Internal Governance Monopoly

A Working Concept for Structural Failure in Modern Organizations

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IVA Working Paper No. 002
This version: March 2026

Abstract

Most organizations do not fail because people stop trying or leaders stop caring about the work. They fail because too much decision authority ends up within the same organizational structure, usually the same office, the same department or the same role. These condensed structures decide what matters, what gets tracked and what is reported both internally and externally. Work that should be handled across the organization keeps landing in the same narrow lane. This results in slowed decisions, extra work, and ultimately burnout or migration. Exceptional staff and leaders leave while the organization treats that as a staffing or execution problem. However, it is the structure of the organization itself that produces that strain.

Internal governance monopoly is the name used for that condition. It exists when too much authority inside an organization is concentrated in one part of the structure. This begins shaping the work far beyond what is appropriate or efficient. Once that happens, the organization creates extra work just to keep functioning in the same manner. Issues that should be handled directly must be translated first. Requests are rerouted through the default lane while delays continue to accrue. A perpetually increasing amount of work depends on the same few players to keep the organization moving.

Public agencies, nonprofits and firms all develop this pattern. Financial dominance is the most common form because finance predominantly holds formal authority both inside and outside the organization. However, finance is not the problem. They are partners within the same organization at odds due to a convergence of power that should not exist. Finance is forced to carry decisions and reporting burdens that should not have landed there in the first place. The deeper problem is that the kinds of work and value that were never given standing end up being passed through and being translated by finance in order to count. Burnout, turnover, rework and chronic overload usually start within this concentrated organizational structure. Capacity, coordination and execution are all impacted. The problem is getting harder to overlook as reporting demands continue to widen and AI increases pressure on organizations to produce clear evidence. This paper introduces internal governance monopoly as a working concept for naming the problem and building a better way to structure internal organizational authority.

Executive Summary

Important work inside organizations usually does not break down all at once. It starts getting routed through the same office, the same department or the same role until too much of the organization depends on that narrow lane to keep moving. Issues that should be handled directly must be translated first. Requests are rerouted through the same structures while delays continue to accrue. Reporting keeps building in the same place. More work gets created just to keep the organization functioning in the same manner.

Exceptional staff and leaders leave after carrying this for too long, but their departure is usually treated as a staffing problem instead of a structural one. Rework keeps spreading and decisions keep slowing down. This occurs because more and more of the organization depends on the same few players to carry work that should never have been concentrated there in the first place.

Internal governance monopoly is the name used for that condition. Public agencies, nonprofits and firms all develop this pattern, and financial dominance is the most common form because finance often becomes the place where decisions, reporting and standing come together. However, finance is not the problem. Finance is a necessary partner that has been made to carry burdens that should have been distributed elsewhere in the structure.

Reporting demands keep widening while organizations still rely on narrow authority structures built for a different era. AI adds pressure to that problem by rewarding organizations that can produce clear evidence across more than one area of work. Internal governance monopoly gives that pattern a name and creates a way to study it and respond to it more directly.

Section 1. The Problem Organizations Keep Misreading

Too much work starts landing in the same place long before most organizations admit the structure is part of the problem. The same few people keep getting pulled into decisions, follow-through and cleanup because the work has nowhere else to hold it. Meetings still happen, reports still go out but deadlines only get met often enough to preserve the appearance of control. However, more and more of the organization starts relying on the same office, department or role to carry work that should have had a clearer home in the first place.

Issues that should move directly start getting translated first. Requests then get rerouted and work that crosses departments keeps landing in the same place. No other organizational structure has the authority or standing to hold it. People inside the organization feel the result but are rarely able to name the cause. Decisions take longer than they should, extra work builds around reporting and follow-through, and the same few players become responsible for keeping things together. The work reaching them should never have been concentrated there in the first place.

Execution problems, staffing gaps and communication issues are the language organizations usually use when this starts happening. Those descriptions are not always false, but they usually stop too early. They describe visible strain without recognizing the underlying structures producing it. This gets added inside the same arrangement instead of forcing a harder look at whether too much decision authority and too much work have already been pushed onto the same people and departments.

Capable leaders burn out and high performing staff are forced to leave. Departments become framed as bottlenecks while more work gets added to “support” the same narrow lane. The organization is trying to stabilize a structure that is already creating unnecessary work on its own. The problem then gets attached to whoever is closest to the strain, even when the strain was built into the organization before those people ever sat in those roles.

Some organizations can deal with this strain for decades without noticeable impacts to the bottom line. This is especially true when the people in the middle are strong enough to absorb the burden and disciplined enough to make the system look more stable than it is. Surface stability hides the problem and the work keeps moving. However, because the structure escapes scrutiny, more of the organization gets routed through the same narrow structures. This results in ever-increasing effort required to maintain the status quo.

