Full Length Research Paper

Non-profit organizations in public policy implementation

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The surge in employment of non-profit organizations (NPO) in the implementation of policies and public management, domestic or international, calls for theorizing how they operate. They have to somehow resolve two challenges to their existence: (a) to elicit commitment from governments and other donors; (b) to receive involvement from volunteers in their projects. Partly the NPOs approach these questions through emotions and future projections. A crucial aspect of instilling hope in the successfulness of NPOs is the inspirational style of leadership in these organizations. Leadership style in NPOs is of utmost importance for both government commitment and volunteer involvement.

Kew words: Third sector involvement, commitments, social capital, volunteers, non-profit organization, emotions, hope as future projection, leadership styles, inspiration, policy implementation, trust, partnership, governance.

INTRODUCTION

One conspicuous feature of public sector reform in Western countries has been the increasing employment of the non-profit organization for the delivery of services in public policies. The non-profit organization has also proved to be an essential tool for policy implementation by governments in rich countries when reaching out to poor countries, assisting them in developmental projects. Today third sector organizations compete successfully with both bureau and private enterprises for government contracts, paying for the implementation of public policies. From where comes the advantage of the non-profit organization, making it a viable partner for governments, both domestically and in international public policy implementation? In this article we suggest that the comparative institutional advantage of the third sector organization – the NPOs - derives mainly from its leadership function, which adds to its general nature of flexibility, responsiveness and lack of hierarchy as well as of inertia.

ORGANIZATIONS IN PUBLIC POLICY IMPLEMENTATION

The increasing relevance of the non-profit organization in the implementation of policy, domestic or international, accords well with lessons from the study of policy-making and implementation (Pressman and Wildavsky, 1984; Sabatier, 2000). If successful policy implementation is related to learning, adaptation, innovation and motivation coming from bottom-up rather than from top-down, then the non-profit organization would be a serious candidate for public contracts about service delivery. However, there is one *caveat*: What is to be the remuneration for the support of as well as efforts in a Third Sector organization in action? This is the stakeholders' problem: How to elicit commitment from donors as well as volunteers to the running of the operations, including resources, time and effort? In short: How do NPOs handle the *quid pro quo* question that these organizations must handle in order to get money and support from donor governments and effort from volunteers?

Our argument is that leadership, especially of an inspirational style, is crucial for handling the needs for constant commitments to the Non-profit Organization. NPOs derive much of their comparative edge from their capacity to induce stakeholders[1] to make commitments of time, effort, custom, wealth and entrepreneurship to the advancement of their goals. These commitments will be shown to have an emotional basis. The hopes on which they are based can be subject to erosion through the ac-cumulation of disappointment. Leadership must therefore

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have an inspirational dimension to counter this process of evaporation and sustain hope as future projection of positive policy outcomes. NPO leaders use informal sources of authority to adapt their leadership style to sustain a climate of hope among their stakeholders. Kramer suggested in 1987 a crucial factor that affects the comparative institutional advantage of Non Profit Organizations (NPOs): "Large or small, most voluntary agencies are unusually dependent on the quality of their executive leadership, and therefore, more subject to idiosyncratic rather than structural factors" (p. 244). Inspiration may actually be less an idiosyncratic and more a strategic aspect of leadership.

HOPE OF EFFICACY IN NON-PROFIT ORGANIZATION

Weisbrod (1977) explained how NPOs could emerge in response to the failure of government bodies to differentiate the quantity and quality of public services in order to satisfy non-median preferences. Hansmann (1980) argued that NPOs could also respond to market failures associated with asymmetric information, because their non-profit status provided a signal of their trustworthiness. Both approaches highlight the comparative institutional advantage NPOs would have in their capacity of inducing stakeholders to make various types of commitment to advance the goals of the organization.

