

Contrary and Congruent Views of Leadership and Management in the Australian Social Economy

A research project by



"The 21st Century will be the century of the social sector organisation. The more economy, money and information become global, the more community will matter. And only the social sector nonprofit organisation performs in the community, exploits its opportunities, mobilizes its local resources, [and] solves its problems. *The leadership, competence, and management of the social sector nonprofit organization will thus largely determine the values, vision, the cohesion and performance of 21st Century Society.*"

Peter F Drucker, Drucker Foundation 1999

November 2007



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Via this report we introduce the concept of "open source research". This idea parallels the very successful open source movement in the software industry exemplified by Linux, Firefox and thousands of other valuable projects. A core element of the open source movement¹ is a license that forces derivative works to be as free as the material on which it is based. In this way, intellectual property can enjoy total freedom, maximising its opportunity to be used and improved. Academia has a long tradition in this vein. The difference here is the legal framework that requires derivative work to be shared publicly and for free.

Note

The data and evidence were collected in this study during the period July – October 2007. Since then conditions may have changed. Hence, interpretations provided in this report may also have changed in the interim and in the period of dissemination and discussion about the outcomes of the study. The reader is referred to the archives for further verification of both data and interpretations. These preliminary findings are shared in the spirit of action learning and collaboration, an organising theme in the conduct of the research. Your constructive criticism either with the team via email or via the SEEEN discussion forums (www.seeen.org.au) is welcome.

¹ For an overview and introduction see the wikipedia entry at http://en.wikipedia.org/wiki/Open_source.
More information and resources are available at <http://www.gnu.org/>



Chapter 2: In the Beginning

The real voyage of discovery consists not in seeking new landscapes, but in having new eyes (Marcel Proust).

One of the initial assumptions in conducting this research was the recognition that any change process in the Social Economy must be preceded by having a clear picture of how its members understand or misunderstand a range of issues affecting the sector. Consequently, an explicit purpose of this study was to explore the congruent and contrary nature of these understandings which we broadly defined as views⁵.

Specifically, the purpose of the project was to make explicit, and where possible to reconcile and/or legitimize, the different views that participants of the Social Economy hold on issues of leadership and management which are central to the Social Economy's impact. It must be noted that the study was not designed to produce an agreed definition of leadership or management. Nor was it intended to identify and document best practice in the field of leadership and management in the sector.

2.1. Research context and objectives

This bigger picture within which our research was nested was that we expected to find misunderstandings across and within the for-profit and non-profit groups all of which would/could lead to miscommunication; and that this in turn, had the potential to lead to much wasted effort and expenditure of resources (Figure 1). Examples of this might occur, for example, when funders in the sector require applicant organisations and programs to respond to rigid and demanding guidelines that incur great cost and wastage of resources. The consequence is reduced impact not only through expenditure of scant resources but also through the reification of cultural barriers across sectors (especially for applicants who fail in the funding process).

Consequently, it was anticipated that participants would hold different views of leadership and management in the Social Economy⁶. However, early on we began to realize both that the diversity of views within the sector was far greater than expected, and, apparently quite inconsistent.

If it was possible, we argued, to understand (and not to misunderstand) and create the potential for enhanced and extended communication, the scenario of increased impact of the sector would be made all the more probable.

Hence, the aim of the study was to make the understanding-misunderstandings and difference(s) in the Social Economy more explicit so that they might be reconciled and legitimated. If this is made possible, then it can be asserted that there will be increased potential for greater impact and effectiveness of the Social Economy.

⁵ The meaning of "view" is described in the section on methodology in Volume II Appendix 1

⁶ Participants include not only leaders, managers and board members in the Social Economy, but also all the groups and individuals who influence, govern or constrain the sector itself. The latter group consists of for-profit executives and CEOs with substantial experience/exposure to the Social Economy (foundation and CSR managers, volunteers and board members); and funders (private, corporate, and government).

