a) or leisure trusts, that took over recreation services (Spear et al, 2007). The second was the creation of quasi-markets through separating the role of public authorities as 'purchasers' of services, who have the overall responsibility for meeting public needs,

planning provision and purchasing services, from the ‘providers’ of services, who are responsible for delivering the service. This enabled a degree of competition by getting private and third sector providers to compete for public service contracts. Third was a growing reliance by government on arms lengths forms of control through the use of performance management systems, such as top-down target setting, service level agreements and strengthened regulatory, inspection and audit regimes to ensure targets and standards are met.

As a result of these changes the boundaries between the public, private and third sectors have become increasingly blurred. New hybrid organizations, such as social enterprises, that pursue both social and commercial goals have emerged (Billis, 2010) and many voluntary and nonprofit organizations have moved from providing services that supplemented public provision to being direct providers of what were previously regarded as core public services. At the same time there has been a shift in much government funding of nonprofit organizations from grants to contracts, accompanied by increased performance monitoring and inspection. In some areas this has also been accompanied by tighter regulation. This has led some commentators to question how independent many voluntary and nonprofit organizations are that are heavily dependent on government contracts (Harris, 2001; Carmel and Harlock, 2008). The move from government grants to contracts and a desire by many voluntary and nonprofit organizations to develop new sources of income through commercial activities lead to a large growth in earned income over the last decade to 2010 (Wilding et al, 2006; Reichart et al, 2008).

One consequence of the NPM reforms was an increasing fragmentation of public services. In the UK this lead to a growing recognition by government that there was a need for ‘joined up’ governmental action, to be achieved in part through the

development of partnerships with organizations in both the private and third sectors (Newman, 2001; Osborne, 2010), which has conceptualized by some academics as move to ‘relational governance’ (Phillips and Smith, 2011). As a consequence many voluntary and nonprofit organizations have been increasingly involved in inter-organizational collaborations with public bodies at both local and national levels. These have taken a wide variety of forms from informal networks to formal partnerships with agreed terms of reference and structures (Huxham and Vangen, 2000). Indeed Renz (2006) has suggested many social issues can now only be adequately tackled at these higher levels and so some governance issues can no longer only be addressed solely within organizations.

The election of a new Coalition Government in the UK in 2010 with its ‘Big Society’ agenda (Alcock, 2010) has advocated an even bigger role for third sector organizations in providing public services in England in the future. However, at least in the short term, severe cuts in public spending are leading to a contraction in the size of the sector.

As shall be discussed in the following sections these changes have important implications for the governance of nonprofit organizations.

Reconceptualizing governance: changing focus from boards to the governance system

As Ostrower and Stone (2006) note the term governance is seldom explicitly defined in the literature on nonprofit or third sector governance. However, the predominant focus is very clearly at the organizational level and on boards and their behavior. This literature has largely ignored the fact that governance has become an important concept in a variety of different disciplinary and practice arenas including

management, economics, public administration, social policy and politics (e.g. Rhodes, 1996; Keasey et al, 1997; Kooiman, 1999; Hodges, 2005; Osborne, 2010).

The word governance has its roots in a Latin word meaning to steer or give direction. However, as Kooiman (1999) notes in a useful review article the term is used in a number of different ways both within and between different disciplines, which can lead to confusion. He suggests one useful way of distinguishing between different usages is in terms of levels of analysis. The focus of this article is primarily on the organizational level and how organizations are governed. The term corporate or organizational governance is often used to refer to governance at this level. As Hodges et al (1996, p.7) note there is no one agreed definition of corporate governance, but there is some degree of consensus that it concerns the direction and control of the enterprise and ensuring reasonable expectations of external accountability. The influential Cadbury report on corporate governance in the private sector in the UK defined it as ‘the system by which companies are directed and controlled’ (Cadbury, 1992, p.15) For the purpose of this paper organizational governance is defined as the ‘systems and processes concerned with ensuring the overall direction, control and accountability of an organization’ (Cornforth, 2004).

It is important to distinguish organizational governance from public or political governance, at a higher level of analysis, where it is often used to refer to new patterns of government and governing (Hodges, 2005, Osborne, 2010). In particular the shift away from a unitary, hierarchical state to a more fragmented and arms-length system of government where a range of non-governmental bodies participate in the delivery of public services and policy formulation (Rhodes, 1994). Of course as was discussed earlier these new, more network-like patterns of political governance and public service delivery are an important part of the context in which

many nonprofit organizations operate. This is reflected in the contracting out of public services to nonprofits and their increasing involvement in ‘partnership’ arrangements with public and other bodies. (The implications of this for organizational governance will be discussed in more detail in the next section.)

