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The challenges of leadership in the third sector

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ABSTRACT

The third sector is experiencing a radical shift due to social, political and economic changes in Europe. Due to these shifts and their implications, the question of leadership has become significant and needs to be explored. This article contributes to the literature on the challenges of leadership in the sector. It does so by drawing on the personal narratives provided by leaders across the sector. The views expressed by the narratives provide a deeper insight into leadership in the third sector, than has previously existed. The narratives are valuable for a number of reasons including: they help to extend the knowledge and perspectives of leadership in a way that acknowledges the uniqueness of the sector; they contribute to a better understanding of the challenges faced by leaders in the sector; and they serve as an illustration of the benefit of approaching leadership through the eyes of those practising leadership. The article concludes by identifying the impact for leadership across the sector and the implications.

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1. Introduction

The third sector — which we understand to be the vast array of charities, voluntary organizations, community groups, co-operatives, mutuals, and social enterprises — is undergoing radical change due to the social, political and economic environmental changes in Europe. Since 2008, the sector has been operating under the shadow of austerity, with an increased demand for services against reduced resources (Wilding, 2010). As a result, much of the sector's activity has shifted towards an emphasis on survival and resilience, along with an intensified focus on collaboration and increasingly desperate attempts to demonstrate impact and value for money (Macmillan & McLaren, 2012). At the same time, however, expectations of organizations in this sector have increased markedly. Accountability requirements have increased and organizations are expected to be more transparent in reporting what they do, how they spend their money, and what they achieve (Salamon, 2010, pp. 77–101). There have also been changes in how performance is managed across the sector and organizations have been under pressure to get a 'better grip' on measuring and understanding the differences that they make to people's lives (Hudson, 2009). There has also been a change in how governments

perceive the sector with an increasing recognition that third sector organizations are best placed to address some of the intractable social problems which society faces, such as poverty. As a result, the growing diversity of the sector in terms of size, purpose, legal form, and scale of reach is transforming (Hunter, 2009).

Such changes have raised questions over whether we can actually describe the third sector as a coherent, single sector (Alcock, 2010). Moreover, there are calls to address the deeper question of what the sector is in the process of becoming and what role it should play, through and beyond the contemporary politics of austerity (Macmillan & McLaren, 2012). Consequently, questions have been asked about what to call the sector and what gets included, as well as how 'fuzzy' or permeable the boundaries might be to influences from the market and the state (Billis, 2010). In the absence of a sector-wide dialogue to address such questions, it is possible that the major 'shake up' being experienced by third sector organizations is accompanied only by a rather defensive, narrow and increasingly noisy pursuit of sectional claims and interests which merely perpetuates the issues faced by the sector (Cook, 2012).

After lack of funding, government policy and regulation, insecurity of funds, and lack of volunteers, the 'lack of leadership' has been identified as one of the top five constraints facing the third sector (Green, 2009). Indeed, leadership skills and strategic and forward planning have been found to be among the top ten skills gaps in voluntary sector organizations (Clark, 2007). Such findings have opened up major debates on the leadership of the sector.

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Macmillan and McLaren (2012) point out, for example, that due to the shifts in the sector, and their implications, the question of leadership has become significant and needs to be examined. Similarly, Kearns, Livingston, Scherer, and McShane (2015) argue that there needs to be an exploration of what leadership means within the sector. The justification for this (argues Taylor, 2014, pp. 27–29) is that the quality of third sector leadership will shape the life chances and experience of all citizens.

In order to address this need, our purpose in this article is to explore leadership in, and of, the third sector. We do this by first providing a brief overview of the existing research on leadership in the sector, aiming to identify any common perceptions or themes. We then draw on twenty written narratives of leaders in the sector who reflect on their experience and perceptions of leadership. This is followed by a discussion of the challenges in the sector based on those narratives. We conclude by identifying the impact of our findings for leadership across the third sector. This paper seeks to contribute to the emerging literature on leadership in the third sector by exploring the leadership in practice. We do this through a practical focus on the experience of individuals in positions of leadership in the sector.

1.1. Leadership in the third sector

In the existing academic and practitioner literature on leadership in the third sector, there is extensive research on what those in leadership positions actually do, for example: governance (Jegers, 2009; Taylor, 2015); strategising (Hopkins, Meyer, Spera, & Peters, 2014; Never, 2010); and managing human resource (Kreutzer & Jäger, 2010). In addition, there is research into: leadership models (Dwyer, Bobo, Snyder, Nov, & Berson, 2013; Boerner & Gebert, 2012; and Mahalinga Shiva and Suar, 2012); team member exchange (Willemms, 2015); leadership philosophies (De Vita, 2008; Parris & Peachey, 2012; and; Ebener & O'Connell, 2010); and distributed leadership (Duncan & Schoor, 2015). Howieson and Hodges (2014) suggest that a way to understand, and make sense of, these different approaches is by exploring leadership thinking and theories using three conceptual viewpoints: i) Leadership model — a leadership model contains theories or ideas on how to lead effectively and/or become a better leader (for example, transformational leadership); ii) Leadership philosophy — a leadership philosophy contains values-based ideas of how a leader should be and act and the sources of a leader's power (for example, servant leadership); and iii) Leadership style — a leadership style is a classification or description of the main ways in which real-life leaders behave (for example, autocratic leadership).

