

## Checking your Typeset Proof

### Multi-Authored Papers

In the case of multi-authored papers, authors are advised to collaborate when checking the typeset proof. One author should be nominated to either accept or submit corrections on behalf of all of the authors of the paper.

We can only accept one set of revisions, or one acceptance of the typeset proof, from the nominated author. Once an author approves the typeset proof further revisions may not be requested.

### Replying to us

After you review the typeset proof, you need to click on the ‘Author Verify Typeset Proof’ button (available at the link you downloaded the typeset proof from). You will then need to select the appropriate option to proceed.

#### Option 1: Accept Typeset Proof

*To be selected when your paper is ready for publication*

- Please thoroughly check the typeset proof before accepting it. You will not have further opportunities to make additional changes after the typeset proof has been accepted.
- Once you have accepted the typeset proof of your paper it will be ready to be published. You will be notified when your paper has been published and given instructions on how to access the published version.

#### Option 2: Request Resubmission of Typeset Proof

*To be selected when your paper requires corrections*

- Please see section on ‘Documenting your Corrections’.
- The typesetter will receive notification of your requested corrections. Once the corrections have been completed you will be notified of the availability of a revised typeset proof for your approval.

### Bibliographical Details

Please note that full bibliographical details (issue and page numbers) will not be available until final publication of your paper. Once your paper has been published you will be able to obtain these details. We will notify you as soon as your paper is published.

## **Checklist for Reviewing the Typeset Proof**

We recommend that you print the typeset proof and proofread it slowly and with great care. Request that a colleague also proofread your paper as they may notice errors that you may miss due to your familiarity with the content.

Remember to check your typeset proof for:

- Completeness: inclusion of all text, figures, illustrations and tables
- Correct title and subtitle
- Correct authorship and order of authors
- Current affiliation details
- Heading levels
- Position and size of illustrations and figures
- Matching of captions to illustrations and figures
- Position of tables
- Presentation of quotes
- Presentation of equations
- Footnotes and footnote numbering
- Inclusion of acknowledgements
- References and reference style
- Typesetting or conversion errors

Please check the Journal Standard Style prior to requesting changes to style as we adhere to standard presentation requirements for all papers to ensure consistency throughout the Journal.

It is important that all of your corrections (and those of your co-authors if applicable) are submitted to us in one communication.

Please note that careful proofreading is solely your responsibility.

## Journal Standard Style

### Order of the Paper:

1. Cover page
2. Copyright/imprint page
3. Paper: title/subtitle; author names with affiliation; abstract; keywords; body of paper; acknowledgement (if applicable); reference list; appendix (if any); about the author section
4. Journal colophon

### Journal Standard Style:

- Paper title/subtitle and all headings appear in Title Case whereby only definite and indefinite articles (e.g. 'the' and 'a'), conjunctions (e.g. 'and'), and prepositions (e.g. 'in', 'of' etc.) appear in lower case.
- No italics in titles and subtitles.
- Affiliation of the author will include only the name of the author, university or organization name and country. Honorifics are not included.
- Abstract will appear in italics as a single paragraph.
- No italics included in the keyword list.
- No footnotes attached to title/subtitle, authors or the abstract.
- The first paragraph of the paper will appear in floating style - first three words appear in capital case and bold.
- Footnotes within tables have separate numbering to that of the footnotes within the paper.
- Hyphenation cannot be altered.
- No underline will be included.
- Figure captions are centred below the figure. The figure number and caption appear on the same line.
- Table titles appear above the table, left justified, in bold. The table number and table title appear on the same line.
- About the Author section: The honorific will reflect in this section. Contact details such as email addresses will not be included.

## **Documenting your Corrections**

### **Changes to the Abstract**

If you wish to make changes to the abstract of your paper please provide the revised abstract either as a Word document (if there are also changes to the text), or by entering it in the text box provided when you select Option 2.

### **Additional Authors**

If you need to add a co-author we require the following information for each additional author to be added:

1. Name of the co-author
2. Affiliation details
3. Email address of the co-author (Mandatory)
4. Short Biography (limit of 30 words)
5. Long Biography (limit of 200 words one paragraph only)

### **Corrections to Text**

If you have changes to the text please complete these in the Word version of your paper available at the link where you downloaded this PDF (or an existing word version). You can then upload the revised document for typesetting by selecting Option 2.

### **Corrections to Style:**

You will need to clearly indicate all corrections in the following manner:

1. Page Number - paragraph number - line number - correction to be made

eg:

1. Page 4 - last paragraph, line 4, please put a comma after Tom in the sentence Mary, Tom, Jane and her friends...

The page number is the actual page of the PDF. As the paper has not been paginated yet, no numbers appear on the pages.

### **Submitting Corrections**

Click the 'Author Verify Typeset Proof' button (available at the link you downloaded the typeset proof from) and select Option 2.

#### **Option 2: Request Resubmission of Typeset Proof**

- Please upload the corrected Word document, or add your instructions for corrections in the text box provided
- Note that you can only upload one document, and this document must contain all of the corrections (and those of your co-authors if applicable).

The typesetter will receive notification of your requested corrections. Once the corrections have been completed you will be notified of the availability of a revised typeset proof for your approval.

The International  
**JOURNAL**  
*of*  
**LEARNING**

Volume 16

A Preliminary Analysis of Learning Processes for  
Innovation in Member-Serving Nonprofit  
Organizations: The Role of Governance Structure  
and its Elements – Shared Knowledge, Decision  
Making and Benefit Sharing

Eric Kong, Stacey Jenkins and David Ardagh

[Journal Name]  
[Journal Site]

First published in [Copyright Year(s)] in Melbourne, Australia by Common Ground Publishing Pty Ltd  
[www.CommonGroundPublishing.com](http://www.CommonGroundPublishing.com).

© [Copyright Year(s)] (individual papers), the author(s)  
© [Copyright Year(s)] (selection and editorial matter) Common Ground

Authors are responsible for the accuracy of citations, quotations, diagrams, tables and maps.

All rights reserved. Apart from fair use for the purposes of study, research, criticism or review as permitted under the Copyright Act (Australia), no part of this work may be reproduced without written permission from the publisher. For permissions and other inquiries, please contact  
<[cg-support@commongroundpublishing.com](mailto:cg-support@commongroundpublishing.com)>.

