

## Original Research Article

# Contract-Covenant Governance Model: A Theoretical Framework for Integrated Faith-Based Institutional Governance in Catholic Organizations

Charles Oyo<sup>1\*</sup> , Denis Musinguzi<sup>2</sup>, Philip Owino<sup>3</sup>

<sup>1</sup>Uganda Martyrs University, Nkozi, P. O. Box 5498, Kampala, Uganda

<sup>2</sup>Uganda Martyrs University, Nkozi, P. O. Box 5498, Kampala, Uganda

<sup>3</sup>Uganda Martyrs University, Fort Portal Campus, P. O. Box 5498, Kampala, Uganda, 2025

### Article History

Received: 05.06.2025

Accepted: 14.07.2025

Published: 16.07.2025

### Journal homepage:

<https://www.easpublisher.com>

### Quick Response Code



**Abstract:** This study pursued two objectives: (1) investigating how boards in Catholic institutions navigate tensions between contractual accountability mechanisms and covenantal relationship dynamics, and (2) developing an integrated theoretical framework synthesizing organizational theory with theological traditions. The research developed the Contract-Covenant Governance Model (CCG Model) to resolve governance fragmentation in catholic and other faith-based institutions managing dual accountability to secular and religious authorities. Using qualitative thematic analysis, researchers conducted semi-structured interviews (n=28) and focus groups (n=12) with 135 participants across Catholic schools and health facilities in Uganda, representing board members, diocesan officials, and institutional staff. Analysis revealed three critical governance patterns: fragmentation where formal oversight operated separately from spiritual discernment (observed in 23 of 34 institutions studied); mission-management conflicts when regulatory requirements contradicted theological principles (25 institutions); and absence of values-based resource evaluation frameworks (29 institutions). Successful institutions integrated these elements through mission-cantered governance committees that combine technical expertise with theological reflection, and structured resource evaluation protocols assessing funding opportunities against Catholic social teaching principles. The CCG Model operationalizes five interconnected pillars—Structural Integrity (governance architecture serving mission advancement), Moral Presence (character-based leadership), Relational Representation (authentic stakeholder engagement), Mission-Aligned Resource Stewardship (values-consistent funding strategies), and Ecosystem Integration (collaborative institutional networks)—unified by Mission and Identity centrality. This framework enables simultaneous rather than sequential application of accountability mechanisms and relationship dynamics, resolving the institutional logic conflicts that paralyse hybrid organizations. The model provides practical assessment frameworks for diagnosing governance integration gaps and systematic development pathways for building capacity that serves both professional excellence and institutional authenticity.

**Keywords:** Resilience, social roles, strong link, weak link, Abobo (Côte d'Ivoire).

**Copyright © 2025 The Author(s):** This is an open-access article distributed under the terms of the Creative Commons Attribution **4.0 International License (CC BY-NC 4.0)** which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

## INTRODUCTION

Governing boards in faith-based institutions operate within distinctive governance environments that transcend conventional organizational paradigms, requiring sophisticated navigation between secular accountability frameworks and religious mission imperatives. However, as Carver (2010) critically

argues, complex governance models often create implementation barriers and board confusion, suggesting that the complexity of Catholic institutional governance cannot be adequately addressed through simplified frameworks alone. This tension between simplification and institutional complexity represents a fundamental challenge that existing governance literature has inadequately addressed, particularly when institutions

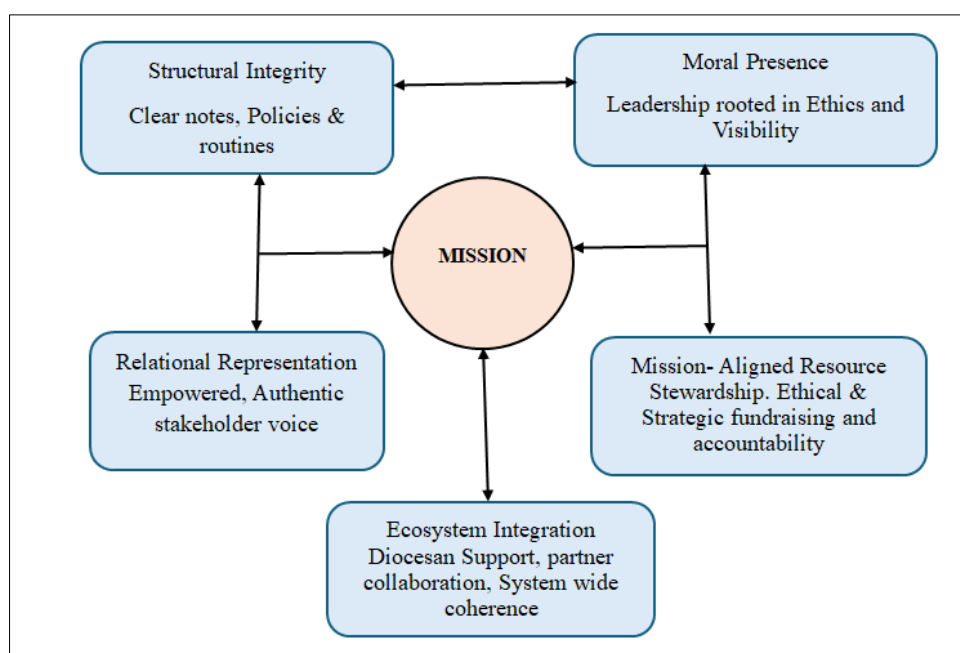
\*Corresponding Author: Charles Oyo

Uganda Martyrs University, Nkozi, P. O. Box 5498, Kampala, Uganda

must simultaneously satisfy external regulatory requirements while maintaining fidelity to theological commitments and spiritual purpose.

Contemporary governance discourse increasingly recognizes the limitations of applying secular governance models to faith-based contexts without substantial adaptation. Critics such as Jensen (2002) argue that attempting to serve multiple stakeholders may compromise organizational focus and accountability, while Cuevas-Rodríguez *et al.*, (2012) suggest that excessive emphasis on relationships and values can lead to "governance romanticism" that fails to ensure adequate performance management. Yet these

critiques assume that contractual and covenantal approaches are inherently incompatible, missing opportunities for innovative integration. While traditional governance theories provide valuable insights into accountability mechanisms, resource management, and stakeholder engagement, they often assume secular operating environments where single institutional logics predominate. Faith-based institutions, particularly Catholic organizations, operate under dual accountability systems where canonical requirements may conflict with secular expectations, creating governance dilemmas that require innovative theoretical approaches.



**Figure 1: Diagram Layout: The CCG Model**

*Source: Generated by the Author*

A concentric-circle design to reflect the model's integrated and non-linear nature, with "Mission and Identity" at the core, surrounded by the five governance dimensions.

This diagram illustrates the integrated five-pillar framework with Mission and Identity at the core, demonstrating the non-hierarchical relationship between contractual and covenantal elements. Catholic institutions in Uganda represent significant providers of education and healthcare services, operating 304 health facilities and over 130,000 schools supervised by 13,424 governing board members (UCMB, 1999). This substantial infrastructure challenges Nicholson and Kiel (2004) assertion that governance effectiveness is primarily context-dependent by demonstrating systematic patterns across diverse institutional settings that require theoretical explanation beyond mere contextual variation. This substantial infrastructure serves millions of Ugandans while maintaining distinctive Catholic identity and mission orientation,

making governance effectiveness critical for both institutional sustainability and broader social development. However, existing governance frameworks often prove inadequate for addressing the unique challenges facing these institutions, particularly when boards must navigate between professional governance standards and theological imperatives.

