

# 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

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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/>

## Chapter 11: Uneven Preoccupations: Motivations and Misalignments

In this chapter, we want to draw attention to two principal issues that arose in the study and which we have described as “uneven preoccupations”. The first focuses on the idea of misalignment of interests where interests may be motivated by a sense of self, egoism, and/or described as vested self interests. The second issue we have called the righteous Social Economy. This issue is closely related to the first because it seemed that the expression of righteousness (being upright but also including self-righteousness) we observed among many members in the sector, was also motivated by forms of self interest.

We make our comments not as any form of criticism or evaluation, but based on our interpretation, observations and participants’ comments. If then, the sector has these uneven preoccupations reflected in the above two issues, how does this affect its work and social impact?

### 11.1. Motivations and misalignments

An item that “rose” to the surface a number of times was that of “motivation”<sup>105</sup>. The concept of motivation (or intention as a basis for action) was often discussed in a context of self-interest (acting solely in one’s own interests to the detriment of another) and altruism (acting solely with regard for the other)<sup>106</sup>.

We observed motivation as being linked with the interests of one or more of individuals, organisations or programs, and more macro forms of social organisations such as society. They all have their own sets of interests. And these interests may be validly exercised when they do not conflict unfairly or to the detriment of interests of any one of the three entities. When an individual acts through self-interest as a form of ego or ideological dominance, it may not be aligned with the interests of others, and this is when misalignment begins to occur.

When we analysed participants’ comments, it seemed evident that an overwhelming number of people who work in the Social Economy do so in the pursuit of higher order goals – the relief of suffering, development of an art form, et cetera. That is, there is an altruistic aspect to their decision to work in the sector.

Based on some comments it was clear that members of the sector believed that not every Social Economy member as an individual was acting altruistically. For example, a Social Economy member makes the following comment about barriers to cooperation across sectors:

*In reality, ego-driven issues, the desire for market share, dominance, intellectual property rights, and financial considerations (i.e. the need to protect and shore a position to ensure future employment/income) are entrenched barriers<sup>107</sup>.*

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<sup>105</sup> We use the word motivation here in terms of the Aristotelian meaning of intention. We do not equate it with any meaning associated with psychology or as a form of attitude or mental or psychological state.

<sup>106</sup> A good example of this occurred in a Thought Leadership Forum where there was a lively debate on self-interest and how it was sometimes misaligned with other interests in the social sector. Within this discussion, some participants took stances that were clearly in their own interests but at odds with the community at large.

<sup>107</sup> CAS 81 (1) S#1

The claim could be about an individual or an organisation acting on its/one's behalf. The member's interests as a form of egoism are not aligned with a common good or with perhaps the organisation in which the member works. Whatever the situation, individual self-interests are not necessarily synchronous with their organisational interests.

Thus the forces commonly at work are:

1. *Self interest*: at the level of the individual and related to ego and personal gain ('slice of the pie' [which is] to the detriment of the overall Social Economy<sup>108</sup>)
2. *Organisational interest*: at the level of the group, often the employer, where organisations are territorial and protect their "patch"<sup>109</sup>
3. *Altruistic interest*: at its broadest, purely focused on the well being of others and society at large

Many examples of this misalignment were observed in comments about collaboration and cooperation in the sector:

*I do not believe this (collaboration for greater efficiencies) is widespread. Many organisations work hard to "protect their patch"<sup>110</sup>.*

This illustrates an example of an organisation's self or vested interests misaligned with the interests of other organisations. Similar misalignment may occur within a broader Social Economy or "civil good" framework. Individuals or organisations can be misaligned because they cannot set aside their vested self-interest as ego.

*Collaboration on projects and service delivery should make for greater impact and geographic coverage if organisations and management were to set egos aside and focus on their mission - what is it that they are trying to achieve and work with others having a similar focus<sup>111</sup>.*

The examples indicate how individual goals may become misaligned with organisational goals and mission. If an individual, for example, is employed by an organisation there is an onus to act in the best interests of the organisation – the bargain struck in return for monetary compensation, perhaps mission satisfaction, or more unlikely in the social sector, building a career.

In the Social Economy, where the party that provides resources is generally different from that consuming the resources, we find many opportunities for misalignment. The frequent criticism by Social Economy members (especially those with "passion") of Governments was an expression of misalignment of interests. The frequent disclaimers about Governments practices in the grant application processes (short-term funding etc) could also be taken as another example.

In their comments, participants said that when self-interest is at risk, it is often defended in the name of altruism or organisational mission. Rarely is self-interest acknowledged openly and dealt with explicitly.