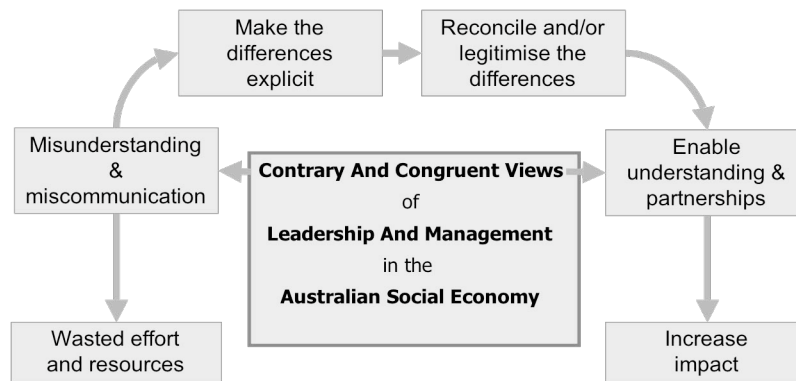


Figure 1: Rationale for the study

2.2. Our Approach to the study

If we are to achieve results never before accomplished, we must expect to employ methods never before attempted (Francis Bacon)

In the context of the complexity and diversity in the Social Economy, our approach to the research required an appropriate and rigorous methodology. We chose an “issues-based approach”⁷. *Issues-centred research aims to clarify the nature of disagreements and promote reflection on the extent to which a program (in this case Social Economy leadership and management) provokes alternative views. The research may be reported in a form that allows different audiences to draw their own conclusions about how the program (the Social Economy) is best interpreted and about what, if anything, should be done to improve it*⁸.

There are a number of important points to note here:

- Issues emerge and are redefined in the course of undertaking the research.
- An iterative process or “progressive focusing” guides the research as to what issues will be further interrogated and “truth-tested”;
- The meaning(s) of a specific issue can be made explicit.

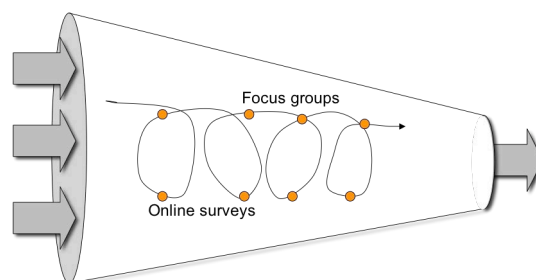


Figure 2: Progressive focussing and “truth-testing” moving from surveys to interactive focus groups and back again.

⁷ Stake and Kemmis, 1986 - Appendix 2.

⁸ Ibid p.66

To enable participants to benefit fully from the research we used data collection techniques that allowed feedback and interaction. These included:

1. A review of published literature relevant to the study.
2. Focus groups⁹
3. Online Surveys¹⁰.
4. Thought Leadership Forums.

One final feature of the methodology might be mentioned. In "truth-testing" the evidence through a process of "progressive focusing" (See 1.8 in Appendix I Volume II) we identified a broad range of issues that we tested for importance in the first online Survey #1. Each of the issues was considered critical for good leadership and management in the sector. When various meanings (and other issues) emerged from this online survey, they were used as focusing questions in the following focus group. Similarly, an issue identified in one focus group tended to be used as a "starter" for the next focus group (with different participants). In this way, the interpretation of issues evolved, and also gave rise to further (new) issues. The last scheduled Thought Leadership Forum was used as a final testing ground for a number of issues that were to appear in the Final Report. We outlined major findings and participants commented and validated meanings underlying the findings.

2.3. Key enquiry question:

The overarching enquiry question for the study provided the platform for the initial *identification of Key Issues*. It was:

How do leaders and managers in the Australian Social Economy understand & misunderstand issues and challenges of their practice?

In broaching this enquiry question, 12 key issues were identified based on prior research and scholarly experience. These issues were initially "ideas-to-be-tested" or as Malinowski would say, "foreshadowed problems", and did not pre-empt views which might be expressed by participants. The issues were:

- Sector Leadership (SL)
- Governance (Gov)
- Role of the Social Economy (RSE)
- Capacity-building in SE Organisations (CB)
- Measurement of Impact (MI)
- Government Policy and Regulations (GP&R)
- Innovative Business Models (IBM)
- Cooperation across Sectors (CAS)

⁹ Bloor et al (2001) state that: "Pre-pilot focus groups may be used in the initial phase of a large survey study. Prior to the drafting of the survey instrument itself, focus groups may be used in the early days of the study for exploratory purposes, and to inform the later stages of the study: p.9

¹⁰ The survey adopted was a census survey than a survey analysis. The distinction between survey analysis and census surveys is that the former assume a high probability of predictive generalization with sophisticated psycho-statistical analysis. This is not the intent in this study where the study intent is to listen to the vernacular of practitioners and at the same time provide valid outcome statements practitioner for use by participants and sponsors.