These crucial commitments are usually thought of in terms of the commitments of money and time donors and volunteers make to these organizations. They come in various forms. It should be pointed out, though, that one-off gifts cannot be viewed as lasting 'commitments' nor can the donor or volunteer be treated as a true 'stakeholder', if the NPO cannot depend on these gifts to be sustained over some period of time. Other types of commitment that various types of stakeholder can make include: the 'ideological entrepreneurs' (Rose-Ackerman, 1996), who take the risk of forming an NPO as a vehicle to advance their own beliefs about how a service is to be provided can be seen as making a significant commitment of their life-time income, reputation and perhaps identity (Taylor, 1989) to this initiative; the parent who keeps a disabled child at a non-profit agency that they trust not to exploit the child's personal disadvantage (Billis and Glennerster, 1998) rather than switching to other organizations that can provide the same social services at lower cost can be seen as making a commitment of custom to the NPO; the paid professional, such as a public service lawyer (Weisbrod 1988), who works for a NPO at lower wages and for longer hours despite being offered better wages and working conditions elsewhere can be viewed as being similar to a committed, if partial, volunteer.

What these familiar examples suggest is that the efforts of various scholars (Salamon and Anheier, 1994) to quantify NPO reliance on donations and volunteers may actually understate their dependence on stakeholder

commitments. Thus, NPOs in the health sector that tend to receive a relatively small part of their revenue in the form of donations may need to attend to the maintenance of these commitments in the same way as religious organizations in respect of which they constitute the bulk of revenue[2]. The problem of stakeholders with and commitment for NPOs is no doubt related to altruism and its role in supporting Third Sector organizations.

Reviewing Collard (1975), Hirschleiffer (1977), Becker (1981) and Rose-Ackerman (1996) argued that it is not sufficient to explain the various gifts people can make to NPOs in terms of the 'sympathy' they feel towards the services, clients or goals of these organizations. Following Olson's (1965) "logic of collective action, she posits that individuals with 'interdependent utility functions' can still behave as 'altruistic free-riders". They may thus 'root' for the NPO due to the utility they derive from it achieving its goals but, at the same time, they may not make any contribution that involves some opportunity cost, since they attach a zero (or very low) probability to these contributions actually making a difference to such goal achievement. Rose- Ackerman (1996) highlighted various solutions offered in 'supply-side' theories of NPOs to this problem. Andreoni (1990) suggested that altruistic sympathizers may make contributions to NPOs, if they derive a 'warm glow' from these acts of giving. It is hard, though, to see how such 'feel-good' sentiments can be sustained over time as the rate at which the 'warm glow' wears off accelerates.

Rose-Ackerman (1996) expressed a preference for an approach by Frankfurt (1971) and Sen (1977), cited approvingly by Hirschman (1982). These scholars probably share Sen's view that someone like an altruistic free-rider is actually a 'rational fool' since such an actor (or non-actor) would be unable to form a 'second order meta-preference' to evaluate their 'first order' revealed preference not to make any contributions to the NPO. A person who genuinely cares about a NPO and its goals would thus forego free-riding since this would not reflect what they want their preferences to reveal or form part of the behavior they would associate with the kind of life they deem it is worthwhile to live. While the imposition of second order meta-preferences to sustain commitments to NPOs rather than free-ride may involve the type of 'intimate contest for self-command' described by Schelling (1981), it represents a type of motivation that is likely to be strengthened if the person believes, as Sugden (1984) plausibly suggests most people do, that free-riding is morally wrong and that there is a moral obligation to give at least as much as those in their reference group. According to Rose-Ackerman (1996, p. 714), this model accords better with the facts of charitable giving than competing theories, because it predicts some altruistic activity.

A theory of leadership of NGOs offers a better start than general altruism making commitments by governments and practitioners in the non-profit sector intelligible, by advancing the basic proposition that stakeholders make

commitments to express the *hope* they place in NPOs. This focus on hope as the emotional basis for commitment complements Hirschman's (1982) model of the accumulation of disappointment as a corrosive process that make people rationalize breaking their commitments. A person can clearly retain this type of 'general hope' and yet still seek to reallocate the 'specific hope' they place in particular projects, initiatives, organizations or relationships (Hirschman, 1982).

A re-investment of specific hopes can, of course, be on a smaller scale. As a result of accumulated disappointments experienced during a period of making commitments to a particular NPO, a stakeholder may simply switch commitments to another NPO or seek to pursue the same goals through involvement in the corporate or public sector. It is not hard to see how disappointments can accumulate over the course of stakeholder involvement in a particular NPO. These may relate to the performance of the NPO, to its failure to significantly advance its goals despite the commitments of its stakeholders. Disappointments may also arise from relationships within the NPO. Such disappointments may be generated by the type of unresolved values-conflicts that often arise between professionals and volunteers with the latter seeking to move the organization away from the type of 'philanthropic amateurism' described by Salamon (1987).