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<sup>108</sup> CC 104 (1) S#1

<sup>109</sup> CC 258 (1) S#1

<sup>110</sup> CC 258 (1) S#1

<sup>111</sup> CAS 538 (1) S#1



This discussion is note a criticism or evaluation of the sector or its members whose comments reflect a more ego-oriented expression of self-interest. In many cases these comments can be celebrated because invariably they reflect a spirit of altruism. But we did observe many instances where claims with a vested interest were made in the name of altruism; where individual interests were out of synchrony with organisational interests; and where an individual's claim reflected vested interests which were misaligned with the common good, that is, the Social Economy, society or larger form of social organisation

Most of the examples cited above relate to issues of collaboration and cooperation. Time and time again however, examples were observed of practitioners at the frontline resisting and adopting new or different approaches to dealing with collaboration as a desirable goal; but once the matter of resources and their allocation had to be addressed, collaboration tended to "fall apart".

A similar observation might be made about misalignment of interests among organisations, misalignments that result in competition and ultimate wastage of resources and loss of impact. The outcome is a lesser return for the common good and Social Economy and civil society as a whole.

Hence, for example, in a bid to build personal or organisational status, individuals may engage in highly competitive behaviour that might be at the expense of the altruistic objectives of the organisation and/or funding partners.

A further example may be seen in the dissemination of intellectual property, which might be jealously guarded by an individual or organisation even though sharing it might create significant positive social impact.

### **Snapshot: The Multiple Sclerosis Society Pause Button**

Before, during and after the merger of the Victorian and NSW branches of the MS Society of Australia, many difficult conversations were required to resolve integration issues. Often these discussions would involve decisions that might involve loss of jobs and status for employees, and they generally required significant change in the organisation. As a consequence, defensive behaviour was common and in many ways unavoidable.

To ensure that the meetings remained focused and aligned to the mission of the organisation a simple "intervention" was adopted.

If a discussion appeared to be moving in an unconstructive direction, any participant could press "the pause button" – the MS Society lapel pin that every employee wears. The explicit question being asked in the "pause" is whether the discussion was in the best interests of the Society's clients – sufferers of MS or not?

After a short moment of reflection, the discussion would resume, generally on a far more constructive basis.

## **11.2. The righteous Social Economy**

Many participants described how they felt like "poor cousins" compared with their corporate peers. This situation, it was claimed many times, is partly the consequence of having to "beg" for funding and partly a consequence of not having sufficient resources to conduct their "business" in as professional a manner as they might like. Instead they had to rely on "hand outs" in the form of voluntary and pro-bono support.

Due to the lack of resources, Social Economy executives tended not to benefit from the scope or extent of professional development in general management as their counterparts in the private business sector might. Consequently they have potentially lower general management capability and knowledge. There may be a number of consequences of this situation. Defensive mechanisms can develop to protect their position. Self-interest and ego may lead to an inflated view of that position or individual worth. When self interest as vested self interest takes over, some form of egoism occurs.

For-profit executives who haven't spent much time in the sector might understate the full complexity of the challenges faced by Social Economy executives and their organisations. This naivety might create a false sense of confidence, exacerbating the gap between the for-profit and Social Economy executive in their communications.

But at the same time, due to the altruistic nature of their work, Social Economy executives like to occupy *the moral high ground*. As a cohort they also tend to be better educated (higher rate of higher university degrees) than their corporate peers.

Thus, "crossed communication" can occur where both parties simultaneously adopt a superior, or "parent", tone. The communication is not sustainable and breaks down in time.

### 11.3. Making sense of motivations and misalignments

What do we mean by the righteous Social Economy? And how was it possible for it to appear in the data? At first sight the very use of the term, (especially when it is assumed to mean self-righteousness) seems an indictment on members and their work. This interpretation is/was never intended. But it was observed in a range of comments raised for a number of Key Issues interrogated in the study (See side bar). The Key Issues with which "self-righteous" was associated included competition, cooperation across sectors, cooperation and collaboration, governance and others. In effect, respondents reflected on the idea and used it in their comments across a wide range of responses to several Key Issues.

What we observed in the study was a strong appeal by many members to a form of moral authority and upright behaviour, the moral principles that are said to characterise the Social Economy. As we have indicated in 10.4 appeal to moral authority is one of four "drivers" of motivation and intentional behaviour.

This moral authority may be said to be expressed in the values of the sector which include equity-access, justice, equality, etc. According to Jed Emerson and his colleagues, they may be expressed as "blended value" in the social, economic and environmental dimensions.

Uprightness as the basis for being righteous is another of the values of the Social Economy. Uprightness makes a direct reference to acting rightly, justifiably and morally. Members value what they do, and how they serve others; in other words they value being righteous. Their service is motivated by the above kind of sector values and in most cases they act altruistically – with due regard for others rather than themselves. This kind of uprightiness is a form of self-interest and needs to be celebrated; its recognition is sometimes neglected in the public sphere.

