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Benevolent gang leaders, commercial escapees and sleepers: a conceptual framework for Scottish social enterprise leadership engaging with the 'new society'.

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Abstract

This exploratory research study examines the experiences of a purposive sample of leaders of Social Enterprises (SEs) in Scotland to discover how leaders deal with the challenges of running this type of organisation at a period of financial constraint, yet where SE is proposed by politicians as a panacea for dealing with social and community development. The method consists of semi-structured interviews undertaken with a purposive sample of leaders from a range of SEs. Findings suggest that respondents are aware of, and seeking to address, threats to their existence from funding cuts. There are differences regarding approach or emphasis, and the challenge of balancing philanthropy with commercial health seems significantly to impact on the design and purpose of organisations. The best leadership practice combines ideological fervour with commercial acumen. The ability of SEs to survive depends not only on the quality of their outputs, but also on flexibility of structure and culture and stakeholder commitment. Good leaders are aware of these complexities and seek to respond to them.

Recommendations are made for development interventions to support SEs as they deal with the challenges described above. If the future of SE in Britain relies on its ability to operate commercially, this study offers original and useful insights into some of the challenges for leaders in achieving their aims, not least that of securing survival. At an early stage of the Conservative administration, and its promotion of the so-called Big Society theme, this study sheds unique light on the perceptions of those who might carry this vision forward, and the challenges they face. Further research with a wider sample is proposed to extend understanding of the issues.

1. Introduction

In her inaugural lecture as Professor of Voluntary Sector Organisations at Aston University Business School, Harris (2000) referred to the unique challenges faced by the voluntary and charity sectors – in spite of their significant contribution to the lives of underrepresented and often vulnerable people, such organisations, she argued, are often under threat from loss of funding and the attendant requirement to adopt business models of operating, which may not always align with the espoused values of supporting marginalised people to discover a valuable role in mainstream society. Harris (ibid: 12) described the need for ‘new and different theories’ to explain such organisations and to give rise to appropriate operational practices. Many such organisations, we will argue, are attempting to balance the need to be ‘firms’ in the commercial sense, with the retaining of their original charitable ethos to advance the cause of the vulnerable and often marginalised groups they represent. Such aspirations are particularly challenged during a period of economic restraint, when other sources of funding may be unavailable. It is certain that their fates are entwined, whether they wish it or not, with political developments in the UK (Muir, ippr 2010), so that the cultural developments social entrepreneurs may be urged to undertake – viz, to act more ‘commercially’, intrinsically possess a political dimension.

The question of funding for many government and quasi-government projects is an important one on the agenda of the UK administration and that of many current recipients of state funds. In the wake of global recession, and with a significant national debt to reduce, the government is convinced that there is no choice other than to cut budgets and welfare benefits now, a tactic approved by the International Monetary Fund (IMF), despite the unpopularity of, for example, the decision to axe Child Benefit for higher rate tax payers (Maddox, 2010).

Prime Minister Cameron himself had used the term ‘the Big Society’ as a concept during his election campaign (Cameron, 2009), suggesting that ‘in the fight against poverty, inequality, social breakdown and injustice I do want to move from state action to social action’, and that the role of the state should not be to provide social welfare initiatives directly, but to help to create the ‘big society’ by ‘directly agitating for, catalysing and galvanising social renewal.’ In other words, government will encourage and support social enterprise, but groups and individuals must respond to this challenge and create their own examples of good practice. This would appear to be an essential strategy for many social welfare projects, given the financial strictures planned by the administration.

To add to immediate concerns for the future of the UK Welfare State, over recent decades the decline in welfare funding has followed the erosion of many traditional benefits (Chell, 2007). Partly as a result of this decline, many organisations which were originally developed to meet the needs of marginalised groups of people, such as individuals with physical or mental disability, are already engaged in review their financial state and frequently seeking more commercial ventures to supplement their income (Parsons and Broadbridge, 2004, Chell, 2007). There is also the issue of

the role of socially marginalised individuals in wider society. Increased understanding of the prejudice often directed at people with a disability, especially when this is a mental rather than a physical matter, has been developed in part by the legal protection offered by the Disability Discrimination Act of 1995. Also, partly as a consequence of the need not simply to 'medicalise' the question of disability, there is increasing awareness that even severely disabled people are capable of playing a genuine role in the employment arena, and should not be mere passive recipients of charitable projects designed around occupying their time (Cox *et al*, 2005).

Even a brief investigation into organisations in the UK described as examples of social enterprise reveals a wide range of initiatives which may be thus categorised (Cox *et al*, 2005). Definitions of 'social firm' and 'social enterprise' are wide ranging and dynamic, as is appropriate for an emerging field of enquiry. At this stage it is perhaps sufficient to say that the type of such organisations appears to form a somewhat blurred spectrum of values from purely commercial to purely therapeutic. Alternatively, it could be seen as an arc, with outlying organisations at the extreme of commercial or therapeutic aims. So the idea that they are at the vanguard of Big Society cultural development may be more or less comfortable to leaders of SEs, but there is little doubt that increasingly their success or even survival is implicitly linked with the effectiveness of such leaders in engaging with government strategy.

Accordingly, the aim of this conceptual paper is to develop explanatory theory from an investigation of the dilemmas facing leaders of social enterprises, arguing, as Harris (2000) that such individuals are facing unique challenges in promoting a prosocial agenda, but in a way which does not question too deeply the tenets of a primarily capitalist economy. They are attempting to enact the principles which the 'Big Society' claims to promote: to be more 'businesslike' whilst retaining their original ethos as far as possible. How, though, as leaders, do they attempt to navigate a way through these complex issues? The supporting objectives of this are: (i) to hold semi-structured interviews with a purposive sample of significant leaders of social enterprises to discover their views on the key challenges their organisations face; (ii) to analyse the resulting data to develop key themes arising from the data collected; (iii) to develop research propositions which could be taken forward in a case study strategy to study the phenomenon in a Scotland-wide sample of social firms.

Since Harris' inaugural lecture, which argued for business schools to be more supportive of research into the 'third sector' (2000:10) there have been several studies of social entrepreneurship by researchers (see, for example, Dees, 2001, Dart, 2004, Parsons and Broadbridge, 2004, Mason *et al.*, 2007). However, since the global financial crisis and subsequent UK recession, it is argued that social enterprises face ever more challenging financial issues, such as limitations of funding, yet paradoxically are even more necessary if we aspire to the creation of healthy democracies which provide the opportunity for all citizens to contribute to the common good. Kellock Hay *et al.* (2001) have described some of the drivers for change in

the 'third sector', whilst Parsons and Broadbridge (2004) have examined the trend to greater 'professionalism' in the context of HRM practices. Both sets of researchers have pointed to the dilemmas attendant upon combining 'professionalism' with the charitable ethos. But there appears to be little research examining the issue from the viewpoint of the social entrepreneur or the leader of a social enterprise, who experiences these challenges first hand. In part the study was undertaken because all the authors have had first hand contact with 'third sector' organisations, and are as a consequence aware of the issues attendant on Cameron's (2009) vision of a 'Big Society' as applied to SEs. Even from a purely pragmatic stance it will have an impact on the type of organisation which leaders in the sector wish to create.

