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Evolution of Nonprofit Self-Regulation in Europe

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Abstract

This article explores the emergence of nonprofit self-regulation in long-established and emergent nonprofit sectors in Europe. An application of agency, resource dependence, and institutional theories to specific national cases reveals three predominant self-regulation types, compliance, adaptive, and professional models, conditioned on varied market, political, and social antecedents. The compliance system predominates in the Western European cases (Germany, Switzerland, the Netherlands, and Austria), where the nonprofit sector is long established and public regulation of the sector is weak. The adaptive model is evidenced in the United Kingdom, where the nonprofit sector is well established but self-regulation design shifts in response to changes in public regulation and the resource environment. The professional self-regulation type occurs when the nonprofit sector and its legal system both are emergent, as in Poland, with self-regulation emerging to shape philanthropic, civil society, and nonprofit practice. An analysis of the European context more broadly reveals that as self-regulation is emerging across a number of contexts, there is evidence of isomorphism.

Keywords

nonprofit self-regulation, accountability, agency theory, resource dependence theory, institutional theory

Globally, the issue of improving nonprofit accountability has garnered much attention. As we discuss in the introduction to this symposium, nonprofit organizations have grown in scope, number, and assets. With this expansion, donors, governments, citizens, clients, and actors internal to the nonprofit sector have shown increased interest in and scrutiny over operations and performance, with a related drive to create or to strengthen existing self-regulation approaches (Bies, 2002; special section of *Chicago*

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Journal of International Law, 2002; Ebrahim, 2003a; Edwards & Hulme, 1996; Lewis & Opoku-Mensah, 2007; Sloan, 2008). Naidoo (2004) estimates that nonprofit self-regulation schemes are at play in some 40 countries worldwide, with an even more profuse span of activity when subfield self-regulatory initiatives are taken into account. Similarly, development of new and modification of extant self-regulation models has occurred in a number of European contexts, as accountability dynamics have intensified in recent decades (Bekkers, 2003; Hayes, 1996).

In much of Europe, self-regulation activity builds on long-established self-regulation systems (Guet, 2002). Such activity serves variously to stimulate the nonprofit economy, to substitute or complement regulation by the state, or to institutionalize nonprofit practices and enhance nonprofit legitimacy. This activity is in contrast to self-regulation efforts described in the contributions on Asia and Africa in this symposium, for example, where self-regulation is characteristically newer and often the product of collective action. Such collective action is shown by the symposium authors to be adversarial in nature and frequently motivated to defend against heavy-handed or repressive government intervention.

In Western Europe, nonprofit self-regulation commenced before 1900, with third-party watchdog and accreditation models being the predominant form (Hayes, 1996). In recent years, there has been a rise of experimentation with more donor-driven and hybrid forms of self-regulation (Guet, 2002). Some of this activity is driven by fairly universal accountability expectations, including increased responsiveness to donors, the need for financial transparency, increased board governance, efficiency and effectiveness concerns, and pressure to demonstrate sectoral legitimacy (Harrow, 2006; Svítková & Ortmann, 2006). Yet, as this article will illustrate, part of this activity is better explained by the particular situations of individual nations. For example, where long-established nonprofit sectors exist, early self-regulation drivers were related to establishing philanthropic and voluntary structures and norms, generally in the absence of public regulation. Modifications occurred during periods of social, market, and political transition, particularly during post–World War II rebuilding and the expansion or contraction of social welfare delivery by the state (Chanial & Laville, 2004; Evers & Laville, 2004; Taylor, 2004).

Of late, accountability pressures have lead to increased expectations for self-regulation and are driven by "challenges of renewal" (Salamon et al., 1999, p. 33). Such challenges include privatization, growth in corporate and individual philanthropy, effectiveness and performance pressures, and international integration in the context of the European Union. In contrast, in the emergent nonprofit sectors of Central and Eastern Europe, accountability drivers stem from the "rebirth of civil society" (Salamon et al., 1999, p. 36), its institutions, and the ongoing creation of new state–civil society relationships. In this context of development, more deliberative forms of self-regulation have emerged, centering on establishing nonprofit sector legitimacy, fostering philanthropy and resource development, building the capacity of the nonprofit sector and its institutions, and responding to issues of European integration (Biekart, 1996; Bies, 2002). What explains this recent variation in the European experience?

This article posits that the formulation of nonprofit self-regulation systems is affected by three key factors: (a) the relationship between nonprofits and key stakeholders, typically either donors or the state; (b) market structure, such as organizations' access to resources and relationships with resource brokers in their environments; and (c) internal characteristics of the nonprofit sector itself, such as the institutional capacity of the nonprofit sector, professional norms, and performance expectations. Three theories are useful to understanding these key factors and their centrality to the design of self-regulation approaches. Principal-agency ("agency") theory is useful in explaining *compliance-oriented* self-regulation models in which nonprofits must conform to a set of behaviors imposed on them by external actors, such as third-party evaluation or accreditation entities. Resource dependence theory helps explain *adaptive* self-regulation models that are oriented toward market mechanisms to moderate accountability behavior and resource exchanges. Institutional theory helps to explain *professional* self-regulation models designed to enact practice-based norms, values, and rules, and to improve perceptions of nonprofit legitimacy.

We draw on these theories to explore the motivations and drivers for the emergence and development of self-regulation models that have taken hold in a diversity of European contexts. First, because the design of self-regulation models stems from existing understandings of accountability, we begin with a review of accountability concepts and frameworks. Then, we describe a typology of self-regulation models, detailing the key dimensions of the three models suggested above—compliance, proactive, and professional self-regulation. The lenses of agency, resource dependence, and institutional theories are then reviewed with a focus on what each theory illuminates in terms of expectation for the emergence of the self-regulation types. We then apply the theories to several European cases, chosen for the variation in nonprofit–state relationships, the nonprofit economy, and the self-regulation models they offer as well as the distinctions between established and emergent nonprofit sectors they represent. The cases illustrate how nonprofit–state relationships, the nonprofit resource context, stakeholder relationships, environmental contexts, and institutional characteristics of the sector orient self-regulation modes toward compliance, adaptive, or professionalism approaches. All three theoretical views are found to have validity. In addition, the cross-case analysis reveals some isomorphism at work, particularly in recent years and in relationship to the content of nonprofit standards across the various self-regulation modes. Part of this also derives from some contemporary transnational and regional European associations promoting nonprofit self-regulation.

Case Selection and Method

Cases were selected on the diversity of self-regulation outcomes (i.e., variation of extant or emergent self-regulation systems). The purposive approach to case selection provided several benefits: (a) ensuring an examination of the diversity of self-regulation approaches and (b) ensuring data collection from a diversity of self-regulation actors across Europe, actors well suited because of their expertise and recent engagement in the development, management, or critique of some self-regulation form

(Bailey, 1994). We describe variation in the cases across common analytic dimensions of self-regulation and then examine each case to see how well theory predicts that outcome.

The case of Germany represents compliance self-regulation, with additional insight provided by comparative analysis of the Netherlands, Switzerland, and Austria cases, where variation occurs within the compliance mode. Adaptive self-regulation is represented by the case of the United Kingdom and comparison provided by the transnational activities of GuideStar International, United Kingdom, and Europe, and their proposed expansion into Germany, Hungary, the Netherlands, and the Republic of Ireland (GuideStar International, 2008). Last, professional self-regulation is represented by recent activities in Poland, an emergent nonprofit sector; we also briefly highlight professional self-regulation evidenced in other post-Soviet nations.

