DON’T CHANGE A WINNING TEAM,… OR SHOULD YOU?

THE IMPACT OF SOCIAL INTERACTION AMONG NONPROFIT LEADERS
ON ORGANIZATIONAL EFFECTIVENESS

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Abstract

This paper provides a theoretical model that deals with the potential impact of social interactions among nonprofit leaders on the effectiveness of their organization. Five propositions included in the model and supported with an extensive literature review shed light on how the alignment (or misalignment) among nonprofit leaders can influence the organization’s outcomes. Three types of alignment are dealt with: (1) functional alignment, (2) motivational alignment, and (3) practices alignment. The proposed model will be the base for further research in order to confirm, adjust or reject the propositions made.

Key words: nonprofit, organizational effectiveness, leaders, social interaction, alignment, motivation, shared mental models

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1. **INTRODUCTION**

Nonprofit organizations (NPOs) have been active for many decades in different forms and shapes in order to provide solutions for many different kinds of social needs. People assemble themselves in NPOs in order to combine their skills and the available resources to deliver effective solutions to social needs. In this paper a model is proposed on the impact of interpersonal relationships among NPO leaders on organizational effectiveness. The model is built on insights from different research domains, such as management, economics, psychology and sociology. Through the model, I aim to deliver a framework for future research and also to support practitioner discussions on how to provide effective organizational outcomes. The model is initially constructed from a broad and abstract perspective and subsequently cascaded down by gradually introducing more detail derived from contemporary literature. Thus, this paper aims to provide a framework to filter out general from contextual characteristics of social interactions among NPO leaders. Taking into account the large heterogeneity of the NPO sector, such approach is particularly relevant when studying NPOs. Furthermore, the model incorporates some new insights which I believe are not sufficiently addressed in contemporary literature, and which will be the content of verification and/or falsification in future research.

In the next section, the main components of the model and how they relate to each other are described. Then I review the literature from which the model was derived, which clarifies contemporary understandings on how social interactions among NPO leaders could impact NPO effectiveness. Finally, based on the propositions made in the model, I draw preliminary conclusions and suggest future research opportunities.

2. **THE MODEL**

Despite the fact that NPOs can have a multitude of reasons of existence, and each of them might have a unique focus regarding activities and people to serve, in general it can be said that, like for any other type of organization, they are initiated to provide a solution for a certain need. In the particular case of nonprofit organizations, where distribution of profit is excluded form the organizational goals, mainly a social need is addressed, whether it is for a select group of people or society in general (Powell and Steinberg, 2006, Jegers, 2008).

Based on Coleman (1990), the proposed model aims to explain an intended change in society (or a part of it) based on changes that happen among actors in that society (nonprofit organizations and their leaders). Coleman (1990) uses a macro-micro level representation to
show how changes to (parts of) society can be explained based on changes in behavior of the individuals in society. The proposed model suggests that social interaction among NPO leaders (at the micro-level), through the output of the organizations (at the meso-level), influences the effectiveness of the fulfillment of a social need in society (at the macro-level).

From a broad perspective, NPO leaders are defined as the group of individuals involved in governance and strategic management decisions of the organization\(^1\). Practically, this is most commonly the group of board members, executive managers and their team, advisory committee members, etc. As shown in Figure 1, effectiveness of a NPO (or a set of NPOs) in fulfilling a social need first depends on how an organization identifies a certain social need in society. When a particular social need is identified, an organizational mission and vision is created (on the meso-level) to provide a solution for it. In addition, a strategy, which expresses the approach to solving that social need, is deployed (also on the meso-level). The extent to which an organization reaches the aimed output, e.g. the delivery of particular services, is the performance of the organization, which is assumed to contribute on the macro-level to the fulfillment of an existing social need. As a consequence, the effectiveness of a NPO (or a set of NPOs) in dealing with a social need depends on (a) the exact identification of a social need (mission and vision) and the planned approach of dealing with it (strategy), (b) the quality of the execution of the strategy (performance), and (c) the way the concrete output as a result of the strategy execution serves the fulfillment of a social need. However, in this three-fold macro-meso process, the influence of the individual leaders and their interpersonal relationships can not be ignored. Individuals, alone or together, initiate, govern and manage these organizations for various reasons (personal objectives). Through social interaction, their personal objectives get aligned and their commitment to the organization is shaped. The resulting alignment and commitment eventually impacts the organizational performance and effectiveness, which I elaborate in the literature section of this paper.