The body with the main responsibility in an organization for carrying out governance functions is the organization’s board or governing body. However, the corporate or organizational governance system is wider than this and includes the framework of responsibilities, requirements and accountabilities within which organizations operate, including regulatory, audit and reporting requirements and relations with key stakeholders. It also includes other actors within organizations, such as managers, members and advisory groups that may contribute to carrying out governance functions. As Demb and Neubauer (1992, p.16) observed in their research on corporate governance in the private sector:

‘...to equate corporate governance with the role of the board is to miss the point. It is much too narrow.’

A broader conceptualization of nonprofit governance opens up new questions for research concerning the relationships between different parts of the governance system, such as how regulation, audit, inspection and funding regimes can influence governance structures and practices at the organizational level, or what contribution other internal actors such as managers, staff and members make to the carrying out governance functions?

An example from the social housing sector in the UK illustrates the important influence that changes in the regulatory and funding environment can have on nonprofit organizations. Until 2010 housing associations in England were regulated by the Housing Corporation (HC), a specialist regulator, which also acted as a public

funder to subsidize new social housing. The regulatory and inspection regimes for housing associations in England are much stronger than those faced by many other nonprofit organizations in different fields of activity and the HC often shaped a good deal of the agenda of the boards of housing associations in terms strategy, monitoring and reporting requirements. For example a decision by the HC in 2004 to channel money for developing new social housing through a limited number of housing associations, called development partners, was influential in encouraging many housing associations to enter into collaborative agreements, group structures or merge completely with larger associations (Mullins, 2006b; Mullins and Pawson, 2010). Following the Cave (2007) review of social housing regulation there have been a series of regulatory changes by both the New Labour and subsequent coalition governments which have aimed to give more responsibility and power back to boards and to further empower tenants (Victory and Malpass, 2011). While tenant involvement on the boards of housing associations is well established these changes are encouraging housing associations to develop new forms of tenant involvement, such as resident scrutiny panels which can call decisions of the housing association in for scrutiny or devolving some decision-making powers to areas or neighborhoods, where tenants can be more involved.

As the example above illustrates it is also important to remember that regulatory requirements on nonprofit organizations may vary depending on the type of organization they are and the legal form they take. Regulatory requirements may also vary between different jurisdictions. This opens up the scope for comparative research examining the impact of different regulatory regimes on behavior of organizations and their boards. Interestingly, comparative studies of corporate governance systems in different countries are an important part of the literature on

corporate governance in the private sector (e.g. Charkham, 1994; Hopt et al, 1998; Clarke, 2007), but have been largely neglected in nonprofit governance research, although a recent book contrasts various studies on the regulation of nonprofit organizations in different countries (Phillips and Smith, 2011).

As noted above this broader conceptualization of governance also needs to recognize that other actors within organizations may contribute to carrying out governance functions. It has been recognized for sometime that the role of boards and management in nonprofit organizations are interdependent (e.g. Middleton, 1987; Harris, 1993 and 1999). Both boards and staff contribute to carrying out governance functions. As Chait et al (2005, p.5) note governance is too complex for a simple division of labor between boards and managers to be tenable. For example, while it may be the responsibility of boards to decide strategic direction of the organization or make major financial decisions, it is usually staff that have the time, knowledge and information to work up different strategic options and proposals for the board to consider (Cornforth and Edwards, 1999). So at the organizational level governance functions are often carried out through the interactions of boards with staff. As Harris (1999, p.105) notes the relationship between a board and staff is ‘negotiated and renegotiated as circumstances and personalities change’. Yet while there has been research on the relationship between boards and management and in particular the relative power of both parties, there has been surprising little research on how boards and management work together to ‘co-produce’ governance functions, and how the relationship and responsibilities between them are negotiated and re-negotiated over time (for an exception see Harris, 1993).