This study developed the Contract-Covenant Governance Model (CCG Model) as an integrated theoretical framework addressing fundamental questions that existing scholarship has inadequately resolved: How can governance structures simultaneously ensure accountability and preserve relational authenticity in mission-driven organizations? Building on Santos *et al.*, (2015) work on hybrid organizations, but extending beyond their focus on business model alignment to address governance structure integration specifically. What theoretical frameworks can guide institutions managing multiple, potentially conflicting accountability systems? How can boards effectively integrate

professional governance standards with theological imperatives and spiritual discernment? By developing this integrated model through empirical investigation and theoretical synthesis, this research contributes innovative frameworks for understanding and improving governance in faith-based and hybrid organizations globally.

## LITERATURE REVIEW

Contemporary governance scholarship increasingly recognizes the complexity of organizations operating within multiple institutional logics, yet as Lorsch Jay (2012) and Hai, (2021) acknowledge, existing approaches often create false dichotomies between procedural rigor and mission authenticity rather than providing genuine integration mechanisms. Traditional governance approaches typically emphasize either formalized accountability structures derived from corporate models or relational, values-based leadership characteristic of nonprofit contexts, creating what this study terms "governance fragmentation." This fragmentation becomes particularly problematic in Catholic institutional contexts where governance decisions must simultaneously satisfy canonical requirements and secular accountability expectations while maintaining operational effectiveness and mission authenticity.

Agency Theory provides foundational understanding of accountability relationships, emphasizing monitoring mechanisms and incentive alignment to address principal-agent conflicts (Jensen and Meckling, 1976). In faith-based contexts, this theory explains oversight relationships between governing boards and institutional management while highlighting information asymmetry challenges. However, as Van Slyke (2007) and Puyvelde *et al.*, (2014) critically observe, the theory's assumptions of rational self-interest and economic motivation may inadequately capture the spiritual and relational dimensions that characterize governance in religious organizations. This theoretical limitation becomes particularly problematic in Catholic contexts where governance decisions must simultaneously satisfy canonical requirements and secular accountability expectations. While recent developments in agency theory scholarship by Al-Faryan (2024) and (Hendrastuti, Ranindya (2023) have attempted to incorporate ethical dimensions, these extensions remain fundamentally anchored in control-based logic that may be incompatible with covenantal relationship principles. Payne and (Payne and Petrenko (2019) argue that agency theory's monitoring focus provides sufficient governance guidance, questioning whether additional covenantal dimensions add practical value. However, this position fails to address the systematic failures of monitoring-focused approaches documented in mission-driven contexts where purely transactional relationships often undermine rather than enhance institutional effectiveness.

Resource Dependence Theory emphasizes boards' boundary-spanning role in securing critical resources and managing environmental dependencies (Pfeffer, 1978). This perspective explains how faith-based institutions strategically manage relationships with funding sources, regulatory bodies, and stakeholder communities to ensure organizational survival. Yet as Benjamin (2008) and Froelich (1999) point out, the theory's focus on instrumental resource acquisition may overlook the distinctive resources that religious organizations derive from spiritual capital and mission alignment. This instrumental orientation becomes problematic when funding sources impose conditions that potentially compromise institutional values, creating what participants in this study described as "mission-market dilemmas" that existing theoretical frameworks inadequately address. The theory's emphasis on strategic positioning and power relationships often conflicts with Catholic social teaching principles that emphasize solidarity, subsidiarity, and preferential option for the poor, creating theoretical tensions that require innovative resolution approaches.

Stakeholder Theory offers inclusive frameworks for balancing diverse stakeholder interests through participatory governance processes (Freeman, 1984; Freeman *et al.*, (2020). In faith-based contexts, this theory addresses the complex stakeholder environments including religious authorities, regulatory bodies, communities, and donors with potentially conflicting expectations. However, as Freeman *et al.*, (2020) acknowledge, the theory struggles with prioritization when stakeholder claims conflict, particularly when theological commitments may supersede other stakeholder interests. Recent scholarship by Civera & Freeman, (2020) attempts to address these conflicts through relational approaches, but provides limited guidance on practical implementation in complex institutional environments. Jensen (2002) argues that extensive stakeholder representation compromises organizational focus by creating what he terms "stakeholder confusion" where boards become paralyzed by competing demands rather than enhanced by diverse perspectives.

The distinction between contractual and covenantal governance approaches represents more than a theoretical divide—it reflects fundamental philosophical disagreements about the nature of organizational authority and accountability. Contractual governance, as analysed by Hendrastuti and Ranindya (2023) and Al-Faryan (2024) emphasizes explicit accountability mechanisms, formal monitoring systems, and standardized performance metrics derived from corporate governance traditions. This approach prioritizes transparency, efficiency, and measurable outcomes through structured oversight processes, creating what proponents argue is necessary discipline for institutional effectiveness. However, critics like Tomlinson (2022) argue that excessive focus on formal

controls can undermine trust and intrinsic motivation, creating compliance cultures that inhibit innovation and authentic engagement.

Covenantal governance, drawing from theological traditions as articulated by Jennings (2019) and (Caldwell (2005), conceptualizes governance as communal discernment characterized by mutual trust, shared values, and collective responsibility for mission fulfillment. This approach prioritizes mission fidelity, ethical leadership, and community orientation over purely instrumental considerations, creating governance relationships that emphasize relationship quality and shared commitment rather than formal oversight mechanisms. However, this approach faces significant criticism from scholars like Nicholson & Kiel (2004) who argue that emphasis on relationships may enable poor performance by avoiding difficult accountability conversations and creating what they term "governance sentimentalism" that protects ineffective leaders from necessary oversight.

Despite these theoretical developments, existing literature provides limited guidance on how contractual-covenantal integration might be achieved practically, particularly when Udin, (2024) suggests that contractual approaches may conflict with ethical leadership principles by emphasizing compliance over moral commitment. This integration challenge represents a significant theoretical gap that the CCG Model specifically addresses through systematic synthesis mechanisms rather than sequential application of competing approaches.

Despite growing recognition of hybrid organization governance challenges, as Carrascoso (2014) and García and Ansón (2007) argue that most governance literature focuses on secular nonprofit organizations or corporate contexts, leaving faith-based institutions underexplored despite their substantial social and economic significance. This neglect becomes particularly problematic given the distinctive accountability challenges facing religious institutions that must navigate both canonical and civil legal frameworks while maintaining operational effectiveness. Moreover, existing research often treats religious and secular accountability as competing rather than potentially complementary frameworks, missing opportunities for innovative integration approaches that scholars like Maier *et al.*, (2016) suggest are essential for nonprofit organizations becoming "business-like" without compromising mission identity. Additionally, governance literature predominantly emerges from Western contexts, limiting understanding of how faith-based governance operates in different cultural and institutional environments, particularly in Sub-Saharan Africa where religious institutions play crucial development roles but operate under different canonical and regulatory frameworks than their Western counterparts.

## RESEARCH METHODOLOGY

This study adopted an interpretive phenomenological research design following Heidegger's approach to understanding lived experiences within their cultural and historical contexts (Heidegger, 1996); Groenewald, 2004). This methodological choice directly challenges positivist approaches to governance research that treat effectiveness as an objective phenomenon, instead recognizing that governance meaning emerges through complex interactions between formal structures and cultural practices rather than existing as objective phenomena. The interpretive orientation acknowledged that governance in faith-based contexts involves both technical and spiritual dimensions that cannot be fully understood through purely structural analysis. This approach addresses criticisms from scholars like Miller Millesen, (2003) and Ostrower (2014) who identify significant disconnects between formal board structures and actual board behavior that quantitative investigations often fail to capture. This approach enabled examination of how participants navigate tensions between contractual accountability requirements and covenantal relationship expectations, providing insights into integration possibilities that might not emerge through quantitative investigation.