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\(^1\) This definition is in accordance to the definition provided by Howe (2004) focusing on both board members and executive managers as leaders of organizations. Introducing more individual and organizational details, in the literature section of this paper and in further research, enables general investigation in contrast to context specific tendencies on social interactions among them.
Figure 1: Impact of social interaction among NPO leaders on the effectiveness of the fulfillment of a social need (Adapted from Coleman (1990))

The model focuses on the social interactions among leaders that happen at two points in time. First, when a leader becomes a part of an organization, i.e. (self-)selection, and when a leader is part of the organization, i.e. socialization. Both concepts are commonly used in psychology and sociology literature, as they specifically focus on the clarification of alikeness and alignment of individuals within groups and organizations (Becker and Connor, 2005; De Cooman et al., 2009; Haski-Leventhal and Bargal, 2008; Hooghe and Dietlind, 2003; Hooghe, 2003).

Self-selection is the process by which individuals decide to join an organization or association as they believe that being a part of that organization is a way to express and to practice their personal beliefs and values. By doing so, they show the intent to deploy their skills and knowledge in order to contribute to an organization’s mission, vision and strategy. Socialization is the process by which personal objectives of individuals are affected by the shared values, beliefs and practices of groups and/or organizations in which they are involved. Despite the fact that some literature focuses on clarifying whether one process is more prominent than the other, several authors discuss the complementarity of the processes in creating alignment and alikeness within groups (Becker and Connor, 2005; Hooghe and Dietlind, 2003; Hooghe, 2003). From this perspective, leaders in organizations are aligned initially with regard to personal objectives as a result of their self-selection to certain organizations based on specific and similar criteria. Subsequently, continuous interactions among leaders lead to alignment of personal objectives through the process of socialization.
As a result of constant interaction with each other, leaders reconsider their values and beliefs, either directly or indirectly, and continuously acquire new skills and knowledge. Personal objectives of NPO leaders are therefore shaped by both processes of self-selection and socialization. These processes influence alignment and commitment, which in turn determine NPO performance and effectiveness. The model is in accordance with this complementarity perspective.

In addition to the argument of complementarity, the model stresses the reciprocity between leaders and organizations for both social processes. Despite the fact that reciprocity exists within these social processes in any form of NPO participation, the model, however, explicitly stresses the strong reciprocity in the particular context of NPO leadership roles. Traditional literature implicitly assumes that for the self-selection process the individuals are the ‘subject’ of the process, meaning that they are the active initiator of the process, while for the socialization process they are the ‘object’ of the process, meaning that they are passively influenced by the others in the process. Therefore, commonly two assumptions are made. First is that alignment within organizations as a result of self-selection is dependent on the decision process on the individual level. Second is that socialization is influenced through group dynamics on the organizational level, in which individuals as such play a less active role. However, with this model I argue that for the particular case of leaders in the organization, the distinction between the individual as subject or object in both processes is more ambiguous.

For example, when an organization needs a new director or manager, potential candidates will apply for this position (self-selection) as they believe it is a means to express their values and beliefs on society, and to make use of their skills and knowledge for reaching an effective outcome (personal objectives). However, because the role of leaders in an organization is mainly to identify social needs and to address them (mission, vision & strategy), the leaders currently involved in the organizations will choose that particular candidate (selection) who seems to align with their own values and beliefs, and skills and knowledge. As a result, a positive match will only happen in the situation where both parties, i.e. the existing leaders and the new participant, mutually agree on the appointment after interactively probing and clarifying each others expectations (Herriot, 2002). This mutual selection and self-selection process, accounting partially for the alignment and commitment among leaders within NPOs, is reciprocal in that sense that both parties actively consider the opportunities offered by the counter party regarding personal and organizational objectives.
For that reason, in the remainder of this paper the term (self-)selection refers to this reciprocal social process, incorporating both the selection and the self-selection aspects.

The same reciprocity applies to the socialization process. As members of an organization, leaders will reconsider their values and beliefs, and will acquire new skills and knowledge, as a result of the constant interaction with other leaders. The reverse process is less well understood but very important; leaders have an impact on the values, beliefs and practices of an organization. I do not want to minimize the impact that any participant on the socialization process in an organization can have; however, I do stress the impact of individuals in leadership roles because of the inherent features of their position. It is the particular role and the responsibility of the leaders in the organization to plan, guard, and when necessary, adjust the organization’s mission, vision, and strategy. Above all, leaders are in a favorable position to influence other people in the organization with regard to values, beliefs and attitudes. Reciprocity with regard to socialization therefore indicates on the one hand the ways in which leaders are influence based on social interactions. On the other hand, the inherent features of the role in which leaders are placed enable leaders simultaneously to have a strong impact on the values, beliefs and practices applied in the organization. The relevant literature on how alignment among leaders can impact NPO performance and effectiveness is reviewed in the subsequent section.

