INCREASING RELEVANCE OF THE NPO'S AND CSO'S:
A MANAGEMENT PERSPECTIVE

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ABSTRACT

Non Profit Organizations and Civil Society Organisations have an organisational and cost advantage, comparatively speaking. They induce stakeholders to make various kinds of commitments that are based on hopes subject to disappointment. Their leadership has an inspirational dimension, neglected by management theories. It is exercised when stakeholders are engaged in deliberative processes through which leadership can influence their hopes. This framework of analysis for NPO:s and CSO:s takes into account the judgement making and social influence aspects of leadership. The approach may be expanded to explain the different aspects of leader-follower bargains as well as the different styles leaders can use to address the types of external and internal challenges faced by NPOs and CSOs.

Key words: Civil society, NPOs, CSOs, comparative management advantage, transaction costs, inspiration, social hopes, commitment, stakeholders, leadership.

Introduction

The civil society – all the NPO:s or CSO:s – whether national or international in its activities have increased in both size and relevance since the end of World War II (Scholte, 2011). Why is that so? Basically, there are two evaluations of the new thick carpet of NGOs and CSOs. On the one hand, the positive evaluation targets the future role of these voluntary organisations in the possible path towards global democratic governance (Held, 20008; Archibughi, 2008), filling the democratic deficit in international public organisations. On the other hand, the negative evaluation points at the unresolved principal-agent problematic, inherent in the NSOs and CSOs, as they face their accountability question (Vaubel, 2006)? Here, we look at how these organisations actually work from a comparative management perspective.

It is an intellectual challenge for management modelling to identify the specific features of how NPO:s or CSO:s operate. In order to further the understanding of this type of organisation, we suggest a theoretical framework emphasizing the following concepts:
- Economics of altruism;
- Inspirational leadership;
- Stakeholders´ hope in the commitments of NPO:s and CSO:s.

This approach will take us beyond models of instrumental rationality into the new areas of expressive rationality and institutional economics. A comment by Kramer (1987) would seem to have retained its striking relevance to understanding a crucial factor that affects the comparative institutional advantage of Non Profit Organizations (NPOs). He noted that

'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).

We explain the organisational advantages of NPOs and CSOs by, firstly that NPOs derive much of their comparative edge from their capacity o induce stakeholders 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 accumulation of disappointment. Leadership must therefore have an inspirational dimension to counter this process and sustain hopes for improvements in society.

We advance a new model in which NPO leaders use informal sources of authority to adapt their leadership style to sustain a climate of hope among their stakeholders. The relevance of this sector of NPO:s and CSO:s is growing with the globalisation process, as these organisation are increasingly attractive to employ in both the domestic economy and in foreign affairs. How do they operate in order to deliver goods and services effectively? Let us look first at the international scene, both its top level and the ground level.

International and Domestic Arenas
Concerning the role of CSO:s in the major global governance institutions today, they are a most welcome addition to globalisation. Their activities tend to examined with a focus upon the complex notion of accountability of global governance, which can unpacked into four components, viz transparency, consultation, evaluation of outcomes and policy correction. Several of the major global governance institutions – the UN bodies, WB, IMF, WTO, etc – are questioned and examined by the NPOs and CSOs in terms of these four aspects of accountability.

The NPOs and CSO:s link up with the key governance institutions in different ways. In some of these global mechanisms the CSO:s are much integrated into the decision-making process, whereas in others they have been rendered marginal roles. In one of them, the Global Fund, the CSO:s constitute essential parts of the formal organisation. The UN and its umbrella of organisations – agencies and boards – provide more opportunities for accountability by CSO:s than the three sisters: WB, IMF and WTO.

Accountability lends itself better to the achievement of transparency and evaluation than to influence and policy changes. Accountability does not automatically translate into policy improvements or equal influence for all CSO:s. He seems to regret that accountability for CSO:s does not effectively promote the influence or position of the poor countries of the world. Yet, there are certain restrictions upon the feasible contribution of CSO:s, whether from the North or the South, to the accomplishment of global democracy: fundamental intergovernmental nature of several of these global governance bodies, the problematic question of the self-accountability of many CSO:s, the need of international organisations to employ formal organisation in order to integrate the CSO:s into stable and predictable decision process, which implies a risk for bureaucratisation, as well as the favoured access for CSO:s representing business and finance. To promote global governance accountability, the NPOs and CSOs must have resources – people, premises, money - and manage them properly.

