

Rethinking Governance in a Dynamic Environment

Board Leadership and Governance Beyond the Boundaries of the Board

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Abstract

The rapidly changing nonprofit landscape and new challenges have led to new thinking about the traditional models of governance and board leadership. This article, based on the Alliance for Nonprofit Management's 2015 national conference research to practice sessions, describes findings from several key board chair leadership studies and research of new shared governance approaches beyond the structure of the normative, unitary board. Findings from the largest U.S. study of board chairs to date reveal that preparation for the board leadership role is severely lacking and that most board chairs generally do not engage with their community or constituents. This article also describes several shared governance approaches, including network governance and Community Engagement Governance™, that move beyond the board as the sole locus of governance. Implications for practice and suggested discussion questions for the classroom and trainings are also provided to help students learn about alternative approaches of governance.

Keywords: *nonprofit governance; shared governance; network governance; capacity building; nonprofit board chairs; Community-Engagement Governance™*

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It has become increasingly clear over the last few years that traditional governance models for nonprofits are often inadequate to respond effectively to the rapidly changing environment and other challenges that many nonprofits and their communities face. Board dysfunction continues to be among the most common causes for complaint by nonprofits managers, but most nonprofits continue to rely on the traditional approaches to governance that focus on the role and responsibilities of the board. They do so hoping that more board training or better board recruitment will transform how their organizations are governed, but the underlying problems remain. However, an increasing number of nonprofit researchers and capacity builders have concluded that the problem lies with the traditional governance models themselves (Bradshaw et al., 2007; Bradshaw, 2009; Freiwirth, 2013).

The governance research to practice session at the 2015 Alliance conference entitled *Rethinking Governance in a Dynamic Environment: Board Leadership and Governance Beyond the Boundaries of the Board* addressed two areas of governance research in which some of the most innovative thinking about governance frameworks and practices have emerged. These two research to practice areas are presented below.

Board Chair Leadership

Yvonne Harrison, a leading governance researcher who focuses on board chair leadership, presented her research at the 2015 Alliance conference Research to Practice Track. She used a multiphase, multiyear, mixed method approach to explore the leadership and impact of nonprofit board chairs from the perspective of the key actors with whom chairs interact. In her research, she does not present, however, the perspectives of the chairs (Harrison, Murray, & Cornforth, 2014). As she and others have noted, most of the research regarding board leadership has focused on the board as a whole rather than on the board chair's leadership capabilities (Axelrod, 2005; Herman & Heimovics, 2005). In the most comprehensive board chair study to date, Harrison and Murray (2012) obtained descriptions and examined patterns of chair leadership from those who interact with them—CEOs and other board members. They stated that board chairs were perceived by CEOs and other board members to affect the performance of the CEO, board, and organization and that board chairs have the most effect on (a) clarifying the board's role in the organization, (b) setting the broad direction for the organization, (c) helping the board become organized and efficient, (d) meeting its fiduciary responsibilities, (e) overseeing the organization's performance, and (f) attracting top quality board members.

Harrison, Murray, and Cornforth (2013) also identified the board chair characteristics perceived to be effective or less effective. They categorized the personal qualities and behaviors for effective and ineffective characteristics of board chairs into five clusters of effectiveness including (1) motivation and style (altruistic, empowering), (2) capacity to lead (committed, clear about role, capable of seeing the big picture, collaborative, proactive), (3) personal attributes (trustworthy, reflective, organized, innovative, inspirational), (4) ability to relate (nonjudgmental, flexible, ability to listen), and (5) ability to advance the organization externally (willingness to use connections to advance the nonprofit). Additionally, they looked at why some board chairs were perceived to be more effective in their role than other board chairs. The findings included

(a) a high level of capability as a group facilitator, (b) a high level of ability to relate to others, and (c) a high level of emotional intelligence.

In another research study presented at the Alliance session, 635 board chairs across the United States responded to a national study regarding how they prepared for the role as chair and how they understood their leadership roles in relationship to their boards, to their chief executive officers/executive directors, and to the communities they serve (Freiwirth, Hiland, Burns, Gifford, & Beck, 2016). This was the largest national study of board chairs in which the perceptions of the board chairs were solicited directly. It was conducted by the Alliance's Governance Affinity Group, a network of nonprofit consultants, researchers, funders, and capacity-building organizations whose goal is to forward creative and innovative thinking, models, and practices in the field of governance and board development and to promote research-based practice.

