Non-profit organisations (NPOs) are actors at the local, national, and transnational level. Now more than ever, they play important roles in our societies.¹ For the past several decades, issues of legitimacy and representation as well as matters of accountability and responsibility have come to the forefront, raising crucial questions about non-profits' internal governance as well as their external relations with government, for-profit corporations, and affected groups of stakeholders and constituencies. Members, donors, volunteers, employees, and clients have always had claims on how the organizations are run. With the rolling back of the state and government solutions in many countries during the 1980s and 1990s, the non-profit sector has experienced a period of continuous economic growth in most western societies. At the same time, non-profit and voluntary organisations have also become exposed to new types and new levels of critique and scrutiny from internal as well as external sources and actors.

For non-profit actors, governance has emerged as a multi-level phenomenon. It stretches from polycentric governance of highly complex economic systems (Ostrom 2010), multi-level governance running well beyond the nation-state (e.g. Bache and Chapman 2008; Ruzza 2004), and the role of non-profits within multi-level systems (see e.g. section 5 in Cornforth and Brown 2014), to co-governance (e.g. Bode 2006; Cheng 2018), governance exercised in networks (Provan and Kenis 2008; Sørensen and Torfing 2005), and organisational governance. While in this chapter we will focus on organisational governance for non-profit and voluntary organisations

¹ To define a non-profit organisation, we use the widely accepted Johns Hopkins Comparative Nonprofit Sector Project definition (Salamon and Anheier 1997: 33f) which incorporates five elements: organised, private, self-governing, the non-distribution constraint, and voluntary. Non-profits are formal organisations (statutes, structure, membership regulations) in a position of control of their own decisions; they are separate from government as well as from individual for-profit corporations; they can keep their profits and reinvest them to serve their mission; and they involve a meaningful degree of voluntary participation to govern and run the organisation.
(i.e. non-profit governance), it is important to keep the wider picture in mind (cf. Reuter, Wijkström, and Meyer 2014), as many elements of non-profit governance are both empirically and theoretically influenced by what is happening at these other levels and inspired by developments in these other domains.

The chapter is structured as follows. First, we provide an overview of the development of the governance concept and its application to non-profits. Second, we examine the role of constituencies or stakeholders, i.e. different groups of actors whose interests in a NPO should be balanced and integrated in organisational decision-making, as discussed in academic literature. Third, we sketch out some of the most distinctive theoretical positions identified in non-profit governance. Fourth, we provide a brief outline of the various models of good organisational governance that have emerged in the field of non-profits. We end with a brief discussion and outlook of upcoming issues in non-profit governance.

History and Perspectives of Non-profit Governance

We begin with an outline of some of the recent history of non-profit governance in studies on non-profit management discourse and in non-profit research. All the questions that governance is expected to answer existed in non-profits long before the notion of governance appeared: it is about power dynamics, how to steer the organisation, and how to integrate different interests into decision-making. Until the 1990s, however, these questions were discussed under different headings in the literature. One interesting and early alternative way to conceptualise this dimension of the NPO would be to understand its governance as ‘the government of associations’ (Glaser and Sills 1966). The first applications of the term governance as a way to steer non-profits and to balance tensions between board, management, and external actors, however, dates back to the early 1990s (Abzug et al. 1993; Drucker 1990).

Beside organisational internal needs and demands for governance, isomorphic patterns (DiMaggio and Powell 1983) have accelerated the spread of organisational practices. Governance in non-profits appeared as a topic of increased interest on the agenda almost simultaneously with the peak in interest in corporate, i.e. for-profit, governance (see, for example, the seminal publications of Alexander and Weiner 1998; Saidel and Harlan 1998; Zingales 1998). At the same time, the discussion of accountability of
non-profits gained momentum (Bogart 1995; Fama and Jensen 1983b; Young, Bania, and Bailey 1996). In addition to isomorphic processes, the importance of the idea of ‘residual claimants’ and key themes such as the separation of ownership and control (Fama and Jensen 1983b), substitution of trust by control (Ortmann and Schlesinger 1997), and the transformation from choice to contract (Williamson 2002) have all contributed strongly to the growing discussion of non-profit governance that took off at the beginning of the new millennium.

In most countries, NPOs have been positioned in the space or opening between the state, the household sector, and the market. They organize people on the basis of relations other than that of citizens, family members, or customers. They contribute to the production and delivery of goods and services that are neither provided by actors on the market nor in family settings nor by the government. They are found in arrangements supporting the state or government as agents in many fields, e.g. in health care, social services, arts and culture, and sports, or contributing through advocacy and community-building for the common good (Neumayr and Meyer 2010). They are political actors pushing and lobbying both national governments and for-profit corporations around the world to change the agenda and to further their missions (Boli and Thomas 1999; Walker 1983). Traditionally, economists have been able to explain the existence of a third or non-profit sector by failure performance models (Hammack and Young 1993; Badelt 1990), where NPOs are understood to respond to market and state failures and fill these gaps. A close proximity to the governmental sector has become reality in many countries, and public funding in different forms is now an essential resource for many NPOs (Pennerstorfer and Neumayr 2017; Saglie and Sivesind 2018).

Consequently, the NPO world is touched by both strands of broader governance theory: (1) political science-oriented governance and (2) organisational, i.e. corporate, governance (Renz and Andersson 2014; Steen-Johnsen, Eynaud, and Wijkström 2011; Wijkström and Reuter 2015). In political science and policy-making, the concept of governance emerged as an answer to the increasing complexity of political actors and networks (Anheier 2013). Governance has become an issue of increasing relevance at different levels of political policy-making, as the concept integrates non-state actors that participate in generating regulations (e.g. Ansell and Gash 2008; Pierre and Peters 2000; Rhodes 2007; Risse 2013; Sahlin et al. 2015; Stoker 1998). In this very general sense, governance refers to all modes of coordinating social action in society, e.g. by markets, hierarchies, or networks (Williamson 1975).
In a more narrow sense, concentrating on the political system, governance has come to mean the ‘various institutionalized modes of social coordination to produce and implement collectively binding rules, or to provide public goods’ (Risse 2013: 9). Hereby, the focus shifts from actors and structures to networks and processes. In Europe, the recent experience of European integration and the increasingly complex interplay of governmental and non-governmental actors at supranational, national, regional, municipal, and local level have contributed to the fostering and development of the concept of multi-level governance (e.g. Bache and Chapman 2008; Eising 2004). European policy-makers learned from the critique of a democratic deficit and actively encouraged both research on multi-level governance and non-profits building umbrella organisations that could participate in the European Commission’s efforts in various policy fields.