Moreover, they can arise from the failure of leaders to adapt their leadership style to a changing external environment or emotional climate within the organization. Finally, they can arise from the disappointments stakeholders experience with themselves as they lose more often than they win in the 'intimate contest for self command' and eventually decide to adjust downwards the standards of commitment they impose on themselves. To understand the role of PNUs in policy implementation one must focus upon commitments and involvements, that is, emotions.

Emotions like involvement affect behavior (Elster, 1998). While some emotions are pleasant and others are unpleasant, they cannot simply be treated as psychic arguments in utility functions because emotions affect the capacity to make choices. This affect can be both negative and positive. On the one hand, emotions can 'cloud' or 'over-ride' dispassionate judgment (Adam Smith, 1759; Da Fonseca, 1991) . On the other hand, they can improve decision-making capacity where they function as 'tiebreakers', enabling agents to make decisions where rational choice theory is indeterminate (Damasio, 1994) . Elster (1998) argues that individuals do not choose their emotions but, rather, choose to avoid or engage in situations that trigger particular emotions through a mechanism that is akin to 'cognitive dissonance' (Festinger, 1957 p. 47). They thus do not induce predictable actions but 'action tendencies' that he defines as 'states of readiness to execute a given type of action'.

Along with 'cognitive antecedents, intentional objects,

physiological arousal, physiological expressions (and) valence' (Elster, 1998: 49), such action tendencies distinguish emotions from non-emotional states. In essence Elster's argument about the impact of emotions on behavior can be summed up by the proposition that a particular emotion is characterized by 'a particular type of action tendency that is engendered by antecedent beliefs and the investment of emotional energy' (Wallis et al., 2007: 84).

STAKEHOLDERS' COMMITMENTS AND INVOLVEMENTS

It is the emotion of hope that committed stakeholders invest in NPOs that counts. It can be conceived as producing an action tendency to sustain commitments, to keep striving toward the advancement of NPO goals, in the face of inevitable disappointments. Snyder (1994; 2000) characterizes this action tendency as the 'willpower' and 'waypower' persons have toward their goals, looking upon the development of hope as a path-dependent process involving both a 'waypower' component that will be influenced by thoughts about pathways to goals based on developmental lessons concerning correlations and causality and a 'willpower' component that is shaped by thoughts about agency based on developmental lessons about the self as the author of causal chains of events. The action tendency to sustain commitments that is produced by hope will no doubt be triggered by beliefs in both the worth and the possibility of the goals in which people's hope is placed.

Stakeholders who hold both these beliefs in relation to the goals of a NPO will be disappointed with themselves when they exhibit the type of altruistic free-riding described by Rose- Ackerman (1996). A belief in the worth of these goals will thus arise from a second-order meta-preference to express how much they mean through sustained personal commitments. Behavior that reveals free-riding tendencies would be evaluated as personally unworthy by a person who holds this belief. Moreover, where such a person places hope in the goals of the NPO, they will not weight their subjective value by an estimate of the probability that their commitments will make a difference to their advancement. A mere belief in the possibility of this prospect even where its probability is very small (Shackle, 1973) will be sufficient to sustain hope.

However, hope involves more than a set of beliefs. These beliefs must be expressed with an observable degree of emotional energy or passion. Moreover, where the members of a group or organization share core beliefs in the worth and possibility of its goals, their resulting shared hopes will give them a further action tendency to be drawn into what Collins (1993) termed 'successful interaction rituals'. It follows that where there is a sufficient alignment of the beliefs and values of an NPO's

stakeholders, their interactions with one another will pass a threshold of 'boundedness' so that a common focus and emotional mood can be readily established that will go through a short-term cycle of increase and mutual stimulation until a point of emotional satiation is reached. According to Collins (1993, p. 203), such 'successful' interactions will leave each participant with an 'energetic afterglow' that 'gradually decreases over time' so that individuals have an incentive to reinvest their emotional energy in subsequent interactions.

This process may not, of course, occur where a NPO is ridden by values conflicts. The selection of a leadership style to cope in various ways with such conflicts and to establish the conditions under which shared hopes and its attendant emotional energies can be established and sustained is crucial for involvements with NPOs. Thus, it is necessary to briefly consider what insights into leadership can bring to the understanding of the role of NPOs in policy implementation.

