

Conditions for Eliminating or Mitigating Founder's Syndrome in Nonprofit Organizations: A longitudinal case analysis from a governance perspective^{1) 2)}

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SUMMARY

The purpose of this study is to identify conditions that can eliminate or mitigate founder's syndrome in nonprofit organizations from a perspective of governance. By analyzing a successful business succession case study, this study clarifies the process of change in governance and management. According to a perception survey of current staff, organizational management and governance are more effective after the business succession than before. Based on these findings, we elucidate the evolution of nonprofit governance and management during and after a business succession, considering the management's consciousness of intentionality. We demonstrate the necessity of transforming organizational management and governance to a stewardship governance model following business succession, to alleviate founder's syndrome commonly experienced in nonprofit organizations established by charismatic leaders. Furthermore, we examine the reasons and processes that facilitated this organizational transformation, with reference to the theoretical framework of managers' "intentionality of consciousness." The reasons and processes responsible for enabling this transformation are discussed within the context of the theoretical framework of "intentionality of consciousness" in management.

1. Introduction

Nowadays, where social problems are increasingly complex and diverse, nonprofit organizations (NPOs) that proactively work toward solutions and provide social services are essential. As the baby boomers who have led the nonprofit industry to date begin to

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retire from the front lines, the issue of business succession has come to the forefront and has become a major management challenge for nonprofits worldwide (Froelich et al., 2011; Stewart, 2016).

Few studies have addressed business succession in Japanese NPOs. Although a thorough understanding of the current situation has yet to be achieved, there is a significant absence of hypothesis discovery, testing, and theory-based considerations. Against this backdrop, Yokoyama, Komuro, and Tsuda (2022) conducted the first empirical study in Japan. They performed an estimation analysis based on a questionnaire survey of 547 NPOs regarding business succession and gained initial insight into the situation. Furthermore, Yokoyama, Komuro, and Yamamoto (2023) expanded their analysis utilizing identical data and concentrated on the founder's syndrome phenomenon.

The analyses indicate that founder's syndrome has become prevalent in the business succession of NPOs in Japan. Founder's syndrome is a condition in which the characteristics and behaviors of the founder, which once were effective during the organization's inception, can have adverse effects during its development. During business succession, research indicates that the remaining impact of the founder has a harmful effect on organizational results afterward. However, effective measures to mitigate founder's syndrome were not adequately explained in these studies.

Therefore, this study aims to identify the conditions for mitigating founder's syndrome in NPOs during business succession through a longitudinal case analysis. Specifically, we will examine the management practices employed by an NPO that has successfully taken over the business of a charismatic founder, who themselves exerted significant influence and achieved distinctive organizational outcomes. The ultimate goal is to uncover a management style that can overcome founder's syndrome.

2. Review of Previous Studies

2-1. Business Succession and Founder's Syndrome Research in NPOs

Studies on business succession in NPOs have drawn attention as systematic research emerged in recent years (Froelich et al., 2011; Santora et al., 2015; Stewart, 2016). Based on a review of previous research, Yokoyama, Komuro, and Tsuda (2022) carried out an empirical examination by creating a hypothetical structure that categorizes the factors influencing business succession in NPOs into five principal groups. Their theoretical framework posited that the success or failure of business succession is determined by (1)

founder's syndrome, (2) leader/Top Management Team (TMT) characteristics, (3) succession planning, (4) governance, and (5) basic organizational characteristics, as illustrated in Figure 1. Based on this framework, their study conducted a quantitative analysis of 547 Japanese NPOs, concluding that the founder's syndrome has the most significant negative impact on organizational outcomes following business succession.

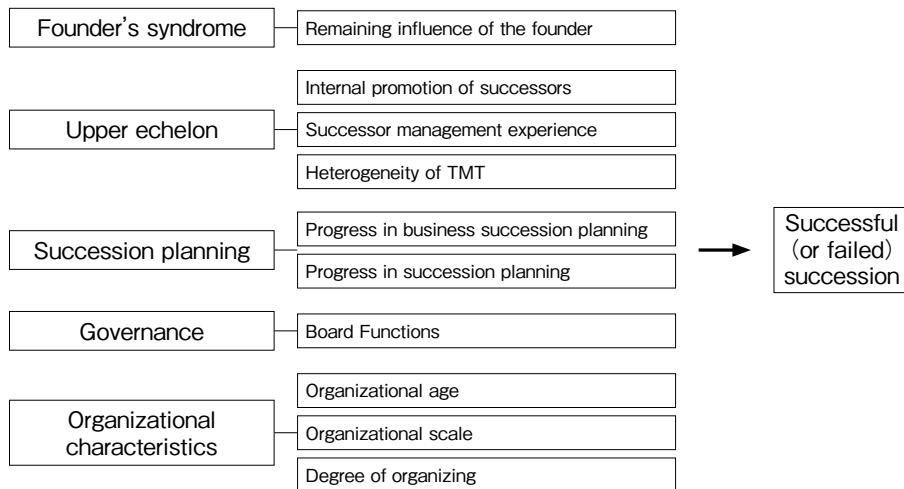


Figure 1. Determinants of Success or Failure of Business Succession in NPOs

Source: Yokoyama, et al. (2022: 23)

On the other hand, the empirical study by Yokoyama, Komuro, and Yamamoto (2023), which focused on the relationship between founder's syndrome and organizational outcomes and the one between founder's syndrome and the mitigating factors of founder's syndrome, failed to elucidate the mitigating factors of founder's syndrome, although they were able to reveal the existence of the former relationship.