Accordingly, this paper brings together two literatures: that of Social Enterprise in a political sense and its role in the 'big society', as described by Prime Minister Cameron, and that of leadership: the latter, as Harris suggests, tending more frequently to focus on the commercial business sector than that of the 'third' sector, as it is frequently termed in the literature. Consequently this conceptual paper is structured as follows: first we review key current literature on social enterprise and relate this to a critique of leadership research. A number of research questions are developed to frame the contribution of this paper to the literature on leadership in social firms. The methodology and its rationale are described. Data from the exploratory study is presented and discussed and the chief conclusions of the study are presented as a conceptual model, together with recommendations for further research.

2. Review of Key Literature

The discussion of relevant themes in recent literature begins with a general overview of the current context of social enterprise, asking what is the context of social enterprise in Britain and specifically in Scotland, where our study was located. Then we turn to how such organisations are managed and led: what are the key issues, and how should these be studied? Are there unique challenges for leading in such organisations which suggest specific leadership processes are taking place? Specifically, if these people are to fulfil the hopes of the Cameron administration to 'run successful programmes in communities with the greatest needs' (2009: 8), what are the chief opportunities and threats? In this context, the contribution of the current study is proposed.

2.1 The World of Social Enterprise

If we may broadly define social enterprise (SE) as the use of non-governmental, market-based approaches to address social issues (Kerlin, 2006: 247), is the rational and economic model of organisation appropriate to assist our understanding of the meaning of the social enterprise phenomenon? Dart (2004) would argue that an institutional theory perspective is more helpful, especially given the way in which social enterprises (SEs) appear to be moving away from the narrow focus

of non-profit organisational culture and towards a more commercially oriented model. In his emphasis on institutional theory, Dart argues that many SE organisations may not have developed from discrete economic or strategic reasons but as a response to broader and more complex contexts.

Referring to the trend amongst scholars to regard SE almost as a panacea in the management of social need, and arguably a trend which has informed current government (Cameron, *op. cit.*), Dart sets the tone for much SE research by pointing out the lack of precision in defining such organisations, although the general consensus appears to suggest a joint focus on prosocial and financial imperatives. There appears to be a spectrum of understanding, with, at one end, emphasis on the creation of social value, and at the other a trend towards more market driven, commercial or 'businesslike' initiatives (2004: 414). But for Dart this range of meanings is perhaps less relevant than the contrast between SEs and traditional non-profit organisations, the latter regarded as voluntaristic and funded by a variety of fees and donations. The former blur boundaries between profit and non-profit objectives, thus becoming a type of hybrid.

For Dart, such differences are less comprehensible through instrumental explanations (SE is 'a better way to get things done' (2004: 415)) and more through understanding of sociological and institutional processes. Institutional theory is cited as built around the idea of legitimacy rather than instrumentality. Organisational legitimacy is regarded by Suchman (1995, cited in Dart, 2004: 416) as having three levels, rather like Schein's (1985) cultural artefacts, from the purely pragmatic (what is gained from this will be considered legitimate) to moral legitimacy (whether the organisation's activities are appropriate to external norms) and 'deep' legitimacy: 'for things to be otherwise would be unthinkable', as they have become 'the way things are done around here'. It is legitimacy at a level of taken for grantedness' as Dart puts it (*ibid.*)

In the case of SEs, pragmatic legitimacy may centre on the advantage of the organisations undertaking activities which reduce the need for government and donor funding, whereas moral legitimacy suggests that SE is regarded as more appropriate as a model for organisation than traditional non-profit structures. Certainly this is what is suggested by Cameron's paper (2009: 8). As Dart (2004: 418) points out, in both the USA and the UK over recent decades the decline of the welfare state has been noted (differences between the USA and UK will be discussed below). With a neo-liberal emphasis on the ability of market-driven solutions to social problems: 'running government like a business', it is not surprising that SE should be increasingly regarded as a preferred organisational model. This view is echoed by Mason *et al.* (2007), and these writers also point out the need for suitable and appropriate governance structures to suit the individual aims of SEs. It may be too soon, however, to argue that the form has acquired 'deep' legitimacy, even though, as Dart points out, the form of business as an instrument of social development has precedents from at least a century ago, and there

is sufficient evidence to suggest that current contexts will strengthen its validity as an organisational model.

It is of course important to remember that although a significant body of the SE literature emanates from the USA, the context and history of SE there are different from the European experience. As Kerlin (2006) points out, although the importance of SE in both economies has grown significantly over recent years, in the USA there is an assumption that enterprise is undertaken to generate revenue for non-profits, whereas in Europe there appear to be two main schools of thought around SE. One stresses the way in which firms seek to enhance the social impact of their productive activities, which has links with the idea of Corporate Social Responsibility (CSR), whereas the other chiefly focuses on the so-called 'third sector' and includes social co-operatives, for example (ibid: 249). These latter emphasise the European idea that beneficiaries of SE will themselves frequently participate in the initiative. Interestingly, the chef and broadcaster Jamie Oliver recently illustrated (Turner, 2010: 20-21) the differences between the two approaches and his own frustration with the latter:

Oliver is changing tactics. "The stage I'm going through at the moment," he says, "I'm a bit over charities." His *Fifteen* restaurant makes £420K a year profit, but he has to fundraise almost as much again to pay for the training programme... he has come round to the idea that the "healthiest thing in the world is a commercial business with a massive social heart. Having something you believe in and stand for and say we're going to give 5 per cent of our revenue to this pot, to spread great stuff."

Reasons for the differences in part reflect the historic context – in the pioneer period of US history it was common to supplement voluntary donations to religious missions by sales of work and suchlike (Crimmins and Keil, 1983, cited in Kerlin, 2006: 251). With economic downturn in the 1970s many US non-profit organisations rediscovered SE to supplement reduced governmental funds (Kerlin 2006: 251f, Alter, 2007). Similar economic exigencies influenced the welfare initiatives of European countries, but social challenges such as unemployment saw the development of new prosocial schemes responding to the problems of marginalised groups such as those without employment or coping with physical or mental disability. In essence, whereas the institutional environment of the USA reflects that of business, in the UK it has been rather the context of government or quasi-governmental schemes and social services. In Dart's analysis (2004), therefore, it appears that the legitimacy of SE in the UK has been less about the generation of income and more about the addressing of social injustices. The great Victorian social reformers and philanthropists would have recognised such a view, implied in many of Dickens' novels such as *Hard Times*, or Gaskell's *Mary Barton*. Lack of space prevents a detailed discussion of nineteenth century philanthropy and self help initiatives, but it appears to be taken for granted by the current administration that such prosocial movements underpin the Big Society concept (Cameron, *op. cit.*).

That social enterprise in Britain is essentially pro-social is echoed by Chell (2007), who notes the origins of SE in the UK as a response to social problems modelled on non-profit initiatives, especially in the 1980s as a response to the so-called 'Thatcherite' enterprise culture, regardless of whether such a term is viewed as positive or negative in terms of its impact on UK society. The idea that there is 'no such thing as society' is certainly not the message of Cameron's paper. But Chell also notes the prevailing survival strategies of such non-profit initiatives have been based largely on grant dependency. Although sympathetic to the concerns of non-profit managers that focus on SE as a means of generating profit might somehow 'dilute' the original ethos of the initiative, her view is that SEs should be self sustaining and hence entrepreneurial in their efforts (*ibid.*). Taking up the theme of legitimacy (Dart, *op. cit.*), for Chell it is perfectly legitimate that the concept of entrepreneurship be practised in both private and public sector contexts: 'entrepreneurs (both social and economic) consciously garner alienable resources (e.g. through networking and other processes), and use their personal or human "capital" in order to achieve their espoused mission of wealth and social value creation' (Chell, *op. cit.*: 18). It is enterprise, which we often restrict to the idea of wealth creation, and consequently undervalue, which in fact is of fundamental importance to creating prosocial advantage.