ISSN: [ISSN]  
Publisher Site: [Conference CGPublisher Site]

[Journal Name] is peer-reviewed, supported by rigorous processes of criterion-referenced article ranking and qualitative commentary, ensuring that only intellectual work of the greatest substance and highest significance is published.

Typeset in Common Ground Markup Language using CGCreator multichannel typesetting system  
<http://www.commongroundpublishing.com/software/>

# **A Preliminary Analysis of Learning Processes for Innovation in Member-Serving Nonprofit Organizations: The Role of Governance Structure and its Elements – Shared Knowledge, Decision Making and Benefit Sharing**

Eric Kong, University of Southern Queensland, Queensland, Australia  
Stacey Jenkins, Charles Sturt University, Wagga Wagga, Australia  
David Ardagh, Charles Sturt University, Wagga Wagga, Australia

*Abstract: Very little research today has investigated the role of governance structure and three of its elements: shared knowledge, decision making and benefit sharing, in learning processes for innovation in member-serving nonprofit organizations (MSNPOs). This research project aims to develop a theory suggesting that the above elements play a significant role in the learning processes that leads to innovation in MSNPOs. Using qualitative in-depth semi-structured interviews with 12 serving members from 10 MSNPOs in Australia, this project examines how governance structure and three of its elements support learning processes for innovation in the organizations. The study helps to build a nascent body of literature linking governance structure and its three elements, and strategic innovation in MSNPOs.*

Keywords: Innovative Learning Processes, Member-Serving Nonprofit Organizations (MSNPOs), Governance Structure, Knowledge, Decision Making, Benefit Sharing

## **Introduction**

**M**EMBER-SERVING NONPROFIT ORGANIZATIONS (MSNPOs) conform to the nonprofit criteria as set out by the Johns Hopkins Centre for Civil Society Studies (CCSS) (Salamon, Sokolowski and List, 2004). These are: having an institutional presence and structure; being institutionally separate from the government; being nonprofit distributing; being self-governing, and involving some degree of voluntary participation. Thus MSNPOs are classified as nonprofit entities. However, they do not necessarily have a charitable purpose for the benefit of the general public since they predominantly serve their members (Lyons, 2001). In other words, MSNPOs are established mainly to meet the interests, needs and desires of the members of the organizations; though some may serve some public purpose (Lyons, 2001; Salamon, 1999). MSNPOs do not normally receive tax exemptions from governments unless they can demonstrate that they have a charitable purpose for the benefit of the general public (Lyons, 2001). There is a significant variation in terms of mission, origin, structure, size, and financial means within the member-serving nonprofit sector. Examples of large MSNPOs may include Lions Clubs International, Scouts International, Toastmasters International and Chambers of Commerce. Examples of small MSNPOs may include local sporting and social clubs which serving local community members.

Previous research has investigated knowledge sharing and learning process in nonprofit organizations (See Kong, 2008; Kong, 2009; Kong and Prior, 2008). However, very little research to date has examined the role of governance structure and three of its elements: shared knowledge, decision making and benefit sharing in learning processes for innovation in MSNPOs. This paper aims to develop a theory suggesting that the above elements play a significant role in the learning processes that leads to innovation in these organizations.

First, this paper provides a brief overview of the unique environment in the member-serving nonprofit context and offer a definition of MSNPOs. Second, a short outline of the research methodology used follows. Third, the findings of the interview program are presented. The final section discusses limitations and implications for future research.

### **Member-Serving Nonprofit Organizations (MSNPOs)**

Managing nonprofit organizations today is no longer like ‘sailing in smoother waters, away from the shocks of the market’ (Sandler and Hudson, 1998, p.3). This statement also applies to MSNPOs. The organizations are increasingly facing the challenge of losing members, thus losing membership fees, and the ability to deploy capital; losing talented people, and not fulfilling their mission (Lyons, 2001). Accordingly, these organizations need to be innovative in the way they are operated if they are to remain sustainable in their field. This prospect is unprecedented for many MSNPOs.

Governance structure has to do with formal or informal understandings about constitutional provisions with respect to organizational purpose, achieving results, roles, and procedures, with multiple implications, including those in the areas of knowledge, decision-making process and benefit sharing. We hypothesized that sharing in the three latter areas would be perceived to be important for encouraging and nurturing learning processes for innovation in organizations.

Daly (2008) suggests that the appointment of a Board of Directors which can give strategic direction to a nonprofit organization and, in particular, aid the organization’s resource development, helps to bring long-term success to the organization. In the nonprofit world, leadership tends to be more democratic because the ability of nonprofit organizations to achieve their objectives depends heavily on the knowledge, innovation, experience and skills of their paid employees and volunteers from all organizational levels (Hudson, 1999; Yanay and Yanay, 2008). Thus, nonprofit leaders are inclined to involve organizational members from all levels in innovation.

The democratic approach, which nonprofit leaders tend to adopt, probably creates a structure that encourages the generation of positive learning processes among organizational members in the organizations. For instance, nonprofit organizations often initiate and/or carry out organizational changes from the lower levels as well as from the top. Accordingly, nonprofit employees and volunteers are often encouraged to share knowledge and become change agents. With this in mind, MSNPOs possibly are more likely to share decision-making responsibilities and leadership; to practice bottom-up as well as top-down communication and interaction patterns more often than for-profit organizations and government agencies; and to share benefits.

Kijkuit and van den Ende (2007) propose that networks of employees surrounding an idea affect the quality and development of that idea and its chances of adoption. They further argue that a more cohesive network among organizational members, with stronger ties to decision



makers in various phases of idea development, helps to create and share knowledge, which is essential for decision-making (Kijkuit and van den Ende, 2007). Their argument suggests that there is a correlation between the dynamics of the organizational structure and knowledge creation and learning in organizations. Thus governance structure, such as degree of utilization of hierarchical levels and a chain of command, probably has implications for how knowledge is created and shared within an MSNPO. This is because non-hierarchical and non-bureaucratic structures which reward and encourage flexibility and cross-fertilization of ideas, and processes that enable ideas to be systematically evaluated and championed, often assist to create a culture of innovation in organizations (Nayak, 2008). Given knowledge can be utilized simultaneously by many users in different locations at the same time, new knowledge may be developed when existing knowledge is articulated and challenged through formal and informal channels (Bradley, 1997; Clarke, 2004; du Plessis, McConvill and Bagaric, 2005; Peppard and Rylander, 2001). In other words, a 'flat' democratically devolved governance structure plays a significant role in learning processes in the organization.