Finally, the model distinguishes two rationales contained in the personal objectives, that form the content for both the (self-)selection and socialization process. On the one hand, NPO leaders see a social need that they want to resolve by use of their skills and knowledge, i.e. the instrumental rationale. On the other hand, they want to express their own values and beliefs regarding an appropriate solution for the social need, i.e. the expressive rationale (Frumkin, 2002). Frumkin (2002) argues that organizations, and the NPO sector as a whole, are more effective when both its instrumental and expressive function are in balance. Both the instrumental and expressive rationale are considered as the content of both social processes, which means that alignment within organizations occurs simultaneously for values and beliefs and for skills and knowledge, both during the (self-)selection process and the socialization process. Based on this proposition, I want to open opportunities for further research on how (self-)selection and socialization can account for creating, or hampering, that functional balance enforcing effectiveness on the organization or society level.

In summary, the model has five major propositions. The propositions are:

(1) NPO effectiveness is the outcome of a three-fold process. (a) The identification of a social need on macro-level and the intention to deal with it on meso-level (mission,
vision and strategy); (b) the execution of the planned actions on meso-level (performance); (c) The contribution that the concrete output on meso-level makes to the solution for the identified need on macro-level.

(2) The three-fold effectiveness process between the macro- and meso-level is determined by the social interactions among leaders in two stages: (d) when appointing new leaders ((self-)selection) and (e) throughout a leader’s organizational involvement (socialization). These social processes influence the alignment of personal objectives and commitment of NPO leaders.

(3) Both social processes enforce complementarily the alignment among leaders with regard to values and beliefs, and skills and knowledge. As a result both processes account for aligning initial values, beliefs, skills and knowledge and for creating organizational commitment among the leaders in a NPO.

(4) Both social processes influence the alignment among leaders reciprocally. This means that both for (self-)selection and for socialization, leaders can play an active role in the process, but are also influenced by it.

(5) The personal objectives, translated in the grouped mission, vision and strategy of an organization, contain two major rationales; an instrumental and expressive rationale. Both rationales are the basis for alignment through social interaction and commitment among NPO leaders.

3. **Literature Review**

In this literature review, I first discuss how the effectiveness or perceived effectiveness of fulfilling a social need by a NPO, or a set of NPOs, is constructed (macro-meso transition). The second part deals with how social process on micro level induce alignment and commitment impacting performance and effectiveness from a bottom-up perspective (meso-micro transition).

3.1. **NPO Performance and Effectiveness**

Performance and effectiveness of NPOs have been a large matter of debate in the NPO literature due to particular characteristics of the NPO sector (DiMaggio, 2001; Forbes, 1998; Herman and Renz, 1999). Firstly, the NPO sector is ascribed with some unique functions
within society. From an economic point of view, NPOs are argued to emerge as a solution for markets and/or government failures. (Ben-Ner and Van Hoomissen, 1991; Handy, 1997). In general, for markets where goods are non-rivalry and non-excludable and where information is asymmetric, nonprofit organizations, due to their typifying non-distribution constraint, induce trust. This guarantees true quality for the output delivered (Irvin, 2000). In addition, NPOs can focus more easily on those particular groups in society that are not addressed (sufficiently) by government as a result of its ‘average-voter’ bias. However, in contrast with this economic interpretation, Gassler (1998), enlist the shortcomings of pure economic reasoning in the explanation of the existence of NPOs, and stresses the importance of acknowledging ‘pure altruism’ as a reason why (some) NPOs emerge. In addition to the particular and explicit failures and social needs NPOs want to deal with, the role of the NPO sector in society is also stressed from a political, cultural and civic perspective. A well developed and pluralistic NPO sector is assumed to be beneficial for the support of civil society and democracy (Putnam, 2000), to build social capital and civic engagement (Joyce and Szykman, 2003) and/or to enforce social cohesion and value congruence among (groups of) people (Hooghe and Dietlind, 2003; Hooghe 2003).

