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Minor Thesis

Leadership Education Needs
for Not-for-Profit Executives in Western Melbourne
to Meet the Challenges of Effective Sector Development

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Statement from Candidate

This minor thesis is submitted in partial fulfilment of the requirements for the degree of Master of Education by coursework and minor thesis at Victoria University.

This minor thesis contains no material which has been submitted for examination in any other course or accepted for any other degree or diploma in any University. To the best of my knowledge and belief, it contains no material previously published or written by another person, except where due reference is made in the text.

In addition, I certify that all information sources and literature used are indicated in the thesis. The research presented in this thesis was approved on 22 September 2014 from the Victoria University Human Research Ethics Committee.

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Abstract

This qualitative research study sought to explore and understand the leadership education needs for Not-for-Profit (NFP) executives in Western Melbourne, as their needs relate to meeting the challenges of effective sector development.

The study was motivated by two factors. The first factor was that existing research has shown that NFPs do not invest in leadership/management development education as a priority of a typical NFP business strategy. The second factor was that within this sector in the Western Melbourne region, NFP organisations are further impacted by rapid growth and change at the current time. These factors highlighted the potential that leaders in the sector may not be prepared to respond to the challenges of effective sector development with sufficient leadership capability and skills.

This research study explored the perspectives of NFP executives from a cross-section of industries within the Western Melbourne NFP sector, including social services, culture and recreation, education, environment and business/professional associations. Seven semi-structured in-depth interviews were conducted with the NFP executive research participants who gave insights into their perspectives on their own individual needs for leadership education and development, as well as their perspectives on the needs of executive leaders more broadly in the NFP sector and the region. Two angles of leadership education needs were explored with the participants: competency requirements; and the preferred attributes of learning/educational programs that best meet their needs.

The sector challenges that are driving the need for the development of new/enhanced leadership capability and skills were also explored, in relation to the Western Melbourne region. The sector's current response to enhance leadership capability and skills, including the barriers and opportunities to access leadership education, were also investigated.

This research study has made three key contributions to existing research on leadership education needs for the NFP sector. Findings indicate that the priorities for leadership education need to be focussed on the competency areas of financial management and fundraising, strategic business planning and management, and people management. It was also found that leadership education needs extend beyond competency areas and include the structure and modes of delivery for education and development programs to best meet the needs of the sector and deliver outcomes, presenting challenging issues for local

educational providers to better meet the needs. Additionally, this research study has revealed the constraints for NFP executive leaders to access funding and support for leadership education and highlighted the limited opportunities that exist to secure funding from internal and external sources.

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Introduction

The objective of this research study was to identify the leadership education needs of NFP executives in Western Melbourne and the relationship those needs have to their ability to meet the challenges of effective sector development. In the context of the Australian NFP sector, continued education for executive leaders is vital as 'leadership capacity can determine the success or failure of an NFP' (Productivity Commission 2010, p. 272). Despite the importance of leadership capacity, little is known about the educational needs of leaders operating in the sector from their own perspectives.

In undertaking this research, current as well as new and emerging leadership education needs for NFP executives were investigated. A range of educational needs were explored with the participants including competency areas, delivery modes and investment/support for access to leadership education. This research aimed to contribute insights to inform the content and design of leadership education programs to meet the needs of effective sector development in the Western Melbourne region. This region was selected for investigation as it is considered to be the fastest growing region in Australia (Western Melbourne RDA and LeadWest, 2013). Previous studies have not looked at the specific needs of this region but have instead looked at national needs focussed on a broader range of competency requirements for the sector. Additionally, the research also aimed to identify the barriers and opportunities for access to leadership education and development.

In exploring the leadership education needs of NFP executives in this region, this research study was constrained in size by the requirements of a Minor Thesis. The research was a small scale exploratory study that has provided indicative findings that contribute to the existing research conversation on the leadership education needs of NFP executives. The exploratory nature of this research may provide a foundation from which the sector, government, funding agencies and educational providers can draw upon for information on the self-identified leadership needs of NFP executives in all regions.

Chapter One explores the context and framework regarding the sector challenges for NFP executives that is driving their need for enhanced leadership capability and skills, as it relates to the Western Melbourne region.

A literature review is provided in Chapter Two, covering prior research that investigates NFP management and leadership challenges, as well as the perceived new capability and skills

required to meet sector challenges, from local, national and international sources to give a range of perspectives.

The research methodology, methods and design are detailed in Chapter Three.

Chapter Four presents the results and discussion of the key findings that emerged from the qualitative data collected and analysed using inductive analysis.

Chapter Five forms a conclusion summing up the critical contextual factors, offers recommendations and outlines the significance of the key findings of this research study.

Chapter One: Context and Framework

In this chapter, a brief background is provided for the national NFP Sector in Australia, and the Western Melbourne region.

1.1   The NFP Sector

Often referred to by different labels (e.g. the third sector, the social economy), the NFP sector encompasses organisations across a diverse range of industries that are established for community purpose (Productivity Commission, 2010) and to respond to social issues. In Australia, a NFP organisation is defined as being an 'organisation that does not operate for the profit, personal gain or other benefit of particular people' with any profits made being 'applied for the organisation's purpose(s)' (ACNC, 2015). The origins of the term 'not for profit' date back to the US 1969 Tax Reform Act (Productivity Commission, 2010).

The term 'not for profit' is now discussed as being a redundant term to describe today's NFP organisations that are considered to be having an 'identity crisis' (Ahmed 2013, p. 16). This is due to many factors, including growth, commercialisation of the sector, financial sustainability, competition and the need to adapt to new technologies. Additionally, it is reported that the sector needs to adopt innovative 'entrepreneurial approaches to deal with new social issues while addressing the ones that are continuing' (Ahmed 2013, p. 18). Adapting to the new imperatives puts pressure on NFPs to preserve their organisational culture and their traditional identities, potentially generating 'tensions between mission and business orientation' (Barraket 2008, p.9). The emerging challenges and pressures currently faced by NFPs are explored in further detail in Chapter 2.

1.1.1   Australian NFP Sector Snapshot

The following snapshot of the diverse Australian NFP sector was published in the IBISWorld Industry Report on Charities and NFP Organisations in Australia (Outlaw, 2013):

- over 600,000 NFP organisations currently operate in Australia of which 40,000 are economically significant
- NFPs generate $112.2bn in revenue and $7.2bn in profit

- 962,000 Australians are in paid employment with NFPs who receive additional support from over 6.4 million volunteers each year; and
- the annual growth rate for 2013 – 2018 is projected at 4.6%.

Despite NFP activity being in high demand in Australia and making many valuable contributions to society, the Organisation for Economic Co-operation and Development (OECD) reports that our governments have a low social spend of 19% of Gross Domestic Product (OECD, 2015), when compared globally to other countries. Previous research studies report that only 'a small minority of NFPs receive the bulk of their funding from government' (Productivity Commission 2010, p. 7) with most relying on private contributions.

NFPs derive revenue from a variety of sources apart from government funding including philanthropic investment, fee-for-service and fundraising activities, as well as by donation (e.g. deceased estates and corporate giving). Approximately half of the sector's revenue is reported as being self-generated, a third is received from government contracts and grants and 10% is received from philanthropic sources (an increasing source) (Productivity Commission, 2010).

1.1.2   NFPs in Melbourne's West

The NFP sector nationally is the 'fastest growing part of the Australian economy' (PWC 2014, p. 2), having grown at nearly twice the rate of the mining sector over the past six years. Forecasts indicate the sector will continue as the fastest growing (PWC, 2014). The research indicates that 'population growth and ageing are proving to be strong organic growth drivers' (Outlaw 2013, p. 12) in the sector, with a subsequent growth in demand for NFP industries such as health services, children's services and leisure/cultural services. The community services industry is also in high demand due to the high levels of immigration (Outlaw, 2013).

Within this national backdrop, the fasted growing region in Australia due to population growth is Melbourne's West (Western Melbourne RDA and LeadWest 2013). Reports indicate that this western corridor of Melbourne is expected to support '40 per cent of metropolitan growth over the next 40 years' (Western Melbourne RDA and LeadWest 2013, p. 3). NFPs delivering services in this region that covers the six local government areas of Maribyrnong, Brimbank, Moonee Valley, Melton, Wyndham and Hobsons Bay face the regional demands

of accelerating growth that will ultimately drive demand on support services to the community.

During the review of the literature, I found no available data on the NFP sector specific to the Western Melbourne region. This makes it difficult to consider the localised impact to NFPs resulting from the growth and development occurring in the region. This lack of information is not only unique to this region, as it has been evidenced that there is 'little credible data about the sector' (PWC 2014, p. 4) in general. The research and data in the available literature focuses only on the challenges for workforce development, industry, infrastructure and investment as a result of regional development, with no specific reference to the NFP sector or research into the impacts. The new or emerging leadership capability and skills required of the sector's leaders in this region to meet the challenges have also not yet been investigated.

Chapter Two: Literature Review

This chapter provides a discussion on the relevant research, literature and contextual information of the NFP sector in Australia. To date there has been limited academic, government or industry research published that specifically looks into the leadership education needs of NFP executives. As a result, the following literature review draws on scholarly and industry-based literature from a range of disciplines, including public sector management, professional development, organisational performance, government policy and regional planning. By drawing on this diverse literature, this chapter explores issues that are informing and influencing leadership education needs to develop NFP leadership capability in response to the current sector challenges.

