

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 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 12: Closing comments

The research has shown the extraordinary complexity and diversity of the Social Economy as it has been reflected in the views of participants (the 'snakes and ladders') especially within rather than across sectors. At first glance, this complexity might be seen to result in a 'fuzzy futures'. Yet we conclude the report with many more questions than answers.

In the second section of these concluding comments we suggest six areas that might receive greater attention by sector members.

12.1. Fuzzy futures: the end of the beginning?

Salman Rushdie in his novel *Midnight's Children* made the insightful remark that: *if you want to understand just one man's life you have to chew off the world*. It seemed to us that in commencing this study we were attempting 'to chew off the world'; and in hindsight this is an accurate assessment. We attempted to embrace a wide range of issues that were challenging the capabilities of leaders and managers in the Social Economy. In this way we were taking a broad approach to the issues affecting the sector in order to get a better picture of the views of various players who were part of, or who affected the sector. Hence, we were in some ways trying to "chew off" the Social Economy world to understand it better in a more holistic sense before beginning enquiry on specific topics or issues.

In another part of the same novel Rushdie proclaimed: *for every snake there is a ladder*. We thought that most snakes and ladders would be found when we examined the views held across sectors. That is, we would observe the greatest divergence and oppositions in views between, for example, the Social Economy and for-profit sectors. We were surprised to find this was not the case amongst our highly educated and experienced survey respondents. We did, however, find tensions in the data sets and these are reflected in the eighteen Key Issues Reports and comparison of cross-sector views which we encourage the reader to scrutinize (Volume II).

In the final Thought Leadership Forum¹¹⁵, one participant in proclaiming the vagaries of dealing with Governments declared that the future was fuzzy and those in the Social Economy may need to accept uncertainty. But it also had the double edged meaning of a fuzzy future in that if the Social Economy was not more assertive and exercise the inherent political power it possessed, it would lose its capacity to create greater social wealth and impact. The idea of fuzzy futures seemed to us to be consistent with the approach to the study, namely that that it be open-ended and non-recommendatory in its exploration for ways forward.

So where does this leave the research? We could provide recommendations and courses of actions. But as we indicated above, our research was open-ended; there are more things left unsaid than said; more snakes than ladders.

Our research raises more questions than answers and it is this line of conclusion we now present in this final chapter. When we pose the question, "[Is it] the end of the beginning?"

¹¹⁵ Reported in TLF2 report in Volume II

we are inviting members of the sector to take up where this research has ended with its tentative conclusions.

Our interpretations in the research suggest that members of the Social Economy might consider addressing the following six areas:

1. Leadership and management in the Australian Social Economy may best be served by an increased emphasis on appropriate and adequate education and training provision.
2. There is an absence of transparency in the sector especially in leadership and management, and governance.
3. Social Economy organisations and programs could better adopt more holistic approaches to accountability.
4. Funding is and is likely to continue to be a major concern in the Social Economy.
5. Social Economy organisations may better develop with the guidance of new knowledge and data based on the Australian context..
6. New ways of describing the Social Economy and its "parts" as well as the whole are necessary.

12.2. Changing the temperature

We were asked to provide an interpretive statement which would summarise our study on the *Contrary and Congruent Views of Leadership and Management in the Australian Social Economy* would look like, we would say this:

It seemed to us that taking into account the high volume of evidence in the study, there was one overarching meta-theme throughout the research. Many of the issue-themes we observed formed a pattern reflecting an absence of general management capabilities among leaders and managers (including members of boards of governance); and this absence has much to do with the consequence of a long history of failure to provide adequate and appropriate education and training.

Hence, we see the entry point for change may well be the education and training of individual leaders and managers, as well as of whole organisations and "industries" within the sector.

The Social Economy is an "ecosystem" in which thousands of different organisations of every shape and form exist. Change can occur through the evolution and prosperity of individual "life-forms" within the ecosystem through the processes of mutation and selection. But to stimulate large-scale change we need to consider the conditions within the ecosystem under which wholesale change is possible must also be considered.

That is, there needs to be a more concerted and strategic approach to changing the conditions and operating environments in which the sector's organisations operate. This does not assume that there is an exclusion of focus on individuals and organisations. But the litanies of claims of adversity and vicissitude in respondents' comments, for example in the chapters on funding, competition, small-large, all suggest to us that these are not only symptoms and functions of dependency but are also the products of residual economic and cultural histories of the sector and the subsequent development of the material conditions under which the sector has to work. And there has been too little professional development, over a long period of time, to independently address these issues.