- Complexity of Management (CM)
- Business Skills Development (BSD)
- Investment (Inv)
- Funding and Resources (F&R)

In addition, five relatively provocative questions were posed in the first survey to assess participants' reactions and to clarify previous responses? They were:

- Australian non-profit leadership and management capability and performance are of high quality? (L&M-HQ)
- Leading & managing an organization in the Social Economy is harder than running a similar sized for-profit organization? (L&M-H)
- Australian non-profit organisations consistently achieve efficiencies through cooperation / collaboration. Do you agree? (CC)
- Business skills aren't applicable in the Social Economy. Do you agree? (BSA)
- It is more important to fund programs that deliver direct benefit rather than to fund general expenses and capability? (PGE)

Responses of participants to the issues and questions were recorded in the form of numerical rankings and freeform comments.

At all times, the research was guided by recognised ethical principles of procedure.

2.4. The research output

This Final Report is designed for a mixed audience from the non-profit, private and public sectors. The primary target audience are CEOs leaders and managers and funders (Foundations) in the Social Economy. When we undertook the study we believed there would be significant difference in views between the non-profit and for-profit sectors. This did not turn out to be the case. But we believe that the findings will be of great interest to business, if only, as one of our participants stated that the "new wave" or social entrepreneurship in the Social Economy will witness a greater integration between business and social mission.

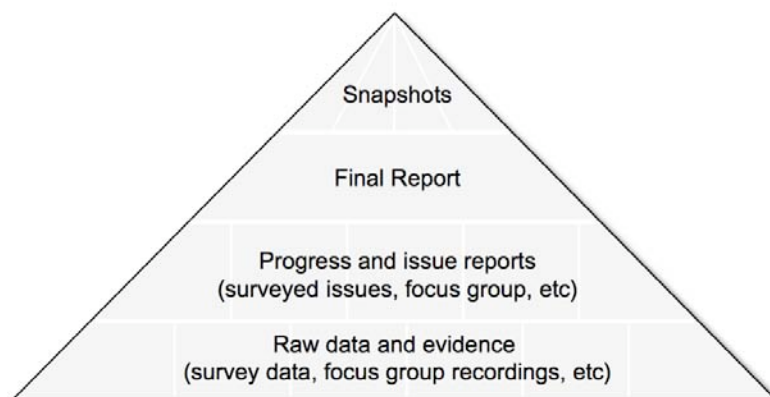


Figure 2: Reporting structure



seen

- **Data and evidence:** The “raw”¹¹ data and evidence¹² used in the study were anonymised and archived for public access¹³.
- **Key Issue Reports:** These are the individual interpretive reports on key issues and other issues emerging in the study (for example, Competition). They also include individual Key Issue Reports from Surveys#1 and #2 (18); and Summary Reports from the Focus Groups (6) and Thought Leadership Forums (2). These reports are archived in Volume II of the Final Report.
- **Final Report:** The Final Report is a survey across all individual interpretive reports.
- **Snapshots:** Snapshots are lively, often provocative and analytical accounts about Key Issues identified in the Social Economy. The idea of introducing Snapshots into the reporting processes of the study is consistent with the *action learning orientation* of the study. The Snapshots are a work in progress.

Participation levels in the study were extraordinarily high (Appendix 3) as shown in the following figures:

- Over 1000 respondents from online surveys, Focus Groups (FGs) and Thought Leadership Forums (TLFs); 120,000 words in the surveys; with 61 focus group participants and 43 senior executives and CEOs in the Thought Leadership Forums and Roundtable Dialogues.
- The respondent population was not representative of the entire population. However, in part due to its much higher education, the quality (and quantity) of contribution has been outstanding.