One corollary of the analysis above is that it is not just boards and managers that contribute to governance functions but a range of different actors. Many

organizations are required to comply with regulatory requirements for auditing and external reporting, and both external and internal audit procedures may be important in assisting boards to carry out their monitoring function and ensure that resources are being used appropriately (Morgan, 2010). However, unlike research on corporate governance in the private sector, surprisingly little research has been devoted to the influence of audit and reporting requirements on nonprofit organizations. It is also quite common for nonprofit organizations to establish consultative bodies such as member, user or advisory groups that feed into governance decisions. Saidel (1998) argued that the concept of governance needed to be expanded to include the contribution of such groups, but so far this challenge has hardly been addressed.

In summary then a broader conceptualization of governance needs to recognize that both internal and external actors beyond the board itself contribute to the carrying out of governance functions. The next section argues that governance not only involves multiple actors but may also take place at multiple levels, not just the organizational level.

Multi-level governance: looking beyond the boards of unitary organizations

Not only has research on nonprofit governance focused primarily on boards, it has focused dominantly on the boards of unitary organizations, that is organizations that have a single governing body or board. In practice many nonprofits have more complex governance structures with boards operating at different levels, such as federations (Young, 1989; Widmer and Houchin, 1999; Taylor and Lansley, 2000; Brown et al, 2007) or organizations that have subsidiaries with their own boards (Cornforth and Spear, 2010). There are a number of reasons why these more complex governance structures have evolved over time and may take a variety of forms.

In the UK if a charity wants to engage in significant trading that does not directly further its charitable objects it is required by law to establish a trading subsidiary (illustrating again the importance of regulation in shaping governance practices at the organizational level). Charities may also decide to set up trading subsidiaries as a way of protecting their charitable assets from commercial risks and for tax reasons (Co-operatives UK, 2005; Sladden, 2008). The growth in public sector contracting and other forms of trading to raise funds has resulted in increasing numbers of charities in the UK establishing trading subsidiaries, with their own separate boards, to undertake commercial activities.

Interestingly a number of social enterprises that were established to trade in the market have ‘moved in the opposite direction’ by establishing charitable subsidiaries, where they have social goals that qualify as being charitable (Spear et al, 2007; SEC, 2007). This has the advantage of helping social enterprises to protect their social mission and the added benefit that their charitable activities are able to attract tax relief and grants (SEC, 2007).

Multi-level governance structures are also found among many nonprofits that operate at both national and local levels. For example, a number of large UK charities, including Mind, Citizens Advice, Age UK and Samaritans, have federal structures, where independent local charities are affiliated to and supported by a national charity that provides a range services. These organizations also often have some form of democratic member involvement. For example, the mental health charity Mencap has a complex democratic structure where local groups are able to nominate two people to district committees, two members from each district are elected to regional and country committees, and all regional and country representative and trustees form a national assembly (NPC, 2009).

Interestingly the governance structures of national associations and federations were the subject of various research studies at the end of 1990's and the beginning of the 2000's in the US (Young et al, 1996; Young, 1989 and 2001; Selsky, 1998; Widmer and Houchin, 1999), but with a few exceptions (e.g. Brown et al, 2007; Schnurbein, 2009) interest in the topic appears to have declined since then. A number of different studies have attempted to classify the different governance structures of national associations. Young et al (1996) distinguished three main types: *corporate* organizations that are a single legal entity with one governing body, but in which a national or central body establishes local units or branches; *trade associations* which are membership organizations created by and for members that are independently constituted legal entities; and in between these two types *federations*, which have a degree of central control over their members although usually within a governance structure influenced to varying degrees by their members. Taylor and Lansley (2000) extend this framework by introducing a fourth type the *franchise*, where the franchise model is distinguished from both the federation and the hierarchical corporate model because although local bodies are legally independent they have to agree to common standards developed by the centre in order to ensure a standardized service. Brown et al (2007) have also developed a similar typology of governance structures that have evolved among international advocacy non-governmental organizations (IANGOs) in order to better co-ordinate their activities and campaign at an international level.

A key challenge for these organizations is how responsibilities are divided between governing bodies at different levels and the balance of power between them. Widmer and Houchin (1999) concluded that federal organizations often experience a tension between the need for greater *efficiency and centralization* and the need for *representation* to stand up for the interests of local member organizations or affiliates.