The data for the case analyses are derived from a scan of policy and scholarly literature on European nonprofit self-regulation, including the resources of International Center for Nonprofit Law and the John Hopkins Comparative Nonprofit Sector Project, and qualitative research (structured interviews and archival analysis) on 2 international self-regulation network entities and 12 self-regulation initiatives. Extensive field work was also undertaken in Central Europe. The structured interview guide comprised the following areas: date of, reasons for, key actors at founding; derivation of initial self-regulation approach to major changes over time; self-regulation mode, including geographic focus, entry/exit barriers, standards, monitoring process, sanctions, or rewards; any related rewards or sanctions; monitoring process; revenue streams; challenges in institutional environment; internal management or capacity challenges; and relationship to government and market.

Furthermore, to increase the rigor of the study, researchers engaged in a process of verification, by conforming with several strategies specific to case study research as defined by Creswell (1998), including member checking, prolonged interaction, and triangulation of data. When necessary, materials and interviews were translated into English and then back-translated by a third party to ensure accuracy of translation. Also, when face-to-face interviews or telephone interviews were not available (or in several instances, not the preferred mode of communication by the respondent), the questions from the interview guide were either sent and returned by post or exchanged via e-mail.

The transcriptions of interviews, interview notes, written exchanges, and other archival and narrative data were entered into the N*VIVO qualitative data analysis program for coding and analysis. Relying largely on a deductive approach, we first developed a list of "precodes" represented by the dimensions of the self-regulation mode (derived from the interview guide) and grounded in the study's three theoretical frameworks. We also allowed for inductive analysis, where additional codes were developed to capture recurring concepts, structures, processes, practices, and outcomes, which emerged from the data (Caudle, 2004). These strategies allowed us both to discover the common themes and patterns associated with the emergence of self-regulation and to systematically compare across cases.

Formation of Self-Regulation

The Concept of Accountability in Self-Regulation Formation

Although the concept of accountability remains "abstract and composite" and "offers a range of possible meanings" (Ebrahim, 2003b, p. 193), in its most fundamental sense, accountability means to be answerable to some party, for some expected performance. Although recent critiques have found prevailing accountability frames to be overly simplistic (Dubnick & Justice, 2004; Goetz & Jenkins, 2002), simple questions such as "accountable to whom?"—the key relationships—and "accountable for what?"—the set of standards—premise key dimensions of nonprofit self-regulation and its construction of meaning, structures, and relationships.

Key Relationships: "Accountable to Whom?"

Much of the extant literature frames accountability within the confines of an institutionalized relationship in which a set of "masters" imposes, contracts, or delegates a set of performance requirements and expectations for responsiveness on another set of actors (Brehm & Gates, 1997; Gruber, 1987; Lipsky, 1980; Romzek & Dubnick, 1987; Wilson, 1989), and imposes related costs on or induces compliance by these actors (Keohane, 2003; Woods, 2000). This relationship can be seen as one in which nonprofits are *reactive* to external demands and obligations. The construction of "to whom" can also be proactive or negotiated. In proactive forms of accountability, nonprofit actors hold themselves responsible (Cornwall, Lucas, & Pasteur, 2000). In negotiated accountability, nonprofit actors are responsive to both internal and external drivers and also play an active role in the formation of self-regulation modes (Benjamin, 2008; Ospina, Diaz, & O'Sullivan, 2002).

The "accountable to whom" aspect in nonprofit self-regulation is further complicated by multiple stakeholder relationships that bring to bear a diverse set of expectations (e.g., accountabilities to donors, client, and other nonprofits in one's subfield), which vary in terms of the degree of formality or explicitness of such obligations (e.g., third-party accreditation vs. a voluntary ethical code; Brown & Moore, 2001; Ebrahim, 2003b; Najam, 1996; O'Connell, 2005).

Standards: "Accountable for What?"

Standards for nonprofit self-regulation may take a probity orientation, focusing on transparency and efficient use of resources, or a performance approach designed to gauge the meaning and broader range of results of a nonprofit's work (Brody, 2001). The following functional aspects are embedded in such standards: public reporting/transparency, fiscal propriety, ethical fundraising practices, good governance, and mission adherence and performance (Bowman & Bies, 2005; Brody, 2001). These authors and Avina (1993) suggest that self-regulation standards exist on a continuum from *formal* (e.g., the published standards of an independent or third-party accreditation agency) to *informal* (e.g., ongoing discussion and feedback between network partners about shared expectations and performance norms).

Yet in practical terms, the issue of "accountable for what" remains largely diffuse and contested, particularly when political dynamics, institutional arrangements and organizational capacities, varied missions, competing values, and measurement strategies are considered (Behn, 2001; Ebrahim, 2003b, 2005; Jordan, 2007; Kardam, 1997; MacDonald, 1995). This presents a challenging legacy to overlay onto core concepts of self-regulation models. Scholarship that helps to mitigate this challenge is discussed below.

Accountability Frames and Self-Regulation Design

Several researchers identify general accountability frameworks with dimensions useful to understanding potential nonprofit self-regulation designs. Brown and Moore (2001), for example, highlight the relational basis for self-regulation design and define "accountability actors" as individuals or organizations cognizant of an explicit promise to be carried out because of legal or moral responsibilities, extended to include a perceived accountability to an "abstract purpose" (p. 570). Edwards and Hulme (1996) focus on material aspects of self-regulation design, including (a) goals, performance standards, and operating guidelines; (b) oversight, monitoring, and control processes; and (c) sanctions and other concrete mechanisms for holding responsible parties accountable.

Kearns (1994, 1996) goes beyond considerations of key actors and standards to consider the particular context and complex "accountability environment" of nonprofits. This orientation is consistent with the neo-institutionalist view of organizations (DiMaggio & Powell, 1991; Scott, 1995) in terms of their interactions with and obligations to other organizations in their "field" (i.e., stakeholders). Kearns focuses on two primary dimensions relative to the design of nonprofit self-regulation: (a) a set of expectations that is either informal and implicit (de facto) involving general notions of appropriate organizational behavior as informed by values, beliefs, and related assumptions, or more formal and explicit (de jure), codified by formal obligations generated by the organization's strategic environment; and (b) a proactive or reactive response to these expectations from within the organization. Romzek and Ingraham (2000) also conceptualize accountability as characteristically relational but emphasize autonomy relative to sources of control and power, and actors' responses to accountability expectations as central dimensions.

Self-Regulation Typology

In this symposium, we recognize the inherently relational nature of accountability, the complexity of multiple stakeholders and accountabilities, and frame nonprofit self-regulation as an accountability response structured along a continuum of regulatory governance. We define self-regulation as a set of institutions or informal arrangements for affecting organizational behavior, with a key feature of self-regulation