Escaping the “dependence” mindset by generating earned income is not a viable option for many organisations, and there is little pressure on existing leaders and managers, or organisations to perform in markets. One consequence is that individuals and organisations may continue to deliver outdated services driven by “old” ideas as well as continuing to resist social innovations.

Thus a strategy that focuses on changing the market/environmental conditions must accompany any strategies aimed at the individual / organisation. The former would focus on getting parts of the sector to engage with itself and to become more transparent, rewarding effectiveness and efficiency and the latter would focus directly on the effectiveness of the sector’s participants.

In nature, increased temperature leads to increased diversity and abundance of life forms. Thus, to draw the analogy, we might need to increase the temperature in the Australian Social Economy ecosystem to stimulate greater innovation and evolution. We can ensure that this change is positive if the changes are accompanied by greater transparency and management capability.

The Australian Social Economy should not miss the current opportunity to act in accord with the very principles on which it operates - mutuality, self-determination, participatory democracy and ownership.

12.3. Closing Questions

12.3.1 General management

1. What can funding bodies do to encourage greater management effectiveness?
2. What capabilities enable individuals and organisations to maximise social impact?
3. What management capabilities need to be developed, and how might they be propagated throughout the sector?
4. What models of education are most effective, and how might they be scaled?
5. Is it more important to focus on the relatively very few organisations with more than 100 employees, the few thousand organisations with over 20 employees or the 30,000 organisations with less than 20 employees? What about the 700,000 voluntary organisations?
6. Are there new organisational structures (e.g. social franchising) that can deliver the advantages of large and small organisations in creating impact?
7. How might demand for management education in the sector be stimulated?

12.3.2 Data & knowledge

8. Are there too many organisations in the sector? What is the rate of formation and failure of organisations in the sector? Is the proportion of large and small organisations changing?
9. How does governance as leadership currently contribute to impact in the sector; and what changes you are needed in this area?
10. In what way can markets be used / designed to encourage the efficient allocation of resources (human, financial and intellectual)?
11. Is a "free market" notion of competition appropriate for the Social Economy? If not, how should the Social Economy interpret the idea of competition?
12. Are there different "levels" and/or forms of competition that might be adopted and used for the Social Economy?
13. How can an alternative idea of competition help Social Economy members to understand themselves and the sector?

12.3.3 Questions for a Contemporary Australian Social Economy

14. How can the wide diversity of views be best used to support the growth of the Australian Social Economy?
15. What new ways of describing the Australian Social Economy need to be developed for better intra and inter sector communication?
16. What will be the nature of the framework (typology, classification system...) to support the development of the Social Economy?
17. How might issues of language use be best addressed among members in the Social Economy?
18. What are the leadership and management capabilities now required for a more effective and efficient Australian Social Economy?



seen

19. Who will now take a lead sector leadership role in the Australian Social Economy in a context where many members' views are that larger corporate "charities" are failing in this area?
20. In what ways may "competition" be redefined to benefit rather than impede effective and efficient impact in the Social Economy?
21. What is the nature of markets in a Social Economy and how might recent understandings of markets be used to the advantage of the Social Economy?
22. Why do the leadership and management of the Social Economy consistently lament the lack of funding but fail to explore the wide range of options available in new approaches to investment and capital?
23. What data and research focus is now required to produce "really useful knowledge" for change in the Social Economy?
24. To what extent will "funding" continue to be a major issue for organisations in the Australian Social Economy?
25. What will be the role of the "new wave social entrepreneurship" in changing the Australian Social Economy?
26. How might accountability be defined in a holistic and broader sense for the Social Economy in the Australian context?
27. In what specific areas of activity do Social Economy organisations need to be more proactive than reactive?
28. In a context of increased demand for human and social services in Australia, and given the reliance of Governments on the social sector, what new roles and demands will be made on the Social Economy?

12.3.4 Questions for a Future Australian Social Economy

29. To what extent will the Social Economy become part of the wider Australian economy in the next decade?
30. How will the Social Economy contribute to solutions in a (business) market system that has been perceived by many in both the for-profit and non-profit sectors to have failed?
31. How important will networks be in the growth of both small and large Social Economy organisations and programs in Australia?
32. How can Social Economy organisations persuade the public that they are good investments?
33. To what extent will it be, or is it necessary for Social Economy organisations to adopt best practice in transparency, accountability and governance?