Although nonprofit board chairs are expected to provide significant leadership to their boards and their organizations, Freiwirth et al. (2016) found that only about half intentionally prepared for their critical leadership role. For those that did prepare, their primary source of training was through the observation of prior chairs, regardless if they were effective leaders. Few board chairs received formal training, used the Internet to locate and use resources, or read nonprofit books or magazines to help them learn how to be effective chairs. The findings also revealed that many board chairs only served on their boards, in any capacity, for 3 or less years before assuming the leadership role; often, they took on the role because others were unwilling. In hindsight, board chairs thought that mentoring, peer networking, and training would have been the most helpful resources in helping them prepare for their leadership role; this finding has significant implications for practices that may help prepare board chairs for leadership. Once they became board chairs, only 64% of the chairs understood their role to include "keeping the board's focus on strategic direction," and only 49% stated that their role was to ensure the board fulfills its governance responsibilities.

Although focus is increasing on nonprofit accountability to the communities and constituents they serve (Guo & Musso, 2007), the research revealed that that board chairs have relatively little contact with the community and constituents, media, funders, or other community stakeholders. Advocacy and community engagement are considered critical governance roles for boards (Freiwirth, 2014; Stone & Ostrower, 2007), but this study revealed that board chairs reported that they spend most of their time isolated in the boardroom, rather than engage with their constituents and stakeholders to whom they are accountable (Freiwirth et al., 2016).

Implications for Practice

The findings from both research studies have significant practice implications for capacity builders and other practitioners. It is concerning that about half of the board chair respondents did nothing to prepare for their key leadership role on the board. An intentional well-planned practice of grooming and selection coupled with planned leadership development for new board chairs may facilitate transitions that are more successful, board leadership that is more effective, and a deeper bench of qualified candidates. The role for board leaders, as well as many of the effective board chair leadership behaviors and skills identified in Harrison and Murray's (2012) research, can be learned through training, coaching, mentoring, and peer learning. Some of these include (a) facilitation skills, (b) team development skills and building board cohesion,

(c) collaboration skills, (d) skills in dealing with conflict, (e) motivation skills, (d) skills in developing a working partnership with the CEO, and (e) skills in providing vision and direction. An effective methodology that to enhance these skills is a yearlong peer learning capacity-building initiative that includes coaching; mentoring from effective, experienced board chairs; and training.

Normative practice for nonprofit boards has been to have one primary leader, the chair who generally holds much of the power and authority for leading the board. The study by Freiwirth et al. (2016) raised questions whether it is unrealistic for only one person to hold most of the leadership responsibilities and suggested that a shared leadership model may be more effective, especially in developing new and emerging leadership. There has been growing research in this area that indicates a correlation between shared leadership and a positive effect on team (e.g., board of directors) performance outcomes (Nicolaidis et al., 2014).

Shared Governance: Governance Beyond the Boundaries of the Board

During the second half of the governance research to practice session, it was posited that governance and boards are not the same—governance is a function and a board is a structure. In a rapidly changing environment, governance has moved beyond the domain of the board. As described by Renz (2010),

This new generation of governance, which has been most actively evolved in segments of the nonprofit sector where agencies strive to address these complex challenges, nonprofit boards are merely one element and no longer the primary “home” of governance processes by which we address our most critical community issues. (p. 50)

Rather, network governance or multiorganizational governance occurring through alliances, networks, coalitions, and collaborations is often best suited to address the multifaceted complexity of critical community issues.

Although there is surprisingly little research specifically focused on nonprofit network governance, one of the most cited publications on network governance is an article by Provan and Kenis (2007). They provide a useful framework for categorizing different types of network governance and describe issues affecting its functioning. They describe three types of network governance: (a) participant-governed networks in which the network is governed by the network members themselves, with no separate or unique governance entity; (b) lead organization-governed networks in which a lead organization provides administration for network and facilitates member-organization activities to achieve network goals; and (c) network administration organizations in which a separate administrative entity is set up to govern the network and activities (e.g., a separate 501[c][3] coalition). A popular form of a lead organization network, particularly among foundations, is the approach entitled collective impact. What distinguishes this model from typical networks or coalition structure is the emphasis on a shared measurement—that is, all participating organizations agree on the ways success will be measured and reported, to be used for learning and improvement (Kania & Kramer, 2011).

Both Provan and Kenis (2007) and Bryson, Crosby, and Stone (2006, 2015) also considered the endemic conflicts and tensions that often emerge within network gov-

ernance structures and that are likely to influence their internal workings. These include efficiency versus inclusiveness, internal versus external legitimacy (balance of being responsive to external involvement and focus on internal collaboration), adaptiveness and flexibility versus stability, imbalances in member power, and ambiguity in membership.

Community-Engagement Governance™

In response to this compelling need for new governance approaches that respond to the rapidly changing environment, a national network of practitioners and researchers known as the Community-Engagement Governance™ Project developed a new governance framework. The project launched a national participatory action research project with nonprofits from around the country that were interested in experimenting with this new framework. The project continues to generate excitement and experimentation with this new approach.