A similar tension between efficiency and representativeness or unity and diversity has been observed in inter-organizational partnerships and collaborations (Provan and Kennis, 2007; Saz-Carranza and Ospina, 2010). Widmer and Houchin (1999, p.34) suggest that one consequence of this is that federal organizations 'spent considerable time, energy and other resources discussing and modifying their governance structures'. Recognizing this tension other studies have examined some of the drivers towards greater centralization or decentralization in multi-site nonprofit organizations (Barman and Chaves, 2001; Grosman and Rangan, 2001). This highlights another point that will be returned to later that governance structures and processes are not static but change and evolve over time as circumstances change.

While researchers have made some progress in identifying and describing different governance structures and the drivers of processes of centralization or decentralization within federal organizations and national associations this has been a relatively neglected area of research and many important research questions remain, such as: how do these multi-level governance structures evolve and change over time, how are responsibilities divided between governance actors at different levels, how do governance actors at different levels relate to each other and what is the balance of power between them, and how do decision processes take place across different levels over time?

At the inter-organizational level the participation of nonprofit organizations in wider inter-organizational collaborations through being part of a partnership, coalition or strategic alliance may mean that certain aspects of an organization's governance have moved to a higher organizational level. The implications of this have only recently begun to be discussed by nonprofit governance researchers. Renz (2006) argues that many of society's most pressing problems and issues cannot be dealt with

effectively by single organizations; hence collaboration will be essential for many nonprofit organizations, which means that governance can't just take place at the organizational level. Ostrower and Stone (2007) make a similar point. Noting the increased blurring of sector boundaries they examine how the more extensive literature on public governance and partnership working can be used to extend and strengthen nonprofit governance research. In particular they identify a set of new research questions concerning the relationships between nonprofit organizations and the wider civic and public sphere, and between organizational governance and higher-level public governance. It is increasingly important therefore to examine the governance and accountability of inter-organizational collaborations in which third sector organizations are involved and the implications these collaborations have for governance of nonprofit organizations at the organizational level (Provan and Kennis, 2007; Stone et al, 2010).

What the discussion above illustrates is that in many organizations' governance processes take place at multiple levels, both below and above the level of the organization's main board, but relatively little is known about how these multi-level governance structures operate, develop and change over time.

Limitations in research methodologies used to study governance

As well as limitations in how governance has been conceptualized, narrowly equating it with what boards do, there have also been limitations arising from the dominant research designs and methodologies employed to conduct research.

The majority of this research has been what Van de Ven (2007) calls variance studies looking at the antecedents or consequences of board characteristics and behavior. Much of this research has been carried out using cross-sectional research

designs with a broadly positivist epistemology (Murray, 2004, p.5). With some notably exceptions (e.g. Wood, 1992; Reid and Turbide, 2011) there has been a relative neglect of process studies (Van de Ven, 2007) that have attempted to explain how governance structures and practices have evolved and developed over time. Perhaps surprisingly there has also not been a great deal of attention to understanding the internal processes and dynamics of nonprofit boards, although there is now some evidence of a growing stream of work in this area applying a range of novel perspectives including strategizing (Morrison and Salipante, 2007; Parker, 2007), learning theory (Beck, 2010), and psychodynamic theory (Reid, 2010).

However, as this paper has shown organizational governance structures and practices do evolve and change over time to meet new demands and circumstances. A charity may set up a trading subsidiary, an advisory body or members forum, organizations may come together to form some sort of federation or looser alliance, an organization may join a partnership with other public or private bodies. Inevitably by their very nature cross-sectional research designs are not good at capturing how and why these changes take place.

As Ostrower and Stone (2006) note the field of governance research in North America lacks panel data on a representative sample of organizations so that the characteristics and behavior of boards can be tracked over time. Similar problems are evident in research in other countries. The problems in securing the long-term funding needed to enable longitudinal panel studies of third sector governance may mean this often remains an ideal to aspire to rather than a practical reality.ⁱ

Nevertheless, there may be other ways in which a longitudinal element can be built into survey research. Cornforth (2001) and Cornforth and Simpson (2002) were able to replicate aspects of earlier surveys on the governance of charities in the UK

and show how various board characteristics and behaviors had changed over time. In a different approach Abzug and Simonoff (2004) in an ambitious study were able to assemble historical data-sets on trusteeship in five American cities to examine how changing external institutional factors had influenced board composition.

There is also need for more in-depth process studies that use longitudinal or historical case studies to examine how governance structures and practices change over time. Process studies seek narrative explanations of how change happens in terms of the central actors involved in the change ‘that make events happen and to which events occur’, and the sequence of events that lead to change (Van de Venn, 2007, p.154-5).