What, then, is required to prevent founder's syndrome during a leadership change in an NPO? McNamara (1998) suggested measures to overcome founder's syndrome from the perspectives of the founder and the board of directors. First, the founders ought to shift their leadership style from reactive to more consensus-oriented organizational management. Secondly, the board of directors should be cognizant of their roles and responsibilities and strive for efficient operation. With these two considerations, McNamara (1998) emphasized the significance of implementing effective organizational management and ensuring functionality of the board.

(1) Establishment of Organizational Management

One approach in addressing founder's syndrome involves the significance of founders and staff acquiring a fundamental understanding of all organizational operations (English & Peters, 2011). One potential solution to address founder's syndrome in NPOs is to transfer away from a reactive leadership approach and prioritize organizational management practices. Another option is to professionalize the organization through strategic management (Li, 2019). Furthermore, according to Shortall (2007), achieving the transfer of authority to promote division of labor is essential for overcoming founder's syndrome. Therefore, in addition to the founder's and stakeholder's understanding of founder syndrome, the following points are necessary in order to overcome it:

- Delegating authority and establishing a division of labor and structure, rather than centralizing all activities and operations under the founder's control
- Encouraging open communication and dialogue
- Constructing an appropriate organizational structure
- Decentralizing decision-making
- Including the development of successors and staff in the organization
- Aiming for professional behavior and operations
- Embracing openness and willingness to change

In short, organizational structure reform is necessary to address founder's syndrome (Muriithi & Wachira, 2016). Following the discussions above, it is crucial for the founder to maintain an organized management structure and avoid single-handedly leading the management team in order to combat founder's syndrome.

(2) Functions of the Board

Shortall (2007) suggested that to help prevent the spreading of founder's syndrome within organizations, boards should establish milestones in order to build robust organizational systems and adopt a more proactive, independent approach, rather than serving as mere advisors to founders. While the strategic contribution of the board of directors is essential for NPOs to improve organizational outcomes (Brown, 2005), many organizations reportedly have non-functioning boards that are merely decorative. Additionally, some founders and executives admit convenience in having a non-functioning board (Chait, et al., 2015). In order to address the issue of founder's syndrome, the board

must maintain organizational transparency through active engagement in dialogue with founder, as Golensky (2011) suggested.

The governance of the NPO is important in ensuring both dialogue between the board and the founders and the transparency of the organization. In a sense, a board that makes governance effective will, in turn, lead to the prevention of founder's syndrome (Schmidt, 2013). Ultimately, it is important that the power balance between the founder and the board of directors is maintained and that the board is functional (English & Peters, 2011). Therefore, as a way to deal with founder syndrome, the board needs to support the founder and be actively involved in management to maintain a good balance of power as the governance entity of the nonprofit organization.

With regards to the above two points, Yokoyama, Komuro, and Yamamoto (2023) conducted an empirical analysis but failed to obtain significant results. Therefore, based on our own detailed case study, this study analyzed the governance and management that alleviates founder syndrome.

2-2. Nonprofit Governance Model

Through a case study analysis, this study identifies the process of transitioning from the managerial control model of governance to that of the stewardship model. The governance model of NPOs is a model that emerged as an application of the findings of corporate governance research (Cornforth, 2001; Donnelly-cox et al., 2021). The governance model of NPOs is based on six board functions: (1) "linkage" with the environment to secure management resources, (2) "coordination" among stakeholders, (3) "control" of management, (4) formulation of organizational "strategy," (5) organizational "sustainability" through conformity to social requirements, and (6) "support" to management. Each function corresponds to each of the following six governance models: (1) resource dependency model, (2) stakeholder model, (3) agency model, (4) stewardship model, (5) institutional model, and (6) managerial hegemony model (Hung, 1998). Of these models, the managerial hegemony model and the stewardship model, which are relevant to this case, are explained below.

According to Hendry & Kiel (2004), the managerial hegemony model stems from the weakening of shareholder control and the strengthening of managerial control through separation of ownership and management indicated by Berle & Means (1932), where the board of directors of the organization simply serves as a "rubber stamp" (Herman, 1981) and its strategic decisions are all preempted and dominated by professional managers

(Hung, 1998). The managerial hegemony model is useful in describing the governance of a nonprofit organization that seeks to respond quickly to social needs with secretariat leadership. The stewardship model, as Davis et al. (1997) showed, does not assume a conflict of interest between the board (principal) and manager (agent) as the agency model does, but rather emphasizes a mutual relationship between the two based on cooperation, participation, and mutual understanding. Managers are motivated by “a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby gain recognition from peers and bosses” (Donaldson, 1990: 375). The stewardship model also emphasizes the strategic role of the board (Hung, 1998), and management can be more effective in its own strategic management if the board provides in-depth knowledge and expertise. The next section describes a framework for analyzing the process of governance change in the case study.

