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Managing at the Interface of Market and Civil Society

Goal of the chapter: There is an immense body of literature on nonprofit management and third-sector research in the English-speaking world. This is true for academic as well as for practitioners’ books and papers. This chapter raises the question: What does the literature on nonprofit governance, strategy and accountability contribute to understanding challenges of complex decision making on the executive boards of social businesses? On the topic of understanding management challenges in social businesses, the chapter introduces the core literature to which the line of argument will refer throughout this book. After reading this chapter, the reader
- knows the basic literature on nonprofit governance, strategy and accountability, and
- is able to value these approaches concerning their contribution to understand challenges of complex decision making in executive boards and boards of directors at the interface of markets and civil societies.

Content of the chapter: Research on nonprofit governance; research on nonprofit strategy; research on nonprofit accountability; current theoretical and practical challenges

One of the first books on nonprofit management was written by Richard M. Cyert in 1975 and that same year Philip Kotler and Alan R. Andreasen published their standard work on nonprofit marketing (Cyert, 1975; Kotler and Andreasen, 1996, first published 1975). Eleven years went by
until Curtis P. McLaughlin took up the topic again (McLaughlin, 1986). Not until the publication of Peter Drucker’s work on *Managing the Nonprofit Organization* in 1990 did a wave of new publications start which still goes on today (Drucker, 1990b). Simultaneously, there is a call for professionally managing nonprofits. Since the 1990s, universities and other institutions have been offering nonprofit-management training contexts to help prepare nonprofit managers for their challenging jobs (Haas and Robinson, 1998; O’Neill, 2005). Meanwhile, in many countries in the east and the west an increasing number of universities establish Master’s courses and chairs for nonprofit management (Haas and Robinson, 1998). Another important indicator for the rising third-sector research are the science International nongovernmental organizations (INGOs) acting in different fields of research such as medicine, biology management and others. In 1994, there were approximately 350 active science INGOs. Ninety-five per cent of the associations were founded in this century and over 70 per cent after 1945, the end of the Second World War (Schofer, 1999). Meanwhile, two established science INGOs are related to third-sector research. Founded in 1992, the International Society for Third-Sector Research (ISTR) was founded. It intends to build a global community of scholars and other interested parties. The Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) was already established in 1971. Although it focuses on the American third sector, currently more international scholars are attracted to it. The previously presented survey of third-sector research emphasizes just a few but important developments in third-sector research. Without doubt, this is a young field. But its research contribution in articles and books is immense.

**Research on nonprofit governance**

There is a growing interest in the governance of nonprofits. This can be attributed to public scandals and the widespread observation that the efficiency of nonprofits might be improved by better governance practices (Gibelman and Gelman, 2001; Hayden, 2006). Correspondingly, research on nonprofit governance has tremendously grown over the past 20 years (Murray, 1998; Saidel, 2002; Cornforth, 2003; Miller-Millesen, 2003; Ostrower and Stone, 2006). Two different sets of issues are at the core of nonprofit governance designs and challenges:

- In terms of actors, the major questions are: Who is – or should be – in charge of the organization, the members of the board or the executive directors? And to whom are these actors accountable?