Not only are the NPOs and CSOs active in the top of global governance. They are deliver numerous services at the bottom of global assistance, in the field so to say. The list of services and goods supplied is a long one: health care, social care, medicine, technology, education, pharmaceuticals, good governance, elections, etc.

Domestically, the deep austerity crisis has proven the increased relevance of civil society to either help the state or take over some its welfare commitments. When the European welfare state reneges upon its promises, or the state elsewhere offers too little of welfare, the civil society may step in and take on vital tasks. Sometimes they compete successfully with government bureaucracies, with more efficient supply, or outperform profit firms and single entrepreneurs in the process of NPM, i.e. tendering and bidding. From where comes this comparative management advantage of NPOs and CSOs? They compete successfully for e.g. the many contracts with the UNDP. Why this cost efficiency and low transaction costs?

Nature of Stakeholder Commitments

Krashinsky (1997: 149) points out that the concept of 'stakeholders' comes out of the literature on organizational theory; Jones (1995: 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 players in the business and public sector.

Now, few deny the contribution economists have made to multi-disciplinary research into NPOs and CSOs. In particular, the contributions of Weisbrod (1977) and Hansmann (1980) have been seminal. Weisbrod (1977) explained how NPOs could emerge in response to the failure of government bodies to differentiate the quantity and quality of public goods to satisfy non-median preferences. In contrast, Hansmann (1980) argued that they could also respond to the market failures associated with asymmetric information as their non-profit status provided a signal of their trustworthiness. Both approaches also highlighted the comparative institutional advantage NPOs would have in inducing stakeholders to make various types of commitment to advance the goals of the organization.

Such commitments are usually thought of in terms of the commitments of money and time donors and volunteers make to these organizations. It should be pointed out, though, that one-off gifts cannot be viewed as 'commitments' nor can the donor or volunteer be treated as a 'stakeholder' if the NPO or CSO cannot depend on these gifts to be sustained over time. There are also other types of commitment other types of stakeholder can make. 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 such as 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[i].

In a survey of the economics of altruism that has its roots in the work of Collard (1975), Hirschleiffer (1977) and Becker (1981), Rose-Ackerman (1996) argued that it is not sufficient to draw from this literature 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. For example, 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.

It is for this reason that Rose-Ackerman (1996) expresses a preference for an approach pioneered by Frankfurt (1971) and Sen (1977) that was cited approvingly by Hirschman (1982). These scholars would seem to 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. Rose-Ackerman (1996: 714) states that this model...

'accords with the facts of charitable giving better than competing theories, because it predicts some altruistic activity, but at an inefficiently low level.'

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

We will attempt to capture the main features of this approach but, at the same time, make the foundations of its theory of leadership more intelligible to practitioners in the non-profit sector, by advancing the proposition that stakeholders make commitments to express the hope they place in NPOs. This focus on hope as the emotional basis for commitment actually complements Hirschman's (1982) model of the accumulation of disappointment as a corrosive process that can eventually make people rationalize breaking their commitments.

But what does the loss of hope that is implicit in such behaviour mean? It surely does not always mean that such persons suffer a general loss in hope. This would imply that they come to the conclusion that their life is no longer worth living and they cannot make any positive impact on the world. 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) clearly had this in mind in his description of the way many 'burnt-out' activists from the 1960s sought to 'shift involvements' in the 1970s from public forms of collective action to the pursuit of more private hopes and dreams.

Such 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 or CSO, to its failure to significantly advance its goals despite the commitments of its stakeholders. Disappointments may also arise from relationships within the NPO. For example, 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, as will be discussed in more detail in a later section, 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.

A penetrating analysis of the way emotions affect behaviour has been provided by 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 judgement (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). They thus do not induce predictable actions but 'action tendencies' that he defines as 'states of readiness to execute a given type of action' (p.47). 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 behaviour 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, Dollery and McLoughlin 2007: 84).

This proposition can be related to the emotion of hope that committed stakeholders invest in NPOs and CSO:s. It can be conceived as producing an action tendency to sustain commitments, to keep striving toward the advancement of NPO or CSO goals, in the face of inevitable disappointments. Snyder (1994; 2000) characterizes this action tendency as the 'will power' and 'way power' persons have toward their goals. He thus sees the development of hope as a path-dependent process involving both a 'way power' 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. We would propose, then, that the action tendency to sustain commitments that is produced by social hopes will be triggered by beliefs in both the worth and 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 if 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. Behaviour 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) (see Shackle 1973) will be sufficient to sustain hope.