At the level of organisations, corporate governance has a longer tradition and is closely related to the development of shareholder capitalism. Morck and Steier (2005) conclude—based on an international comparison of financial history in Canada, China, France, Germany, India, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States—that the history of corporate governance is path dependent. In some countries, financial collapses resulted in a distaste for financial markets, as is reported for France. Others, such as Britain, underwent financial crises and responded by regulating but sustaining financial markets. The US pioneered the transition from family capitalism to shareholder capitalism, and consequently was in the vanguard of introducing corporate governance regulations. More recently, the scandal surrounding Enron, an American energy company that systematically defrauded its shareholders (Healy and Palepu 2003; McLean and Elkind 2013), accelerated the global spread of corporate governance regulations. In the US, Enron’s bankruptcy led to the passage of the Sarbanes-Oxley Act (SOX) in 2002. SOX is nearly ‘a mirror image of Enron: the company’s perceived corporate governance failings are matched virtually point for point in the principal provisions of the Act’ (Deakin and Konzelmann 2004: 134). According to Google©-Trends, corporate governance peaked as a search term in the early years of the new millennium.2

These developments spilled over to the non-profit sector, meeting strong internal demands there and building an intense flow of discourse. SOX has also had consequences for non-profits (Mulligan 2007; Saxton and Neely 2019; Yallapragada, Roe, and Tomas 2010), and it has been argued that it has

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functioned as a blueprint also for the non-profit sector, but the fact that the sector’s ‘growing significance and reliance on public funds has also attracted increased scrutiny’ (Cornforth 2014: 1) also played a central role. In research as well as practice, the composition of boards, board roles, responsibilities, and effectiveness as well as the relationship between boards and managers have emerged as the major topics. Thus, the discussion of non-profit governance in the early 2000s closely mirrored the mainstream of corporate governance issues and was initially coined and conceptualised primarily by US scholarship. It was within the European perspective that the distinction between organisational governance and governance at a societal level was identified and introduced (e.g. Hodges 2005; Osborne 2010; Steen-Johnsen, Eynaud, and Wijkström 2011; Wijkström and Reuter 2015), due to the strong intertwining of the public and the non-profit sector found in many European countries.

Meanwhile, relevant research has continued to broaden the field of non-profit governance studies significantly (Renz and Andersson 2014). The field now also comprises individual roles and actors in boards; board composition, roles, practices, and effectiveness; the embeddedness of governance within organisations and hybrid forms of organisations; network governance; and the role of non-profits and voluntary associations in societal governance.

Understandings of non-profit governance vary widely. Unsurprisingly, the academic fault lines run along disciplines and theories. In non-profit practice, conceptions of governance vary across countries, which tends to increase the complexity. At least three academic disciplines offer a particular set of perspectives on governance and civil society: economics, sociology, and political science. With a few notable exceptions (e.g. Stone and Ostrower 2007), these perspectives have been used in splendid isolation (Maier and Meyer 2011).

From an economics perspective, non-profit governance is understood as a particular form of corporate governance (e.g. Jegers 2009; Speckbacher 2008; Young 2011). The core question addressed is which stakeholders make valuable and specific investments in NPOs that are not sufficiently protected by contracts. It is argued that their residual rights of control should be protected by governance mechanisms such as boards, legal protection, or the standardisation of outputs.

The sociological perspective, mainly developed in organisation studies, points to governance structure, embracing formal goals, ownership, distribution of residual claims, decision-making procedures, control and accountability mechanisms, and embedded incentives (Enjolras 2009; Rhodes 2007). It is argued that governance systems should foster collective action and emphasise
collective ownership, democratic checks and balances, a broad range of incentives, and participatory procedures (Enjolras 2009; LeRoux 2009).

The political science (public policy) perspective introduces the macro concept of ‘new’ and ‘soft’ governance to emphasise the reduced influence of traditional government and the shift of responsibilities in many cases for public policy implementation to non-governmental actors. Governance thus comprises the formal authority as well as the informal exercise of judgment by numerous actors involved in both advocating and implementing public policies and programmes (Lynn, Heinrich, and Hill 2000: 4; Blomgren Bingham, Nabatchi, and O’Leary 2005; Heinrich and Lynn 2000; Liou 2001).

As a common denominator of these different approaches, we understand governance as ‘the system and processes concerned with ensuring the overall direction, control, and accountability of an organization’ (Renz and Andersson 2014: 18). Non-profit governance practice shows considerable differences according to national contexts. If the focus of research serves as an indicator, US/Anglo-Saxon notions of governance tend to concentrate on board governance of NPOs and their relations with executive staff (Bradshaw 2002, 2009; Ostrower and Stone 2006, 2010; Saidel and Harlan 1998; Zimmermann and Stevens 2008). This stands in stark contrast to governance practice in many European countries, especially in northern Europe, where many organisations in civil society are democratically governed membership organisations (Enjolras 2009: 769).

Beyond this, there are vibrant discussions within the legal studies in many countries. In Germany, for instance, the Institute for Foundation Law and the Law of Non-Profit-Organisations, initiated at Bucerius Law School in Hamburg, contributes remarkably to legal aspects of non-profit governance (e.g. Leuschner 2016; Hasenpflug 2011), especially to foundation governance (Voigt de Oliveira and Wendt 2012). Hereby many suggestions have been made regarding how to shape governance systems and codes (Gräwe 2013; Kalss 2014). As legal forms and tools differ so much between countries and their legal systems, we will not go into detail on this discussion here.

**Context and Constituencies**

In this chapter so far, we have teased out the influence of both political science-derived and corporate governance theory contexts on the concept of non-profit governance. We now turn our focus to constituencies, the different groups of actors whose interests in an NPO are to be balanced and integrated
in organisational decision-making. Amongst scholars who have invested considerable effort to carve out and conceptualise the particularities of non-profit governance, a common point of departure has been to consider the influence of various stakeholders and the ways in which they contribute to the distinctiveness of non-profit governance. Multiple constituencies or stakeholders, it is argued, contribute to the complexity and distinctiveness of the non-profit governance task (Stone 1996), and they are also central to the conduct of ‘good governance’ (Anheier 2013).

A useful starting point for addressing stakeholders is to consider what these approaches bring to our understanding of non-profit governance. The stakeholder approach taken by Speckbacher (2008) focuses not on the mechanisms of governance at the outset, but rather on the particular problems—in his analysis, economic—that are solved by a stakeholder approach to non-profit governance. He then identifies the rules or institutional arrangements that equate with good governance (Speckbacher 2008: 298).