Summing up the position from the viewpoint of scholarship, it seems that there are differences in history and context of SE between the USA and the UK, with the former regarding SE as a means of generating revenue and the latter a means of creating social change. There is increasing recognition that, for both instrumental and cultural reasons, it is legitimate for SEs to promote entrepreneurship as a strategy for the creation of wealth and social value. However, such practice cannot help be coloured by ideological responses to the Thatcher administration's espoused rhetoric about enterprise culture, with its subtext that 'self help' is the only legitimate response to social ills, and that those who cannot respond to social problems in this way are somehow analogous to the Victorian 'undeserving poor'. As will be seen, antipathy to such a perceived 'Thatcherite' view is still active amongst social entrepreneurs.

In a dynamic and emerging field it is unsurprising that definitions of social enterprise are equally fluid. To progress our study we have adopted the definition in the scoping report compiled by Smallbone *et al.* (2001) for the Small Business Service (SBS): 'competitive businesses, owned and trading for a social purpose' (2001: 4). There is an assumption that such organisations will be financed by 'a combination of earned income from the sale of goods and services (market resources), government subsidies and private donations (non-market resources) and voluntary work (non-monetary resources)'. Yet there is also recognition that 'Social Enterprises combine the need to be successful businesses with social aims' (*ibid.*). Many of the case study examples collected by the researchers appear to illustrate similar resilience to that of family owned enterprises in part due to the willingness of members of each to 'make short term sacrifices' such as salary cuts to enable the enterprise to survive. Interestingly, as will be explored below, the SBS report highlighted the need for different qualities being required from SE leaders at specific stages of the organisation's

development, 'with professional management skills becoming increasingly important as a business evolves' (2001: 35). This was part of a general issue around management: 'social enterprises require all the management skills of the small business sector whilst also facing additional issues' (2001: 49). Examples of the latter included managing conflict between board members and creating participatory cultures, as well as business planning, recruitment of staff and volunteers, and training (*ibid.*).

Social Firms UK (Cox *et al.*, 2005) suggest that there is a further difference of definition between the terms *Social Enterprise* and *Social Firm* (*ibid.*: A1). The latter not only have a market orientation and a social mission, but also include a very specific emphasis on support for all employees, aiming to a situation where 'more than 25% of employees are disabled people... All social firms exist to create and sustain paid employment for people who are "disabled" by the way society works from securing appropriate employment' (*ibid.*: B5).

But here is the dilemma: how far can social enterprises act entrepreneurially as opposed to being reliant on other funding sources such as grants or donations? Cox *et al.* appear to propose a sort of 'heady mixture' in which enterprise is combined with training places and other service level agreements with local authorities. The idea of becoming entirely self-supporting does not seem to be feasible here, not least because for the majority of Cox *et al.*'s case study informants, 'the [disabled] people came first and we built the business around them'. Yet paradoxically, when their respondents frequently proposed 'funding' as the major challenge they faced, Cox *et al.* are quite brisk in their advice: 'This type of response is always disheartening. Of course Social Firms need "supplementary income streams"... but here perhaps there is too much hang over from the culture of hand-outs and dependency. The language and the thinking need to change! (Cox *et al.*, 2005: B15). But if the change is towards greater managerialism, Burt and Scholarios (2010: 12) have noted the tension between what they term philanthropy and 'managerial pragmatism'. Their study also raises questions of religious provenance, but in essence they point up the tensions attendant on promoting social goods in a commercial context.

2.2 Social Enterprise in Scotland

As in the rest of the UK, it is arguable that forms of social enterprise have existed in Scotland for centuries, and in a country where large parts traditionally have followed a rural economic model, self-help and help for vulnerable groups has always taken place. Equally the heavy industry around the Central Belt in the past gave rise to other sorts of social and economic deprivation, often linked with political activism. While beyond the scope of this paper to discuss origins of social enterprise in Scotland, this section touches upon reports and websites dedicated to examples of their history. Individuals combining enterprise with community development may be traced back at least to Robert Owen, the originator of 'New Lanark' and one of the founders of the co-operative movement in the early years of the nineteenth century (<http://www.robert-owen.com>).

Credit unions appeared in Scotland in the 1970s – by the early years of the twenty first century a significant number and range of what were effectively social enterprises had taken root. In 2005 the Scottish Social Enterprise Coalition reported that as part of its 'Futurebuilders Scotland' initiative, the Communities Scotland group of the Scottish Government was providing £28 million to help support SEs to 'become more independent of public funding'.¹ In *New Sector* journal for May 2005 (www.newsector.c.uk/PDFs/NS67.pdf), Emma Hutton of the Scottish Social Enterprise Coalition suggested that amongst other needs, SE should be 'recognised as a legitimate business model' by government, and as a consequence should be offered 'appropriate financial products to bridge the "grant to loan gap"'. But this, she suggested, would not rule out 'sustained, long term and targeted investment' by government in its development.

Five years later, not only are there now over 3000 SEs in Scotland, according to Scottish Government figures, but there are also a range of bodies representing these organisations, some UK wide but with dedicated Scottish representation, such as Social Firms Scotland and the Scottish Social Enterprise Coalition. Types of SE range through whole community projects such as the Isle of Gigha Development Trust (www.gigha.org.uk), organisations supporting people with physical or mental disability, such as Coach House Trust in Glasgow, Credit Unions, and aspiring Social Firms providing employment prospects for severely disadvantaged individuals, such as the Shetland Soap Company, part of Community Opportunities for Participation in Enterprise (COPE) in Shetland. A visit to the annual Social Enterprise Fair in Edinburgh (S2S) run by the Scottish Social Enterprise Coalition leaves no doubt as to the number and range of these organisations in Scotland. What is not always clear however, and the study aims to shed some light on the issue, is how many are genuinely SEs in an ideological sense as opposed to those where key actors have learned to utilize the rhetoric of social enterprise via a process of discursive positioning to make sense of the change agenda (Bisel and Barge, 2010).

Specifically in North-east Scotland, where the study was carried out, there are dedicated support networks such as Aberdeen Social Enterprise Network (ASEN), and Aberdeen Social Enterprises, part of the wider Turning Point Scotland. Further details of our sample are given below; confidentiality prevents a full description of the SE leaders who were interviewed, but essentially they represent a range of services and initiatives within the overall SE framework.

¹ Communities Scotland was abolished in 2008 and its remit taken on by the Housing and Regeneration Directorate of the Scottish Government. In view of the emphasis on 'Big Society' initiatives from Westminster it remains to be seen whether the former accord it greater autonomy.