Secondly, resulting from the fact that NPOs are defined by what they not do instead of what they do, the actual needs that NPOs are focusing on are strongly diversified. Even within organizations multiple goals might be strived for. As a result, within the NPO sector an innumerable amount of different missions and visions can be found. In addition, opinions on how to deal with these needs and problems, and the resulting strategies, are just as diverse. This leaves the sector as a group of very heterogeneous organizations with very different but interlinked functions within society. As a result, comparing organizations with regard to performance and effectiveness can happen seldom in a truly objective way (Herman and Renz, 1999). However, despite the fact that measuring the effectiveness of NPOs and NPO industries is almost impossible, it is not necessarily useless. Recurrently thinking about an organization’s impact on society enables organizations to establish their legitimacy, to rethink necessary organizational transformations and to mobilize stakeholders for changing their behavior in accordance to the organization’s mission, vision and strategy (DiMaggio, 2001). Unfortunately however, in doing so, too often a one-size-fits-all approach is proposed, both from a theoretical and from a practical point of view (McClusky, 2002). As a consequence, several organizational NPO formats such as grassroots, volunteer organizations, entrepreneurial organizations, inter-organizational alliances and multiple corporate forms, are seldom covered by these approaches (McClusky, 2002). In addition Smith and Shen (1996)
argue that authors still mainly focus on NPOs led by paid staff instead of volunteer-managed NPOs. They establish that many investigated hypotheses for NPOs managed by paid staff do not apply for NPOs managed by volunteers. In addition to the dispersed focus on particular subparts of the sector, the assumption is too often made that management and business models, which are considered successful in a profit context, can be adopted with minimal changes to a nonprofit context (Kong, 2007). However, the basic suppositions of those models are traditionally based on organizational features such as a single goal strategy (financial profit), a dominant group of stakeholders (shareholders and/or owners) and the fact that the one who is consuming the organization’s output, is also the one who is paying for it.

Thirdly, due to the fact that effectiveness is difficult to measure and that NPOs often serve different stakeholders, opinions on the actual NPO performance can differ substantially. As outcomes are difficult to enumerate objectively and to compare over different organizations, perception of effectiveness seems to be influenced more by the correct application of certain management practices rather than the impact of the generated output in itself (Bradshaw et al., 1992). Herman and Renz (1998) find that opinions between leaders and outside stakeholders can differ substantially with regard to their judgment of organizational effectiveness. They stress that the more leaders focus and report on commonly accepted and rewarded management procedures, the more positive and consistent stakeholder judgments will be. Similarly for volunteer lead organizations, Smith and Shen (1996) find that, despite the fact that many finding for paid staff NPOs do not apply to volunteer lead organizations, more formalized and better governance practices enhance NPO reputational effectiveness. In addition to the effect of using and reporting correct procedures on NPO effectiveness, a consistent and thematic approach in managing the relationships with stakeholders and partner organizations also impacts the stakeholders’ effectiveness opinion positively (Balser and McClusky, 2005). Properly managing external stakeholder relations is therefore important for the external effectiveness judgment on the organization, which is vital in the search for resources and legitimacy. Babiak (2009) for that reason proposes an approach of introducing different organizational effectiveness measures on different stakeholder levels. Her work builds on Provan and Milward (2001) identifying three levels of effectiveness regarding NPO networks and partnerships. Organizational performance and the resulting effectiveness, has to be viewed in relation to mission, vision, strategy and performance of other similar and interlinked organizations (DiMaggio, 1983). For example, Galaskiewicz, et al (2006) prove that organizations that are actively interlinked with prominent actors in the network, have a higher organizational status, while Hoffman (2009)
visualizes how environmental nongovernmental organizations are networked with corporations and industries. Depending on their place in the network and on the nature of the ties they have with other organizations, each of them is inclined to concentrate on different sub-aspects of the overall environmental cause. Bendell and Ellersiek (2009) describe the impact of network formation between nongovernmental organizations, and how they can influence their external environment, especially policy makers. Furthermore, Metcalfe (2006) describes how nonprofit professional associations can be the intermediating organizations between the academe and the industry on innovative projects. The identification of a social need by a single organization, and the way its particular output is contributing to a social need, therefore has to be considered in a broader perspective of similar and linked organizations. It is in fact the output of different organizations, each focusing on particular parts of a need in combination to each other that impact sustainable effectiveness.

As a result of these particular features of NPOs, and of the sector as a whole, assessing and improving effectiveness with regard of fulfilling social needs in society, seems to be a continuous process, involving many actors (partners, stakeholders, networks, etc), in which individual subjectivity is inevitable. Therefore, the constant interaction of individuals within organizations and across organizational boundaries is crucial in shaping agreement on and reaching solutions for the fulfillment of social needs in society.

3.2. LEADERS’ ALIGNMENT & COMMITMENT

In addition to diversity between NPOs, there is also diversity within NPOs for example in the many different objectives leaders have to participate in NPOs (Inglis and Cleave (2006). I argue that these different personal objectives need to be aligned properly in order to influence organizational performance and effectiveness positively. To clarify the possible impact of leadership alignment on performance and effectiveness, I distinguish three relevant major perspectives dealt with in contemporary literature. (1) Functional alignment deals with matching the difference as a result of the different formal functions existing within a NPO leadership team (e.g. directors versus executive managers). (2) Motivational alignment focuses on the necessary common base leaders should have regarding personal objectives to participate in an organization. (3) Practices alignment relates to the shared mental models that NPO leaders need to have or develop regarding practices applied in the organization to achieve effective outcomes. I review the relevant literature on these types of leadership
alignment and how they can affect organizational effectiveness in a separate section for each of them.