Community-Engagement Governance™ (Freiwirth, 2013) is an innovative approach to governance built on participatory and democratic principles that moves beyond the board of directors as the sole locus of governance. It is a framework in which responsibility for governance is shared across the organization or network by all key stakeholders: not only the board members, but also the staff, the constituents, and the community. Kanter and Fine (2010) describe the normative state of many nonprofits as “fortressed organizations” that “sit behind high walls and drawn shades, holding the outside world at bay to keep secrets in and invaders out” (p. 77). In contrast, in this framework, governance moves out of the confines of the boardroom and is shared across the organizational or network system. Further, the framework is based on principles of participatory democracy, self-determination, shared power and leadership, genuine partnership, and community-level decision making.

The Community-Engagement Governance™ framework helps organizations and networks become more responsive to their constituents’ and communities’ needs and more easily able to adapt to the changing environment they face. Because no one governance model fits all organizations, the framework sets out design principles, rather than a model, so that each organization or network can customize governance structures and processes to their circumstances and unique characteristics, such as mission, constituency, stage of development, and adaptability. The framework includes the following principles: (a) community impact at the core of governance, (b) governance is a function rather than a structure, (c) stakeholders share power, governance decision making, and leadership (the definition of stakeholders is derived from Freeman, Harrison, Wicks, Parmar, & De Colle, 2010: any group or individual who can affect or is affected by the achievements of an organization’s objectives), (d) democracy and self-determination, (e) a contingency approach with no one right model for every organization (Bradshaw, 2009), (f) governance functions distributed creatively among stakeholders, and (g) openness and transparency among stakeholder groups.

As there is no one right governance design for every organization or network, the shared governance structures vary greatly. Sometimes they include large-scale group decision-making structures that include constituents and other community stakeholders along with board and staff to share decision making and strategy directions. Others include inclusive team structures that are empowered to make meaningful governance decisions, often coordinated by a coordinating or design team. Although the action

research is ongoing, there are number of initial findings concerning achievements to date. Factors affecting success and challenges include the following:

- increased ability to respond to community needs and changes in environment;
- increased accountability to community;
- improved quality and efficiency of governance decision making;
- increased shared ownership of the organization's mission and strategic directions;
- an increase in the number of new, more diverse, and emerging leaders;
- improved ability to engage in deep collaboration with other nonprofits;
- increased visibility within the broader community;
- increased fundraising capacity and sustainability;
- increased transparency and mutual accountability, often using online media;
- increased board engagement in and passion for their organization's strategic direction and programs; and
- perceived community impact.

Implications for Practice

Similar implications for practice have been derived from the network governance research and Community-Engagement Governance™ research. Research findings indicate that for successful implementation of both approaches, collaborating organizations' and individual organization's stakeholders need to develop a clear and shared understanding of the collaborative advantage offered by the shared governance approach. Both approaches call for a design phase with key stakeholders—that is, starting with the outcomes in mind from the beginning, the organization and stakeholders design the processes, structures, and interactions in such a way that the desired outcomes will be achieved and mutual accountabilities met. Additionally, both approaches include the need to design an inclusive process and structure and the need to build ongoing learning into the design process at the beginning of the collaboration. Shared governance designs need to be flexible so that they allow for different requirements across the life cycle of the shared governance structure. For nonprofits and networks interested in undertaking these approaches, discussions of power and the implications of power sharing within participating boards will be important determinants of successful implementation.

Discussion Questions for Graduate Classrooms and Practitioner Trainings

- Based on the research findings on board chair leadership, how might you design a board chair mentoring, peer learning, and coaching capacity-building program for new and prospective board leaders that focuses on effective behaviors described in Harrison and Murray's (2012) research?
- What strategies might you incorporate in a board chair learning initiative that would help board chairs learn how to provide leadership for the boards in advocacy and community engagement?

- What do you think may be the challenges for nonprofits to overcome in order to share some governance responsibilities either with other organizations or with their constituents and stakeholders?
- What are ways that boards and networks might engage in discussions regarding their comfort level with sharing power?

Conclusion

For many years, the governance research and practitioner/capacity-builder sectors have operated in separate and distinct arenas. Consequently, consultants and nonprofit boards have largely based their practices on anecdotal information, conventional wisdom, and so called “best practices,” frequently with little research or evidence to back up the assertions or practices. Fortunately, this is changing because of the intentional practices already occurring in the field, some of which are based on the board leadership and shared governance research described in this article. Continued research in these two areas is already underway with the hope of influencing the governance field not only to create new approaches and practices but also to stimulate the adoption of research-based practices.

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