THE DYNAMICS OF NESTED GOVERNANCE IN NONPROFIT ORGANIZATIONS
Patricia Bradshaw, Ph.D.

INTRODUCTION

This paper will examine the dynamics and challenges facing systems of Canadian nonprofit boards that contain sub-systems of boards nested within them. Metaphors that have been used to describe such systems are federated (Young et al 1999; Young, 1992; 1989; 1991; 1996; Brilliant & Young, 2004; Widmer & Houchin, 1999), distributed, franchised (Oster, 1992) and/or networked governance structures. These nested boards are usually found in nonprofit membership organizations that call themselves societies, federations, associations or affiliations. The goal of the paper is to explore the nature of the governance interactions between, for example, boards of national or provincial organizations and their regional or other more local or affiliated sub-boards. From a systems theory perspective the focus is larger systems that contain subsystems and from a network framework it is nodes or points of connection. These are complex and often paradoxical systems that can vary in their degree of cohesiveness, autonomy, centralization, shared vision/goals and interests. This research builds on work by Dennis Young and his colleagues who examined strategy and structure of global associations and the emergence in NGOs of federations, member associations and corporate partnerships (Young et al 1999). Young defines federated organizations as: “a complex, multi-part nonprofit entity that is regional, national or international in scope and which serves similar functions in multiple local sites” (Young 2006). This work will also build on a project by Linda Mollenhauer (2006) that was recently commissioned by the Public Health Agency of Canada and a number of, what she calls “nonprofit federations” (Schizophrenia Society of Canada, ALS Society of Canada and Parkinson Society of Canada) in which she proposes a framework for success with a series of organizing principles and critical success factors.

Informing this research is a growing recognition that we need to move away from thinking about a single board operating in a largely independent fashion (Saidel, 1998; Sarason & Lorentz, 1998; Saidel & Harlan, 1998). We are seeing a growing recognition of the need to explore how boards operate within larger networks (Abbott, 2000; Arsenault, 1998) and in association with other boards (Imperial, 2005; Bardach, 1999), or as Davis (2005) described it, within “a nexus of contracts”. In the public sector, for example, Sorensen and Torfing (2005, p. 197) say that “governance networks” are here to stay because the context is “complex, fragmented and multi-layered” (see also Mazouz & Tremblay, 2006; Phillips & Levasseur, 2004). Taylor (2004) takes on the question of the need for “global governance” (as opposed to “global government”) and the forces that are driving it. Winters (2003) similarly frames the emerging issues in global governance and then raises the issue that the players, processes, operations for this new trend have yet to be even defined. Child and Rodrigues (2003) argue that corporate governance is increasingly problematic given new organizational forms internally (such as within firm networks, decentralization, post modern organization and less hierarchy with more flat and flexible structures) and given new partnerships between firms externally (e.g. more strategic alliances). The traditional models of governance that have a unitary and singular organizational focus with command and control accountability enshrined in hierarchy are no longer resilient enough in the new context of business with its new approaches to management. Traditional agency theory approaches to governance are not conceptually working in the corporate context, and Child and Rodrigues identify issues related to what they call double and multiple agency. This research project starts to address governance that is more complex, distributed and flexible and will conceptualize these dynamics and the challenges embedded within alternative governance structures.

METHODOLOGY

Given the shortage of existing research or theory in this area there is a clear need, and strong rationale, for an exploratory investigation. To this end, the most appropriate approach for investigating the phenomena under-study is grounded theory (Glaser & Strauss, 1967; Strauss & Corbin, 1990; Yin, 1994). In order to gain a richly descriptive/thick understanding of the dynamics of nested governance in practice, a number of national organizations are participating in conjunction with their provincial/regional sub-boards, for the purpose of capturing insights from multiple parties within these relationships. A number of in-depth cases will allow us to capture the variations (Merriam, 1998) and cross-case analysis will allow us to deepen our
insights and to begin to articulate common themes and unique configurations (Miles & Huberman, 1994; Stake, 1994). In order to collect the necessary data we want to triangulate across a number of methods including document reviews, interviews, participant observation and perhaps some action research in the later stages of the project.

**SUMMARY OF EXPECTED RESULTS**

Funders, including governments, foundations and individuals, are increasingly expecting organizations in the voluntary sector in Canada to partner with other organizations and to become national in their scope. As a result of these demands, more of the smaller and locally based nonprofits are actively looking at strategies for national growth through either local/provincial branches or through partnerships and affiliations. There is little in the way of academic literature or practical advice for them in how to approach these strategic alternatives and to grow in such a way that the governance function of the organization as a whole is effectively performed while the local needs of the organization are simultaneously met. Different, but equally important, challenges face the larger nonprofits that already have well established sets of national and local governing bodies that are operating in a variety of ways with a number of tensions. Some of the dynamics within these governance structures that the paper will reveal are political tensions (e.g. over allocation of scarce resources such as money, donors and volunteers; setting priorities given competing local versus system needs; balancing autonomy/independence with interdependence), cultural differences (e.g. based on language and regional interests) and managerial challenges (e.g. different legal contexts and by-laws; negotiating contracts; avoiding duplication of activities and services; program setting; brand/identity protection; reporting, communication and accountability structures; compliance issues and representation and/or board composition challenges).

**REFERENCES**