2.1   Challenges for Effective Sector Development

Sector development has been defined as the response the sector takes to changes in the type and size of demand (Productivity Commission, 2010). However, the ability of the sector to respond to the changes depends on the degree to which change is resisted by NFPs and the constraints they face (Productivity Commission, 2010). It is reported that governments can assist where constraints exist (e.g. regulatory burdens, staffing, financing) to enable effective sector development. Yet it is also expected that the sector will continue to be responsible for its own future (Productivity Commission, 2010). This is concerning considering that findings from a recent national sector report indicate that despite the growth and importance of the sector, NFP leaders are despite the growing size and importance of the NFP sector, its leaders are doubtful that the will be able to deliver on the new and emerging expectations of them (PWC, 2014).

NFPs are currently facing new and emerging challenges for capacity building that are complex and often referred to as 'wicked problems' (Conklin 2005, p. 7). These challenges include: a declining economy; growth in demand; an ever-evolving and volatile policy environment; tightening budgets; increased competition (AICD, 2015; Anheier & Kendall, 2005). At the same time, the NFP sector is occupying an increasingly central position in social and economic policies, driven by the dominant ideology of 'managerialism' (Barraket, 2008), with increasing impacts on the NFP sector. As a result, the sector is under increasing pressure and scrutiny to perform (AICD, 2015) and to reinvent the traditional NFP model to

meet the challenges they face. The themes of 'wicked problems', 'managerialism' and the emerging responses that NFPs are starting to take, are discussed in turn below.

2.1.1   Wicked Problems and Public Policy

The dialogue on 'wicked problems' first began over thirty years ago (Head, 2008) when the term was coined by Horst Rittel to describe situations where linear system approaches limit the ability to solve complex issues (Conklin, 2005). Many complex matters within the NFP sector and associated government policies are characterised as wicked problems as they are not defined by difficulty but are defined by having numerous causes, difficulty in describing/understanding and no one right answer (Camillus, 2008). Wicked problems can be prevalent in areas such as child protection policy, climate change and urban planning (Head, 2008). The Australian Public Service Commission (APSC) acknowledges that their most demanding policy challenges involve dealing with wicked problems (APSC, 2007).

A good foundation from which to understand wicked policy problems is to acknowledge and accept the 'two ongoing truths of public policy – the inherently political nature of decision-making, and the impossibility of resolving all problems through government activity' (Head 2008, p. 114). The two ongoing truths of public policy significantly impact a NFPs ability to: strategically plan ahead for the future' ensure they have appropriate resources; and maintain the correct workforce model and structure (AICD, 2014). Ever-changing government policy that arises as problems remain unresolved can lead for some to the need to completely remodel their businesses in response to major reform, as seen following the 2013 election of the Coalition Federal Government (AICD, 2014). Longstanding wicked policy problems and policy failures in the public sector have many contributing factors including a lack of whole of government working in the APS, a disengaged public community and a lack of feedback from service users on what works and what doesn't (APSC, 2007).

Tackling Wicked Problems

The APSC report that there is often disagreement about the causes and best way to tackle wicked policy problems as they can be 'beyond the capacity of any one organisation to understand and respond to' (APSC 2007, p. 1). Based on the many multiple dimensions of wicked problems and their complexity, they present challenges for clear analysis and to devise realistic and useful interventions to tackle them (Head, 2008). Further impacting the

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NFP sector's ability to manage wicked problems is the focus by governments on the incremental management of elements of problems, considered to be a political ploy to cope with complex issues (Head, 2008). This is complicated by 'traditional approaches to policy making and programme implementation' (APSC 2007, p. 1), when part of the solution requires changes in behaviour of groups of the community, cross-sectoral collaboration (Head, 2008) and the engagement of stakeholders in policy development and implementation (APSC, 2007). Traditional approaches of engaging talented people or project management tools are no longer adequate in providing the innovation required (Conklin, 2005). NFP organisations, as with any sector, need to learn to cope with wicked problems (Camillus, 2008) as there is no silver bullet, single root cause or one best approach (Head, 2008).

In tackling wicked problems, new approaches can be found to resolve existing problems bringing about the opportunity for innovation and change in the public sector. Recommended approaches to wicked problems are 'better knowledge, better consultation and better use of third-party partners' (Head 2008, p. 114). Identifying knowledge gaps in particular is key, with a focus on actively developing and sharing knowledge on innovative approaches that are assessed as highly likely to succeed (Head, 2008) rather than simply emphasising the gaps and the problem itself. In certain areas of policy, NFPs and governments are working more closely with each other to create joint responses (Barraket, 2008) that create implications for public policy and management.

In conclusion, the public sector needs to champion strategic thinking and commit to supporting and investing in changes to organisational learning and culture as the enabler to develop new approaches to wicked problems (Head, 2008).

2.1.2   Impacts of Managerialism

In Australia, governments have been preoccupied with organisational reform since the 1980s. These reforms have been generally grouped under the term managerialism, aimed at improving the growth, productivity, revenue and efficiency of governments (Lyons, 1998). According to Zifcak, managerialism in the public sector became a 'dominant ideology for public policy making, business administration practice and human service management' (cited in Tsui & Cheung 2004, p. 438). Advocates have adopted the belief that wicked problems can be resolved through improved management practices (Tsui & Cheung, 2004).

There have been three main managerial trends during this time including 'new public management (NPM), crossagency coordination and more inclusive approaches to stakeholder engagement' (Head 2008, p. 108).

Despite the advocates of managerialism believing that financial, structural and operational aspects of public sector organisations can adopt more effective managerial processes to solve social problems (Tsui & Cheung, 2004), the consensus from the literature is that managerialism in the public sector is considered to be narrow in its approach. Managerialism has led to the NFP sector suffering from prescribed one size fits all approaches (Alford, 1993) derived from private sector principles that fail to consider the NFP sector as a community with shared goals (Tsui & Cheung, 2004). Appropriately labelled a performance control model (Alford, 1993), managerialism has impacted the public sector by focussing on service metrics rather than genuine quality and care. Although the complexities of the challenges faced by NFPs appear to be increasing, 'we are seeing a reduction in variance, and an embrace of standardization rather than experimentation, in the sector' (Hwang & Powell, 2009). Managerialism has also led to the NFP sector being urged to be more business-like, without a clear understanding or definition of what this term means (Dart, 2004).

Private sector management methods have been argued in the literature as inappropriate for the public sector by Alford (1993) and Tsui and Cheung (2004) among others. In practice, accountability frameworks applied by governments have been important in improving efficiency and enabling public sector reform (APSC, 2007). However, there is now increasing evidence that some performance measure frameworks are restrictive and may weaken/constrict the delivery and responsiveness of complex services by focussing on targets rather than the service provision (APSC, 2007). Tsui and Cheung (2004) argue that managerialism is introducing accountability standards and quality control systems that have not necessarily improved service performance but created more resource burdens.

2.1.3   The Shifting Landscape for NFPs

The NFP sector is at a crucial developmental crossroads (Anheier & Kendall, 2005). As NFPs respond to and experience the impacts of managerialism and wicked problems in practice, they are facing new stakeholder expectations and a myriad of changes to how they operate and perform. Within this changing landscape, new approaches to the traditional NFP

model have been emerging from a necessity to respond to the pressures. For example, commercialisation and partnerships are a significant action being taken by NFPs to evolve into 'new forms of 'hybrid' organisations that combine the logic of business with a not-for-profit mission' (Barraket 2008, p.3). All of these factors raise questions about new leadership competencies required and the how NFPs will develop strategic leadership and management capability to meet the challenges. Emerging pressures and evolving approaches being taken by NFPs are discussed in turn below.

Changing Stakeholder Expectations

There are changing expectations from stakeholders (who include governments, community, business and donors) with more emphasis on accountability, evidence of social impact and convincing business cases for investments (Productivity Commission, 2010). In the case of Australian governments who are being compelled to reduce budgets, they are turning more to the sector for service delivery to achieve better social outcomes (PWC, 2014).

It has been reported that social impact measurement is essential to justify the cost of services and to gain credibility when bidding for contracts in an environment that now also has for-profit organisations competing (Arvidson & Lyon, 2014). NFPs are experiencing greater public scrutiny in the areas of operational efficiency and accountability to authorities/communities, with more interest being shown in their performance and regulation (Anheier, Carlson & Kendall, 2005). Stakeholders now demand improved reporting within a climate that now prefers evidenced achievements (Arvidson & Lyon, 2014). Interestingly in the United Kingdom, it has been found that NFPs are experiencing discomfort and fear associated with the auditing processes and subsequent performance management that is linked to accountability in the sector, causing issues for staff morale and organisational culture (Arvidson & Lyon, 2014).

In Australia, NFPs are under pressure not only from external stakeholders but also their Boards to present better performance indicators, including for non-financial information. In a recent study of NFP Directors by the AICD (2014), 50 per cent of respondents reported that they didn't feel their organisations measure their achievement of mission or purpose effectively. Respondents also reported that measuring outcomes or success against mission can in fact never be quantifiable in some cases (e.g. indigenous disadvantage). The AICD further found that 40 per cent of Directors wanted more information about achievement of

financial targets as well as risk management and general data on the sector from their organisational leaders.