3. Analytical Framework

3-1. Husserl's Epistemology

This study refers to institutional theory to explain a change in nonprofit governance or management. This is because institutional theorists (Battilana et al., 2009; DiMaggio, 1988; DiMaggio, & Powell, 1991) recently have come to focus on finding explanatory logics on changes in taken-for-granted practices. In this case, we attempt to adopt institutional explanatory logics but develop these with appliance of Husserl's epistemology (e.g., Husserl, 1960; 1991). In particular, this study constructs and uses an analytical framework based on his epistemology to explain the process by which managers of NPOs act by reading the environment that constrains them and, consequently, the institution of governance changes.

Institutionalists have emphasized exogenous factors in explaining institutional change but have tended to overlook the role of actors (Battilana et al., 2009). DiMaggio (1988) opened a new avenue of research on endogenous explanations of institutional change by placing more emphasis on the positive role of actors whose actions are change-oriented. DiMaggio (1988) placed more emphasis on the action subjectivity, or agency, of actors who take change-oriented actions, and advocates calling actors “institutional entrepreneurs” who acquire motives for change and carry out change-focused innovation while being embedded in institutions. In order to capture the strategic actions of actors, we need to pay attention to a “theory of practical action” (DiMaggio and Powell, 1991) which provides “microfoundations that do justice to both the pre-reflective, taken-for-granted aspect of action that results

from embeddedness within institutions and the more reflective, strategic aspect of action that is based on an explicit understanding of institutions" (Cardinale, 2018:132). As for the explanation of institutional change, Cardinale (2018), influenced by phenomenology (Husserl, 1960; 1991), emphasized that "two major reformulations to the structure–agency debate are to claim (1) that structure not only constrains and enables action but also 'orients' action toward certain possibilities and (2) that agency is not only reflective but can also be pre-reflective in nature" (Harmon, et al., 2019: 464). In the latter sense, by distinguishing the functions of agency from (1) "Project": A reflective engagement with structure, whereby actors visualize means in view of ends and (2) "Protention": A pre-reflective engagement with structure, whereby courses of action appear as self-evident (Cardinale, 2018: 137), the process of generation and development of oriented practices resulting in institutional change can be explained.

However, indeed, the development of an explanatory model of institutional change through an application of Husserl's phenomenology is very significant on the one hand; on the other hand, it is difficult to say that his explanatory logic has been formed based on an essential understanding of Husserl's phenomenology. This is because Cardinale (2018) lacked an important understanding of the epistemology developed by Husserl. To put it more specifically, he overlooks the act of "Intentionality" of an actor toward a phenomenon that is the starting point of the practices resulting in institutional change.

Husserl called the things and actors that not only appear in our consciousness with meaning but also are experienced as "phenomenon" and tried to clarify how these semantic phenomenon and semantic experiences are formed by tracing them back to the function of "Intentionality of Consciousness" (hereafter "intentionality"), which is always at work, usually without being aware of it, in the foreground of semantic phenomenon (Sakakibara, 2018: 31).

The act of intentionality is "consciousness on something" and is not something that actors are expressly aware of until they reflect on it (Husserl, 2013). Regardless of whether it is in the foreground of actors' consciousness or not, actors give meanings to phenomenon, and they work on subjects. In this sense, the act of intentionality is action oriented. In addition, it should be noted that "the intentionality of actors' consciousness is established based on the accumulation of their experiences and the consequent renewal of knowledge and beliefs" (Sakakibara, 2018: 47). In other words, the "results" of their "actions" give "feedback" to the "environment" surrounding us and renew their intentionality through reflection. The reason why different actors have different understandings and judgments of the same object is

because of the different ways in which the intentionality of consciousness works (Sakakibara, 2018: 47).

3-2. Analytical Framework for Reading Actions from Managerial Intentionality

The analytical framework constructed by Togo and Dan (2023) will be applied to the current case analysis as the framework draws on Husserl's epistemology, seen above as a "theory of practical action" (DiMaggio and Powell, 1991). First, the act of intentionality is illustrated in Figure 2. In the actor's consciousness, various "phenomena" and other subjects that occur in the environment surrounding the actor appear as "sense data". The "meaning" of these "sense data" is then constructed by recollecting memories and perceptual experiences that have sunk deep into the consciousness (Husserl, 2013). This process of constituting the meanings of the sense data is called "Noesis". Then, a result of this process gives the meanings to the objects, which is called "Noema".