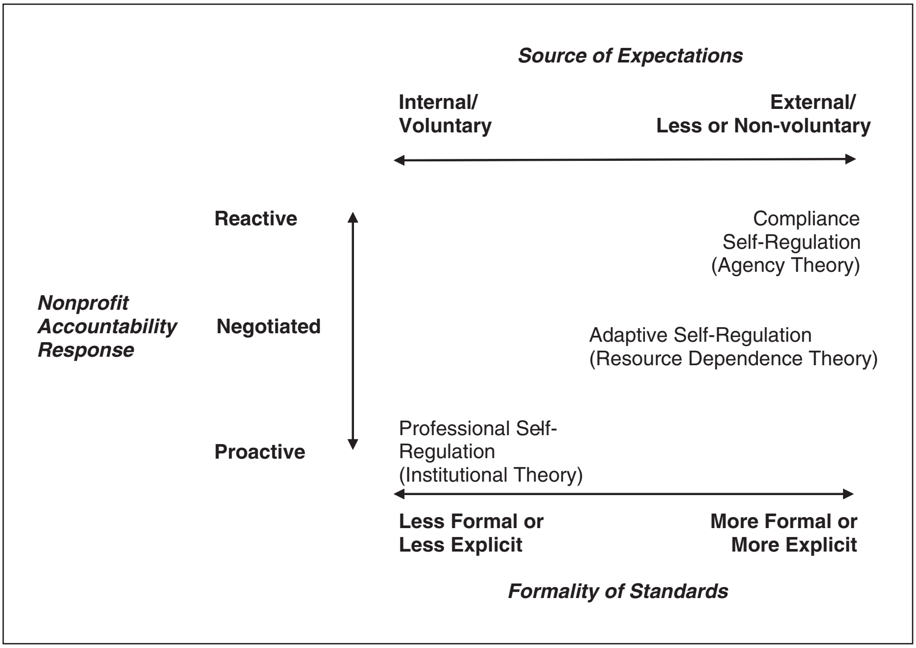

Figure 1. Theoretical frames in relation to self-regulation models

being that standards and rules of conduct are set by an industry-level organization rather than a governmental or firm-level apparatus (Gunningham & Rees, 1997). Bounded by this definition of self-regulation, Figure 1 builds on the symposium's typology of self-regulation and includes the accountability frames discussed thus far as an integrated typology of self-regulation organized around three key dimensions: (a) nonprofit accountability response (conditioned on a continuum of *reactive to proactive*); (b) source of expectations (conditioned on a continuum of *internal to external*); and (c) formality of standards (conditioned on a continuum of *less to more formal*).

These three key dimensions are also conditioned by the context of self-regulation, particularly issues relating to the relationship of the nonprofit sector to the state and the nonprofit economy. Drawing Kearns' (1994, 1996) focus on the accountability environment and from Young's (2000) work on the relationship between the state and the nonprofit sector, nonprofit self-regulation is influenced by the relative strength or weakness of the state's regulatory apparatus. Furthermore, informed by Young's conceptions, the following predictions emerge: (a) when the rule of law is well established but the state nonprofit regulatory apparatus is weak, self-regulation will emerge as a substitute; (b) when the rule of law and a state apparatus exists but is viewed as problematic or inadequate relative to the regulation of nonprofit sector, self-regulation will be created as a strategic adaptation in relationship to the state approach to regulation; (c) in settings where the state apparatus is nascent and ill defined and laws pertaining to nonprofits emergent, self-regulation will work to shape the state apparatus vis-à-vis the nonprofit sector, influencing the norms of nonprofit and philanthropic practice, and establishing the legitimacy of the nonprofit sector.

While this proposed typology simplifies the complex and often composite nature of self-regulation, and is certainly not exhaustive of the diversity of extant self-regulation approaches, three distinct and fairly universal self-regulation designs emerge: (a) compliance self-regulation, oriented toward systems of external authority and hierarchical interactions; (b) adaptive self-regulation, oriented toward organizational survival, competition, and strength; and (c) professional self-regulation, oriented toward influencing shared norms and values of practice. The compliance model is more formal and explicit, whereas the adaptive model is mixed and the professional model is more informal and implicit.

Theoretical Perspectives

Agency Theory: Compliance-Oriented Self-Regulation

The agency perspective contributes to the understanding of self-regulation by focusing attention on relationships between principals and agents, and the strategies employed by principals to get agents to fulfill their aims; in the principal–agent relationship, the principal delegates work to an agent and monitors that agent to ensure that the agent is fulfilling the assigned duties (Eisenhardt, 1985; Jensen & Meckling, 1976). In the case of nonprofit self-regulation, the self-regulation entity (such as a third-party agency, watchdog entity, or independent accreditation agency) is viewed as the principal and nonprofit organizations viewed as agents.

Much attention has been paid to issues raised by the agency model, in the context of government and nonprofit contracting (Benjamin, 2008; Dicke, 2001; Van Slyke, 2006), funder–nonprofit relationships (Ebrahim, 2003b), and even the obligations of donors to support citizen voices in the construction of civil society (Brown, 2007). The literature on corporate and nonprofit boards also has relied heavily on agency perspectives to explain the role of boards of directors in protecting the interests of principals (i.e., owners or stockholders in the case of proprietary organizations, and in the case of nonprofits, donors, clients, or some other public or stakeholder), and in moderating and aligning the behaviors of agents (corporate or nonprofit managers; Brown, 2005; Middleton, 1987; Miller, 2002; Miller-Millesen, 2003; Stone & Ostrower, 2007; Zahra & Pearce, 1989). Fama and Jensen (1983) provide a useful illustration: in the absence of formal owners, in nonprofits the *owners* might be defined as donors; it is the role of nonprofit boards (acting as principals) to protect and steward donor investments through the board governance and fiduciary roles of monitoring activities, management of executive personnel, and fulfillment of policy roles (controlling the "agents," in this case, nonprofit personnel). Analogously, in the case of nonprofit regulation, a self-regulation entity (acting as the principal, on behalf of some donors or consumer stakeholder) seeks to moderate nonprofit organizational management and operations (including both board and personnel functions; nonprofit organizations, thus, are viewed as the agents).

A central concern of agency theory is how to ensure the agent does in fact operate in line with the principal's interests, given that their goals may diverge and monitoring might be costly. In the literature on agency theory, the contract is often the instrument that serves to regulate the principal–agency relationship, as it is used to articulate expectations, performance parameters, incentives for goal alignment, and legally enforceable obligations (Brown, 2007). In nonprofit–state relationships, particularly in light of increasing privatization, decentralization of government, and divestiture, a contract is often the mechanism for public agencies to delegate public priorities to nonprofit agents to carry out (Van Slyke, 2003). A contract would also, for example, moderate relationships between institutional funders (principals), such as corporate or private foundations, or "major" individual donors and nonprofits (agents).

Neither is the case of nonprofit self-regulation, as defined in this symposium, however, based on dyadic exchanges between nonprofits and funders nor is nonprofit self-regulation imbued with the legal instruments of public regulation. The self-regulation entity, acting as the principal, applies self-regulatory mechanisms to moderate nonprofit behavior, such as the codification and use of a set of standards for nonprofit performance to hold nonprofit organizations to account. Such self-regulatory mechanisms are independent or third party in character, as in a watchdog agency or independent accreditation agency. Where self-regulation takes place though a third-party organization, this self-regulation agency is typically classified as a private, nonprofit corporation but is effectively seen simply as a third party, operating separately from the nonprofit agents it reviews. From this, there is an inferred strength and objectivity associated with this type of self-regulation (Brody, 2001). This form is naturally also less "collective" (i.e., emergent from the nonprofit sector itself) than the other two forms and illustrated in the symposium papers on Africa and Asia.

Because agency theory suggests an external orientation to nonprofit participation in self-regulation, one concern is that nonprofits may participate solely out of obligation or fear of sanctions, with the self-regulation process decoupled from the nonprofits' values and operational reality (Ebrahim, 2005). A contrasting concern is that the watchdog agency will not have "sufficient teeth," either in stature (and absent formal legal regulatory power) or in resources to be particularly effective; furthermore, unless subfield specific, there is concern that the standards are very minimal and generic, necessitated by setting some common bar across a highly heterogeneous sector (Bothwell, 2001). From the side of the agents in this relationship, nonprofits may be subject to the competing interests (and thus, potentially burdensome requirements) of multiple principals (e.g., multiple external influences on their management and organizational behavior and overlapping or inconsistent performance targets). Also, it is not clear how those various principals in the self-regulatory space might (or should) agree on a common regulatory standard. Table 1 below summarizes the expectations for compliance self-regulation that emerge from the agency perspective and the conditions under which this form of self-regulation is more likely to emerge.