THE FUNCTIONS OF LEADERSHIP IN NPOs

In public management, leadership is of utmost importance for inducing and sustaining the commitments on which service delivery organizations depend. For the NPOs hold that they derive much of their comparative institutional advantage from the leadership style inherent in them. Leadership has become the subject of a vast literature in allied disciplines in the humanities and social sciences as well as in studies of management and organizational behavior, but mainstream economics has neglected leadership due to the methodological conventions that most economists follow. The traditional reluctance of economists to examine leadership may thus, have been based on the perception that, in seeking to influence followers, leaders are trying to change their preferences. Theorizing about this relationship, thus, falls outside the convention that economic analysis should either (i) take the preferences of individuals as given and not look inside the 'black box' within which they are formed and transformed; or (ii) assume that they are stable and explain apparent preference change in terms of adjustments in the shadow prices of inputs in house-hold production functions (Stigler and Becker, 1977).

However, over the last two decades a few economists have taken up the challenge of explaining leadership within the boundaries of these conventions. Perhaps the most notable is Hermalin (1998) who proposed that, in situations of asymmetric information, leadership by example may be interpreted as a signal that leaders have better information about the value of effort devoted to some common activity than their followers so that 'the harder the leader works, the harder the followers work'. It is noteworthy that Hermalin's model precludes an analysis of the inspirational influence a leader's rhetoric can have on the motivation of group members. Surely leadership leadership is a matter of both words and actions with the expression of commitment through exemplary action underpinning the credibility of a leader's rhetoric.

Another economic model of leadership was formulated by Casson (1991). He posits that the utility functions of group members will include emotional components. Specifically, the guilt a follower associates with failing to comply with the group norm for moral commitment will be affected by a combination of his or her innate moral sensitivity and the 'intensity of manipulation' applied by the leader. Leaders can determine an optimum 'intensity of manipulation' after comparing its marginal benefits (that will be subject to diminishing marginal returns since its impact will be felt more and more by stakeholders who have already decided to comply with the group norm and less and less by the remainder of relatively insensitive 'hard cases' for whom non-compliance is still an option) with marginal costs that will depend on the charisma of the leader, the cost of media services and the level of trust in the culture in which the group is imbedded.

However, like Hermalin, Casson fails to take account of the inspirational dimension of leadership since he conceives leaders as manipulating the emotion of guilt rather than seeking to amplify and reinforce the emotion of hope. Moreover, while it is possible to conceive of situations where some followers agree to allow themselves to subjected to a leader's moral manipulation to help them overcome weaknesses in their own willpower, it is also possible to conceive of other circumstances where this arrangement may eventually become unsustainable due to the problem of 'incoherent intentions' referred to by Elster (1998). This may occur where, for example, followers come to experience resentment toward a leader once they become aware that this person is only able to influence them by manipulating negative emotions such as guilt. Leaders who inspire positive emotions such as hope or positive future projections would seem to be less likely to encounter this problem with their followers.

These models seem to be somewhat simplistic since they highlight one particular aspect or style of leadership. In this regard, they can be seen as seeking to solve a problem that is puzzling to economists without connecting to important concerns in the literature on leadership in other disciplines. An important strand of this literature derives from the situational theories of leadership (Fiedler, 1967; Hersey and Blanchardk 1967; Vroom and Yetton, 1973; House, 1971) that advance a typology of leadership styles, the relative effectiveness of which is dependent on the context. From this multi-disciplinary literature a 'generic managerialism' has emerged that distinguishes 'management' from 'leadership' in a way that does not differentiate the organizational context in which either activity can be practiced (Hood, 1991; Peters, 1996). This is the source of ideas that consultants typically draw from in advising clients in the public, for-profit and non-profit sector how to enhance their organization's performance in terms of its specific goals.

In seeking to emphasize the distinctiveness of leadership, managerialists have formulated almost as many definitions as theories of leadership (Bryman, 1986). However, from these multiple definitions it is possible to discern two main ways in which they have distinguished leadership from management.