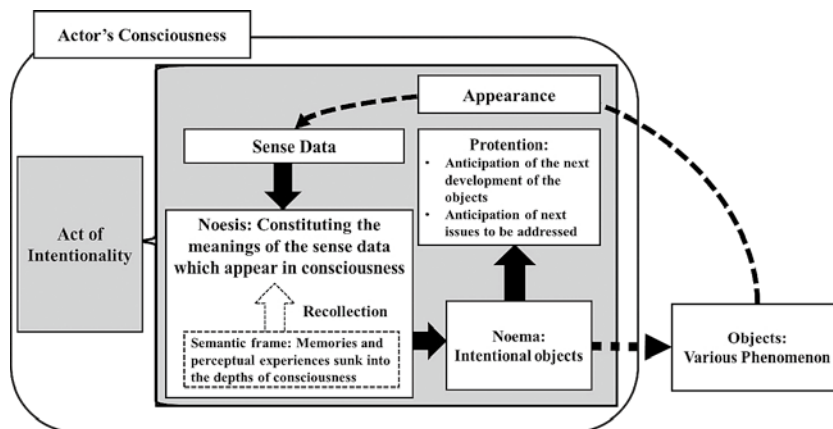


Figure 2. Act of Intentionality

Source: Togo and Dan (2023)

Second, after giving the meanings to the objects, the next task emerges. Anticipation of issues to be addressed next leads to an actor's practice (Figure 3). The actions towards the issues are taken on the "logic of action" (Thornton & Ocasio, 1999). While the "results of action" give rise to institutions such as taken-for-granted actions, they not only "renew" the intentionality of the actor in the form of "reflection," but also "feedback" into the environment from which the phenomena originate.

Adopting and adapting from the analytical framework constructed by Togo and Dan (2023), the analytical framework (Figure 4) should prove sufficient to demonstrate the

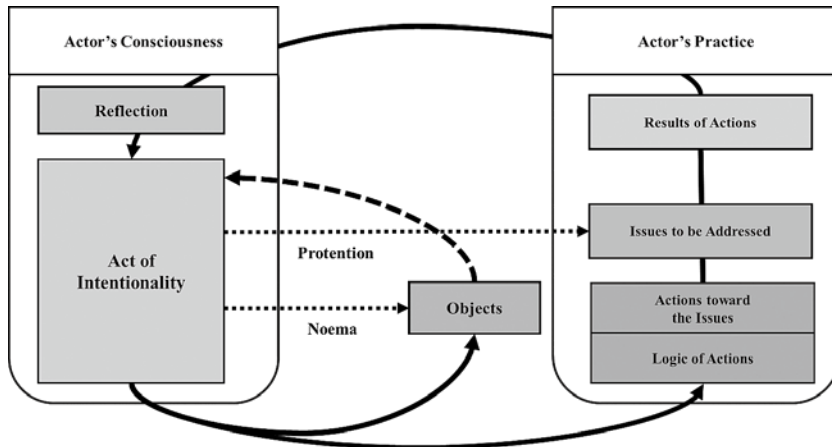


Figure 3. Actor's Consciousness and Practice
 Source: Adopting and Adapting from Togo and Dan (2023)

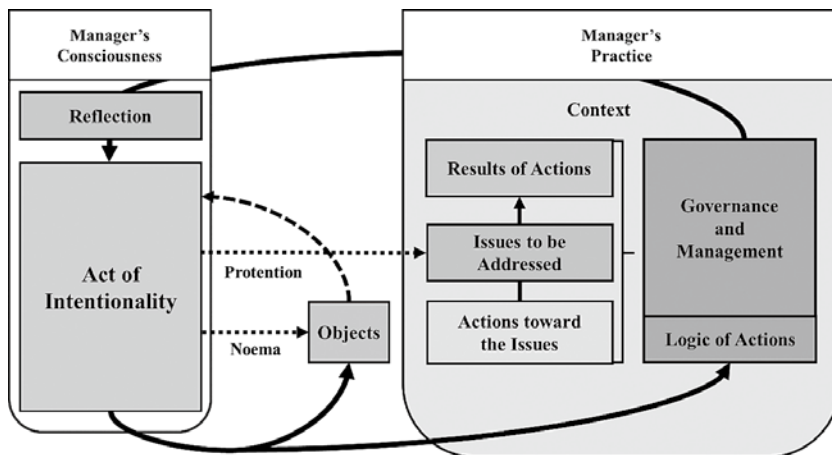


Figure 4. Analytical Framework
 Source: Adopting and Adapting from Togo and Dan (2023)

process of changing nonprofit management and governance as follows:

1. Various phenomena appear in the consciousness of a manager
2. Phenomena are made meaningful by the act of his or her intentionality
3. Through protention, the manager anticipates, in a given context, both the management and governance issues to be addressed
4. The actions (set of ends-means) to address those issues are to be taken.

5. Actions based on the logic are taken to address the issues
6. The results of the actions renew the intentionality of the manager in the form of reflections and help identify new challenges to be addressed which arise from the phenomenon

The “intentionality” that operates in the consciousness of the actor becomes the starting point of the management practices for NPOs. In addition to the fact that a series of actions are recursively developed by actions based on “intentionality,” which consists of various elements on the flow of time, if the intentionality of the manager who succeeded the business differs from that of his or her predecessor, the difference is reflected in the governance and management of the organization. Therefore, differences in the functioning of “intentionality” can be a key or variable in explaining changes in organizational governance and management based on it.