2.3. Social Enterprise Leadership and 'Big Society': familiar challenges or unique problems?

So far we have described Social Enterprises (SEs) in Britain as essentially competitive businesses, owned and trading for a social purpose, and within that general constellation, Social Firms (SFs) are those SEs which largely exist to provide employment for people with physical or mental disabilities, disabilities which may have arisen through other forms of social deprivation (substance dependency, for example). The very complexity of the phenomenon appears to suggest that sophisticated management and leadership processes are required to achieve the multi-faceted aims and objectives of such organisations. Yet it may be that it is not the organisation itself which is entrepreneurial, but that a key actor in the organisation may catalyse its latent entrepreneurship. In this case, entrepreneurial leadership appears to be a property of the employee rather than the organisation.

The phrase 'leadership processes' is used advisedly. Writers such as Kelly (2008) have stressed the need to move away from the 'psychological' approach to the leadership phenomenon and to what he calls the 'discursive turn', in Kelly's case focusing on leadership as a collection of language games, using ethnomethodological principles. Study of leadership as advised by Kelly will require such approaches to focus not on ideologies but on what Kelly calls 'organised uses of indexical expressions of a work activity' in the context of how people make sense of their organisation and what is happening there. Tourish and Barge (2010) describe this process more accessibly with their emphasis on social constructionism: how our language about leadership defines the phenomenon. In their analysis of CEO Annual Report letters, Amernic, Craig and Tourish (2010) emphasise that for good or ill, organisational leaders use language as a form of 'sensemaking' (Weick, cited in Amernic *et al.* 2010: 25). Their point is that CEOs deliberately exploit language to present themselves in a certain (positive) way – and regardless of instrumental strategies, this use of language tells us much about the culture and climate of the organisation they represent. The leaders studied by Amernic *et al.* also tend to present themselves as somehow 'transformational' (Burns, 1978, Bass, 1990), yet increasingly researchers are challenging this concept, regarding it as unhelpful if not dangerous, a theme explored by Tourish and Pinnington (2002).

Moreover, the emphasis on transformational leadership as a phenomenon may tell more about the nature of agency theory, where self interest is assumed to be the guiding principle of human behaviour (Tourish, Craig and Amernic, 2010). If agency theory is right in suggesting that individuals are intensely motivated to satisfy their desires, leadership of the 'transformational' sort is likely to be self-serving, regardless of organisational rhetoric (*ibid*: S52). Despite the implied link between leadership and agency theory in some of the management literature, most people's experience rather supports Tourish *et al.*'s view that 'life is messy, contingent and emergent and resists simple answers' (Tourish and Barge, 2010: 335). This complexity would appear to describe accurately the world of social enterprise.

However, the nature of SE and the mission of many social firms do not exempt them from the tendency of some prescriptive leadership research to focus on the messianic solution of the powerful – in some cases seen as ‘spiritual’ – leader (Tourish and Tourish, 2010). Indeed the very challenges that face SEs to achieve social justice, assist individuals with a range of disadvantages in the employment field and to be creative in raising financial and other resources, would seem to indicate a type of super-human individual to address them, an SE counterpart of the ‘Jack Welch phenomenon’ described by Tourish, Craig and Amernic (2010). Although they allow that leadership is a process, Jensen and Luthans (2006) are somewhat idealistic in their descriptions of the ‘authentic leadership’ displayed by entrepreneurs in their quantitative study, where such authenticity is defined as helping people to find meaning in work by inclusion and a supportive environment (2005: 651). Their results were fairly unexceptionable – that good leaders make employees feel good – but there is still a suggestion that authentic leaders can transform performance through their almost charismatic behaviour which Tourish and colleagues might find concerning.

However, other literature on entrepreneurial leadership brings the reader back to earth. For Lazear (2005), people regarded as leaders are simply those who are good at choosing the right decision from a number of possibilities, and at convincing others they possess such a skill. And, of some importance in terms of leadership processes, this skill does not have to be exercised solely by individuals; it can be a feature of effective leadership groups (Bate, 1994). In this context, King (2004) appears to suggest that effective leaders in US non-profits are skilled at exploiting structural holes between social groups to enhance their own social capital – a skill which would seem particularly useful to SE leaders seeking to fund their organisations through a mix of entrepreneurial activity and funding applications (*ibid*: 483). This idea is also put forward by Sperandio (2005) in her study of social firms in Bangladesh, together with the suggestion that ‘charismatic leaders’ cannot bring about change by themselves – they need to convince their organisations and potential funders that change is possible.

So far the literature on SE suggests that change is a particularly important challenge for these organisations, and will no doubt continue to be so in a period of economic austerity: like it or not, focus on being self-supporting through enterprise will be a key concern for leaders in the field; indeed it is emphasised in the ‘Big Society’ rhetoric (Cameron, *op. cit.*). Studies by Kellock Hay *et al.* (2001) of a Federation of Councils of Voluntary Service, and Parsons and Broadbridge (2004) of charity retail managers, both in the UK, reflect the pressures to ‘modernise’ even ten years ago. Although recognising the need to be more ‘professional’, respondents in both studies were frequently ambivalent about increasing Human Resource Management techniques, feeling in the former study that the more ‘officer-led’ culture replacing volunteer efforts was understandable but regrettable, and in the latter that the move towards more professional retail practice was not always in alignment with the original values of the organisations, rejecting changes that did not take account of local

managers' specific competences or which ran counter to their views of the organisation's identity (2004: 237). The implication is that social entrepreneurs have to engage with ever more sophisticated cultural analysis to retain what is helpful about both positions (officer/volunteer).

2.4 Where do we go from here? The contribution of the current study

A review of current literature on social enterprise has proposed a complex phenomenon in the UK, where tensions exist between the need to promote social goods and the need to be entrepreneurial. If we accept the view that within the general taxonomy of SEs, social firms are specifically premised around the aim to create and develop suitable employment opportunities for those 'disabled by society', their task is to become more financially resourceful yet not lose sight of the needs of their sometimes vulnerable employees and participants. Although studies exist of the activities of leaders in social firms, and which investigate the leadership process, the current study is unusual in that it seeks to investigate the experiences of social firm leaders as they go about their daily activities and thus attempt to navigate the complex issues around social enterprise in Scotland today. From the literature, we offer a number of research questions to take forward to the fieldwork:

~ From the sample of organisations within the social enterprise field, how do leaders define their organisation? Are they leaders of social enterprises? If so, how do they define the concept?

~ How far do they regard their aim as creating social advantage, and how far are they focused on generation of income?

~ What tensions do they see, if any, between the two aims above?

~ What issues do they see increasing in importance in the future, in the context of the preoccupations of the current administration with the 'Big Society' concept?

~ What needs do they have as leaders and managers of social enterprise organisations?

Evidence from the fieldwork is now explored to address these questions.

3. Methodology

Here we describe the methods used to generate primary research data for the study. In brief, a series of semi-structured interviews were conducted with a purposive sample of SE leaders.