With improved and newly developed knowledge through formalized learning processes, nonprofit managers are more likely to enhance their ability to make better decisions (Kong, 2009; Kong and Thomson, 2006). Nayak (2008) suggests that shared decision-making and benefit structures increase the chance of innovation in organization. This paper extends Nayak's study by investigating whether innovation may be achieved through a proper governance structure which supports shared: knowledge, decision making and, benefits in MSNPOs. For the purpose of the study we suggest the following analysis of MSNPOs, conscious of its fluid and culturally relative meaning in practice:

1. A MSNPO selects its own purpose and governs itself. This is done by the founders within the law of the state, as with for-profit organizations, but in addition the purpose and structure is not so closely specified by the state as in business corporations by corporate law.
2. The ultimate collective end of an MSNPO is usually to benefit members of the organization, though the organization may carry the common good of the community at times.
3. The constitutive/constitutional purpose of a MSNPO cannot be financial profit. However, a MSNPO may have a for-profit arm to generate the means to carry out the collective end.
4. A MSNPO raises its own funds from members, or donors, or as in instrumental 'for-profit' arms and enterprises; and/or ad hoc raffles etc, but a MSNPO always uses some voluntary labor even to run for-profit ventures.
5. The communal or collective MSNPO purpose and need for sharing non-financial benefits tends to favor egalitarian rather than hierarchical information and decision making governance structures.

The aim of this paper is to develop a theory suggesting that a flat governance structure, with shared knowledge, decision making, and benefits plays a critical role in learning processes for innovation in MSNPOs. Although the paper only reports some initial findings of in-depth semi-structure interviews from a number of MSNPOs in Australia, the findings are significant to both scholars and practitioners because they help to drive further direction of future research in relation to the role of devolved governance structure, of shared knowledge, decision making, and benefit in learning processes, for innovation in MSNPOs. More specifically,

the findings help to provide a better understanding of the above-mentioned concepts and how they assist to stimulate innovation through learning processes in MSNPOs. To achieve the aim, qualitative in-depth semi-structured interviews from various types of MSNPOs were used to examine the relationships between the three governance structure elements and learning processes for innovation and how the three elements may support learning processes for innovation in the organizations.

## **Method**

The study of governance structure and three of its elements (knowledge, decision making and benefit sharing) in learning processes for innovation in MSNPOs is a relatively new area of enquiry. It was important, therefore, to allow a degree of flexibility during the research process in order to explore and examine the mentioned concepts and their relationships in learning processes for innovation in MSNPOs. Due to this reasoning a qualitative approach adopting in-depth, semi-structured interviews of 45 to 60 minutes was conducted, as this method is considered to be a good way of gaining people's perceptions (Kirkwood and Tootell, 2008). The sample population was chosen from Australian MSNPOs that delivered services directly to their members, with formal structure and strategic planning established in the organizations were considered. The rationale for these selection criteria was that the chosen organizations would cover macro and micro oriented activities covering issues related to governance structure, decision making, and knowledge sharing in learning processes for innovation in the organizations.

Based on the sampling selection criteria, 10 MSNPOs were contacted via e-mail and telephone. Each was provided with an information statement about the research and a copy of the interview questions. The interview questions were designed on the basis of a vigorous review of existing literature. Of those contacted 12 individuals agreed to participate. These 12 participants included senior executives, middle-level management, members and volunteers within these organizations (See Appendix I - Participant Inventory). Interviewees were asked a range of questions regarding the concepts of governance structure, knowledge, decision making, and benefit sharing; the relationships of these concepts to learning processes for innovation in their organizations (See Appendix II – Interview Guide). Intensive semi-structured interviews were conducted over a 6 month period (June – November 2008). An ongoing analysis was conducted throughout the entire interview process which ensured the justification of theoretical saturation which determined whether data collection activities should end or carry on (Charmaz, 2003; Richards, 2005; Strauss and Corbin, 1998). This paper aims at reporting the initial findings on the basis of a series of in-depth semi-structure interviews from a number of MSNPOs in Australia.

A digital recorder was used to record conversations for all interviews. Whilst recording devices can be considered intrusive to a research setting (Stainback and Stainback, 1988), this ensures the accuracy of data collection and subsequent interview transcription and coding (Curran and Blackburn, 2001; Johnson, 2002). University ethics approval was granted for this research project. All interviewees gave consent for taping. The QSR NUD\*IST Vivo (NVivo) computer-aided data analysis software program for qualitative research was used to manage the data. Interview transcripts and research notes were directly input into NVivo, and then were coded to units of meaning (known as 'free nodes' in NVivo) according to the exact words of the participant (Creswell, 1998). To maintain the confidentiality of the

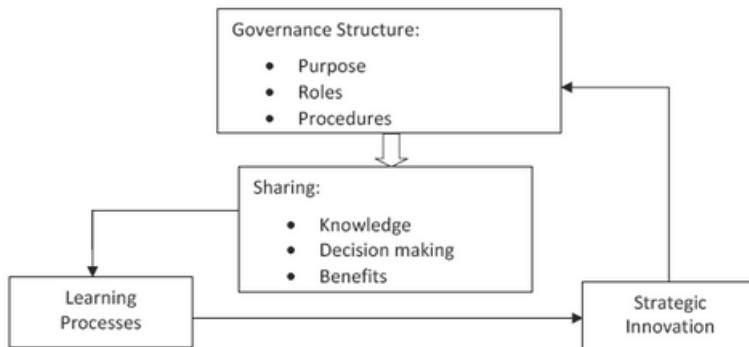
participants each participant was assigned a code (e.g. MSNPO-1) and the numerical order was not indicative of interview chronology.

## Findings

Both men and women were interviewed from representative organizations classified as MSNOPS. The organizations were ranged from small to large in size. Each of the participating organizations was based in Australia and each came from different industry sectors such as child care, health care, unions, co-operative education, food co-operatives, arts organizations, and service organizations. Hence there was a diverse mixture of organizations represented.

