

Introduction to Part I

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This book examines governance, civil society and democracy across a full spectrum of societal structures, recognizing that governance is changing at all levels. The first part of the book starts with a traditional focus on the governance of CSOs though not too narrowly on the governing boards of these organizations per se. Throughout these first five chapters, the themes of change, complexity and blurring boundaries predominate. CSOs are discovered to embrace an increasing variety of complex organizational forms, a hybridization of traditional forms that challenge existing modes of governance and call for new approaches. This complexity also manifests itself at the interface of civil society and government, as traditional modes of collaboration are challenged by public policies demanding greater accountability and CSOs are sometimes forced to take a more adversarial posture. The nature of feedback between government and civil society changes as a result, altering governance at both levels. At the very least, the "boundary-spanning" role of nonprofit governing boards becomes increasingly important, changing the character of internal governance of CSOs over time. The modern environment of public accountability is also found to affect the style of civil society organization governance. CSOs necessarily become more rationalized and business-like in nature, possibly squeezing out some of the democratic character traditionally associated with nonprofit governance.

But things are not as simple as that; indeed, our authors find several different styles of nonprofit governance continuing to operate side by side in the population of CSOs, some more democratic, some more managerialist than others. Going further, the character of CSOs themselves is found to be evolving, with the boundaries between one CSO and another becoming less distinct. Thus the focus of CSO governance is moving from the domain of organizational governance to one of governing networks of CSOs as collectives. This indeed is a new frontier: new kinds of governance structures seem to be needed to provide both internal governance of CSO clusters and appropriately framed feedback between civil society clusters and the public sector. Finally, the evolution of civil society governance from traditional board governance of individual organizations to boundary-spanning and network governance is seen to have profound implications for societal governance as a whole. For example, some of our authors

observe that as societies become more democratized through technology, globalized networking and economic development, the nature of the social contract itself changes, with greater expectations placed on government for accountability, performance, transparency and fairness. This in turn underwrites another feedback loop between citizens and CSOs, with expectations that the latter will become more democratic and responsive.

Research literature and trade publications intended to guide practice on the governance of CSOs have historically focused on the role of the board of directors or trustees as the key organ for steering the direction of the organization, ensuring its financial sustenance, overseeing staff, and taking ultimate responsibility for its performance and integrity. Moreover, as the chapters in Part I explain, the central thrust over the past half-century has been to model CSO governance on governance in the corporate business sector, emphasizing authority at the top (residing in the board), hierarchical control and top-to-bottom accountability. This trend has been reinforced by resource providers including government and institutional donors as well as trustees drawn from the business sector, who demand accountability for their funding and require performance metrics to help them determine if the organization is accomplishing its mission.

Even in the business sector, however, the traditional corporate governance model has been severely challenged in recent years, as failures in accountability have contributed to the collapse of major corporations in the midst of financial and economic crises and as information technology has made conventional forms of communication and control obsolete. Certainly for CSOs, the corporate model of governance was never a perfect fit. In particular, CSOs are in many ways more complex than business corporations, and not entirely amenable to top-to-bottom, metric-oriented control. CSOs have no overriding criterion analogous to profit with which to judge their performance. They have no owners analogous to stockholders in a business, but rather engage many different stakeholder groups, each with some legitimate claim to the guidance of the organization. Nor do they operate entirely in the marketplace, instead deriving their support from multiple sources ranging from charitable donations and volunteer efforts, to government subsidies and tax benefits, to fees and commercial revenues. All these factors complicate the issue of how they are best governed, and they help explain why the nature of nonprofit governance has always been contentious and complex.

The chapters in the first part of the book take us on a tour of evolving thought on CSO governance. Chapter 1 by Donnelly-Cox focuses on a key dynamic of the contemporary environments of CSOs – the blurring of boundaries between civil society, government and business. One consequence of this blurring has been the hybridization of CSOs themselves, as they take on characteristics of organizations associated with other sectors, especially business. This in turn has important implications for CSO governance. For example, as business practices and market focus become more integral to CSO operations, governance is likely to reflect the corporate model more closely and favor the legal form of the foundation over the association form. Moreover, in the larger scheme of things,

hybridization reflects new thinking about the role of CSOs in society as a whole – requiring a refocusing of internal governance to set new missions and programmatic directions. Finally, a changing role for CSOs is likely to be reflected in public policy, including changes in tax exemptions, requiring CSO governance to give new attention both to resource acquisition issues and to advocacy efforts aimed at influencing policy reformulation itself. As Donnelly-Cox observes, these developments in hybridization will require CSO governance to maintain a tenuous balance between efficiency of operations and democratic decision-making.

Meyer and Maier's analysis in Chapter 2 acknowledges the growing dominance of the managerial, corporate model, but also describes parallel discourses in CSO governance that have long been a part of the overall debate and may indeed again become more prominent as CSOs attempt to address their contemporary and future challenges. These latter discourses – domestic, professionalist, grassroots and civic governance – are based on alternative institutional logics, and they capture various unique aspects of CSOs including voluntarism, cooperative culture, civic engagement and professional service. The authors consider these discourses as they map out different possible scenarios of future CSO governance that integrate the alternative logics into the dominant corporate (managerialist) regime in different possible combinations over time.