4. Case Study

4-1. Case Selection

As a case study, we will focus on an NPO that plays a role of local infrastructure organization in a local city of Japan (hereinafter ORG A). The reasons for taking up ORG A are as follows. First, ORG A is an NPO that has been in existence from 1998 to the present (25 years), and is currently led by a third-generation manager who succeeded to the position from a charismatic leader. Second, it can be treated as a successful case in the sense that the business succession from a charismatic leader has resulted in stable organizational performance. Following Yokoyama, Komuro, and Yamamoto (2023), we used three indicators to measure organizational performance: (1) whether ordinary revenue increased after the business succession (increased revenue), (2) whether staff motivation increased (increased motivation), and (3) whether the degree of mission achievement strengthened (strengthened mission). First, we examined (1) whether staff motivation increased.

First, with regards to (1) revenue increase, the revenue has been decreasing and shrinking but still stable. As such, if judged on this point alone the success of the succession would be debatable. However, as for (2) increased motivation and (3) degree of mission accomplishment, it was found to have been improved in the questionnaire survey of all staff members when compared to before the business succession (Figure 4). Therefore, the following RQs are clarified by examining this case as a successful business succession case.

RQ 1 : What changed as the reason why the staff's motivation and mission improved after the business succession in comparison with the charismatic founder's period?

RQ 2 : On what basis did these changes develop?

RQ 3 : In conclusion, what were the factors that mitigated the founder's syndrome?

Figure 4 . Changes in the degree of staff motivation and mission accomplishment

4-2. Case Analysis 1: Analysis of the Mitigating Conditions of Founder's Syndrome (analysis for R1)

ORG A was established in 1998 in the city of K as a voluntary organization and started its activities as a specified nonprofit corporation (NPO) in 1999. The first executive director and effective manager was Mr. A, who demonstrated charismatic leadership in continuously creating new businesses and expanding the scale of the organization. At this point, ORG A was recognized as being just like Mr. A's sole proprietorship. The management of the ORG A was stabilized in 2003 when the city of K commissioned the management of the Public Facility for Promotion of Civic Activities (PFPC) to ORG A. ORG A became the permanently designated manager in 2006 and continues to operate to this day. In addition to gaining the operation of the PFPC, itself a major source of income, ORG A continuously created various businesses, some of which were spun out to outside ORG A as they were undertaken by the staff members who left ORG A and got independent.

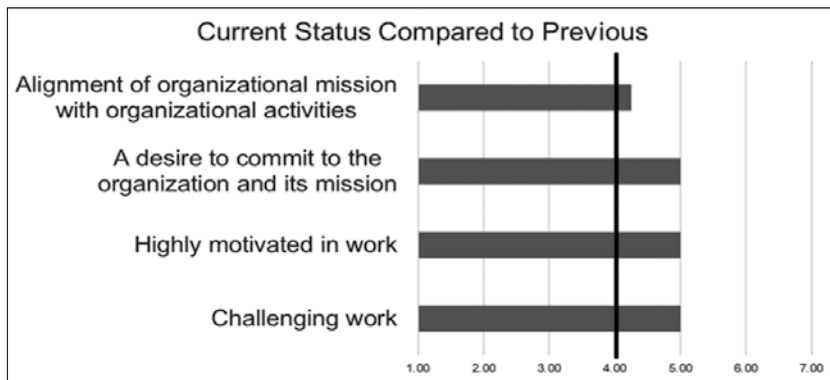


Figure 5. Changes in the Degree of Staff Motivation and Mission Accomplishment³⁾
Source: Authors created

At that time, the organization was as energetic as a venture business, working frantically all night long, but at the same time, its management was carried out under Mr. A's strong

3) n=4, Measured on a 7-point Likert scale. 4 is intermediate and "neither". 7 is very much so.

leadership, and it could hardly be called an organized operation. Mr. A described the management of the steering committee as “a complete failure”. In 2011, though Mr. F became the second manager, the management style of the organization continued to follow Mr. A’s management methods.

It was not until 2016, when Mr. B became the third manager, that the management policy changed significantly. Mr. B implemented a thorough organizational management restructuring. With the three pillars of reform – governance, compliance, and disclosure – he worked relentlessly to reform the organization with the aim of achieving proper and stable management. All personnel assignments, which had been divided between the headquarters and the PFPC, were centralized. He devised ways to improve the flow of information, openness, transparency, and mutual understanding among staff members within the organization. He kept in mind the need for governance centered on the operation of the Board of Directors, and organized and operated the Executive Meeting consisting of President, Vice President, and Executive Director, and The Fifth Medium-Term Management Plan for 2021–2025. Of particular note, the latter was developed thanks to the effort of all active members, including both directors and staff.

As described above, the succession of business from the first and second term managers to the third term manager can be described as follows: the proper establishment of governance and management has been accomplished keeping the venture spirit. This change in status is also reflected in the results of a questionnaire that all staff members were asked to complete before and after the reform promoted under the leadership of Mr. B (Figure 6).