Overload, delay and staff loss matter, but they are often read as the failure itself when they are really signs that authority and work have already been concentrated in ways the structure cannot manage effectively. Until that concentration is recognized for what it is, organizations will keep trying to solve the strain with strategic plans, capacity building and budget cuts while leaving the structure that produces it intact.

Section 2. Defining Internal Governance Monopoly

Too much authority inside an organization starts collecting in the same part of the structure long before it becomes a governance monopoly. The concentration may occur in one office, one department, one role or one dominant lane between them. What matters is not the title of the structure. What matters is that the same part of the organization starts deciding what counts, what gets tracked, what is reported and what can move. Once that happens, the structure begins shaping work far beyond what is appropriate or efficient.

Hierarchy and specialized authority are not the problem by themselves. Organizations need both. Monopoly begins when one part of the structure stops governing its own area and becomes the default place where other kinds of work have to pass in order to be validated. That is the line between ordinary authority and internal governance monopoly. A finance office governing financial resources is not monopoly by itself. A governance office managing board process is not monopoly by itself. The condition begins when those structures become the dominant gateway for what other parts of the organization can recognize, record, report or act on.

Work throughout the organization changes long before the organizational chart does. The organizational chart may still look normal but more and more of the organization starts passing through the same lane in practice. Work that should move directly gets translated into something watered down and easily digested first. Decisions that should be made closer to the work start waiting on the same few players. Reporting expands through the same structure instead of being distributed across the parts of the organization that actually produces the work.

Monopoly language is not new in governance or organizational writing. It has been used in other fields to describe governance dominance at the field or sector level, and “internal monopolies” has been used in organizational reform and firm analysis to describe concentrated internal service structures. The meaning here is narrower and more specific. Internal governance monopoly refers to concentration inside the organization itself, where one internal lane becomes the dominant gateway for what counts, what gets recorded and what can trigger action (Forster, 2006, 2016; National Performance Review, 1993; Vining, 2003).

Finance is the clearest structural outlet for internal governance monopolies to form because finance has long held formal standing both inside organizations and in the outside environment. Earlier work on financial dominance described how the financial domain became the default site of governing legitimacy even when leaders claimed to care about much more than financial value (Foster, 2026). Internal governance monopoly is broader than finance alone. The same structural problem can develop any time a single segment of the organization becomes the place where multiple forms of work and value must pass in order to be accounted for.

What sits underneath the term is not a metaphor for bad management and not a dramatic substitute for centralization. Too much authority over what counts gets concentrated on the same people and the same groups. Too much work then follows it which results in staffing problems, coordination problems and execution problems.

Section 3. What Internal Governance Monopoly Changes Inside the Organization

Work gets severely concentrated long before most organizations think they are in serious trouble. The first change shows up in how work moves. Tasks that should be handled within a group or role get pushed off on the default lane in an effort to reinforce the structure. Decisions that should be made closer to that work end up being routed through the default players and departments. Reporting gets filtered through the same narrow lane instead of being performed by and accountable to the parts of the organization that actually produce the work. As a whole, the organization appears functional on the surface, while major components of the organization are struggling to achieve significant gains and objectives.

Leadership starts seeing the organization through the lane that already holds the standing to track and report the work. This is not a failure of leadership or a failure of reporting. Leaders can only work with what they are given, which is usually filtered through the single lens. What does not fit that lens gets delayed or pushed aside until it can be made legible in the terms already recognized. Accounting and disclosure systems have long shaped what organizations treat as visible and decision-relevant, which helps explain why monopoly conditions often become normalized instead of recognized as structural distortion (Bushman & Smith, 2003).

Authority pipelines start bending toward the same concentrated structures once the pattern settles in. These individuals and departments do not just carry out more work. They start shaping what kind of work can be performed in the first place. Other parts of the organization may still be doing important work, but they stop being able to bring it forward on their own terms. Without being whittled down to an unrecognizable but usable form, these innovative solutions stagnate within their own under-represented segment of the organization.

Although many leaders would like to avoid the truth, fighting a monopolized structure increases the amount of work required by everyone in the organization. Effort gets duplicated because the first version of the work that originated within the proper department rarely fits the dominant governance structure cleanly. Requests get revised, reframed or rerouted. Reporting requirements grow, but they grow in the same place instead of being distributed to and from where the work was performed. People spend time completing work to appease the needs of the dominant structural component instead of handling the work directly. Internal monopoly language has been used before in organizational analysis to describe how internal concentration can produce inefficiency inside firms. Monopolies do not just centralize authority, they make the entire organization less efficient at carrying its own work (Vining, 2003).