Members of the Social Economy may act with self-interest without breaking the generally accepted norms of behaviour of the law (norms are enshrined in legal process which is called "the law") but not necessarily the Social Economy. And it seemed to us that it was here that our observations of the *self-righteousness* of some members applied.

Many respondents in our study were highly critical of other members whose egos suggested they were acting solely with self-interest; that is, they were not acting according to the accepted and largely unwritten norms and values of the sector. These same members could not be said to be breaking those norms or societal standards which constitute the law<sup>112</sup>. In positions of authority and power however they had all the potential to impede the effective and efficient operations of a social sector organisation, or to act in such way to make life difficult for other members working in the sector or organisation. We observed many instances of claims of actions informed by "ego". But it seemed that this kind of behaviour, however unacceptable, was within the bounds of the law.

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<sup>112</sup> In its most virulent form acting with vested self-interest involves acting immorally to the harm of others in the community or society.

But there was another form of behaviour suggested from the data: when members behaved in a way that was similar to behaviours motivated by "ego" - but with a difference. It seemed to us that the latter lacked the transparency observed in the former ego-driven kind of behaviour.

Here these members acted with vested self-interest which superseded common good interests and dominated their everyday actions and behaviours. Common good interests (sector values, organisational goals etc) become cloaked in the garment of righteousness. Members assume an appearance of acting morally but they are acting more in their own interests. We call this acting not with *moral authority* but with a disguised *moral superiority*. This is the kind of situation which we describe as *self-righteousness*.

So why have we struggled to express the kind of self-righteousness we have seen in the data from the study. And the expression "ego" and "righteousness" was used across sectors not just within the Social Economy itself.

There are probably several questions we could ask in relation to the issue. Examples are:

- How does the expression of egoism affect the culture of the sector?
- What will influence the unity of voice in the sector? How the sector will be represented?
- Will this kind of cultural dysfunction affect fundamental values of the sector?
- What could be the impact on public recognition? And
- How might it affect the very fabric of relationships with the public sphere, for example in the social inequity that might be a consequence of such behaviour<sup>113</sup>?

In concluding, we reproduce what we wrote in the report for the Key issue "sector Leadership" (See Volume II of this report):

*For-profit participants considered the "passion" of the sector to be represented in such a way as to be double-edged and misleading. Members of the sector were seen to represent themselves, at least in symbolic terms, as self-justified in what they did and the quality of how they did it (their performance). Further, they saw the lack of implementation of "effective leadership", and viewed the SE sector being conducted under this seeming pretence of moral righteousness rather than leadership based on good intellectual foundations. The persistence of such a trend was explained through the lack of formal training available or affordable to leaders within the SE. This was contrasted with their corporate counterparts.*

The important part of this interpretation is perhaps the fact that the issue has at least in part developed because of *lack of professional development and training* of sector leaders and managers.

It may be useful at some future date to look at several potential expressions or scenarios and their consequences that might exist in relation to the characterization of self-righteousness, moral authority and moral superiority that is suggested from our data from the study.

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<sup>113</sup> Eikenberry talks about the development of an "us-them" mentality between the sector and public. Eikenberry, A.M. (2004) *Creating Social Equity: What Role for Nonprofit Organizations?* Center for Public Administration & Policy Virginia Polytechnic Institute and State University

#### 11.4. “Drivers” and motivations in the sector

One of the questions we asked ourselves was: Where are the drivers that motivate members of the Social Economy? We took advice from our counterparts overseas<sup>114</sup>. They have strategized that there are four motivating drivers in the sector. They are motivations that relate to:

1. *Morality*: actions and behaviours that are right in principle and driven by the values of the sector;
2. *Democratization*: actions and behaviours that strengthen wider democratization in the wider Social Economy as the producer and reproducer of civil society;
3. *Political representation*: actions and behaviours that increase reputation and credibility of the organisation and social sector; and
4. *Performance*: actions and behaviours that invoke a skill set in the management and leadership of the organisation.

Social Economy organisations and their leaders and managers have to meet moral and legal norms as we have discussed in 10.3. We observed morality in members “passion” and concern for social mission. For example funding processes, and competitive application guidelines frameworks, were viewed as a significant instrument in changing the conditions of work sometimes reportedly to the detriment of social mission.

Democratization was also highly held although not often repeated in respondents’ comments. Political representation as we have seen was about the “poor cousin” syndrome of the sector. And performance was dominated by a view that it was predominantly economic performance in a context where funding was the most important issue in the view of leaders and managers (See Chapter 6 on “Funding”).

There is a complex set of drivers in the Social Economy, drivers that impact on how leaders and managers act. When performance (read economic performance in attracting funding) takes grip, it tends to dominate other more altruistic motivations. Hence, too great a concern for one’s performance can lead to a shift toward self interest which may appear as egoism, or it may go further when a leader or manager presents visible behaviours to the public as moral or democratic; behaviours which in fact are underpinned or driven by vested self interest of performance motivation that reaps its own economic or reputational rewards.

