LEADERSHIP OF NOT-FOR-PROFIT ORGANIZATIONS IN THE AGED AND COMMUNITY CARE SECTOR IN AUSTRALIA

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ABSTRACT

This paper will describe an organizational change program to be carried out in two not-for-profit organizations in Australia that are providing aged and community care. A pilot project was carried out to secure a research grant from the Australian Federal Government for a three-year research project to strengthen leadership in the not-for-profit aged and community care sector. The paper will summarize the findings from the pilot project, which used systems thinking approaches such as scenario planning. It will also explain an action research approach being proposed to test the leadership framework (developed through the pilot project) in real environments. The research is expected to contribute to theory and practice of leadership in the not-for-profit aged and community care sector in Australia, which is a national priority to be addressed.

Keywords: Leadership, Non-Profit Organization; Systems Thinking; Action Research

INTRODUCTION

There is an increasing need around the World for stronger leadership in the not-for-profit (NFP) or non-profit sector as more social responsibilities are being passed on to these organizations by Governments that are unwilling or unable to afford to continue to fund them. NFP's are increasingly playing an important role in Australia as well and contribute to its social capital. Leaders of NFP organizations are often faced with seemingly contradictory roles – to achieve financial results to meet the expectations of their funders and boards while meeting the social aspirations of the organization based on its vision and mission (often referred to as "the mission-market tension"). There is a lack of research conducted in developing a leadership capability framework for leaders in the NFP sector in comparison with work done in the for profit and Government sectors. Recently the Australian Research Council awarded a research grant to three Universities and two church-based NFP's providing aged and community care to investigate how to strengthen leadership development in the NFP – Aged and Community Care Sector (NFP-ACC) in Australia.

IMPORTANCE OF LEADERSHIP FOR THE NOT-FOR-PROFIT SECTOR

Leadership is a topic that raises a great deal of interest as well as concern to organisations, communities and nations. There is a great deal of literature on the subject, yet "…leadership is

one of the most observed and least understood phenomenon on earth" (Dainty & Anderson, 1996:116 - quoting Burns, 1978), with no universal agreement on definitions, or what leadership involves. There is also confusion about which qualities are most necessary for leadership and whether such qualities are intrinsic or can be developed (ibid).

An emerging area where the need for strong leadership is becoming critical is in the not-for-profit (NFP) sector. Both internationally and in Australia, NFP organisations have grown tremendously in terms of assets and complexity and this has had a major effect on the roles and responsibilities of people who govern these organisations (Connelly, 2004). An Australian Bureau of Statistics (ABS) study conducted in 2000 found that in 1999-2000 Australian NFPs contributed $20.8 billion or 3.3% of total GDP and employed 604,000 persons, representing 6.8% of total employed persons in Australia. NFPs also play an important social and political role and constitute an important component of the 'social capital' of Australia. They are prominent in the health and welfare sectors in Australia, primarily through religious, community and charitable organisations.

However, there are concerns about management and leadership of NFPs. Senior managers in NFPs are expected to achieve the dual (often opposing) goals of producing good financial results while meeting the organisation's social aspirations and are bound by government regulations while at the same time being exposed to market forces. Competing ideologies add their own complexity, with some authors arguing for strong, identifiable leaders and others claiming that what is needed is "communities where everyone shares the experience of serving as a leader, not serially, but concurrently and collectively" (Raelin, 2004:135)

While a great deal of work has been done on developing leadership capability frameworks for the for-profit and public sectors, very little research has been done on such frameworks for the not-for-profit sector. However, there may be useful lessons to be learned from the development of leadership competencies in both the for-profit sector and the public service (APSC 2001). This project is therefore significant because it is the first study of its kind in Australia to create a leadership capability framework for NFPs. As such it will help to fill a knowledge gap in this area and will provide the theoretical underpinnings to provide an evidence base for leadership development in this sector.