The first is reflected in the oft-quoted slogan that 'management is about doing things right while leadership is about doing the right thing'. This focuses on the judgment-making aspect of leadership. To exercise leadership in these terms, an organizational leader must make judgments that affect the direction of an organization's development. There is thus a future orientation to this aspect of leadership. With reference to NPO leadership, Nanus and Dobbs (1999: 9) have observed that 'The manager's attention tends to be present oriented, with one eye on costs and the other on performance. The leader cares about these things as well, but most of his attention tends to be broader and longer term, with one eye on the challenges that lie just over the horizon and the other on the growth potential of the organization'.

The second main way in which managerialists see leadership as being distinct from management is reflected in conceptions of leadership as a distinctive type of social influence relationship. From this perspective, to lead is to influence, to guide, to engage a following and build their commitment to realize a particular vision. According to Tichy and Devanna (1986: 5), leadership involves pulling an organization into the future 'by creating a positive view of what the organization can become and simultaneously providing emotional support for individuals during the transition process.' For an actor to be said to be exercising leadership in this way, they must be striving to influence the intrinsic and not just the extrinsic motivation of actual and potential followers. The leader of an NPO could, for example be said to be doing this where they are seeking to inspire stakeholders to sustain commitments that express the hopes they place in advancing its goals.

Thus, aspects of leadership should enter a theory of leadership that accounts for the existence of NPOs. A NPO leader can be said to be exercising leadership when he/she makes judgments about the direction in which the organization should be moving in a way that engages the hopes of its stakeholders to a degree that induces them to strive together to move the organization in this direction, eliciting involvement. The authority a NPO leader has to make judgments about its direction will be both formal, in the sense of being vested in whatever position they occupy in the organization and informal.

While such leaders will draw on both sources of authority, the development of their capacity to supply leadership in a particular position will be related to their success in enhancing their informal authority by building a following from among the NPO's stakeholders. This entails that not all stakeholders will be followers of a particular leader. For example, where stakeholders are unable to resolve values conflicts that relate to the direction of the NPO, they may become factionalized with any one leader only able to treat a particular faction as genuine followers.

The capacity to build a following has long been viewed as the hallmark of authentic leadership. Moreover, since the seminal work of Burns (1978) many scholars have sought to distinguish 'transactional' from 'transformational' leadership in terms of the ways in which leaders have sought to build a following (Bennis and Nanus, 1985; Tichy and Devanna, 1986; Bass and Avolio, 1994; Conger and Benjamin, 1999). According to Burns (1978) transactional leaders 'approach followers with an eye to exchanging one thing for another' (p. 5) whereas 'transformational' leaders seek to satisfy higher needs, in terms of Maslow's need hierarchy and engage the full person of the follower. However, whether they are transactional or transformational, the relationship between leaders and followers is only likely to be a sustainable source of informal authority for leaders to the extent that they are able to establish and maintain an informal social bargain based on mutually shared expectations about what the various players gain and what they give up relative to one another. This is conceptually similar to, although perhaps even less formal and explicit than, the 'public service bargains' that Hood and Lodge (2006) find to shape relationships between political leaders and public servants.

In the first place, followers may be prepared to give the leader credit for successfully taking initiatives to move the NPO in a direction that advances its goals. This may to be to compensate this person for his or her willingness to take the blame where such initiatives have disappointing outcomes and/or for the risk inherent in relying on stakeholder commitments to achieve these outcomes. It should be noted in this regard that a leader takes responsibility for such initiatives and therefore puts his or her leadership on the line (Heifetz and Linsky, 2002) in a number of ways.

Disappointing outcomes may, for example, affect their reputation both inside and outside the organization. They may thus, result in a diminution of both the leader's informal authority within the NPO and this person's external reputation in a way that may affect their career prospects, particularly where they see their involvement in the non-profit sector as a stepping stone to higher profile positions in public life or the corporate sector. There may be an element of 'narcissism' in leaders claiming credit for successful outcomes that are dependent on follower commitments. Unless follower tolerance for this narcissism is based on the type of social bargain described above, this can be a source of disappointment with leaders that actually erodes follower commitments.

Furthermore, it should be noted that the purely directive leader-follower bargain where the leader monopolizes

leadership responsibilities and followers refrain from undertaking any initiative without the leader's explicit approval represents something of an extreme case that may, in any case, be unviable where they engage in coping activities that require cases -by-case judgments to be made, on the spot, without time to solicit such approval. To varying degrees, leaders may, instead, take responsibility for the strategic direction of the NPO and trust followers to take more limited initiatives to advance it in this direction. By doing so, they will be signaling their willingness to pass at least some of the credit for effective leadership onto these followers and, perhaps, to reward them with enhanced future responsibilities. In such cases there may be a developmental aspect to the leader-follower bargain with leaders seeking to eventually trust followers to the level where they can reproduce their leadership. If it is accepted that NPOs are exceptionally dependent on the quality of their leadership, then effective leaders must surely have the responsibility to develop followers to succeed them.