New Funding Sources and Commercialisation

The impacts of managerialism, rapid growth for some, and a slowing economy are compelling NFP organisations to develop and apply a range of, as Kong (2008, p. 282) notes 'for-profit strategy concepts'. This includes new business thinking, for effectiveness and sustainability in a changing and competitive environment. Government funding is a significant revenue stream for the NFP sector, with competition intense amongst NFPs for long-term tenders and contracts. The inability to retain government revenue sources can put pressure on NFPs to review their staffing models/levels, service outputs and consider mergers with other organisations (Outlaw, 2013). The funding concerns for NFP executive leaders were recently confirmed across the sector in a PWC report (2014) that found that 60 per cent of CEOs believe their government funding will continue to decline in the year ahead. It is unlikely funding challenges will go away, resulting in NFPs seeking new revenue sources and adapting their organisational and operating models to be more innovative and flexible to offset funding challenges (AICD, 2015). Adding further pressure to the NFP sector's funding environment is their inability to plan their services more than one year ahead due to funding arrangements not being secured for longer terms (Grant Thornton, 2013).

NFPs are also growing their social enterprise strategies and undertaking new business ventures to achieve their social and financial double bottom line (Eikenberry, 2009). In response to the funding challenges NFPs expect that fundraising and commercial activities will generate increased funding in the year ahead (PWC, 2014), with more pressure now on NFPs to compete for all types of funding sources. In particular, Outlaw (2013) notes that NFPs must compete for non-government financing (e.g. donations, fundraising). This competition is now forcing them to be more accountable and transparent to attract prospective donors. Outlaw argues that this new challenge has resulted in NFPs having to grapple with new expectations from non-government funding partners that they will communicate effectively on the usage of donations received.

The changing funding climate is a key driver placing pressure on NFPs to adopt more market-like approaches in their endeavours to obtain funding, with an increased dependency

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to generate revenue from commercial activities (Eikenberry, 2009). A recent analysis and report from the University of Technology Sydney in 2014 has found a clear trend of increased commercialisation in the NFP sector (UTS, 2014). The report highlights the evidence that the NFP sector is in a state of transition in response to resource constraints. Findings reveal that 70% of 132 applicants who recently applied for a grant program report they have plans to become more commercial in the next three to five-years. This is essential in order to mitigate funding gaps and meet the increased expenditure requirements needed to support increased service demand.

Within the literature, NFPs are also cautioned on the risks of commercialisation. Of paramount concern is the risk associated with not managing public expectations as 'social enterprise ventures risk discrediting the whole sector' in these situations (Dalton & Casey 2008, p. 182). NFPs need to have carefully developed strategies that have consideration for a wide range of impacts to capability, mission and relationships with the community (Dalton & Casey, 2008). Longer-term community connectedness and participation can also suffer when NFPs develop to a stage of self-sufficiency as a result of commercial revenue strategies as there is less need to invest in building community networks that may also result in a perception that donations are not needed for a NFP that is commercially successful (Eikenberry, 2009).

To support this changing economic landscape, NFP leaders require highly developed skills in financial management and strategy. This is essential to provide them with the confidence and ability to interpret and communicate financial performance outcomes readily to donors seeking greater returns on their investments, as well as achieving the community purpose (Productivity Commission, 2010). This is also critical where public funding is involved as there is a responsibility for governments to ensure 'the best value for taxpayer money' (Productivity Commission 2010, p. XXX).

Challenges of Managing People and Talent

Talent and people management is also a challenge for NFP leaders, both from a capability and resource perspective. The need for NFPs to manage their human resources effectively is vital due to the significance of the missions that they perform (Agard, 2011). Most NFPs (particularly smaller organisations) lack the availability of a human resource department to support staff. Agard (2011) states that NFPs tend to be constrained in being able to resource

or formally establish human resource functions due to limited funding. At the same time, their executive leaders are expected to perform all of the functions delivered by a typical human resource department. This may often be without the necessary skills and experience or the time required for this area of operations due to competing priorities.

Wenzel (2015) confirms that the investment in professional development by NFPs has great returns for the sector, resulting in improved organisational capability, performance and social impact. This is particularly valuable where NFPs can 'align and systematically facilitate the development of their human resources' (p. 18). However, Wenzel also cautions that while NFP funders don't typically offer funding grants for talent, investment in talent is low. A potential barrier he identifies is that NFPs are hesitant in requesting funding for these types of organisational development activities in case they are perceived to be lacking the talent in which to deliver the contracted service.

Within the area of people management, the acquisition and retention of staff is an increasing workforce challenge for NFPs to meet the demands of effective sector development. NFPs need to compete with all sectors to source and retain talent but are losing the competition for talent due to their inability to match or better offers on wages and career opportunities (ProBono Australia, 2012). Managerialism has led to impacts on the NFP workforce as they transition from 'amateur' to 'professional' in response to the need be become more formalised and streamlined (Hwang & Powell, 2009). As a result, long-committed professionals are being displaced, particularly those who are less enamoured with the shift in focus to 'for-profit' or who are not fluent with the practices of managerialism (Hwang & Powell 2009).

Industry reports highlight the significance of people issues for NFP executive leaders, reporting that 'people issues are the second most influential driver of low confidence across the sector' (ProBono Australia, 2012). ProBono Australia identify the most influential driver is an uncertainty to meet the expectations associated with increased service demand. Despite all of the evidence of the issues in relation to people management, there appears to be no long-term planning occurring in the sector to strategically address future workforce needs. Wenzel (2015) argues that the sector needs more than simply committed people. He states that leaders in the sector need to ensure that staff (both employed and volunteer) become more proficient in service design, service management and processes.

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Emergence of Partnerships and Collaboration

Development of strategic management capability in the sector is also emphasised in the literature as one of the solutions to address many of the challenges and create greater social innovation. Of relevance to this study are the priorities for NFPs to form strategic collaborations or partnerships. However, it is noted that the concept of partnerships, within the sector, is greatly disputed (Melville, 2008) and used in different ways by a range of stakeholders. The rationale for NFPs to form strategic partnerships with each other (and in some cases consider mergers) include: the opportunities for greater access to government grants; to find new and more effective ways to deliver increased services to meet the demand; reduce costs; leverage off shared organisational support services; and collaborate on advocacy matters (AICD, 2014). Strategic partnerships and collaborations are also considered to be a necessity to assist NFPs with the 'scale and complexity of certain problems' (Osula & Ng 2014, p. 94).

Ultimately, partnerships and collaborations result in a shrinking market for the NFP sector. An industry survey of NFP Directors (AICD, 2015) reported that 67 per cent of NFPs are already collaborating with other NFPs on advocacy matters in the sector and that 30 per cent of Boards are considering or have already commenced merging their organisation. Of those surveyed, it was reported that in aged care, disability and community housing there are pressures to merge due to economic factors such as the costs for staffing, infrastructure and compliance.

Despite the high level of activity already, NFPs require more support. Evidence suggests that more incentive is required for collaboration, with greater support for business planning capabilities in order for NFPs to achieve greater social innovation (Productivity Commission, 2010). This is particularly important as partnerships and collaborations also have their challenges for NFPs. There can be reluctance in the sector 'to merge or collaborate where other interests might be eroded or where the purchase of support services adds to overheads' (Productivity Commission 2010, p. 13). NFPs also typically compete with each other instead of working together to share resources (Kong, 2008). Generally NFPs can't improve their long-term viability through collaborations, as they don't have the necessary business and financial skills and expertise (Productivity Commission, 2010).

Understanding the factors that work, and are underpinned by evidence of success, also indicates some of the potential challenges for some NFPs to collaborate. Careful

consideration and investigation needs to be made into shared mission and user groups, adequate financial support, cultural alignment, leadership capability and stakeholder support (AICD, 2014). Where partnerships with governments are concerned, NFPs also require a genuine whole of government approach for success to mitigate disorganised and ad hoc arrangements that can occur at the state government level (Melville, 2008).

Specific to the Western Melbourne region, there are encouraging research findings from the literature that suggest that leaders in the region generally possess a strong sense of community identity and cooperate well (Western Melbourne RDA and LeadWest, 2013). This may be the foundation that can support and facilitate longer term change for NFPs to embark on the establishment of strategic collaborations and partnerships needed to meet the sector's challenges.

2.2 Leadership Capability, Skills and Professional Development

The limited published research that is available (see key works by Wenzel 2014, Productivity Commission 2010, UWA 2013) highlights the need to improve leadership capability and skills. It also reveals the broad areas thought to be required for the enhancement of capability and skills, driven by the changing sector. Many of the significant challenges that are increasingly faced by NFPs can be mastered through capable people (Wenzel 2014). Evidence suggests however that NFPs are not meeting the challenges of changing economic and operating environments (Wenzel, 2014), motivating the query of this research study. The existing challenges and gaps identified in the literature around leadership capability, skills and professional development are outlined in turn below.

2.2.1   Lack of Investment for Leadership Development

One of the constraints of the NFP sector to meet its challenges for effective sector development is the lack of investment to develop and build the necessary leadership capability and skills. Wenzel (2014) states that there has been a lack of attention paid to the professional development needs for Australian NFPs. The enhancement of leadership capability and skills for NFP executives in the Western Melbourne region are critical enablers to respond to the challenges they face. It has been reported that leaders in the NFP sector

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are concerned about limited opportunities for existing managers to undertake professional development (Productivity Commission, 2010).