### *Learning Processes for Innovation*

We did find that there is a link between governance structure, (in particular the three areas noted above regarding information, decision, and benefit sharing) and learning processes for innovation in the participating MSNPOs. Each respondent had a clear idea of what they felt innovation was. The key words mentioned were ‘new’ and ‘creative’ ways of doing or looking at things or something to achieve an outcome. The interview data suggested that a flat governance structure (including knowledge sharing, shared decision making and benefits), is a key pillar in supporting learning processes for innovation in the organizations. The diagram that follows illustrates the connection between the concepts:



### *Governance Structure*

The governance structure of the organizations surveyed, (in the sense of constitutional matters of purpose, role, and procedure which was set up), and its implementation in terms of shared knowledge, decisions, and benefits, was slightly different according to each MSNPO. However, each organization had a minimum number of elected members, no less than six, with some also having a president, secretary, treasurer and an indigenous representative. Most meet monthly, one bi-monthly. There is an agenda set and minutes are recorded which are then disseminated to all members. A common thread ran through many of the accounts of why respondents felt that this form of structure was important:

‘It provides a framework for at least providing a minimal expectation of our organization, and I think that it’s also important for some sort of accountability to the external world... but it’s also a source of assistance to those within the coop.’ – MSNPO-2.

Whilst all respondents felt that governance structures were very important most felt that there was some room for improvement. The main concerns centered around the bureaucracy that can be involved with such a formal structure and the power that such a structure can exhibit. Hence, an initiative one of the organizations had put in place to further a flat structure was for all members, including the directors, to have an equal vote. Each member could attend the monthly meetings and vote on a particular issue – they felt this allowed for more flexibility as it allowed for a flatter level of hierarchy which enhances the effectiveness of learning in the organizations:

‘I have been really impressed with it, like at the meetings it really feels like everyone can have a say, and everyone’s voice can be heard, and it’s all kind of a level playing field’ – MSNPO-1.

In addition, one respondent felt that appropriate training for Directors would be worthwhile as they had initiated this in another organization and found it to be very useful for making certain directors aware of their legal responsibilities. A couple of respondents also felt that how knowledge was shared and learned could improve the overall governance structure, examples of such testaments are provided below. The following sections turn to the discussion of knowledge sharing, decision making and benefit sharing, and their relationships with learning processes in innovation in MSNPOs.

### ***Shared Knowledge***

Shared knowledge was a main element of governance structure that emerged from the interview data which supported learning processes for innovation in the participating organizations. Key words expressed by respondents as to what they felt shared knowledge was included: ‘information’, ‘communication’, ‘dispensing’ and ‘power’. Knowledge can be utilized simultaneously by many users in different locations at the same time (Kong, 2008). It is the utilization of knowledge that makes innovation possible in organizations. However, the diffusion of knowledge will be significantly diminished if knowledge is stocked, not shared and learned simultaneously. This is because sharing and learning knowledge are two different matters. Even knowledge is diffused, it must be supported by an appropriate learning process that encourages and nurtures the learning of knowledge effectively in the organizations (Kong, 2009). In other words, there must be a balance of sharing-learning processes for innovation in the organizations. This suggests the important role of knowledge sharing in learning processes in MSNPOs. The following example illustrates the point:

‘Formally, newsletters are disseminated after monthly directors meetings to ensure everyone is kept abreast of matters raised. There is an operating policy manual and any changes made, which would be voted on at the directors meetings, are emailed to all members [*knowledge sharing*]. There is a high email usage amongst the members. A notice board is also maintained in the foyer of the lodge, the community building. This

board can also be viewed by visitors and hence where they can learn more about the coop [*knowledge learning*]. A website is also maintained’ – MSNPO-1 [*emphasis added*].

The agenda of directors meetings and the minutes of these monthly or bi monthly meetings were disseminated to all for each of these organizations, so this acted as a formal way of sharing information and knowledge, as noted earlier. These minutes were distributed to all via electronic mail. In addition one organization had a monthly bulletin that informed its members of particular projects that were happening. Another organization had a similar arrangement where they had cluster (small group) meetings to discuss and share information on issues such as projects that were particularly relevant to their section of the organization. One organization had weekly electronic bulletins. Another organization also had a notice board where minutes or information flyers could be displayed in hard copy, which was important for some whose members may not have use of electronic forms of communication. This information was both revealed in the interview data and organizational websites and/or publications.

‘It’s important to share knowledge, so that you’re on the same page, you’ve got enough ... ownership of what you’re doing, like a shared vision and ... where you’re trying to get to and how you’re going to get there, I mean, if everyone knows roughly the same things, they can come to, better decisions’ . – MSNPO-3.

Two further comments on use of public meetings and formal education curricula are relevant:

‘... we put strong emphasis on research into community needs and bottom-up governance in community development. There is a role for public meetings in identifying needs and new ways of serving aging population; elected officers, govern with help from 3 professional officers: project, medical and administrative. The sharing of knowledge [and learning] about self-care /health measures is itself a benefit’ – MSNPO-11.

‘[Our organization’s] purpose is enhancing learning about coops. One innovative means to this end has been the Cooperative Education and Cooperative Council of Australia websites; these are linked to the International Coop Alliance, ICA, of which Australia is the Asia Pacific regional HQ, with 800 million members worldwide. Another is the design of learning packages for use by larger coops like [one of the MSNPOs]. Measure of success is uptake of curricula and income from sale of packages. We are trying to convey that education is not just an expense. The benefit is the sharing of knowledge [and learning] itself’ – MSNPO-8.

Social activities were also an informal way of how knowledge was shared in a couple of organizations. For example, monthly dinners, the running of a ‘café’ on a Saturday morning, where you could meet with other members and have a chat over a meal, cup of tea/coffee etc.

‘Yes, we have a roster of people who do it, and it’s just Saturday morning and it might go from eleven until one, or something, and its tea, coffee, herb tea, juice ... it’s a great spot for having conversations with people, or in hearing conversations with people that you wouldn’t normally have’ – MSNPOs-1.

‘Meeting informally is seen as quite vital to share information and get support for new ideas or when seeking changes within the coop. To support such information sharing a weekly ‘café’ is held. When seeking to become a member one is assigned a mentor as such to help talk through any concerns’ – MSNPO-2.