Burnout, staff loss and chronic overload usually show up after the pattern has already taken hold. The visible strain comes later. What changes first is that the organization starts creating extra work just to preserve normal functioning. More and more depends on the same few players. More and more of the structure waits on the same narrow lane. By the time the problem shows up as turnover or breakdown, the monopoly has usually already changed how the organization functions in both the short and long term.

Section 4. How Internal Governance Monopoly Forms and Why It Persists

Internal governance monopoly does not begin with a formal decision to concentrate authority. The structure already holding formal standing becomes the easiest place to send new demands. The same office already tracks the work, so it appears rational for more work to get tracked there. It already gets the reports before they move upward, so more reporting gets pushed there. The same role already has the standing to move issues forward, so more decisions are made there.

Industrial-era design still sits underneath much of this. Many organizations rely on internal arrangements built for narrower reporting demands and tighter control over a smaller range of recognized work. The structure was built to govern what older systems were creating which were simple tangible products, not the wider set of services organizations are now expected to carry. External scrutiny widened in response to the changing market and reporting widened to address it. However, the authority structure stayed much closer to what it was historically.

Reporting, audit and disclosure systems make that pattern harder to escape. Structures tied to money, compliance or board-facing reporting already hold formal standing, so new requirements tend to reinforce them instead of redistributing authority. Accounting information and related disclosures shape what organizations treat as visible and decision-relevant, which explains why concentrated authority can become normalized even when it is producing distortion (Bushman & Smith, 2003).

People inside the organization feel that something is off long before they can explain why it is off. The same default lane still looks responsible, disciplined and the sole department fully committed to working in the best interest of the organization. Meanwhile, more demands keep being routed through the same exhausted pathways. The specific lane of authority can vary, but the pattern is the same for each organization experiencing the pattern.

Older organizational reform writing recognized a version of this problem when it described “internal monopolies” in centralized support structures, and later firm analysis used similar language to explain internal inefficiency created by concentrated internal arrangements (National Performance Review, 1993; Vining, 2003). The problem here is narrower and more direct. Authority over what counts, what gets tracked and what can move keeps consolidating in the same place until the organization begins producing extra work just to keep functioning.

More effort usually gets absorbed by the same structure that is already producing the strain. Adding staff in the same lane may buy time, but it does not change where authority sits or how work is routed. As long as the structure keeps treating one narrow part of the organization as the default home for widening demands, the monopoly condition remains in place even when the people inside it change.

Section 5. Financial Dominance as the Most Common Form

Finance already holds formal standing inside most organizations and in the outside reporting environment, which is why financial dominance is the most common form of internal governance monopoly. That standing did not appear by accident. Older governance structures built it, and accounting, disclosure and oversight systems kept reinforcing it. Earlier work on financial dominance argued that modern organizations routinely treat the financial domain as the place where governing legitimacy settles, leaving other forms of value structurally subordinate even when leaders claim to care about them (Foster, 2026; Bushman & Smith, 2003).

Finance is not the problem, but a governance partner that is often made to carry far more than it was built to hold. CFOs and other financial staff are completing work that they never signed up for. Work that should have had formal standing somewhere else. Capacity limits show up as budget pressure instead of routine capacity reports. Operational weakness shows up as cost pressure instead of routine operational reports. Work tied to learning, resilience, service quality or external effects gets translated into financial terms because that is the language the structure is already prepared to recognize. Once that pattern in cemented in the underlying governance architecture, finance is no longer governing monetary resources alone. It becomes the default place where tradeoffs, reporting and decision thresholds come together.

Accounting and disclosure systems help explain why this happens so consistently. Bushman and Smith argue that financial accounting information and related disclosures shape what organizations treat as visible and decision-relevant for governance purposes. Monopoly does not begin only with decision rights on paper. It also forms through the systems that determine what leadership can reliably see, compare and act on. When those systems are concentrated around finance, more and more of the organization has to pass through finance to gain legitimacy, whether finance was designed to carry that burden or not (Bushman & Smith, 2003).

Formal reporting is widening even though many organizations still rely on internal authority structures built when finance was expected to carry the reporting burden. IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after January 1, 2024, and the European Commission states that the first companies subject to the Corporate Sustainability Reporting Directive had to apply the rules for the 2024 financial year, with reports published in 2025 (IFRS Foundation, 2024a, 2024b; European Commission, 2025). More now has to be disclosed, but the same old authority lanes still keep being asked to hold it.