Investment to continuously develop talented and capable people in leadership and management roles is critical for NFPs to meet the challenges of effective sector development and demonstrate impact (ProBono Australia, 2012). However, industry leaders report that they don't have a dedicated budget to access for staff development, except for organisations generating over $20m in revenue (Wenzel, 2015). It has been further found that there are opportunities for governments and peak bodies to better support NFP leaders to address skill gaps in governance, strategic planning and demonstration of impact within the sector (Productivity Commission, 2010). One approach is through the provision of services from support agencies, however, the support service market for NFPs is underdeveloped (Productivity Commission, 2010). It has also been suggested that NFP organisations request funding for workforce development as grant seekers to ensure resources (Wenzel, 2015). These findings indicate that there are greater challenges for smaller organisations that lack the financial resources to develop their people or personnel to extensively apply for funding.

The sector's ability to develop the required leadership capability and skills to meet the challenges is a necessary investment in the future. As with most investments, it may take some time for return on investment to be realised (Day & Haipin, 2001). Wenzel (2015) notes that it is essential that NFPs who do secure investment are able to demonstrate the value of their professional development activities on social change. This is necessary in order to use this evidence to advocate to all NFP stakeholders for investment in the sector's human capital.. Educational providers and other support agencies developing programs and services that target the NFP sector need to consider how to deliver quality programs to this market despite their resource constraints (Dolan, 2002), which includes both time and money.

2.2.2 Professional Development of NFP Leadership Capability to Respond to the Challenges

Professional development or training, as it is also known, are 'key tools for strategically enhancing the leadership and technical competence of any workforce' (Wenzel 2015, p. vi). They are offered in a range of forms including formal learning, on-the-job training, work

experience or other informal learning activities (AWPA, 2013). In Australia, professional development more generally in the NFP sector is considered an 'unfilled priority' (Wenzel 2015, p. 13). In most progressive organisations, professional development today is no longer treated as an obligatory human resource management activity and is regarded as a strategic tool for competitive advantage (Blume et al., 2010). Effective professional development has numerous benefits to learners, particularly in the leadership and management fields, where the development of skills can both impact productivity through improved resource allocation and lead to improved organisational performance and innovation (AWPA, 2013).

It is suggested in the literature the best professional development is 'job-embedded' and is most effective when it is supported and encouraged (Zepeda, 2013). For example, in a meta-analytic study, Blume et al. (2010) identified that the extent to which learning occurs as a result of a professional development program is dependent on the transfer that occurs to the job and leads to 'meaningful changes in work performance' (p. 1066). Blume et al. note that in the case of leadership programs, transfer is an important measure of the effectiveness of professional development and return on investment to the organisation. Their findings highlighted success factors for the effective transfer of professional development including supportive work environments and motivated participants.

When considering how to approach the enhancement of leadership capability and skills in the NFP sector, it is important to acknowledge that NFP executive leaders can have different characteristics when compared to executive leaders in other sectors. They tend to take on leadership responsibilities motivated by their belief in the community-purpose, their own role and how it adds to their wellbeing (Productivity Commission, 2010). This characteristic of a NFP executive leader could be considered a challenge for the sector in developing enterprising leaders with an appetite for change management and innovation. This is compounded within a sector that typically appoints people into management positions who have progressed from service delivery roles but may be lacking the required management skills (Productivity Commission, 2010).

NFP organisations need to assess and understand the future readiness, motivation and confidence of their NFP executive leaders as critical leadership attributes required to meet the challenges of effective sector development. At the current time, leaders within the sector are reported extensively in the literature to be lacking confidence. Australian NFP leaders consistently report that the main causes of this are due to the expectations brought about by increased demand and their uncertainty in being able to deliver on those expectations

(ProBono Australia, 2012; PWC, 2014). This wide-spread lack of confidence could also in part be attributed to the lack of investment in leadership education and development, as NFPs 'lack the resources to obtain comparable training' (Dolan 2002, p. 290) to other sectors.

2.2.3 NFP Leadership Education Needs & Priorities

Specifically identifying the leadership education needs or even key competencies of the NFP sector from the literature and existing research is difficult, yet the role of leadership is considered a key factor in tackling wicked problems (Head & Alford, 2013). Wenzel (2014, 2015) observes there is a lack of information about the Australian NFP sector, the organisations, their people and their uptake of professional development. This leads to difficulties in identifying issues and addressing them. Wenzel states that information on key competencies for the Australian NFP sector is non-existent. In determining the key competencies of the NFP sector to realise social change, Wenzel also reports that no framework has been established to enable policy makers and other stakeholders to 'organise, measure, and analyse the presence, level and distribution of key NFP competencies' (Wenzel 2014, p. 6), further adding to the challenges of effective sector development.

In specific relation to leadership development, recently emerging insights from surveys of the Australian NFP sector reveal that leadership development is considered a key priority, particularly for larger NFP organisations (AICD 2014; Wenzel 2015). Wenzel found that smaller NFPs are prioritising competencies related to strategy at this time, along with the need for the sector more widely to develop competence on strategy. The AICD (2014) survey of NFP directors found that one in five believe they could improve their governance with a more skilled CEO. One third reported their boards need to be more innovative and one in five need to better manage risk. This raises the question of whether or not these are also competency gaps for NFP executive leaders at a range of levels within NFPs, not only Board level.

The unique needs of NFP executives are at the forefront of importance for this research study's investigation into the sector's leadership education needs and the barriers that inhibit the development of leadership skills and abilities. From the current literature it is not known what the actual leadership education needs are at the current time for NFP executives and

little is known on how the sector is responding. This research study seeks to explore these aspects in more detail. With the changing complexity of demands on NFPs and a lack of prior investment in education/training, there is some urgency to support NFP leaders with professional development. As Wenzel (2015) states, this can expose them to new areas of expertise and new concepts 'that can differ markedly from what might have worked well just a few years ago' (p. 8).

This research study contributes to the existing research through its aims to identify and understand leadership education/competency needs in detail from data collected exclusively by individual and in-person interviews with NFP executive leaders. The research conducted also provides insight into the preferences for educational design and delivery. These preferences were also investigated to help inform educational needs that extend beyond competency areas. A further contribution of this research study is the findings on the constraints and opportunities for leaders in this region to gain access to leadership education. This is a critical factor for NFP executive leaders to develop their confidence, skills and capability to meet the challenges of effective sector development. Future research undertaken in the sector will be able to compare and confirm whether or not these findings on leadership education needs in this region are common across the sector, to inform a more detailed framework or model for NFP leadership education.

It is on the basis of this literature that this research study investigates the leadership education needs of executives in the NFP sector in Western Melbourne, to understand their professional development needs to meet these new and emerging challenges and the changing environment they operate in. This research study is unique in its approach that explores NFP leaders own perspectives on their essential education needs and major constraints, to provide a rich and diverse view on what is needed. These findings provide a contrast to the top-down demands applied by managerialism of the competencies and characteristics NFP leaders should possess in order to be more business-like. The findings instead provide insights into the NFP leaders' needs from their own experiences and perspectives.

Chapter Three: Research Methodology & Design

This chapter details the research methodology and design used to investigate the research query.

3.1   Research Methodology

This qualitative research study used an interpretivist approach, positioned within the theoretical framework of phenomenology, to highlight the importance of the research participant's individual perspectives and their attitudes, within their setting (Cohen, Manion & Morrison 2007). From the suggestion 'that there are multiple views of reality' (Cohen, Manion & Morrison 2007, p. 34), using an interpretivist approach enabled the exploration of the individual perspectives of executives across a number of NFP organisations. The interpretivist perspective classifies knowledge as reliant on human perception that is never free from individual influences such as beliefs, culture and history which may be used to construct meaning.

The subjective reality and personal knowledge that the participants reported was explored, as first-person accounts, taking a qualitative approach. Qualitative inquiry was the most suitable research paradigm to approach this study to explore the experiences and personal knowledge that each of the participants held, in relation to their leadership education needs. In undertaking this research study it was considered essential to give prominence to the personal perspective of the research participants and their experiences, as well as their interpretation. The focus was on insights into the participants' experiences and needs which enabled a reflective analysis to offer a synthesised account and identify 'general themes about the essence of the phenomenon' (Finlay 2009, pp. 6-25). Importantly, as Finlay (2009) suggests, the study was approached with an open attitude, initially restraining from importing external agendas and putting aside judgements about the phenomenon and its realness.

Consistent with the interpretive and qualitative research paradigm, data was collected via semi-structured interviews. To identify the priorities for the participant's leadership education needs, the analysis explored the data within the context and confluence of two trends. The first was the data collected from the participants reporting on NFP sector challenges informing leadership education needs and the second was their reporting on their own individual leadership education needs. Within the context of these trends, the participant's

reported priorities for leadership education needs were analysed with the aim to identify any gaps or commonalities between the two.

3.2 Ethics Approval

Ethics approval for this project, HRE14-197, was granted on 22 September 2014 from Victoria University (refer to Appendix One).

3.3 Participants

Seven participants were selected and interviewed in the research study. These participants were chosen from an expression of interest (EOI) process that sought to attract participants via direct email, referral and social media. There was no publicly available and/or accurate list of NFP organisations from which the EOIs could be sent, so a list was developed from researching organisations in the region through online sources, existing contacts and referrals. A list of NFP organisations to directly approach was developed using the following mix of criteria and recruitment methods:

- online research to identify NFPs located and operating within the Western Melbourne region (defined by the Council areas of Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley and Wyndham).
- NFPs identified as small to medium in size
- executive / senior leaders actively employed in the region within a NFP organisation
- third party referral to the researcher through own networks
- recommended to the researcher by another NFP; and
- communication directly between NFPs to initiate contact with the researcher.