In addition, this person thought informal arrangements allowed members to solicit support for particular issues that may be raised at the next directors meeting and hence wanted others to vote in support for such a proposal. Such measures that supported knowledge sharing were seen as very important to the overall philosophy and successful running of the organizations. For example, one organization relied heavily on volunteers and expressed this as follows:

‘...we need to know what the projects are and how they’re happening, because its voluntary and we need volunteers, so it’s all very much a communications issue ...’ – MSNPO-2.

Most were happy with the how knowledge was shared. However, areas highlighted by for most, of how it could be improved, included the timeliness. For example one respondent noted:

‘The key issue of communication to the members is always one of giving them sufficient time to know what’s coming up.’ – MSNPO-4.

Many felt electronic communication helped in this regard i.e. the ability to disseminate information via email.

‘More formally, we have a ...email list, so that’s a big source of knowledge sharing, just about everyone’s on that. So if a committee has a meeting, the minutes are then forwarded on to everyone... on that emailing list.’ – MSNPO-1.

‘...we recently advertised [via email] for expressions of interest for a project, and it was an amazing who came of the woodwork’ – MSNPO-3.

This second account was offered by someone who recently came into the role and established an email networking list to share knowledge. However, from a more general sense, it was recognized that the value of the knowledge being shared via this form of communication relied heavily on the detail placed in the correspondence being sent, for example committee meeting minutes, and someone being assigned to disseminate the information.

However, one respondent also expressed a view that knowledge must be shared in an effective and efficient way without overloading organizational members:

‘So I think there must be some way of better sharing knowledge and probably improve the governance structure. I think there’s just too much information for elected people to digest in the time they have to digest it’ – MSNPO-4.

‘Oh look, there are a lot of emails. People write proposals about various things, and they say they’re seeking supporters, or they want people to discuss things with them. Because we’re organized in clusters and that sort of means that there’s half a dozen mini communities within the community. So, within the cluster there can be a tremendous

amount of sharing ideas, sort of circulating ideas, and then that can happen at a cross-cluster level too’ – MSNPO-6.

One organization had actually overcome this by having pre-directors meeting. This is the organization that allowed for all members to attend the monthly meetings and vote on issues. Hence as one of the respondents, who was a director, noted:

‘We have what we call a pre-directors meeting where [members] meet together and we go through the agenda and we do a bit or preparatory work... particularly issues that might be a little thorny’ – MSNPO-2.

‘... one of the ways in which that happens well, is actually at café, because we have a café on Saturday mornings [to organize ideas]’ – MSNPO-1.

### ***Shared Decision Making***

A further element of governance structure that is perceived to support learning processes for innovation in MSNPOs was the need for implementation of appropriate decision making processes which aided organizational survival and innovativeness. Nonprofit organizations, as noted previously, offer more bottom-up communication approaches in their organizations. Each of the organizations formal decisions making process happened during their monthly/bimonthly directors meetings. Each proposal required a formal voting process to take place with a majority rules application before it could succeed in most instances. One MSNPO even allowed all members to vote on each of the decisions to be made at these meetings, as opposed to just the directors and only five members needed to agree for the proposal to get up and running. If five people cannot agree then it is held off to the next directors meeting and on this second occasion a majority rules application is applied. In one case, due to the large size of the organization it also had voting which took place at different levels – i.e. at branch, state and national levels. Each of the respondents felt this formal decision making process was necessary to avoid ad hoc decisions being made and to ensure that the members’ interests were being represented.

An innovative way to support decision making was highlighted by one organization. They established relevant committees to support the development of proposals being put forward. The respondent stated:

‘At the AGM – there’s a certain number of committees, although we can create one or delete one as needed, and at the AGM people nominate each other and nominate themselves to be on a committee, and ... its just a raise of hands if everyone agrees.’  
– MSNPO-1.

In another case, a CEO stressed input from public community meetings played a role in decision making:

‘ ... this is what I call innovation, is actually, and move to a higher consciousness of myself, and actually be, find a place where I can be creative with the people that I’m working with and I, what I saw the Board doing was, was able to occupy a space of letting go, of moving away from a traditional model of leading from the top down, ac-

tually supporting the staff to, seeing their potential and allowing it to emerge'. – MSNPO-12.

Another stated:

'... that's important ... fresh ideas coming up from the ... membership, I think that is important for the innovation [as it] will help to drive it [innovation], so it's important that it doesn't become controlled ... like too authoritarian and top down. It needs to be ... I think we need to have that constant, bottom up, filtering up from the people'. – MSNPO-3.

As can be evidenced from the interview data, two of the governance elements (that is knowledge sharing and decision making) played an important role in learning processes for innovation in the organizations. Managers of MSNPOs should pay more attention to these elements when formulating their strategies for innovation. For example, they should create more formal and informal channels that allow knowledge sharing and learning within their organizations. They possibly should review the levels of hierarchy in their organizations and make sure a flatter level of hierarchy is sustained, knowledge can flow freely and members' interests are being represented when decisions are made.

A co-op which changed its decision making elicited this comment from the CEO:

'Yeah, we did a process with the staff, trusting them to redesign roles within the shop so this is quite a change. I mean talking about innovation, we took the risk of letting the staff pull apart everything that needs to be done, and who's doing it, and putting it into job roles, and they came up with a huge number of coordinator roles, where we're at now is a revisiting of that, we've had two, we could call them 'workshops': but they're actually basically, like 'planning days'. There were two planning days where board and staff got together and actually, we facilitated [them] by allowing a lot of space for the staff to come up with what they do and how they do it, and there's some areas still to look at around who decides-... so [on] the question with who decides, one of the answers we came up with, with that, is, who's closest to the task? And another aspect of it is where does the responsibility fall? A lot of time it is the person that's closest to the task. We found that they had more of the answers than us in the board. But who decides as far as the bigger vision goes? What we found with shared leadership is that, it's able to emerge from the group, and this brings a little bit of chaos ..., it's the emergent property of letting go, letting go, letting go, allowing the space until, we have this open meeting and we actually sat with the members, and the staff, that came in a circle. We just went, what emerged at the end of that meeting, was the vision that, that everyone was holding, but didn't have the space to actually say before' – MSNPO-12.

In general we found flatter governance structures supported innovation and achievement of organizational goals.