Hopes involve 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 a 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: 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 riven 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 will form an important part of the theory of NPO or CSO leadership advanced in this paper. Before this can be constructed on the basis of the theoretical foundations set out in this section, it is necessary to briefly consider the insights the literature on leadership in the disciplines of economics and management studies can provide on this subject.

Managerialist Insights Into Leadership

For a discipline that has otherwise made significant contributions to NPO and CSO research, the traditional tendency of economists to neglect the study of leadership does seem to diminish their appreciation of its importance in inducing and sustaining the commitments on which these organizations depend and from which they derive much of their comparative institutional advantage. This neglect of a phenomenon that 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 behaviour would seem to have its roots in the methodological conventions that most mainstream 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 household production functions (Stigler and Becker 1977).

However, over the last two decades a few mainstream 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 is a matter of both words and actions with the expression of commitment through exemplary action underpinning the credibility of a leader's rhetoric.

Casson (1991) 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 would seem to be less likely to encounter this problem with their followers.

These economic models would also 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 the other economists without connecting in any way with some important concerns in the literature on leadership that has developed in other disciplines. For example, an important strand of this literature derives from those situational theories of leadership (Fiedler; 1967; Hersey and Blanchard 1967, Vroom and Yetton 1973; and House 1971) that advance a typology of leadership styles, the relative effectiveness of which is situation dependent.

From this multi-disciplinary literature a 'generic managerialism' (Wallis and Dollery 1999) has emerged that distinguishes 'management' from 'leadership' in a way that does not differentiate the organizational context in which either activity can be practised (see 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 judgement-making aspect of leadership. To exercise leadership in these terms, an organizational leader must make judgements that affect the direction of an organization's development. There is thus a future orientation to this aspect of leadership. For example, 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.

In the next section, we seek to bring together these two aspects of leadership and show how they can be adapted to different situations by building a theory of inspirational leadership on the proposition that: A leader of an NPO or CSO can be said to be exercising leadership when this actor makes judgements 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.

Inspirational Dimension of NPO Leadership

The authority a NPO leader has to make judgements 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 implies, of course, 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 factionalised with any one leader only able to treat a particular faction as genuine followers.

So what is it that defines a leader-follower relationship? 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.

So what do followers typically expect to gain and what do they give up when they look to someone for leadership? 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 not viable

where they engage in coping activities that require cases-by-case judgements 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 signalling 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 and CSOs are exceptionally dependent on the quality of their leadership, then effective leaders must surely have the responsibility to develop followers to succeed them.

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 understandings 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 judgements 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'. 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 disappointments 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.

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 they understand to underlie their social 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: 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 a 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 disappointment 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 judgements about how to match its services to more constrained resources. Alternatively, a change in the external environment may lead to an unexpected increase in the demand for the NPO's services so that judgements 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 and CSOs 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 and CSOs 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. This is 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, as has been pointed out, 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.

There would seem to be a number of leadership styles an NPO can express in this situation with the selection of any one being fraught with the potential to generate its own type of disappointment. For example, 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. Following Senge's (1990) seminal work on organizational learning, what could be called an 'appreciative' leadership style has achieved some prominence in the management literature. 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. Essentially this style is an expression of the leader's hope in the capacity of the group to re-frame 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 dialogue 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.

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Conclusion

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

Oexplaning their cost efficiency and transaction cost advantage, the of the NPOs and CSOs on inspirational leadership has been underlined as well as stakeholder commitments with emotional basis. Economic analysis can be modified to include the affective and normative dimension of human behaviour. It does, however, also conclude with a re-emphasis of Heifetz and Linsky's (2002) that there are no easy answers, as effective leadership ultimately comes down to good judgement. With regard to NPOs or CSOs, 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 owner-less collectivities of the non-profit type are remarkably flexible instruments that can be put to a multitude of uses'. The resilience and adaptability of this sector of NPOs and CSOs does at least suggest that leadership failures and the persistence of poor, uninspiring leaders tends not to be perpetuated over time through processes of adverse selection. These properties may also account for the growing international relevance of NPO:s and CSO:s in aid and assistance programs all over the world.

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