From this list that was developed a sufficient number of participants were found as a result of responses to the EOI process. Using the guideline recommended by Creswell to have a sample size of five to twenty five participants for qualitative research (Creswell, cited in Mason 2010), and to meet the size constraints of a minor thesis, seven participants were selected. Only one EOI round was conducted due to the enthusiasm from the sector to

participate in the research study. The participants were selectively chosen to allow for the best and most diverse cases to give the research study credibility and to ensure that the data collected was not saturated towards one NFP industry type. The selection method of purposeful sampling was applied to 'select information-rich cases for in-depth study' (Patton 1990, p. 182).

The outcome of this process delivered the following profile for the participant cohort:

- five industry types represented (social services, education, culture and recreation, environment and business/professional associations)
- two of the seven participants did not have previous NFP experience prior to this role (interestingly these were both the youngest and eldest participants)
- participants ages ranged from 35 to 55 years of age with an average age of 45 years
- as the head of the organisation in their region, their job titles range from Chief Executive Officer to Team Leader; and
- participating organisations employed between two people to 400 people (excluding contractors), averaging a staff level of 75 staff with four organisations employing less than 5 people.

Please refer to the table below titled *Participant & NFP Organisational Profiles (*Table 1).

Table 1: Participant & NFP Organisational Profiles

Participant	NFP Organisational Profile			Participant Profile		
	Industry (ICNPO Groups [1])	No. of employed staff (approx. pp.)	Volunteers (approx..)	Job Title	Previous NFP Experience	Participant Age
Taylor	Education	4	18	Chief Executive Officer	Yes	44
Abby	Business & Professional Associations	3	0	Chief Executive Officer	Yes	42
Mark	Culture & Recreation	55	n/a	Director & Chief Executive Officer	No	35
Grace	Social Services	400	82	Chief Executive Officer	No	55
James	Social Services	4	0	General Manager	Yes	46
Heather	Environment	2	n/a	Coordinator	Yes	52
Jane	Social Services	60	195	Team Leader	Yes	43

[1] NFP industries were classified using the System of National Accounts 2008 that applies an 'International Classification of Non-Profit Organisations (ICNPO)' (European Commission et al. 2009, p. 458).

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3.4   Method

Semi-structured in-depth interviews were used to explore the research query, conducted in person for one hour on average and audio recorded. An interview guide and questions were developed (refer Appendix Two) to explore a framework of themes. New ideas and topics raised by the participants during the interview were discussed in addition to the interview guide questions, to support the semi-structured approach. The interview questions were prepared in advance using open-ended questions and everyday language, to generate in-depth information about the research participant's perceptions, experiences and knowledge relevant to the research query, as suggested by Patton (1990).

In-depth interviewing explored the experiences and personal knowledge of each participant. This was appropriate to this research query as 'Individuals' consciousness gives access to the most complicated social and educational issues, because social and educational issues are abstractions based on the concrete experience of people' (Seidman 1998, p. 1). At the conclusion of all interviews, the interviews were transcribed in verbatim. Following the development of the key research themes and findings, the participants were provided with the opportunity to review and comment to provide credibility. A summary of the initial key themes and findings was emailed to them for comment to check the credibility of the early interpretations and key findings (Carlson, 2010). As a result of this process, no adjustments were needed.

3.5   Data Analysis

In this study, the large amount of data collected in a text format transcribed from the interviews was reduced inductively over three phases, keeping an open attitude to seek what emerged as important and interesting from the text (Seidman, 1998). Only data captured and recorded in the verbatim transcripts was used for analysis. The data was approached without prejudice and connections were explored between the participants' experiences and personal knowledge. Techniques and processes recommended by Seidman (1998) for educational researchers using the qualitative interview method were adopted, to reduce and inductively analyse (Patton, 1990) the research findings.

The first phase of analysing the data involved coding the data by marking passages that were meaningful and extracting into a single transcript, with groupings identified by labels to

identify the most compelling categories and sub-categories. The constant comparative method (Glaser, 1992) of analysing the data through this first phase continued into the second phase of analysis to 'see and make sense of observations in new, analytical ways' (Charmaz 2006, p. 53) for themes to emerge and develop. Higher order themes emerged through the process of analysing common connections and significant differences amongst the responses provided by the participants. This process brought fresh insights from understanding the logic of the participant's experiences that they reported in order to see the world through their eyes (Charmaz, 2006).

During these two phases of inductive analysis, the findings emerged into two higher order themes with associated categories and sub-categories. As recommended by Dey (1993), the categories created were then grounded 'conceptually and empirically' to ensure they fit, were meaningful with the data and 'related to a wider conceptual context' (Dey 1993, pp. 102-103). In the third and final phase of data analysis a narrative of the findings was developed to shape the experience of interaction at interview with the participants and the key findings from their responses (Seidman, 1998). This process clearly articulated the analysis and interpretation of the data as well as the compelling themes that arose in response to the research query.

Chapter Four: Results and Discussion

The earlier sections discussed how the sector challenges at both the local and national level are being felt by NFP executive leaders, providing context to the impacts of change, the need for new capability building and overall confidence level in the sector to meet the challenges. This chapter presents the results and discussion on the findings of the interviews with the research participants.

The interviews provided the opportunity to explore and confirm the reported sector challenges directly with the participants in relation to the Western Melbourne region and within the context of informing their leadership education needs. It was found that the sector challenges were similar when compared to the existing literature, with some unique or more intensive challenges forecast due to the rapid growth in this particular region. These sector specific challenges are outlined in section 4.1.1 below.

Specific questions were also posed to the participants to identify their individual perspectives of their leadership education needs to meet the sector challenges. The results of these questions were analysed to identify any gaps or commonalities in the leadership education needs the participant's perceive the broader sector needs compared to those that they perceive they need as individuals. No gaps were found to have existed between their perceived key priorities for leadership education in the sector when compared to their individual needs. The findings from the interviews however presented a more in-depth insight into the leadership educational needs for the key priority areas, preferences for educational design/delivery and also evidence of the opportunities and constraints for access to leadership education by NFP executive leaders.

The main sections of this chapter report on and discuss the findings of the two key themes that emerged during the data analysis to encapsulate the research findings:

1. Leadership education needs and priorities of NFP executive leaders.
2. Current responses from the sector to address leadership education needs.

A *Summary of Key Themes and Categories* is presented at Appendix Three.

4.1 Leadership education needs and priorities of NFP executive leaders

Within this first of two key themes, research findings emerged on the following three aspects of the needs and priorities for leadership education:

- Current and emerging challenges for NFP leaders in the region.
- Priorities for leadership education identified by NFP executive leaders.
- Designing leadership education to meet NFP needs.

4.1.1 Current and emerging challenges for NFP leaders in the region

The participants identified during the interviews that there are current challenges as well as emerging challenges that are guiding the sector's leadership education needs. These challenges were reported as having emerged as a result of either sector or organisational change and revealed how their organisations will need to change in the coming two to five years. Despite the participants being from different industries within the NFP sector, their individual perspectives on the emerging challenges were found to be similar.

The following findings were identified as the major challenges reported, helping to inform leadership education needs more broadly in the sector:

- Regional growth and development presents significant challenges.
- NFP leadership roles are changing and facing increasing challenges.

Regional growth and development presents significant challenges

Participants reported that in the next two to five years their organisations will experience significant growth as a result of regional growth and development, as well as an increased demand for services.

> "I guess I can see us sustainably growing by about a quarter and there would need to be some significant, some further significant change to able to take us to a level bigger than that. Capacity wise, programming wise, operationally, financially I think in the next two to five years we could grow by 25%." *(Mark)*

> "I think we are hoping to expand probably by at least 30%." (*Jane*)

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Past industry reports project an annual growth rate of 4.6% for the NFP sector until 2018 (Outlaw 2013, p. 5). In comparison, the estimated growth rates reported by the participants of this research study provide evidence that this region is uniquely experiencing a far more rapid growth. This suggests there will be more significant impacts and challenges for NFP executive leaders in this region, compared to the wider sector, with respect to managing their organisations and requiring the leadership capability and skills to respond readily to the challenges being presented.

With further reference to the regional growth in Western Melbourne, there were unique regional issues reported by the participants. The key issues discussed by the participants were the increased demand on services due to regional growth as well as regional infrastructure and planning challenges.

> "The West continues to be somewhat less resourced than particularly the Eastern Suburbs and of course the population growth and the suburban growth out through the Wyndham/Melton corridor is frightening and frightening in terms of the lack of planning for community infrastructure and the kind of potential social problems that will create. The ratio of organisations, community organisations to population and it's very, very low in the Western Suburbs... and particularly in that growth area, not so much the Inner West." *(Grace)*

The increased demand for services and growth of the sector is evidenced in the literature, however previous research has not investigated the unique challenges of NFPs in this region who have reported in this study that they face the additional challenges associated with regional development, planning and infrastructure. Further research could be undertaken by government and/or regional industry groups to look deeper into the regional development issues as they impact NFPs in this region and their delivery of services to the community, extending the jobs/industry strategy focus which seems to have been the priority to date of earlier reports (see for example Western Melbourne RDA and LeadWest, 2013). Further research would also assist to understand how regional development may inform the leadership education needs for NFPs.

NFP leadership roles are changing and facing increasing challenges

As was found in the literature, the participants reported that their leadership roles are changing as a result of new expectations and increasing demands being placed on the sector and their organisations.