Another limitation of much of the research that has been conducted on the governance of nonprofit organizations is that it has often focused on quite restricted populations of organizations in a limited geographical area or field of activity. As a result the degree to which generalizations can be made are limited. Much of the North American research has focused on larger organizations that employ staff in the field of human services (Ostrower and Stone, 2006). National representative sample surveys of nonprofit governance are relatively rare. It wasn’t until 2005 that the Urban Institute carried out the first national representative survey of nonprofit governance in the US (Ostrower, 2007).

In particular there has been a shortage of research on the governance of grassroots organizations that employ few or no staff, what Smith (1997) has called ‘dark matter’ of the sector because it goes largely unobserved, which in fact make up the vast majority of nonprofit organizations. Even in the Urban Institute survey mentioned above the smallest organizations had annual income of at least 25,000

dollars, the threshold for filing annual returns, and so will have missed many grass-roots organizations.

Interestingly some of the research that has been done does suggest that board characteristics and the challenges they face do vary with organizational size. Cornforth and Simpson (2002) in a survey of charities in England and Wales showed that board size and composition, board structures, formalization and various board problems varied with size. Rochester (2003), based on case study research in the UK, suggests that organizations with few or no staff face a number of distinctive challenges in developing and maintaining an effective board. Similarly Kumar and Nunan (2002) suggest these organizations have distinctive support needs. Ostrower (2008) in a survey of the boards of mid-size nonprofits in the US identifies a number of distinctive weaknesses and challenges they face.

More generally there has been insufficient attention in research design to systematically examining the influence of contextual factors on boards, or taking account of contextual differences in developing theory about boards. Despite calls by a number of researchers at different times (e.g. Kramer, 1985; Ostrower and Stone, 2001; Cornforth, 2003; Ostrower and Stone, 2006) research explicitly designed to develop and test contingency models has been relatively slow to develop although it recently appears to have gained some momentum (e.g. Bradshaw, 2009; Brown and Guo, 2010; Ostrower and Stone, 2010). Perhaps most significantly Ostrower and Stone (2010) use a contingency framework that they developed out of a previous review of the literature to re-analyze data from a national survey of the governance of nonprofit organizations in the USA (Ostrower, 2007). Their findings demonstrated the utility of the framework and approach showing how various external and internal contingencies were associated with different board behaviors and accountability

practices. As the authors suggest their framework also has potential value in helping organize findings from empirical research on nonprofit governance and to encourage theoretical endeavors to take account of contextual factors. Indeed Cornforth (2003) built on an earlier version of their framework to organize and discuss findings from a number of UK empirical studies.

Of course contingency theories and frameworks have their limitations and have been subject to various criticisms in the organizational literature (e.g. Fincham and Rhodes, 1999, p.364-7). Assuming a one way causal relationship between contingencies variables and board characteristics and behavior is a simplification. Organizations may exert influence on their environment. Also organizational actors such as boards actively construct or enact their environments, through what to they selectively pay attention to and how they interpret the information they receive. Moreover organizations and their boards are not powerless and exercise a degree of choice in how they react to external contingencies.

There is a need therefore for more in-depth qualitative, case study research to complement quantitative studies of contingency relations, in order to examine how different actors involved in governance interpret and react to contextual factors. Such research has the potential to identify important new contingencies and develop new theory about the multiple, interacting factors that shape governance structures and processes.

Conclusions

This paper has examined three inter-related limitations of research on the governance of nonprofit organizations: that nonprofit governance has been conceptualized too narrowly in terms of an organization's main board and its behavior; that research has focused predominantly on the simple case of unitary

organizations with a single main board, and not adequately addressed the more complex multi-level governance structures of many organizations and that empirical research has been dominated by cross-sectional research designs with a broadly positivist epistemology. Addressing these limitations suggests some important new directions for nonprofit governance research.

A broader conceptualization of nonprofit governance needs to recognize that boards are part of a broader governance system, including regulators, auditors and other key external stakeholders, such as funders, that can place accountability requirements on an organization and its board. It also must recognize more fully how various internal actors such as managers, staff, members and other specially constituted bodies like advisory groups may contribute to carrying out governance functions. This opens up a variety of new research questions about how different regulatory and funding regimes influence governance structures and practices within nonprofit organizations and how different actors, such as managers, membership and advisory groups, contribute to carrying out different governance functions and how they manage the relationships and inevitable tensions between them.

