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Governance in the Collective Context: A Study of Two Approaches

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Abstract

This report examines two models of governance used in non-profit organisations, namely a model based on collectivism which is founded on consensus decision-making involving people at all levels of the organisation and a model based on the traditional Western hierarchical structure which has a defined line of accountability and responsibility for decision-making at differing levels. Benefits and limitations of each model are compared. Consideration is given as to whether a Western governance model can support the ideology that underpins collectivism and provide effective and efficient solutions to issues that arise in a collective based organisation. In other words, consideration is given as to whether these two models can co-exist within the same organisation. This report also ascertains the implications of adopting a governance and management model within the wider philosophical base of a feminist or cultural organisation.

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Chapter 1: Introduction

The future viability of any organisation can be enhanced by the organisational structure that it chooses to adopt to make the decisions and define the lines of accountability and responsibility both for the current operations and its strategic direction. The structure contributes to the success in which an organisation meets its vision and goals. However, over time a question can be raised about whether the chosen structure hinders the organisation's ability to operate its business effectively. The emergence of global markets, and pressure for board accountability and performance, are the driving forces behind today's worldwide interest in governance (Cadbury, 1999 cited in Rozman, 2000). This interest and pressure for board accountability and performance has also become obligatory for non-profit organisations.

During the 1960' and 1970's, the second wave of feminism encouraged women to participate in a number of arenas to support the rights and well-being of women across the globe. In New Zealand, the radical challenge to the egalitarian ethos widely held by many New Zealanders presented opportunities to revisit the level of equality - politically, socially and economically - between men and women. During this period, Maori also raised issues pertaining to equity within social and political realm.

Alongside this challenge was the promotion of socialist views which encompassed alternative models of operating groups and organisations. Various women's groups established an identity over the following 15 years with differing purposes. The women participating in these forums were largely unpaid and opted to structure these groups based on collectivism. Although feminist collectives may have had a distinctive feminist ideology, values, and goals, they shared a collectivist organisational structure with other alternative organisations that were spawned in the counter-institutional grass-roots democracy movements of the 1960's (Starr, 1979 cited in Martin, 1990). In New Zealand, collectivism was a model familiar to Maori and other cooperative groups.

Collectivism represents an equal distribution of power, responsibility, and accountability. This distribution is balanced through consensus decision making where all group members have equal say at all levels of decision-making. Collectivism implies that group membership is a central aspect of identity (Hofstede, 1980). However, people with specific skills are able to utilise these for the benefit of the group. Group members work towards the common good and are generally engaged with an ethic focused on rights and justice.

Over time within many non-profit organisations based on a collective model of governance, there has been a blurring of the respective roles and responsibilities of group members particularly in relation to employment issues and lines of answerability. This directly impedes the organisation's ability to effectively function at various levels causing concern for the on-going viability and sustainability of these organisations. In most instances, employees are involved with all aspects of decision-making, including employment. Especially in relation to the employment context, this has created issues of power and in particular, issues about who the ultimate boss is. In turn, these issues, if not effectively resolved can impact on organisational effectiveness and subsequently impedes the organisation's ability to develop and expand.

Alternatively, Western governance models maintain a hierarchical arrangement commonly recognised within political, social, and economic structures. There are defined roles, responsibilities, and lines of accountability. Governance in business focuses on the role of directors in representing and protecting the interests of shareholders (Fama and Jensen, 1983). In contrast, governance in the non-profit context is generally centred on the role of the board of trustees to represent and protect the interests of community members or other politically important constituencies (Provan, 1980).

This report examines these two alternative models of governance, the model based on collectivism which is founded on consensus decision-making involving people at all levels of the organisation and the model based on the traditional Western hierarchical structure which has a defined line of accountability and responsibility for decision-making at differing levels. The benefits and limitations of each model are compared. The report also includes the impact that the adoption of a Western governance model may have on the broader philosophies that underpin an organisation which adopts a collective style of decision-making. The findings of this report may be beneficial to those organisations considering a change in organisational structure particularly in the non-profit sector.

In this report, the National Collective of Independent Women's Refuges (NCIWR) is used as a case study organisation. NCIWR was one of the organisations in the 1970's which adopted a collective model of operation and now includes 45 member refuges – 31 general refuges working with women from all ethnicities, twelve Maori refuges working with Maori women specifically, one Pasifika refuge and one associate member providing services to migrant women. This organisation is non-profit with collectivism remaining an

integral feature of the organisation's governance arrangement, and indeed collectivism permeates throughout all of the activities undertaken by NCIWR.

The Case Study Organisation

NCIWR is the leading non-governmental organisation delivering services to women, children, whanau, and families who are experiencing or have been affected by domestic violence in New Zealand. There are many levels and corresponding interfaces – local, regional, and national – which work together to promote and support social change that upholds the safety, autonomy and integrity of all New Zealanders with a particular focus on women and children.

NCIWR has a membership of 45 autonomous refuges which work within the framework and philosophical base of the organisation. NCIWR holds a vision of creating a violence-free environment and community by:

- eliminating beliefs, attitudes and behaviours inherent in structures which maintain and perpetrate violence against women and children;
- empowering and resourcing women and children to live free from violence;
- enabling women and children to make informed choices;
- raising the awareness of the effects of domestic violence within families and communities (NCIWR, 2008).

During the development of NCIWR, principles of practice have been integrated into the structure forming a unique organisational foundation. These are known within the organisation as the cornerstones which underpin the values of NCIWR. The cornerstones are:

- the practice of celebrating women's contribution to society;
- the practice of using consensus decision-making;
- recognising that the actions of one refuge reflects on the refuge movement as a whole;
- the practice of ensuring the needs of Maori are met in ways that best suit Maori, at all levels of the organisation including service users;
- the practice of eliminating discrimination of any kind against women (NCIWR, 2008).

Each of the cornerstones are interlinked, and when each is fully understood and implemented together in practice, the rights of each woman and child seeking services is

promoted and the autonomy and integrity of those working in the organisation is enhanced and realised. Although these principles of practice form the organisational foundation, each are applied to differing degrees within each refuge, and are viewed as separate components to be modified or adjusted to reflect a modernised interpretation of their meaning.

Collectivism has been the model of governance embraced during the initial development of the organisation as a means of cooperating between members and encompassing the range of skills available amongst the group. As the subsequent cornerstones evolved, collectivism supported models of practice commonly employed by Maori and other migrant groups, as well as women's groups which encouraged greater participation by members in decision-making.

In the last 10 years, some of the individual member refuges have reviewed their structure and questioned whether that structure is conducive to the current social and political climate. Over this period of time, refuges have faced a number of significant challenges, including:

- the decreasing number of women available to volunteer their time;
- the increasing pressure for the organisation to become more professional;
- the higher level of accountability demanded for public funds.

NCIWR has been selected as the case study organisation as collectivism has been intrinsic within the organisation as a means primarily of ensuring the minority voice is heard. As greater scrutiny is placed on the non-profit sector both in terms of effectiveness of service delivery and the efficient spending of monies, the organisation has needed to shift its thinking from 'poor man's mentality – being a charity' to operating as a competitive business. With this change in thinking, a review of the structure within each refuge is necessary as well as the organisation in its entirety.

The comparison of the benefits and limitations of a collective model of governance to those of the traditional Western hierarchical model will assist in gauging whether a change in structure will result in more effective and efficient solution to the issues in collective organisations.

Purpose of the Study

For goal-directed organisations with a distinct identity, some form of governance is necessary and often required by legislation or regulation to ensure that participants engage in supportive action, to ensure conflict is addressed and to ensure that resources are acquired and utilised effectively and efficiently (Provan & Kenis, 2007). While an appropriate governance structure is essential to effective governance function, many boards are attempting to confront 21st century issues reflective of the 1980s or beyond (Orlikoff, 1998 cited in van der Walt & Ingley, 2001).

The management dilemma within collective organisations revolves around lines of accountability and the roles and responsibilities of its members. As all members are involved in the decision-making of the organisation, including employment, interpersonal relationships among members can become strained as issues of power evolve. This creates limitations on the organisation's ability to function at its optimum and, in some cases, key stakeholders may question its credibility, accountability, and professionalism.

Within a Western hierarchical model of governance, these issues of power may still develop when authority is misappropriated. The fundamental question is whether the distinct roles and responsibilities, lines of accountability, and majority decision-making can offer better solutions to address any issues which may arise.

The purpose of this study is to compare characteristics and effectiveness of collective based organisations and a traditional governance structure. Consideration will be given to the similarities between the two models and whether a Western governance model can support the ideology that underpins collectivism. It will also ascertain the implications of adopting a Western governance model within an organisation which currently operates using a collective approach. Moreover, this research will consider whether a Western governance model provides effective solutions to issues which evolve using collectivism, and whether the two models can in fact co-exist within the same organisation.

Research Objectives

1. *To identify the benefits and issues arising within a collective model of governance*

Collectivism implies that group membership is a central aspect of identity (Hofstede, 1980). As the women's movement grew around the world and in New Zealand, collectivism was adopted during the initial development of women's organisations as a means of cooperating between members.

This approach is also the basis of decision-making used by Maori. With the development of Maori business, the principles of collectivism are often adopted to maintain a Maori based philosophy. Additionally, this form of decision-making has been adopted by cooperative groups to ensure that decisions aim to benefit the group as a whole rather than the interests of a few.

2. *To identify the benefits and issues arising within the traditional model of governance and management*

The traditional model of governance and management encompasses specific roles within the organisational structure. It provides a clear line of accountability for operations when those people within the structure have a clear understanding and interpretation of the responsibilities associated with the separate functions.

This research objective will consider the benefits and issues which arise with this structure within a non-profit organisation. This is of high relevance to this study as the primary goal of the NCIWR and the organisations within NCIWR are to improve the well-being of service users and be an agent of social change, rather than for instance, profit driven.

3. *To compare and contrast the two models from the benefits and issues perspectives*

Collectivism has been synonymous with feminist and Maori organisations and supports cooperative relationships between groups with differing needs. Although the organisations adopting a collective model of governance may have differing philosophies, they generally hold values which seek to provide equitable outcomes.

A traditional governance and management model has a structure contradictory to the flat arrangement of a collective. That said, adjustments can be made that incorporate some aspects of a traditional governance structure to streamline lines of accountability, but at

the same time retaining a commitment to the core principles underpinning collectivism through consensus decision-making.

4. *To identify possible effective and efficient solutions to issues which arise in a collective organisation*

Any governance structure can have power issues in relation to the blurring of the roles and responsibilities when any or all of its members lack a clear understanding of their position within the organisation. The abuse of power is common to many non-profit organisations where this blurring has occurred.

Within a collective structure, the issues of power tend to develop in relation to employment and lines of accountability. Management begins to control the organisation and, as many positions are voluntary, become answerable to only themselves. These issues are further compounded when all members are involved in decisions relating to each other's employment and the protection of one's own position silences any challenges.

In organisations where members lack the necessary skills and expertise to hold management and paid staff accountable, the credibility of the organisation and its long-term viability can be questioned by key stakeholders, particularly funders. This is further compounded by a structure which is seemingly unfamiliar to society in general, and lacks any clear lines of responsibility and authority.

This research objective will attempt to identify further causes of such issues, that is, do they arise through the structure or through the practices adopted by members, or a combination of the two.

5. *To determine the implications of changing governance and management approaches within an organisation which incorporates collectivism*

Any organisational structure has benefits and limitations. Often, a change in structure can prove cumbersome, or it can incur resistance from those opposed to a transformation. This objective will distinguish the similarities between the models and categorise the possible consequences of adopting an alternative model. This alternative model may be the co-existence of both models within the organisation or a radical change in structural design.

Summary

Non-profit organisations, like their corporate counterparts, strive to adopt a structure which will ensure on-going viability and sustainability of the organisation. Most of these organisations are reliant on external funding sources to maintain their existence. This requires high levels of accountability to guarantee the existence and the future growth and development of the organisation.

There are various models of governance which can be adopted to address a range of organisational issues. A collective model of governance is one which is commonly implemented in organisations aimed to achieve goals such as social change or the provision of goods and services in ways which simultaneously value community, empower individuals and groups, and explicitly recognise the personal needs and objectives of staff or members (Morgen, 1994). Consensus decision-making provides the opportunity to fully participate in the operations and set the strategic direction of the organisation.

The Western model of governance is a widely accepted model which provides a clear structural framework. Areas of responsibility are defined with the board having the overall responsibility for strategic decisions and overseeing management. Management have the responsibility for the implementation of the strategic goals and are directly accountable to the board. However, there are also limitations to this model and challenges to its overall effectiveness.

This report will compare the benefits and limitations of these two models of governance, and identify whether a Western model of governance can result in more effective and efficient solutions to issues which arise in collective organisations.

Chapter 2: Literature Review

The concept of governance can be traced to at least 400 BC to the Arthashastra, a treatise on governance attributed to Kautilya, thought to be the chief minister to the King of India. Kautilya presents key pillars of the "art of governance", emphasising justice, ethics, and anti-autocratic tendencies. He identifies the duties of the king to protect the wealth of the state and its subjects and to enhance, maintain and safeguard this wealth as well as the interests of the kingdom's subjects (Kaufmann & Kracy, 2008).

Reviews of literature generally conclude that the term governance is used in a variety of ways and has a variety of meanings (Rhodes, 1996). Although there are some commonalities across the definitions, for example, governance deals with institutional process and the rules of the game for authoritative decision-making, they differ significantly in terms of specificity and normatively. For some, governance implies particular kinds of institutional processes and outcomes (Grindle, 2007).