Themes of effectiveness, efficiency, and accountability arise repeatedly throughout the stakeholder literature. Herman and Renz (1997) have emphasised that multiple constituencies beyond organisational decision-makers make judgments of organisational effectiveness, such that the effectiveness of the organisation cannot be assessed independent of multiple stakeholder judgments (Herman and Renz 1997: 202). This has implications for how the organisation communicates with its various stakeholders, as well as for the approaches boards take to evaluating organisational effectiveness (Herman and Renz 1997: 203). One dimension of effectiveness is stakeholder management, and one way of managing multiple and diverse stakeholder perceptions and perspectives is to attempt to align them (Wellens and Jegers 2014).

Addressees of accountability in NPOs differ significantly from public and business organisations, as do the ways that accountability is established and achieved (Dicke and Ott 1999; Young, Bania, and Bailey 1996). Non-profits are accountable not only to those constituencies that provide them with resources (governments, donors, members, volunteers, etc.), but also towards beneficiaries and towards their overall mission. Usually, research differentiates between upward and downward accountability (e.g., Hug and Jäger 2014). Most obviously, balancing these directions of accountability in governance is a tough challenge for NPOs (Ebrahim 2005, 2009).

Themes beyond accountability and effectiveness addressed through stakeholder approaches include collaborative and network arrangements. For example, stakeholder approaches may be applied in understanding how key
actors in non-profit–public sector collaboration respond to important internal tensions (Cornforth, Hayes, and Vangen 2015).

A factor that further increases the complexity of conceptualising stakeholders in non-profit governance research is the large variety of non-profits forms, including charities, foundations, membership associations, social businesses, and the like. With different organisational types come different stakeholder groupings and implications and varying stakeholder demands (Leroux, 2009), for example, the central but ambiguous role assigned to members in many large, federative organisations (S. Einarsson 2012; T. Einarsson 2012; Skocpol 2003).

Different NPOs and their governance systems have to fulfil not only upward and downward accountabilities to funders and beneficiaries, but also various kinds of horizontal accountabilities towards different member groups, membership types, employees, volunteers, donors, etc. at the same time as actually fulfilling their mission. It is therefore not surprising to see that different scholars have been arguing for different focus and weight to different groups of beneficiaries or stakeholders, pointing to the fact that a variety of governing combinations may be required in different types of NPOs (Young 2011). The matter of who has a legitimate claim on the non-profit is actually one of the most important distinguishing factors separating different governance theories or approaches from each other, as we will see in the next section.

An important point of departure for us is therefore that non-profit governance cannot be easily pressed into the Procrustes’ bed of corporate governance without the risk of hurting the organisations and even running the risk of neglecting specific constituencies.

Theoretical Approaches and Discourses

The study of non-profit and voluntary organisations and their ways to organise and go about their activities has often been conducted in the domestic, often legally defined context where the particular organisations of interest reside. This is of course important in order to understand the organisations and their behaviour in the local setting, but it has so far been difficult to draw more generalised organisation theory lessons from this line of research, especially when addressing the matter of governance. In this section we briefly outline three major and popular theoretical approaches of a more general
character which have been applied in the growing literature aimed at addressing non-profit governance. Although less contextually biased than other types of study, these approaches however still widely mirror theories of corporate, for-profit, governance in the way they have been dealt with in many earlier non-profit governance studies.

The theoretical godfather of corporate governance is agency theory, an approach which has recently been used also for understanding and developing NPOs. Most visibly, this theory has been propelled into non-profit studies through the application of the very influential classical principal–agent version (Jegers 2009; Steinberg 2008), but also through the modified stewardship approach (Caers et al. 2006; Donaldson and Davis 1991). Stakeholder theory has also been suggested as a useful frame for understanding non-profit governance (Wellens and Jegers 2014; Speckbacher 2008; Young 2011). Often, these clearly normative approaches have provided recommendations for the design of governance structures and new procedures in non-profits: ‘Principal agency theory has been extremely influential, particularly in proposing changes to governance processes; and it can be seen informing a range of measures such as codes of practice and share option schemes for senior managers’ (Spear 2004: 34). Interesting and valuable progress has been made in the field through comparative or integrative approaches, in which these different approaches have been combined or compared in various ways (Bernstein, Buse, and Bilimoria 2016; Kreutzer and Jacobs 2011; Van Puyvelde et al. 2012).

Beyond this, we can also see contingency approaches being applied (Bradshaw 2009), different forms of hybrid governance arrangements being studied, for example in social enterprises as well as in other forms (Anheier and Krlev 2015; Defourny and Nyssens 2017; Donnelly-Cox 2015), and new institutionalism being brought in to explain how the new governance wave has entered the non-profit sector as a topic. These are all developments which we interpret as both a steadily increasing interest in and a growth of knowledge about non-profit governance. In this chapter, we will however briefly focus on outlining some of the major similarities and differences between the three main approaches we identified.

An important starting point is Fama and Jensen’s (1983b: 321) argument that one reason that non-profit governance is distinctive is the absence of normal ‘residual claims’. In their terms: ‘Again, however, the decision control structures of complex non-profits have special features attributable to the absence of alienable residual claims.’ On a more general level, Anheier (2000: 13) has further argued that ‘because of their complicated governance structure
and minimal influences from markets and the electorate to check on performance, non-profits can easily be manoeuvred into a state of hidden failure, further stressing one major difference of non-profit organisations in comparison to either government or for-profit corporations.

Despite this existing understanding of non-profits as different, the study of non-profit governance still leans heavily on approaches and theories developed in or for the for-profit sector. Young (2011: 573) for example seeks the answer to a rhetorical question which we argue on a more general level still guides a substantial amount of the non-profit governance research: ‘However, one may ask, could non-profit governance be redesigned to resemble the ownership model so that non-profit boards would behave more forcefully to fulfil their duties’ (see also Viader and Espina 2014). It could thus be argued that a substantial amount of further adaption and transformation of earlier models and theories developed primarily for for-profit governance would still be needed when applying them to the world of non-profit and voluntary organisations.

The Principal–agent Approach

In its simplest form, the principal–agent model assumes a kind of contractual relationship between, on the one hand, a principal, i.e. the owner or shareholder as the ‘residual claimant’, in the language of (Fama and Jensen 1983b), and, on the other, an agent internal to the organisation, often the chief executive officer (CEO) or a person in a corresponding executive function. As a result of an analytical separation of ownership and control, the governance approach pioneered in Fama and Jensen’s seminal work, the principal hires the agent to conduct some kind of activity in the interest of the principal, and in the process, authority and power are delegated to the agent.

In a slightly more complex version within a large and complex non-profit organisation, applying the principal–agent approach can be likened to seeing the organisation as a vertical chain of command running along a number of intertwined principal–agent links downwards in the organisation where authority and command flow from the principal to the agent in each of the links.