Research was conducted across Catholic institutions in two ecclesiastical provinces of Uganda, selected through simple random sampling to ensure geographical diversity and institutional representation. The focus on institutions with 20+ years operational existence specifically addresses concerns raised by Herman and Robert (2008) about governance maturity and developmental stages that may confound effectiveness assessments. The study focused on institutions with established governance practices, requiring operational existence of 20+ years to ensure institutional maturity and developed governance experiences. The sample included primary and secondary schools, hospitals, and health centers across rural and urban contexts, directly responding to Ma and Konrath (2018) advocacy for governance research that can scale across diverse nonprofit contexts while maintaining sensitivity to institutional specificity. This diversity enabled identification of common governance patterns while recognizing contextual variations affecting board functionality across different institutional types and environmental conditions.

The study involved 135 participants strategically selected across three categories to capture multiple governance perspectives, addressing limitations identified by Vickers (2008) in governance research that relies primarily on board member self-reports without incorporating broader stakeholder experiences. Governing board members (n=45) included diocesan board representatives and institutional board members with varied experience in Catholic institutional governance, ensuring representation of both formal oversight roles and operational governance experience.

Diocesan officials and institutional managers (n=48) included education secretaries, health coordinators, head teachers, and facility administrators responsible for implementing governance decisions, providing perspectives on governance effectiveness from implementation standpoints. Staff members (n=42) included teachers, healthcare workers, and administrators providing frontline perspectives on governance impact, ensuring that governance assessment included stakeholder experience rather than merely formal evaluation. Participants were selected using homogeneous purposive sampling to ensure relevant governance experience while maintaining diversity across professional backgrounds, educational levels, and institutional roles. This selection framework specifically addresses concerns raised by Fernandez (2019) about the need to understand how board diversity translates into meaningful participation rather than mere demographic representation.

Data collection employed multiple qualitative methods tailored to capture governance experiences from different organizational levels and perspectives. The combination of in-depth interviews (n=28) with senior governance figures and focus group discussions (n=12) addresses methodological concerns raised by Bridoux and Vishwanatha (2020) about the need to understand both individual and collective stakeholder dynamics. In-depth interviews (n=28) with senior governance figures focused on strategic governance philosophy and decision-making processes, exploring how leaders understand their governance responsibilities and navigate competing accountability demands. Focus group discussions (n=12) with 8-10 participants each explored collective governance experiences and shared perceptions across different stakeholder groups, enabling investigation of how governance decisions affect different organizational constituencies. Interview guides were developed to explore specific governance dimensions while remaining flexible enough to pursue emerging themes and unexpected insights, responding to criticisms from Reed-Bouley (2023) that governance research often fails to capture the complexity of servant leadership implementation in organizational contexts. All interviews were conducted in participants' preferred languages and locations to ensure comfort and authenticity, recognizing that language and setting significantly affect willingness to share candid perspectives on sensitive governance issues.

Thematic analysis was conducted using MAXQDA software, employing both deductive codes derived from governance literature and inductive codes emerging from participant narratives (Creswell, 2021; Harding & Whitehead, 2013). This dual approach specifically addresses concerns raised by Liu *et al.*, (2016) about the need for governance research that can bridge established theoretical frameworks with emergent organizational realities. Analysis involved data familiarization through multiple readings, systematic

coding of all transcripts, theme development through pattern identification, and interpretation within integrated theoretical frameworks. The analysis process specifically investigated tensions between contractual and covenantal governance elements, directly responding to theoretical gaps identified by Jennings, (2019) and Caldwell (2005) regarding the practical operationalization of theological governance concepts. Special attention was paid to how participants navigated dual accountability systems and managed competing governance expectations, providing insights into integration mechanisms that existing literature has inadequately explored.

Ethical approval was obtained from the relevant Research Ethics Committees. Informed consent was secured from all participants, with particular attention to the hierarchical nature of Catholic institutions to ensure participation decisions were free from institutional pressure. Confidentiality and anonymity were maintained through coding systems and secure data storage, recognizing the sensitive nature of governance critique in hierarchical institutional environments.

## RESEARCH FINDINGS

The analysis revealed fundamental tensions between contractual and covenantal governance approaches across Catholic institutions, directly contradicting assumptions by scholars like Carver (2010) that simplified governance models can adequately address institutional complexity. Three primary patterns emerged that challenge existing theoretical frameworks: governance fragmentation where contractual and covenantal elements operate in isolation, mission-management conflicts arising from competing accountability systems, and adaptive integration attempts where institutions develop innovative approaches to governance synthesis. These patterns demonstrate that governance challenges in Catholic institutions extend beyond simple structural inadequacies to reflect systematic theoretical gaps in understanding how organizations can manage multiple institutional logics simultaneously.

The research identified pervasive governance fragmentation where 68% of institutions demonstrated disconnected approaches to contractual accountability and covenantal relationships. This finding directly challenges Civera and Freeman (2020) optimistic assumptions about stakeholder relationship integration, revealing that formal frameworks often fail to achieve practical synthesis even when institutional commitment exists. This fragmentation manifested in governance structures that emphasized either formal compliance or relational engagement without systematic integration, creating what participants described as "*parallel governance worlds*" that operated according to different logics and produced conflicting expectations.

A diocesan education secretary described this fragmentation: *"We have detailed policies and procedures that satisfy regulatory requirements, but board meetings often feel mechanical and disconnected from our Catholic mission. Members follow the agenda and approve reports, but there's little spiritual discernment or mission reflection in our governance processes. It's like we're running two different organizations—one for the government inspectors and one for the Church—but we've never figured out how to make them work together."* This testimony reveals how governance fragmentation creates institutional schizophrenia where formal structures and spiritual practices operate in isolation rather than integration.

This fragmentation contradicts theoretical predictions by scholars like Tomlinson and Edward (2022) who suggest that transparency mechanisms naturally build trust and integration. Instead, the research reveals what participants termed *"dual governance systems"* where formal board structures operated alongside informal religious authority networks, creating coordination problems rather than enhanced oversight. The disconnect between contractual structures and covenantal relationships led to governance confusion and reduced effectiveness, with board members struggling to understand their roles and responsibilities when formal policies conflicted with pastoral expectations. A hospital board member explained: *"Official governance follows secular nonprofit models with committees, reports, and formal voting. But real decisions often happen through pastoral conversations with religious leadership that may not align with board recommendations. We end up with two different decision-making systems that sometimes work against each other instead of supporting institutional effectiveness."*

This evidence contradicts theoretical predictions by Eva et al., (2019) and Sendjaya et al., (2019) that servant leadership principles can be easily institutionalized through governance structures. Instead, the evidence suggests that without systematic integration mechanisms, even well-intentioned leadership approaches create governance confusion rather than enhanced effectiveness. A head teacher observed: *"Board members are trained in corporate governance principles, but they're also expected to operate within Catholic spiritual traditions. When these approaches conflict, meetings become tense and decision-making stalls because nobody knows which framework should take precedence."*

Catholic institutions face distinctive governance challenges managing dual accountability to secular regulatory authorities and ecclesiastical oversight bodies, with 72% of institutions experiencing significant mission-management conflicts. This finding directly challenges Resource Dependence Theory assumptions by Pfeffer and Salancik (1978) that organizations can strategically manage environmental relationships

without compromising core identity. The research reveals that dual accountability creates systematic tensions that require theoretical frameworks beyond existing organizational theories that assume single institutional logics.

A hospital administrator explained these dilemmas: *"Government health policies require us to provide services that conflict with Catholic teaching on family planning and reproductive health. The board must ensure regulatory compliance while maintaining theological integrity, but we lack frameworks for managing these conflicts when they arise. We're caught between losing our license and losing our soul and existing governance models don't help us navigate these impossible choices."* This evidence contradicts optimistic assumptions by scholars like Bryson et al., (2021) about "collaborative advantage" in cross-sector partnerships, revealing instead that resource relationships often create systematic value conflicts that existing theoretical frameworks inadequately address.