In this report, the definition used for governance is one where governance is responsible for:

- the strategic direction of the organisation;
- maintaining the integrity of the organisation through the development of policies and monitoring risk;
- overseeing the financial stability of the organisation;
- the employment of the Chief Executive;
- the subsequent monitoring of performance of management.

Management oversees the day-to-day operations for which authority is delegated from the Governance Board. Management is responsible for the implementation of the strategic plan and providing accurate, timely, and material information to the board. Management will have an in-depth knowledge of the organisation's internal operation and should have the necessary skills and experience to perform at this level.

This literature review outlines the scope of information available for the development of an effective structure. The review will firstly provide a background to governance. It will then provide information about the unique components of non-profit organisations, the two models of governance, and effective and efficient solutions to issues which may arise.

Background

Governance can be defined as the system or manner by which organisations are governed. Governance is charged with translating the organisation's shareholders, owners, or non-profit stakeholder's expectations and requirements into performance by the organisation and ensuring trusteeship for the capital and other resources provided (Matheson, 2004). Governance is an interactive process because no single person or organisation has the knowledge and resource capacity to tackle problems unilaterally (Kooiman, 1993 cited in Stoker, 1998).

Much of the literature on boards is prescriptive and has a lack of focus on processes. It fails to recognise many of the difficult demands, constraints, and dilemmas that board members face in practice (Cornforth & Edwards, 1999). In addition, there appears to be a lack of systematic empirical evidence for the prescriptive models suggested in the literature (Cornforth, 2001).

The empirical studies which have been undertaken have focused on the relationship between three sets of variables: various board characteristics, board performance and effectiveness, and organisational effectiveness. However, these studies have differed quite widely in terms of the characteristics they have concentrated on, how board performance has been measured, and the empirical approach that has been taken (Cornforth, 2001). The studies have been criticised for their over-reliance upon one source of data, usually the perceptions of board members, because of the lack of any independent confirmation of the actor's accounts (Peek, 1995 cited in Cornforth & Edwards, 1999).

However, the role of the modern board is increasingly seen as providing strategic leadership in respect of both the company's interface with its respective stakeholders and its business performance (van der Walt & Ingley, 2001). Rozman (2000) argues there is a distinction between control of business results as a consequence of decisions and control of decisions themselves. Control of decisions themselves means that major management decisions have to be at least approved by the board. In this case the board directs, advises, counsels, and even proposes major decisions. Most authors agree that the role of the board lies in controlling the business results and in controlling by accepting and influencing major decisions (Rozman, 2000).

Sheridan and Kendall (1992) highlight the need for organisations to review what sort of board they have and whether it is the suitable architecture to achieve profitable management. They argue that for successful board performance, organisations must:

- have in place an appropriate and definable board structure with checks and balances;
- have a clearly defined committee structure with clear functions and responsibilities;
- adequately debate major strategic decisions;
- review for appropriateness of decisions made;
- challenge management performance on key areas such as succession, investment, training, research and development, product or market development;
- keep the organisation's financing arrangements under review and insist on open and honest disclosure;
- recognise the importance of independent, external directors whose role is leadership rather than control;
- appreciate the need to harness wisdom and experience to direction;
- appreciate the importance of succession and board renewal – balancing experience with a fresh approach;
- subject the board to regular, rigorous review.

Schweiger, Sandberg & Rechner (1989) argue that in order for boards to be effective it must identify, extract and use its members' potential contributions to undertake the necessary requirements. There is a range of governance models which have been adopted and adapted for organisations depending on the requirements. These models range from the traditional hierarchical model with clear roles and responsibilities, defined lines of accountability, and positional power accorded with each role at one end of the spectrum, and the collective model which projects a flat structure with all members having similar powers, responsibilities, and authority with decisions made using the process of participation and consensus. Boards are only responsible for monitory and influencing strategy. The implementation of the strategic decisions is the responsibility of management (Fama & Jensen, 1983).

Cornforth (2001) concludes that in order for any board to be effective, regardless of structure, it is imperative that the following key features are present:

- The board has a clear understanding of its roles and responsibilities;

- The board has the right mix of skills and experience;
- The board members have the time to do the job well;
- The board and management share a common vision of how it should go about achieving its goals;
- The board and management periodically review how they are working together.

Additionally, Dimma (1997 cited in Ingley & van der Walt, 2000) argues that if the board does not participate as an equal partner with management, it essentially puts the organisation at risk.

Non-Profit Organisations

The governance of voluntary and non-profit organisations has long been problematic. Many voluntary and non-profit organisations are established as membership associations, where it is enshrined in the organisation's constitution that the governing body should be elected by and represent the membership in some way. The role of the board members is to represent and express the interests of one or more stakeholder groups in the organisation with expertise not being a central requirement (Cornforth & Edwards, 1999). In fact, all organisations, no matter what the size or the purpose, need to consider the function of its governance board and the skills and attributes of the members who should be on the board (van der Walt & Ingley, 2001).

Typically, these organisations have to acquire resources such as money or members, obtain legitimacy and create a niche for the organisation in order to survive (Quinn & Cameron, 1993 cited in Riger, 1994). The need to demonstrate legitimacy may push an organisation in conventional directions in order to make it acceptable to other institutions and to people who can provide resources (Riger, 1994).

Demographic differences between non-profit and for-profit boards are significant. Non-profit boards include considerably more women and minorities, are larger averaging 17 members, and consist almost entirely of outsiders (Golden-Biddle & Rao, 1997).

Non-profit organisations' board are called on for governance and leadership responsibilities, which include decisions about organisational missions, programmes, financing, and the performance of its own tasks. (Herman & Renz, 2000). Herman & Renz present the governance requirement as based on both a legal requirement which holds the board responsible for the affairs and conduct of the organisation, and on a moral

assumption that a board will conduct the affairs of the organisation as a public steward, ensuring that the organisation serves the interests of the large community.

Members of non-profit boards join as much for organisational as for personal reasons and serve for specified terms (Ingley & van der Walt, 2001). These dual reasons for joining the organisation can create a conflict between the personal aspects of their association and the trusteeship duties their board service carries (Golden-Biddle & Rao, 1997). However, sharing common values and working to develop organisational forms produces intense bonds among members and deep commitment to the organisation (Morgen, 1994).

There are two specific differences in the tasks of non-profit boards from those of for-profit boards. Firstly, the control function of non-profit boards must be revised to account for the distinct legal status and the service function must be expanded to account for the fact that non-profit boards typically exert more influence over operating functions than do for-profit boards (Oster, 1995 cited in Golden-Biddle & Rao, 1997).

Secondly, because of the multifaceted nature of performance in the non-profit sector (Stone & Brush, 1996 cited in Golden-Biddle & Rao, 1997), the relationship between board performance and organisational performance may be quite complex. For example, the board's performance of its service function may have a strong influence on certain operational measures of organisational performance such as the quality of services, but little or no influence on financial measures such as funding levels, which instead depend heavily on the board's performance of its external functions. In addition, it may actually be part of the control function of non-profit boards to not only monitor organisational performance but to define and measure it in appropriate ways (Golden-Biddle & Rao, 1997).

Employees who work in non-profit organisations seldom seem to be satisfied with the performance of their boards (Middleton, 1987; Harris, 1999 cited in Cornforth, 2001). This appears to be the case regardless of the model of governance adopted. Developing a governance structure that is responsive to the internal expectations of shareholders, owners, or non-profit stakeholders requires frequent reassessment of structural mechanisms and procedures in light of new developments and a willingness to make needed changes even if they are disruptive (Provan & Kenis, 2007).

Non-profit organisations generally operate in an unstable environment characterised by a relative high level of unpredictable change or volatility particularly in relation to sustainable funding to support on-going operations. This places considerable demand on the membership to make strategic decisions and manage the subsequent implementation of these decisions to develop and grow the organisation.

Dilemmas which arise do not have any given, nor even correct, solutions. Because no set of beliefs can fix its own criteria of application, when people confront a new event or belief, they necessarily change traditions creatively (Bevir, Rhodes & Weller, 2003).

In such environments, organisational success often depends on the ability of top managers to identify new strategic alternatives that maintain an organisation's fit with its changing environment (Haleblian & Finkilstein, 1993; Tushman & Anderson, 1986 cited in Carpenter & Westphal, 2001). Thus managers must not only attend to the current strategy, but also recognise when and how the strategy should be changed (Carpenter & Westphal, 2001). This includes identifying possible strategic alliances for the membership and structure of the governance board.

Collective Model of Governance

Collectivism is a term used to describe any philosophic, political, economic, or social outlook that emphasises the interdependence of every person in a group (Wikipedia, 2010). The people involved in the organisation devote themselves to the vision and goals of the organisation rather than pursuing self-interest. The essence of collectivism is cooperation. Cooperation is defined as the wilful contribution of personal effort to the completion of interdependent jobs. Cooperation is essential whenever people must coordinate activities among differentiated tasks (Wagner III, 1995).

Collectivism is an ideology commonly linked with firstly individualism, and secondly hierarchy. Within either frame the two concepts are viewed at opposing ends of the spectrum. It is a model of organisational structure which can be found in many societies and cultures, as well as being commonly aligned with feminist thinking. However, this approach does not fit well with the professional, time and resource constrained environment of formal organisational governance (Modlik, 2004).

Much of the literature in relation to collectivism is out-dated, that is, it is at least twenty years old. Prior to this, collectivism formed the contrast in early debates as individualism

gained prominence during the French Revolution. The rise of the individual rights movement was feared; it was thought individualism would soon make community "crumble away, be disconnected into the dust and powder of individuality" (Burke 1790/1073 cited in Oyserman, Coon, & Kemmelmeier, 2002). In this usage, individualism describes a worldview antagonistic to community and collective social structure (Oyserman *et al.*, 2002).

Hofstede (1980) defines individualism as a focus on rights above duties, a concern for oneself and immediate family, an emphasis on personal autonomy and self-fulfilment, and the basing of one's identity on one's personal accomplishments. He differentiates individualism and collectivism using the workplace. He suggests the contrast is between the extents that workers value their personal time and choice compared with the extent they value job security and on-the-job training.

Individualism is more prevalent in industrialised Western societies than in other societies, especially more traditional societies in developing countries (Oyserman, *et al.*, 2002). Hierarchical structures are also more evident within Western societies with those in the higher echelons holding more power, particularly in decision-making terms. Within an organisational environment, Japan provides a stark contrast where the predominant decision-making process is through consensus. This process promotes the inclusion of ideas and practicalities from all members of the organisation, including employees, to determine the both the current and future success of the organisation. With the integration of employees into the decision-making, Japanese organisations have been viewed as a unified body as the stake of employees is important enough to them being considered as a de facto controlling group of the organisation (Nam, 2003).

Hofstede's definition and analysis of individualism could, 20 years ago, be aligned with the traditional Western governance model where the viability and sustainability of the organisation for shareholders was first and foremost, that is, the goal was to increase wealth. Today, an enormously complex, ever-changing body of law directs the role of the boards.

Legally, most jurisdictions describe a governance board as having two duties, the duty of care and the duty of loyalty (Monks & Minow, 2008). The duty of loyalty maintains the responsibility to shareholders while the duty of care requires a board to exercise due diligence in making decisions. This means that all reasonable alternatives are considered

in making any decision as, in most instances, those who may be affected by the organisation's activities are likely to voice out and exert their influence to ensure that the organisation is operating in line with their expectations (Grant, Butler, Hung & Orr, 2011). This move to include the duty of care aligns with a model of collectivism where alternatives are considered as part of the wider discussion when making a decision through consensus.

Collectivism establishes a flat structure where all members of the organisation hold equal power, responsibility, and accountability. It encourages a fair and equitable distribution of the workload and enables each member to utilise individual skills for the benefit of the whole organisation. Collectivism provides a forum for individuals to work for the greater good rather than focus on what they receive individually, although they may receive reward for their contribution as part of an agreed outcome.

Foremost, collectivism requires cooperation and a commitment from each member to participate in all facets of decision-making. Decisions are made using a consensus approach. This process seeks to attain the agreement of most participants as well as reaching a resolution or mitigation of minority objections. All members are afforded, as much as possible, equal input into the process. All members have the opportunity to present and amend proposals, and as many stakeholders as possible should be involved in the process (Wikipedia, 2010).

Collective societies are characterised by mutual obligations, common goals and values (Schwartz, 1990). Groups which hold these characteristics may be diverse in their composition, but members are oriented to committing to the goals of the group rather than working towards meeting their own individual needs. Collectivism is typified by a relatively informal structure in which jobs and authority are often shared among group members. Such a structure facilitates maximum participation and sharing of decision-making power (Riger, 1994).

Working within the group is based on the premise of equity and equality. For example, within feminist domains, liberals do not see hierarchy and bureaucracy as intrinsically anti-feminist (Ferree, 1987, 1988 cited in Martin, 1990). However feminists of other ideological views, namely radical, socialist and lesbian, think they do (Baken, 1982, Freeman, 1979, Gedb, 1987, Pitman, Burt & Gorrick, 1984, Stagganborg, 1989 cited in Martin, 1990). This stance has promoted the implementation of flat collective structure

which is actively supported in the broader ideology of these worldviews. Radicalism, for instance, challenges systems which maintain the hierarchical power structures and the continual oppression of particular groups while socialism endorses the equitable distribution of resources to preserve the equality of all. These ideological views encourage full participation and inclusion of as many stakeholders or interested parties in achieving the best possible outcome for the majority of the group which are being supported.

Because the members of a collective are actively involved in the organisation, the cohesiveness is likely to be relatively high. Janis (1983) suggests that high levels of cohesiveness may strengthen the future effort norms of the group as more cohesive groups are better able to influence their member's behaviours. However, very high levels of cohesiveness may also prove detrimental to the quality of the board's decision-making particularly if there is an absence of cognitive conflict within the group. Janis describes this reduction in independent critical thinking and a relentless striving for unanimity among members as groupthink.