Secondly, in these developmental relationships leaders will not only reward followers with more responsibility but also with more personal consideration. This is often reflected in the emergence of mentoring or coaching relationships between the leader and trusted followers (Conger and Benjamin, 1999). The leader may also give these followers more 'voice' in deliberative processes. To the extent that this occurs, a second aspect of a leader-follower bargain may relate to their mutual under-standings of the role leaders may be expected to play in these processes. Thus, even where followers actively participate in deliberations about organizational direction, they will tend to look to leaders to have the 'final word'. The leader will therefore be expected to make judgments about whether to prolong such deliberations to allow a deeper exploration of the issues involved or whether to bring them to resolution by taking responsibility for what they deem to be the right thing to do next.

A third aspect of the leader-follower bargain relates to follower expectations that the leaders will be able to influence their emotions so as to sustain their hopes in the face of inevitable disappointments. This ability would seem to depend, to some degree, on what has been called 'Emotional Intelligence' (EI). A consensus appears to be emerging in the literature on this subject that the primary components of EI are 'self-awareness', 'self-management', 'social awareness' and 'social influence' (Goleman et al., 2002). These capacities can enable a leader to manage their own disappointments in a way that demonstrates an awareness of and ability to effectively respond to the actual and potential disappoint-ments that their followers may be experiencing. A central argument of EI theorists is that, in overall terms and also with regard to its components, this quality that can both vary between individuals at any point in time and be developed within individuals over time. In other words individuals can learn to overcome deficiencies in their emotional intelligence. This may, however, be perceived

to be an excessively protracted process. It follows that where EI is unequally distributed among followers, those with relatively under-developed levels of EI may look to leaders to model an appropriate reaction to potential disappointments.

INSPIRATION WITH NPO LEADERSHIP

NPO leaders would typically not just have the authority to make judgments about organizational direction. They also have the authority to call meetings and initiate other interactions with stakeholders in which they can confirm, clarify or seek to modify the mutual expectations that underlie their bargains with followers. These meetings can thus take the form of what Goffman (1959) called 'expression games'. In such interactions there are 'senders' who express themselves in particular ways, and 'receivers' who take in and react to such expressions, forming an impression of the 'senders'. Leaders will use expression games to signal the expectations to which stakeholders must conform if they expect to be treated as trusted followers as well as their own understanding of the expectations followers have of them. They may also use expression games to signal their choice of leadership style.

A NPO's selection of leadership style may influence follower hopes by responding to the accumulation of particular disappointments. The problem is: any one leadership style is also likely to induce its own type of disappointment. Perhaps this is why when EI theorists study leadership, they emphasize a capacity to vary leadership styles according to the demands of the situation as being an important component of the EI of effective leaders. For example, Goleman et al. (2002, p. 68) observed that:

"Leaders with the best results did not practice just one particular style . . . . Imagine the styles, then, as the array of clubs in golf pro's bag. Over the course of the match, the pro picks and chooses from his bag based on the demands of the shot. Sometimes he has to ponder his selection, but usually it is automatic. The pro 'senses' the challenge ahead, swiftly pulls out the right tool and elegantly puts it to work. That's how high impact leaders operate too."

It would seem then that the failure of leaders to adapt or vary their styles may come to be a source of disappoint-ment with their leadership.

This problem can become particular acute when a NPO faces a crisis. Such crises can be external or internal in nature. An external crisis could arise where, for example, a state agency or large donor decides to cut their funding of the NPO so that its leader has to make judgments about how to match its services to more constrained resources. Alternatively, a change in the external environ-ment may lead to an unexpected increase in the lead to an

unexpected increase in the demand for the NPO's services so that judgments need to be made about how to expand the NPO while retaining its distinctive character and service quality while , at the same time, managing the disappointment of potential clients during the transition process.