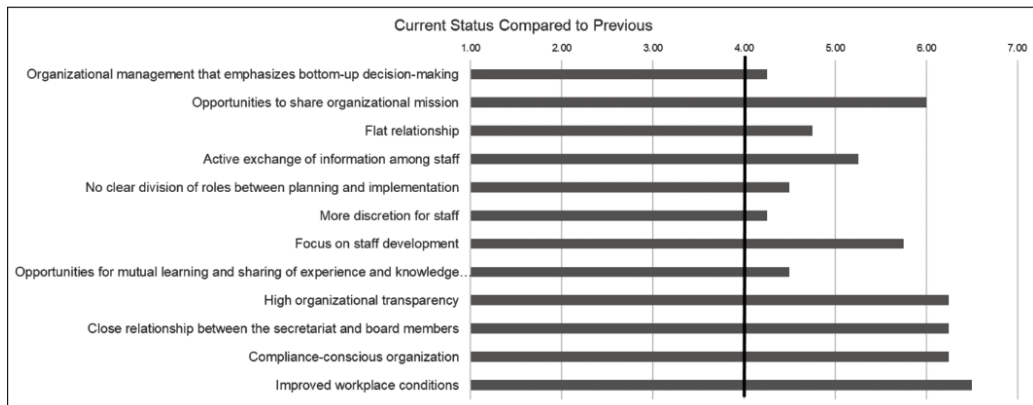


Figure 6. Perceptions of Current Staff Regarding Governance and Organizational Management⁴⁾

Source: Authors created

4) n=4, Measured on a 7-point Likert scale. 4 is intermediate and “neither”. 7 is very much so.

4-3. Case Analysis 2: Analysis of mitigating conditions (Analysis for R2 and R3)

Based on the analytical framework, this successful business succession – which resulted in a change in staff perceptions as shown in Figure 6 – without falling into the founder's syndrome despite the succession of the business from the charismatic founder, can be represented as shown in Table 1.

The first- and second- generation managers strove for social change toward the establishment of a civil society during the expansion of civic activities triggered by the Great Hanshin-Awaji Earthquake. This defined their “intentionality of consciousness” (hereafter, intentionality) regarding organizational management. The period during which they were active in ORG A corresponds to the dawn and development of the civil society sector in Japan (1998-2015). In particular, the 1998 enactment of the NPO law made it possible for civic groups to incorporate as NPOs, and society's expectations of civic activities increased. In fact, the number of governmental and municipal subsidies and commissioned projects for civic activity groups increased rapidly, and alongside this the need for operational support for NPOs and other civic activity groups lacking management skills became increasingly obvious. This phenomenon reminded them of their previous experience with a volunteer organization. Having experienced the organizational deadlock caused by a lack of management sense and entrepreneurship in the volunteer organization, they were keenly aware of the importance of acquiring the ability to plan and operate independent projects to ensure organizational sustainability.

Based on these sense data and past experiences, it made sense in Mr. A's consciousness to create a local infrastructure organization (ORG A) and at the same time to create his own social projects to acquire the competence to support other NPOs. Accordingly, the establishment of projects necessary for the development of the civic sector, centering on intermediate support projects, was positioned as the object of action, and the logic of a business-creating organization became the basis for the act of working with the object.

As results of a series of the actions, the foundation (infrastructure) of the local civil society sector was established with ORG A as the center. During this period, ORG A not only expanded its own activities, but also established separate organizations outside ORG A. Specifically, through the establishment of a community FM radio broadcaster, a grant-making foundation for NPOs, an evaluation organization for NPOs, a social investment design firm, a private financial institution for social investment, and a community development think tank, ORG A developed a support system for civic organizations that promote the building of civil society. In the above process, the intentionality of the managers

to emphasize social change through the creation of businesses that contribute to the development of the civil society sector evolved progressively, and a system of organizational governance was formed.

Governance during the period of first and second generations managers can be explained by the managerial hegemony model. The rapid growth of the civil society sector during this period necessitated rapid decision-making, and the formulation and implementation of organizational strategy and management plans were led by the secretariat (management). The role of the board of directors was mainly to approve the agenda decided by the secretariat and to advise the secretariat. At the same time, however, the board of directors was composed of influential local figures and functioned to give legitimacy to ORG A, an emerging organization. This enabled ORG A to promote several projects in a short period of time with the full backing of the regions in which it operated.

Second, organizational management was top-down and oriented toward speedy organizational operation. Since ORG A needed core staff capable of planning and managing projects, it was strongly conscious of securing human resources with immediate skills. The staff for intermediate support operations and the headquarters staff for business creation were differentiated, and those with immediate potential to become core staff were assigned to the headquarters. The establishment of new business organizations and independence became an incentive for core staff, and this was also a factor in the creation of many businesses in a short period of time. On the other hand, the organizational management system was not well-developed, and the management system was highly dependent on the individual. Although the system allowed the core staff to move freely, it was a problematic system in terms of sustainability of management.

