Leadership and Governance in Times of Crisis: A Balancing Act for Nonprofit Boards

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Abstract
How has the COVID-19 pandemic impacted the roles of nonprofit boards? We reflect critically on the leadership and management activities of boards to understand the implications of the current crisis on governance. Employing a contingency approach to governance, we present a model of boards of directors’ leadership and management roles under four governance configurations as organizations navigate through the stages of the pandemic. We suggest that organizations with governance configurations that are more suited to predictable environments will generally experience greater shifts between management and leadership activities as they move through the stages of the COVID-19 crisis.

Keywords
governance, leadership, crisis, boards, COVID-19, management

Introduction
The unprecedented scale and pace of changes brought by the COVID-19 pandemic have challenged nonprofit organizations (NPOs) in multiple areas of their work. Executive directors and board members have sought to quickly adapt their operations to new social distancing rules, react to the sudden loss of funding streams, shift their priorities, and adopt new technologies. To respond to emergent and rapidly changing needs, the sector is also being forced to adapt leadership strategies and governance structures. How has the pandemic impacted the roles of nonprofit boards?

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The complex interdependence between leadership and governance in NPOs (see Chait et al., 2011; Heimovics et al., 1993; McClusky, 2002), as well as the abrupt organizational changes brought on by the pandemic, have amplified the balance between leadership and managerial activities at all levels of the organization. While leadership and the skills needed to navigate crises successfully have been discussed in the literature (Gilstrap et al., 2016), less scholarly attention has been devoted specifically to how nonprofit boards contribute to organizational responses to crises. In this piece, we reflect critically on nonprofit boards’ leadership and management activities to understand the implications of the current crisis on governance. By adapting Bradshaw’s (2009) contingency theory of governance, we propose a model to illustrate the balance between leadership and management for nonprofit boards as organizations face different stages (shock, adaptation, recovery and “new normal”) of the COVID-19 crisis. We suggest that organizations with governance configurations that are more suited to predictable environments will generally experience greater shifts between management and leadership activities as they move through the stages of the pandemic.

This article is organized as follows. First, we discuss the delicate balance between leadership and management within a nonprofit’s board of directors. Second, we focus on how the literature has discussed the role of leadership in turbulent times and how current debates center primarily on executives’ role, thus sidelining the importance of the board in these instances. We then present a framework that compares boards’ leadership and management activities in times of crisis, which builds on Bradshaw’s (2009) contingency model of governance. Finally, in our concluding remarks, we call for more empirical research that applies our model to study these phenomena in practice.

**Boards as Managers and Leaders**

Although boards of directors are typically tasked with strategically enacting an organization’s vision, this fundamental responsibility can be jeopardized when the decisions that need to be made are more urgent than governance processes allow. Renz (2020) has described this as a shift from risk management to risk leadership. While there is extensive literature related to the roles, duties, and characteristics of nonprofit boards (Brown & Guo, 2010; Gazley & Kissman, 2015; Raggo & Cagney, 2018), the attention explicitly devoted to the role of boards in times of crisis has been scantier. This is partly a consequence of the nonprofit governance literature being almost exclusively preoccupied with board structures (Cornforth, 2012).

While both leadership and management activities are essential for an organization to thrive, they each serve a fundamentally different purpose. Kotter (1995) offers a helpful distinction by arguing that management activities seek to produce order and consistency, whereas leadership activities seek to advance change and movement. Management focuses on providing structures and frameworks for an organization’s activities, while leadership relates to providing inspiration and empowering others to act. Nonprofit boards can play both parts: boards operate as the managers of an
organization when they focus on establishing decision-making structures and monitoring the executive’s work, and as leaders in developing a strategic vision for the organization and guiding the work of the executive director.

Organizational development models, which are primarily based on for-profit business assumptions, presume that the change agent is the organization’s chief executive (or other manager). Managers are assumed to be the driving force behind planned change initiatives and organizational responses to crises (Palmer et al., 2017). However, in focusing solely on executives as change agents, nonprofit boards’ pivotal role is obscured. Typically, the board’s strategic role translates into a focus on developing organizational mission, vision, and policies; however, crises may challenge this traditional role when short-term decisions must be prioritized over long-term planning. As scholars have noted, times of change require nonprofits to reconsider governance structures and the board’s composition to ensure that board members possess the skills and attributes necessary to pursue their oversight function and guide the organization through tumultuous times (Smith & Phillips, 2016).