In the context of this paper the term 'leadership' is defined as a capability that goes beyond the standard parameters of operational management and includes a strategic capacity as well as difficult-to-define attributes such as innovation and vision, as well as justified confidence in the ability of leaders to use those attributes in their organisational role. Capability is defined here as mastery over a range of tasks or functions acquired through experience (professional and personal) and training (formal and informal). In this paper the term 'capability' is differentiated from 'competency', which is seen as an ability to undertake a range of tasks or functions. In this sense capability can be seen as a meta-competency that integrates the relevant competencies, experience and knowledge into a coherent set of behaviours

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PILOT PROJECT

Three authors of this paper completed a collaborative research project on leadership capability development in the Aged and Community Care sector which was funded by Southern Cross University and Lutheran Community Care that paved the way for these organizations to apply for a Australian research Council grant with two other Universities (University of Technology Sydney and University of Southern Queensland) and an NFP providing aged and community care (Baptist Community Services).

The pilot project will be briefly described before the main project and its features are discussed. The methodology used in the pilot project included scenario-building workshops, online (Delphi) questionnaires, in-depth interviews and a "validation" focus group.

A workshop of nearly thirty Lutheran Community Care stakeholders and associated industry representatives was held in Brisbane to develop four possible future scenarios facing the NFP-ACC sector. The participants for this workshop were selected by the three researchers and the two external advisors to have a diverse sample of stakeholders from government, peak bodies and clients. The participants of the workshop identified the main issues confronting the sector as labour market/ staffing issues; increasing demand; changing client needs; ageing population; increased competition; difficulties sourcing adequate funding; changing community expectations; increasing legislative complexity; need to change service delivery models to meet demand; and increased accreditation/reporting requirements. Four possible future scenarios were envisaged/developed at this workshop: business as usual, globalisation, whole-of-sector change, and natural disaster/crisis.

A second workshop was held to assess the possible impacts of these scenarios on NFP-Access and assess the implications for future leadership in the sector. There were 19 participants from NFP organizations, universities and government organizations. Table 1 shows the priority areas identified at this workshop.

Table 1 - Prioritised Competencies and Capabilities

COMPETENCY/ CAPABILITY:	GM	BM	P	A	M DON
Communication					
High level communication skills for influencing, coaching, conflict management and negotiation	✔	✔	✔	✔✔	✔
Interpersonal communication skills	✔		✔		✔
Relationship building skills	✔				✔
Leadership Skills					
Ability to lead and develop staff and facilitate autonomy.	✔✔	✔	✔	✔	✔
Ability to delegate and empower staff appropriately	✔				✔
Strategy					
Strategic thinking, planning and risk taking	✔		✔	✔✔	
Understanding of Government Policy					
Ability to manage government reporting and accreditation requirements and an understanding of regulatory change			✔✔	✔	
Human Resource Management					
Ability to manage and develop human resources including skills in recruitment, retention, and performance development/ management.	✔	✔		✔✔	✔
Financial Management					
Ability to implement financial reporting and operating processes	✔				✔
Ability to budget effectively without adversely affecting operations and staff	✔	✔	✔		
Ability to manage complex financial structures	✔	✔	✔	✔	
Personal Qualities					
Motivated ('can do' attitude)	✔				✔
Fairness, personal integrity	✔				
Ability to treat staff justly while also being able to say 'no' when required	✔	✔			
Mission Focussed					
Ability to relate to and promote faith/ values of organisation.	✔	✔	✔		✔

GM = General Managers, BM = Board Members, P = Pastors,
A = Academics, M/DON = Mangers and/or Directors of Nursing.
✔ = gave support for item, ✔✔ = strong support.

Priority areas for skills required by leaders were summarised as communication; vision, innovation, creative thinking; strategy; understanding government policy; Human Resource and financial management; a 'mission focus'; sector knowledge; customer and public relations and marketing skills; ability to collaborate; and personal qualities such as values and being inspirational, fair and just.

Following the second workshop face-to-face interviews were completed with respondents from the NFP sector, universities and government departments and agencies (N=18). Respondents' roles included: CEO, Director, and President of a major seniors lobby group, Architect, Economist, Minister of Religion, Board Member, General Manager, Human Resources Manager and Business Development Manager. In addition a number of respondents were academic experts in fields such as management, economics and gerontology.

The largest group of respondents came from the NFP Health and Community Care sector (n = 9). Respondents from government departments and agencies were the next largest group (n = 5). Respondents from the university sector were the smallest group (n = 4). Of the total respondents 56% (n=10) were women and 44% (n=8) were men.