### 3.2.1. Functional Alignment

Firstly, important differences in objectives, and how to deal with them, originate from the different functions that exist in NPO leadership teams. In particular differences between board members and executive management are dealt with. In order to align the board and executive management, and to define their particular roles in the organization, Cornforth (2003) enlists three major trade-offs to be made in an organization of how a board should be positioned in relation to executive management. The first trade-off deals with the composition of the board in itself. A board should have the right expertise in order to transform resources into desirable output (run the organization), while it should also guard the relevance of that output for those whom it is meant for (represent stakeholders). The second trade-off concerns the tasks and responsibilities held by the board in relation to executive management and the rest of the organization. The question to be answered is whether the board should focus on risk-aversely perpetuating ongoing concerns, or on continuously initiating innovative changes. Specific functions might be created, or procedures agreed upon, to deal with this matter in order to reach an optimal balance. Middleton (1987) indicates that boards are more risk averse when strong ties exist between board members who do not want to put these ties at risk. In such cases the existing way of working is only questioned minimally, and radical changes only occur when external changes become too obvious and threatening to ignore. Substantial organizational crises might rise because of a bad balance between risk-averseness versus innovation, which could deteriorate an organization’s effectiveness in the long run. The third trade-off focuses on the power and support relationship a board has towards the other entities in and beyond in the NPO. A thorough consideration of this trade-off is crucial in shaping the combination of formal and informal rules, procedures and agreements relating the board, executive management and other management and governance bodies within the organization. A board is charged to control executive management with regard to the proper execution of the organization’s mission, vision and strategy. In that context it has to control and motivate executive management in order to align the personal objectives of executive management optimally to the organizational objectives (principal-agent perspective: Middleton, 1987; Fisman and Hibbard, 2003; Du Bois et al., 2004; Caers et al., 2006). In contrast, a board also has a supportive role to executive management, with regard to expertise and knowledge for tactical and strategic decisions (Cornforth, 2003). In this context a board is
considered more like a ‘steward’ for executive management in fulfilling the organization’s mission, vision and strategy (stewardship perspective: Harrow and Palmer, 2003; Caers, 2006; Cornforth, 2003). In addition to a clear definition of separate leadership roles for different functions and how they relate to each other, the definition of common and shared roles completes this functional alignment. As certain management and governance aspects seldom can be ascribed to one particular body or function within an organization, the concepts of ‘collective authority’ (Harrow and Palmer, 2003) or ‘dual authority’ (McClusky, 2002) are introduced. Within this ‘shared authority’, accountability and decisions result from a symbiotic collaboration where each body or function plays its particular role. As a result, carefully considering the formal and informal roles within the leadership team, should support optimal alignment of different leadership functions, in order to enhance an organization’s performance and long term effectiveness.

Additionally, board members are often considered as being involved fully voluntary versus executive managers being paid for their involvement (Smith and Shen, 1996). The strict distinction between board members as being volunteers, compared to paid executive managers, is the basis for several theoretical and practical contributions. However, in reality this strict distinction is often much less straightforward. ‘Voluntary’ board members might receive small remunerations (however at lower rates than the market value of their efforts), expense claims, and especially a substantive amount of intangible benefits, such as first and privileged access to information, important contacts, availability of important resources, etc. Furthermore, boards, or parts of it, can be composed by representatives of other organizations or important and formalized stakeholders such as funding organizations and/or governmental institutions (O'Regan, and Oster, 2002). Despite the fact that they do not receive a direct remuneration, they take up a position in the NPO’s board as a part of their paid job or another remunerated occupation. As a consequence they are indirectly compensated for being a board member in that organization. On the contrary, despite the fact that NPO managers are considered taking an opposite position due to the salary they receive, also important variations might occur. Particular NPO characteristics might determine variations in the manager’s remuneration. Additionally, when comparing NPO managers with for-profit managers, the ‘warm glow feeling’ NPO managers receive from working in a NPO can be considered as voluntarily immolating salary for the good feeling they receive from their work and achievements. Furthermore, considering the broad variety of other functions, tasks and roles a person can fulfill as a member of the NPO leadership team, also different levels of paid and/or voluntary effort might occur. Hence, despite the fact that the level of voluntarism is often
considered as an inherent characteristic of a leader’s function in the leadership team, different levels of voluntarism might however account for differences in alignment of personal objectives and commitment. Therefore I suggest additional attention to the level of voluntarism in further research on the alignment of personal objectives based on different functions within the leadership team.