> "There's increase in demands. I mean there's a lot that stays the same but there's increasing demands to do more with less and that's probably the main big change." *(Abby)*

> "And now of course now it's rapid change management because of the changes that are happening in the environment around us. I think that the rapid change has seen an attitude by the government to the not for profit sector that inevitably puts different, very different, pressures on CEO roles." *(Grace)*

The participants discussed at interview that the sector changes that are occurring are resulting in an expanded scope and complexity of their leadership roles, causing the need for new or enhanced leadership capability and skills to be developed.

> "… it's less developmental and more sustaining the organisation or taking it off in a new direction." *(James)*

> "I think it has changed a lot in the fifteen or twenty years that I have been working in the area. It just seems to be a lot more based around a for-profit it seems without actually making the profit… It is a business now rather than a support service." *(Jane)*

Changing expectations, competition and levels of accountability in the roles of NFP executive leaders were also reported, leading to increased challenges in the area of philanthropic investment:

> "I think what has changed most recently within the last five years or so within the philanthropic sector in Australia is that, it's become quite powerful expecting not-for-profits to be much more accountable that we used to be. There's more of a business transaction that goes on between not-for-profits and philanthropic givers. And also they have minimized the priority areas that they focus on. So, it's very competitive, you're really competing against many of those larger not-for-profits who have got

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clear specialist expertise in those areas, which again reduces your opportunities for being able to sustain your business." *(James)*

These findings support the recent research study conducted by Wenzel (2014), who attributes accountability, complex strategy development and changes to the economic climate as some of the influencing factors. However, Wenzel also identified better quality services as a key concern, which was not an issue raised by any of the participants interviewed.

The participants' responses supported the existing research that there is a changing economic climate but identified two main influences that provide challenges for their leadership roles in this region. These influences in the region are not considered unique when compared to the sector nationally. The first influence reported by participants was the increased competition for government funding contributing to their challenge of needing to 'do more with less' and the second was the need for leaders to proactively pursue a balanced strategy for government and non-government funding.

> "... that's one of the real challenges trying to get funds in an increasingly competitive landscape because we're all vying for all the same limited pots of funding." *(James)*

> "... we are going to have more and more of a need for re-balancing between government sources of income and philanthropic sources of income or social enterprises... " *(Abby)*

The participants of this research study also reported that a significant challenge being applied to their leadership roles is the need to adopt new approaches to managing and leading organisations, applying 'for-profit' or commercial sector practices.

> "I think that not-for-profit CEOs perhaps are seeing more that they have to run a business. I would say now it's perhaps being more like a private sector CEO in some ways." *(Taylor)*

This new challenge is already upon NFP executive leaders and is similar to the 'identity crisis' that Ahmed (2013) has previously reported on the 'not for profit' term becoming redundant (as explained in Chapter Two). The interviews with the participants of this research study support this statement as they reported they need to have more corporate or

business-like approaches to their leadership and management. The findings also support the literature findings that managerialism had led to the sector being urged to be more business-like (Dart, 2004).

From the study conducted with this participant cohort it was also found that that this new business management approach holds different meanings for different NFP executive leaders, organisations and industry types that ranged across areas including brand, profitability, competitive advantage and accountability. This is also evidenced in the literature from Dart (2004) that identified that the definition of being more business-like has no clear framing of what it means.

> "Where you have actually got to have a profit seeking mindset or commercial mindset with your social enterprise, to generate profit where the profit rather than being distributed to shareholders is reinvested in further service delivery and back to the core mission of the public value, creating more public value." *(Abby)*

> "If you are the leader of an organization you are the face of the brand… you know you want to constantly champion it's point of difference and uniqueness against other not for profit." *(James)*

This change is important to understand in more depth from further research studies, as it will reveal more information on the leadership education and development needs and the changing expectations of their organisations/key stakeholders.

4.1.2 Priorities for leadership education identified by NFP executive leaders

This section of the research findings discusses the priorities for leadership education, as self-identified by the participants. From the data analysis the following priority areas for the participants' leadership education needs emerged, informing the areas for new/enhanced leadership capability and skills:

- Financial management and fundraising
- Strategic business planning and management
- People management

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In comparison to the limited literature on the topic of competency needs more broadly for the sector, the findings from this research study provide a more in-depth understanding of the leadership education and development needs within these priority areas. Findings also indicate that the individual priorities self-identified for leadership education support the capability and skills required to address the challenges reported by the participants (refer to Table 2 below).

Similarly to Wenzel (2014), it was found that without a formal human resource function within their organisations, the participants are not supported with accessible resources to help them identify and organise their development needs. However, in this research study, it was also found that the participants still have a level of self-awareness of their needs, most likely due to their senior leadership skills and experience.

Table 2: **Comparison of Current/Emerging Challenges to Self-Identified Leadership Education Needs**

Current / Emerging Challenges for Leaders	Self-Identified Leadership Education Needs

• Regional growth and development presents significant changes for leaders.
  - rapid regional growth
  - organisational expansion
  - growing demand for services
  - challenges of regional infrastructure and planning
	• Financial management and fundraising
	  - operational financial management skills
	  - financing strategies
	
	• Strategic business planning and management
	  - establishment of strategic partnerships
	  - commercial approaches to business management

• NFP leadership roles are changing and facing increasing challenges.
  - expanding scope and complexity of roles
  - changing economic and operational environments
  - commercial/for-profit approaches
	• People management
	  - Human resource management and staff development

Financial management and fundraising

When interviewing the participants, "finance" was often the most enthusiastic and first response to various questions that explored their educational needs. Further questioning/discussion with participants and the data analysis provided the emergence of a clearer set of educational needs for financial management.

Two distinct educational needs were found that have unique learning priorities in the area of leadership education for financial management. Firstly, participants reported their need to develop operational financial management skills to better understand and manage the financial operations of their organisations.

> "I think I'd probably be pretty good at finance if I was taught properly and had the time to focus on it. I think it's really important for the not-for-profit sector… you're just overseeing but actually I think we need to have more knowledge." *(Taylor)*

Secondly, participants reported their need to develop financing strategies in response to the changing economic climate and the decreasing availability of government funding.

> "You actually need to have knowledge in domains that you might not have developed as fully in the past. So this means particularly things around financing, fundraising… Finance in the sense of not managing our own budget but in understanding how major infrastructure projects are financed or understanding how innovative publicly funded programs or partially publicly funded… they might be innovative in the sense that they are sort of the equivalent of a PPP, the private public partnership thing or to build a piece of infrastructure being a service program... " *(Abby)*

> "I think that perhaps some CEOs aren't experienced in fundraising and that should probably be embedded in courses." *(Taylor)*

The existing literature emphasises the need for NFP leaders to have greater accountability, possess sound financial management skills and be responsive to economic climate changes. This is essential as funding challenges are unlikely to go away causing NFPs to diversify their revenue sources (AICD, 2015). However, the participants from this research study have reported that they require the educational support and development to achieve this and prepare, with confidence, for the emerging challenges of competitive financing/funding and infrastructure development within this region. The priority for education in the area of financial management could be as a result of the career advancement of service delivery employees into executive leadership roles without sufficient skills or experience, as also reported by the Productivity Commission (2010).

These research findings are important to inform all key stakeholders who may provide professional development to the NFP sector so that content can be customised accordingly

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to meet learning needs and offered at a range of learner levels to accommodate degrees of prior knowledge and experience.

Strategic business planning and management

The research findings revealed that the key reason educational development is required for strategic business planning and management is in response to the changing sector. This confirms the literature finding that strategic thinking needs to be championed and supported by learning and development (Head, 2008). As with financial management, two distinct educational needs were found from the research evidencing two unique learning priorities in the area of strategic business planning and management. Firstly, participants reported their need to learn how to establish and benefit from strategic partnerships.

> "I think, for me probably taking advantage of other not-for-profits that maybe don't have the same focus but you will get benefits out of the same projects." *(Heather)*

The participants used the term 'strategic partnerships' with a range of definitions that included the merging of NFPs, collaborative partnerships between NFPs or corporate partnerships.

> "... our current economic climate… that raises new opportunities for collaborations and strategic relationships and programming options and all those sort of things." *(Mark)*

Previous industry reports and literature (e.g. Productivity Commission 2010, Osula & Ng 2014) also confirmed the need for NFPs to form strategic partnerships as one of the solutions to meet the growing demands and changes in the sector. Comment has also been made in a number of earlier studies (see for example Kong 2008 and Productivity Commission 2010) that NFPs can be reluctant to form strategic partnerships and tend to compete for resources, for the reasons explained in Chapter Two. However, this research study revealed a further reason for the reluctance as the participants reported having limited knowledge and skills in this area of expertise.

> "There's a whole lot of skills in mergers and acquisitions that aren't necessarily already there and despite a lot of skill in partnering, or talk of a lot of skill in partnering, there's still that kind of difficulty leaders face." *(Abby)*

It is interesting to note that one research participant from the Culture and Recreation industry was more advanced in their capability and progress to establish strategic partnerships for a range of shared outcomes.

> "Through a collaboration that we've initiated called ZYK West which brings the nine organisations across Melbourne's west together, we look at shared service opportunities, we look at shared data, we look at developing our audiences more effectively as a cohort, we look at all of those different things than can help us to be better and more effective not for profit organisations and serve as providers to communities in the West." *(Mark)*

Their progress in this area could be accredited to the strategic recruitment approach taken by the NFP organisation to make an external CEO appointment. The CEO has brought with them a range of highly developed leadership skills and expertise to innovate this part of their organisation. External recruitment could therefore be considered an effective alternative to source leadership capability and skills where the promotion of internal service delivery employees to executive leadership roles will leave the organisation lacking the sufficient management skills.

The second distinct educational need found from the research in the area of strategic business planning and management is for the development of skills in commercial approaches to business management. As outlined in Section 4.1.1 above, participants reported that there is a requirement for them to now have new approaches to managing their organisation differently, in addition to their core responsibility of providing support services to the community.

Participants discussed that they need skills in for-profit business strategies and likened the expectation of them at present to be similar to that of a leader of a private sector organisation. Depth of detail was lacking from the participants to inform this educational need and how it can be met, which may be as a result of them simply not being able to identify or know what is required without sufficient skills. As discussed earlier in section 4.1.1, the participants also reported different meanings of what the expectations are of them to lead with a commercial sector approach. It could be considered however to be related to the literature finding that identified funding challenges as the key driver of NFPs needing to adopt 'market-like approaches' (Eikenberry 2009, p. 585).

An initial finding was made from this research study that the educational need is to support NFP executive leaders develop for-profit strategy concepts, as identified also in the literature review (Kong, 2008), around the business area of financial management.

> "I'm reminded by my Board that whilst we're operating in the not for profit sector, we're also operating in a not for loss environment... " *(James)*

However, this may not be the only requirement and the educational need could extend to other business areas such as marketing, programming and service delivery. Without the depth of information required on this educational need, it is also not clear from the research findings of this study if the learning needs differ between NFP industry types. This overall change in how NFP leaders need to approach their roles with new expectations of them is evidenced to some extent in the literature, however, a more targeted research study is required to provide a greater understanding.

People management

The participants reported human resource management and staff development as the elements that contribute to their educational needs for people management.

> "And the other is the management of people. I'm a great believer in culture and the link between culture, motivation and performance... So, again in terms of leadership knowledge and it's a combination of skills and the softer skills and how to go about creating and maintaining that culture." *(Grace)*

Participants identified that they have educational needs in the area of human resource management due to time constraints which could be a result of the findings reported in earlier research studies that NFPs traditionally don't have highly resourced or structured human resource departments (Agard, 2011), in comparison to other sectors or larger organisations.

> "I think probably people management as well. I think that there is the tendency to... you don't have much time... so you're always trying to get money in... you're always, always, always fundraising and you haven't got much time and I think that people

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management is critical because they're not getting paid much and you need to really look after them." *(Taylor)*

Time is only one of the constraints, the skills and expertise to manage is the other as often the role of human resource leadership and management can be the responsibility of the NFP executive leader. This was found to be the case for five of the seven participants interviewed in this research study who may not have the necessary skills and expertise. The remaining two participants were found to be supported with human resource departments and were the two largest organisations interviewed.

Interestingly, one of the five participants without human resource staff was sourcing some human resource management functions externally. This participant is still responsible for the day-to-day liaison with the staff on their employment matters, however, services such as advice, payroll, administration and records management are provided at no cost, through the benefits and services provided via a corporate partnership.

4.1.3 Designing leadership education programs to meet NFP needs

To understand the priorities for educational needs of the NFP executive leaders, it is also necessary to explore more than competency areas and gain an understanding of the characteristics of educational design and delivery that will meet their needs. This research study explored this topic during the interviews with participants, to inform more attractive and accessible educational offerings to be made available to NFP organisations.

The findings are reported from two angles explored with the participants. The first being their feedback on prior experiences of leadership education programs and the second being their perspectives on program attributes that they consider will offer successful educational services to this market.

The findings discussed below were at times conflicting between participants. This was observed most when providing responses on the local education market. This presents a unique opportunity for local providers to be better informed to design products for a range of NFP industries and strike the right balance between price, design, content and learning outcomes; to support NFPs develop their executive leadership in the region.

Insights into the prior experiences of leadership education programs – what works, what doesn't?

The participants have had positive prior experiences of leadership education programs across a range of providers/delivery methods (both onshore and offshore) that should be taken into consideration to inform good program design.

> "So the Stanford one, that was amazing. That was so amazing because you've got not-for-profit leaders from all over the world, away from your environment and sharing ideas and experiences that you never even thought about… different innovation perhaps as far as getting funding… and different perspectives. It's well known that the Americans are much more philanthropic… I found the Americans very innovative." *(Taylor)*

> "I've done quite a few different leadership courses and things. Two come to mind. Probably the most significant one was the Mt Eliza Senior Leadership Business Program through Melbourne Business School and I did that in 2010. That was significant for a range of reasons primarily because I think there's huge value in leadership programs that are not content specific… but what you often need is peers and colleagues and engagement around leadership issues and challenges and that's the core skill development or capacity building that you want to continue in a confidential and strategic setting." *(Mark)*

> "The Harvard program was good because it had coherent theory… I had to combine it with some visits and study tours which added to it. But it's a crash course and graded at a Certificate level but it was very skills based. It was coherent, it was well researched. The content was dense." *(Grace)*

When comparing the range of positive prior experiences of leadership education programs reported by the participants during the data analysis, the following key features and similarities of these programs were found to be as follows:

- offshore delivery provides a unique opportunity to understand best practice and innovation from the global NFP sector
- program content and delivery met the needs of senior management level participants; and

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- information sharing, networking and social learning were all key components of the program design.

It is important to note that these programs (both onshore and offshore) also had a high end cost and additional expenses for accommodation/travel in common. The participants were contradictory in their responses on these positive program experiences with some reporting the benefits and preferences for programs that contain non-localised and non-industry specific content, whilst also reporting the benefits and preferences for having attended programs structured with localised and industry specific content. This localised/industry specific program structure was also found to be important as it resulted in networking opportunities and benefits to continue to learn/develop after attending the formal program.

> "… through the Senior Leadership Program through Melbourne Business School, which was exceptionally facilitated, my networks only grew for a minute because we didn't come in to contact with each other over a number of years." *(Mark)*

Participants also gave insight into their experiences of locally offered leadership education programs that have not met their needs and expectations.

> "I have been on a couple of workshops with Leadership Victoria but it's quite costly and I did toy with the idea of… they were enjoyable you know but did I came out feeling like leader? Not really and I have toyed with the idea, going for their Williamson Leadership Program or even the Skills Bank and it is just too costly and actually quite demanding in terms of the ongoing commitment to Leadership Victoria so I just didn't pursue that and I actually didn't really like the look of the content and didn't know what it could offer to me… " *(James)*

In contrast, some participants also reported positive experiences of locally provided leadership education programs that they considered added value, highlighting the conflicting opinions and experiences found between the participants.

> "I remember I did a leadership thing at Brimbank. They had had a leadership course so I did that as well which was interesting. It was more just meeting people in the local area and it gave me a better understanding of some of the issues in the area and some of the connections that people had and just some of the things that were going on… It was great, I really got a lot of value out of it but not so much the content just the people." *(Jane)*

"I occasionally go to stuff with Leadership Victoria. Some of their stuff is good, very good." *(Grace)*

These varied findings from the participants on their prior experiences would suggest that the providers of leadership education programs for the NFP sector need to consider multiple types of learners, varying levels of prior knowledge and expertise, content from a diverse range of global/national case studies and possibly a prior assessment of each NFP's industry type and current level of maturity in strategic leadership.

Leadership education program attributes to meet the needs of NFP leaders

Action-based learning methods and intensive delivery modes were reported by the participants as being the key attributes that they prioritise for a successful leadership education program to meet their needs. The opportunity to develop networks was also reported as an important added value of attending a leadership education program. These findings on the key attributes help to inform the overall structure, quality and value offered by leadership development programs offered specifically for this sector and this particular region.

- Action Learning Methods

   The participants reported action-based learning approaches with experiential learning methods as suitable for their leadership development. This method enables learners to 'work on problems from their organization in an environment that models the openness required for organizational change' providing the 'opportunity to reflect on their own views, values and styles as a prelude to change' (Thorpe, cited in Pedler 2011, p. 206). It could be considered that this method may achieve better outcomes for learners where traditional training methods are limited.

   "… it's an action learning methodology, so you know, it's not just abstract case studies, it's getting, really getting in and speaking to people and action like you'll be learning as you're doing this research." *(Abby)*

   "I would love to see more of a day in the life of exchange programs. So I mean I love to go off to IBM and be their CEO for a day." *(James)*

- Intensive Delivery Mode

  The participants reported that programs with an intensive delivery mode and learning structured in appropriately sized "chunks" as a priority. This mode of training delivery would impact less on demands of their role by limiting time away from the workplace, with a more fast-paced delivery mode to engage them better in learning. This mode of delivery will enable educational providers to consider more flexible and innovative ways to deliver education to the NFP market to meet this need, including online, workshops and project-based learning.

  "I guess, for me the intensive model works." *(Mark)*

  "Small packages ('sound bites') that fit comfortably within your day to day work." *(James)*

When reviewing the data on the previous experiences of leadership education programs it also came to light that the participants had emphasised, within the exploration of this discussion topic, the importance of networking as a key attribute of any successful leadership development activity or program.