Table 1. Theory-Based Predictions for the Emergence of Nonprofit Self-regulation Types

	Compliance self-regulation	Adaptive self-regulation	Professional self-regulation
Theoretical premise	Agency theory—*Principals* delegate authority to *agents* to act in the best interest of principals or stakeholders—those with a direct interest in the outcomes of the principal–agent relationship	Resource dependency—Organizations pursue resource strategies to secure their survival, to resist being controlled by other organizations, to mitigate dependence relationships, and to reduce environmental uncertainty	Institutional theory—Organizations respond to pressures, rules, norms, requirements, and sanctions in their institutional environment and as a result become increasingly isomorphic to those in their environment over time
Type of self-regulatory system	Watchdog; accreditation and certification by third party	Donor-led programs; member driven accreditation	Voluntary standards; collective self-regulation by nonprofit associations
Source of regulatory system	External	External	Mixed
Sponsor authority	Compulsory; licensing; evaluative	Nonvoluntary; compulsory; negotiated	Voluntary; advisory; cooperative/partnership
Sponsor motivation/government regulation design/strength	Protect consumer/stakeholder; augment/supplement weak government regulation	Provide effective stewardship; stimulate nonprofit performance; complement, negotiate, or position government regulation	Improve or grow nonprofit sector; shape nascent government regulation or stave off heavy-handed regulation
Nonprofit stance	Reactive	Mixed-proactive, negotiated, tactical	Proactive
Basis for nonprofit participation	Coercion, obligation	Survival	Normative
Primary Purpose	Appease third parties; gain licensure/accreditation	Secure/control resources, respond to funder requirements	Gain legitimacy; shape public perceptions

(continued)

Table 1. (continued)

	Compliance self-regulation	Adaptive self-regulation	Professional self-regulation
Primary use	To convey information to third parties *or* to conceal information/ shape perceptions of third parties	As a promotional or political tool; to create strategic partnerships; to seek funding	To routinize organizational practices *or* to symbolize professionalism
Strengths	Formalizes performance assessment, ongoing monitoring improvement	Encourages alignment between the organization and the environment; potential for organizations to shape environment	Promotes legitimacy, reputation, and networking; can complement management strategy
Weaknesses	Can be rooted in distrust; monitoring and feedback systems can be alternatively superficial or heavy handed	Overemphasizes resource-based sources of power and control; misalignment of organizational and funder goals	Potential for ritualistic participation; monitoring/ feedback levers can be weak

Note: This table is informed by previous work by Millesen and Bies (2005), Carman (2005), and Brown (2007), Millesen, Carman, and Bies (2011).

Resource Dependence Theory: Proactive Self-Regulation

The resource dependence perspective assumes that organizations seek resources necessary to their survival and therefore must stimulate interactions and exchanges with others in their environments that control or possess needed resources (Pfeffer & Salancik, 1978). In contrast to agency theory's assumption that nonprofits are reactive to external accountability expectations, resource dependence theory "emphasizes *proactive strategies* that can be pursued to deal with environmental constraints" (Jaffee, 2001, p. 218). In the resource dependence perspective, the motivation for the creation or participation in self-regulation comes from nonprofits themselves. Nonprofits' efforts to control their resource environments to be favorable to their survival stimulate entrepreneurship in the self-regulation arena, as self-regulation is seen as a means to access or preserve resources. The form of self-regulation that emerges then is more collective in nature, even as it might be instrumental for individual nonprofit agencies.

Private donations, public funding, and commercial activity comprise the major financial sources for nonprofits in many if not most national and nonprofit subfield contexts. Thus, resource relationships of nonprofits stem from the availability, characteristics, and demands of these funding sources (Galaskiewicz & Bielefeld, 1998; Grønbjerg, 1993). Resource dependence theory is useful for understanding such relationships, many of which are increasingly characterized as being responsive to changing market conditions and resulting in the development or adaptation of resource acquisition strategies (Eikenberry & Kluver, 2004), asymmetries in resources and the resource exchange process, and resultant power dynamics and dependencies (Ebrahim, 2005; Guo, 2007).

In addition, intangible resources like legitimacy, reputation, and recognition (Jung & Moon, 2007) can be gained in funder–nonprofit relationships; this becomes particularly important when there is nonprofit failure or scandal associated either with inadequate government control or unethical or wasteful nonprofits (Bothwell, 2001). Potential responses to this include calls for increased government regulation as well as efforts by the nonprofit sector itself to manage the resource environment through the establishment of industry led self-regulation forms.

In the resource dependence perspective, resource exchanges can occur in both directions, with nonprofits developing proactive self-regulation forms and donors/consumers utilizing and relying on the resources of these self-regulation entities for sorting nonprofit quality and informing charitable giving. Thus, resource dependent relationships are seen as interdependent and mutual: nonprofits rely on funders for resources, funders rely on nonprofits for conferred legitimacy and mission delivery through their good acts, and nonprofits seek self-regulation as a method to manage their resource environment. It is this interdependent dependence that stimulates non-profits to demonstrate their ability to self-regulate. But resource dependence theory also predicts that some efforts to seek or control resources might lead to maladaptive self-regulation responses such as purely symbolic participation by nonprofits, or a nonprofit responding to several self-regulation entities at the expense of its self-direction or contrary to its organizational capacity (Ebaugh, Chafetz, & Pipes, 2005; Guo, 2007; Jung & Moon, 2007; Smith & Lipsky, 1993). Table 1 summarizes the expectations that emerge from the resource dependence perspective and for the conditions under which proactive self-regulation will form.

Institutional Theory: Professional Self-Regulation

Similar to resource dependence theory, institutional theory posits that "organizations are best understood as embedded within communities, political systems, industries, or coordinative fields of organizations" (Feeney, 1997, p. 490). Each institutional environment possesses pressures, rules, norms, requirements, and sanctions to which individual organizations have to conform to receive support and legitimacy (Eikenberry & Kluver, 2004). The theory can be particularly useful in understanding why nonprofits might create similar self-regulation models, codify similar standards, and institute similar incentives or sanctions to participation. Institutional theory can also help to focus analytic attention on interpreting more normative aspects of self-regulation emergence and design, such as the belief that self-regulation will lead to increased donor trust or nonprofit performance.

An institutional perspective posits that understanding the behavior of a nonprofit organization requires understanding its external environment. Thus, institutional theory offers a lens into both structural and values-oriented dimensions of self-regulation design vis-à-vis the influence of external institutions on the self-regulating approaches that nonprofits choose. For example, Gray and Wood (1991) suggest that organizations seek to achieve legitimacy by structurally adjusting to institutional influences. In doing this, they may use diverse methods, such as complying with institutional directives, copying other organizations' responses to such influence, or conforming to institutional norms and rituals (DiMaggio & Powell, 1983). Although different methods may be used, all of them signify a necessary reaction to external influences. In other words, failure to conform to institutional expectations for accountability may negatively affect organizational legitimacy. But although nonprofit responses may vary in their degree of responsiveness, the actual authority imposed by self-regulation entities is typically only advisory.

One example of an institutional self-regulation instrument would be a code of ethics promulgated by a nonprofit association to which members are encouraged to adhere, with the goal of such a nonprofit field's collective endeavor being to shape public perceptions of legitimacy. Institutional theory also suggests, however, that organizations participating in professional self-regulation forms, such as a code of ethics, may only ritualistically undertake specific activities in an effort to be viewed as legitimate, without bringing about real or long-lasting change (Feeney, 1997). Alternately, some changes may be important and long-lasting but would not happen without external pressure. For example, in the professional self-regulation mode, a nonprofit network may establish linkages with other organizations to encourage nonprofits to "head off," anticipate, or meet externally imposed requirements; institutional theory posits that such organizational linkages, such as a network led response, help reinforce changes in practice that otherwise would not have taken place (Oliver, 1990). An example of this might be a nonprofit network creating a voluntary accreditation system in the absence of adequate government regulation, to shape public regulatory policy toward nonprofits or, conversely, to stave off excessive government regulation by demonstrating legitimacy and professionalism (with a particularly compelling rationale to distinguish this new institutional form of the nonprofit sector from the former strong central government control of arts, cultural, social, recreation, health, human services, etc.).