Much of the available literature is US-centric and refers to the 'Nonprofit' rather than the third sector; for example, a frequently-cited book in the literature is that of Perry (2010). In this text, there are dedicated chapters on the tasks, perspectives, and skills (conceptual, human, and technical) of leadership. Perry (2010) reviews leadership theories in the Nonprofit sector and explains, in some detail, grassroots leadership, shared, and servant leadership but makes the important point that if the unit of analysis changed from the 'individual' to 'social collectives' (groups, organizations, and communities), this would radically change leadership theory and research. In this regard, Dobbs (2004) offers an extensive critique on the problems with the traits approach to individual leadership in Nonprofit leadership and suggests that relationship building is very important (i.e. the 'social collective'). Sohmen (2004) offers 'A Model of Nonprofit Project Leadership' that is based on transformational, visionary, and servant leadership — again, theories that have their origin in US literature.

This is not to say that models and philosophies such as transformation or servant leadership — and North American theory in

general — are not important or relevant; however, we argue that many of the current theories of leadership are derived from an individual level of analysis and follow the psychological approach to leadership (Schedlitzli & Edwards, 2014), which we are not sure has relevance to the third sector in Europe. For example, in the psychological perspective — which is the dominant or mainstream paradigm — the focus is "primarily on individuals and on their internal dynamics" (Collinson, 2011, p. 183), which tends to dominate the US approach to leadership writing and research. In this (psychological) perspective, the focus is on what makes an effective leader — in this approach, followers are passive recipients or mere 'moderators' in the predictive, effective leadership equation. The success and nature of leadership has therefore been treated as a 'top down' influence process where leaders change followers' vision and values to attain a pre-defined goal. Conversely, in the sociological perspective — notably in the writings of (for example) Fairhurst (2007) and Grint (1997) — and drawing on predominantly qualitative interpretive methods of enquiry, the aim is to explore the shifting possible constructions of leadership located within their complex conditions, processes and consequences (Collinson, 2011, p. 183).

Therefore, and at present, it is difficult to establish leadership theory that is actually grounded in a European context and from within the sector — including its diversity. Although we see evidence in the literature of distributed leadership (Grint, 2005; Gronn, 2000, 2002) and shared leadership (Bergman, Rentsch, Small, & Davenport, 2012; Carson, Tesluk, & Marrone, 2007) as applied to the sector, we do consider that theory needs to be developed further from within the sector context and its culture, particularly from a sociological perspective.

Contemporary approaches to leadership, however, are changing — some writers (for example, Bligh, 2016) now question the utility and applicability of hierarchical leadership, with the all-seeing, all-knowing 'heroic' chief executive at the top. In an environment increasingly characterized by change, the question for this sector may be: where does leadership go next? (Jackson, 2012). In this regard, leadership — in the context of organizational improvement and change — becomes a collective rather than an individual responsibility (Hodges, 2016; Raelin, 2015). It is the interactions between the leaders and their followers that matter as opposed to what each individual does (Howieson & Hodges, 2014).

Several studies do discuss the question of whether theories of leadership from the for-profit literature would apply to third sector organizations (for example, Phipps & Burbach, 2010). Elsewhere, Taliento and Silverman (2005) identify several areas in which third sector leadership may adapt the practices of for-profit leadership including: dealing with a wider range of stakeholders who expect consensus; the need for innovative metrics to monitor performance; and the challenge of building an effective organization with limited resources and training. Such an approach, however, merely highlights the dangers of 'cutting and pasting' from one sector to another rather than positioning leadership within the context of the sector within which it is operating. For as Hopkins (2010: 26) says: *Good leadership is vital given the complex and dynamic third sector environment. While many of the qualities required of leaders in the third sector are similar to those leading in other sectors, there are distinct skills and behaviours needed to be successful in the sector as a result of its multiple stakeholder relationships and challenges that are qualitatively different from the public and private sectors.*

In respect of the 'complexity' highlighted by Hopkins (2010), Grint (2010) suggests that conventional thinking which demands of leaders the ability to solve problems, act decisively and to 'know what to do' may be exactly the wrong approach to tackling what he terms 'wicked problems' — that is to say highly complex situations for which reflective and deliberative responses are required. But, as

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