Apart from the assumption of a vertical chain of command in the form of contracts between principals and agents, there are two other important assumptions that make the principal–agent model especially powerful. The first assumption is that there exists, for different reasons, an information
asymmetry between the principal and the agent. Since the agent is closer to the operations than the principal is and because of the greater amount of time spent, the agent has an information advantage. This is an asymmetry that the agent might use to further their own interests. This possibility brings us to the other important assumption: that the interests of the principal and those held by the agent are different (Waterman and Meier 1998).

The problem (also known as the agency dilemma) arises when the agent and the principal have different interests, at the same time as there is an asymmetry of information between the principal and the agent, who has more and better information (cf. Jegers 2009). "This theory is concerned with economistic, rational-choice theories of how the principal (usually determined by property rights, i.e. the owner/member) can control the agent (the manager of the enterprise) so that the agent manages effectively in the principal's interests" (Spear 2004: 34).

Fama and Jensen, in their two highly influential articles, further argue that 'the decision control structures of complex non-profits have special features attributable to the absence of alienable residual claims' (Fama and Jensen 1983b: 321) and that this absence of residual claims 'does not mean that non-profits make no profits. It means that alienable claims to profits do not exist' (Fama and Jensen 1983a: 342). They thus maintain that non-profits have no residual claimants. However, this position held by Fama and Jensen is not uncontested, which indicates the fuzziness and complexity of the basic assumptions that come with the territory of non-profit governance. To the contrary, Williamson (1983: 358) for example argues that 'because the beneficiaries, real or pretended, are among those who stand to lose most if non-profits are badly run, beneficiaries can be said to have residual claimant status in the non-profit organization' (see also Reuter and Wijkström 2018).

The Stewardship Approach

A key criticism particularly relevant to NPOs relates to the image of the relationship between the principal and the agent as an eternal struggle over different interests within the organisation. The principal–agent model's focus on distrust and control has been criticised as a simplification of human and organisational behaviour (Jensen and Meckling 1994; Steinberg 2008), and stewardship theory has been suggested as an alternative. 'While agency theory privileges controlling behaviour, stewardship theory emphasizes the coaching behaviour of boards' (Kreutzer and Jacobs 2011: 613). As an example of one
of the few attempts to study which of the two models best fit with practice, researchers asked both CEOs and board chairs in the same 474 NPOs a set of questions about board performance and claim to have found ‘more support for […] agency theory than […] stewardship theory’ (Bernstein, Buse, and Bilimoria 2016: 494).

Stewardship theory, which traces its roots to sociology and psychology, emphasises governance mechanisms that facilitate and empower rather than those that monitor and control (Davis, Schoorman, and Donaldson 1997). One such mechanism of potential stewardship identified by Donaldson and Davis (1991) is the situation in which the CEO is also the chairperson of the governing board. In the classical principal–agent approach and based on an assumption of a manager behaving as an ‘economic man’, the board is a key structural mechanism intended to curtail managerial opportunism. According to this approach: ‘Where the chief executive officer is chair of the board of directors, the impartiality of the board is compromised’ (Donaldson and Davis 1991: 50–51).

However, from another theoretical angle, the CEO could be understood as a ‘steward’. This is an approach where ‘organisational role-holders are conceived as being motivated by a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority and thereby to gain recognition from peers and bosses’ (Donaldson and Davis 1991: 51). Thus, it is instead assumed that the intentions and interests of the ‘steward’ (as opposed to those of the classical ‘agent’ in the principal–agent model proper) can be compatible or even aligned with those of the board and the principals. Based on an alignment of interest between the steward and the principal, the steward will be motivated to act in line with the intentions and interests of the principal (Sundaramurthy and Lewis 2003). This scenario has been said to fit better with the reality of many voluntary or non-profit organisations (e.g. Caers et al. 2006; Kreutzer and Jacobs 2011). Here, the literature suggests that when the representatives of an organisation are provided with adequate challenges and responsibility, self-control will develop automatically (Davis, Schoorman, and Donaldson 1997: 33).

To conclude, with a stewardship approach to non-profit governance, the principal–agent model’s basic idea of an internal vertical chain of command is retained as the core of the governance system, but instead it offers a different—less negative—conceptualisation of the relationship between the principal and the agent. Organisational governance is better conceived of, it is argued, as being based on collaboration, participation, and an understanding shared
by the principal and the agent (the steward) regarding both the goal of the organisation, and how to best realise it. In formal terms, it is the principal–agent model's base assumption of different or even conflicting interests between principal and agent that is made void, or at least less relevant. Concerning who has a legitimate claim on the organisation, its activities, or its outcomes, however, the stewardship approach brings nothing new to the table to solve this analytical challenge.

The Stakeholder Approach

The second serious challenger to the principal–agent model as a proper basis for non-profit corporate governance is one step further removed. While the stewardship model relaxes the assumption of conflict of interest between the agent and the principal, it still regards actors within the organisation as the only legitimate holders of claims on or interests in the organisation. The stewardship approach also maintains the basic vertical 'chain of command' character, as discussed above. With the stakeholder approach, however, the step is taken to fully include in the analysis also those stakeholders ('claimants') that reside outside of the organisation and even outside of its mission statement. Further, it does so while recognizing as relevant not only vertical relationships, but also horizontal ones, for example in a network approach. Nevertheless, even with this increased clarity, classical non-profit or voluntary sector constituents such as donors (Jegers 2009; Young 2011), volunteers (McClusky 2002; Rehli and Jäger 2011), or organisational members (Balduck, Van Rossem, and Buelens 2010; S. Einarsson 2012) are notoriously difficult to place clearly on either side of the boundary between what is to be understood as inside of the organisation and what is instead constructed as its environment. In reality, this often differs from case to case, from one organisation to the other.

In different stakeholder approaches, the definition of a stakeholder can range from the wide to the narrow. For example, according to Freeman's (1984: 46) broad definition, 'a stakeholder in an organization is [...] any group or individual who can affect or is affected by the achievement of the organization's objectives'. By contrast, Speckbacher (2008) defines a non-profit governance stakeholder rather narrowly as a party (i) that contributes specific resources, (ii) that creates value for the organisation, and (iii) whose claims on the return from the investment are (at least partly) unprotected.
That claimants traditionally understood as being ‘outsiders’ to the organisation and its more immediate group of beneficiaries or clients can have legitimate claims on the results or effects of the operations of a voluntary or non-profit organisation adds to our understanding of the role and responsibility of these organisations in society. Such claimants can be understood to have a stake in the output or effects of the particular organisation, and therefore—from a certain normative perspective—they also are (or should be) included among the organisation’s claimants in its governance.