The significant themes that emerged from an analysis of the interviews are as follows:

Funding
In terms of key challenges for NFPs over the next 5 to 10 years respondents consistently raised the issue of funding, notably decreases in government funding, shrinking donations and the need to source alternative funding.

Staffing issues
These included the ongoing *casualisation* of the workforce, workforce shortages, an ageing workforce, issues around retention and the need to compete with the government and private sectors for qualified staff. One area where this was seen as a major issue was in Aged Care with Registered Nurses (RNs) in Aged Care being paid considerably less than RNs in Acute Care. However, this was offset to some extent by those who saw the NFP sector attracting people who wanted to make a difference, or who had a philosophical reason to want to work in the NFP sector. In addition, some respondents noted that wage disparity could be offset to some degree by the capacity of the NFP sector to provide very generous 'salary sacrifice' packages.

Increasing complexity
Complexity in terms of regulatory controls, accreditation and reporting, along with sector change - a deregulated, privatised and more competitive market - were identified as key challenges by most respondents. A number of respondents in Aged Services emphasised the burden of reporting, often placed on frontline staff, which reduced the time spent on direct care in an environment in which care loads were also increasing.

Changing client needs/demands
The majority of respondents noted an increase in demand for services and changing client needs/demands – particularly as Baby Boomers age - as challenges being faced now, which will be of increasing importance in the near future. Some respondents commented that this was already apparent as some Baby Boomers demanded additional or higher standard services for their parents. While in some cases these additional/ higher quality services were already being provided in extra-service facilities, some respondents expressed concern that those demanding such services may not have the capacity to pay for them. A number of respondents also noted that client needs, particularly those entering residential aged care, were greater than previously as clients were staying at home longer and were therefore generally older and frailer when they entered into care.

Technology
The uptake of technology, both information and assistive technologies, and the challenges of developing, implementing and paying for this uptake rated highly with most respondents on the list of future challenges. A number of respondents noted that assistive technologies enabled older people to stay at home longer which may contribute to a greater need for community care service providers in the future. Other respondents pointed to the need for the seamless integration of new technologies into daily operations which required expertise that is difficult and expensive to acquire.

Mission and market forces
The tension between maintaining a values and mission-based focus, while at the same time meeting the demands of market forces, was noted by several respondents as a major challenge. This challenge was perceived as being greater for church-based NFPs whose Board Members were recruited from clergy and church members.

From these interviews the following issues as the main challenges to the sector: uptake of technology; need for more lobbying and advocacy; governance issues; stronger marketing; a need to resolve mission and market tensions; and a need for more effective succession planning.

A final focus group of the key researchers, advisors and then designed an "ideal" future for the sector, which included state-of-the-art facilities; exemplary governing Boards; integrated systems management; 100% client satisfaction; strong relationship with government; and a variety of services/service types. Respondents also provided feedback on the framework, including: overlay for types of leadership; need to validate central elements of the framework with staff and clients; and more interrelationships than shown in the framework.

As part of the pilot research, a dynamic leadership framework was developed (see Figure 1).
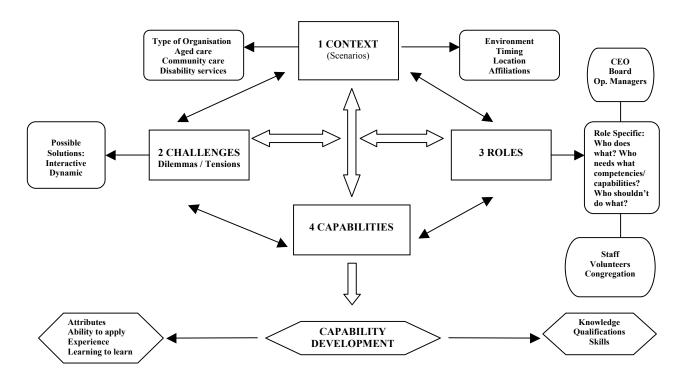
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Figure 1: Leadership Framework

BASIS FOR AN ARC LINKAGE PROJECT.

The research carried out by the researchers of the pilot project on leadership development concluded that leadership frameworks developed for the For-Profit and Government sectors did not readily meet the needs of the NFP sector. The review of literature related to the NFP sector also revealed that very little work had been carried out to develop a suitable leadership framework for the NFP sector.