3.1 Challenges for the Study

Two of the research team took on the task of interviewing a purposive sample of leaders of social firms in North-east Scotland. As suggested above (2. 2) the area was seen to have an appropriate range of issues which make it particularly suitable for purpose, including a history of social enterprise, a mix of urban and rural economies, and a relatively low unemployment index of currently around 1.6% (www.thorpemolloy.com). The sample was purposive – that is, individuals were contacted who were known to be leaders in local social enterprises and who were prepared to be interviewed. Five organisations were selected in all which provided something of a range of different services – although, as mentioned below, we have anonymised details to protect their identity. Although interviews were semi-structured, thus allowing respondents to ‘tell the story’ of their organisation and their leadership as they perceived it, interviews aimed to cover certain specific areas, as detailed below:

- 1) Business Leader background, together with management experience/education
- 2) Length of time that the business leader has been involved with the project (together with the length of time the project has been running)
- 3) How do the leaders describe their role?
- 4) What type of activities form the basis of their day?
- 5) What are the main challenges for the organisation?
- 6) What are the main challenges as leader of the organisation?
- 7) What is the purpose of the organisation- is there solely a social purpose or is there a dual purpose (commercial)?
- 8) In the current climate, and in view of government interest in social enterprise as part of the ‘Big Society’ theme, will the organisation need to make changes in how it is run/ in its structure/ in its product/service or market? If yes, why?
- 9) To what extent does the organisation rely on external funding?

3.2 Data Analysis

A form of thematic analysis was employed. In this case, notes from the interviews and tapes of conversations, where tape recordings were used, were transcribed by the researchers. A form of open coding (Glaser and Strauss, 1967) was used to elicit an initial set of categories which were recorded manually on cards. Further analysis was undertaken with close reading of the data sets to group these into five key themes:-

~Culture and ethos of SEs;

- ~SE 'beneficiaries';
- ~The commercial world and its relationship with SE;
- ~Finance and funding;
- ~Management and leadership issues.

Data was then closely re-read with reference to these themes and coded by the researchers. A manual system was used, given that neither developing researcher was recently trained in computerised data analysis programmes, and the time frame for research would not allow sufficient time. But there are also specific advantages in using a manual system – the researcher may develop more intimate 'feel' for the data set, and constant re-reading of the text can increase analytical fluency (Amernic, Craig and Tourish, 2010: 64ff). These researchers were working directly from texts; however, the action of transcribing the data in the current study created texts which gave rise to initial analysis in the course of transcription. In general, interviews were recorded by one researcher while the other took notes.

3.3 Reliability and Validity of Study

Potential concerns regarding interview bias were considered, given that a number were contacts of one of the researchers in the context of her role as a business consultant. However, frequent discussions took place between the research team, ensuring that objectivity was as far as possible maintained. In a qualitative study as this, there is no difficulty in regarding the researcher as part of the study itself, given that standards of professionalism and sensitivity to context were maintained. An 'audit trail' of both handwritten and typed data is available and would merit further investigation. Following this article it is proposed to run a practitioner seminar to discuss results with respondents and to confirm their interpretation of data.

3.4 Limitations and Assumptions

The sample consisted of people who were prepared to be involved with the project, but this fact alone arguably indicated that they were prepared to take on a leading stance in their organisation. Several referred to being leaders or managers in a rather ironic way: 'I never intended to become a manager, but...' and then subsequently described a range of leadership behaviours.

3.5 Ethics

To maintain respondent anonymity, names have been changed and some organisational details, such as the nature of the organisation, have been suppressed. The names Rob, Ewan, Malcolm, Flora and Bill are all pseudonyms.

4. Presentation of Findings

Findings and initial analysis of data is discussed below, using the thematic headings mentioned earlier. The direct quotes below are all taken from respondents.

4.1 Culture and Ethos of Social Enterprises

Several respondents appeared well informed about the origins of the concept of social firms as vehicles for giving a role to disadvantaged people from the report by Grove (see Grove, 2001, for example), which proposed replicating the concept of Italian small family businesses, where people with physical or mental health difficulties could find a role in, and make a contribution to, wider society. Arguably the eclectic nature of the 'small family business' had been successfully internalised; one project particularly fitted this description, located in a rural setting with dogs and cats of various shape and size mingling with workers and participants. Although initially this project and others appeared somewhat haphazard to the casual visitor used to more structured organisational cultures, this was not necessarily indicative of outputs, as will be seen. Premises ranged from a purpose built new centre (albeit in a slightly run-down area of the city of Aberdeen), to small offices in a back street, in need of 'cosmetic upgrading' to deal with peeling paintwork and battered furniture. In one instance, accommodation for the project had been provided rent free, and a local philanthropist had bought the premises for another.

Some respondents indeed saw their organisation as a small business, for instance Rob: 'For me, [the project] is like, well, I will just say it and you will interpret it as you will, it's like my small business. I know it's NOT my business, I know that..' But as he admitted: 'this place has taken over my life'. In Chell's analysis (2007) Rob would have been a good example of the enterprising leader who was comfortable with using enterprise skill to create social value (2007:18). For Flora, her project was 'my baby' – even though she had not been its 'birth mother', she saw herself as instrumental in ensuring its growth. Rob, who had a public sector background, was able to explain succinctly the 'taxonomy' of SE – that Social Enterprise is a subset of the Voluntary, or Third Sector, and Social Firms, with their aim of employing more than 25% of staff from the disabled community, are a subset of SE. Rob was the only individual with a 'pure' public sector background; Flora and Malcolm had worked in both public and private sectors, and Ewan and Bill had come from many years of commercial employment, in Bill's case as a local entrepreneur. Perhaps this range of backgrounds is not unusual and certainly the SE sector as described by our respondents suggested an eclectic melange of aspects of commercial enterprise and social development. The report by Smallbone *et al.* (2001:4) which described competitive businesses owned and traded for social purpose, would be apt here.

Education was also involved – often for participants on programmes who could obtain SVQ qualifications, but also it seemed to represent some sort of value for respondents. All apart from Rob, who had progressed through

the public sector ranks to a significant level without a degree (although he admitted that his community role would these days require one), had undertaken some course of academic study as mature students and interestingly had for the most part not completed it, claiming that work or personal commitments intervened.

It appeared that for all respondents, it was not the case that SE was a panacea for social ills – interestingly the fieldwork was done just before the Cameron unveiling of the ‘big society’ which rather suggested that it might exactly be that kind of panacea. Rob and Ewan were used to being held up as ‘success stories’ for managing to combine commercial and social enterprise, but both had few illusions about the process.

In Ewan’s case, a visionary local philanthropist had inspired the project and Ewan spoke of this individual in highly positive terms, although this was only part of the picture. He also cited examples of ‘toxic’ people who went into SE as it was ‘easy money’. Ewan had known those who moved from one failed project to another and still continued to get funding; some individuals had even embezzled money – this was rare but there were certainly, as Rob suggested, some ‘lazy people’ around who couldn’t change their mindset from the public sector view that funding should be easily available.

Rob explained: ‘Folk do not understand the complexities and challenges of running an SE. Not only are you running the business but the reason that you are running the business is to deliver social goals. Running the business, frankly easy, doing the social goals with money – frankly easy. It is when you get the combination of generating your own money to do the social goals – it is incredibly difficult and I’m nae sure that is understood at all yet.’ Rob was very complementary about his board, but he had been instrumental in developing them not to accept his decisions without question (‘I could have said “do a backward somersault and a twist into the harbour” and they would have all walked across and done it!’). Some of these individuals were what Rob termed ‘tree-huggers’ and Bill ‘pink fluffies’ – although the former appeared to be more ideologically driven, whereas the ‘fluffies’ simply wanted to help those less fortunate. Both groups, though, involved people with a social work or community development perspective who had no appreciation of commercial issues. Rob had affection for these types as he had been a tree-hugger himself, describing himself as an ‘ageing hippy’, but for him: ‘I believed in “peace and love” and I still believe those things, they inform me to this day, but I say it differently now... sometimes you have to say “get real”!’