**COVID-19, Environmental Turbulence, and Change**

Organizational crises transform the stakes and timescale for change, causing instability in funding, low employee morale, and conflicts with organizational mission. When an organization is faced with environmental turbulence (e.g., changes in government political control, recession, or organizational scandal), change leaders play the role of articulating a vision for the future and garnering support to mobilize resources and make change happen (Gill, 2002). For instance, the refugee crisis beginning in 2015 had immediate and wide-ranging impacts on nonprofits in Europe, leading organizations to reconsider their service delivery models, organizational structures, and ability to quickly react to changing conditions (Meyer & Simsa, 2018). Previous studies have discussed nonprofits’ responses to crises, particularly concerning cases of public relations and financial scandals (see Kinsky et al., 2014), and more recently, the effects of systemic financial crisis affecting large segments of the nonprofit sector (Lin & Wang, 2016). In these scenarios, leadership is required to ensure swift action, but the source of that leadership is more ambiguous.

Initial evidence from the COVID-19 pandemic has shown dramatic changes in working environments to accommodate the need to socially distance (Maher et al., 2020; Young et al., 2020) and lower than expected layoffs of NPO staff (Grønbjerg et al., 2020). Though it has now become a cliché to say, COVID-19 has become an unprecedented crisis. Therefore, we must question whether our existing knowledge, theories, and models of organizational change and the leadership and management roles played by executives and boards can sufficiently account for the pace and scale of changes necessitated by the pandemic. As Akingbola et al. (2019, p. 159) argue, “The board must be open to the indicators that point to the need for change and be prepared to use their governance role to facilitate the ability of the nonprofit to be responsive to the shifts in the environment.” However, in the case of COVID-19, it is safe to say that no board member could have predicted or planned for the changes...
that nonprofits are facing. Thus, boards need to be remarkably agile, flexible, and responsive to the ever-changing environment to ensure survival.

**Governance Contingencies and COVID-19**

The COVID-19 pandemic has begun to stress nonprofits’ governance configurations in unexpected ways as organizations undertake processes of change and adaptation to the rapidly evolving environment. Contingency approaches to theorizing governance suggest that there is no one “best” governance structure, but that organizations should consider their external context (including funding, relevant stakeholders, the legal/institutional environment), and their organization’s characteristics (age, size, degree of complexity) (Bradshaw, 2009; Cornforth, 2003; Donaldson, 2001; Miller-Millesen, 2003; Ostrower & Stone, 2010). Evidence from previous studies demonstrates that these contingency factors play an essential role in determining the effectiveness of boards, and an organization’s overall survival and success depends upon its ability to adapt its structures, decision-making processes, and strategies to respond to these various contingencies (Bradshaw et al., 1992; Brown & Iverson, 2004).

Considering the complexity of an organization’s environment and degree of environmental turbulence, Bradshaw (2009) presents four possible governance configurations—policy, constituency/representative, entrepreneurial/corporate, and emergent cellular. A policy governance configuration is formalized, bureaucratic and traditional, constituency/representative is more decentralized, and configured to respond to multiple potentially conflicting stakeholders. An entrepreneurial/corporate configuration focuses more on efficiency and emergent strategic planning. Finally, emergent cellular is organic, flexible, decentralized, and the least formalized. According to this model, we would expect entrepreneurial/corporate and emergent cellular governance configurations to be more appropriate for organizations operating in uncertain environments. In contrast, policy and constituency/representative governance configurations flourish when the environment is more stable (but constituency/representative deal with greater complexity regarding stakeholders and their expectations). It is important to note that many organizations do not fit neatly into one of these four governance configurations and may instead be more of a hybrid of one or more, depending on their particular contingency factors and strategic choices.