### **Shared Benefits**

The shared benefits of association, often resulting from governance changes in the direction of shared knowledge and decision making in the organization, were a factor in creating innovation in these organizations. For example, in the food co-operative after a very poor year financially some years ago, it reaped measurable improvements in financial benefits when it allowed input from staff on things like the lay-out of the shop, staffing, and purchasing decisions, and policy directions. In the health care organization, the benefit propelling involvement and innovation was the improved health care sought and anticipated by all members of the association. In the case of a child care organization a member stated:

‘Well we go to organizations and we ask them to provide services, discounted services, and then, for instance, there’s an educational company who supplies equipment services, for all of our members, they will give us 15% discount, we, any profit that is made goes back into expanding our services and making higher quality, we always go back to our members and ask them what issues they wish us to raise with government, to get government policy change for them, how we can help them, if services are having difficulties, we will go out and we’ll provide training for them, if they can’t afford it, we’ve got an insurance company, has a referral system going, where they will give some money and where they’re putting that back to the members for an awards dinner, for members to come to, so we’re trying to put back as much as we can, in different ways’.  
– MSNPO-9.

The implication of benefit sharing is that it probably leads to learning processes for innovation in the organizations. As stated by another interviewee, benefit sharing helps to generate new ideas:

I think ... if people share in a benefit, they’re more likely to contribute ... ideas ... [and] that would bring another benefit. So I think it’s partly that domino effect of ... receiving one benefit and passing it on, or saying, yes, here’s another idea ... [and thus] one good idea generates another’. – MSNPO-12.

The second of the five distinguishing features that we noted above concerned the ultimate purpose of the MSNPO. What our study confirmed was that the member’s participation in the creation and dissemination of the intangible benefit - quality health, self care, child care, autonomous food growth, fair working conditions, fund raising, quality art work - was the ultimate goal / benefit rather than any financial profit. This accords well with the suggestion of Rainer Schluter, Director of Co-operative Europe (which represents 263,000 co-operatives), in a speech at the Co-operative Progress Conference in Sydney in November 2008, that the key mark of nonprofit organizations is that their objective is not unlimited profitable financial business activity or investment per se. Business activity is only a means proportionate to the need satisfaction of the members.

### **Limitations and Implications for Future Research**

This research has been a first step in exploring the relationships between governance structure and three of its elements (sharing knowledge, decision making and benefits) in learning

processes for innovation in MSNPOs. There are a number of limitations with this research project. Given this study was exploratory in nature the sample size was quite small. In studies with larger sample sizes more comparisons could be made. In addition, data reduction is a difficult task. However, as this is a qualitative research project it is necessary.

Although the research focuses on MSNPOs, further research could examine the relationships of governance structure and its elements in for-profit organizations. An improved understanding of the concepts from a business perspective will possibly lead to innovative strategies in business organizations. Thus the findings possibly provide significant insights to for-profit managers on how they may adapt strategies in order to enhance innovation in their organizations.

## **Conclusion**

There is some ongoing indefiniteness with regard to the notion of a MSNPO, and particular examples are sometimes treated differently across national borders. The point at which generating money, especially its method and target of distribution, disqualifies a group from the status is changing rapidly across the nonprofit sector, with tax exemptions providing on the one hand a helpful positive clue that an organization is an MSNPO; and on the other a motive for officials to obscure facts about the real distribution formula in accounting for the money, to meet tax office requirements. Fine distinctions abound between rebates, discounts, needed facilities, infrastructure, buildings, and goal-support related funded amenities for members. To get round this, we offered a five point stipulate definition. This served as a basis for our selection of organizations to research.

We then turned to see if three elements of governance structure other than the formal constitution, roles and procedures were correlated with learning and innovation. We used a qualitative interview based approach to explore the relevance of the selected variables.

The results of the in-depth interviews confirm that in order for innovative practices to be supported within a MSNPO it is necessary for governance structure and some of its implied elements (knowledge, decision making, and benefits) that sharing should take place. As 'flatter' more participative formalized governance structures help to disseminate knowledge effectively within an organization, members of the organization are more likely be able to make informed decisions in the organizational innovation process. The initial findings in the interview data have provided some significant insights on what contributes to innovation in MSNPOs and a clear direction for future research in the area. The findings in this study also provide some insights to for-profit managers on how they may adapt strategies for innovative practices.

## **Acknowledgement**

The authors wish to acknowledge the Faculty of Business, Charles Sturt University for funding this research project, and thank Ms. Helen McCall, Executive Director, N.S.W. Co-operative Federation, for her assistance in selecting MSNPOs organizations and facilitating the research interviews.