NPOs may also experience internal crises. In this regard, they seem particularly prone to internal crises that can arise from values conflicts between stakeholders. Perhaps this is because as Young (1983) has pointed out, NPOs tend to attract a relatively greater proportion of stakeholders whom he characterized as 'believers', 'searchers', or 'independents'. Their idealism and belief in personal autonomy may make them less willing to compromise with those stakeholders with whom they have values conflicts about the direction of the NPO, as e.g. vividly illustrated in Paton's (1993) account of the unremitting conflicts that arose between the seemingly like-minded members of 'Red Rope' – a socialist walking club in the UK. However, a common line of conflict in NPOs can be between long- time volunteers and donors, on the one hand, who seek to retain both their voice in deliberations and its adherence to a tradition of amateurism and paid employees and managers, on the other hand, who have been recruited to professionalize its services.

A number of leadership styles can be expressed by NPOs in this situation with the selection of any one being fraught with the potential to generate its own type of disappointment. A 'strong' or 'emphatic' style of leadership style may be selected in response to the emotional climate of confusion and puzzlement that can prevail when a number of rival factions are advocating alternative ways forward for a NPO. According to Little (1988: 5), strong leaders are characterized by their propensity to 'bring hardness in decision making and clear purpose where before there was irresolution and drift'. They tend to set the terms of social bargains such that stakeholders can only expect to be treated as trusted followers to the degree that they can leave these leaders with an impression of commitment and passion (as well, of course, of competence) to advance goals that the strong leaders, themselves, judge to be worthwhile and possible. While such committed followers may pass the 'threshold of boundedness' in interactions with one another that allows the build-up and reinvestment of emotional energy along the lines described by Collins (1993), they may also be subject to the disappointments associated with over-commitment that, according to Hirschman (1982), can eventually lead to a prevalence of 'burn-out'. Strong leaders also tend to treat meetings as 'us versus them' expression games. The interpretation of any doubt and dissent as a symptom of 'resistance' that needs to be overcome if the NPO is to be steered in the direction these leaders intend may, however, be a source of accumulating disappointments that eventually generates a climate of anxiety that may inhibit their capacity to further inspire its stakeholders.

There are, of course, other 'cooler' leadership styles that can be used to address unresolved values conflicts. One that has achieved some prominence in the leadership literature following Senge (1990) seminal work on organizational learning is what could be called an 'appreciative' leadership style. Appreciative leaders tend to place their trust in followers who are prepared to go through processes of 'learning through dialogue' (Senge, 1990) with other stakeholders. This can occur to the degree that meetings give participants the opportunity to explore complex issues by 'suspending' their assumptions, holding them, as it were, 'hanging' in front of them so that they are 'constantly accessible to questioning and observation' (Bohm and Edwards, 1991: 15). Leaders attempting to supply an appreciative style may therefore attempt to limit their own assertion of authority to the minimum level needed to sustain genuine dialogue by countering the tendencies of other members to shift from calmer dialogue into passionate value clashes. Essen-tially this style is an expression of the leader's hope in the capacity of the group to reframe and expand their hopes to focus on a broader more encompassing vision (Barber, 1984) so that more inclusive followings can be developed from previously rival factions. An appreciative style of leadership may, however, generate its own brand of disappointments. In particular, a failure to bring dia-logue to a decisive resolution may perpetuate confusion and puzzlement about the way forward and frustration with the leader to provide a more emphatic lead in this regard.

Another style would combine a clear statement of goals with an attempt to 'cool off' the passions that surround a values conflict and address problems of burnout from over-commitment. This would involve the resort to a dispassionate, 'managerial' style of leadership through which NPO leaders communicate their performance expectations to followers without much personal consideration in a way that makes it clear that competence rather than passion is expected of them. The resulting under -involvement and lack of personal consideration some 'marginalized' stakeholders experience may be a source of accumulating disappointment. Moreover, while there may be times where a leader has to resort to this style, questions could be asked as to whether they are actually exercising 'management' rather than leadership in these situations.

The literature on leadership is replete with typologies more exhaustive than the one presented above. What can be emphasized in this context is that the selection of leadership style is a matter of judgment rather than 'technical solution' (Heifetz, 1994). The demonstration of intelligent flexibility, or tactics may not be the 'easy answer', since it undermines the credibility associated with coming to be identified with a particular and distinctive leadership style.