The overall schedule included:

- Two online surveys
- Interim Report #1
- Six focus groups
- Interim Report #2
- Two Thought Leadership Forums
- Interim Report #3
- Final Report

2.5. The Structure of this report

The report has been presented in two volumes. Volume I provides an interpretation of all the evidence collected in the study (Figure 2: p.14 in this chapter). Volume II is an archive of material relating to evidence and data, and the individual reports produced for each Key Issue (Figure 2: Evidence and data, and Key Issues Reports – including Focus Groups and Thought Leadership Forum reports).

Volume I of this Final Report is organized into four sections: Section 1 provides the introduction. Section 2 outlines five issues affecting leadership and management in the

¹¹ It is recognised that no data is ever “raw” in as much as once data is produced it is the result of some interpretive process. “Raw” is used here to emphasise the fact that this is the first data collected and not subjected to the kind of critical scrutiny as it is in later analysis.

¹² We have made this distinction between data and evidence on the basis that data assumes a more ‘standardised form’ while evidence is more context specific. The numerical responses are examples of data and the comments although decontextualised to a large extent are taken as evidence.

¹³ This is consistent with the definition of research adopted for the study, namely systematic enquiry *made public*.



contemporary Australian Social Economy. Section 3 explores environmental/macro issues that create background “noise” and that are preconditions which need to be addressed before change is possible. The final section 4 provides final some closing comment and questions.

Section 1: Executive Summary

Section 2: Context and the Australian Social Economy

Chapter 2: *In the Beginning*. This chapter provides an overview and introduction to the Study

Chapter 3: *Spotlight on the Australian Social Economy*. Relevant information and concepts are provided to contextualise the study.

Section 3: Key Issues: Leadership and Management in the Australian Social Economy

Chapter 3: *Leadership and Management*. This chapter directly addresses issues of leadership and management in the sector. It is presented in two sections that focus on organisational issues (especially for practitioners), and a second that focuses on sector and society issues (especially for policy-makers).

Chapter 5: *Governance and boards*. Leadership sector boards of directors are considered in this chapter which should appeal to policy-makers.

Chapter 6: *Funding, Symptoms and Causes*. The most important issue identified by participants in the study is discussed in this chapter.

Chapter 7: *Competition in the Sector*. Issues relating to the perceived consequences of funding processes and lack of collaboration-cooperation in the sector are discussed in this chapter.

Chapter 8: *The Long Tail: Small-Large Organisations*. The chapter outlines problems of size associated with the 700,000+ organisations in the sector.

Section 4: Important Issues and Background “Noise” in the Sector.

Chapter 9: *Survey Highlights*. Additional statistical data from the two online are presented highlighting inconsistencies in responses and apparent confusion in the sector.

Chapter 10: *Ambiguous language and miscommunication*. This chapter outlines the use of language in the sector and why it is so difficult to communicate.

Chapter 11: *Uneven Preoccupations: Motivations and Misalignments*. Issues of self-interest, vested interests and moral and superior authority are raised in this Chapter.

Section 4: Comments

Chapter 12: *Closing Comments*



We have organised the chapters in this way so that the reader may choose where to begin to read about the analysis and interpretation of the massive amount of evidence collected in the study.

The reader is also encouraged to draw upon Volume II where the individual reports for the 18 Key Issues and "Hot Questions" are archived. In the interests of transparency, and our belief that *research is systematic enquiry made public, and consistent with our open source approach to the research*, the reader is invited to scrutinize critically the interpretations and form her/his own interpretation from the abundant material in both volumes of this Final Report. If and when doing so we require, through the GNU Free Documentation License that the resulting insights be also made available to the public in the spirit of Open Source Research.

In structuring and writing this Final Report we hope to address issues of interest to both Practitioners in the field (especially those in leadership and management positions; as well as Policy-makers and their advisors.¹⁴

Above all we hope to shed some light on a series of important issues and thus make a useful contribution to the development of the Australian Social Economy.

¹⁴ We are also aware that when refer to policy we are assuming a more inclusive view of policy development. *Policy embraces the practices to which it refers*. It is not the domain of Governments only. Practitioners are policy makers through the enactment of their practice; so too are the vast array of persons engaged in policy development in Government bureaucracies. The distinction between Government as policy makers and practitioners is artificial. At this time however, practitioners in the sector have little voice, influence in or power to providing policy advice or policy making.