## References

- Bradley, K. "Intellectual capital and the new wealth of nations II". *Business Strategy Review* (1997): Vol. 8, No. 4, pp.33-44.
- Charmaz, K. "Grounded theory: Objectivist and constructivist methods". In *Strategies of qualitative inquiry*, (Eds.). Denzin, N.K. and Lincoln, Y.S. (2nd ed.), Thousand Oaks: Sage, pp.249-291, 2003.
- Clarke, T. (Ed.) (2004) *Theories of corporate governance: The philosophical foundations of corporate governance* Routledge, London.
- Creswell, J.W. *Qualitative inquiry and research design: Choosing among five traditions*, Thousand Oaks: Sage, 1998.
- Curran, J. and Blackburn, R.A. *Researching the small enterprise*, London: Sage, 2001.
- Daly, S. "Institutional innovation in philanthropy: Community foundations in the U.K.". *Voluntas: International Journal of Voluntary and Nonprofit Organizations* (2008): Vol. 19, No. 3, pp.219-241.
- du Plessis, J.J., McConvill, J. and Bagaric, M. *Principles of contemporary corporate governance* Cambridge: Cambridge University Press, 2005.
- Hudson, M. *Managing without profit: The art of managing third-sector organizations*, 2nd ed., London: Penguin, 1999.
- Johnson, J.M. "In-depth interviewing". In *The handbook of interview research: Context and method*, (Eds.). Gubrium, J.F. and Holstein, J.A. Thousand Oaks: Sage, pp.103-119, 2002.
- Kijkuit, B. and van den Ende, J. "The organizational life of an idea: Integrating social network, creativity and decision-making perspectives". *Journal of Management Studies* (2007): Vol. 44, No. 6, pp.863-882.
- Kirkwood, J. and Tootell, B. "Is entrepreneurship the answer to achieving work-family balance?". *Journal of Management and Organization* (2008): Vol. 14, No. 3, pp.285-302.
- Kong, E. "The development of strategic management in the nonprofit context: Intellectual capital in social service nonprofit organizations". *International Journal of Management Reviews* (2008): Vol. 10, No. 3, pp.281-299.
- Kong, E. "Facilitating learning through intellectual capital in social service nonprofit organizations". *International Journal of Learning* (2009): Vol. 16, No. 2, pp.531-550.
- Kong, E. and Prior, D. "An intellectual capital perspective of competitive advantage in nonprofit organizations". *International Journal of Nonprofit and Voluntary Sector Marketing* (2008): Vol. 13, No. 2, pp.119-128.
- Kong, E. and Thomson, S.B. "Intellectual capital and strategic human resource management in social service nonprofit organizations in Australia". *International Journal of Human Resources Development and Management* (2006): Vol. 6, No. 2/3/4, pp.213-231.
- Lyons, M. *Third sector: The contribution of nonprofit and co-operative enterprises in Australia*, St. Leonards, N.S.W.: Allen and Unwin, 2001.
- Nayak, A. "Experiencing creativity in organizations: A practice approach". *Long Range Planning* (2008): Vol. 41, No. 4, pp.420-439.
- Peppard, J. and Rylander, A. "Using an intellectual capital perspective to design and implement a growth strategy: The case of APiON". *European Management Journal* (2001): Vol. 19, No. 5, pp.510-525.
- Richards, L. *Handling qualitative data: A practical guide*, London: Sage, 2005.
- Salamon, L.M. "The nonprofit sector at a crossroads: The case of America". *Voluntas: International Journal of Voluntary and Nonprofit Organizations* (1999): Vol. 10, No. 1, pp.5-23.
- Salamon, L.M., Anheier, H.K., List, R., Toepler, S., Sokolowski, S.W. and Associates (Eds.) (1999) *Global civil society: Dimensions of the nonprofit sector* (Vol. 1), The Johns Hopkins Centre for Civil Society Studies, Baltimore, MD.

- Salamon, L.M., Sokolowski, S.W. and List, R. “Global civil society: An overview”. In *Global civil society: Dimensions of the nonprofit sector*, (Eds.). Salamon, L.M., Sokolowski, S.W. and Associates. Bloomfield, CT: Kumarian Press, Vol. 2, pp.3-60, 2004.
- Sandler, M.W. and Hudson, D.A. *Beyond the bottom line: How to do more with less in nonprofit and public organizations*, New York: Oxford University Press, 1998.
- Stainback, S. and Stainback, W. *Understanding and conducting qualitative research*, Reston, VA: The Council for Exceptional Children, 1988.
- Strauss, A.L. and Corbin, J. *Basics of qualitative research: Techniques and procedures for developing grounded theory*, 2nd ed., Thousand Oaks: Sage, 1998.
- Yanay, G.V. and Yanay, N. “The decline of motivation? From commitment to dropping out of volunteering”. *Nonprofit Management and Leadership* (2008): Vol. 19, No. 1, pp.65-78.

## Appendix I

### Participant Statistics

No. of Participants	Gender Distribution	Years of Work Experience in the Organization
12	8 Males, 4 Females	>1 to 13

## Appendix II

### Interview Guide

#### *Questions on the Background of Interview Participants*

1. What is the purpose of your organization?
2. How long have you been working in your organization?
3. What is your role and what are your job responsibilities in your organization?

#### *Questions on Innovation*

4. How do you define innovation?
5. How would you describe the innovation processes in your organization?
6. Why is it important to have innovation in your organization/sector?

#### *Questions on Governance Structure and Innovation*

7. How would you describe the governance structure in your organizations?
8. Why is it important to have governance structure in your organization?
9. In your opinion, what can be done to improve the governance structure in your organization?
10. What role does governance structure play in innovation processes in your organizations?
11. In your opinion, how can governance structure lead to improved innovation in your organization? Give provide examples?

#### *Questions on Knowledge Sharing and Innovation*

12. What is knowledge to you?
13. How would you describe the knowledge sharing process in your organizations?
14. Why is it important to share knowledge in your organization?

15. In your opinion, what can be done to improve the knowledge sharing process in your organization?
16. What role does knowledge sharing play in innovation processes in your organizations?
17. How can knowledge sharing lead to improved innovation in your organization? Give provide examples?

*Questions on Benefit Sharing and Innovation*

18. What is benefit sharing to you?
19. How would you describe the benefit sharing process in your organizations?
20. Why is it important to share benefit in your organization?
21. What role does benefit sharing play in innovation processes in your organizations?
22. How can benefit sharing lead to improved innovation in your organization? Give provide examples?
23. Is benefit sharing coupled with knowledge sharing?
24. In your opinion, is reward/benefit shared appropriately in your organizations?

*Questions on Decision Making and Innovation*

25. How would you describe the decision making process in your organizations? Give some examples. For instance, who votes on what issues?
26. Why is it important to have the decision making process in your organization?
27. In your opinion, what can be done to improve the decision making process in your organization?
28. What role does decision making play in innovation processes in your organizations?
29. How can decision making process lead to improved innovation in your organization? Give provide examples?

## **About the Authors**

*Dr. Eric Kong*

Eric Kong is a Senior Lecturer at the School of Management & Marketing, University of Southern Queensland, Australia. He completed his PhD in Strategic Management at Monash University, Australia. He also holds a Master of Science in Quality Management from the University of Paisley, United Kingdom and a Postgraduate Diploma in Training from the University of Leicester, United Kingdom. Prior to joining the academia, Eric worked in Human Resources and Training & Development in the private sector for 10 years. His current research interests include intellectual capital, knowledge management, non-profit management, strategic management and governance. Eric is a member of Academy of Management (AOM) and Australian and New Zealand Academy of Management (ANZAM).

*Stacey Jenkins*

Stacey is a Lecturer in the Faculty of Business at CSU. She graduated from Southern Cross University with a Bachelor of Business degree and has a Master of Human Resource Management and a Graduate Certificate in University Learning and Teaching from Charles Sturt University. She is currently undertaking her PhD which is titled work-life balance practices and organizational determinants in Australian small businesses. Prior to commencing in her

present role at CSU Stacey worked as a National Human Resources Manager in private practice. The industries in which she has held generalist HR positions domestically include corrections, detentions, manufacturing and hospitality. She has also worked as an Industrial Advocate. Internationally she has worked in the tourism and hospitality industry in the USA and Canada. She was made a NSW Justice of the Peace in 1999.