### 3.2.2. Motivational Alignment

Secondly, from a personal perspective there are numerous reasons and motivations why an individual wants to participate in a particular NPO. Especially for volunteers, different motives to participate have been studied. Ziemek (2006) taking an economic perspective, suggests three types of motives; (1) altruism, where the NPO participant wants to secure the production of a public good, (2) egoism, where the volunteer gains personal utility of producing the public good, or (3) investment, where the participant, offers current effort in order to gain later returns. Particularly for the selection of managers and employees in NPOs, Caers et al. (2009) develop a simulation model, investigating different types of managers and employees with regard to their motives composition. From a psychological point of view, research on volunteer motivation might have either a process approach, focusing on how motivation leads to certain behavior or commitment, or might be studied with a content approach, emphasizing the different kinds of drivers, such as needs, desires or values and beliefs, that are at the origin of certain behavior (Schepers et al. 2005). An important example of the latter kind of motivational theory is presented by Clary et al. (1998), distinguishing six functional motives of volunteers to participate in a NPO, mainly in line with the classifications of economic literature. These six functionalities are (1) ‘values’, which is in line with the altruistic set of motives from an economic point of view, (2) ‘understanding’, (3) ‘social’ and (4) ‘career’ linked with the investment types of motivation, while (5) ‘protective’ and (6) ‘enhancement’ are alike to the egoism types of motives. The extent to which these functional motives are satisfied by the opportunities offered by the volunteering environment, determine the alignment between an individual and an organization, and the commitment to (continue to) participate in the organization (Clary and Snyder, 1999). From a management perspective, Hartenian (2007) makes a distinction between ‘direct volunteers’ versus ‘indirect volunteers’, with direct volunteers more involved in operational tasks and in service delivery, while indirect volunteers are more occupied with supportive tasks related to several leadership functions. On the contrary, Mook et al. (2005) and Bowman (2009) make a distinction between ‘substituting’ and ‘supplementing’ volunteers, where volunteers can take functions
as a substitution, a supplement or a combination of both compared to paid staff (employees or managers). Additionally, Jäger et al. (2009) stress the different forms of leadership needed in a NPO in which volunteers are engaged, as a consequence of the particular characteristics of volunteers: (almost) no formal contract, free will of the volunteer, and the less hierarchical position in which they are\(^2\). Seen the different motives, among volunteers and between volunteers and paid staff, and seen the particular challenges of managing volunteers, sufficient attention should be given to the alignment of personal objectives of volunteers, whether or not in a leadership position, to the organizational objectives. An additional challenge with regard to this alignment is the constantly changing set of motivations as result of age and tenure (Haski-Leventhal and Bargal, 2008; De Cooman et al. 2009; Hooghe and Dietlind, 2003).

In comparison to the volunteers’ motives, the motivation of paid staff and executive managers, and the way to deal with them, also differ substantially. Paid staff are for example typified by the additional presence of instrumental commitment, next to pure moral and emotional commitment of volunteers, and the fact that that time spent in the organizations is often much larger (full-time) and more specialized compared to volunteers (Cnaan and Cascio, 1999). However, one can not assume that paid staff in NPOs behave exactly in the same way as staff in profit organizations. Particular sector, industry or organizational characteristics might induce different motivation or commitment patterns. Goulet and Frank (2002) investigate the difference in commitment among employees in the profit sector, nonprofit sector and the public sector, and find evidence that the nonprofit sector can be regarded as a separate group due to clear differences compared to the other two sectors. Schepers et al. (2005) note the particular motivational difference for school teachers and nonprofit nurses compared to workers of profit organizations. Furthermore, the wages, which is a main extrinsic motivator of paid staff, can differ as a result of the presence and the number of volunteers in an organization and its particular funding structure (Haider and Schneider, 2010).

Despite the fact that motivation of volunteers and paid staff in the NPO sector are strongly researched in contemporary literature, seldom a contribution is made with regard to particular motives of paid or volunteer people in NPO leadership roles. In their seminal study, Stephens et al. (2004) investigate the impact of board size, leadership roles, and attitude towards organizational performance, on the commitment of voluntary board members. In

\(^2\) Both voluntary leaders and other voluntary participants are seldom required to report to a hierarchical superior in a traditional sense.
addition, Inglis and Cleave (2006), develop a measurement scale for investigating board members’ motivation, while Prouteau and Tabariés (2010) find that the voluntary leaders in French NPOs have different motives compared to other NPO volunteers. These voluntary leaders seem to have more activist motives and are more involved in other organizations. These studies stress the complex processes at work and the combination of different possible motives held by NPO leaders. Therefore the particular alignment of motivation among leaders, and the impact on NPO performance and effectiveness should be addressed more elaborately in further research. Different perspectives with regard to motivational alignment could be investigated. De Cooman et al. (2009) make the distinction between the way an individual in an NPO indicates to feel associated with on the one hand the objectives of the organization as a whole, and on the other hand with the objectives of the other participants in the organization. Particularly the match of the ‘identity’ of the individual, and the ‘identities’ of each of the other individuals involved is crucial in the decision to join, stay or leave an organizations (Herriot, 2002). In addition, Caers et al. (2009) make a similar distinction between the alignment of an individual with either the objectives of the organization, or either the objectives of the organization’s ‘clients’. Furthermore, different perspectives of the alignment are possible when both the function and personal objectives of the leader involved are taken into account. For example, Du Bois et al. (2009) investigate by use of a discrete choice experiment the alignment with regard to organizational objectives between the board’s chairman and the head master (executive manager) for nonprofit schools.