Table 1 summarizes the predictions each theory makes for the emergence of specific self-regulation designs.

The following three propositions derive both from the three theoretical frames and the characteristics of the nonprofit environment (i.e., nonprofit–state relationships and the nonprofit resource environment).

Proposition 1: Compliance self-regulation often operates as a "stand-in" or supplement for legal or public forms of accountability, with externally derived command and control systems predominant in this model. Agency theory helps to explain the emergence of this self-regulation type.

Proposition 2: Adaptive self-regulation is market driven, in which self-regulation design and nonprofit participation in self-regulation are motivated by a desire to make exchanges efficient, reliable, mutually beneficial, and "profitable." It may emerge as a complement to government regulation, as a negotiated, strategic adaptation, or to moderate or stave off heavy-handed government involvement. Resource dependence theory helps to explain the emergence of this self-regulation type.

Proposition 3: Professional self-regulation is most associated with norms and values derived from the practices employed in the nonprofit sector and/or its subfields, and may emerge because of a need for the nonprofit sector to demonstrate legitimacy, to influence or shape government regulatory activity, or in response to market needs. Institutional theory helps to explain the emergence of this self-regulation type.

Applications to European Contexts

In this section, we examine several European contexts for existing and emerging self-regulation models. We focus on settings that represent each of the three main self-regulation approaches—compliance, adaptive, and professional self-regulation.

Compliance Self-regulation: Germany, the Netherlands, Switzerland, and Austria

Germany, the Netherlands, Switzerland, and Austria have several broad characteristics in common, namely, mature systems of individual, public, and corporate philanthropy; widespread civic participation; and established legal rule regarding the definition of nonprofit organizations/charities and their taxation (Kendall & Anheier, 2001). All four countries lack a strong public monitoring system of charities (although some limited regulation is done at the local or canton level in the Swiss case), which draws attention to the supplementary role of self-regulation in the regulatory space.

Across all four settings, self-regulation emerged initially in the form of a watchdog or third-party certification agency and was driven by donor interests. This fits with the hierarchical command structure predicted in agency theory, in which the self-regulation organization is protecting the interests of the principals (donors) to the delegated agents (nonprofit organizations). Across these cases, the enduring motives for compliance-oriented self-regulation were framed in two primary ways: (a) to protect the donor investment and (b) to serve as a selection mechanism in determining which charities are "bona fide" and deserving of support. This is consistent with agency theory's principles of moral hazard and adverse selection (i.e., quality and sufficient information for decision making and selection of agents by principals). Yet in recent decades, compliance self-regulation has manifested along a continuum from watchdog or third-partly compliance models, as pursued by the German and Dutch watchdog organizations, to a hybrid watchdog/accreditation form, with member nonprofits and member financing with external evaluation, evidenced in the Swiss and Austrian cases.

Germany. Established in 1893, the initial charter of *Deutsches Zentralinstitut fur soziale Fragen* (German Central Institute for Social Issues or DZI) was to document the activities of social welfare organizations, with a purpose "to mediate between those persons who are in need and those who are able and willing to help" (Guet, 2002, p. 29). In 1906, DZI expanded to include advising donors about the legitimacy of certain organizations and their use of funds. During this era, DZI developed the idea of self-regulation standards and began formally monitoring social welfare activities. Thus, its early mission focused on mediating between donors (as principals) and nonprofits (as agents) in a donor advisory role, and evolved into an active compliance role with more explicit expectations articulated in the standards and an external monitoring role. DZI's work continued throughout this period but expanded after German reunification and growth in donor funding of assets held by nonprofits.

In 1992, DZI began offering a "seal of approval" to organizations that it monitored and found operating in accordance with its self-regulation standards, thereby increasing its public role of assisting donor selection and aligning nonprofit behavior with donor expectations. In the agency paradigm, this shift can be seen alternately as coopting nonprofit involvement or mitigating the distrust that arises from potentially coercive elements of the compliance self-regulation model by offering the incentive of the seal. Today, DZI performs three major functions: (a) standards setting, review, and monitoring; (b) housing a comprehensive social welfare archive and national charity database, with financial and other management information on more than 2,100 charitable nonprofits; and (c) dissemination of information on nonprofit activity, especially in the social welfare arena, largely through the journal *Social Work* (in circulation since 1951), and a periodic comprehensive guide to nearly 10,000 German welfare organizations.

In the agency paradigm, the source of authority in a compliance self-regulation model is viewed as external and largely compulsory. Although organized as a German foundation, DZI operates independent of its members. It does, however, have strong ties to the state (which utilizes the DZI seal in funding decisions), with nearly 70% of its revenue from public subsidies. Furthermore, political and collaborative influences on DZI's activities can be inferred from the affiliations held by the DZI Board, which include national nonprofit umbrella organizations, the academy, industry, and other federal ministries (Guet, 2002). These public financing and political ties of DZI underpin its coercive authority as a licenser for credible nonprofits. Its ties to academic researchers, however, along with its professional staff and internal conflict of interest guidelines, contribute to DZI being seen as an objective third-party reviewer. These policy and resource ties may also mitigate a lack of independence brought about by the fact that charities can volunteer to be reviewed by DZI and pay a fee for such monitoring.

In essence, DZI currently operates on two compliance self-regulation levels: (a) as a watchdog agency, in its donor advisory role and in its public information dissemination role and (b) as a certification agency, in its role as grantor of the DZI Seal. These dual roles suggest that DZI acts as both guardian and promoter of Germany's nonprofit sector. While acknowledging the potential expansiveness and independence of the DZI review process and utility for donors and government entities, Svitková and Krnáčová (2005) are critical of the problems of scale resulting from DZI's limited fee-for-service financial model.

Yet, recent activities seem to point to DZI's current viability and influence. In 2008, for example, VENRO (the Association of German Development Nongovernmental Organizations) sought a partnership with DZI to extend its monitoring activities to more adequately address the growing concern of donations to relief organizations and promised to support external initiatives such as the Internet database "GuideStar Deutschland" planned by DZI. With this initiative, VENRO is helping DZI to develop the criteria for its seal of approval as well as backing calls for greater financial support of DZI via the German government (Welthungerhilfe, 2008).

The Netherlands, Switzerland, and Austria. The compliance self-regulation approaches operate similarly to DZI, with key exceptions. In the Netherlands, the *Centraal Bureau Fondsenwerving* (Central Fundraising Bureau [CBF]) was founded in 1925, with initial concern around fundraising by national charities. Its certification work began in the early 1990s. The Swiss self-regulation agency (ZEWO) was initially founded in 1934 as a *public* agency. It became an independent nonprofit entity and began awarding the "ZEWO seal" in 1940. Until the early 2000s, ZEWO operated fairly cooperatively with the nonprofit sector, with any nonprofit engaged in fundraising or obtaining donative resources (i.e., virtually all) obliged to be monitored; most did so willingly as the seal conferred legitimacy and access to donations. In 2001, it changed its modality to become a more aggressive watchdog organization. Ortmann, Svítková, and Krnáčová (2005) indicate that the German, Dutch, and Swiss models enjoy a relatively high level of regard with "about 30 per cent name recognition by the public" (p. 21) and high use of reviews by public agencies. The *Österreichische Institüt fur Spendenwesen* (Austrian Institute for Fundraising or ÖIS), in contrast, was founded in 1996 and frames its mission more generally as providing information about nonprofits. It also has different auspices, being founded and operating under the Austrian Foundation for Development Aid Research and administering its "seal" via the professional association of accountants.