However, not all those involved with running SE projects were seen in the same way. Several respondents referred to the various boards and committees involved as ‘leeches’ or ‘parasites’ (Malcolm), or ‘pathetic’ (Flora). Others referred to the wrong people ‘muscling in’ on SEs looking for an opportunity to wield power. Unfortunately, power play in the context of competing for funding could interfere with a feeling of camaraderie between projects – Flora, for instance, described a real fear of sharing information.

Essentially, respondents described a dynamic culture which was constantly shifting, and the complexities of which were not always apparent to the external observer. They had internalised the Big Society idea pragmatically, and arguably had always attempted to act out its principles of social action, although they were somewhat cynical about the attendant emphasis on financial success.

4.2 'Beneficiaries' of SE

Not all SEs have a direct relationship with the individuals or groups they are supporting – Social Firms Scotland, for example is an SE at one remove as it supports other SEs – but many are actively involved with the beneficiaries of their work. Social Firms, strictly to merit the name, are required to employ a minimum of 25% of the workforce from people who have a disability. However there are many initiatives which may not strictly be described as social firms which still provide training and personal development for vulnerable individuals. Although the original research by Grove (*op. cit.*) supposed that the vulnerable individuals for whom projects were designed would eventually run them themselves, in practice this appeared rare. Rob referred to a group of punks ('lovely people with piercings everywhere') who had set up a community project, but this did not seem usual. However, respondents who worked closely with vulnerable groups, whether or not they felt they were 'person centred' as Ewan termed it, appeared empathetic with these people's needs. Flora, who ran a service less directly focused on one specific group, was very much aware of the needs of the vulnerable, elderly and poor people who used her project's services, and asserted that in practice it often did not cost much to give the help needed, especially if projects had a holistic view of client needs. Malcolm was more directly involved with his beneficiaries ("participants", as they do participate') and aware that the project gave vulnerable people a sense of worth: 'we don't hide people from the realities, but we try and take off the sharp edges a bit'. Success for Malcolm was judged by the enthusiasm of his participants for the project, to the extent that when they were faced with financial problems these people contributed some of their state benefits to help.

But state benefits could be a problem – Ewan referred to the 'benefits trap' for beneficiaries. Turning them into employees would mean the loss of several benefits which might negatively affect a whole family. There was also the problem that in a commercial setting customer care standards might suffer if a project 'trainee' in this context were left to provide a service without professional support. It was, however, quite startling to hear from several respondents about the range of 'social disability', including food poverty, which appeared to affect many individuals in an affluent area like Aberdeen. Linked with this might be a lack of 'proper' jobs and apprenticeships referred to by Flora. Particularly individuals with mental health issues trying to gain a foothold in employment faced widespread prejudice. Malcolm claimed that they were still regarded as 'axe wielding psychopaths', despite widespread publicity in Scotland to counter this prejudice. However, he acknowledged that such people were not always 'reliable' as employees, if they failed to take

medication or encountered other setbacks. Equally, some social workers were only concerned to allocate the 'worst' cases to a project, as Ewan observed, to get them off their list, regardless of whether they might benefit.

Financially, however, a number of the respondents' projects which supported people with physical or mental health challenges could be argued to represent better value for money than local authority care, especially where day centres were closing. Ewan claimed that several of his participants had been able to remain stable through his project and avoid lengthy hospital stays – thus arguably saving the health service significant resources.

4.3 The Commercial World and its Relationship with SE

As suggested above (4.1), respondents were fully aware of the delicate balance between achieving social goods and acting commercially to fund these goods, as indicated by several of the professional texts (Smallbone *et al*, 2001, Cox *et al*, 2005). Rob suggested that in the 'wrong' type of project 'it's either community workers who don't care about business or business people who don't care about the community side of things.' But Rob appeared to be able to negotiate the commercial world and use it to the advantage of his project: 'I love profit! I am going for profit as much as I can! The important thing is what you do with that profit... it is what profit does [that] is the important thing'. Nevertheless he also suggested that for some funders 'profit has become the God' rather than social objectives. This is certainly not the attitude advocated by the designers of the 'Big Society' concept (Cameron, 2009: 8-10). Bill had come from the commercial sector and was probably more comfortable with that ethos than working with the 'pink fluffies', as was Ewan, whereas for Malcolm, 'commercial' equated with 'bad': 'people have drive there [in the corporate world], but it is drive to crush everything around them... you see people being dictated to by stuck up little suits.' For him, his project was an oasis from that world, where he 'tried to be outside that context' and concentrate on social benefits. But he recognised that given the project's financial ups and doubts, this was a romantic view.

It may have been specific to the Aberdeen context, but there appeared to be a number of local philanthropists who were prepared to invest in SE because of a personal experience of its benefits – for example, having a family member with a disability. The advice of Ewan's mentor, an example of this type, was to target such people deliberately, and for Ewan this tactic had worked. Again there is a resonance of small family enterprise relying on personal contacts, which is also suggested in the willingness of some respondents to loan their own money to the project in times of need. In the current financial climate although the idea of going back to self-sufficiency, as Ewan put it, was attractive, there was also a recognition, as Rob put it, that trading income was not the 'holy grail' to achieve social benefits – the question of balance was paramount. The urgings of Cox *et al* (2005) to move from the 'culture of handouts' might be seen as somewhat simplistic.

4.4 Finance and Funding

What appeared more difficult than achieving such balance for the respondents was the frequent need to grapple with complex financial systems that were not always fit for purpose. Staff might be enthusiastic but often lacked the knowledge or skill to interrogate systems effectively – and sometimes the systems were out of date. Frustrations arose when it was not possible to get information to plan or predict, to the extent that even cash flow issues were inaccurate. Rob described himself as a ‘control freak’ where finance was concerned, but this was partly because of concerns that his enthusiastic staff did not have the expertise to deal with these issues. Perhaps for this reason Flora was glad to have a qualified retired accountant working with her – having financial expertise to support you ‘keeps “them” off your back’. Advice on finance and funding was seen to be expensive to buy in, even if it came from other SEs such as Social Firms Scotland. Social Return on Investment (SROI) tools appeared particularly costly to obtain, even when the issue of how useful the concept was as a whole was under review.

Other criticisms of funders and funding bodies included the fact that they tended to fund new projects, which might mean in extreme cases that an applicant who had been previously unsuccessful in managing a project could nevertheless move to a new one – being as it were ‘bailed out’ by funders. All saw funding applications as a ‘huge’ part of their job. Rob saw himself as good at this area, and had been often successful, but was disappointed by what he regarded as ‘high handed’ treatment by some funding bodies. In Flora’s project she had had to put in a tender bid which was in effect securing the continuance of her and her colleagues’ jobs: ‘I didn’t sleep for six months’. There was also the issue of funding failing to come through on time, despite promises: these were rarely kept. The constant scrabbling for funds could also have a detrimental effect on the communication between projects – sharing information and good practice was not happening between rivals for the same cash.