What finance ends up carrying under those conditions is bad for the rest of the organization, but it is also bad for finance. The structure gives finance broader authority because finance already has standing, then keeps sending more work there because the rest of the organization was never built to hold its own domains with equal force. Decisions, reporting burdens and translation work land in finance because other kinds of work and value were never given comparable standing in the first place.

Section 6. Why Current Conditions are Making the Problem Worse

Clarity rarely arrives with new demands. More often, translation, review and dependence all keep growing in the same place. Organizations talk about the new burden as if the reporting itself were the problem. Realistically, the larger problem is that the structure handling the reporting was already too concentrated before the new demands arrived.

AI adds pressure in a similar way, though the problem is older than AI itself. Clear internal records, review processes and evidence that can carry across more than one part of the organization matter more in environments shaped by AI. Large organizations building and deploying AI are already formalizing internal oversight, documentation and review to manage that pressure (Microsoft, 2025). If too much of the organization still depends on the same default lane to decide what matters, track the work and move decisions forward, AI will not solve that problem. It will push harder on the same weak point.

Oversight pressures are widening in other ways too. Federal audit expectations continue to shift, including changes to the Single Audit threshold under revised Uniform Guidance, which raised the threshold from $750,000 to $1,000,000 for audits with periods beginning on or after October 1, 2024 (HHS Office of Inspector General, 2025). Each new requirement becomes one more reason to send more work through the same structure that was already carrying too much.

Section 7. Why This Matters for Practice and Study

Hiring another person into the same lane is one of the most common ways organizations respond once the strain starts showing. More reporting gets added. Another layer of coordination was built around the same office, department or role that was already carrying too much. That may buy time, but it does not solve the problem. Simultaneously, staff cuts are often required in other areas of the organization, and those areas are the ones where the value is being defined and reported. This results in massive value loss over the course of several years.

Some organizations will pursue well-defined solutions aiming to correct surface issues such as strategic planning, ESG, capacity building and others. These approaches provide immense value to organizations capable of implementing them precisely. However, organizations with the appropriate governance architecture and organizational structures are rare. Instead, the people closest to the new work end up spending their time holding the structure together instead of doing the work the solutions were supposed to improve.

Burnout, turnover, rework and chronic overload are not being treated here as isolated people problems. They are signs that too much decision authority and too much work have already been concentrated in the same part of the organization. Management, staffing and operational improvement still matter. They just do not fix monopoly conditions by themselves.

These failures only become visible after other solutions have been implemented but overload, coordination problems, decision bottlenecks, turnover, reporting burden or weak follow-through all continue to occur. Those are real problems and they are often the point where the deeper structural conditions have already been normalized. Internal governance monopoly gives us a way to ask what happened before the visible strain and to look more directly at where decision authority sits.

Different sectors work under different rules, but they can still produce the same concentration pattern inside. One part of the structure gains standing while others keep sending work there because reporting authority, decision thresholds or external visibility already sit there. The sector changes but the structures producing the strain do not.

Conclusion

More has to be measured, more has to be reported and more has to be made visible both inside and outside the organization than older authority structures were ever built to hold. However, most organizations are still trying to meet those demands through narrow lanes built for a much smaller world. More and more of the work then keeps landing in the same part of the structure until the organization depends on that lane to decide what matters and keep things moving.

Internal governance monopoly is the name used here for that condition. Issues have to be translated before they can be accounted for by executives and other leaders within the organization. Requests get rerouted and filtered long before they reach the “decision makers”. Delays build up and opportunities are lost due to the delays in decision making designed to safeguard the organization. People wear down and the strongest staff leave because of the added strain with no return on their personal investment.

Finance remains the most common form because finance has long held formal standing both inside organizations and in the outside reporting environment. That point matters, but it is not the whole point. Finance is not the enemy in this paper. Finance is one of the clearest examples of a necessary partner being made to carry authority and burden that should have been distributed elsewhere in the structure. The deeper issue is that too many other kinds of work and value were never given standing of their own, so they had to pass through finance.

Surface explanations like staffing, execution or coordination keep drawing attention away from the organizational structure causing the problematic outcomes. In response, surface solutions like strategic planning and capacity building are employed but must work within the confines of the structure already present. Organizations keep trying to reduce strain without changing the structure that produces it. In the end, the organization is faced with turnover, shortfalls, and missed opportunities because the solutions failed to target the appropriate cause of the problem.

A clearer name will not solve the problem itself, but organizations do need more polished language for the same failures. They need a way to name what happens when too much of the structure starts running through the same place. Until that concentration is recognized and addressed directly, the work will keep growing and the damage will continue to look like a people problem when it is actually a problem of internal governance monopolies built into the system itself.

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