We consider the basic and primary idea propelled into the non-profit governance debate by the stakeholder approach as highly relevant. It is a welcome contribution to the debate, but it is equally important to note that this type of approach would depart from the classical organisational (corporate) governance approach as it might allow, for example, the local municipality or actors that are formally outside of the organisation proper but close in other ways to be viewed as legitimate claimants. From an organisational governance perspective, it might be possible to further develop the stakeholder approach for NPOs along the ‘network’ or ‘collaborative’ governance approach, a recent trend in public administration (Ansell and Gash 2008; Provan and Kenis 2008; Sørensen and Torfing 2015).

The Role of the ‘Residual Claimant’

One important difference in how scholars have used and conceptualised the three models concerns how they deal with the questions ‘for whom?’ or ‘for what purpose?’ the non-profit or voluntary organisation exists or operates. It would take us too far astray to go into substantial detail, but it suffices to bring back the different approaches developed, on the one hand, by Fama and Jensen (1983a), who asserted that non-profits do not really have any ‘residual claimants’, and, on the other hand, by Williamson (1983), who argued instead that the beneficiaries of the organisation should be seen as having a claim on the organisation. With this ‘claim’ lens applied to different accounts of governance, a number of interesting positions can be identified.

Closely related to this question about claimants is the idea of efficiency, which is central in most economic literature and even in the study of NPOs (Speckbacher 2003, 2008; Wellens and Jegers 2014). But for efficiency goals to play their powerful role in the organisation—and to provide its governance system with direction—we need to be able to define both to whom or what
and under which constraints the organisation is supposed to deliver its particular version of the greater or common good. Until these basic decisions are taken, it is almost impossible to analyse the efficiency of the governance system of a non-profit or voluntary organisation. Perhaps the fuzziness regarding the complex goal functions of many NPOs and the conceptual unclarity about who the legitimate claimants would be are the reasons why much of the literature instead focuses on what we know with certainty is inefficient, such as embezzlement, corruption, and fraud, and on the measures and aspects that studies on for-profit corporate governance have handed us. Or maybe it is the central position of the owner and the often unproblematized profit motive defining traditional for-profit governance that lead us astray. There is, however, an obvious risk that such approaches might actually divert us from the search for better models and sharper theories for non-profit governance.

In the best of all worlds, a clear and readily distinguishable goal function for all non-profits would simplify the task. But, unlike for for-profits, this would be impossible in the non-profit world, since the voluntary and non-profit actors populating it have nothing in common other than the requirement not to make (or rather, not to distribute) a profit. This is not really the goal of the organization but a condition under which the organisation should operate, and which can also be met in different ways. Further, unlike in for-profits, there is no simple way within most NPOs to compare different options or types of investments with each other. In the for-profit sector, the very efficient and comparative tool ‘return on investment’ offers a powerful mechanism to increase the efficiency of the organisation by shifting resources from one part of the organisation (region, type of products or services, etc.) to another with a better promise to deliver higher yield per invested unit.

In one noteworthy contribution to the stakeholder approach discussed earlier, Speckbacher (2008: 297) argues: ‘From an economic point of view, the objective of a corporate governance system is to facilitate cooperation among stakeholders, that is, to make it more efficient.’ This is an interesting approach, but, unfortunately, it does not solve the core riddle of non-profit governance as we have defined it here: the lack of coherent mission or goal function. To paraphrase an old saying by Peter Drucker, by going down the efficiency lane we run the obvious risk of focusing on ‘doing things right’ instead of ‘doing the right things’, which is a crucial dimension central to any kind of governance arrangement.

Instead of despair, however, we would like to offer what might be a useful analytical tool when moving forward theoretically in non-profit governance
studies and when seeking to better understand how NPOs are dealing with this matter. Instead of trying to find the one and only replacement for ‘owners’ or ‘investors’ in non-profits—which seems to be a direction in which the non-profit governance field is currently going—we suggest that we should retain the original idea of ‘claimants’ offered by Fama and Jensen (1983a). But instead of focusing on the ‘residual claimants’—which implies financial returns or at least economic benefits and risks taking the discussion in the wrong direction—we suggest replacing the idea of a ‘residual’ with that of a ‘result’. By addressing the result instead of the residual of the organisation’s activities or operations, we allow for a wider and more relevant picture of the kind of organisational output upon which someone or something could have a claim. One benefit of this approach is that it would also be a step closer towards the important contribution of the stakeholder approach according to which not only economic interests are supposed to be factored into the governance equation. Legal particularities also help to define that ‘result’: there will be differences in how important specific stakeholders (and the ‘results’ relevant for them) are, depending on whether they are membership-based non-profits (e.g. associations), asset-based non-profits (e.g. foundations; see Surmatz, Chapter 6 in this volume), or shareholder-based non-profit forms (e.g. limited liability companies, B corporations, social enterprises; see Mair, Wolf, and Ioan, Chapter 8 in this volume, on governance of social enterprises).

However, to maintain our clear focus on and interest in organisational governance, we propose that we place in the centre any category or item with a (I) constitutional claim on the results of the organisation (see Figure 7.1). By constitutional claim, we mean that this entity is mentioned or pointed to in the organisation’s statutes or mission statement in terms that would signify that a claim could be formulated. This could of course be a category of people,
such as children, soccer players, talented youth, single mothers, metal workers, or refugees. But it could also refer to indigenous or endemic animals or old houses (as in mission phrase ‘the preservation of historic buildings’). The first category of claimants could be specified as people or animals ‘in need’, but also to less easily individualised entities such as those at the centre of ‘save-the-rainforest’ types of mission or the restoration of ‘God’s kingdom on earth’ (cf. Wijkström and Reuter 2015), i.e. the claimants being the rainforest and God (or possibly ‘God’s kingdom’), respectively. Admittedly, this solution is still complex and difficult, and it also leaves a great deal for the different parties in the governance of the organisations to define, interpret, or negotiate, but what else can be done when the organisations themselves constantly decide to place such endeavours at the centre of their reason for existence?

In the second ring of legitimate claimants, for enhanced analytical clarity we suggest placing the more traditional civil society ‘citizens’ that are (II) internal to the non-profit or the voluntary association (Lundström and Wijkström 2015) such as volunteers, donors, members, employees, or other staff and functionaries. This category of claimants we choose to define as organisational claimants. This distinction would help us not only to better distinguish between different approaches to non-profit governance, but it would also—we argue—lend more analytical structure to the future study of how non-profit governance actually is conceptualised and practiced in the many different forms of organisations operating in this sector (Young et al. 2016).

Finally, within the third ring of this analytical frame we embrace the important contribution of the stakeholder approach and also include (III) the category consisting of the many different but relevant claimants found in the external environment of the organisation (as it is meanwhile also done in many for-profits). Examples would include the local community in which the organisation resides or operates, the municipality as an official partner or granter of subsidies, different foundations supporting the organisations, corporate sector philanthropic partners, or other actors like legislators, trade unions, and industry umbrella associations.