Figure 1 offers a critical reflection on the boards of directors’ leadership and management roles under the four governance configurations proposed by Bradshaw (2009). We present a timeline of the potential leadership and management focus as boards navigate five stages of responding to the COVID-19 crisis: pre-COVID, “initial shock” (the first weeks/months of the pandemic, when organizations made emergency decisions to respond to lockdown measures), “adaptation” (developing new strategies for dealing with a COVID-19 world), “recovery” (implementing and institutionalizing new plans), and “new normal.” Because there is much uncertainty about what the “new normal” may look like, we propose two potential approaches for nonprofit boards, depending on whether the environment returns to a pre-COVID-19 “normal” or if the environment remains turbulent and unpredictable.
As our model proposes, organizations under these four governance configurations will see different shifts in the management versus leadership activities of boards through the phases of responding to the COVID-19 pandemic. Policy boards will traditionally take on primarily management functions pre-COVID-19. However, the pandemic’s initial shock will require a pendulum swing into leadership activities, as boards will need to contribute to emergency strategic planning to help the organization weather the storm. At the adaptation stage, boards return to a management role to guide the organization by implementing any new plans and processes. Finally, longer-term recovery may require more of a mix of leadership (e.g., strategy) and management (formalized processes for approving plans). Constituency/representative boards will typically balance a leadership and management role in stable environments. However, the pandemic will require a slight shift toward a leadership function to mobilize support for changes and solve any conflicts that arise, followed by a return to a leadership/management mix for implementation during the recovery phase.

Entrepreneurial/corporate and emergent cellular governance configurations are presumed to be well suited to uncertain environments. These boards will therefore be better prepared to handle the abrupt changes that are required to respond to the COVID-19 pandemic. Entrepreneurial/corporate boards, which operate in simple stakeholder environments, focus on efficiency and getting the job done. As such, they focus more on management activities throughout their response to the pandemic. Conversely, emergent cellular boards operate in more complex contexts and are characterized by more flexible, informal, and organic decision-making processes. We expect that these boards take on a leadership role—steering an organization and providing strategic direction—throughout the COVID-19 adaptation and recovery.
We see two options for the “new normal” for all four configurations, depending upon whether “normal” means continuing turbulence or a return to a pre-COVID-19 environment. In the first instance, policy, constituency/representative, and entrepreneurial/corporate configurations will need to adopt more leadership activities to acclimatize to systemic uncertainty levels. By contrast, emergent cellular configurations may pivot more toward management to incur some degree of consistency in a context where most variables are uncertain.

**Conclusion and Research Agenda**

Few nonprofit organizations could have prepared for all the disruptions caused by COVID-19. However, the pandemic has reminded the sector that discussions of preparedness and contingency models of governance should be taken seriously. Our paper illustrates how some nonprofit governance configurations will require greater adjustments between leadership and management activities as they navigate through the various stages of the crisis. Boards initially configured for stable environments will experience more significant shifts in these activities, while those adapted to previously turbulent environments will experience overall less disruption. However, depending on the new reality of a post-COVID world, all four configurations may require long-term adjustments to board leadership and management activities and will need to develop policies and emergency procedures to facilitate these shifts.

While we cannot go back to March 2020, current board members can start proactively preparing for the next potential crisis. We suggest the following steps in preparation. First, organizations should establish a list of fundamental contingencies that might affect their actions, such as ideology, strategy, and organizational age (see Bradshaw, 2009; Foster & Meinhard, 2002; Ostrower & Stone, 2010). Second, relying on the various stages of the crisis as we propose in Figure 1, board members should plan or at least discuss various possible scenarios and propose potential responses such as temporary committees, more frequent meetings, or simplified voting procedures during the transitional period.

The COVID-19 pandemic and its aftermath will require boards and their organizations to actively facilitate the balance between leadership and management activities. Both are necessary to ensure that organizations weather difficult moments. Scholars have focused much attention on the links between governance configurations, board performance, and organizational performance without delving deeper into the necessary fundamental governance activities needed to navigate organizational crises. Future research will need to adopt a more behavioral-oriented approach, that is, one that seeks to understand what boards do and their governance activities, in contrast to the current structural accounts. The goal is to understand the politics of decision-making in nonprofit boards more deeply. An approach centered on what boards and the people in them do help us understand how important decisions in times of crisis and prosperity are made. Future research should also devote greater attention to individual-level contingencies in the board, such as their decision-making capacity, skills,
dynamic and conflict, commitment, and other factors that affect a board’s ability to shift between leadership and management activities.

Although we focused our discussion on the four archetypes of board configuration proposed by Bradshaw (2009), further research is needed to understand whether hybrid configurations will experience more or less shifts between their governance activities. Finally, a robust research agenda should study the dynamics between executive leaders and their boards in times of crisis. How does the board’s quest to find the appropriate balance between leadership and management activities affect the executive director’s work in maintaining the organization afloat during the crisis? Ultimately, the COVID-19 pandemic reminds us that beyond the structure of boards, one must look at the people within organizations and what they do to survive organizational crises.

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