Another aspect is collectives tend to be large, episodic, and interdependent. These characteristics make the organisation particularly vulnerable to "process losses", the interaction difficulties that prevent groups from achieving their full potential (Steiner, 1972). Molik (2004) argues that collectivism, though apparently inefficient in the short-term, in the long run it is better to take the time to build consensus than have to make quicker decisions but have to deal with the eventual dissent of the uninvolved or uninformed. However, as a consequence, meetings are frequently protracted, meandering affairs and frequently appear to make little progress.

Although collectivism is inclusive and each person's views and opinions have equal weight, Hill (1982) concluded that group performance "was often inferior to the best individual … especially if the group is trying to solve a complex problem and if the group contains a number of low-ability members". Empirical evidence suggests that, under most circumstances, the knowledge base of the most competent group member represents the upper limit of what a group might reasonably be expected to achieve due to ineffective interaction processes constraining group performance on intellective tasks to the point that group decisions will be of a lower quality than the decision preferred by the group's best member (Michelsen, Watson & Black, 1989). In addition, Jensen (1993 cited in Reeb & Upadhyay, 2010) argues that larger boards, which are common within a collectivist

structure, are less effective because of the inefficiency of decision-making due to greater coordination and communication problems.

Combining of egalitarian social relationships and consensus decision-making on the one hand, and individual freedom and development on the other, creates a paradox when individual's needs conflict with those of the group (Morgan, 1990). This can result in individuals being challenged regarding their value system and, in some instances, discriminatory behaviour and power issues evolve.

Freeman (1973 cited in Martin 1990) also notes that these structureless organisations are destructive because unofficial leaders exercise unchecked influence over organisational decisions and process. Freeman argues that collectivist structures might mask rather than eliminate hierarchies. Differences in status, articulateness, ability to persuade, or sheer persistence enables one person's views to prevail over another's (Riger, 1994). Riger argues that when the organisational decision-making structure is ambiguous, an informal hierarchy of influence develops in the absence of a formal one. Because this informal hierarchy is not part of the formal organisational structure, there may be no way to hold it accountable.

In the instance of a consensus-seeking group valuing harmony more highly than open expression and evaluation of assumptions and recommendations, the ability to solve strategic problems which impact on the organisation may be impaired ((Janis, 1972 cited in Schweiger *et al.*, 1989). In some instances, the process used to make decisions alienates group members from both the decisions and other board members. In effect, the decision-making board may perform its task well but 'burn itself up' in the process by generating so much divisiveness and conflict among members that they are unwilling to work together in the future (Nadler, Hackman & Lawler, 1979 cited in Schweiger *et al.*, 1989).

A major issue in collective organisations is the recruitment of staff. Often, instead of basing personnel decisions such as hiring, remuneration, advancement, and job separation solely or primarily on criteria such criteria such as specialised training or certification, previous job experience, seniority, or meritorious job performance as evaluated by a superior collectivist workplaces often replace or supplement these criteria with others that are more personal or political, for example, friendship, a person's need for a job, affirmative action, and other social-political values (Morgen, 1994). During studies, Morgen concluded that a theme which was consistently prominent was that personnel

issues, especially hirings, firings, and interpersonal conflicts were among the most problematic issues these organisations confronted as they sought to create humane, egalitarian and diverse workplaces.

Second to this is the accountability of employees. As they are often involved in the discussion in relation to employment, in some instances, the supervisory role of work performance becomes unclear and very difficult to be established as independent (Rozman, 2000). As with governance boards, managers are essentially taking over the role of the board for the following reasons:

- managers make major decisions outside the prescribed process of consensus decision-making;
- potential members are really selected by the management;
- unpaid members are unable or unwilling to play a more active role;
- the high level of cohesion between existing members makes it difficult to challenge poor performance.

Unresolved interpersonal conflicts may hinder effective organisational functioning and make development more difficult (Riger, 1994). It has often been proposed that collectives are less likely to exert control over strategic decisions and the performance of paid staff when they lack formal or social independence from the management. This is indicated by the percentage of outside members or the prevalence of friendship ties or other social connections among members. Additionally, there is the challenge as to whether members indeed have the suitable knowledge or information to contribute meaningfully to strategy (Carpenter & Westphal, 2001). However, members who are committed to the goals of the group argue that outsiders lack an adequate understanding of the issues facing the organisation from a social perspective.

Another issue which arises is that organisations embracing a collectivist model of decision-making are especially likely to have difficulty as formalisation of policies and procedures contradicts the underlying philosophy of participatory democracy and recognition of individuality (Riger, 1994). This can impact on the perceived professionalism, accountability, and credibility of the organisation by those which with the decision-making power to distribute resources, particularly money. This leads to the organisation having limited capability to develop and therefore restricts growth.

Riger (1983 cited in Riger 1994) proposes that certain conditions permit an organisation to maintain a collective structure. These conditions are:

- equal distribution of skills and knowledge among members;
- dependence on members rather than outside sources for funding;
- the development of procedures which permit efficient responses to external demands;
- an emphasis on participation rather than efficiency;
- the development of close personal ties among members;
- dispersion of sources of power, for example, friendship networks and expertise.

Organisations that lack these features are more likely to disintegrate or to move towards hierarchical forms of control and those that retain or develop these characteristics are more likely to maintain themselves as collectives. This is easier to maintain in a homogenous group who have similarity in beliefs. However, this leads to a lack of diversity amongst members (Riger, 1994).

Western Model of Governance

The state has an important influence on governance through legislation, regulation and helping to shape the normative environment in which governance takes place. The legal responsibility of non-profit boards emphasise their compliance role – checking propriety and legality, safeguarding assets and the organisational mission, and accounting for expenditure (Cornforth & Edwards, 1999).

Under a Western model of governance, the centre of an organisation's governance system is its board of directors. Directors, whether elected or appointed, are accountable for the governance of the organisation. The board's actions are subject to laws, regulations, the constitution of the organisation, the decisions of shareholders, owners, or non-profit stakeholders at general or special meetings. This model of governance emphasises the importance of explicitly separating the strategic direction-setting and accountability roles of governance from the operational and implementation role of management (Modlik, 2004).

There are a number of widely agreed prescriptive standards for boards. Herman (1989) identifies the chief tasks or functions of a board as selecting and monitoring the chief executive, setting the organisation's mission, developing strategy, approving policies and budgets, and ensuring the organisation has the necessary resources.

The board is held accountable through:

- the board's reporting;
- regular communication about the organisation's performance;
- keeping key interest groups informed on current status of and plans for the organisation;
- compliance requirements (Matheson, 2004).

Board members in a traditional governance structure have a legal obligation to perform their duties and are liable if the organisation they represent engages in illegal or irresponsible behaviour (Provan & Kenis, 2007). All powers of governance are vested in the board, the directors as a group. They have a collective responsibility for the decisions and action of the board (Matheson, 2004).

The overall decision-making process in a traditional model of governance is reliant on each member of the board having an equal vote in the outcome. Organisations have discovered that an overdependence on individual decision-making is an inherently weak response to a turbulent environment (Kanter, Stein & Jick, 1992 cited in Phelps, Harris & Johnson, 1996). In addition, Goodstein, Gautam & Boeker (1994 cited in Reeb & Upadhyay, 2010) propose that outside directors can in fact increase board conflict and allow directors to become more factionalised, thus hindering the decision-making process.

Ingley & van der Walt (2000) suggest that the role of boards can be placed on a continuum with a traditional perception of the role of the board as approving, monitoring and reviewing strategy at one end, to a leadership role of active involvement in establishing the goals, values, and setting direction at the other end. In between, are views that see the involvement of the board as more active than merely giving approval but less than engaging in actual strategy making, being rather that of guiding strategy with the formulation of strategy a task to be undertaken by the management team.

Overall, the board's responsibility is to effectively represent and promote the interest of shareholders with a view to adding long-term value to the company's assets (Baumann, n.d.). Baumann highlights that in particular, the board must direct and supervise the management of the business and affairs of the organisation including:

- ensuring the organisation's goals are established and strategies are in place for achieving them;

- establishing policies to strengthen the performance of the organisation;
- monitoring the performance of management;
- appointing the CEO, setting terms of the CEO's employment contract and other CEO employment issues;
- evaluating and protecting the organisation's financial position and its ability to meet its debts and obligations;
- ensuring that the organisation's financial statements are true and fair and otherwise conform with law;
- ensuring the organisation adheres to ethical standards and behaviour;
- ensuring the organisation has an appropriate risk management and compliance policy in place.

The traditional governance model has a range of advantages particularly for non-profit organisations. Firstly, the structure is an accepted and understood way of working. However, board member input can be tightly constrained by their limited appreciation of the responsibilities and process of governance and their lack of involvement in the organisation (Cornforth & Edwards, 1999).

Although the traditional forms of governance hold more credibility in the community, the architecture is being challenged and boards are under pressure to develop a broader mind-set and new skills to deal with the uncertainty of higher level issues as direction-giving and implementation of strategy (Ingley & van der Walt, 2000). These challenges require a greater balance of independent and executive board members so that those with the expertise and knowledge of the impacts of the external environment can contribute to the overall responsibility of directors to build long-term value for its shareholders and stakeholders. Contemporary boards often include 'independent' board members who have their primary affiliation with another organisation. These outsiders serve on only a part time basis and have limited direct exposure to the organisation's affairs (Forbes & Milliken, 1999).

The benefit of involving independent directors from other boards provides and important source of information about business practices and policies (Palmer, Jennings & Zhou, 1993 cited in Carpenter & Westphal, 2001). In the absence of complete information, or given uncertainty regarding the relevance of different pieces of information, these individuals tend to follow a top-down or theory driven approach to decision-making in

contrast to a collective model which engages in a bottom-up or data- driven approach based on present information (Abelson & Balck, 1986; Nisbett & Ross, 1980; Ocasio, 1997 cited in Carpenter & Westphal, 2001). Given the extreme information complexity facing directors in evaluating strategic decisions (Lorsch & MacIver, 1989 cited in Carpenter & Westphal, 2001) they can be expected to rely heavily on the implicit theories that they have developed regarding corporate strategy and the competitive environment. Moreover, the knowledge structures that directors use to cope with information processing demands are developed from experience in similar roles (Dearburn & Simon, 1958; Walsh, 1995 cited in Carpenter & Westphal, 2001).

Business experts view board composition is an important issue because independent directors are also seen as a critical factor in mitigating collusive behaviours (Monks & Minow, 2008). However, Adams & Ferreira (2007 cited in Reeb & Upadhyay, 2010) suggest the presence of independent directors on the board reduces information flow and exacerbates asymmetric information problems. Outside directors have a limited amount of time with each other thereby restricting the potential for informal communication (Eisenhardt, 1989; Vafeas, 1999 cited in Reeb & Upadhyay, 2010). This enables very selective and limited information to be provided by management to the board. This may be further intensified when, in order to address the specific needs of the organisation, authority is delegated to committees to perform various functions which may be either of an advisory or monitoring nature (Klein, 1998). Separating directors into specialised committees of the board with differing responsibilities can create silos which impede the communication between board members. Tyro International is a prominent example because many directors were reportedly unaware of the compensation and loan packages given to executives, while members of the compensation committee apparently approved the packages (Sorkin & Glater, 2002 cited in Linck, Netter & Yang, 2008).

Another issue which the traditional model of governance encounters is the role of the CEO. The question raised is level of influence the CEO has on the board. In some instances, the CEO reports to the board and provides information as requested however does not have a role in the decision-making process. Alternatively, the CEO is a full member of the board with full voting rights. In the case of American Express, the CEO also served as the chairman of the board. This duality allows for a powerful incentive to organise the board meeting agenda and underlying information to emphasise his successes and avoid discussion of anything else (Monks & Minow, 2008). The CEO also played a

major role in the selection of the directors – 15 of the 19 directors had been appointed by him. There was an interlocking of relationships between board members which created hesitation in holding the CEO accountable on a number of issues which were detrimental to shareholders. Although the company continued to post profits, these progressively declined. The board had effectively positioned itself as a ratifying board – one which continuously failed to respond and represent the shareholders. The CEO was able to make to make poor decisions while trying to pursue a vision he had set himself when elected to the role of chairman. Rawleigh Warner (1993 cited in Monks & Minow, 2008) stated "it is extraordinarily difficult to mount an attack on a CEO who has been in the job a long time and who has appointed a majority of a board's directors".

According to Rozman (2000), most authors agree that managers are taking over the role of the board due to the following reasons:

- the role of the chairman of the board and the role of the CEO are often integrated into one person which additionally decreases the role of outside directors;
- non-executive directors are really selected by the chairman of the board;
- non-executive directors devote very little time to handling organisation affairs and are unable or unwilling to play a more active role.

Effective and Efficient Solutions

Effectiveness is the degree to which objectives are achieved and the extent to which targeted problems are resolved. In contrast to efficiency, effectiveness is determined without reference to costs (BusinessDirectory,com, 2010). Provan & Milward (1995 cited in Provan & Kenis, 2007) found that stability was a major factor for explaining effectiveness regarding client services even when resources were inadequate. Essentially, flexibility is important for ensuring rapid responses in ways that meet changing stakeholder needs and demands. Stability is important for developing consistent responses to stakeholders over time.

Efficiency is a measure of outputs over inputs. Within non-profit organisations there are inevitable tensions between efficiency and other goals, especially those related to other measures of effectiveness. This is particularly evident where long term implications may prove inefficient in the short term (Provan & Kenis, 2007).