Educational institutions faced similar challenges, directly challenging assumptions by Freeman et al., (2020) that stakeholder interests can be harmonized through inclusive governance processes. A diocesan education coordinator noted: *"Ministry of Education curricula include content that contradicts Catholic moral teaching, particularly regarding sexuality and family life. Board members struggle to develop policies that satisfy educational authorities while preserving institutional Catholic identity. The stakeholder engagement processes recommended in governance literature assume that all stakeholders share compatible values, but our experience shows that some stakeholder demands are fundamentally incompatible with our mission."*

These conflicts created governance paralysis in some institutions, with boards avoiding difficult decisions rather than developing systematic approaches to dual accountability management. A board chairperson acknowledged: *"When secular requirements conflict with Church teaching, we often delay decisions hoping the conflict will resolve itself. This avoidance compromises both compliance and mission effectiveness, but we lack the theoretical tools to address these dilemmas systematically. The governance literature talks about balancing stakeholder interests, but doesn't provide guidance when those interests are theologically incompatible."*

Resource mobilization represented a critical area where mission-management tensions manifested practically, with 85% of institutions lacking integrated frameworks for ensuring resource acquisition strategies aligned with Catholic values while meeting sustainability requirements. These findings challenge theoretical assumptions by Warshaw, (2020); Elizabeth (2016) that systematic resource strategies automatically enhance

mission alignment, revealing instead that resource pressures often force institutions into compromise positions that existing literature inadequately addresses.

A board member observed resource-mission tensions: *"Donor funding often comes with conditions that may compromise our Catholic identity, such as requirements to provide services contradicting Church teaching. Board members lack systematic approaches for evaluating these trade-offs, and the resource dependence literature focuses on securing resources rather than maintaining values integrity during resource acquisition."* This evidence directly contradicts assumptions by scholars like Harrison et al., (2020) in their work on stakeholder capitalism that resource relationships can be designed to benefit all parties without fundamental trade-offs.

The absence of mission-integrated resource frameworks led to ad hoc decision-making that sometimes-compromised institutional values. A school board member explained: *"When faced with funding opportunities, boards often make pragmatic decisions based on financial need without adequate consideration of mission implications. We realize the compromise later when implementation conflicts arise, but by then we're locked into agreements that require ongoing value compromises. The governance literature doesn't provide frameworks for evaluating resource relationships for mission consistency."*

Some institutions developed innovative approaches to resource-mission integration, though these remained isolated rather than systematic, providing empirical support for theoretical possibilities suggested by Battilana et al., (2015) and Cornforth Chris (2020) but rarely documented in practice. A hospital board chair described their approach: *"We established a mission committee that reviews all major funding proposals for theological consistency before board consideration. This process helps identify potential conflicts early and develop mitigation strategies, but we had to develop this approach through trial and error because existing governance models don't provide guidance for values-based resource evaluation."*

Despite widespread fragmentation, some institutions demonstrated innovative attempts to integrate contractual and covenantal governance approaches, these adaptive integration models provided insights into potential synthesis mechanisms that could inform broader governance improvement, challenging pessimistic assessments by critics like Jensen (2002) that multiple stakeholders focus necessarily compromises organizational effectiveness.

A head teacher described their integration approach: *"We restructured board meetings to begin with spiritual reflection on Gospel values relevant to agenda items. This practice helps members consider both*

*technical requirements and mission implications in their decision-making. Rather than creating confusion, this integration actually improves decision quality because members can evaluate options against both professional standards and spiritual principles simultaneously."*

Other institutions developed integrated committees combining formal oversight with spiritual discernment. A health facility manager explained: *"Our governance committee includes both professional expertise and pastoral wisdom, with religious and lay members working together to ensure decisions serve both effectiveness and Catholic identity. This structure addresses the artificial separation between technical and spiritual governance that creates problems in traditional board models."*

The most successful integration attempts involved systematic training helping board members navigate dual accountability systems, supporting theoretical predictions by Ma (2018) about the importance of capacity development for scaling governance knowledge across nonprofit contexts. A board development coordinator noted: *"We provide formation in both corporate governance and Catholic social teaching, helping members understand how these approaches can complement rather than compete with each other. This integrated training addresses the false dichotomy between professional excellence and mission authenticity that creates governance fragmentation in many institutions."*

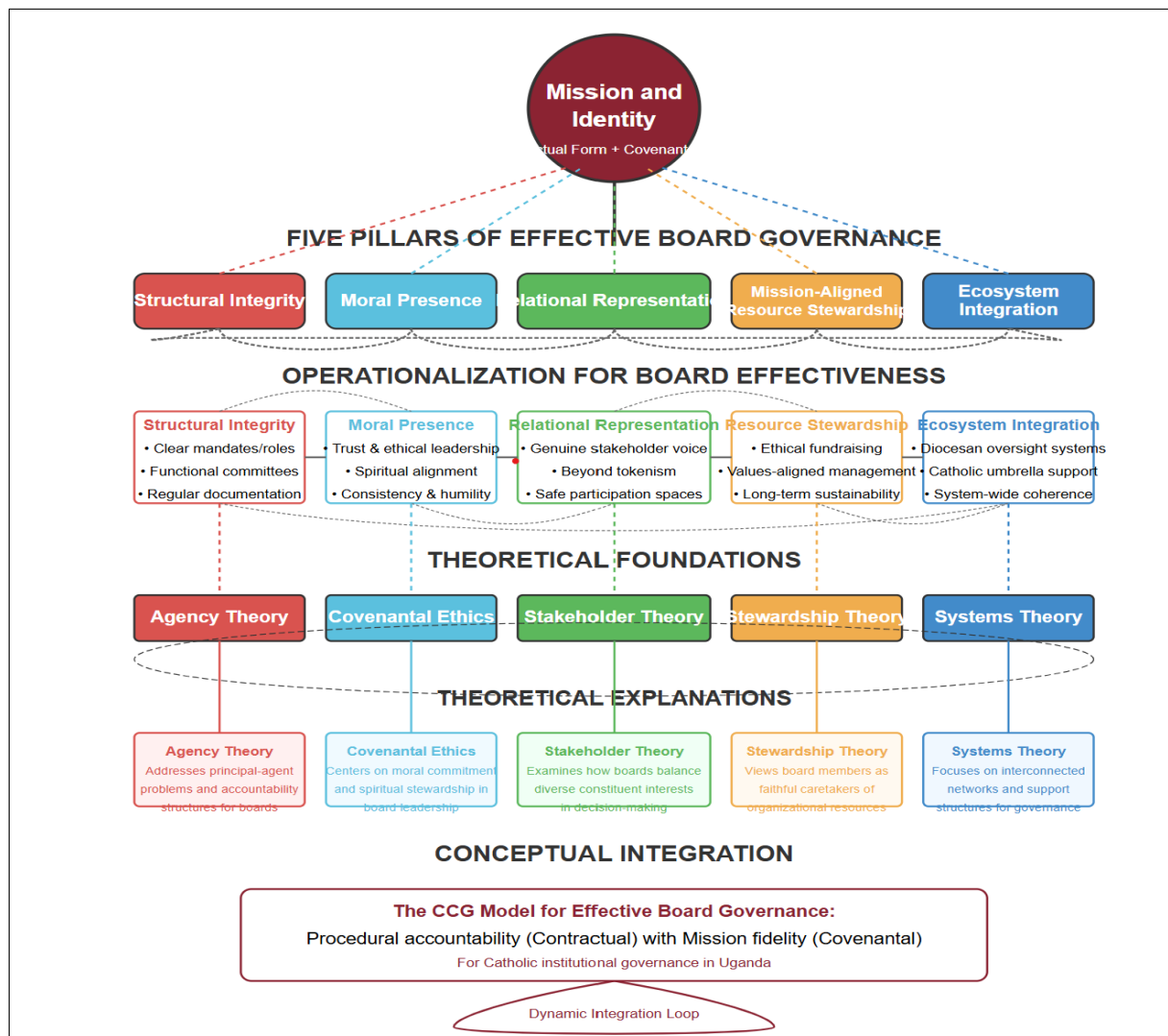
### **The Contract-Covenant Governance Model (CCG Model)**