The increased clarity regarding different claimant categories that follows will aid us in distinguishing between different governance models, theories, or analytical approaches suggested by scholars or others, as well as provide us with a useful tool in future governance studies. The idea of some form of claimant—we would dare to argue—is a feature central to any type of governance theory, and with the schematic model suggested in this section, we contribute to creating a tool for a better and more elaborated conceptualisation of the non-profit claimant.
Developing Governance Practice in Non-profits

Recommendations based on normative theories notwithstanding, various models of good organisational governance have emerged in the field of NPOs. They are partly aligned with institutional logics (Thornton and Ocasio 1999, 2008), partly with the fields that non-profits work in (S. Einarsson 2012; T. Einarsson 2012), partly with different discourses that promote ideal types of non-profits. Accordingly, particular non-profit logics are based on particular assumptions about how good non-profit governance should work (Maier and Meyer 2011).

The blueprint of the managerialist governance mode resembles corporate governance in business organisations. Core topics within this discourse are effectiveness, efficiency, resources, and strategy. Non-profits should choose methods that will lead to efficient and effective mission achievement. Donors and funding institutions are the main addressees of accountability activities that report effective and impactful performance.

Professional non-profits concentrate on the quality of their substantive work. The organisation is most accountable to those who represent professional standards, i.e. peers and external professional associations. Performance means meeting professional standards and succeeding in evaluation by peers.

In civic non-profits, the organisation is constructed as a kind of *res publica*. Positions, units, and practices within the organisation resemble governments and public administrations, thus mirroring representative democracies. Governance is grounded in the support of a majority of members. Formal procedures translate this support into decisions. Much effort is given to talking about proper, formal, written procedures. Active members are the final addressees in a formal ladder of accountability (management, board, general assembly), and the mobilisation of the majority’s support per se is an indicator of successful performance.

Domestic non-profits organise themselves like families. Founders play a core role and personalise the non-profit’s mission. They prefer uncomplicated direct activity. Personal issues are central to the organisation. For example, when talking about the organisation, references are made to people, not to positions. The organisation is seen as a unique family, and its members are expected to be devoted idealists. The non-profit is primarily accountable to its beneficiaries, because they lack representation at the family table, where employees are core participants. Mission achievement is the focus of accountability, though dependent on intuitive judgment and not measurable.
Finally, grassroots NPOs present the ideal image of a domination-free space. These organisations revolve around principles and fundamental positions. Since the organisation's goals are typically abstract and difficult to realise, being true to one's principles is considered an indicator of success. In governance, these organisations prioritise accountability to activists, who contribute their work to the organisation.

Only three of these five discourses offer normative models of governance that resonate in a wide range of non-profits, i.e. the managerial, the professional, and the civic models with their particular notions of constituencies, accountability, and steering. Domestic and grassroots non-profits, however, serve as the negative counter models of ‘irrational’ governance that we must overcome. To tackle the accountability challenge, many suggestions have been made on how to shape structures and processes in non-profit governance. We present here four practices, drawing from contemporary scholarship: board composition and function (Ostrower and Stone 2015), transparency regulations (Hale 2013), governance codes (von Schnurbein and Stöckli 2010), and, most recently, accountability clubs (Tremblay-Boire, Prakash, and Gugerty 2016).

Giving boards a central role in governance implies two characteristics of non-profits, both typical for Anglo-Saxon voluntary sectors. First, the board is the main governance organ of a non-profit, and it is juxtaposed with the executive management team. Second, non-profits coming out of a charity tradition often adopt a managerial logic that mimics the structure of for-profit business companies. Neither of these characteristics are as prevalent in Continental or northern Europe as they are in the UK and the US. In Scandinavia, for example, typical non-profit and voluntary organisations have developed from popular movements and follow a civic logic, characterised by a strong influence of membership and annual general membership gatherings building three-stage governance systems and democratic elections for executive and governance boards (Hvenmark 2008). In countries characterised by a corporatist non-profit regime such as Germany, France, Switzerland, and Austria, we also find three-stage governance systems in large non-profits, but a prevalence of two-stage systems in the majority of non-profits with a general assembly and an executive board, but no separate governance body (Djukic et al. 2015).

Board composition comprises mainly three questions: Who should serve on the board? Which factors determine the composition of boards? What are the consequences of board composition? Literature suggests that a specific kind of stakeholder must be represented on boards, i.e. those providing
valuable specific resources without the protection of a comprehensive contract that details exactly how the organisation is to use these resources (Speckbacher 2008). Such stakeholders seek decision and control rights in order to direct the use of the resources they have provided. In many cases, these stakeholders encompass beneficiaries, individual donors donating rather small sums, and volunteers. Given the fundamental problem of defining the residual claimant that we discussed in the prior section, even this far-reaching recommendation might be too myopic.

Though board composition has been a popular issue in research and we already know much about the ethnic composition of boards and the correlation between CEOs’ and board members’ characteristics (Ostrower and Stone 2015; Stone and Ostrower 2007), we still lack research on the degree to which valuable but unprotected stakeholders have access to boards.

The roles and activities of governance boards are influenced by diverse factors. Tensions emerge from three partly conflicting functions that boards have to fulfil: controlling and monitoring, coaching and enabling, and fundraising and resource development (Ostrower and Stone 2006, 2010). Board work is contingent on environmental conditions, so that monitoring roles are preferred under stable conditions and boundary-spanning roles under unstable conditions (Brown and Guo 2010). Very often boards react in response to changes of external funding sources, e.g. by reducing community representation on the board when government funding increases (Guo 2007).

Research reveals a number of factors that positively influence board effectiveness: board member commitment (Preston and Brown 2004), planned recruitment, member orientation, and member performance evaluation (Brown 2005, 2007). A more recent study has shown that a decision-oriented but still critical culture in boards, board cohesiveness, diversity in terms of members’ industry background, and human and social capital are strongly related to non-profits’ capacity for innovation (Jaskyte 2018).

The second bundle of practices concerns transparency, which is a symbol for accountability. Calls for increased accountability and greater degrees of transparency among non-profits are common, not least in relation to public sector cooperation. In a recent study of Norwegian voluntary associations and public regulation, the researchers for example conclude ‘that one aspect of state–civil society relations has changed in a more general way: there is a greater emphasis on accountability and transparency, in particular in welfare service provision, disaster preparedness and foreign aid’ (Saglie and Sivesind 2018: 305). In the US, federal policy aimed at non-profit transparency relies on formal regulation, which is not as extensive as that applying to
the public sector. Non-profits turn to trust and collaboration in order to be considered transparent in the current environment (Hale 2013). In the US, non-profits are more likely to provide access to their financial statements if they are larger organisations or have more debt, a larger contribution ratio, or a higher compensation expense ratio (Behn, DeVries, and Lin 2007, 2010). Another study (Atan, Zainon, and Wah 2012) shows that the sum of donations received is related to the extent of disclosure of information in NPOs’ reports. The study’s authors suggest that if non-profits improve their disclosure of information in their reporting, they will convince stakeholders that the resources are used efficiently in the provision of charity services.