One of the major constraints for non-profit organisations is the reliance on external funders to generate financial resourcing to provide services. Monies are generally sought for specific activities which need to be performed within a definite timeframe. This short term focus on performance within a budget is often at the expense of long term planning and, at times, effective delivery of services. Accountability requirements of funders tend to be on specified outputs rather than outcomes, measures that are quantitative rather than qualitative. Those organisations which are able to generate income streams through the provision of services in addition to sourcing external funding, are able to consider long term planning and their overall effectiveness.

The focus on short-term outputs versus long-term sustainability also creates tension between the differing roles of members in an organisation. Governance boards, regardless of the structural model, are tasked with the strategic direction of the organisation with the day-to-day activities administered usually by paid staff. When the primary focus remains on managing the organisation within a limited budget, that is, ensuring an efficient operation, the effectiveness of such operation may be overlooked.

In order to seek effective and efficient solutions to any issues that may arise in an organisation, the governance structure needs to be effective. Ingley and van der Walt (2001) suggest board effectiveness can be evaluated typically through:

- board function and process;
- board size and composition;
- director independence and competence;
- director, board, and chief executive performance;
- director remuneration;
- training and development.

Effective boards independently monitor strategic challenges facing an organisation and evaluate management's performance in addressing them (Fama & Jensen, 1983). Director may overturn poor decisions or replace "underperforming" managers as a result of such monitoring (Brudney, 1982 cited in Carpenter & Westphal, 2001). Moreover, directors are motivated to engage in competent monitoring activity by the reputational effects of poor decisions (Fama, 1980 cited in Carpenter & Westphal, 2001).

Additionally, in order to be both effective and efficient, board members require a clear understanding of their role. Directors are now under great and growing pressure to govern their organisation adequately. They are being held responsible for financial performance, for monitoring compliance with the law and with appropriate standards of conduct (van der Walt & Ingley, 2000). The amount of time that directors devote to their duties has increased substantially and steadily over the past decade. In addition, the responsibilities, the complexities, and the competitive standards are increasing along with the recognition that boards need to have regard for more matters and to deal with them more effectively (Bosch, 1995).

The most successful outcomes within any governance model are achieved when there is a high degree of trust between each board member and with the Chief Executive, or where a collective model is adopted between all members. This is critical for performance and sustainability (Provan & Kenis, 2007). Trust can be explained as an aspect of a relationship that reflects "the willingness to accept vulnerability based on positive expectations about another's intentions or behaviours" (McElivy, Perrone & Zaheer, 2003 cited in Provan & Kenis, 2007). Absence of trust, mistrust, or misplaced trust mars the ability to function effectively and efficiently and meet the goals of the organisation.

A critical role for governance in all contexts is to monitor the behaviour of management who are engaged to oversee the day-to-day activities of running the organisation (Fama & Jensen, 1983). There is evidence, for example, in the case of the Enron collapse, that boards do not necessarily take their responsibilities seriously enough (Provan & Kenis, 2007). The existence of boards is based on the premise that they oversee management, select executives who will do the best job and fire them when they don't (Monks & Minow, 2008). The extent that this role is undertaken will impact on the effectiveness of governance and the subsequent results for the organisation.

Davies (1999 cited in Ingley & van der Walt, 2000) advocates a board which possesses a balance of strategic skills and experience to match the needs of the organisation. Davies highlights the respecting competencies of executive directors, that is those who are selected primarily through management or past association with the organisation thereby having greater in-depth knowledge of the organisation, and no-executive directors who contribute wider experience and new ideas and can monitor and challenge the performance of executive directors and management.

Elements also identified as impacting on board effectiveness reside in the more subjective interpersonal and behavioural domain. Such elements include the characteristics of individual board members, characteristics of the board collectively, and the dynamics associated with board member's interactions among themselves and with management (Ingley & van der Walt, 2001).

Herman & Renz (2000) states that the prescriptive literature suggests that boards using a greater number of recommended board practices will be more effective. These practices include:

- having a nominating or board development committee;
- using the board profile in recruiting new members;
- having a board manual;
- orientation for new members;
- written policy on dismissal for absenteeism;
- all board members have office or committee responsibility;
- agenda is distributed prior to meeting;
- having an executive committee of board;
- written policy specifying roles and powers of executive committee;
- board process for CEO performance appraisal;
- limit on number of consecutive terms for members;
- board usually uses consensus decision-making process.

Herman & Renz (2000) study of board practices and effectiveness in non-profit organisations found that especially effective organisations have more effective boards and the more effective boards used the set of recommended board practices as well as including board self-evaluation and written expectations regarding director contributions and the CEO's role in the board's nominations.

Schweiger *et al.* (1989) suggests that a board's effectiveness in solving strategic problems also depends on its members' reactions to experiences within the group and their acceptance of the group's decisions. Ideally the group process serves to win acceptance and commitment among those ultimately responsible for implementing the decisions made (Brodwin & Bourgois, 1984; Locke & Schweiger, 1979; Mason & Mitroff, 1981 cited in Scheiger *et al.*, 1989).

Forbes & Millikin (1999) proposed that board effectiveness is likely to be heavily dependent on socio-psychological processes, especially those pertaining to group participation and interaction, information exchange, and critical discourse. They argue that each of the various aspects of board demography is likely to have multiple and contrasting effects on the processes that contribute to effective board performance and that each of these processes has the potential for reciprocal influence, although the exact nature and strength of these relationships is likely to vary.

The broader literature also suggests that, in some cases, boards provide on-going advice to top managers on possible strategic changes or the implementation of existing strategies (Demb & Neubauer, 1992; Lorsch & MacIver, 1989 cited in Carpenter & Westphal, 2001). In such cases, boards serve as a strategic consultant to top managers rather than, or in addition to, exercising independent control (Carpenter & Westphal, 2001).

Summary

It appears that there is no perfect model of governance which will meet the needs of every organisation. Each model of governance has benefits and limitations, and the successful implementation rests largely on the people involved, and the aims and objectives of that organisation.

The literature does not necessarily place any particular model as the preferred structure for governing an organisation. However, it does suggest specific guidelines, which if implemented regardless of structure, will provide effective and efficient solutions to issues which may arise within an organisation.

Chapter 3: Research Design

The purpose of this report is to compare and contrast the benefits and limitations of a collective model of governance with a Western model of governance. It also investigates the implications of adopting a Western model of governance or aspects of this model within an organisation which incorporates a more holistic, collective approach.

The research objectives are:

1. *To identify the benefits and issues arising within a collective model of governance*
2. *To identify the benefits and issues arising within the traditional model of governance and management*
3. *To compare and contrast the two models from the benefits and issues perspectives*
4. *To identify possible effective and efficient solutions to issues which arise in a collective organisation*
5. *To determine the implications of changing governance and management approaches within an organisation which incorporates collectivism*

Methodology

This research project uses NCIWR as a case study for evaluating models of governance within a no-profit organisation. NCIWR has 45 individual member refuges which operate autonomously within the larger organisation.

The initial phase was conducted via a survey questionnaire (Appendix 1) to all refuges. The purpose of the survey was to gather background information on which types of governance models are currently being used by member refuges. The perceived benefits and limitations of the adopted model were also requested. Additional data from previous surveys relating to structure and policy held at the National Office were sourced where required. This survey identified information that should be gathered to formulate the investigative questions, identified sources for actual questions that might be used as measurement questions, and identified potential participants that might be used in the second phase of the research (Cooper & Schindler, 2008).

Following the collation of the survey results, potential participants were invited to contribute their experiences through individual in-depth interviews. A semi-structured interview format with a series of questions was asked (Appendix 2). The participants who engaged in the interviews had not completed the survey questionnaire.

The semi-structured interview format allowed for further questioning and clarification dependent on responses. The questions for the interviews were formulated to best analyse the models specifically in use in the case study organisation. The use of this method identified a range of components and factors which contribute to effective outcomes. The interviews also encouraged anecdotal evidence which supports the related benefits and limitations.

Interviews were held with a sample of 9 refuges which equated to 20% of the total membership. These interviews were held with members representing various positions within the refuges. This ensured that the issues and impact of any particular structure on all individuals within the organisation was captured.

Data Collection

The survey questionnaire was developed and circulated to all refuges. The questionnaire identified the current models of governance in use, perceived effectiveness and efficiency of the model, issues that arise through the use of the preferred model and barriers to change. This data provided an initial quantitative and qualitative analysis of the models of governance used across the organisation.

Anonymity and confidentiality was available where the data being collected through the survey questionnaires could be returned through post mail. Seven responses were received through this method. Distribution also occurred at regional conferences where the questionnaire was circulated and participants completed the surveys.

The interview sample was selected by potential participants opting in. The responses given at each personal interview have remained confidential with the researcher to ensure that any limitations or consequences as a result of ineffective governance identified do not lead to repercussions for the interviewee. The information which has been collected has been collated so that confidentiality is maintained and responses do not expose the individuals who have made them. As there is open discussion at regional and national levels of NCIWR about the issues which arise within member refuges, data previously collected has contributed and supported the anonymity and confidentiality.

The responses have been based on personal views and experiences making the results highly subjective. This has been balanced with relevant management and policy

documentation where accessible, which outlines practice and procedure and whether the policy is actually implemented and adhered to.

Ethical and Cultural Issues

An ethical issue which was identified was that the interviewer is a manager at one of the member refuges and is also currently a member of the National Executive. It was recognised that this may impact on the depth of the responses given by members of other refuges.

The potential for bias to occur was minimised through the anonymity of the surveys. Regional forums were used to introduce the research and distribute questionnaires. This enabled any questions to be answered and completed questionnaires to be collected.

Refuges participating in the interviews opted in. Participants were assured that no information would be printed which would identify them personally. This meant that people were willing to be open and frank about the structure which their refuge adopted. People working at different levels of the organisation were able to provide different perspectives of the effectiveness and efficiency of their model in addressing issues.

There were a representative number of Maori refuges which participated in the survey and the interviews. The collation of the responses did not indicate any attributes which pertained specifically to them.

Summary

The research design provided sufficient structure to gather the relevant information necessary to provide a comparison of the two models of governance. The survey allowed for a broader perspective of the benefits and issues which arise by adopting a particular structure. The interview provided the opportunity to elaborate on these perceived benefits and limitations. It also encouraged participants to reflect on the structure currently adopted and identify possible improvements which could positively impact on the future direction of their organisation.

Chapter 4: Results

The results of this report reflect the benefits and limitations of alternative models of governance, namely a collective model and a Western model of governance. As there were a significant number of responses which indicated a hybrid, a combination of elements from the two models, these results have also been included.

This project was in two parts – a survey questionnaire which was distributed to 45 refuges and a semi-structured interview with members including board or collective members, paid staff and volunteers from 9 of these refuges. Responses to the questionnaire were received from 50 people representing 32 refuges. This represents a 71% return rate. Personal interviews were held with 38 people from the 9 refuges. These refuges represented varying demographics – rural, provincial, and urban. Responses were received from 8 Maori refuges. There are also responses from men working within the organisation.

The responses from both the survey questionnaires and the interviews have been integrated for the purposes of this report. The interview questions repeated those in the survey, and participants in the interviews had not completed a survey questionnaire.

Structure

The structure of the refuges represents a spectrum from collective structures, which essentially has no discernable hierarchy and all members are involved in all decisions made, to governance and management structures, which has a governance board responsible for the strategic wellbeing and accountability and a manager responsible for the operation of the service.

In addition, there are a significant number of refuges which have moved from a collective structure to a hybrid structure. This structure is a combination of the two structures, such as a collective with one or more committees responsible for employment, financial management, and other specialist responsibilities. Alternatively, a hybrid structure is where a collective has employed a manager to oversee the day-to-day operations with all other decisions being made by all members.

For the purposes of this project, the benefits and limitations of all three structures will be considered given the significant number of refuges identifying a hybrid structure. This will also contribute to the research question of whether the two models of governance can in fact coexist effectively within the one organisation.

Table 1 indicates the results of the structure of the participating refuges. The table also presents the results of a survey conducted in 2010 by NCIWR of all member refuges. In this survey twelve of the refuges had recently changed their structure or were considering a change in structure. All these changes were from a collective structure to a governance and management model or a hybrid of both (NCIWR, 2010).

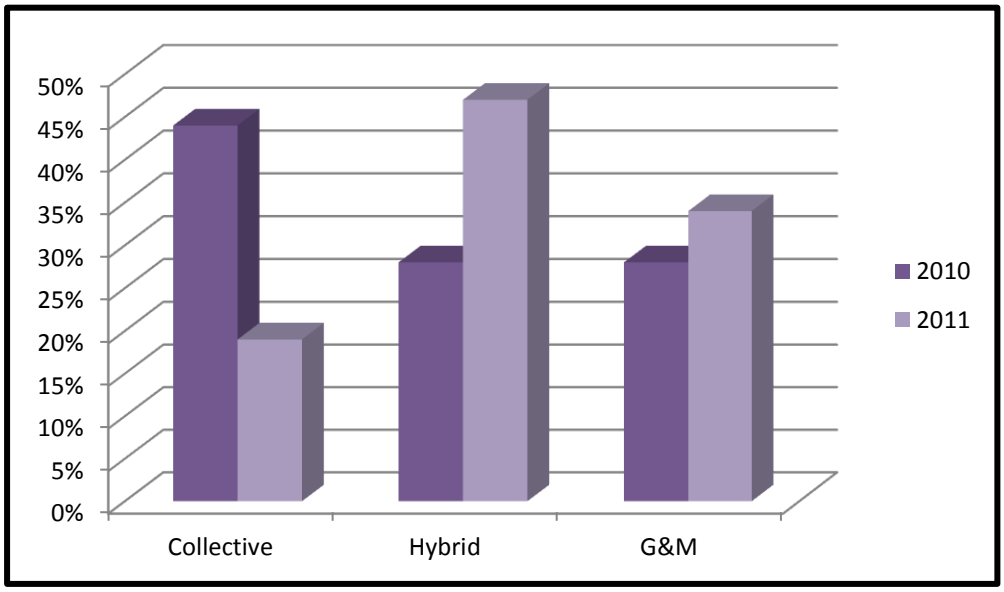
Table 1: Structure of Refuges

	STRUCTURE	
	2010	**2011**
Collective	21 (44%)	6 (19%)
Hybrid	13 (28%)	15 (47%)
G&M	13 (28%)	11 (34%)

2010 results represent 47 member refuges
2011 results represent 32 member refuges (71%) of membership

Figure 1 provides a comparison of the structures in the past two years.