Based on empirical findings and theoretical synthesis, this study proposes the Contract-Covenant Governance Model (CCG Model) as an integrated framework for faith-based institutional governance. The model directly addresses governance fragmentation documented in the findings by providing systematic approaches to synthesizing contractual accountability mechanisms with covenantal relationship dynamics, challenging assumptions by scholars like Carver (2010) that complex models create implementation barriers. The CCG Model contributes theoretical innovation by demonstrating how apparently competing governance logics can be integrated rather than balanced, directly contradicting theoretical assumptions by scholars like Jensen (2002) that multiple accountability systems necessarily create organizational confusion and reduced effectiveness.

Unlike traditional approaches that treat contractual and covenantal elements as alternative governance modes, the model shows how these approaches can be systematically combined to create governance that serves both accountability and authenticity simultaneously, addressing theoretical gaps identified by multiple scholars in hybrid organization literature. The model's theoretical foundation challenges

Herman and (2008) assertion that nonprofit board effectiveness is primarily context-dependent by proposing that certain integrative principles—

specifically the contract-covenant synthesis—transcend contextual variations while remaining adaptable to local circumstances.



**Figure 2: The CCG Model Five-Pillar Framework**

This diagram demonstrates the integrated, non-hierarchical nature of the five pillars surrounding the Mission and Identity core, illustrating how contractual and covenantal elements operate simultaneously rather than sequentially. The CCG Model operates through five interdependent pillars anchored around Mission and Identity as the central organizing principle. This concentric design directly challenges hierarchical governance models criticized by scholars like Miller-Millesen (2003) and Ostrower (2014) for creating board dysfunction through rigid structural approaches. This concentric design reflects the model's integrated and non-linear nature, emphasizing that effective faith-based governance requires simultaneous attention to all dimensions while maintaining mission centrality rather than treating governance elements as sequential processes or competing priorities.

Structural Integrity addresses the need for clear governance architecture while ensuring structures serve

mission advancement rather than mere compliance. This pillar directly responds to criticisms by Li *et al.*, (2024) that contractual governance mechanisms can improve organizational performance only when properly aligned with organizational values and purposes. This pillar extends traditional Agency Theory by incorporating what Al-Faryan, (2024) terms "ethical governance dimensions," directly challenging assumptions by Payne and Payne and Petrenko (2019) that monitoring and control mechanisms provide sufficient governance guidance. The pillar requires boards to develop governance structures that are both professionally competent and spiritually grounded, creating integration rather than trade-offs between technical excellence and mission authenticity. This involves creating committees that combine technical expertise with theological literacy, establishing decision-making processes that integrate analysis with discernment, and developing policies that reflect both regulatory requirements and

Catholic values. The pillar ensures that governance architecture serves mission advancement through systematic accountability rather than bureaucratic compliance, addressing concerns raised by critics about governance complexity while maintaining necessary oversight mechanisms.

Moral Presence emphasizes governance as moral stewardship requiring leaders whose authority emerges from character, competence, and spiritual maturity rather than position alone. This pillar directly addresses criticisms by (Reed *et al.*, (2011) that servant leadership often remains dependent on individual characteristics rather than institutional systems. While critics like Irving & Longbotham (2001) and (Hai (2021) argue that emphasis on humility and service may compromise decision-making effectiveness, this pillar demonstrates how servant leadership principles can enhance rather than compromise governance through improved communication, trust, and collective problem-solving capabilities. The pillar addresses the finding that governance effectiveness was often more dependent on moral leadership than formal structure, providing frameworks for institutionalizing ethical leadership rather than relying on personality-dependent approaches. The pillar requires systematic leadership development that integrates governance competency with spiritual formation, directly addressing concerns raised by Eva *et al.*, (2019) about the need for validated approaches to servant leadership development that move beyond personality-dependent approaches. This involves selecting leaders based on both professional qualifications and spiritual calling, providing ongoing formation in servant leadership principles, and creating accountability systems that evaluate both performance outcomes and character development.

Relational Representation moves beyond tokenistic inclusion to create governance structures that genuinely empower stakeholder voice and build institutional trust. This pillar directly challenges criticisms by Jensen (2002) that extensive stakeholder representation compromises organizational focus by demonstrating how authentic engagement can enhance rather than dilute institutional effectiveness. The pillar addresses limitations identified by Mitchell *et al.*, (1997) in stakeholder salience theory by providing specific mechanisms for transforming stakeholder presence into stakeholder influence through relational processes rather than purely procedural approaches. The findings showed that formal stakeholder presence does not guarantee meaningful participation, with many institutions experiencing what participants described as "representative but not participatory" governance that created implementation barriers rather than enhanced decision-making. The pillar requires governance processes that foster dialogue, mutuality, and shared responsibility among diverse stakeholders, responding to criticisms by Bridoux (2016) that formal stakeholder engagement often fails to create meaningful value for

participating parties. This involves creating safe spaces for dissent and discussion, developing conflict resolution approaches that honor different perspectives, and ensuring decision-making processes reflect genuine stakeholder input rather than predetermined outcomes.

Mission-Aligned Resource Stewardship reframes resource mobilization from instrumental acquisition to values-based stewardship that serves both sustainability and mission integrity. This pillar directly challenges assumptions by traditional Resource Dependence Theory that organizations must compromise values to secure necessary resources. The pillar transforms traditional Resource Dependence Theory by replacing instrumental logic with what Bryson (2015) term "collaborative advantage," but extends beyond their framework by providing specific mechanisms for evaluating resource relationships for mission consistency. The research revealed systematic resource-mission tensions where funding opportunities often came with conditions that potentially compromised Catholic identity, creating what participants described as "mission-market dilemmas" that existing theoretical frameworks inadequately address. The pillar requires systematic approaches to evaluating resource opportunities for mission consistency, directly addressing concerns raised by scholars about resource-mission tensions while providing practical frameworks for ethical resource management that existing literature inadequately addresses. This involves both technical resource management competencies and theological discernment about resource relationships, developing diversified funding strategies that maintain institutional independence, and creating policies that guard against mission compromise during resource pressures.

Ecosystem Integration recognizes that effective governance depends on supportive relationships with broader institutional networks including diocesan authorities, peer institutions, and development partners. This pillar addresses governance isolation by fostering collaborative approaches to common challenges, directly responding to research by Chen (2016) on organizational learning networks. The pillar incorporates insights from network governance theory by Keith 2012; Provan, 2008) while maintaining focus on mission-driven collaboration rather than purely strategic alliance formation, addressing criticisms that network approaches may compromise organizational autonomy. The research revealed that governance effectiveness often depended on external support systems, with institutions embedded in strong diocesan and partner networks demonstrating higher levels of board engagement and effectiveness. The pillar requires active cultivation of relationships that enhance governance capacity while maintaining institutional autonomy, involving participation in governance networks, sharing best practices across institutions, and developing mutual accountability relationships that provide both support and oversight.