When the third-generation manager took over the business, Japan's civil society sector had entered a period of maturity (after 2016), and the environment changed dramatically compared to his predecessor's time. First, while competition among organizations intensified with the increase in the number of NPOs, the management environment for NPOs became even more difficult, as the financial scale of subsidies and commissioned projects for NPOs decreased due to the government's deteriorating finances. Second, although the management environment for NPOs worsened, there was a mountain of social issues that needed to be addressed as the socio-economic situation in Japan was stagnant. Third, the civil society sector came to be recognized as an employment sector, and accountability was demanded of NPOs and other civil society organizations. Fourth, it had been about 20 years since the enactment of the NPO law, and many organizations were undergoing a generational change

in management. However, an increasing number of organizations began to dissolve due to a lack of human resources to take over their businesses, and the problem of business succession came to be recognized as a management issue for civic organizations.

Considering the above, changes were also seen in the intentionality of managers. The desire for social change remained the same, but there was a significant difference in the method of bringing about social change. In other words, rather than actively creating businesses, they are now oriented toward social change through the promotion of a catalytic role (platforming) that connects diverse actors toward the resolution of social issues. The third-generation manager deciphered the social phenomenon (the sense data) indicated above based on this intentionality. His experience working for a third-party evaluation organization for NPOs reminded him that many NPOs and other civic activity organizations were facing the challenges of improving management practices and governance based on organizational theory, and in his mind, the meaning of "creating a sophisticated organization as a local infrastructure organization" was formed.

Based on this meaning, the subject of his action was to review the governance and management of his own organization and to address social issues and conduct policy advocacy activities through collaboration with various existing organizations. In reviewing the governance and management of the organization, he aimed to break away from the charismatic leadership management of the previous generation. Through the executive meeting (management meeting) mentioned previously, the functions of the board were strengthened, and the organization's transparency was increased to enhance information disclosure to stakeholders and strengthen accountability. Second, by structuring operations, the division of work roles and work procedures were clarified, and the working environment was improved through stronger labor regulations and better compensation. Next, through a review of management strategies, the business portfolio was reconfigured to focus on intermediate support businesses. Although the number of projects and revenues decreased significantly, the business portfolio became more consistent in terms of its function as a platform for civic activities. As such, "serving as a platform of a regional network for social change" became the logic of action toward the subject of action. In the process of performing these series of acts, the intentionality of the manager evolved progressively.

As a result of the management practices undertaken by the third-generation manager, not only was a civic engagement platform put in place that facilitated collaboration with diverse organizations across sectors, but organizational governance became something that could be explained by the stewardship model. Specifically, under the close exchange of

information between the board of directors and the secretariat (the management side of the organization), the proposals submitted by the secretariat are now deliberated by the board of directors before being put into action. In this way, management strategies and plans are now formulated in unison. Then, the appointment and dismissal of board members and a manager were carried out under a strict division of roles, thereby strengthening accountability.

In management, the organization shifted to bottom-up decision-making. Staff participation in management (e.g., preparation of management plans) was promoted in organic linkage with the board of directors. This has enabled highly transparent management that allows active information sharing among staff members. Next, the organization thoroughly developed its organizational management structure and shifted to a management system with a low degree of personalization and strengthened staff development through enhanced training and participatory management practices. In particular, the company is focusing on internal development of staff, rather than hiring personnel with immediate skills, with a view of enhancing the organizational ability to plan and operate cooperative projects to solve social problems and to make policy recommendations to local governments.

In summary, it can be read that the intentionality of the third-generation manager who took over the business changed significantly from what it had been before. The following points can be considered as the factors that enabled the transformation of the intentionality of organizational management from that of the charismatic managers of the first and second generations. In other words, it can be considered that the third-generation manager calmly assessed the changes in the social environment and the challenges of the founder's (charismatic) management, and based on his own past experience (working experiences at the organization for evaluation of NPOs), he formed an intentionality regarding organizational management that was different from that of his predecessors. Furthermore, based on this intentionality, he steered ORG A toward management and governance models that were different from those of the past. In this process, the previous governance was transformed to strike a balance between the two across generations, from the first and second to the third generation. Thus, it can be pointed out that the flexible transformation of intentionality and the transformation of the governance model based on it are the conditions for mitigating the founder's syndrome.

