How ‘green’ are nonprofit organizations in this post-Kyoto world? What are the governance issues which can enhance the environmental performance of nonprofit organizations?

Since the Brundtland Commission (WCED, 1987), the concept of ‘sustainable development’ has become an almost ubiquitous term referring (at multiple levels) to the need to integrate economic, environmental and societal objectives. Indeed, a major focus of the Brundtland Report was of the important role that transformed business practice would have in the eventual transformation of societies to environmental sustainability. Since that time, a massive volume of both academic and practitioner research has flourished on the environmental performance of business organizations. From Elkington’s concept of the ‘triple bottom line of corporations’ (Elkington, 1998) to the journal of Business Strategy and the Environment, publications have staked out enormous conceptual and empirical turf. But what of the environmental performance of nonprofit organizations?

Prima facie, one would expect environmental issues and environmental practices to be central and well documented in the nonprofit sector. After all, given the ubiquitous focus of most nonprofit organizations on a variety of prosocial values (Reed, 1997, Lohmann, 1992) one would intuitively expect environmental concern and action to be broadly based. Further, given the significant size and importance of the nonprofit sector (approximately 9% of the labour force in Canada (Hall and Banting, 2000), between 6% and 10% the labour force in the United States (Kendall, 1996, Van Til, 1994), revenues of £29.5 billion in the United Kingdom (Foster et. al., 2001)), it is reasonable to infer that the sector has a significant environmental impact simply as a large consumptive force. However, there has been virtually no research at all on the environmental performance of nonprofit organizations or their contribution to sustainable development. There has been significant research about the strategies of nonprofit environmental organizations (eg. Gladwin et. al, 1995), about the role of nonprofit organizations in multistakeholder environmental planning (eg. Turcotte, 1996) and about the leadership dynamics of nonprofit environmental organizations (eg. Egri and Herman, 2000), but surprisingly little about internal dynamics of environmental performance in nonprofit organizations themselves.

Only one recent paper (Dart, 2003) has directly discussed this issue and began preliminary explanation of the determinants of environmental performance in the nonprofit sector. While this model has not been developed in detail (nor tested empirically), it does raise issues of governance which can be developed as a means for proposing strategies to improve the ‘green-ness’ of social sector organizations.

In this conceptual paper, we will focus on governance issues, and their links to improved environmental performance of nonprofit organizations.
The paper will be structured in two major parts. First, we will map out the field of nonprofit environmental performance using the sparse body of existing writing on this subject such as that which looks at ‘social accounting’ in nonprofits (Quarter, Mook, and Richmond, 2003) and ‘triple bottom line’ planning and reporting in nonprofits and cooperatives (Mowat, 2002). Most of this section will focus on a conceptual model of nonprofit sector environmental performance (Dart, 2003) and its proposal that the major domains which explain environmental performance in the for-profit sector (Aragon-Correa and Sharma, 2003, Halme, 2002, Egri and Herman, 2000, Flannery and May, 1994), namely competitiveness, legitimacy and social responsibility do not apply similarly to nonprofit sector organizations and that therefore important cues of organizational greening do not yet exist in the sector.

The second section will reframe Dart’s (2003) model of the constraints on nonprofit sector environmental performance in positive terms, focusing on an action research agenda for the governance elements of the sector which can improve its contribution to overall national and global environmental sustainability. Since nonprofit sector environmental performance is thought to be so poor because these organizations (at present) have significant structural economic barriers and negligible social expectations for performance, the action research agenda will use case study examples to develop proposals for change from the perspective of boards of director (i.e. the governance function) which might develop social sector equivalents of Elkington’s ‘sustainable corporation’ (1994).

Governance issues discussed will develop themes in two dimensions. The first will focus on boards of directors as responding to stakeholder demands in the organization’s environment and therefore needing to actively stimulate stakeholder and institutional demands (Oliver, 1991) for environmental performance to which they would respond. Boards of directors creating – as well as responding to – stakeholder demands in well established in the nonprofit governance literature (Abzug and Galaskiewicz, 2001, Axelrod, 1994), but has not yet been applied in the sustainability context. The second dimension will focus on the availability of relatively standardized performance measurement models for sustainability which build on existing nonprofit sector ‘best practice’ governance models (Tyteca et. al, 2002). These performance measurement models based on modified ‘Balanced Scorecard’ approaches (Figge et. al, 2002) or ‘social audit’ approaches (Mowat, 2002) require only incremental adaptation of existing nonprofit governance practice, but can have significant positive impacts on overall environmental performance.

References:


