Autonomy and entrepreneurship in nonprofit organizations: Research propositions and governance implications

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Abstract

Nonprofit organizations are frequently urged to be more entrepreneurial in order to succeed and survive in today’s competitive and dynamic operating environment. While there is no consensus exactly what it means to be “entrepreneurial” there is a growing body of research trying to better understand entrepreneurial activity in nonprofit organizations. One dimension that has received a lot of scholarly attention focuses on what it is entrepreneurial nonprofits do i.e. what are the defining actions/behaviors associated with nonprofit organizational entrepreneurship including innovation, risk-taking, to discover and exploit new opportunities etc. A second dimension of interest is the short- and long-term outcomes of nonprofit entrepreneurial behavior i.e. what impact does entrepreneurial behavior have on nonprofit performance, survival etc? The goal of this paper is to focus on a third dimension that has received remarkably little attention namely what it is that enables nonprofits to engage in entrepreneurial behavior i.e. what are the antecedents to nonprofit entrepreneurship? From a governance and strategy perspective this is a crucial aspect since simply advising or demanding that nonprofits need/must/should engage in nonprofit entrepreneurial activities is of little practical use unless boards, managers and/or funders also have an understanding and some idea of what step(s) to take next. Furthermore, if we are to understand the conditions under which entrepreneurial initiatives and behavior are more or less likely to occur in a nonprofit it seems feasible to pay a lot of attention to governance. After all, one of the central components of the governance function is to decide what the agency wants to accomplish, the best ways to achieve those results and the resources it will take to do these things. In other words, if an organization seeks to be “more” entrepreneurial it starts at the governance level.

In this paper we focus on one component in particular, autonomy, to better help us understand what enables nonprofits to behave entrepreneurially. In this paper we describe and conceptualize two dimensions of autonomy that we believe are especially pertinent for understanding entrepreneurship in nonprofit organizations. Several research propositions are presented and we discuss some of the implications of the two autonomy dimensions with regard to nonprofit boards and governance. By defining these two aspects of autonomy and showing their connection to nonprofit governance this paper not only opens up for a more complete understanding of entrepreneurship in nonprofit organizations but also provides clues for managers and boards how to impact their organizations ability to engage in entrepreneurial behavior.