Figure 1: Comparison of Structure for 2010 and 2011



Collective Model of Governance

Responses were received from 26 participants representing 6 refuges which described the structure within their refuge as being a collective model of governance.

Benefits

Table 2 presents a breakdown of the benefits described for this model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one benefit.

Table 2: Benefits of a Collective Model of Governance

Benefits of a Collective Model of Governance	Number of Responses	%
Share responsibilities, pressures and workload	20	76.9
Consultation with everyone able to participate	19	73
Non-hierarchy	17	65.4
Common bond with high cohesion	16	61.5
Freedom of expression	15	57.7
Opinions valued	13	50
Everyone informed	12	46.2
Utilises different skills	10	38.5
Embraces cultural values	9	34.6
Autonomy	8	30.8
Staff self-manage	6	23.1
Promotes effective ways of communication	6	23.1
Transparency	6	23.1
Decisions more long-standing	5	19.2
Sub-committees assist with faster decision-making	4	15.4

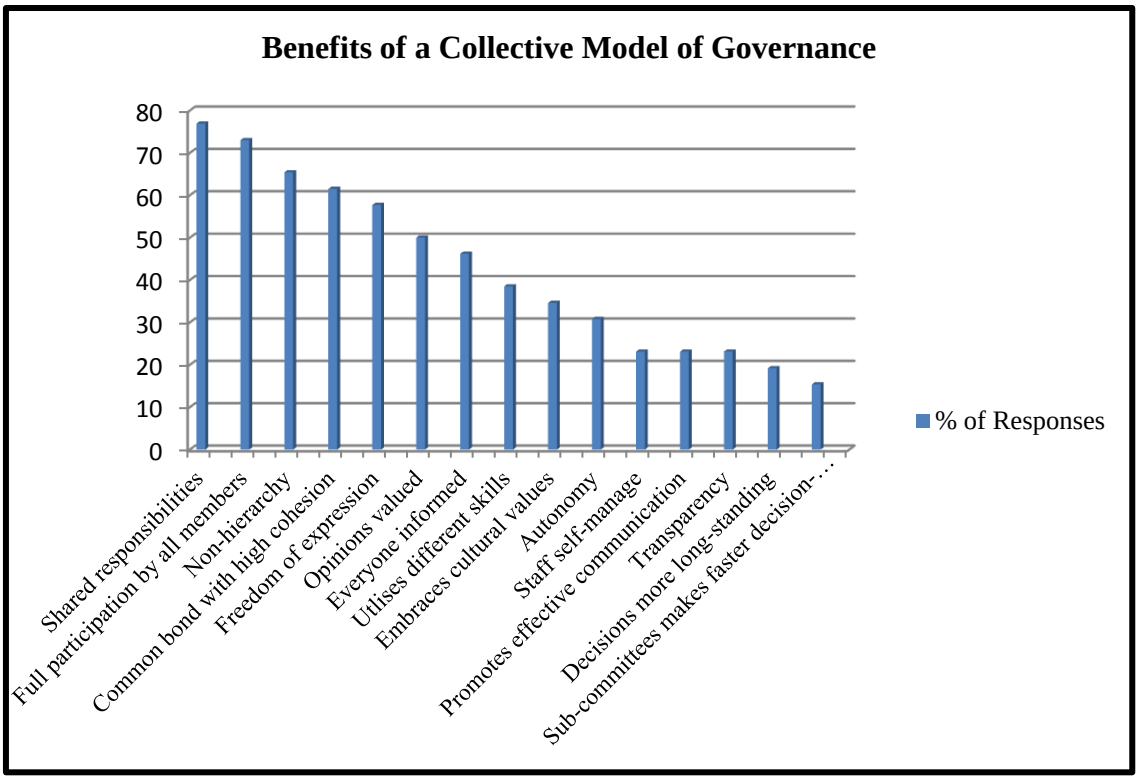
Participants expressed 15 main benefits of a collective model of governance. The most commonly cited benefit of this model, with 76.9% of the responses, is the sharing of responsibilities, pressures, and workload followed closely by the ability of everyone working in the organisation able to participate in the decision-making. 61.5 % of the responses thought that collectivism led to a common bond with high cohesion amongst the group. Just over half the responses indicated that a benefit was freedom of expression and that opinions were valued.

A collective model of governance is deemed to keep everyone in the organisation informed and just under half the responses saw the benefit of being able to utilise different skills. 34.8% aligned collectivism with embracing cultural values with slightly less indicating autonomy as a benefit. Just under a quarter of the responses indicated the value of staff being able to self-manage, full participation of all members of the organisation

promoted effective ways of communication, and the process fostered transparency. 19.2% of the responses thought that decisions made within this model were more long-standing. The use of sub-committees to make decision-making faster was also seen as a benefit of a collective model of governance.

Figure 2 presents a comparative diagram of each of the benefits from the most common cited to the least.

Figure 2: Percentage of Responses of the Benefits of a Collective Model of Governance



Limitations

Participants indicated 16 limitations of a collective model of governance. The most predominant limitation was the length of meetings with 92% responses denoting it as an issue. Almost three-quarters of the participants thought collectivism was time-consuming with issues continuously being revisited. Half the responses indicated there was an inability to resolve employment issues effectively.

Just under half the responses indicated that strong people become overpowering within this model leading to lack of accountability and difficulty in understanding the politics. 30% of the responses indicated that complaints were not addressed effectively with the same number who found it difficult to find their voice. It is also believed that there was a lack of acceptance of this type of structure external to the organisation.

Some collectives found that one person could turn the collective into chaos. 23.1% thought collectives lacked the necessary skills and the same number thought there was an issue with compliance responsibility. 19.2% of the responses believed that having nobody with total responsibility was a limitation to the model. 15.4% indicated that the use of sub-committees leads to them becoming silos with the same number citing 'too many chiefs' as an issue.

Table 3 gives the breakdown of the limitations of a collective model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one limitation.

Table 3: Limitations of a Collective Model of Governance

Limitations of a Collective Model of Governance	Number of Responses	%
Lengthy meetings	24	92
Time-consuming	19	73
Continuously revisiting issues	15	57.7
Unresolved employment issues	13	50
Strong people become overpowering	12	46.2
Lack of accountability	10	38.5
Understanding the politics	10	38.5
Complaints not addressed effectively	8	30.8
Finding your voice	8	30.8
Lack of external acceptance of structure	8	30.8
One person can turn it into chaos	7	26.9
Lack of necessary skills	6	23.1
Compliance responsibility	6	23.1
Nobody with total responsibility	5	19.2
Sub-committees become silos	4	15.4
Too many chiefs	4	15.4

Figure 3 presents a comparative diagram of each of the limitations from the most commonly cited issue to the least.

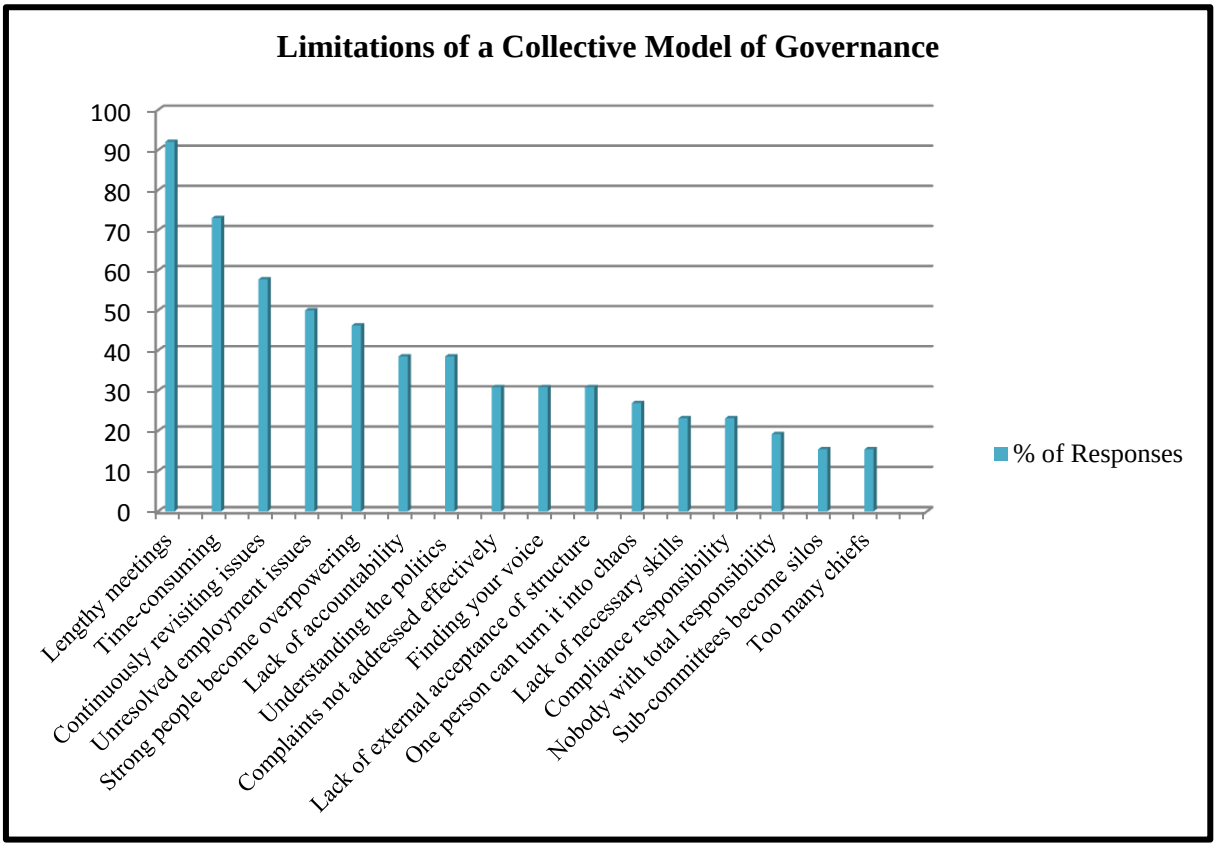
Effectiveness

Of the 26 responses received, 11 participants thought a collective model of governance provided effective solutions to issues which arise. This was attributed to the process of decision-making whereby everyone was included and opinions were sought.

15 participants believed that the structure did not provide effective solutions to issues which arise particularly in relation to employment. Second to this, it was identified that when people with a strong voice or someone which has a different value or belief system joins the group, it is difficult to address issues.

All participants agreed that the structure was inefficient, however 5 of the responses thought that once full agreement had been reached on a particular issue, the implementation was efficient as any barriers had been discussed.

Figure 3: Percentage of Responses of the Limitations of a Collective Model of Governance



Western Model of Governance

Responses were received from 21 participants representing 11 refuges which described the structure within their refuge as being a governance and management model of operation. Interestingly, all the refuges make decisions at a Board level by consensus. In most instances, discussion continues until consensus is reached. Where consensus cannot be reached, the Board may vote with the majority vote being 51% to 80% of members present to pass a motion.

Benefits

Participants expressed 18 main benefits of a Western model of governance. The most commonly cited benefit was a Western model had clearly defined roles for members. 80.9% of responses considered that operational decisions being able to made quickly as highly positive. A Western model allowed for the utilisation of professional skills and 61.9% thought that it enabled clear leadership. The same number of responses also thought there was good accountability and this structure was safer for paid staff.

Just over half the responses believed a Western model was transparent and also thought it had a defined structure and was organised. 5.4% thought the separation of governance from staff was a benefit and that this model also enabled productive decision-making. Just under half of the responses noted that the model gave the ability to express opinions and 38.4% cited a benefit in that board members are clear about the mission and values.