MIXED OUTCOMES WITH NPOs

When evaluating the performance of NPOs, Schmid points

out that in his country they tend to be active mainly within day care and home care services, foster care services as well as personal support services and adoption services (Schmid, 2003). Lewis (2003) separates between "developmental NPOs" and other NPOs, placing tasks in relation poverty reduction with the first group of NPOs and heritage conservation, professional association life, arts, culture and recreation with the second group of NPOs. In these mentioned services or tasks there is this altruistic or communitarian aspect theorized above. However, such a sympathetic orientation does not guarantee success or survival. Rodwell and Teo (2004) show in their enquiry into health care services in a broad sense in Australia that high performance by delivery organization depend upon strategic human resource management. And NPOs do not demonstrate any advantage in this regard over bureaucratic or for- profit organizations. The evaluation of NPOs tends to give mixed findings: higher effectiveness as well as more productivity, more transparency, less egalitarian and more fragmented distribution of services, bureaucratic drift. Most evaluation studies underline that NPOs become an intermediate level between government and citizens/consumers. Their vitality depends, in our theory, upon maintaining an inspirational leadership style that elicits investments in social capital.

In the future, the NPOs may play an important role in partnerships, set up by government in an effort to stimulate governance in terms of networks. Instead of assuming complete responsibility for a task or function when services are being contracted out (Seidenstat, 1999), NPO may draw upon their special mission and idiosyncratic approach, contributing trust to policy networks (Klijn and Koppenjan, 2000). Their success will still depend upon the emotional resources that the leadership of these organizations may accumulate.

Conclusion

The NPOs play an increasingly important role in policy implementation, both domestically and internationally (http://en.wikipedia.org/wiki/Non-profit_organization). Government is often interested in employing these Third Sector organizations as it looks for alternatives to bureaucracy, or wishes to bypass it. Turning to NPOs may also complement or reduce the somewhat brutal tendering/bidding approach in New Public Management. The NPOs may act as independent service providers in social and cultural affairs, or they may be attractive partners in joined up governance, i.e. policy networks. But how can the NPOs solve the quid pro quo problem inherent in their way of operating, soliciting enough commitment and involvement from stakeholders? Theorizing the NPOs and their growing relevance for policy implementation (Wallis and Dollery, 1999; Wallis, Dollery and Macloughlin, 2007), the key question is the *quid pro quo* concerning how these Third Sector organizations

organizations survive over time by maintain commitment from donors like governments as well as involvement from volunteers. As long as the NPOs can deliver on the promise of *hope,* they are truly interesting from the point of view of public management, as they tend to be different from both impenetrable bureaucracies at home and more or less corrupt agencies abroad in Third World countries.

In advancing our central thesis that relates NPO dependence on leadership to their associated dependence on stakeholder commitments that have an emotional basis in hopes that can be sustained by effective leaders in the face of disappointments, we have concentrated upon the affective or normative dimension of human behavior. It also concludes with a re-emphasis of Heifetz and Linsky (2002) assertion that effective leadership ultimately comes down to good judgment. With regard to NPOs, some comfort can be taken from the lesson Hall (2005) drew from the historical experience of this sector in the US which is that: 'History shows, if nothing else, that ownerless collectivities of the non-profit type are remarkably flexible instruments that can be put to a multitude of uses'. The resilience and adaptability of Third Sector organizations in policy implementation can only be explained by the constant monitoring of the future projections of the NPOs. Leadership failures and the persistence of poor, uninspiring leaders tend not to be perpetuated over time through a process of selection where hopes or positive future projections are mitigated by evaluation of real life outcomes in implementation by both donors and volunteers.

NOTES

[1] Krashinsky (1997, p. 149) points out that the concept of 'stakeholders' comes out of the literature on organizational theory where Jones (1995, p.21) defines them as those 'people who have interest, claim, or stake in the organization, in what it does, and how well it performs . . . (and) are motivated to participate in an organization if they receive inducements that exceed the value of contributions they are required to make'. With regard to NPOs a distinction can be made between 'inside stakeholders' who would include board and staff members and volunteers and 'outside stakeholders' including donors, grant-makers, potential allies, the media and other interested playersin the business and public sector.

[2] Rose-Ackerman (1996, p.704) indicated that in 1992 in the United States, religious organizations derived 94.5 per cent of their revenue from private contributions while health services derived only 3.6% of their revenues from this source.

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