In Continental Europe, non-profit transparency is more controversial. Transparency correlates with legal form and national regulatory frameworks. For some legal forms (e.g. corporations), there are mandatory laws (commercial code, tax laws) that enforce transparency. For others, only tax laws demand specific forms of accounting (but no public transparency). In some countries, non-profit governance codices have been published (e.g. Kalss 2014), but ‘comply or explain’ rules have not been enforced. For foundations, transparency regulations differ significantly between countries (see Surmatz, Chapter 6 in this volume, for more on variations in foundation governance). Many large non-profits are reluctant to publish their financial statements, as they fear that knowledge of their total assets might deter individual donors. However, non-profits account for a sizeable share of social service delivery in countries like Germany, Austria, and Switzerland. Some of the world’s largest non-profit conglomerates are, for example, found in Germany (e.g. Caritas and Diakonie), together employing almost one million full-time equivalent employees. Both accountability and transparency requirements there are rather low and largely part of formalistic reporting to tax authorities. What is more, there is a general paucity of available information on non-profit organisations, combined with low levels of awareness among stakeholders as to potential accountability and transparency problems, and a lack of political will among non-profit representatives and policy-makers to change the status quo (Anheier, Hass, and Beller 2013).

Non-profits are still rather hesitant to increase transparency, even though this might enhance public confidence and trust and increase donations and memberships. Even in the US, many non-profit organisations have not adopted the recommended disclosure practices, though a recent study (Blouin, Lee, and Erickson 2018) shows that disclosure is strongly correlated to donations. Fundraising success is related to the performance indicators
shown in the disclosures, particularly the ratio of programme expenditures to total expenditures.

In governance codes, both transparency and board regulations are standard content. As traditional law-making has become less effective in meeting the needs of various agents, reliance on soft law has increased, especially on corporate governance codes, which has fostered global governance standards for for-profit corporations (Harnay 2018). Also for non-profits, the adoption of a code of governance is a way to create external legitimacy. It might also strengthen internal legitimacy and reinforce board members’ perceptions that the board is well governed. At the same time, codes constrain board autonomy (Walters and Tacon 2018). In business, regulations apply the ‘comply or explain’ approach (e.g. in the UK, Germany, the Netherlands). Rather than setting out binding laws, government regulators set out a code, which listed companies may either comply with or, if they do not comply, explain their reasons publicly. Manifestations in the non-profit sphere are the manifold certification marks and quality regulations for charities that compete for donations. In some countries such as Scotland, government regulatory agencies issue certification marks that indicate charity compliance with the code (e.g. McDonnell and Rutherford 2018) in order to safeguard the interests of donors (Cordery and Baskerville 2007).

Regulations and governance codes for NPOs are issued not only by public regulatory agencies (e.g. in the UK), but also by private accountability clubs (Gugerty and Prakash 2010; Tremblay-Boire, Prakash, and Gugerty 2016), i.e. voluntary associations of non-profits with the goal of providing them with monitoring and reputation enhancement. ‘Accountability clubs can be viewed as voluntary mechanisms for regulation by reputation. Reputations are judgments that one set of actors make about others regarding an issue…. Non-profits can seek to enhance their reputation for responsible management by joining an accountability club’ (Tremblay-Boire, Prakash, and Gugerty 2016: 713). More generally, we find three modes of self-regulative governance practices: (1) compliance self-regulation (e.g. in Germany), where non-profits must conform to a set of behaviours imposed on them by external actors, such as third-party evaluation or accreditation entities; (2) adaptive self-regulation (e.g., in the UK) that is oriented toward market mechanisms to moderate accountability behaviour and resource exchanges; and (3) professional self-regulation models (e.g. in Poland) designed to enact practice-based norms, values, and rules and to improve perceptions of non-profit legitimacy (Bies 2010).
Board composition and practices, transparency regulations, governance codes, and more recently accountability clubs provide different mechanisms for improving organisational governance in non-profits. Meanwhile, as non-profits increasingly work in collaboration with other non-profits, businesses, or with public authorities, governance has to go beyond organisational borders (e.g. Vangen, Hayes, and Cornforth 2015; Cornforth, Hayes, and Vangen 2015). Governance must deal with continuing give-and-take between network partners, it has been argued, caused by the need to exchange resources and negotiate shared purposes, with game-like interactions that are rooted in trust and are regulated by rules of the game that have to be negotiated (Rhodes 2007: 1246). The need to deal with continuous negotiation of the rules of the game places severe tensions on initial sets of governance rules and structures (task forces, meetings, and the like) within individual non-profits, e.g. between efficiency and participation, conflicting priorities, and changing leadership. Organisational inertia, lack of resources, lack of skills, and unwillingness to cooperate all may interfere with efforts to improve collaborative governance structures (Cornforth, Hayes, and Vangen 2015: 792). While research has produced some findings that provide hints for advancing non-profit organisational governance by improving both the composition and practices of the boards and by adopting transparency rules and governance codes, comparatively few findings have yet emerged in the field of network governance.

Discussion and Outlook

We have addressed the heterogeneity of different types of non-profits and their plurality of constituencies with theoretical approaches that have been mainly applied to and originally developed for the template of for-profit business corporate governance. Some of them are more helpful for addressing the various problems of non-profit accountability, some of them less so. Further work, beyond the scope of this chapter, could enhance their analytical and explanatory power if they were more explicitly complemented by theories of democracy, professionalism, participation, social movements, and the like.

In this assessment we would like to repeat what Hough, McGregor-Lowndes, and Ryan (2005) wrote more than a decade ago when they concluded that ‘a multi-theory and multi-disciplinary perspective is needed if research on governance of non-profit organisations is to be complete in scope, rich in content, and relevant’ (Hough, McGregor-Lowndes, and Ryan 2005: 3).
We have already suggested a first step concerning a more synthesised approach to the role of claimants and beneficiaries that we believe would bring more clarity if applied to non-profit governance studies as well as to the more normative work by some scholars. In this final part, however, we would like to point to three other areas in which further exploration would contribute significantly to non-profit governance research.