A review by the research team of articles in the journal *Non-profit Management and Leadership* from 1998 until 2007 found that the few papers dealing with leadership in the NFP-ACC sector in Australia focussed on leadership at the Board or at governance level; none of the papers reviewed discussed a leadership framework for NFPs or leadership requirements of Senior Operational Managers working in NFPs.

The research team that carried out the pilot project felt that there was a need to further develop and test the leadership framework developed during the pilot project. The team felt that the framework was innovative as it was dynamic and able to accommodate diverse factors such as organisational and environmental contexts. This framework provided a dynamic by which leadership capacity can be enhanced from several points within an organisation such as Role, Context, Challenges or Capacity, and progress in any direction. This framework was also supported by a Capability Matrix which could be used to identify capacity-building required by

individuals, groups, organisations and the sector. It was felt that this framework presented a paradigm shift, incorporating changing scenarios in the NFP-ACC sector. Table 1 shows a comparison of the new framework with existing frameworks used by the private sector (QUINN) and the public sector in Australia (SELC/ILS)

STRENGTHS OF FRAMEWORKS	NFP	QUINN	SELC	ILS
Multi-dimensional	✓	NO	NO	NO
Interactive	✓	NO	NO	NO
Dynamic	✓	NO	NO	NO
Flexible	✓	NO	NO	NO
'Open Systems model'	✓	NO	NO	NO
Accommodates Complexity and Change	✓	NO	NO	NO
OTHER COMPONENTS:	✓			
Context	✓	NO	NO	NO
Challenges	✓	NO	NO	NO
Roles	✓	✓	✓	✓
Capabilities	✓	✓	✓	✓
Capability Development	✓	✓	NO	NO

Table 1: Comparison of Frameworks
(Ref: Quinn et al. 1996 (QUINN); APSC 2001(SELC); APSC 2004 (ILS))

ARC LINKAGE PROJECT

The ARC linkage project will address the following research questions:

Main research question: *Is the leadership framework developed in the pilot project relevant and appropriate for NFP-ACC organisations in Australia?*

Corollary questions are:
1. Do senior staff/leaders/Boards of NFP-Access in Australia agree that:
   a. they operate in a volatile, uncertain, complex and ambiguous world?
   b. the types of scenarios identified in the pilot project, and the issues they raise, are realistic? possible? are there other scenarios they think are more likely?
   c. the challenges identified in the pilot project are relevant?
   d. the capabilities identified in the pilot project are those required to meet these challenges? (and if not, what other capabilities do they think are required)?
2. Is the new leadership framework dynamic? interactive? useful?

3. Will it address the needs of the sector in the face of change and volatility?
4. Will it enable NFP-ACCs to more effectively recruit and develop leaders?

RESEARCH METHODOLOGY

A mixed-methods approach, increasingly being used in social science, health and business research (Creswell et al 2003; Bamberger M 2000; Mertens DM 2003) will be used to provide a reliable outcome by combining different methods to triangulate the research findings.

BENEFITS AND CONCLUSIONS

Aged and community care in Australia is under enormous pressure, with rapidly increasing demand, workforce shortages and declining revenue. This project is expected to contribute significantly towards improved performance and efficiency in an increasingly important sector in Australia, which contributes to the national economy and provides employment to many Australians. It supports the National Research Priorities of: Ageing well (under Research Priority: Promoting/Maintaining Good Health), Promoting an innovative culture and economy (another Research Priority 3) and links to the goal of Social Inclusion, a high Federal Government priority. It will make a significant contribution to the development of such leadership.

The increasing importance of the NFP-ACC sector in Australia (particularly given the ageing of the population and increasing health care costs) gives this project an urgency to assist NFP-ACCs to develop strong, competent leadership, leading to more efficient, resilient and sustainable organisations which, in turn, will maximise "return on investment" of Government funds. Improved outcomes for residents/clients will be achieved not only through greater efficiencies, greater continuity, less volatility and better leadership relating to such things as use of technology, preparing the organisation to take on the challenges in the sector, to take on and embrace new things, leading innovative workplace culture and practices, so that the actual dollar being given goes back to the residents to achieve better outcomes and quality of life, and hence provide national benefit. The research will also contribute to the development/progression of leadership theory and the lessons learned from the project may also benefit other sectors and parts of the industry.

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