

The Nonprofit Board as an Entrepreneurial Agent: Challenges and Opportunities

Abstract

The entrepreneurship concept has become one of the most popular terms in the nonprofit sector in recent years, and (some would argue) also one of the most misunderstood. While much effort has been devoted to understand the individual entrepreneur starting and/or operating within nonprofits (Light, 2006) there is limited research on the relationship between the nonprofit board and entrepreneurship (Helm & Renz, 2008). Previous research has shown that board effectiveness and board performance plays a significant role for overall organizational effectiveness (Brown, 2007; Herman & Renz, 2004). Still, very little is known about the role, importance, impact, and potential of the board in the nonprofit entrepreneurial process and how this in turn affects nonprofit effectiveness, performance, survival etc. This study investigates the role of the board in nonprofit entrepreneurship based on interviews with board members in four nonprofits and interviews with three board and social entrepreneurship experts.

Three aspects in particular are discussed: (1) the collective and team elements of nonprofit entrepreneurship. Existing notions of board roles in entrepreneurship commonly depicts the board as a tool managed by an individual entrepreneur (often in an executive position) (Kitzi, 2002). Drawing on the interviews and existing entrepreneurship and nonprofit literature this paper suggests that the board can indeed play a much more active and direct role in the entrepreneurial process. (2) This study also support previous exploratory research findings that the board can be particularly significant in the opportunity identification and exploration process (Helm & Renz, 2008), and also in bringing complementary competences that support entrepreneurial success. (3) Finally, four board challenges of nonprofit entrepreneurship were identified; (i) the Humpty Dumpty curse leading to over-commitment and lock-in to a specific notion of entrepreneurship, which in turn can lead to mission drift and waste of resources, (ii) sequencing issues, (iii) opportunity cost inertia, and (iv) opportunity overload.

The exploratory nature and limited sample in this paper does not allow for any generalizations. However, it challenges the findings in Light's (2008) recent analysis and review of entrepreneurial and less-entrepreneurial nonprofit organizations. According to Light, entrepreneurial nonprofits had less active and engaged boards. Even though the experts stated that nonprofit entrepreneurship is close to impossible without having the executive team on board, they also stressed that successful nonprofit entrepreneurship involves an entrepreneurial board agent (see also Helm & Renz, 2008). So rather, as Light proposed, claiming that entrepreneurial nonprofit executive's view an active board as a hindrance to their vision, this research suggests that a symbiosis between board and executive team is more likely to lead to a successful entrepreneurial outcome. In conclusion, the nonprofit entrepreneurship process goes beyond the actions of single individuals. By perpetuating the image of the maverick or lone hero entrepreneur in nonprofit entrepreneurship, more substantial inquires of this subject is often overlooked. This paper also suggests avenues for future research.

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