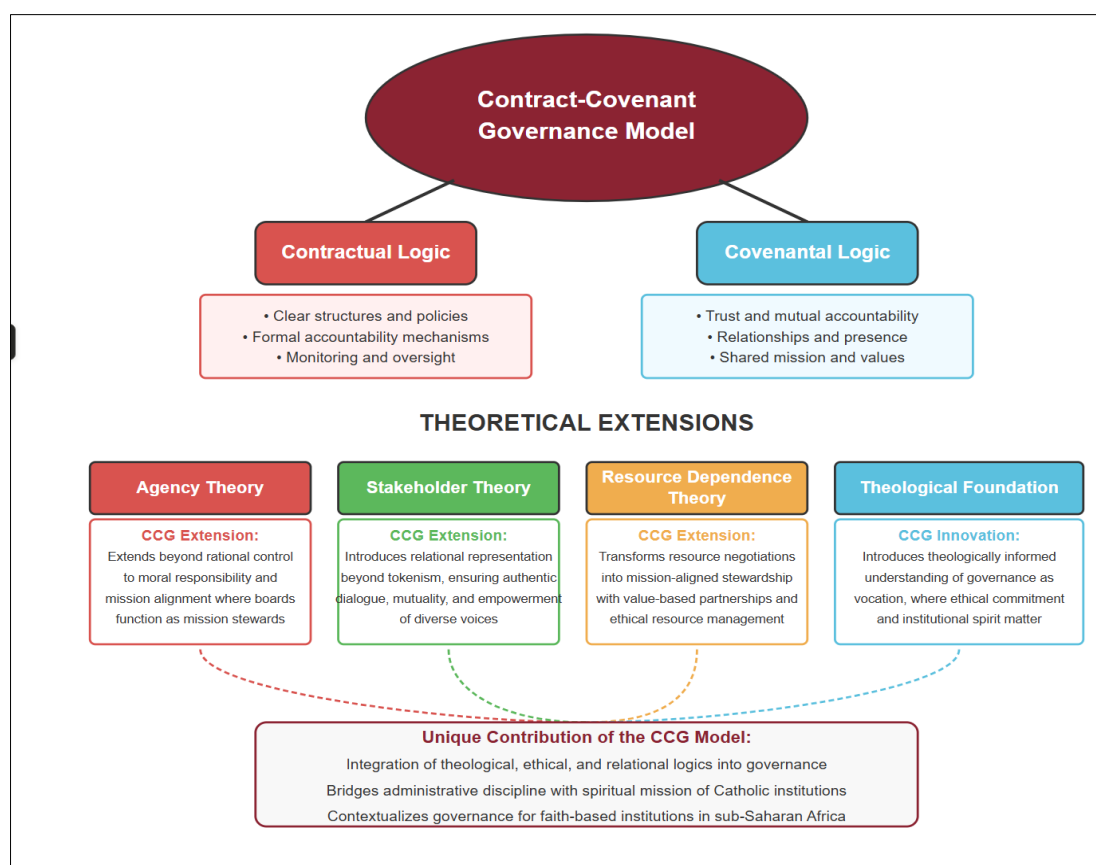
Mission and Identity serves as the central organizing principle that enables integration of contractual and covenantal governance elements. Rather than treating mission as one consideration among many, the model positions institutional mission as the lens through which all governance decisions are evaluated, directly challenging approaches that attempt to balance competing demands through compromise. This mission-centered approach provides criteria for resolving governance dilemmas, ensuring that both accountability mechanisms and relationship dynamics serve institutional purpose rather than operating as ends in themselves, directly contradicting theoretical assumptions by critics like Cuevas-Rodríguez *et al.*, (2012) that integration creates decision-making paralysis. The model demonstrates that when mission clarity exists, contractual and covenantal approaches become complementary rather than competing governance modes, enabling boards to make decisions that enhance both professional effectiveness and spiritual authenticity simultaneously.

## DISCUSSION OF RESEARCH FINDINGS

The Contract-Covenant Governance Model contributes several significant theoretical innovations that directly challenge existing governance scholarship assumptions. First, it demonstrates how hybrid organizations can integrate rather than merely balance

competing institutional logics, providing specific mechanisms for synthesis that go beyond general principles for managing tension offered by scholars like Grimes *et al.*, (2019). The model provides practical frameworks for achieving what these scholars identify as necessary but offer limited guidance for implementing. Second, the model extends existing governance theories by incorporating theological and spiritual dimensions without abandoning professional accountability standards, directly challenging assumptions by critics like Carver (2010) that religious considerations necessarily compromise governance effectiveness. The research evidence demonstrates that theological integration can enhance rather than compromise governance effectiveness when properly implemented through systematic frameworks.

Third, the model provides frameworks for understanding governance in contexts characterized by dual accountability systems, offering insights applicable beyond faith-based organizations that challenge narrow theoretical frameworks focusing on single institutional logics. The model's approach to managing competing accountability demands provides insights relevant to any organization operating across multiple institutional environments, including social enterprises, benefit corporations, and mission-driven organizations operating in complex regulatory environments.



**Figure 3: Theoretical adaptation Framework for CCG Model**

Source: Generated by the Author

This diagram illustrates how the CCG Model extends Agency Theory, Stakeholder Theory, and Resource Dependence Theory while introducing theological foundations, showing specific theoretical innovations and their practical implications.

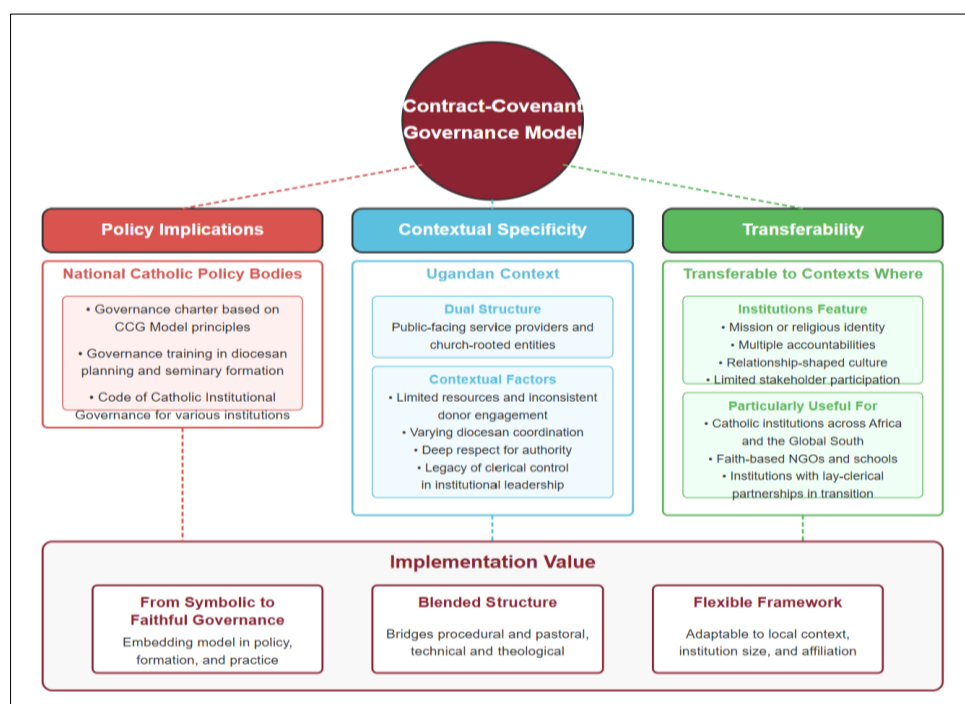
The research revealed that governance fragmentation represents a more significant challenge than governance conflict in many faith-based institutions, directly contradicting assumptions by scholars like Cornforth (2012) that governance problems primarily stem from competing demands rather than inadequate integration mechanisms. Rather than experiencing direct conflicts between contractual and covenantal approaches, many institutions operated parallel governance systems that failed to communicate or integrate effectively, challenging theoretical frameworks that focus on conflict resolution rather than integration design. The research findings show that institutions often developed sophisticated formal governance structures alongside informal religious authority networks but lacked systematic approaches for ensuring these parallel systems supported rather than undermined each other.