Nevertheless very relevant, findings and insights from any type of volunteers cannot be generalized as such for voluntary leaders. In addition, different degrees of voluntary behavior among NPO leaders, complicate contemporary insights, both on volunteers and on leaders. Further research therefore should clarify the applicability of current understandings in the particular case of NPO leaders.

### 3.2.3. PRACTICES ALIGNMENT

Thirdly, the skills available and practices applied by the leadership team play a crucial role in the effectiveness, or at least the perceived effectiveness, of the NPO (Gill et al., 2005). A proper use of governance and management practices, the extent to which leaders agree upon them and the level to which their personal capabilities are aligned to these practices determine the performance and effectiveness of an organization (Herman and Renz, 1998, 1999; Solansky, 2008). The reverse process also happens; certain leadership practices can
shape leadership team dynamics. Parker (2007) notes the complex interaction between formal and informal strategic planning characterizing NPO boards, while Chennhall et al. (2009) investigate the relationship between management control systems in NPOs and the social capital among leaders. They state that strong social capital can enhance management control systems, but conversely an unbalanced focus of the management control system, e.g. being too much financially focused, can distort trust and mutual understanding of the leaders. Even more, a performance management system, which should be adapted to the particular needs of a nonprofit organization, has the power to change team dynamics, while particular team dynamics have the power to impose particular performance management systems (Micheli and Kennerley, 2005). Solansky et al. (2008) report on the importance of ‘shared mental models’, and they find that when leaders have similar ideas on the subject of decision processes and goals, performance will be higher. In detail these ‘shared mental models’ should apply to a broad subset of managerial and governance aspects, such as the shared knowledge of team roles, task understanding, team resources, team dynamics, team interaction, etc. (Johnson et al., 2007). Keck (1997) investigates tenure, heterogeneity of skills, stratification, i.e. the distribution of several hierarchical levels in top management teams, and finds that strategic reorientation is more likely, and the organization will perform better when such teams are more heterogeneous. In addition, crucial factors that can influence teamwork substantially among leaders are (1) the role taken by the chairman, (2) the selection procedure and initiation of new board members, (3) the size of the board, (4) and available self-evaluation procedures (Conger and Lawler, 2009). As a consequence, the whole set of procedures, management systems, internal agreement that shape the day-to-day practices applied by NPO leaders, is the result, and meanwhile the cause, of particular team dynamics and combinations of skills among them.

Furthermore, as the impact of one individual in a group is often underestimated from a socialization perspective, the possible influence of single individual NPO leaders however deserves attention. By investigating ‘shared mental models’ in value-laden organizations, such as hospitals and schools, Tzeng (2006) finds out that some individuals have stronger an impact on the development of team mental models than others. Stephens et al. (2004) discuss the relationship between the commitment, experience and leadership roles in a board and the self-reported performance in that board of voluntary directors in US chambers of commerce. They find out that being longer involved in a board and/or having a leadership position, enhances the affective commitment to that board, which on its turn enhances the self-reported performance in that board. Particularly for directors having a leadership position, the intention
to stay in the organization might be higher, just because they feel more connected to the organization because of the higher ‘personal sacrifices’ they give to the organization. However, it is important to note that for the leaders involved in supporting leadership positions, e.g. an executive committee compared to a board, involvement and commitment is significantly lower (Smith and Shen, 1996). Hwang and Powell (2009) investigate the professionalism of executives and staff in relation to the level of organizational rationalization. They find that NPOs led by executives with a strong managerial background are more rationalized and operate more consequently with regard to internal procedures, strategic planning, outcome measurement, etc.