All three charge for the review, but both DZI and CBF, are financed by a diversity of sources, including significant government funding, and rely largely on in-house professional staff. In contrast, ZEWO and ÖIS derive almost all of their revenue from nonprofit fees and contract with outside evaluators and accountants, respectively. ZEWO and ÖIS review more organizations than either CBF or DZI, which increases their regulatory scope while potentially decreasing their independence.

Adaptive Self-Regulation

In the adaptive self-regulation model, the focus shifts from protecting principals' interests, to serving the interests of nonprofits in their strategic attempts to attract and maintain resources, donative, or otherwise. Consistent with the resource dependence perspective that helps to frame the adaptive model, nonprofits seek opportunities to participate in self-regulation, as this is viewed as a means to enhance their resource position. Resource dependence theory also predicts that organizations will actively seek to interact with and moderate their environments for their strategic benefit. This is evidenced when nonprofits help to shape self-regulation schemes and moderate their own market behaviors, and also when nonprofits reject such activity when deemed unhelpful or costly in comparison to potential strategic benefits.

The resource dependence perspective is particularly useful in illuminating the complex and evolving nature of strategic self-regulation in the United Kingdom, where three phases of self-regulation have occurred over the past 20 years, including a failed case of accreditation, a nascent domestic accreditation initiative, and, briefly, the evolving transnational GuideStar International and Europe initiative. Contrary to other European contexts in which a compliance-oriented self-regulation model has taken hold as a supplement to relatively weak state regulation of nonprofits, in the United Kingdom, public regulation of nonprofits is relatively strong (although viewed variously). Adaptive self-regulation in the United Kingdom emerges as both a market response to changing resource dynamics in the nonprofit sector and in relationship as a complement (and at times, adversary to) to existing government regulation.

The United Kingdom. In the United Kingdom, while government has played a significant role in the regulation of nonprofits for several hundred years, the nonprofit sector has both substituted for "state inaction" (Young, 2000, p. 159) and served as adversary to the state through its advocacy for marginalized communities. While the arrival of the post–World War II Labour government brought social welfare activities under the purview of the state, thereby reducing nonprofit scope, two phenomena occurred in the 1960s: nonprofits began to professionalize their operations and to open up to more grassroots and political activity. From the 1960s to the 1980s, government regulation of charities remained predominant; no significant or organized national self-regulation activities existed beyond internal governance and transparency improvements in individual nonprofits, although nonprofits were required to provide financial information, greater transparency, and records maintenance (Chitty & Morgan, 2001).

The late 1970s and early 1980s saw citizens and nonprofits pushing for more attention to issues of race and urban decay. This adaptive pressure from nonprofits led to expansion of lobbying and consumer protection groups and was followed by a shift to the neoliberal political regime in the early 1980s, which brought a rise in government partnership, a new resource environment, and a return to a greater role for nonprofits. Cordery and Baskerville (2007) emphasize the substantial shift in the 1980s and 1990s nonprofit resource environment, with the rise of corporate sponsorship, professional fundraising, workplace giving, marketing by nonprofits, "all seeking donor legitimacy" and increases in government funding (p. 11). Government and legislative concern resulted in the Charities Act of 1993, which called for increased reporting and accounting consistency, and granted greater power and resources to the public regulation arm, the Charities Commission.

A failed accreditation model: The Accrediting Bureau for Fundraising Organizations (ABFO). Up to this point, the bulk of the nonprofit sector directed its energy at influencing regulation by the Charities Commission. Self-regulation was not a primary resource strategy, as government regulation as "constructed" by multiple stakeholders had not seemed in need of a self-regulatory substitute or complement. But a respondent described growing dissatisfaction with Charities Act of 1993 and indicated that frustration grew from nonprofits, as some of the reporting provisions were "problematic and impotent" and largely not adhered to. Then, in 1996, reportedly in response to the emergence of mass fundraising techniques and episodic nonprofit scandals, the Consumers Association and the Charities Aid Foundation joined to establish the ABFO, to operate as distinct and independent from the Charity Commission and as a nonprofit corporation itself. Blackhurst (1996), reporting on the establishment of the ABFO, describes its establishment as a response to "financial scandals and an alarming drop in public confidence" (p. 7); moreover, its establishment came on the heels of the muddled charity legislation.

With nonprofit input, the ABFO developed a set of standards and a process for reviewing and accrediting nonprofits, particularly those engaged in fundraising appeals. Blackhurst (1996) also elaborated on the ABFO's relationship to the Charities Commission and the more proactive and robust role of the ABFO, explaining that

> The new body [the ABFO] will work alongside the Charity Commission, currently the only watchdog for Britain's 180,000-plus charities . . . Whereas the Commission will continue to register charities and receive and check their accounts, the new regulator is intended to be more proactive, sending in inspectors formally to check that the public's money is being spent properly. (p. 7)

The ABFO served to establish "a useful, positive 'health check'" (Ortmann et al., 2005, p. 24) in which nonprofits would bear the ABFO "tick mark seal of approval which [can be displayed] on their notepaper and advertisements" (Blackhurst, 1996, p. 7). Yet nearly 3 years after its establishment, the ABFO had only endorsed a handful of organizations. ABFO also entertained a "GuideStar-like" online databank on nonprofits and their financial operations but did not take further action. Ortmann et al. (2005) deem ABFO's failure "remarkable" given the success of other accreditation initiatives in Western Europe and the prominence of the ABFO initiators, and point to the inadequate engagement of key nonprofit sectoral players. While ABFO described its failures in institutional terms, placing blame on the lack of professional values in the nonprofit sector, Harrow (2006) identifies the "shadow of the state" and observes that "enforced self-regulation and voluntary compliance" as a result of government intervention helps guide organizational behavior toward public goals without limiting organizational autonomy and profit. One supposition raised by several study respondents is that government regulation was sufficiently adequate, rendering self-regulation unnecessary, *even* in light of the scandals and concern at the time of the establishment of the ABFO. An alternate analysis offered by a study respondent is that ABFO did not have sufficient nonprofit "buy-in" or public support and financing to be sustainable. Although initiated by the fairly prominent Consumer's Union, the ABFO was not able to offer sufficient consumer protection or relevancy due to insufficient resources, rendering nonprofit and consumer interest nil.

Current landscape: Fundraising Standards Board (FSB), GuideStar, and Institute of Fundraising (IoF). In contrast to the ABFO, the two emergent adaptive self-regulation approaches—the FSB (FSB, 2007, 2008) and GuideStar UK—are significantly financed with public funds and have key public and nonprofit stakeholders as architects. The FSB has its roots in recommendations from two national commissions, one governmental and one nonprofit. The 2002 government strategy unit report, "Private Action, Public Benefit," exposed low levels of public trust in nonprofits and frustration over aggressive fundraising practices and called for a new, independent self-regulation initiative. The IoF, a nonprofit network organization, organized the national "Buse Commission," which in 2004 recommended a self-regulation initiative housed within IoF.