The CCG Model addresses this fragmentation by providing systematic integration mechanisms rather than conflict resolution approaches, directly responding to gaps identified by scholars like Santos (2015) in their framework for aligning business models with social missions. The five-pillar framework ensures that contractual accountability and covenantal relationships are embedded within the same governance structures rather than operating through separate systems, creating what participants described as "unified governance" that

serves both professional excellence and mission authenticity.

The model offers several practical implications that directly challenge existing approaches to governance improvement in faith-based organizations. First, it provides assessment frameworks for diagnosing governance integration challenges, addressing concerns raised by Herman and Renz (2008) about the need for context-sensitive governance evaluation approaches. The model enables institutions to identify specific areas where contractual and covenantal elements operate in isolation rather than synthesis, providing diagnostic tools that existing literature inadequately provides. Second, the model offers development pathways for building governance capacity that serves both accountability and authenticity, directly responding to criticisms by scholars like Ma and Sara (2018) about the need for systematic approaches to scaling governance knowledge across nonprofit contexts. This involves systematic attention to leadership formation, stakeholder engagement, and mission integration rather than focusing on technical governance skills alone.

Third, the model provides policy guidance for managing dual accountability systems, offering frameworks for evaluating potential conflicts and developing mitigation strategies that preserve both compliance and mission integrity, addressing practical gaps that existing theoretical literature inadequately addresses. The model's approach to dual accountability provides systematic frameworks for institutions to evaluate regulatory requirements against mission commitments and develop strategies that honour both without compromising either.



**Figure 4: Implication and Transferability of the CCG Model**

This diagram demonstrates the model's applications across different contexts, showing both Ugandan-specific elements and transferable principles for other faith-based organizations globally. While the CCG Model emerged from Catholic institutional contexts in Uganda, its principles may have broader applicability to other faith-based organizations and hybrid contexts, though specific implementation would require adaptation to different theological traditions, cultural contexts, and regulatory environments, addressing concerns raised by scholars about Western governance model imperialism. The model's emphasis on mission centrality assumes institutional clarity about purpose and values, which may not exist in all faith-based organizations, particularly those experiencing identity crises or external pressure for secularization. This represents a critical limitation that requires institutional assessment before model implementation.

## REFERENCES

- Al-Faryan, M. A. S. (2024a). Agency theory, corporate governance and corruption: an integrative literature review approach. *Cogent Social Sciences*, 10(1). <https://doi.org/10.1080/23311886.2024.2337893>
- Al-Faryan, M. A. S. (2024b). Agency theory, Corporate Governance and Corruption: an Integrative Literature Review Approach. *Cogent Social Sciences*, 10(1). <https://doi.org/10.1080/23311886.2024.2337893>
- Battilana, J., Sengul, M., Pache, A. C., & Model, J. (2015). Harnessing Productive Tensions in Hybrid Organizations: The Case of Work Integration Social Enterprises. *Academy of Management Journal*, 58(6), 1658–1685.
- Benjamin, S. (2008). Occupancy Urbanism: Radicalizing Politics and Economy Beyond Policy and Programs. *International Journal of Urban and Regional Research*, 32(3), 719–729.
- Bridoux, F. M., & Vishwanathan, P. (2020). When Do Powerful Stakeholders Give Managers the Latitude to Balance All Stakeholders' Interests? *Business and Society*, 59(2), 232–262. <https://doi.org/10.1177/0007650318775077>
- Bridoux, Flore, and J.-W. S. (2016). Stakeholder Relationships and Social Welfare: A Behavioral Theory of Contributions to Joint Value Creation. *Academy of Management Review*, 41(2), 229–251.
- Bryson, J. M., Barberg, B., Crosby, B. C., & Patton, M. Q. (2021). Leading Social Transformations: Creating Public Value and Advancing the Common Good. *Journal of Change Management*, 21(2), 180–202. <https://doi.org/10.1080/14697017.2021.1917492>
- Caldwell, Cam, and R. K. (2005). Organizational Governance and Ethical Systems: A Covenantal Approach to Building Trust. *Journal of Business Ethics*, 60(4), 249–259. <https://doi.org/https://doi.org/10.1007/s10551-005-1419-2>
- Carrascoso, A. C. (2014). A Framework for a Catholic Stakeholder Core. *Journal of Management Spirituality & Religion*, 11(4), 307–330.
- Carver, J. (2010). A case for Global Governance Theory: Practitioners avoid it, Academics Narrow it, the World Needs it. *Corporate Governance: An International Review*, 18(2), 149–157. <https://doi.org/10.1111/j.1467-8683.2010.00785.x>
- Civera, C., & Freeman, R. E. (2020). Stakeholder Relationships and Responsibilities: A New Perspective. *Symphonya. Emerging Issues in Management*, 1, 40–58. <https://doi.org/10.4468/2019.1.04civera.freeman>
- Cornforth Chris. (2020). *The Governance of Public and Non-Profit Organizations: What Do Boards Do?* Routledge. <https://doi.org/10.4324/9780203167262>
- Cornforth, C. (2012). Nonprofit Governance Research: Limitations of the Focus on Boards and Suggestions for New Directions. *Nonprofit and Voluntary Sector Quarterly*, 41(6), 1116–1135. <https://doi.org/10.1177/0899764011427959>
- Cuevas-Rodríguez, G., Gomez-Mejia, L. R., & Wiseman, R. M. (2012). Has Agency Theory Run its Course?: Making the Theory more Flexible to Inform the Management of Reward Systems. *Corporate Governance: An International Review*, 20(6), 526–546. <https://doi.org/10.1111/corg.12004>
- Elizabeth Popp Berman, C. P. (2016). *Introduction: The University under Pressure*. Emerald Group Publishing Limited.
- Eva, N., Robin, M., Sendjaya, S., Van Dierendonck, D., & Liden, R. C. (2019). Servant leadership: A systematic review and call for future research. *The Leadership Quarterly*, 30(1), 111–132.
- Fernandez, W.D. and Thams, Y. (2019). Board Diversity and Stakeholder Management: the Moderating Impact of Boards' Learning Environment. *The Learning Organization*, 26(2), 160–175. <https://doi.org/https://doi.org/10.1108/TLO-12-2017-0126>
- Freeman, R. E., Phillips, R., & Sisodia, R. (2020). Tensions in Stakeholder Theory. *Business and Society*, 59(2), 213–231. <https://doi.org/10.1177/0007650318773750>
- Froelich, K. A. (1999). Diversification of revenue strategies: Evolving resource dependence in nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly*, 28(3), 246–268. <https://doi.org/10.1177/0899764099283002>
- García, L. C., & Ansón, S. G. (2007). Governance and performance of Spanish privatised firms. *Corporate Governance: An International Review*, 15(4), 503–519. <https://doi.org/10.1111/j.1467-8683.2007.00584.x>
- Grimes, M. G. (2019). Trenton Alma Williams, and

