

# 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 movement<sup>1</sup> 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](http://www.seeen.org.au)) is welcome.

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<sup>1</sup> For an overview and introduction see the wikipedia entry at [http://en.wikipedia.org/wiki/Open\\_source](http://en.wikipedia.org/wiki/Open_source).  
More information and resources are available at <http://www.gnu.org/>



## **Foreword**

The Social Economy is experiencing significant levels of growth commensurate with increasing affluence in Australian society. Philanthropists identify that they have a civic duty to make a difference to society beyond what government provides. Perpetual, as the largest manager of charitable trusts in Australia, has a profound responsibility, to donors and funding recipients alike, to ensure that this philanthropic investment can be efficiently used to maximise that benefit to society.

The Perpetual Foundation commissioned this research to gain insights into the drivers of leadership and management in the Social Economy and how this might be used to help the sector build its skills and capabilities. In posing the question of whether there were 'Contrary and congruent views of leadership and management in the social economy' the research team was rewarded with a great deal of information on the experiences and perceptions of over 1,000 respondents.

The resilience and creativity demonstrated by individuals and organisations in the Social Economy is evident throughout this research. This represents an impressive range and quality of services provided by the Social Economy to communities across Australia. One of the great benefits of this research project has been to stimulate discussion and bring together all players within the Social Economy, to build understanding and cooperation.

Many important questions and issues are identified and analysed in this extensive report, which form an agenda for further research and discussion. Of particular relevance is the underdeveloped practice and standards of governance in the sector. Governance is profoundly important in that it touches on questions such as "What is our mission and strategy?", "How do we define and measure success?", "What is the right board composition to help us deliver success?", and "What do we do if we fail?". Perpetual's observation is that Boards must answer these questions if they want to convince donors that they are making a positive impact in an efficient way. Good governance is especially important in the social sector, which is characterised by complexity and resource constraints.

The Perpetual Foundation aims to promote and support the development of the Social Economy to ensure the investment of financial, human and social capital can be utilized to best serve society. This research is timely in that it has identified the key drivers and issues that can now serve as a basis for further meaningful dialogue amongst all participants in the Social Economy. We invite all those who may share an interest in the future of this sector to use this research report to advance our understanding and appreciation of it and hence better influence that future.

Catherine Baldwin  
Head of the Perpetual Foundation  
30 November 2007



## **Acknowledgements**

The body of this report was co-authored by Hugh Morrow and Leo Bartlett with Linda Silaghi who together comprised the research team. The support of Sharen Page is gratefully acknowledged.

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We also thank the 61 contributors to the seven Focus Groups, the 24 Thought Leadership Forum participants and the 19 Roundtable Dialogue attendees.



## **The Research Team**

**Hugh Morrow** works with for-profit and non-profit organisations through his company ICONIC. Hugh's interests lie in the intersection of information technology, organisation behaviour and business strategy. Hugh is an Adjunct Professor at Macquarie University, leads the Social Economy Executive Education Network and is a Council member for AusSchol an independent scholarship fund. His hope is to see management practices in the Social Economy at the same level of expertise as found in the private sector. Hugh has worked for a global strategy consulting firm, had senior roles within one of Australia's largest companies, and has taken a high tech business from concept to commercial success. Having owned, led, worked in and consulted to organisations, Hugh now applies his skills and energy to a small portfolio of organisations that are committed to growth, innovation and impact. Hugh holds an engineering degree from Sydney University, a Masters in Business Administration from Stanford University and is a Yale University World Fellow.

Emeritus Professor **Leo Bartlett** is currently the Executive Director of the *Australian Institute for Social Entrepreneurship* which is engaged in research, learning and enterprise development. Leo worked for the first fifteen years of his career in a voluntary capacity in nonprofits. He subsequently moved into Higher Education where he became a Foundation Professor and Dean of Education and Creative Arts, thence Assistant Vice Chancellor in the area of business development and enterprise projects. Leo has worked among practitioners in a diverse field of community enterprises. He has chaired peak economic development governing bodies such as Rockhampton Enterprise Ltd. Leo is the Australian Council Advisory Member of the *Universities Network for Social Entrepreneurship* (Oxford). In addition to the current project, he is engaged in research with social enterprises for homeless youth. Leo is also Visiting Professor in social entrepreneurship and research method to universities in Australia and the US. He has over 200 publications in professional journals and books.

**Linda Silaghi** holds a double masters degree in American and English Studies (Thesis based), and recently completed a Masters of International Relations and International Business at Macquarie University. In this course Linda completed a course unit in Social Entrepreneurship which was focussed on group problem solving and the evaluation of non-profit organisations. Her qualifications equip her with strong analytical and research skills in the fields of cultural criticism, gender studies, post-colonial studies, film studies and semiotics. Linda is a highly skilled researcher. She has completed studies in Hungary, Romania, Finland and Australia.



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