Table 4: Benefits of a Western Model of Governance

Benefits of a Western Model of Governance		
	Number of Responses	%
Defined roles	18	85.7
Operational decisions made quickly	17	80.9
Utilisation of professional skills	15	71.4
Clear leadership	13	61.9
Accountability	13	61.9
Safer for paid staff	13	61.9
Transparency	12	57.1
Structured & organised	12	57.1
Governance separate from staff	11	52.4
Productive decision-making	10	47.6
Ability to express opinions	10	47.6
Board members are clear about mission and values	8	38.1
Stability	7	33.3
Professionalism	7	33.3
Shared understanding of responsibility	6	28.6
Growth	6	28.6
Clear lines of communication	5	23.8
High level of trust	5	23.8

A third of the responses considered stability and professionalism as a benefit of a Western model of governance. 28.6% thought this model encouraged a shared understanding of

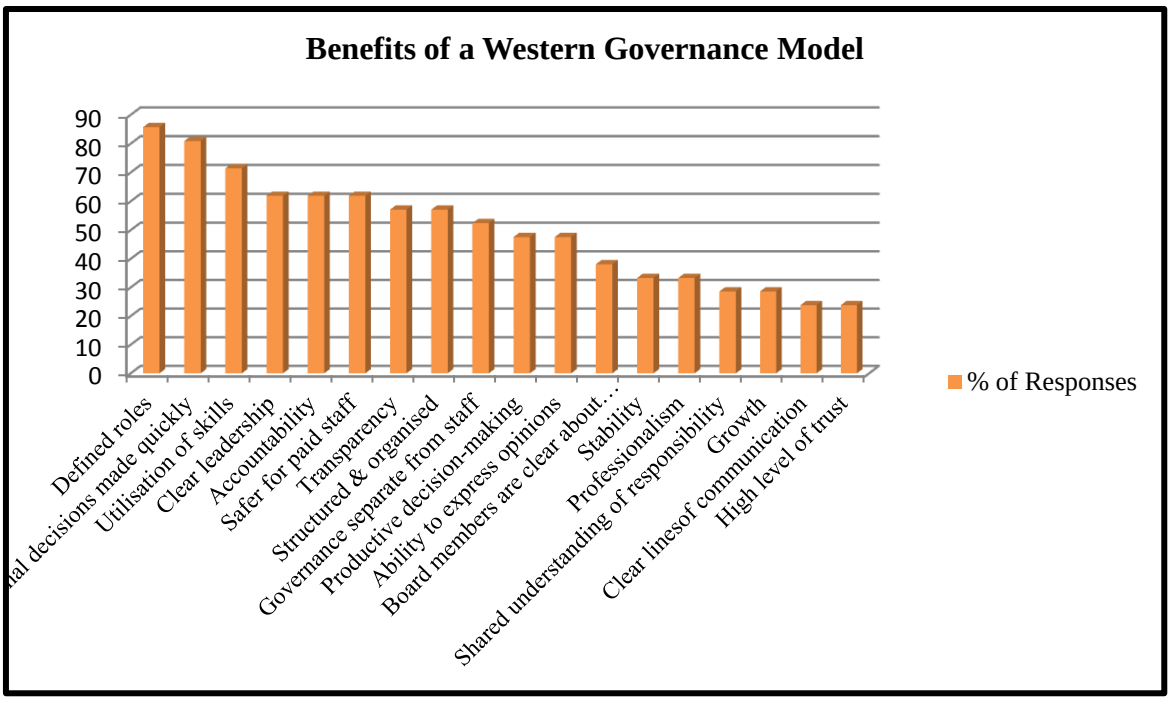
responsibility with the same number attributing this model to the growth of the organisation.

23.8% of responses thought that this model supported clear lines of communication both between staff and the board and the same number of responses believed that this model developed a high level of trust.

Table 4 sets out the benefits of a Western model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one benefit.

Figure 4 provides a comparative graph of the benefits of this model.

Figure 4: Percentage of Responses of the Benefits of a Western Model of Governance



Limitations

Participants considered a Western model of governance had nine main limitations. 57.1% of the responses indicated the limited amount of time Board members had to be the main issue. The move to a Western governance model has meant that some members have lost their voice in the decision-making and was deemed a limitation by 47.6% of the responses.

Having a limited understanding of the organisation was an issue for just under half of the responses. 38.1% deemed board members having other priorities an issue with a third of the responses indicating that board members may not necessarily have the necessary skills.

33.3% thought the managers in this structure can be dictatorial. A limited understanding of governance and resolving issues with managers were also highlighted as problematic. Approximately a quarter of the responses considered the recruitment of board members a limitation of this model.

Table 5 provides a breakdown of the limitations of a Western model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one limitation.

Table 5: Limitations of Western Model of Governance

Limitations of Western Model of Governance	Number of Responses	%
Board members have limited amount of time	12	57.1
Some members have loss of voice	10	47.6
Limited understanding of organisation	10	47.6
Board members have other priorities	8	38.1
Board members with necessary skills	7	33.3
Manager can be dictatorial	7	33.3
Limited understanding of governance	6	28.6
Resolution of issues with managers	6	28.6
Recruitment of board members	5	23.8

Figure 5: Percentage of Responses of a Western Model of Governance

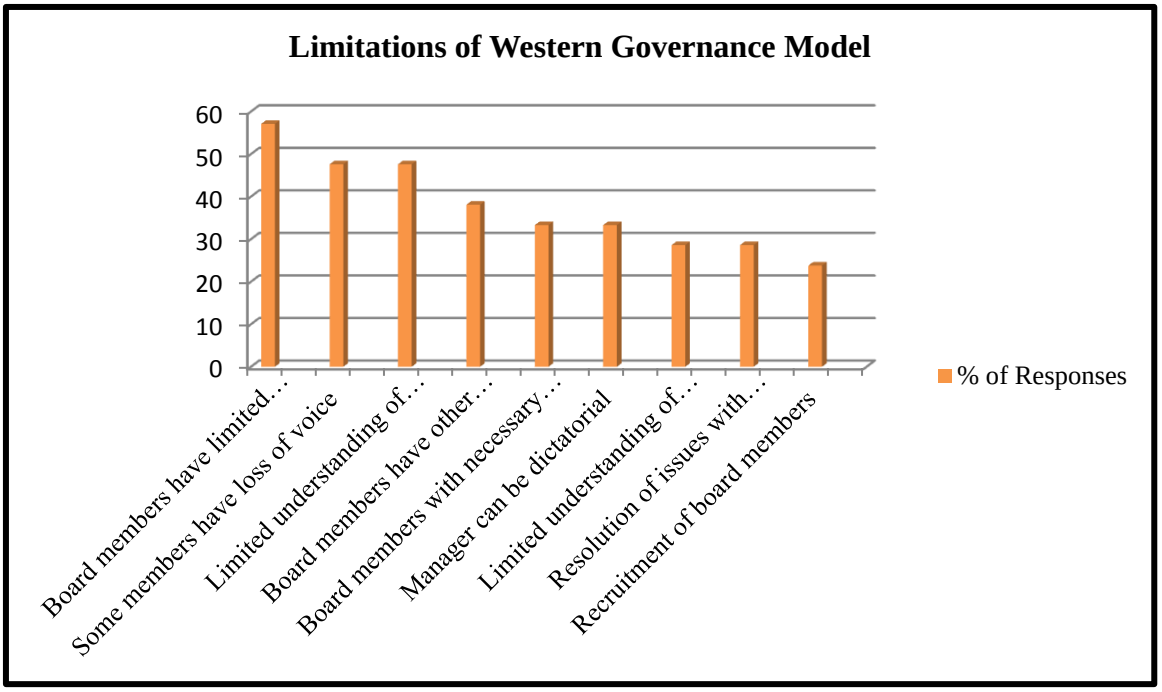


Figure 5 displaying the percentage of responses in relation to each limitation.

Effectiveness

15 of the participants from a refuge which adopted a Western model of governance thought that the structure was effective and efficient. 10 participants believed that the effectiveness was dependent on the people involved particularly the position of manager.

Hybrid Model of Governance

There were 41 responses received from 15 refuges which described their structure as a mixture of both collectivism and a Western governance model. All refuges had moved from a collective structure towards a Western governance model in an attempt to address some of the limitations of the collective structure.

There are a range of variations within this category which includes just having a manager to oversee the day-to-day operations, to sub-committees being incorporated to speed up decision-making, to engaging external professionals to assist with specific areas such as employment and finances.

The most common benefit of a hybrid structure is that people are still able to have a say in the decision-making of the organisation. The engagement of a manager was also seen as a benefit as this ensured the operations of the organisation were maintained to an adequate standard and any employment issues were addressed.

Almost half the responses cited streamlined meetings as a benefit with faster decision-making. 29.3% of responses believed a hybrid structure allowed for less responsibility for workers and enabled them to work more effectively in the role they had been employed for. The same number of responses thought the hybrid structure provided more accountability and also transparency.

Some of the hybrid structures used sub-committees to shorten the length of time for meetings which contributed to faster decision-making and streamlined meetings. 24.4% of responses thought this structure promoted shared knowledge and responsibility. Almost a fifth of the responses thought the shift from a collective to a hybrid model as progressive. 14.6% of the responses believed that the exclusion of external professionals within the decision-making group was also a benefit.

Table 6 provides a breakdown of the benefits of a hybrid model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one benefit.

Table 6: Benefits of a Hybrid Model of Governance

Benefits of a Hybrid Model of Governance		
	Number of Responses	%
Still able to have a say	35	85.4
Manager oversees operations	30	73.2
Streamlined meetings	20	48.8
Manager responsible for employment issues	18	43.9
Faster decision-making	13	31.7
Less responsibility for workers	12	29.3
Accountability	12	29.3
Transparency	11	26.8
Sub-committees ease workloads	10	24.4
Shared knowledge & responsibility	10	24.4
Progressive	7	17.1
Balance of workers & external representation	6	14.6

Figure 6: Percentage of Responses of the Benefits of a Hybrid Model of Governance

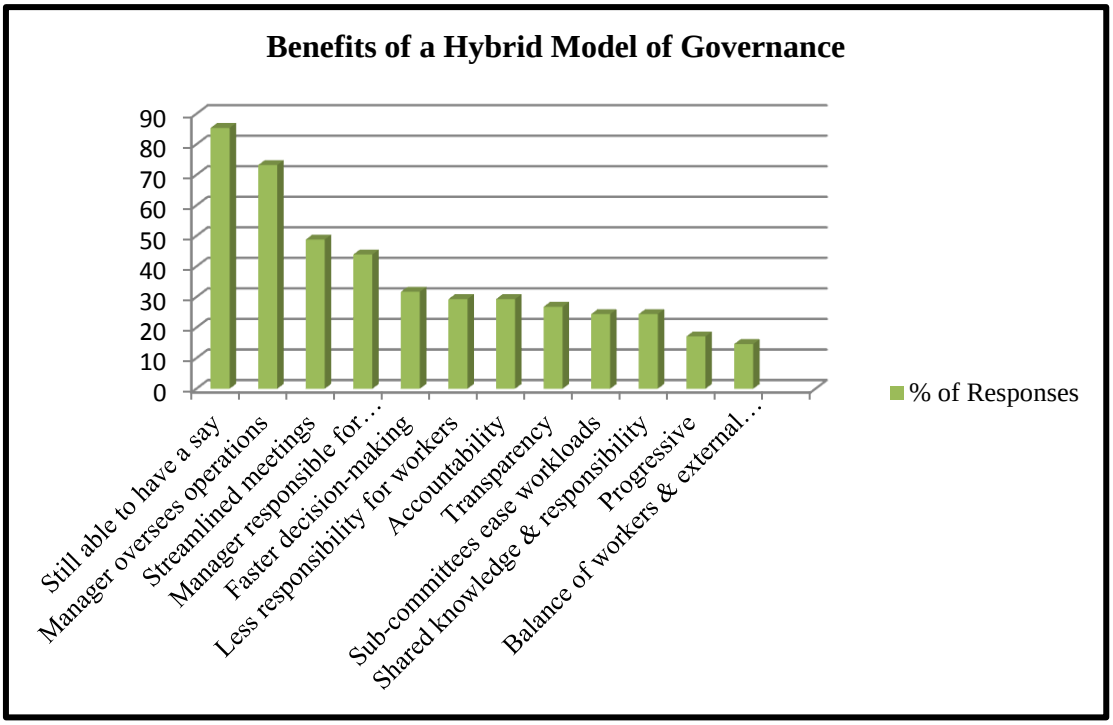


Figure 6 provides a comparative graph of the percentage of responses in relation to the benefits of this model.

Limitations

The limitations of a hybrid model of governance were more clearly defined than the other models. Undermining of the manager and lack of consistency were both deemed to be the most common limitation of a hybrid model. Two-thirds of the responses thought there was a lack of clarity of structure and roles with 46.3% citing that deciding when consultation is required was a limitation.

43.9% of responses believed that there was a lack of transparency. Almost a third of responses thought that discussion was impeded with this model. Just over a quarter considered a hybrid model as having no formal structure. In some instances, authority is given and then withdrawn thereby limiting the effectiveness of the model. 21.9% thought a hybrid model created conflict between collective ideology and hierarchy.

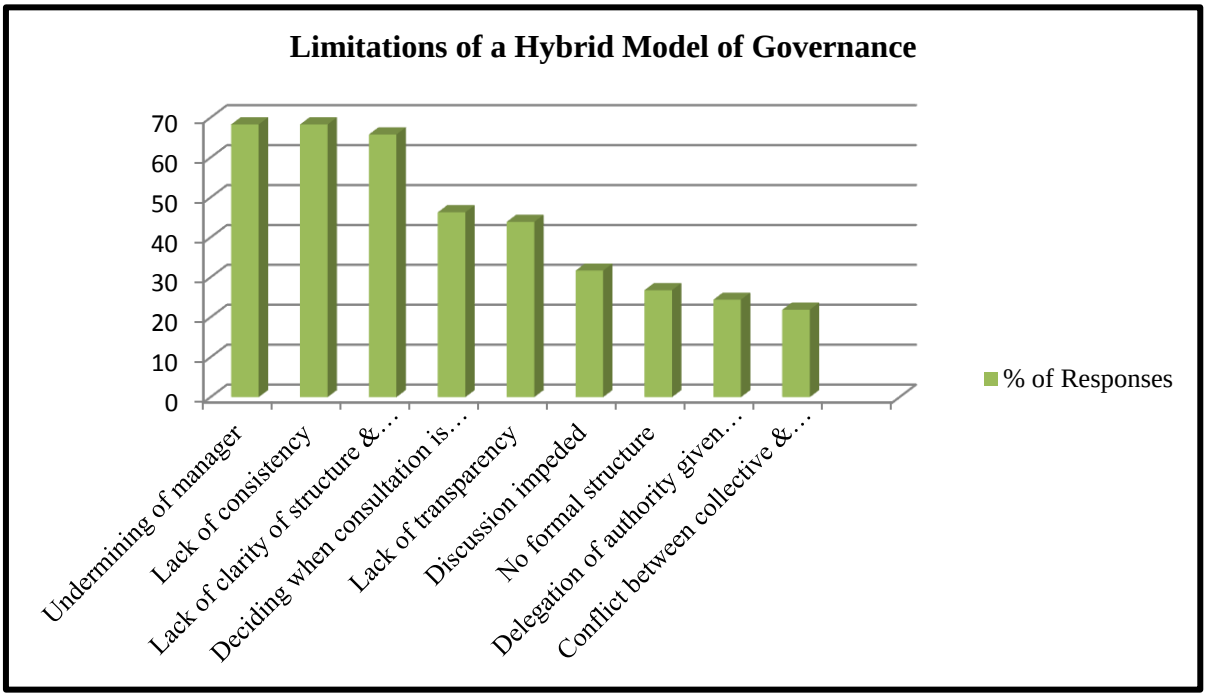
Table 7 provides a breakdown of the limitations of a hybrid model. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one limitation.

