MANAGERIALISM IN THE 21st CENTURY: NEW INSIGHTS

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From the increasing critiques on the nonprofit sector one can infer the growing belief that doing good could be done better. Doubts about the legitimacy of the sector, in terms of its place in society and its effectiveness, and on the efficiency at the organizational level, are growing at sifted speed. Crucial to this trend are the calls for increased transparency and accountability. Many attempts have been made in order to improve both elements, with codes of conducts and professionalization and reporting for transparency initiatives.

The legitimacy of the sector is closely intertwined with its unique ‘bottom line’ that sets it apart from the market driven for-profit sector; the goal of positive social impact. Where businesses ultimately strive for profit, nonprofit organisations cherish doing social good as their ultimate goal. However, the goal of doing good is harder to identify and more ambiguous than a straight forward financial single bottom line (Forbes, 1998). Moreover, the approach towards the goal is much harder to measure. In a research into the philanthropic work of 180 UK industrial and consumer firms, Carrigan (1997) finds that 75 percent fails to monitor their social impact.

In this panel we aim to investigate the current status of the managerialism debate for NPOs and it seeks to explore the effect social impact measurement could have on the relevance of managerialist concepts in the NPO sector. A central question is how the developments towards the ability to measure the social impact of NPOs, and potentially even the entire nonprofit sector, can contribute to doing good better.

Firstly, one author explores the relevance of applying management models from the business world to civil society organisations by exploring Swedish case studies in his paper “In the borderlands between business and civil society”. Secondly, two authors write on “Managerialism and Societal Functions of NPOs”. They explore how social impact measurement relates to both critically assessing the spread of managerialism and explain how social impact measurement can in itself be perceived as an element of managerialistic tools. Lastly, a paper by two other authors named “Social Impact Measurement: The missing piece of the nonprofit puzzle?” pursues the debate on how social impact measurement can shed new light on the managerialism debate. As a point of departure it analyses how social impact measurement could function as an alternative to profit as the ‘unit of success’ of the NPO sector.

References


In the Borderlands Between Business and Civil Society

– On the Use of Management Models in Civil Society Organizations

The language and behaviors typical for the corporate world are increasingly expanding into new areas. Business organizations – focusing on issues such as market shares, competition, customer relations, and return on investments – are used as yardsticks for how to perceive and develop organisations outside of the realm of the corporate world. Both state agencies (Ostrander and Langton 1987; Perri and Kendall 1997; McLaughlin et al. 2002) and civil society organizations (CSOs) (Smith and Lipsky 1993; Roberts et al. 2005) are looking at the corporate world for methods and tools that promise to increase both efficiency and effectiveness of the organisations.

Although civil society studies are marked by a long-standing focus on the interface between state and civil society, the borderlands between the corporate world and civil society have been left somewhat unexplored. This not without consequences, as we have seen in the era of ‘New Public Management’ which with hindsight have often done more damage than positive contributions (Minogue, 2001). The interest among scholars for topics that touch upon this divide is growing; examples are increased commercialization and the use of market-based solutions and corporate practices among CSOs (Salamon 1997; Weisbrod 1998; Skocpol 2003; Eikenberry and Kluver 2004).

This paper presents an outline of a theoretical framework, some tentative results and a short description of the design of a research project, initiated in 2009, that explores the borderlands between civil society and the corporate world.

The first aim of this project is to explore how and why managerial ethos and practices, typical for commercial firms, are adapted to, and implemented in, CSOs. The second aim is to analyze what potential consequences the use of management models in CSOs might produce on the level of organization. Brought together, these two aims are assumed to also enable further discussions regarding how the societal functions of CSOs might be affected and changed from the implementation of managerial ethos and practices. Methodologically, these aims are pursued through case studies, which in this project involve three typical Swedish CSOs that are large, member-based, and democratically governed.

Although early in the research process, some preliminary results indicate, for example, that the studied developments are preceded by, or go hand in hand with, increased professionalization and a centralization of formal power structures within the CSOs.

Consequently, the overall purpose of this project is to generate both theoretical and empirical knowledge to a rather underdeveloped interest area in civil society studies. This knowledge is not only relevant for the pursuance of the academic debate, but is also useful beyond the world of academia. In practice, the use of corporate models and solutions in CSOs often seems to occur without much reflection. Moreover, there is a lack of knowledge of what changes this development might bring about in these organizations or in the larger society in which they exist (Wijkström and af Malmborg 2005). Therefore, this study contributes both to theoretical and practical development, by shedding light on the workings of business ideas such as management models in CSOs.

References


Managerialism and Societal Functions of NPOs

Making use of management concepts and employing professional managers has become common practice in NPOs. Research on the social impact of NPOs relates to this phenomenon in two important ways. Firstly, it enables us to critically assess the spread of managerialism in NPOs with regard to its effects on the social impact of NPOs. Secondly, social impact measurement itself can be understood as part of the managerialist repertoire of instruments. In this contribution to the panel discussion, we reflect on these two relationships.