Table 1. Results of the Case Analysis

Manager		First and second-generation managers	Third-generation manager	
Intentionality		<ul style="list-style-type: none"> • Social change through the creation of projects that contribute to the development of the civil society sector 	<ul style="list-style-type: none"> • Social change through promotion of the role of catalyst connecting diverse actors across sectors to solve social issues 	
Consciousness	Act of Intentionality	Objects ⇒Sense Data	<ul style="list-style-type: none"> • From the dawn to the development of the civil society sector in Japan (1998-2015) • Passage of the NPO law and rapid increase in the number of NPOs • Society's expectations for NPOs • Need for an organization to support management of NPOs 	<ul style="list-style-type: none"> • Maturity of the civil society sector in Japan (2016 and beyond) • Growing social problems associated with the worsening socio-economic situation • Decrease in the financial scale of subsidies and commissioned projects for NPOs due to deteriorating government finances • Governance for sustainability of organizational operations becomes a challenge for NPOs
		Past Memories/ Experiences	Having experienced the organizational deadlock caused by a lack of management sense and entrepreneurship in the volunteer organization	<ul style="list-style-type: none"> • Working experiences with the organization for evaluation of NPOs • Experiences in management practices based on organizational theory
		Noema	<ul style="list-style-type: none"> • It is necessary to create an environment in which NPOs with a business nature, rather than volunteer activities, can operate fully. • As an intermediary support organization, your organization should conduct its own projects in order to acquire the competence to provide support to other NPOs. 	<ul style="list-style-type: none"> • As NPOs have entered an era of greater accountability to stakeholders as they develop, review of the governance and management of the ORG A is to be done. • It is important to address social issues and conduct policy advocacy activities through collaboration with existing diverse organizations, rather than creating new business organizations
		Reflection	<ul style="list-style-type: none"> • Progressive evolution of consciousness on social change 	
Practice	Actions towards the Issues	<ul style="list-style-type: none"> • Launching projects necessary for the development of the civil society sector, with a focus on intermediate support projects 	<ul style="list-style-type: none"> • Strengthening of board functions and structuring of management system (management meetings) 	
	Logic of Actions	<ul style="list-style-type: none"> • Business creating organization 	<ul style="list-style-type: none"> • Platform of a regional network leading social change 	
	Governance	<p>Managerial hegemony model</p> <ul style="list-style-type: none"> • Because of the emphasis on speed, the board only approved agenda that had already been decided by the secretariat. • The board of directors is made up of influential local figures, and as a local symbol, it gives legitimacy to the organization. 	<p>Stewardship model</p> <ul style="list-style-type: none"> • Decisions made by the secretariat are systematically put into action, with prior discussion at the management meetings. • Close exchange of information between the board of directors and the secretariat 	

Practice	Management	Top-down decision making <ul style="list-style-type: none"> • Organizational management with a sense of speed • Screening of core staff • Incentives for core staff to set up business organizations and become independent Issues <ul style="list-style-type: none"> • Lack of organizational management • Management systems that are highly dependent on individuals 	Bottom-up decision making <ul style="list-style-type: none"> • Management organically linked to the board of directors • Staff participation in management (e.g., preparation of management plans) • Management system with a low degree of personalization • Transparent management that allows active information sharing among staff • Emphasis on staff development Issues <ul style="list-style-type: none"> • Inheriting the business creation spirit of the first generation, the company moved toward networked business creation.
	Results of Actions	Development of infrastructure for civil society sector	Development of infrastructure (platform) to facilitate collaboration with diverse organizations

Source: Authors created

5. Conclusion and Discussion

5-1. Conclusion

This case study has attempted to clarify the following RQs based on the business succession case of ORG A. First, what changed as the reason why the staff's motivation and mission improved after the business succession compared to the charismatic founder's period? Second, on what basis did these changes develop? Third, in conclusion, what were the factors that mitigated founder's syndrome?

Regarding the first RQ, based on a questionnaire survey of all staff members of the ORG A and interviews with seven people, we found that the governance and management structure underwent a major transformation after the succession of the business. Simply put, there was a shift from a top-down management model with secretariat-centered governance by first- and second-generation leaders, the so-called managerial control model, to a bottom-up management model with board-centered governance, the stewardship model.

Second, as for RQ2, which is the question of what the transition (transformation) was based on, by organizing the cases using the analytical framework created from Husserl's epistemology, it became clear that the consciousness of intentionality differed greatly

between the founder and the successor of the business. In the process of forming the consciousness of intentionality, it is necessary to make meanings and take actions based on the objects (sense data), past memories and experiences, and to reflect on these, but the transition (transformation) was made possible by the successors calmly and consciously following this process.

To answer the third RQ, what were the factors that mitigated the founder syndrome? First, business successors need to calmly and consciously set the direction of organizational management through the formation process of the intentionality. Then, especially in the case of business succession from a charismatic leader, a shift from a top-down management model based on a managerial hegemony governance model to a bottom-up management model based on a stewardship governance model is considered to be a condition for eliminating founder's syndrome (business succession). Furthermore, it is important to calmly and consciously reconsider governance and management after an era of governance by charismatic leaders, particularly after securing the necessary resources to realize the organizational mission, rather than increasing the number of projects and business income. As a result, in the case succession of ORG A, it can be interpreted that a balance was maintained between a period of upheaval based on entrepreneurship and a period of stability based on organizational management, from the first and second generations to the third generation and beyond.

5-2. Limitations and Future Tasks

In this case study, a careful analysis of a single case enabled us to identify the conditions for mitigating founder's syndrome in case succession that were not apparent in the quantitative study. However, in order to universalize and generalize this, it would of course be necessary to conduct further case analyses and derive propositions from a broader base of examples and data.

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Appendix

Interview List

Interviewee	Affiliation	Interview Location	Interview Date
A	Ex-ORG A	R University	16/06/2014
A	Ex-ORG A	R University	14/07/2014
B	ORG A	ZOOM	16/08/2023
C	Ex-ORG A	ZOOM	22/08/2023
B	ORG A	ZOOM	23/08/2023
D	ORG A	ZOOM	31/08/2023
E	ORG A	ZOOM	08/09/2023
F	Ex-ORG A	ZOOM	28/09/2023
G	ORG A	ZOOM	07/11/2023
B, D	ORG A	PFPC	28/03/2024