Table 7: Limitations of a Hybrid Model of Governance

Limitations of a Hybrid Model of Governance	Number of Responses	%
Undermining of manager	28	68.3
Lack of consistency	28	68.3
Lack of clarity of structure & roles	27	65.8
Deciding when consultation is required	19	46.3
Lack of transparency	18	43.9
Discussion impeded	13	31.7
No formal structure	11	26.8
Delegation of authority given then withdrawn	10	24.4
Conflict between collective & hierarchy	9	21.9

Figure 7 provides a comparative view of the limitations of a hybrid model of governance.

Figure 7: Percentage of Responses of the Limitations of a Hybrid Model of Governance



Effectiveness

32 of the responses received from participants in a refuge which adopts a hybrid model of governance thought the structure was ineffective in providing solutions to issues which arise.

Implications of Adopting a Western Model of Governance in a Collective Organisation

The implications of adopting a Western model of governance within an organisation which embraces collective ideologies can be both positive and negative. In this report, those participants who engaged in interviews from a refuge which adopted a collective or hybrid model of governance were asked whether they perceived any implications of adopting a Western governance model of governance. In total responses were received from 29 participants.

Positive Implications

75.8% of the responses thought that a shift to a Western model of governance would provide accountability with 62.1% identifying that funders preferred a Western model of governance.

A Western model of governance was perceived to be able to address employment issues more readily by 58.6% of the response. Just over half of the responses thought a Western

model of governance aligned with growth and development. 44.8% believed this structure was conducive to the effective use of resources. 37.9% thought a Western model of governance would attract skilled personnel and provide clarity of roles and responsibilities.

Table 8 provides a breakdown of the responses pertaining to the positive implications of adopting a Western model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one positive implication.

Table 8: Positive Implications of Adopting a Western Model of Governance

Positive Implications of Adopting a Western Model of Governance	Number of Responses	%
Accountability	22	75.8
Funders prefer this structure	18	62.1
HR issues addressed more readily	17	58.6
Growth & development	16	55.2
Structured work environment	15	51.7
More effective use of resources	13	44.8
Skilled personnel	11	37.9
Clarity of roles & responsibility	11	37.9

Negative Implications

The main negative implication of adopting a Western model of governance is the loss of collective philosophy. Second to this was the loss of voice because decisions would be made by the board separate from the workers. 55.2% of responses thought a change in structure would contribute to a loss of knowledge of the work.

Just over one half of the responses believed that there would be pronounced resistance to change with just over a quarter of the responses thinking that workers would become isolated. 20.7% suggested that a change in structure would contribute to a loss of feminist philosophy in relation to being non-patriarchal.

Table 9 gives a breakdown of the responses in relation to the negative implications of adopting a Western model of governance. The percentage column is the number of responses divided by the number of respondents. This column could, and often did, provide more than one negative implication.

Table 9: Negative Implications of Adopting a Western Model of Governance

Negative Implications of Adopting a Western Model of Governance	Number of Responses	%
Loss of collective philosophy	26	89.6
Loss of voice	23	79.3
Loss of knowledge of the work	16	55.2
Resistance to change	15	51.7
Isolation of workers	8	27.6
Loss of feminist philosophy	6	20.7

Summary

It is imperative that any questions asked of participants reflect and demonstrate the actual situation being investigated. This ensures that the data is analysed with a high degree of validity and reliability. Reliability refers to the accuracy and consistency of the measurement. A reliable test, if repeated under the same conditions, would give essentially the same results (Kootnz & Weihrich, 1988).

The results indicate that there are a range of benefits and limitations for each of the models of governance. In addition, the results display that elements from a Western model of governance have been adopted to address issues which have arisen within an organisation which incorporates collectivism. However, whilst this approach may have addressed some issues, other unforeseen concerns have arisen which require attention.

Chapter 5: Discussion

This section of the report provides an interpretation and analysis of the results obtained from the questionnaire surveys and the interviews. The structure of the analysis is based on each of the research objectives.

Collective Model of Governance

Historically, a collective model of governance offered an alternative system of operating an organisation than the commonly accepted hierarchical model which represented a power structure and supported individualism. Collectivism and consensus decision-making offers an opportunity for everyone involved in the organisation to contribute to the decisions made for the organisation. It is a response to the systems inherent in society where a few people holding power make decisions essentially for the common good.

The pure collective identifies the numerous tasks which need to be undertaken and then decisions are made between all members on how and who would be the best person to ensure the completion of the task. Each member of the group works towards the betterment of the organisation and the people it serves rather than placing personal benefits as a priority. With the introduction of paid staff, an informal hierarchical structure evolves because part of the collective group must take responsibility for issues which arise in relation to employment matters.

Benefits

Within the case study organisation, 6 refuges identify as having a collective model of governance. The three primary benefits were cited as being the sharing of responsibilities, pressures, and workload; a process of consultation with everyone involved in the organisation able to participate in the decision-making; and that the structure was non-hierarchical. Consensus decision-making seeks agreement among all participants (Pearce & Robinson, 1989). The focus is on soliciting viewpoints from as many people affected by the decision and then attempting to forge agreement. It is an opportunity to anticipate problems and discuss possible solutions with everyone directly affected and those who might have useful views (Newman, Warren & McGill, 1987).

These benefits can be attributed to an arrangement where the members have a common understanding of the mission and values, and both cultural and feminist perspectives are

embraced. This leads to a common bond which works well because the groups are largely homogeneous.

Each member is encouraged to express their opinions to ensure that everyone is informed before making a final decision. Consensus decision-making requires three essential ingredients, namely, respect for each other's opinions, objections, and the right to say what one thinks; cooperation and being prepared to change a viewpoint on an issue when more information or ideas become available; and responsibility in considering one's objection or support carefully before speaking to it. Where there is dissention, the commitment to the purpose of the organisation promotes effective interaction and communication. This essentially leads to decisions which, once agreement is made, are more long-standing. The acceptance of new ideas is usually greater when the decision is made by the group charged with its implementation (Summers & White, 1976).

There is an expectation that staff will self-manage, and that other group members will utilise their personal and professional skills to further the aims and objectives of the organisation. The use of sub-committees encourages members to focus on their areas of strengths to promote and support the development of the organisation. These sub-committees 'do the ground work' by seeking all the necessary information required and to make recommendations to the full collective group. The final decision is made by the full membership. This process shortens the length of time needed for discussion and decision-making.

The advantages of having everyone involved in the decision include, more information and knowledge is focused on the issue and available to a larger number of people; an increased number of alternatives can be developed; there is greater understanding and acceptance of the final decision; and members develop knowledge skills for further use (Bartol, Martin, Tein & Matthews, 1998).

Limitations

Most of the issues cited in relation to a collective model of governance provided an interpretation at the opposite end of the spectrum. The three most common criticisms of the model are that meetings are lengthy; the process is time-consuming; and issues are constantly being revisited. This creates a high level of frustration and some respondents stated that they often agreed to decisions merely to progress meetings.

While opinions are sought and there is high cohesion, in some instances, the discussion may be dominated by one or a few group members. This results in decisions being made by a relatively small number of group members but is accorded the status of a legitimate consensus. This leads to the concept of 'groupthink', where individuals go along with the decision even when they do not agree with it, and in order to avoid conflicts, do not voice their reservations (Janis, 1971).

Unresolved employment issues are of concern in some of the refuges. The employed staff are the people most commonly identified as becoming overpowering, and in some instances, resulted in members leaving the organisation rather than spending invaluable time working towards the common goal. Griffin & Moorhead (1986 cited in Thompson, 1989) listed the common techniques used in maintaining domination in a group as:

- controlling the flow of information, particularly when crucial information is involved;
- controlling communication channels;
- using outside experts to substantiate one's views;
- controlling the agenda, particularly when 'sensitive' issues are to be discussed;
- image building, or enhancing one's own personal image;
- various types of game playing.

The lack of accountability of employees was an issue which is highlighted. As complaints are most often in relation to an employee, the assumed power that this person has restricts the implementation of policies to effectively address the issues raised. The NCIWR Service Report (2010) noted that collectivism can be perceived to be in conflict with employment legislation and sometimes seems to contribute to conflict and fractures within collective structures.

Some women identified the collective model of governance difficult to engage in until such time as they understood the politics of the organisation, both internally and externally. The lack of external acceptance and understanding of the structure also hindered their ability to actively participate.

Collectives which thought the structure was effective identify that one person can turn the process into chaos. A difference in values and understanding of ethnic and other cultural issues were cited as being the most common contributing factor to this situation. As a result, the process of selection of members is reviewed, rather than instigating a review of

the organisation. There is a tendency to seek agreement on an issue at the expense of realistically appraising the situation.

Although members have the ability and experience to provide quality services, it was perceived that there is generally an absence of necessary skills in specific areas, particularly finances, employment, and policy. This results in a lack of responsibility for ensuring legislative compliance.

Of lesser concern is the use of sub-committees. In some instances, these committees begin to operate outside the collective process with some decisions being implemented which have not undergone full consultation. Designated responsibility is interpreted as delegated authority to make decisions resulting in 'too many chiefs'. This leads to conflict and dissention among the membership and shifts focus to a more personal level rather than maintaining an emphasis on the purpose of the organisation.

Western Model of Governance

The Western model of governance aligns with power structures familiar to most people regardless of cultural influences. The model clearly defines the roles of members of an organisation into two specific areas – the board which is responsible for the strategic direction and management which is accountable for the day-to-day operations.

A number of refuges have adopted a Western governance model as a means of addressing issues such as the length of time it took to make operational decisions, employment related matters, and accountability. However, at a board level, the process of consensus decision-making has been maintained.

Benefits

According to the refuges in the case study organisation which incorporate a Western model of governance, the three primary benefits of this model are members have a defined role, operational decisions are made quickly, and the organisation utilises the professional skills available in the community. Refuges which have this structure have explicit job descriptions for staff and board members usually have specific portfolios. The engagement of professionals on the board provides a balance between those with knowledge regarding the organisation and enhances the organisation in the areas of finance and employment in particular. This minimises the risk to the organisation and increases the performance of the board. Directors with an independent perspective are more likely to constructively

challenge proposals and decisions before the board, other directors, and management (Matheson, 2009).

A defined structure specifies lines of accountability and areas of responsibility. However, there is a tendency in not-profit organisations for there to be a blurring of responsibility when board members take on roles which are essentially a role of management. This is usually undertaken to alleviate pressure on limited resources but can create discord if management and staff become compromised in their role. Management is responsible for coordinating business activities in the most efficient way while striving to attain goals and execute policies set by governance (Rozman, 2000).

The separation of governance and staff enables employment issues to be addressed more effectively. This creates transparency where staff are aware of the precise requirements and performance measures of their specific role. When there appears to be downturns in performance, the board is responsible for seeking explanations from management in a timely manner. Continued under-performance will require intervention and the possible removal of the manager to protect the organisation. If the board fails to hold management accountable then they carry the responsible for the under-performance.

The process of decision-making appears to be more productive with this model even though consensus is integrated into the decision-making. Productivity is measured by the length of time taken to make decisions, the participation of people with specialist skills, and the growth of the organisation. Board members are clear about the mission and values of the organisation and value the skills of those employed in the organisation to provide the necessary services and information required to make strategic decisions.

A Western model of governance provides stability and professionalism particularly to external stakeholders. The structure is familiar to the wider community and members are recognised for their role in the organisation. This is further enhanced where there is a high level of trust between those making the decisions and those implementing them.

Limitations

A Western model of governance requires a commitment to the organisation and external professionals often have a limited amount of time to dedicate to their role on the board. Although there is a high level of trust in relation to staff performing the critical role of

service delivery, it is also essential that board members are aware of their responsibility to effectively govern the organisation.

A limited amount of time can contribute to, in some instances, board members not necessarily having the specialised skills to undertake the role and provide the leadership to the organisation. Where board members have not been required to participate in training regarding the work of the organisation, there may be limited knowledge of the pressures and demands affecting the effective development and enhancement of services.

The defined structure of a Western model of governance limits the ability for all members to have a voice in the decision-making process. The move to work on a business or corporate basis can be perceived to be in conflict with the philosophy of inclusion and empowerment of all those both working within and engaging in the services offered.

Where board members have limited time and other priorities, a higher degree of responsibility is placed on the manager. This provides the manager with an increased level of delegated power which can be abused. If the manager has been employed on the basis of business acumen without any understanding of the external environment and the position of the organisation, issues can arise both between the board and the manager, and the manager and staff. Therefore it is important and beneficial to have an active and participative interaction between management and the governance board (Grant *et al.*, 2011). The chairperson needs to provide good leadership and interact effectively with both the board and the manager. It is imperative that the chairperson has a good working relationship with the manager as this is the key link between governance and management. This relationship should be based on honesty, integrity, and trust to ensure that both the board and management work towards meeting the vision and mission of the organisation whilst safeguarding the interests of the stakeholders.

