



# Challenges and Future Directions for Governance Research

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# Outline

- Context – how is the environment of third sector organisations (TSOs) changing
- Focus of third sector governance research
- Critique of governance research
- Future directions for research
- Conclusions



# The changing context

- increased blurring of ‘sector’ boundaries
- government drivers:
  - move to mixed economies of welfare thro’ contracting out, partnership working etc
  - encouragement of and support for third sector providers
- growth of businesses with social goals – e.g. social enterprises
- growth of more complex organisational structures – partnerships, federations, coalitions and multi-organisation structures
- continuing concern about the quality of ‘corporate’ governance across different sectors



# Very diverse 'sector'

- Many types of organisation, e.g. community groups, voluntary orgs., charities, social enterprises, co-operatives, credit unions, often with with 'hybrid' qualities.
- Adopting various legal forms, e.g. CLG, IP&S, CICs, LLP, CIO etc
- In many different fields e.g. housing, welfare, international aid, environment, arts, sports etc
- With different regulatory requirements



# Focus of governance research

- Boards of organisations
- Preponderance of studies on human service orgs. with staff (often in US)
- Main areas for recent research (Ostrower and Stone, 2005):
  - determinants and consequences of board composition
  - board-staff relations
  - board roles and models
  - determinants and consequences of board effectiveness



# Critique of current research (1)

- dominant focus on boards ignores wider governance system e.g.
  - impact of regulation, audit, inspection, membership

Need research on:

- how different aspects of the governance system interact e.g. how different regulatory regimes impact on organisational governance.



## Critique (2)

- Governance arrangements (including board characteristics and behaviour) are heterogeneous and defy easy generalisations (Ostrower and Stone, 2006)
- As well as general principles we need to know how they work in specific contexts

Need research on:

- how contextual factors influence board characteristics, relationships and behaviour  
e.g. size, field, origins/orientation, crisis vs normal times, regulatory requirements.



## Critique (3)

- research has paid insufficient attention to how governance functions are ‘co-produced’ e.g. by boards and managers.
- research on board – management power relations tends to be static

Need research that examines :

- how boards and managers influence each other
- how contextual and situational factors constrain and enable opportunities for influence
- how patterns of power and influence change over time.



## Critique (4)

- research has focussed on the governance of 'unitary' organisations

Need more research:

- on the governance of partnerships, federations, and multi-organisation structures



## Critique (5)

- We need better theories to guide research
- Existing theories, e.g. of private sector corporate governance, provide a start but need adapting and are often one dimensional (Cornforth, 2003 and 2004)
- Need ways of combining existing theoretical insights e.g. agency and stewardship theory
- More attention on the conflicting pressures and tensions board members face and how these are managed



# Conclusions (1)

## Existing research

- has focussed predominantly on boards in larger human service orgs
- ignores wider governance system
- pays insufficient attention to the complex way in which governance functions are co-produced
- tends to be positivist in orientation looking for broad generalisations



# Conclusions (2)

Need research that:

- Focuses not just of boards but wider governance system
- Recognises the diversity of third sector organisations and takes more account of context
- Recognises that governance functions are co-produced by various actors ( e.g. boards and managers)
- Draws on, refines and helps integrate insights from different governance theories



# References

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