4.5 Management and Leadership Issues

So far, the findings have suggested that respondents were juggling a complex set of priorities in a dynamic environment, where they had to balance a range of competing needs, chiefly encompassing the achievement of social goals and the requirement to be profitable, or at least to break even. The question then is what types of people are drawn to this work. Our sample consisted of volunteers to be shadowed, but the fact of volunteering in itself suggested these were people who wanted to comment on the issues. Rob said: ‘It’s nae out of altruistic motivation. I immediately see the interest for [my project]. I am always interested in profile for us because that’s what I am paid to do’. His and his colleagues’ comments about leadership shed light not just on their own actions but those of their mentors and exemplars.

4.5.1 Traits and Characteristics of Leaders

If some respondents like Ewan could claim 'it [being a manager] was never what I set out to do' because 'I am my own man.. I wasn't towing the party line', he and others saw themselves as having a significant influence on the projects they were running. Although two respondents, Bill and Ewan, had previously worked in relatively conventional commercial roles, and both had obtained redundancy packages, others saw themselves as more unconventional: 'I'm a pain in the [bum]... can't keep my gob shut' (Malcolm), or 'I'm an ageing hippy' (Rob). Flora had married very young and came relatively late to a 'professional' career: 'people say "you're an entrepreneur." I say "No, I'm not." They say "yes, you are, that's how your mind works."' A common theme seemed to be that of being a 'one-off', as Rob was described by his board members; in his case this was intended as a positive attribute relating to his almost inexhaustible enthusiasm.

As suggested earlier, none were educated to degree level: Rob was relaxed about this but recognised that his community job had become 'professionalised' and now would require one. This was the 'professionalisation' of such roles, as described by Kellock Hay *et al* (2001) and Parsons and Broadbridge (2004). He saw his early career in community development as having taught him humility: his 'clients' often knew more than he did. Malcolm and Flora appeared more uncomfortable with their lack of educational qualifications: Malcolm had been a disgruntled 'YOP'² trainee, and Flora, who had left school with no qualifications, was proud of her achievements in vocational training, where she had been able to 'wipe the floor' (a phrase she used several times) with her male colleagues. Essentially combative, she spoke feelingly of battles she had fought with sexist public sector males. Ewan and Bill had also begun OU degrees, but neither had completed them – it appeared that merely to be accepted onto a programme had developed their confidence. Another theme was that of concern for injustice in society, which could be expressed combatively (Malcolm and Flora) or sensitively (Rob). Ewan and Bill both saw their commercial skills as bringing something positive to the role, although in the former's case this was less evident in the financial aspects of the job than the technical. Ewan was 'not religious or a do-gooder' or even 'person-centred', but he still knew individual participants by name and engaged in light-hearted banter with them.

4.5.2 Management and Leadership Behaviours and Actions

A key observed behaviour from several respondents was appreciation of the efforts of staff and project participants. Rob frequently used terms like 'I love X', 'Y is brilliant' or 'Z would do anything for [the project]'. This appreciation seemed to be genuine, and he had used it with peers to create a board who were comfortable with challenging him, concerned

² YOP = Youth Opportunity Programme, an initiative designed to train unemployed young adults to find work, which was active in the 1980s.

that they were prepared to 'jump in the harbour' if he asked. This is rather the opposite of the 'toxic' transformational leadership described by Tourish and Tourish (2010), where such individuals would happily have exploited such projection. Flora also described herself as 'good with people', citing low staff turnover and her strategy of promoting internally in support, although her relationship with her board was more distant and she felt that what they could do for her was limited. But lobbying, both at a professional and personal level, was seen as a key skill, as King (2004) had suggested in the USA context. Several referred to 'who you know' as a significant help, and projects had benefited significantly from favours done by enthusiastic supporters, including offering premises rent free or donating office equipment.

Several respondents referred to their tendency, and that of others, to be 'micro managers'. This could be because there was no-one to delegate to with the necessary knowledge, or in Bill's case there could be a power issue. Accountable to a more senior 'pink fluffy', he regarded the latter's micromanagement of his decisions as evidence of their inability to recognise commercial needs. But often micro management could be an indicator of technical problems such as inappropriate finance systems, as suggested above, and it could also reflect respondents' having to set their own challenges and need to initiate their own career development in a post which could well be unique.

The at times isolated nature of projects might lead to anxiety which could not always be shared with participants or junior colleagues. Malcolm described himself as having 'no "off" switch ... if I got paid for stress I'd earn a fortune'. Rob appeared able to deal with it effectively although was very much aware of its impact on his loyal staff, who were 'stressed' by their trials with the inefficient finance system. Whether it caused them sleepless nights or not, all agreed that the short term nature of grant funding and the attendant need to live 'hand to mouth' was a major cause of concern.

5. Discussion and Conclusions

This exploratory study investigated issues of leadership and cultural development in Social Enterprise firms (SEs) in North-east Scotland. Increasingly such organisations are beginning to be seen as panaceas for social problems – David Cameron's 'big society' theme assumes that this type of organisation will increasingly take on responsibility for social goods from public sector providers. In consequence of the dynamic nature of the role, SE leaders have to balance a complex range of attendant accountabilities. Our respondents were well informed about the nature of the challenges all this presented, in particular the need to seek commercial support for their ventures (Parsons and Broadbridge, 2004, Chell, 2007). But their responses and actions suggested that their roles did indeed require 'new and different' theoretical models (Harris, 2000:12). These ideas had acquired 'pragmatic legitimacy' (Dart, 2004:416) in that leaders recognised that they needed to reduce the amount of donor funding, but this did not yet seem to have progressed to

'deep' legitimacy – for things to be otherwise would be unthinkable. There is even some equivocation about how far this 'commercial' ethos is to be taken from umbrella organisations like Social Firms UK (Cox *et al*, 2005, B15).

Given, however, the nature of the role, what sort of cultures did leaders of SEs in our sample endeavour to create and what leadership actions and behaviours did they use to create it? Moreover, what external events or ideologies influenced the process? All our respondents were aware of the hybrid nature of the SE project – and that it needed to take elements of commercial and charitable sectors without becoming an example of either. The views of our sample towards capitalist society ranged from outright hostility (Malcolm) to unquestioning acceptance (Bill and Ewan). It is true that all our respondents were to an extent 'misfits' in the contemporary employment sphere. All were doing significant jobs which today would require degree level qualifications, yet none had them. Conversely, how far did they regard themselves as fighting for society's 'underdogs' and how far did they identify with such people? Malcolm expressed extreme distaste for the injustice he regarded as endemic in the corporate world; more positively, Rob still practised the 'peace and love' of his hippy youth but uniquely perhaps was able to see how new times and new structures required SE leaders to express their values in a different way – one which took account of society's obsession with profit, or at least measurement in financial terms of SE output: Social Return on Investment. Interestingly Rob had been a senior manager in the public sector so might be argued to have the most 'conventional' leadership background. There remains a question as to how far these leaders may have gravitated towards SE because of identification with causes and their beneficiaries, or because the sector provided them with opportunities for leadership they might not have had elsewhere. There is a fine line, of course, between challenging injustice and simply being 'agin the government'.