The Social Economy might benefit from an *integrated approach* that ensures all leaders and managers can construct a balanced view and practice underpinned by these motivations. The major barrier to achieving this condition is the dearth of resources for professional development and the subsequent reproduction of past practices. While many respondents claimed funders were responsible for this situation (and there was a “truth” in their comments, for example, in guidelines that funded only core costs and not general expenses such as professional development costs) the situation has been allowed to continue. How then might policy-makers address existing funding guidelines that exclude professional development costs as “core costs”? Should “general expenses” which include

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<sup>114</sup> Beloe, S. Kell, G. And deLardereel, J. A. (2006) *The 21<sup>st</sup> NGO*. Monograph. Sustainability, UN Global Impact, and UNEP. ([www.sustainability.com](http://www.sustainability.com)).

general management and capability development costs be reclassified as “core costs” in Government funded grants? How can we implement best and innovative professional development practices in the Social Economy?

This chapter concludes with text taken from a report one of the focus groups.

*The public recognition of the Social Economy sector was seen as complex and political in character; complex, because of the nature of the industry and number of operations and functions needed to ensure a program reached its potential impact. Again, disability was cited as an example. There was also resistance by personnel to speak out about their work often because of its sensitive nature; or because of respect for the dignity of those served. This situation was perhaps compounded by the fact that professional practitioners within the sector (like their counterparts in other professional areas, especially the service industries) tended to be reluctant to engage the macro environment affecting their work. This was observed to be consistent with a low level of moral development in the maturation process, development which thought more about the “self”, struggled to engage others, needed to be liked, and trusted only immediately accessible relationships. But it was also suggested that there might be a form of “intellectual arrogance”, and more likely “moral righteousness” among members of the SE sector. This “fact” could explain in part the lack of public recognition of the sector. Intellectual arrogance within or across the sector was thought to be reflected in language-use mentioned above. It was noted that too little was actually known about the SE, in terms of the number of organisations/programs, size, design and structure, and impact of member organisations.*

## 11.5. Quotes and Questions

### 11.5.1 Quotes:

*Patch protection has become important in the Social Economy so that organisations can be better seen to be doing rather than playing a role which others [who] better equipped or qualified [might] be doing that role CAS 214 (3) S#1*

*NFPO's MUST collaborate and cooperate with other organisations to achieve maximum successes. As stated before, individual NFPO's often cut across each others' project - jealously guarding their 'slice of the pie' to the detriment of the overall Social Economy. CC 104 (1) S#1*

*Many groups are attempting to achieve results in their own patch whereas strong leadership could pull the different groups together and form a strong alliance of capable people combining within a sector to the greater benefit of the Social Economy SL, 28, (1), S#*

*Often limited resources, lousy governance at board level, misplaced egos, varying and conflicting interest groups and negative politics L&M -HQ 407 (4) S#1*

*Sound Governance underpins the integrity as well as the ethical and moral authority of any well managed Social Economy Gov. 70 (1) S#1*

*There are few good leaders showing appropriate stewardship, personal and business ethics are inconsistent and don't always demonstrate our moral obligations. SL, 710, (1), S#1*

*Boards are again well-intentioned, but too often become captured by the ego of one or two people, whose motive while professedly for the organisations fail to harness the skills of the best and the brightest. However this happens in politics too. Gov. 467 (0) S#1*

*In reality, ego-driven issues, the desire for market share, dominance, intellectual property rights, and financial considerations (i.e. the need to protect and shore a position to ensure future employment/income) are entrenched barriers. CAS 81 (2) S#1*

*Collaboration on projects and service delivery should make for greater impact and geographic coverage if organisations and management were to set egos aside and focus on their mission - what is that they are trying to achieve and work with others having a similar focus. CAS, 538 (1), S#1*

*Much duplication (how many cancer societies do we need? How many animal welfare ...?). is a result of lack of sectoral regulation and an overabundance of overweening egos. Even within the one organisation there is more often than not competition and unco-operation between the different state branches and so-called "national head offices" of many non-profits (e.g. the RSPCA, Royal Surf Life Saving), C&C, 54, (1), S#1*

*There is the risk that long-established organisations can become self-serving and subject to "icon blindness". That is, the view the organisation is performing and has performed such an invaluable role over the years that it should not be subject to scrutiny. Gov 349 (0) S#1*

### **11.5.2 Questions**

1. How can a language be developed to impose communication and better understand inappropriate motivations?
2. How can personal and altruistic motivations be balanced to achieve good social outcomes?
3. How can the Social Economy and for-profit communities best work together?