Comparisons of the Two Models

Each of the two models has an expanse of benefits and limitations. Both models work effectively in some refuges while in others issues develop and, at times, remain unresolved.

The results of the survey and interviews in this study indicate that there have been a number of refuges which have restructured as a means to effectively address issues which have arisen with a collective model of governance. Although some of this has been done

with the initial support of the full membership, the new structure has presented its own difficulties particularly where aspects of a Western model of governance have been incorporated to create a hybrid structure.

The refuges which have adopted a Western model of governance have retained the process of consensus decision-making at a board level. This encourages full participation of all members present and allows for freedom of expression. However, a Western model of governance does not encourage interaction between the board and staff which creates a disconnection between the two groups. Where a manager works with an authoritarian rather than a participative approach, staff may lose their ability to have input into the direction of the organisation.

Both models have a structure which enables the sharing of responsibilities and workload. The collective model has an informal structure for this to occur whereas a Western model of governance has defined roles and responsibilities at each level of the organisation.

The collective model of governance supports high cohesion within the group. In a Western model of governance, a high cohesion between group members can be maintained where all members are clear about the mission and values of the organisation, and board members have the time and a firm commitment to the growth of the organisation.

Interestingly, both models are described as transparent where the organisation is operating effectively and has credibility with external stakeholders.

When considering the limitations of the two models, it is noted that responses considered the lack of the necessary skills particularly in relation to finance and employment to be an issue in either structure. In the area of employment, the power issues which can evolve with lack of accountability are difficult to manage without the appropriate knowledge and experience.

Availability is an issue within a Western model of governance in contrast to a collective model where the process is time-consuming with lengthy meetings. Members within a collective are likely to have more knowledge of the organisation to those in a Western model of governance whereas those refuges with a Western model have defined systems and structures to address issues. The length of meetings are subsequently shorter because authority has been delegated although most collectives support the utilisation of sub-

committees to undertake the initial information gathering and make appropriate recommendations thereby shortening the process to reach a consensus.

In the hybrid models, those refuges which have implemented aspects of a Western governance model, have identified that there is a need to make operational decisions in a more timely manner. A collective model of governance requires all decisions are discussed by all members whereas a manager has the delegated authority to make decisions for service requirements. However, where the collective process has been maintained as opposed to a Western model of governance, managers are often undermined as operational issues are presented to the full collective by staff without prior discussion with the manager. Additionally, it is difficult for a manager to bring staff issues to the full collective when staff members are present. In a Western model of governance, the manager is solely responsible for the implementation of the strategic goals and employment issues.

The responses indicate that in comparison to a collective model of governance, the hybrid model is more transparent. The shift to a hybrid model is viewed as progressive. Van der Walt, Ingley & Diack (2001) suggests that excess democracy in collectives has resulted in slowness to react to changes in the market place and to restrict organisation development (van der Walt, Ingley & Diack, 2001). Most refuges which have implemented aspects of a Western model of governance believe that eventually they will move to a Western model of governance which applies consensus decision-making as a means to retain the principle of collectivism.

Effective and Efficient Solutions

Survey results indicate that robust and skilled management is essential within all types of structures, whether a Western model of governance or a collective model. Those refuges with experienced and skilled staff were more successful in the areas of fundraising, contract management, collaborative practice, and capacity management (NCIWR Service Report, 2010).

Clear policies and guidelines will support either structure to effectively address issues which may arise within the organisation. Identification of the required skills and processes necessary to ensure the productive and efficient operation enables the organisation to maintain credibility and the confidence of external stakeholders.

This report suggests that the issues which arise can largely be attributed to the practices adopted by members rather than the structure. The ability to select members which will maintain the status quo and the homogeneity of the group may be an obstacle to further growth and development of the organisation.

Implications of Adopting a Western Governance Model in a Collective Organisation

There are a number of refuges which have struggled to address issues which arise within their organisation. As a result, there have been attempts to modify the collective model of governance to resolve dilemmas.

The paradox is whether to encourage growth with its attendant pressures toward bureaucracy or to restrict growth in order to maintain a collectivist structure. Although there are a range of modified collective arrangements, the adoption of hierarchy is often the preferred option (Riger, 1994).

Riger (1994) argues that egalitarian structures with a humanistic emphasis permit participation and individuality but they fail to foster efficiency and predictability. This tension makes it necessary at times to choose between productivity and equality or to develop strategies to enable egalitarian arrangements. Cafferatta (1982) argues that the hierarchical nature of the Western model of governance and collectivism are compatible rather than incompatible process, and some organisations find that the implication of aspects of a Western model of governance can be positive.

Positive Implications

Refuges in the case study organisation believe that a Western model of governance provides a higher level of accountability particularly because funders and other stakeholders prefer this structure.

Western models of governance are perceived to address employment issues more readily although it has been identified that this is attainable only when people have the necessary skills, there is a good working relationship between the manager and the chairperson, the manager is inclusive in relation to staff, and there are independent members on the board willing to challenge under-performance.

It was proposed that a shift to a Western model of governance would encourage growth and development and there would be more effective use of resources. This is further enhanced with skilled personnel and clarity of roles and responsibilities.

Negative Implications

The biggest concern raised by participants with regard to adopting a Western model of governance was the loss of collective philosophy and members losing their voice and ability to contribute to the decision-making of the organisation. This could result in the loss of knowledge about the work the organisation undertakes and lead to the isolation of workers from the governing body.

Although the benefits of a change in structure have been considered, there is a resistance to change particularly by those members who have a strong alignment to processes which support the autonomy and empowerment of the members. In these instances, the policies and constitution which have been adopted to support a collective model of governance have been utilised to prevent the progression to an alternative structure.

Summary

Stacey (2000 cited in Ingely & van der Walt, 2001) contends that the central concern in relation to groups is that of motivating people to perform known tasks efficiently. This requires that people should behave in a cohesive manner and develop supportive rather than counterproductive groups. He identifies environmental, membership, and dynamic factors as the determinants of how groups will behave and how effective and efficient they will be when they have reasonable clear tasks and well-defined structures.

The overall results of this report indicate that there is no one model which necessarily meets the requirements of an organisation. However, with clear understanding of the aims and objectives, the roles and responsibilities of the members of the organisation, and clear policies and procedures, a governance structure can be adopted which will ensure the on-going growth and development of that organisation.

Chapter 6: Conclusion

The purpose of this report was to examine two models of governance used in non-profit organisations, namely a model based on collectivism which is founded on consensus decision-making involving people at all levels of the organisation and a model based on the traditional Western hierarchical structure which has a defined line of accountability and responsibility for decision-making at differing levels. The benefits and issues which arise within each model were discussed and compared. Consideration was given as to whether a Western model of governance would provide effective and efficient solutions which arise in an organisation which incorporates collectivism. Finally, the implications for changing from a collective model of governance to a Western model were ascertained.

Benefits and Limitations

Both a Western model of governance and a collective structure are multidimensional, each with benefits and limitations. The perceived benefits and issues which arise can differ dependent on the people who are currently in the varying positions within the organisation. The Western model of governance is seen have more accountability, transparency and to utilise resources more efficiently.

The critical question for an organisation is whether the structure is useful for reaching particular goals (Riger, 1994). It is imperative that the members of the organisation have a clear understanding of the mission and values and how they are able to effectively contribute to the growth and development of the organisation.

Effective and Efficient Solutions to Issues which Arise in a Collective Organisation

The report indicates that aspects of a Western model of governance can provide effective and efficient solutions to issues which arise in a collective organisation. This is evident with the number of refuges which have moved from a collective model of governance to a hybrid or Western model of governance. However, although there is an increase in effectiveness and efficiency, there is lesser involvement of the full membership in the decision-making of the organisation.

The main issues which arise in a collective organisation relate to employment and accountability. These are addressed as roles and responsibilities are assigned to specific individuals in the organisation. Herman & Renz (2000) concluded that non-profit organisational effectiveness is strongly related to board effectiveness. However, they also

concluded that many boards do not fully meet their governance and management responsibilities. This is often due to the blurring of roles, limited resources, and the nature of the organisation.

The ability to identify the issues and ensure that the systems, policies and procedures meet the needs of the organisation is essential to the effectiveness of the governance board. This enables the operations of the organisation to progress efficiently and subsequently recognise areas of improvement and further growth and development. Riger (1994) suggests that perhaps collective forms best serve some organisational purposes while structures that are larger and more differentiated enable goals to be reached most easily.

Davies (1999) proposes that best practice in non-profit organisations which leads to effective and efficient solutions to issues focuses on:

- Effectiveness with clear objectives;
- Targeted resources;
- Performance evaluation and accountability;
- Quality standards;
- User involvement;
- Governance which manages risk, meets compliance requirements, and balances stakeholders;
- Voluntary action, equality and fairness.

The implications of changing governance and management approaches within an organisation which incorporates collectivism

The retention of consensus decision-making at a governance level indicates that a Western model of governance can be adopted within an organisation which incorporates collectivism. However, the results support the literature which identifies key components which need to be integrated to ensure effectiveness.

Limitations

This report is limited in that the case study organisation is largely inclusive of women and is feminist based. Incorporated alongside this ideology, is the non-hierarchical nature of collectivism. These philosophies can provide a barrier to identifying possible solutions to issues which evolve because of the structure.

Although there have been a number of refuges which have adopted alternative models of governance, there is, in some instances, inconsistencies in the implementation because of the disparity between the two models.

Due to the time available to complete this report, there is a lack of inclusion of other collective based organisations. This would determine whether the findings of this report were consistent across all such organisations or solely limited to the case study organisation.

Future Research

The governance structure of non-profit organisations is an area of increased interest as the organisation strives to remain competitive and eligible for external financial resourcing. Models which have previously been effective become under scrutiny as individuals also reflect on the most effective and efficient use of their time and skills.

The development of a generic governance model which incorporates a range of cultural values could be beneficial to the long-term success of the non-profit sector. This would enable the leadership of the organisation to support the development of effective and efficient services to their target groups.

Overall Findings of this Study

The ultimate significance of a board, regardless of structure, is that they are responsible for the viability and sustainability of the organisation they govern. Governance is about providing leadership; ensuring performance; meeting the vision and mission of the organisation; making resources available; setting future direction; guaranteeing the organisation is well managed; monitoring performance; ensuring compliance with all legal requirements and obligations; considering impacts on stakeholders; and accountability to its stakeholders (Matheson, 2009).

Regardless of the structure adopted, board members need to understand their role and responsibilities; have the time to commit to the role; collectively have the necessary skills and experience; be willing to work towards a shared vision; and to regularly evaluate their performance both individually and collectively. Overriding this is maintaining an objective perspective and ensuring that the level of independence required when making decisions is maintained.

This is supported through the clear boundaries which ensure that each of the members operate within the parameters of the structure. It is imperative that the board does not get involved in the domain of management thereby contributing to the potential of friction and inward focus. This enables aspects of Western and collective models of governance to coexist within the same organisation and achieve the desired aims and objectives.

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Appendix 1
SURVEY QUESTIONNAIRE

Governance in the Collective Context: A Study of Two Approaches

This questionnaire forms the basis of a research project. The questionnaire results are anonymous.

If you would like to participate in an interview to further discuss your responses, please contact me in the first instance.

1. Does this Refuge operate on a:

Pure Collective structure ☐

Governance and management structure ☐

Mixture of these two structures ☐

2. Does your constitution held by the Companies Office and the Charities Commission reflect the structure referred to above?

Yes ☐ No ☐

3. What would you consider the benefits of your current structure?

4. What do you believe are issues which arise due to your current structure?

5. Do you think that there would be additional benefits with a change in structure? If so, please list.

6. How are decisions made in your Refuge?

Consensus with all members ☐

Board makes decisions by consensus ☐

Board makes decisions by voting ☐

Collective makes decision by voting ☐

7. If consensus is used but cannot be reached, what is the process?

Majority vote ☐ Percentage required %

Decision deferred ☐

Discussion continues until decision made ☐

Other ☐

8. Would your Refuge be willing to participate in interviews regarding your structure?

Yes ☐ No ☐

Appendix 2
INTERVIEW STRUCTURE

Governance in the Collective Context: A Study of Two Approaches

This interview provides additional data for the research project. All responses are confidential and any responses you give will not be identifiable in the final report.

This is a semi-structured interview which means additional information may be sought based on the responses given to the primary question.

1. **Does this Refuge operate on a:**

   Pure Collective structure ☐

   Governance and management structure ☐

   Mixture of these two structures ☐

2. **Does your constitution held by the Companies Office and the Charities Commission reflect the structure referred to above?**

   Yes ☐ No ☐

3. **What would you consider the benefits of your current structure?**

4. **What do you believe are issues which arise due to your current structure?**
5. **Do you think that there would be additional benefits with a change in structure? If so, please list.**
6. **How are decisions made in your Refuge?**

   Consensus with all members ☐

   Board makes decisions by consensus ☐

   Board makes decisions by voting ☐

   Collective makes decision by voting ☐

   Other ☐

7. **If consensus is used but cannot be reached, what is the process?**

   Majority vote ☐ Percentage required %

   Decision deferred ☐

   Discussion continues until decision made ☐

   Other ☐

8. **Do you think the structure which your Refuge currently adopts allows for an effective and efficient response to issues which arise?**

9. **Do you consider your structure to be conducive with the philosophical framework of this organisation?**

10. **(For Refuges with a collective structure) Do you believe that there would be implications if your Refuge were to adopt a traditional Western model of governance and management?**