Effects of Managerialism on the Societal Functions of NPOs

There are few studies that examine explicitly the consequences of managerialism on the societal functions of NPOs. However, many studies provide relevant insights if purposefully read with the question in mind. We sort findings into three categories of possible consequences: (1) consequences for the efficiency and effectiveness of functioning, (2) shifts between functions, and (3) change of activities within functions. Concerning efficiency and effectiveness of functioning, there is strong empirical evidence that managerialism by and large promotes efficient and effective fulfilment of societal functions, especially with regard to service provision. However, there are also convincing arguments that under certain conditions this may not be the case, especially in case of advocacy and community building. Empirical evidence for critical arguments is however comparatively weak.

Empirical evidence on shift of functions is comparatively weak. Initial findings suggest a rise of the service function, a decline of community building, and probably an unchanging level of advocacy, but changes in the nature of advocacy. Finally, there is considerable evidence that managerialism changes the way NPOs fulfil certain functions. Possible changes include concentration on "core competencies", increased commercialism, more short-term orientations, and decreased risk-taking. Moreover, managerialism seems to change the importance of particular stakeholder groups, with active members and volunteers losing importance and managers and paid staff gaining influence.

The Relationship between Social Impact Research and Managerialism

As the second part of our contribution, we examine the relationship between social impact research and managerialism. From the philosophy of science, it is clear that when researching managerialism and the societal functions of NPOs, we can expect (and may even hope to) to have effects on the objects that we study. In case of research on managerialism and societal functions of NPOs, interrelations are especially intricate. On the one hand side, by examining effects of managerialism on the social impact of NPOs, we find certain negative effects of managerialism and may therefore contribute to a more sceptical perspective towards managerialism.

On the other hand, by developing methods for measuring social impact, and by assessing systematically how efficiently these impacts are achieved, we engage on what may be called "methodological managerialism": We are again looking for instrumentally rational, efficient and effective methods to achieve certain objectives, even though these objectives are more comprehensive than in conventional NPO managerialism. In this respect, the common roots of science, including social science, and managerialism in the western philosophic tradition become apparent. Both strongly emphasise thinking in models of causes/means and effects/ends. A reflection on the position of NPO researchers towards these intricacies rounds off the contribution.

References
Social Impact Measurement: The Missing Piece of the NonProfit Puzzle?

Despite the fact that nonprofit organisations are driven by social goals, they often lack the ability to measure their performance by these goals because their social impact remains unexplored (Elkinton, 1999; Clark, Rosenzweig, Long & Olson, 2004). However, impact, defined by Clark et al (2004) as the total outcome that happened as a result of the activity of an organization above and beyond what would have happened anyway, of nonprofit organisations on society, is what ultimately defines their success (Herman & Renz, 1998). Thereby, in the absence of a straightforward ultimate measure of success like profit is for the private sector, social impact is the ultimate ‘unit’ of measurement necessary to allow for true evaluations and improvements in performance of NPOs.

The consequences of the ability to measure the social impact of NPOs for the relevance of applying business concepts to the sector are explored in this paper. Would it ever be possible to develop a social impact measurement method that can fulfill the role that profits play in the for-profit sector, and thereby allows for benchmarking between NPOs? The promise of such a method includes improvements in the ability to measure NPO performance towards their goals, allows for evaluation of NPOs against themselves and one another, uncovers efficiency and effectiveness from which recommendations for improvements can be based and increases transparency and accountability to all stakeholders. Where many hurdles are yet to be overcome before social impact measurement can live up to these promises, social impact measurement in its current form can shed new light on the managerialism debate.

For one, social impact measurement improves “Informed Giving” (Cheng, 2009, p.11) which compensates for the absence of the market mechanisms in NPOs. As Cheng (2009) puts it, the absence of the invisible hand of Adam Smith can be replaced with the visible hand of the donor through informed giving. It thereby addresses the dilemma that originates from the absence of demand pressures by the beneficiaries who consume the NPO service for free, depriving them from the ability to use ‘exit’ (Hirschman, YEAR), and the uncritical income generated from the donor who mostly seeks to serve psychological imbalances with his donation (Cheng, 2009).

This research aims to shed new light on the long-standing managerialism debate in the NPO sector by addressing the developments in social impact measurement. Thereby, it contributes to both a theoretical debate and to the more practical aspect of NPO management. While there is a long way to go before social impact measurement methods are perfected, under the influence of a increasingly critical donor base and technical developments, social impact measurement will be a part of the future of NPOs without a doubt. This paper explores the effects this will have on the managerialism debate, attempting to narrow the gap between academic development and the practical management of the NPO sector.

References


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