5.1 Social Enterprise Leaders and cultural development: emerging conceptual model

None of our sample would have seen themselves as 'transformational' or 'charismatic' leaders – Rob, who might have earned that epithet, was too humble (sensible?) to accept it, making sure that he trained his board to challenge him more effectively. However, as model 1 illustrates, in terms of two axes representing the level of commercial understanding and acumen, and the level of ideological motivation, Rob would be placed highly on each. A good type description for him could be *sleepers*, from the espionage term for someone who can blend into the daily life of another country until required to show their true identity: effectively Rob is able to work with significant success as a hard headed commercial decision maker, only revealing his equally strong ideological drive with individuals he can trust. Although an 'ageing hippy' as he described himself, he appears to have accepted the ideas of the punks he mentioned – use commercial skills to beat the system at its own game.

Others like Flora might enjoy being popular with staff, but she appeared too pragmatic to see herself in the charismatic light. She and Malcolm almost seemed to relish being a sort of *benevolent gang leader* (high ideological/low commercial), seeking to create a close team which replicated the culture and structure of a small family business, with the attendant advantages and disadvantages. 'Family' was also important for Flora and Malcolm in ideological terms: both were strongly critical of managerial or commercial cultures and practices, and regarded those who worked with them, as employees or clients, as individuals to be protected. Although both Flora and Malcolm appeared more combative than the usual 'tree hugger', it could be that their actions were to an extent resonant of the view that current society is just plain 'wrong' and needs to be challenged

In this sample, all respondents were quite clear about what they were trying to achieve, and there was no-one interviewed who would have fitted the transitional type. However, Bill rather hinted at the existence in his organisation of what he termed 'pink fluffies' and although this term was less pejorative than might be imagined (it was said with a sort of bemused affection), he seemed to mean by it an individual who wanted to 'help people', who was empathetic but not necessarily effective. But both Bill and Ewan, who had arrived in social enterprise from the retail sector because the former offered suitable employment, and were both still more at home with commercial principles, could be seen as *commercial escapees* (high commercial, low ideological). They had certainly absorbed the 'Big Society' message because it sat well with their way of doing things, and made use of skills they had acquired in more mainstream employment.

There is a question of how these types and their context may relate to Smallbone *et als'* contention that different qualities are required from leaders at different stages of an SE's development; the 'gang leader' type might be appropriate at the early stages, but the need to lobby, cajole and persuade the gatekeepers might well require different skills and abilities. In the sample it was probably only Rob who demonstrated the full range of such skills. He could acknowledge his own values of 'peace and love' but was able to realise that these were not universally accepted values amongst the business community, and sophisticated enough to be able to reflect that community's language and values back. If Cameron's 'Big Society' idea is really to take root and make a positive difference to community well-being, arguably more people with this skill set will be needed. The question is whether they will wish to remain as 'sleepers' or eventually become cynical if government rhetoric does not translate into rewards.

In terms of what could be done to assist with their development as leaders and managers, Flora was very enthusiastic about a leadership course she had attended which mixed public and private sector delegates – she spoke of the boost to her confidence through interaction with very senior managers, and confidence in the role was also mentioned by Ewan and Bill as something they had hoped to improve through being able to show they had been accepted onto an academic programme. Regardless

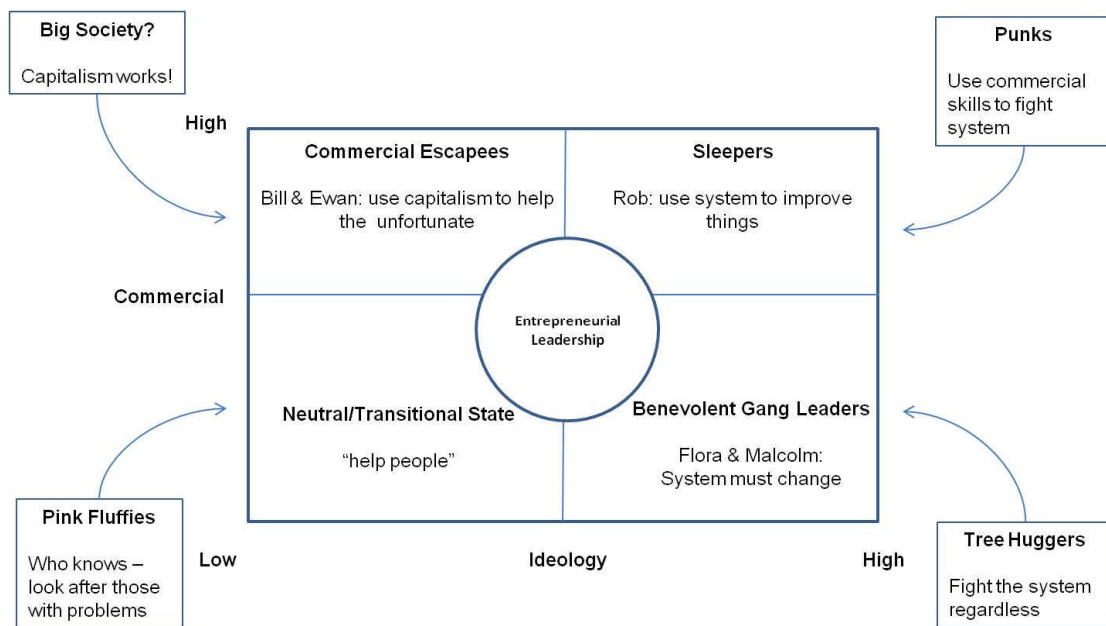
of how confident they felt, all the respondents referred to the importance of lobbying people in power and getting them to listen. This is what King (2004: 483) calls 'exploiting structural holes'. They were also sophisticated in dealing with those who treated them in a 'high-handed' manner: both Rob and Ewan appeared to deal very effectively with rejection by bodies where they had applied for funding. In the former's case a dignified critique of the funding body's reasons for rejection was produced with no apparent anger at what appeared to be significant errors on that body's part. What did frustrate them was not just the difficulty of getting access to effective administration and finance tools, but the cost of these even when obtained from bodies like Social Firms Scotland.

The overall picture painted by this exploratory study is of a group of leaders in SEs who were well aware of the dynamic nature of their role and who might well have agreed with Harris (2000) in proposing that these organisations encountered unique issues and problems. Further research with a bigger sample could go some way to testing the relevance of the emerging typology above, and with it some key research propositions:

- ~ Leaders in SEs are dealing with unique challenges of achieving social and community goods at the same time as needing to operate successfully in sophisticated commercial environments;
- ~ Leaders in SEs are enterprising in creating prosocial advantage rather than creating wealth;
- ~ Because of the unique nature of the challenges they face, and their heterogeneous prior experiences, leaders in SEs require particular leadership development interventions which reflect their specific experiences and culture, if they are to be the 'early adopters' of the Big Society theme.

As Smallbone et al (2001: 49) point out, 'social enterprises require all the management skills of the small business sector whilst also facing additional issues'. A major 'additional issue' is the current administration's preoccupation with the 'Big Society' in the context of communities taking more responsibility for their own well-being and development. This study has identified some of the challenges this idea presents, and future research with a wider sample could give a better picture of how SE leaders, as sleepers, benevolent gang leaders or commercial escapees, are dealing with them.

Model 1: Leadership and Culture in Social Enterprises. Source: Authors with technical assistance of RL Brown



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