The insight that many nonprofit organizations have multi-level governance structures also suggests important new directions for research. Research on the governance of organizations with subsidiary boards and those with federal structures is still relatively undeveloped. In particular there are important research questions about how responsibilities are divided up between boards at different levels and how relationships and tensions between these boards are negotiated and managed. Increasingly nonprofit organizations are taking part in collaborations, partnerships and alliance with other organizations to address important social problems. Research is

needed on how these collaborations are themselves governed, and the implications the collaboration has for governance of the organizations involved.

A further limitation of third sector governance research has been the reliance on positivist, cross-sectional research designs often conducted on a relatively narrow range of organizations. The emphasis in this research has been on seeking broad generalizations. Yet as Ostrower and Stone (2006) note boards defy easy generalizations. There is a need, therefore, for longitudinal and comparative research designs that not only focus on board characteristics and behavior but explicitly examine how governance structures and practices change over time and are influenced by external and internal contingencies.

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Biographical Note

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| Research Area | Article | Focus |
|---|-------------------------------|---|
| <i>Board composition</i> | Iecovich (2005) | Composition of boards in Israeli nonprofits |
| | Garrett (2007) | Composition of Better Business Bureau boards in the US |
| | Tschirhart et al (2009) | Predicting the placement of management graduates on the nonprofit, government and business boards |
| | de Andres-Alonso et al (2009) | Determinants of board size and composition in Spanish foundations |
| <i>Board roles and responsibilities</i> | Brown and Guo (2010) | The relationship between external and organizational contingencies and board roles |
| | Siciliano (2008) | Board involvement in strategic management |
| <i>Board performance and organizational effectiveness</i> | Brown (2005) | The relationship between board performance and organizational performance |
| | de Andres-Alonso et al, 2006 | Relationship between active donors, board characteristics and organizational efficiency |
| | Hoye (2006) | Board leadership and board performance |
| | Brown (2007) | The relationships between board development practices, board member competencies and board performance |
| | Herman and Renz (2008) | Proposes nine theses on organizational effectiveness, including the influence of boards |
| | Callen et al (2010) | The relationship between environmental stability, board characteristics and organizational performance. |
| <i>Board –staff relationships</i> | Caers et al (2006) | Principal-agent and stewardship relations in nonprofit organizations |
| | DuBois et al (2009) | Agency conflicts between board and manager |
| <i>Governance, accountability and stakeholders</i> | Morrison and Salipante (2007) | Chair and CEO strategizing to achieve broad accountability. |
| | Speckbacher (2008) | Use of transaction cost economics and the theory of |

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|--|-------------------------------|---|
| | | contracts to select key stakeholders |
| <i>Governance structures and board characteristics</i> | Bradshaw (2009) | Aligning governance structures and board characteristics with environmental contingencies |
| | Schnurbein (2009) | Governance structures of trade associations and unions |
| | Enjolras (2009) | A governance-structure theory of voluntary organizations |
| <i>Broad ranging theoretical and review articles</i> | Jegers (2009) | Review of economics literature related to nonprofit governance |
| | Ostrower and Stone (2007) | How nonprofit governance research can benefit from the public governance literature. |
| | Ostrower and Stone (2010) | A contingency-based framework for board research and empirical application. |
| <i>Other</i> | Gill et al (2005) | Validation of board self-assessment instrument |
| | Inglis and Cleave (2006) | Development of scales to assess board member motivations |
| | Zimmermann and Stevens (2008) | Prevalence of board best practices among nonprofits |
| | Kreutzer (2009) | Governance challenges during organizational transition in voluntary associations. |
| | Balduck et al (2010) | Identifying competencies of board members of voluntary sports clubs. |
| | Nezhina and Brudney (2010) | Adoption of Sarbanes-Oxley Act by nonprofits |

Table 1: An analysis of articles on boards and governance in the three main nonprofit journals from 2005-10

ⁱ Interestingly the Third Sector Research Centre in the UK (www.tsrc.ac.uk), which was established in 2008 with substantial funding for five years, is undertaking longitudinal research of this kind by assembling datasets based on data from the annual returns of charities, although the focus is not on governance. It is also undertaking qualitative research on a small panel of nonprofit organizations. However, it is unclear whether these initiatives will be sustained when the initial funding runs out.