The Home Office and Scottish Office agreed to fund the "Regulation of Fundraising Scheme" for the first 5 years, and the FSB was therefore established in 2006, housed with but independent of the IoF and incorporated as a "community interest company" because of its charitable, public interest focus. The FSB requires that nonprofits use its logo, which is a large "tick" or check mark, thus suggesting some wagging of the watchdog's tail. FSB also requires members to have a formal complaint process to address fundraising problems and to refer unresolved complaints to FSB. For a citizen to refer a complaint to FSB, the respective nonprofit must be a member of FSB, which may diminish FSB's ability to address bad actors or actors not already oriented toward accountability practices. Concerns exist about the potency of FSB, its symbolic versus true value, and its relationship to state regulation, public funding, and conferred legitimacy by large, prominent U.K. charities, but these resource-based relationships may set it on a more positive and long-lived course than that of ABFO.

GuideStar UK is a free online databank of information on nonprofits that has its roots in GuideStar US. The U.S. model is funded largely by private philanthropy and some fee for service revenue, and has a formal relationship with the internal revenue service to make annual nonprofit financial return data widely available to the public. Although GuideStar US frames nonprofit data for consumers, it also allows nonprofits to add their own data and frame their work. GuideStar UK operates similarly, with a key difference being that its primary investors are government entities, including the Her Majesty's Treasury, the Home Office, and the Charity Commission as well as a number of prominent U.K. and U.S. private foundations. GuideStar UK derives its data from the public filings with the Charities Commission and currently hosts data on some 170,000 nonprofits from England and Wales, aiming to be "the first place anyone wanting information on a charity will look" (GuideStar UK, 2008). GuideStar Europe is also exploring operations in Germany, Hungary, the Netherlands, and the Republic of Ireland. GuideStar's market approach seems similar to other self-regulation phenomena depicted by Sidel (2005) as activities where "associational entrepreneurs view accountability as a type of market and effective self-regulation as a means to prosper in that market" (p. 803). "Associational entrepreneurs" may be extended to include policy objectives, as in the GuideStar UK, Europe, and International initiatives, and even a cursory glance at public materials reveals board members with powerful ties across all three sectors and formal memoranda of agreement with a host of key nonprofit associations, particularly those charged to represent the sector and its interests. However, as yet there is little empirical analysis of the influence and outcomes of this type of growing self-regulation regime, particularly in relation to transactions and costs to nonprofits, citizens, governments, and other investors.

In sum, a 2009 report on nonprofit accountability and transparency by the European Commission Directorate reinforces some of the expectations of resource dependence theory for adaptive forms of nonprofit self-regulation in the United Kingdom. The report claimed that in more developed governmental regulatory environments, such as that of the United Kingdom, "the formal regulatory burden of government has lessened, as expectation and demands on individual NPOs for greater accountability and transparency have increased" (p. 16). Because in the United Kingdom both the nonprofit sector and government regulation are well developed, self-regulation is "increasingly based upon principles of best practice . . . [and] . . . NPOs themselves are given increased responsibility for meeting standards implied by these principles" (p. 16). Much of the current self-regulation landscape in the United Kingdom is focused on resource acquisition and legitimacy relative to fundraising needs and practices. For example, the IoF seeks to maintain high standards in fundraising practices and ensuring its members "commit to adhere to a Code of Conduct and to the Codes of Fundraising Practice" (IoF, 2010). The IoF also partners with other organizations promoting best practices, including the Fundraising Standards Board (2007, 2008).

That the architects of the present self-regulation modes in the United Kingdom are nonprofit, that nonprofits obtained public funding in the early development of the FSB, and that the self-regulation mode focus on best practices vis-à-vis the resource environment has several implications: the possibility for ongoing entrepreneurship by nonprofits in the marketplace of self-regulation, the potential for greater heterogeneity and robustness of standards, and continuing efforts by nonprofits to shape self-regulation to adapt to their resource environment. While the evidence suggests that both the form and content of adaptive self-regulation are shaped largely by resource motivations, it might also suggest that aspects of institutionalism are present, with best practices also being shaped by normative processes of what fundraising practices should be.

Professional Self-Regulation

Institutional theory helps to explain the emergence of professional self-regulation through a focus on normative institutional pressures and corresponding rewards or sanctions. Institutional theory predicts that organizations of the same type become more alike over time as a result of coercive, mimetic, or normative processes (DiMaggio & Powell, 1983). It is particularly useful in illuminating these processes in the emergence of professional self-regulation in the emergent nonprofit sectors, such as those in post-Soviet Central Europe. Poland provides an interesting case of professional self-regulation emerging from international and domestic pressures to shape the institutional, policy and market environments of nonprofits. In our conclusion, we also explore developments in several other post-Soviet states and reveal similar institutional processes.

Poland. In the mid-1990s, the German Marshall Fund supported an international exchange between the early architects of Poland's post-Soviet nonprofit sector, the then heads of four national nonprofit infrastructure organizations,[1] and their counterparts in other national settings, including the United States and Western Europe. The explicit purpose of the exchange was to shape a Polish nonprofit self-regulation scheme. The Polish leaders also sought input from other national models underway, including those in India, Australia, and Israel. But rather than simply adopt the largely compliance-oriented and strategic models in the United States and Western Europe (i.e., watchdog, databank, and accreditation instruments), these "institutional architects" sought to adapt models to the Polish context. This context included domestic pressure to quickly shape institutional norms within the nonprofit sector, a sector being built on a legacy of philanthropy and voluntarism but lacking extensive public or citizen familiarity with the private, independent nonprofit form. The Polish context also bore pressures from a hodgepodge of legal rules, rapid decentralization of core social welfare services, intensified foreign investment in nonprofits, and nascent philanthropic and nonprofit institutions (Boczoń, Erene, & Gałęziak, 1996; Frysztacki, 1996; Leś, Nałecz, & Wygnański, 2000; Phare Civic Dialogue Programme, 1998).

Poland's self-regulation architects chose a professional self-regulation form, centered on (a) development and adoption of a code of ethics, the "Charter of Principles for Nongovernmental Organization Activity"; (b) voluntary participation by nonprofits, supplemented by large scale investment in training to promote the implementation of accountability practices in individual nonprofits; and (c) cooperation with funders and nonprofit networks to promulgate policies and practices consistent with the charter (Wspolinota Robocza Organizacji Socjalnych, 1999, p. 3). The charter's content was similar to self-regulation standards developed in other European settings (as in the German, Swiss, and Dutch compliance models) as well as U.S. watchdog initiatives and state nonprofit associations, which were beginning to implement accountability codes. Reflecting the changing Polish political, legal, and economic context, however, the Polish Charter also ascribed the values of Polish nonprofits vis-à-vis civil society construction.

The charter also contained several "aspirational" elements similar to other voluntary codes of conduct in the United States, which rely on the discretion of management for implementation and allow for variation in institutional norms among nonprofit subfields. Thus, key differences were not largely functional in nature but related to the overall values embedded in the standards and in the discretionary nature of the self-regulation model, which relied simultaneously on mimetic and normative processes of institutionalization. The mimetic process was stimulated by a systematic "roll out" of the charter during 1999 and 2000, in which the national organizations trained some 300 nonprofits on general aspects the self-regulation standards. In addition, in 2000, the national organizations launched a model of national and regional meetings, using a local capacity building approach to charter implementation. These meetings provided training about the charter and defined standards for financial, programmatic, and governance disclosure, including methods for such reporting (head of the nonprofit federation, personal communication, August 14, 2000). Nonprofits desired to adopt “good practices” by participating in the charter initiative, and normative processes were evidenced somewhat similarly but largely as expressed by the purveyors of the professional self-regulation model. The motivation for establishing the professional form came from a belief that self-regulation is central to nonprofit development at the organizational and sectoral levels.