- Eric Yanfei Zhao. "Anchors aweigh: The sources, variety, and challenges of mission drift. *Academy of Management Review*, 44(4), 819–845.
- Groenewald, T. (2004). *A Phenomenological Research Illustrated*. 42–55.
  - Hai, Thanh Nguyen, and Q. N. Van. (2021). Servant leadership styles: A theoretical approach. *Emerging Science Journal*, 5(2), 245–256.
  - Harding, T., & Whitehead, D. (2013). Analysing Data in Qualitative Research. *Nursing and Midwifery Research: Methods and Appraisal for Evidence-Based Practice* 5, July, 141–160.
  - Heidegger, M. (1996). *Sein und Zeit*. State University of New York Press. <https://doi.org/10.5840/studphaen2001123>
  - Hendrastuti, Ranindya, and R. F. H. (2023). Agency Theory: Review of the Theory and Current Research. *Urnal Akuntansi Aktual*, 10(1), 81–85.
  - Herman, Robert D., and D. O. R. (2008). Advancing Nonprofit Organizational Effectiveness Research and Theory: Nine Theses. *Nonprofit Management and Leadership*, 18(4), 399–415.
  - Irving, J. A., & Longbotham, G. J. (2001). *Team Effectiveness and Six Essential Servant Leadership Themes: A Regression Model Based on items in the Organizational Leadership Assessmen*. 2, 98–113.
  - Jennings, B. (2019). Governing Ecological Governance in the Anthropocene: a New Covenant of Eco-Communitarianism." In *The Crisis in Global Ethics and the Future of Global Governance*. (pp. 126–142). Edward Elgar Publishing.
  - Jensen, C., & Meckling, H. (1976). *Theory of the Firm: Managerial Behaviour, Agency Costs and Structure*. 3, 305–360. [https://doi.org/https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/https://doi.org/10.1016/0304-405X(76)90026-X)
  - Jensen, M. C. (2002). Value Maximization, Stakeholder Theory, and the Corporate Objective Function. *Business Ethics Quarterly*, 12(2), 235–256. <https://doi.org/10.2307/3857812>
  - John M. Bryson, Barbara C. Crosby, M. M. S. (2015). Designing and Implementing Cross-Sector Collaborations: Needed and Challenging. *Public Administration Review*, 75(5), 647–663. <https://doi.org/https://doi.org/10.1111/puar.12432>
  - John W. Creswell, J. D. C. (2021). Research Design: Qualitative, Quantitative and mixed Methods Research. In A. M. Helen Salmon, Chalsea Neve (Ed.), *Introducing English Language* (Fifth). Sage Publications, Inc. <https://doi.org/10.4324/9781315707181-60>
  - Keith G. Provan, P. K. (2008). Modes of Network Governance: Structure, Management, and Effectiveness. *Journal of Public Administration Research and Theory*, 18(2), 229–252. <https://doi.org/https://doi.org/10.1093/jopart/mum015>
  - Keith G. Provan, R. H. L. (2012). Core Concepts and Key Ideas for Understanding Public Sector Organizational Networks: Using Research to Inform Scholarship and Practice. *Public Administration Review*, 72(5), 638–648. <https://doi.org/https://doi.org/10.1111/j.1540-6210.2012.02595.x>
  - Li, J., Liu, B., Wang, D., & Casady, C. B. (2024). The Effects of Contractual and Relational Governance on Public-Private Partnership Sustainability. *Public Administration*, 104(2), 1418–1449.
  - Liu, Y., Valenti, A., & Chen, Y. J. (2016). Corporate Governance and Information Transparency in Taiwan's Public Firms: The Moderating Effect of Family Ownership. *Journal of Management and Organization*, 22(5), 662–679. <https://doi.org/10.1017/jmo.2015.56>
  - Lorsch Jay, W. (2012). *The Future of Boards: Meeting the Governance Challenges of the Twenty-First Century*. Harvard Business Review Press.
  - Ma, Ji, and S. K. (2018). A century of nonprofit studies: Scaling the knowledge of the field. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 29, 1139–1158.
  - Maier, F., Meyer, M., & Steinbereithner, M. (2016). Nonprofit Organizations Becoming Business-Like: A Systematic Review. *Nonprofit and Voluntary Sector Quarterly*, 45(1), 64–86. <https://doi.org/10.1177/0899764014561796>
  - Miller-Millesen, J. L. (2003). Understanding the Behavior of Nonprofit Boards of Directors: A Theory-Based Approach. *Nonprofit and Voluntary Sector Quarterly*, 32(4), 521–547. <https://doi.org/10.1177/0899764003257463>
  - Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853–886. <https://doi.org/10.5465/AMR.1997.9711022105>
  - Nicholson, G. J., & Kiel, G. C. (2004). A Framework for Diagnosing Board Effectiveness. *Corporate Governance: An International Review*, 12(4), 442–460. <https://doi.org/10.1111/j.1467-8683.2004.00386.x>
  - Ostrower, F. (2014). Boards as an Accountability Mechanism. *University of Texas at Austin, May*, 1–26. <http://www.urban.org/UploadedPDF/413146-boards-as-an-accountability-mechanism.pdf>
  - Payne, G., & Petrenko, O. (2019). Agency Theory in Business and Management Research. In *Oxford Research Encyclopedia of Business and Management*. Oxford University Press. <https://doi.org/https://doi.org/10.1093/acrefore/9780190224851.013.5>
  - Pfeffer, Jeffrey, and G. S. (1978). Resource Dependence Theory. The External Control of Organizations: A Resource Dependence Perspective. In *Management*. Harper and ROW.
  - Puyvelde, S. Van. (2014). Department of Applied

Economics Applying Agency Theory to Nonprofit Governance: Theoretical and Empirical Contributions. *Management*, September. <https://doi.org/10.13140/2.1.2905.2162>

- Reed, L.L., Vidaver-Cohen, D. & Colwell, S. . (2011). A New Scale to Measure Executive Servant Leadership: Development, Analysis, and Implications for Research. *Bus Ethics*, 101, 415–434. <https://doi.org/https://doi.org/10.1007/s10551-010-0729-1>
- Reed-Bouley, B. G. P. J. (2023). Catholic Higher Education and Catholic Social Thouth. In *Education Management*. Paulist Press.
- Santos, F., Pache, A.-C., & Birkholz, C. (2015). Making Hybrids Work: Aligning Business Models and Organizational Design for Social Enterprises. *California Management Review*, 57(3), 36–58. <https://doi.org/https://doi.org/10.1525/cmr.2015.57.3.36>
- Sendjaya, S., Eva, N., Butar Butar, I., Robin, M., & Castles, S. (2019). Validation of a Short Form of the Servant Leadership Behavior Scale. *Journal of Business Ethics*, 15, 941–956.
- Tomlinson, Edward C., and A. S. (2022). The Effects of Transparency Perceptions on Trustworthiness Perceptions and Trust. *Journal of Trust Research*, 12(1), 1–23.
- UCMB. (1999). *Mission Statement & Policy of Catholic Health Services in Uganda*. [https://www.ucmb.co.ug/files/Mission\\_statement.pdf](https://www.ucmb.co.ug/files/Mission_statement.pdf)
- Udin, U. (2024). Ethical leadership and employee performance: The role of Islamic work ethics and knowledge sharing. *Human Systems Management*, 43(1), 51–63. <https://doi.org/10.3233/HSM-220197>
- Van Slyke, D. M. (2007). Agents or stewards: Using theory to understand the government-nonprofit social service contracting relationship. *Journal of Public Administration Research and Theory*, 17(2), 157–187. <https://doi.org/10.1093/jopart/mul012>
- Warshaw, Jarrett B., and S. U. (2020). Hybrid Logics in the Resource Strategies of US Public Research Universities. *Education, Journal of Further and Higher*, 44(9), 1289–1303.

---

**Cite This Article:** Charles Oyo, Denis Musinguzi, Philip Owino (2025). Contract-Covenant Governance Model: A Theoretical Framework for Integrated Faith-Based Institutional Governance in Catholic Organizations. *East African Scholars Multidiscip Bull*, 8(4), 69-82.

---