In particular three lacuna in much of the previous non-profit governance research can be identified which we see as promising avenues for future studies. First of all, many empirical studies and attempts at theory development in non-profit governance scholarship seem to borrow from its predecessor, i.e. corporate for-profit governance, a focus on the part of the organisation’s governance architecture that more or less begins and ends with the governing board, occasionally flows downward in the study of or normative prescriptions regarding the design of the board–executive relationship, and more rarely continues in a vertical cascade of successive principal–agent links. In this, much of what goes on in governance terms above, before, or parallel to the board has been neglected.

While the aim of many for-profit firms is often quite straightforward, i.e. some form of economic profit, the goal function of non-profit institutions and voluntary associations is more complex and often consists of multiple conflicting goals (Brickley and Van Horn 2002; Eldenburg et al. 2001). While the profit motive is central to the for-profit firm (if this type of organisation in the long run did not deliver any economic profits to be distributed or shared, it would normally go out of business and disappear), the only thing we know for sure about NPOs—and this is one of the few conditions that, analytically speaking, brings them together in a common sector or sphere—is that they are not intended for distributing profit. Otherwise, these organisations differ substantially from each other in how they formulate their purpose or mission, and this has clear implications for their governance, as also noted by Willems et al. (2016: 1425): ‘Non-profit organizations are incredibly heterogeneous with regard to mission and purpose, which has important governance consequences. Several goals might be at the origin of existence for a single organization.’ The organisations might differ with respect to for whom they exist, what role they are tasked to play in society, or why people should join together in them. This wide range of missions replaces the simple profit motive that lies at the core of corporate for-profit governance.

To be able to deal with the complexity of goal functions, many of the organisations populating civil society have been equipped with complex governance superstructures consisting of both formal bodies and processes
overarching or preceding the board. For example, in the US ‘most charitable non-profits have self-perpetuating boards. New members of a self-perpetuating board are selected by the existing members of the board who identify and enlist individuals according to criteria established by the board itself’ (Worth 2016: 77). Apart from this very special form, different types of nominating committees, electorates, annual or general assemblies, principals, or voting systems exist in many organisations (Chatelain-Ponroy, Eynaud and Sponem 2015; Young 2011: 575f.) both within and beyond the still dominant Anglo-Saxon civil society regimes, but they are not yet really dealt with in the existing research literature.

While in comparison with for-profit firms or government agencies, NPOs often remain weak in the bottom part of the governance architecture (from the board downwards), the principles, processes, and structures developed in the upper part of the governance architecture are sometimes substantial. For example it is in this upper part where the governance conflicts or overlaps between the intentions and ambitions of the different factions or orientations found among member categories, donor groups, or other stakeholders become more visible and are pitched against each other, and later percolated down into the board. Since this upper section of the governance architecture can be expected to be particularly relevant in a type of organisation that is often value-driven, more and deeper studies to remedy this lacuna in the non-profit governance literature would be highly valuable.

Our second concern is the current apparent obsession with vertical governance mechanisms, such as the principal–agent chain of command, that are assumed or prescribed in much of the literature. What we miss are studies to help us better understand the horizontal governance mechanisms actually operating in many non-profit or voluntary organisations. Particularly interesting and relevant would be an effort to conceptualise the many voluntary or non-profit organisations that are part of, or that have historically been related to, the larger organisational complex very often associated with many of the traditional social or popular movements.

In particular at the upper level of the governance architecture, i.e. higher up constitutionally than the governing board, neither information asymmetries nor conflicts of interest would really be expected to play out in a vertical manner. We would instead expect these elements or components of the governance architecture to be horizontally organised with people and representatives of different groups, factions, orders, or schools of thought being in close and more lateral dialogue and contention with each other.

Even at the lower levels in the vertical chain of command, we would expect both interesting and important governance mechanisms, configurations, and
processes to exist, for example, between different parallel lines of operations in larger non-profits, which Anheier (2000: 10) describes as ‘conglomerates of multiple organizations or component parts’ with multiple bottom lines. In a for-profit entity, the most efficient and profitable line or unit typically should receive more of the collective resources in the future. But, in a non-profit organisation or voluntary association, according to what goal function are resources being prioritised between different operations or branches?

Qualitative and comparative case studies would contribute to a better understanding of how conflict or cooperation between different groups, coalitions, or categories of top-level claimants or stakeholders play out in the governance of non-profit or voluntary organisations (see, for example, S. Einarsson 2012). Also in-depth case studies with a focus on the inner governance life of non-profit organisations below the board level—where the statutes or mission statements are translated (or not) into management decisions, procedures, and organisational priorities between different parts of the organisation—would be a welcome contribution to the continued study of non-profit governance.

Third, although a bourgeoning literature on the many different forms of membership-based voluntary associations and their governance exists (T. Einarsson 2012; Hvenmark 2008; von Schnurbein 2009; Spear 2004; Young et al. 1999), our assessment is that there is still more to be said and done on this topic. Several authors from the social movement tradition have pointed to the relative lack of attention in the current non-profit governance literature to matters like representation, citizenship, and democracy. For example, Enjolras and Steen-Johnsen (2015: 191), when they discuss the term ‘democratic governance’, highlight the role of civil society organisations to contribute to an active citizenship ‘through creating possibilities for participation and empowerment; and through allowing for representation in a public sphere’. In doing so they point to both the external and the internal dimensions of non-profit governance (see also Wijkström and Reuter 2015).

The multi-faceted plethora of membership associations around the world and the challenges in many of these organisations as a result of increased professionalisation (Skocpol 2003) and new relations with government (Smith and Lipsky 1993) offer a fascinating and promising laboratory of governance study with high-yield potential. In his article on ‘the rest of the non-profit sector’, Smith (1997) early on identified this sub-population as a ‘dark matter’ ignored in much non-profit research, which also holds true for the study of non-profit governance. In his reflection, Spear (2004: 33) for example observed that ‘in those voluntary organisations which are charities the historical development of charity law has tended to marginalise members in
relation to trustees and management’ (cf. Lansley 1996). As a result of recent decades of empirical research responding to earlier critique (cf. Cornforth and Simpson 2002), we now know more about how the boards of non-profit charitable institutions (particularly in the US) are composed and what is going on inside the non-profit boardroom.

At the current formative stage in the study of non-profit governance—leaving aside for the moment the more normative and practical dimension of the topic—we believe that both more rigour and structure are needed, as well as more theoretical openness when addressing a number of conceptual challenges inherent to the field. The economics approach has contributed substantially to getting us this far, and there are still a number of important tasks for this discipline in the continued development of governance scholarship in non-profit and voluntary organisations. We contend, however, that additional efforts along the lines proposed above from other academic disciplines as wide and disparate as sociology, organisational behaviour, psychology, public administration, ethnology, management, political science, and history would very much enhance our understanding—and thus also our capacity to generate relevant analytical models—of the rich and complex field of non-profit governance.

References


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