Thus, the professional self-regulation model was framed as promoting the development and legitimacy of the nonprofit sector, fostering cooperation within the sector, and complementing management concerns in individual organizations. But concerns also emerged among nonprofits and funders that some participation in the charter initiative was largely symbolic or brought about by coercive dynamics, “to seem to do the right things.” As institutional and resource theory predict, a weakness of professional self-regulation can be the discrepancy between a nonprofit’s espoused and actual values and resultant organizational practices. In addition, respondents in our research noted problems in the implementation of the charter initiative due to its voluntary nature and lack of tangible incentives or sanctions. This tension between independence and embeddedness in the nonprofit sector was coupled with problems of financial sustainability and issues of scope.

Although the charter still existed, by 2002, attention began to shift from any investment in related training or in extending implementation. The self-regulation architects, *policy entrepreneurs* of sorts (a term coined by Najam, 1996), turned their attention to aspects of government and market failure, and to a critique of the ineffectual monitoring and enforcement aspects of the charter initiative. These sector architects now sought to influence government regulation in ways that would reinforce transparency in nonprofits, foster government management and financing of a central databank role, and stimulate private donations to nonprofits through changes in tax policy. While the success or failure of professional self-regulation is unclear, universally or within individual organizations in Poland, it can be viewed as part of a larger process of institutionalization of civil society, nonprofit practice, and structures of philanthropy. Twenty years after independence, the Polish nonprofit sector demonstrates robust networks that shape public policy related to nonprofits, as well as clear institutional forms, and increasingly embedded philanthropic, voluntary, and nonprofit practices. In addition, as foreign investors began to pull out, paving the way for domestic philanthropic takeover, Poland’s self-regulation architects began to export their blueprints for self-regulation and capacity building models to places farther East.

Conclusion: Variation, Isomorphism, and Future Directions

In this article, variation of nonprofit self-regulation types in different national settings is examined. The emergence and development of three self-regulation types in European contexts is evidenced, with varied market, political, and social antecedents. Through an application of agency, resource dependence, and institutional theories to specific national cases, I find the theories helpful in illuminating the conditions that shape nonprofit self-regulation and the formation of three predominant self-regulation types—compliance, adaptive, and professional forms of self-regulation—and lend some credence to the propositions under study.

In the Western European cases where the compliance model of self regulation predominates, mature systems of philanthropy, civic participation, and understandings of nonprofit form are observed, with extant legal rule regarding the definition of nonprofit organizations and their taxation. Also characteristic in these case contexts was weak regulation of the nonprofit sector by the state. In these settings, agency theory helps to explain the compliance self-regulation type that has developed as a substitute for governmental regulation. In the United Kingdom case, the application of resource dependence theory helps to illuminate the emergence of adaptive self-regulation. Similar to the Western European cases, the U.K. setting is characterized by mature philanthropic and nonprofit systems and long-established laws relating to the nonprofit corporate forms and tax policy. In contrast, in the United Kingdom, one sees a stronger system of public regulation of nonprofits in the work of the Charities Commission and nonprofit efforts to adapt to public regulatory shifts and to influence the resource environment for nonprofits.

The professional self-regulation type occurs when both the rule of law relating to the nonprofit sector and the nonprofit sector itself are nascent. In this perspective, nonprofits are concerned with establishment and design of self-regulation approaches in Poland to shape the institutions of philanthropy, civil society and nonprofit practice.

The cross-case analysis facilitates an examination of the European context more broadly and reveals that as self-regulation is emerging across a number of contexts, there is evidence of some isomorphism at work. There exists significant European, transnational, and regional activity related to the development of nonprofit self-regulation. For example, there exists a European association of compliance-oriented self-regulation organizations operating at the nation-state level. Although the compliance organizations are separate and distinct from each other and originate from domestic concerns, they, with other national partners, joined together in 1958 to form an umbrella organization, the International Committee on Fundraising Organizations (ICFO), with a mission "to harmonize accreditation procedures and standards, and act as an international forum for discussion and debate on accreditation issues" (ICFO, 2008, para. 4). The ICFO currently has 12 member countries in Western and Southern Europe and North America, with independent monitoring agencies in India, Indonesia, Philippines, and Spain, seeking future affiliations.

A process of institutionalization has occurred through ICFO, in that the self-regulation models have emerged from a similar set of values and, over time, have contributed to the development of similar structures, inducements, review practices, and standards. The ICFO stipulates that member self-regulation organizations must be private, nonprofit entities and defines standards[2] to cover governance, mission implementation, fiscal controls and management, ethical fundraising practices, and transparency. The German, Dutch, Swiss, and Austrian self-regulation organizations are all private nonprofit entities and possess standards largely parallel to those of ICFO but vary in relationship to rules, norms, values, and structures particular to the nonprofit field in each respective national setting.

I have argued that the activity of Guidestar is illuminated best by resource dependence theory, and as an adaptive self-regulation regime, Guidestar also can be viewed as contributing to increasing isomorphism across the European context. The European Commission Directorate (2009) commented on GuideStar's European expansion indicating that

> while creation of an all-encompassing national system will not be possible (or desirable) everywhere, there is a clear trend on behalf of member states to attempt to create a central registry or at least to integrate already existing registration data into a central, publicly available database. (p. 19)

At the regional level, The Czech Donor's Forum coordinates the Central and Eastern European Network for Responsible Giving (CEENRGI), which was formed in 2006. CEENRGI comprises donor forums from eight Central and Eastern European nations, including the Czech Republic, Bulgaria, Hungry, Poland, Romania, Russia, Slovakia, and Ukraine. The network aims to promote responsible giving, and support corporate social responsibility and corporate community investment activities (Czech Donors Forum, 2009). Somewhat similar to the U.K. case, one could argue that this initiative is about nonprofit adaptation to its resource environment, with the focus of CEENRGI being on moderating donor behavior. Here, the institutional lens also is useful, as an examination of CEENRGI materials reveal mimetic and normative pressures, evidenced in efforts to develop common frameworks and definitions of responsible giving and explicit efforts to shape donor behavior and promote philanthropic practice. This cross-national isomorphism warrants additional analysis and research.

A limitation of the present research is that several important questions remain unexplored, particularly in relationship to costs, benefits, and effectiveness of self-regulation types. Our research also hints at issues of sustainability, authority/legitimacy, strength of monitoring, and definitions/standards that are recurrent sticking points in the design of all three self-regulation types and which warrant future research. There is a potential upside to the extant self-regulation models in Europe for researchers and policy makers. The rise of self-regulation activity in Europe has resulted in potentially better (in terms of detail, comparability, and longitudinal scope) financial and organizational data. Furthermore, the replication of some similar initiatives in varied contexts suggests a potential for experimental or quasi-experimental research to accompany the experimentation in self-regulation.

Finally, while there is utility in the theoretical frameworks of agency, resource dependence, and institutionalism, it would be naive to view these theories as deterministic or prescriptive. Rather, they are three valid ways to understand and explore conditions in the nonprofit environment in relationship to the emergence of forms of self-regulation. National and nonprofit contexts are not static, as our research reveals shifts over time in both and in the forms that self-regulation takes. Also, viewing the European contexts with those of Asia and Africa cases in the symposium reinforces this point and the possibility for other theoretical lenses that emphasize collective action. Indeed, although our research provides a useful starting point, greater theoretical and empirical attention is needed, as calls for improved accountability and self-regulation as a primary accountability remedy show little abatement, in Europe or elsewhere.

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Notes

1. These organizations include (a) Working Community of Associations of Social NGOs in Poland the national nonprofit association; (b) The Network of Information and Support Centers for NGOs, the national association of management support organizations; (c) KLON/JAWOR, the national research center; and (d) The Association for the Forum of NGO Initiatives, the national nonprofit advocacy organization.
2. See Guet (2002) for a thorough review of all International Committee on Fundraising Organizations member practices.

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