*David Ardagh*

David Ardagh is an Adjunct Senior Lecturer in Human Resource Management at the School of Business, Charles Sturt University. He previously taught Ethics and Business Ethics at several universities in the U.S.



#### **EDITORS**

**Mary Kalantzis**, University of Illinois, Urbana-Champaign, USA.

**Bill Cope**, University of Illinois, Urbana-Champaign, USA.

#### **EDITORIAL ADVISORY BOARD**

**Michael Apple**, University of Wisconsin, Madison, USA.

**David Barton**, Lancaster University, Milton Keynes, UK.

**Mario Bello**, University of Science, Cuba.

**Manuela du Bois-Reymond**, Universiteit Leiden, Leiden, The Netherlands.

**Robert Devillar**, Kennesaw State University, Kennesaw, USA.

**Daniel Madrid Fernandez**, University of Granada, Spain.

**Ruth Finnegan**, Open University, Milton Keynes, UK.

**James Paul Gee**, University of Wisconsin, Madison, USA.

**Juana M. Sancho Gil**, University of Barcelona, Barcelona, Spain.

**Kris Gutierrez**, University of California, Los Angeles, USA.

**Anne Hickling-Hudson**, Queensland University of Technology, Kelvin Grove, Australia.

**Roz Ivanic**, Lancaster University, Lancaster, UK.

**Paul James**, RMIT University, Melbourne, Australia.

**Carey Jewitt**, Institute of Education, University of London, London, UK.

**Andreas Kazamias**, University of Wisconsin, Madison, USA.

**Peter Kell**, University of Wollongong, Wollongong, Australia.

**Michele Knobel**, Montclair State University, Montclair, USA.

**Gunther Kress**, Institute of Education, University of London, London, UK.

**Colin Lankshear**, James Cook University, Cairns, Australia.

**Kimberly Lawless**, University of Illinois, Chicago, USA.

**Sarah Michaels**, Clark University, Worcester, USA.

**Jeffrey Mok**, Miyazaki International College, Miyazaki, Japan.

**Denise Newfield**, University of Witwatersrand, Johannesburg, South Africa.

**Ernest O'Neil**, Ministry of Education, Addis Ababa, Ethiopia.

**José-Luis Ortega**, University of Granada, Granada, Spain.

**Francisco Fernandez Palomares**, University of Granada, Granada, Spain.

**Ambigapathy Pandian**, Universiti Sains Malaysia, Penang, Malaysia.

**Miguel A. Pereyra**, University of Granada, Granada, Spain.

**Scott Poynting**, Manchester Metropolitan University, Manchester, UK.

**Angela Samuels**, Montego Bay Community College, Montego Bay, Jamaica.

**Michel Singh**, University of Western Sydney, Sydney, Australia.

**Helen Smith**, RMIT University, Melbourne, Australia.

**Richard Sohmer**, Clark University, Worcester, USA.

**Brian Street**, University of London, London, UK.

**Giorgos Tsiakalos**, Aristotle University of Thessaloniki, Thessaloniki, Greece.

**Salim Vally**, University of Witwatersrand, Johannesburg, South Africa

**Gella Varnava-Skoura**, National and Kapodistrian University of Athens, Greece.

**Cecile Walden**, Sam Sharpe Teachers College, Montego Bay, Jamaica.

**Nicola Yelland**, Victoria University, Melbourne, Australia.

**Wang Yingjie**, Beijing Normal University, Beijing, China.

**Zhou Zuoyu**, Beijing Normal University, Beijing, China.

## THE UNIVERSITY PRESS JOURNALS



Creates a space for dialogue on innovative theories and practices in the arts, and their inter-relationships with society.

ISSN: 1833-1866

<http://www.Arts-Journal.com>



Examines the meaning and purpose of 'design' while also speaking in grounded ways about the task of design and the use of designed artefacts and processes.

ISSN: 1833-1874

<http://www.Design-Journal.com>



Maps and interprets new trends and patterns in globalisation.

ISSN 1835-4432

<http://www.GlobalStudiesJournal.com>



Sets out to foster inquiry, invite dialogue and build a body of knowledge on the nature and future of learning.

ISSN: 1447-9540

<http://www.Learning-Journal.com>



Addresses the key question: How can the institution of the museum become more inclusive?

ISSN 1835-2014

<http://www.Museum-Journal.com>



Draws from the various fields and perspectives through which we can address fundamental questions of sustainability.

ISSN: 1832-2077

<http://www.Sustainability-Journal.com>



Investigates the affordances for learning in the digital media, in school and throughout everyday life.

ISSN 1835-2030

<http://www.UlJournal.com>



Explores the past, present and future of books, publishing, libraries, information, literacy and learning in the information society.

ISSN: 1447-9567

<http://www.Book-Journal.com>



Provides a forum for discussion and builds a body of knowledge on the forms and dynamics of difference and diversity.

ISSN: 1447-9583

<http://www.Diversity-Journal.com>



Discusses the role of the humanities in contemplating the future and the human, in an era otherwise dominated by scientific, technical and economic rationalisms.

ISSN: 1447-9559

<http://www.Humanities-Journal.com>



Creates a space for discussion of the nature and future of organisations, in all their forms and manifestations.

ISSN: 1447-9575

<http://www.Management-Journal.com>



Discusses disciplinary and interdisciplinary approaches to knowledge creation within and across the various social sciences and between the social, natural and applied sciences.

ISSN: 1833-1882

<http://www.Socialsciences-Journal.com>



Focuses on a range of critically important themes in the various fields that address the complex and subtle relationships between technology, knowledge and society.

ISSN: 1832-3669

<http://www.Technology-Journal.com>



Explores the meaning and purpose of the academy in times of striking social transformation.

ISSN 1835-2030

<http://www.Universities-Journal.com>

**FOR SUBSCRIPTION INFORMATION, PLEASE CONTACT**

**[subscriptions@commonground.com.au](mailto:subscriptions@commonground.com.au)**