Chapter 3, by Chatelain-Ponroy, Eynaud and Sponem, challenges the historical preoccupation with board governance by observing that in France, as in many other countries, governance of associations is shared in some manner between the board and the general assembly of organizational members from which the board is usually elected. The general assembly reflects the discourse of civic (democratic) governance considered by Meyer and Maier. Through their survey of French CSOs, Chatelain-Ponroy, Eynaud and Sponem find that governance is shared by the board and the assembly according to several different regimes. In particular, the authors identify three different styles of governance – emphasizing coercion, coaching or democratic decision-making – and six clusters of CSOs in which these styles dominate for the board or the assembly respectively. At the very least, studies of CSO governance such as this, which attend to the role of assemblies, contribute an important and neglected piece to the contemporary literature on CSO governance. Such study also challenges conventional thinking that CSO governance is synonymous with board governance.

Chapter 4 by Ostrower and Stone recognizes that CSO governance is not exclusively about internal control of the organization but is also about the organization's connection with its external environment. The boundary-spanning function of CSO governing boards has long been recognized in the literature but has been largely neglected in recent years. Now, however, in an era of horizontal relationships and decentralized and collaborative decision-making stimulated by the revolution in communications technology, the boundary-spanning function of governing boards is increasingly critical. In fact, Ostrower and Stone find CSO environments to have become substantially more complex, dynamic and multi-faceted, with fuzzy boundaries and multiple intersecting components

including economic (resource), public policy, legal and regulatory, community and normative elements. In this context, boundary spanning itself is multi-faceted, with boards serving as buffers, mediators, representatives, information gatherers, translators and advocates for their organizations. Ostrower and Stone report on the results of two surveys of CSOs in the US, one broadly representative of the nonprofit sector and the other focusing on the particularly interesting case of nonprofit charter schools. The authors find considerable variation among CSOs in their emphasis on the different dimensions of boundary spanning and the accountability regimes they entail. Nonetheless, the authors identify a problematic general pattern of stronger focus on vertical accountability (e.g., to funders and regulators) and less on outward or horizontal accountability (e.g., to community and peer networks), raising critical questions for practice as well as research on how CSO governance is adapting to the changing environments in which CSOs are now immersed.

The first four chapters of Part I focus primarily on the governance of individual CSOs in a changing environment. Chapter 5 by Koliba moves our attention to governance of key aspects of the environment itself by focusing on the governance networks in which CSOs are commonly and increasingly enmeshed, and indeed in which they are integral components. These cross-sector networks are primary means through which the boundary-spanning role of individual CSO governance is executed; moreover, the governance of the networks themselves is increasingly consequential in its own right. Koliba identifies five key types of governance networks – grants and contract networks, partnership networks, advocacy networks, intergovernmental networks and regulatory networks – and the different roles that CSOs play in these networks, respectively as contracted agents or grantees; partners; peers; external interested parties; and third-party regulators. Koliba also examines how accountability is executed among organizational participants in these networks, through three alternative frames of reference – market, democratic and administrative. The result of Koliba's review is a rich research agenda on network governance issues and the growing importance of networks to the governance of CSOs and the contributions of CSOs to the governance of the networks themselves.

In Chapter 6, Borzaga and Depedri examine the particular case of social enterprises as studied in the European research tradition. Here, social enterprises are understood as private organizations engaged in ongoing productive activity in the economic marketplace, thus relying on paid work while maintaining autonomy and permitting a degree of economic risk-taking. However, at the societal level, social enterprises are also seen to arise from groups of citizens with objectives of service dedicated to the community. As such, they are supposed to ensure that decision-making is not based primarily on returns to capital and the distribution of profits. Accordingly, Borzaga and Depedri focus on multi-stakeholder cooperatives that engage workers, users and volunteers as governing members. In particular, the involvement of workers in the ownership structure of the firm is seen to reduce the risk of opportunistic behaviors resulting from information asymmetries between management (the employer) and workers (agents)

by combining these two roles. Borzaga and DePedri put this proposition to the test empirically by investigating Italian social cooperatives.

The final chapter in Part I, by Wijkström and Reuter, makes the leap to societal governance by considering how CSOs can influence the nature of societal governance as a whole through their capacities to serve as exemplars of governance practice and through their normative powers to influence societal values. These authors view CSOs as sources of ideas and values that can ultimately shape the nature of societal governance by "developing, defining and defending normative principles of governance" For example, CSOs can lead the way on such issues as what it means to be a citizen by establishing and demonstrating norms that embody the concept and values of citizenship. This chapter helps set the stage for Part II, which is primarily concerned with the broader issues of societal governance and its connections to civil society.

In summary, governance of CSOs is essentially inseparable from governance of the society in which CSOs operate. Addressing the problems of societal governance in order to enable society to cope with contemporary issues such as poverty and prosperity, disparities of wealth and income, environmental degradation and climate change, public health and social conflict, must start here. The problems of societal governance are of course much larger and broader than those of CSOs. But CSOs provide a special window through which principles and practices of governance may be understood, developed and disseminated into the wider arena of governance at the level of societies as a whole. The chapters of Part I offer a modest and preliminary stepping stone into that broader arena.