The mutual relationship of team dynamics and personal skills with the practices applied in the organization, and consequently the impact it has on the organization’s effectiveness, is also influenced by several external factors. Competition in the NPO sector with regard to the allocation of resources (volunteers, employees, funds, prestige and competencies), might induce different practices and different strategies set out by the leaders in the organization (Tuckman, 1998). Kong (2007) stresses the importance of the intellectual capital for a NPO to deal with competitive environments. Inter-organizational collaboration projects and strategic network alliances, in contrast to competition, can require a collaborative configuration of strategy and effectiveness measurements (Bode 2006; Babiak, 2009;). Conyon and Read (2005) express in an economic model the opportunities for an organization when its manager takes up positions in boards of external organizations, while Domhoff (2005) discusses the mutual relationship between the individual level and the organizational level where formal alliances between organizations are the result of formal and informal processes at the individual level. In addition, legislation and law enforcement might directly or indirectly force organizations to apply certain practices (Grunewald, 2007). For example, O’Regan and Oster (2002) find out that the focus of the practices applied in NPO boards differ substantially depending on whether or not government is a primary funding stakeholder of the organization. Finally, new hype-alike management practices popular in business environments might gradually influence practices suggested within boards by its members, or externally imposed by (certain groups of) stakeholders. However, due to fundamental profit based assumptions of these practices or due to badly adapted application of the practices for

3 Despite both contributions being very interesting studies (Conyon and Read, 2005; Domhoff, 2005), they unfortunately both focus on profit organizations. However, seen the particular nature of nonprofit organizations and the sector in general as described in this paper, some important avenues for further research with regard to nonprofit aspects are obvious.
NPO setting, effective results might be doubtful (Dargie, 2000; Kong, 2007; Beck et al., 2008).

In summary, alignment among leaders in a NPO leadership team can be regarded from three different perspectives: functional alignment, motivational alignment and practices alignment. From literature it is obvious that each of these types of alignment is important in influencing an organization’s performance and effectiveness. However, further research is needed to clarify their relative significance and in what way they relate to each other.

4. CONCLUSIONS AND FURTHER RESEARCH

In this paper I described a model offering new understandings on how social interaction among leaders in nonprofit organizations impact organizational performance and effectiveness. The model contains five propositions that could be subject to further research verifying or falsifying the model. These propositions are: First, the effective fulfillment of a social need is composed of three sub-processes between society and organizational level (macro-meso); (a) the accurate identification of a social need and the planned approach of dealing with it (mission, vision, strategy), (b) the actual deployment of the planned approach and the extent to which it is successful (performance), and (c) the degree to which the actual output contributes to a solution for the identified general need. Second, the transition process between society and organization is determined by the social interactions among leaders involved within the organization (micro-level). Personal objectives of separate leaders become aligned and commitment to the organization is shaped as a result of social interaction among the leaders involved. The model incorporates social interaction at the moment a new leaders join the organization, i.e. (self-)selection, and during their involvement after they are appointed, i.e. socialization. Third, both social processes are supposed to be complimentarily with regard to enhancing alignment of personal objectives among NPO leaders. Fourth, both processes work reciprocally, meaning that each individual leader plays an active and a passive role in both social processes. As a result, each individual leader in the organization can contribute to the alignment within the leadership team, both at the appointment and during their involvement. Fifth, the personal objectives, which are eventually grouped in organizational objectives through alignment among leaders, encompass both an expressive and an instrumental rationale. The right balance between these both rationales in the grouped organizational objectives enhances overall organizational and sector effectiveness.

Founded by literature, these propositions can be the subject of further research. The model contributes for that matter on two major domains. First, it starts form a broad and
general perspective and is (can be) subsequently cascaded down to more concrete situations and settings. Given the large heterogeneity of the NPO sector, such approach makes it possible to distinguish general tendencies from context specific characteristics. Secondly, the model combines insight both from both top-down and bottom-up perspectives on how organizational performance and effectiveness are influenced. The model incorporates three distinct levels (society, organization, leader), which should contribute to a better understanding how these distinct levels relate to each other. As contemporary literature on NPO effectiveness is often scattered and context related, this model aims to unify both a top-down approach (macro-meso) and a bottom-up approach (micro-meso) in explaining NPO performance and effectiveness.

Further research should focus mainly on finding evidence related to the propositions made in order to confirm, adjust or reject them. Hence, I suggest a mixed approach of combining both qualitative research to scrutinize the model and quantitative research to assess the strength of actual impact of alignment and commitment on performance and effectiveness. In addition, both qualitative and quantitative research could enhance contemporary understanding on the contextual factors and classifications that might be relevant in explaining differences in organizational performance and effectiveness. For example, individual differences with regard to function, level of voluntarism, motivations, age, or tenure, and organizational differences related to industry, funding structure or size, might influence social interactions among leaders differently, causing different impact on performance and effectiveness.

With this paper I hope to inspire both academics and practitioners based on the explanation of the model proposed, and I hope to integrate contemporary understandings about social interaction among NPO leaders and how it affects organizational performance and effectiveness.

5. REFERENCES


http://sociology.ucsc.edu/whorulesamerica/power/corporate_community.html (retrieved April 24, 2009)