  "But one of the most incredible things that grew out of that and therefore has showed me the value of content specific leadership programs is my networks in the industry have just completely expanded… and I'm really getting something from it in an ongoing way." *(Mark)*

  "And it had practical application and lots of networking. And it wasn't fluffy." *(Grace)*

Networking would also provide leaders with continued benefits of social learning and transferability of skills and knowledge back to the workplace, long after program completion. Participants could benefit from the added value of continuing to learn, collaborate and receive support from a localised leadership community if programs have an element of local content and attendance that would facilitate networking opportunities. Government support could also be provided in the region to structure networking initiatives for NFP executive leaders.

From the review of the existing literature, these findings on the key attributes were found to be typical of most forms of professional development activities for leadership education that

include formal development programs, executive coaching, job assignments, mentoring, action learning and reflection (Day & Haipin, 2001). Whilst the participants were clear on what their leadership education needs were, it emerged from the data analysis that they collectively didn't have a common opinion on the range of program attributes or delivery modes that would best suit their needs. This presents a particular challenge for the design and delivery of leadership education programs, as well as the importance of incorporating feedback and evaluative activities to the programs to identify and target the specific requirements of the participant's needs across NFP organisations/industries.

A more in-depth research study on this area of educational needs is required to fully understand the attributes of educational programs and services that will meet the needs of NFP executive leaders and deliver outcomes for the sector.

4.2   Current responses from the sector to address leadership education needs

The participants emphasised during the interviews that the development of their leadership capability and skills is critical as one of the many solutions required to meet the challenges of effective sector development. Within this second theme, the participants' responses presented two contrasting findings that evidence their constraints and opportunities to access leadership education:

- Leadership education is not accessible due to a lack of investment and support.
- Opportunities exist to externally fund and access leadership education.

This research study has found that NFP executive leaders within the region have differing levels of resources and support for access to leadership education amongst them, in order to develop their capability and skills to meet the challenges. Overall, it was found that the sector is not able to adequately meet the investment required to support the development of leadership capability and skills.

4.2.1 Leadership education is not accessible due to a lack of investment and support

The participants reported that the lack of investment and support from their organisations is the most significant barrier to access relevant leadership education and development programs.

> "I think that professional development slips down the list of your priorities when you've got limited funding… the lack of money to do a course". *(Taylor)*

Limited training/development budgets as well as the support for time away from the workplace or from normal duties were strongly emphasised as being the major constraints for participants to engage in leadership education programs.

> "An example would be I applied for a scholarship to do the Australian Institute of Company Directors course next year, I don't know if I'm successful yet but I know that ABC Limited, the organisation that I work in, will never have the capacity to pay the $10,000 five day course per year… there's a whole range of things and as exciting as it sounds and as awesome as it is and I would love to do it, I just can't commit to the time." *(Mark)*

It was found that four out of the seven participants do have a training/development budget, with their annual operational budget. The constraint reported is that the training/development budget allocation is very limited for leaders as it needs to support the needs of the entire staff cohort (for whom the priority is for spend on mandatory compliance and accreditation type training). The budgets are also reported as not being sufficient enough to meet the high costs of the participant's preferred leadership development programs on the market (with most high calibre programs requiring travel and other ancillary costs).

> "We do have an annual training budget. And it would be about $200,000 or $300,0000 on a turnover of $30M. And the direct components of that will be that we have about $150,000 on conferences attendance, sending people to courses or running mandatory training, for accreditation, manual handling, infection control, first aid training for which about two third of our staff need to have and have up-to-date. We also employ a couple of learning and development people." *(Grace)*

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> "So there is a learning and development budget for the team and that's about $10,000 and I have access to some of that but I also negotiate a separate budget for myself, where I can. Because otherwise I take up the bulk of it." *(Mark)*

In one case it was reported that where a training budget was non-existent, the participant was able to persuade their organisation to find funding internally from an alternative source. This was as a result of a sound business case being presented for the investment in their leadership education and development.

> "They don't have a budget but if I can put up a convincing case, that it's something really going to be beneficial to the organisation and to the day to day work, they will support it. They will find the money out of somewhere to do it…" *(James)*

The lack of investment and support for the development of NFP executive leaders needs to be considered as a contributing factor to the lack of confidence in the sector, reported also in the literature by PWC (2014) and ProBono Australia (2012) where additional contributing factors such as funding, talent and challenges of social purpose are cited. One participant reported a general feeling of fear and disempowerment within NFPs in the region, when discussing the gaps to meet leadership capability within the sector to meet the emerging challenges.

> "… I think that there's a general… in the not-for-profit sector, a feeling of fear and disempowerment at the moment. And I get that from people in meetings that I'm involved in." *(Grace)*

Compounding the issue could also be the way in which executive level appointments are made in the sector from internal promotions of service delivery employees (i.e. specialist or practitioner staff). This was commented on by a number of research participants as contributing to a lack of leadership capability and skills in the sector and suggests that career advancement opportunities are made available within NFP organisations but without the investment and support to support the transition of staff into leadership roles.

> "I think people often kind of come up through the ranks and without a lot of… the organisation has great expectations of them because they have achieved really well at a certain level and then there is just that expectation that they could be a good leader that is not necessarily ever the case and they don't have the skills or the experience to do that." *(Jane)*

"You get this self-perpetuating system of the technically skilled advancing… not necessarily people who are leaders/managers and have developed in those humanities really and the human dynamics and that's particularly acute you can see… " *(Abby)*

4.2.2   Opportunities exist to externally fund and access leadership education

It was discovered in the research study that four of the seven participants proactively seek opportunities for external financial support to support the costs of their leadership development. This support includes financial assistance from corporate partners and funding opportunities.

"I get most of our courses for free, if not pretty much all or let's say sixty dollars… So I get a lot of courses for free from organisations which is fantastic. If I didn't have it, there probably a lot more gaps in my experience here." *(Taylor)*

Although not the ideal scenario, one highly motivated NFP executive leader had a very enterprising approach to fund her own leadership education and development, as demonstrated in the example below. This participant overcame the financial constraints to attend an offshore NFP executive leadership program that has a typical course fee alone of $17,000:

"It was underwritten by corporates. The actual fee for not-for-profits was only $5,000 and it was for two weeks residential. In the end, *LMK Pty Ltd* paid $2,000, I paid my airfare, my Mum paid $1,000 and another donor paid $1,000 so we all cobbled it together… " *(Taylor)*

Whilst this approach does not address the larger and longer term issue that NFPs don't appear able to commit sufficient financial resources to adequately develop the capability and skills of their leaders, it is a good example of the personal motivation and enterprising initiative that exists within the sector (albeit not sustainable). The interviews with participants also uncovered that scholarships present opportunities for NFP executive leaders to externally resource and access leadership development.

"… there are lots of scholarships for people like me in my position through Australian Scholarships Foundation to go for leadership opportunities. And so if you can get those sort of funded or subsidized opportunities, which isn't going to be a sacrifice for the organisation, then definitely aspiring leaders should go for those which was what I did with Fulbright." *(James)*

It was not evident from the research undertaken with the participants how widely they were aware of scholarship opportunities. Only one participant commented on the Australian Scholarships Foundation. This organisation is Australia's only provider of funding and facilitation for scholarships for the NFP sector. They present opportunities for NFP executive leaders with varying forms of education programs (including mentoring) to improve their organisational leadership and management capabilities. Further research could be conducted to assess the awareness of scholarships across the sector, the uptake of scholarships by NFP leaders and the sources of funding that lead to the provision of these opportunities. The findings from further research of this nature could provide information on whether or not there could be potential growth to offer and deliver more scholarships to the sector to help overcome some of the constraints.

When reviewing the enterprising approaches that have been taken by the participants to seek internal and/or external funding, it was found that all of the participants had enterprising approaches but to different degrees. The approaches and effort to seek funding differed depending on their organisation and their relationships with key stakeholders. Some participants were able to directly influence at Board level whilst others were able to influence corporate partners to seek funding. Some were able to influence both. Four of the seven participants that were found to be the most enterprising were seeking funding from both internal and external sources.

The contrasting findings in this section on the current responses from the sector to address leadership education needs are important to inform all industry key stakeholders (governments, policy makers, support agencies, education providers). These stakeholders need to consider better ways of improving access and support for NFP organisations for the continued education and development they need to meet the challenges of effective sector development.

4.3   Limitations of the Study

This research study had a number of limitations. As highlighted in other research studies of the NFP sector, there is no database of non-profit organisations from which to draw from to clearly target an EOI process for improved sampling (Dolan, 2002). This lack of information limited the reach of the EOI invitation process and also impacted the parity of the participant sample on a range of factors (including annual revenue, employee size and industry). Due to size constraints imposed by a Victoria University Minor Thesis, the research was limited both in terms of the number of participants and to the specific region of Western Melbourne. By design, a Minor Thesis is typically limited to five participants in qualitative studies that utilise interviews as the primary method of data collection.

As a qualitative research study, a purposive stakeholder sampling approach was used to correlate the participant sample with the research objective of understanding the educational needs in this specific regional area (Palys, 2008). This qualitative research approach generates rich in-depth data rather than data that could be 'objectively verifiable' (Choy 2014, p. 102). Where possible, the project sought to achieve trustworthiness and credibility of the research findings, for example through using 'theory/perspective triangulation' to enable 'multiple perspectives or theories to interpret the data' (Patton 1999, p. 1193). The research was triangulated to the interview data, the literature and the responses received by the participants from their review of the initial key themes and findings that was summarised for comment. However, it is recommended to further strengthen these exploratory findings, and resultant recommendations and conclusions, in two ways. Firstly, by conducting further detailed research of other industries and regions within the NFP sector using multiple methods, to achieve 'methods triangulation' (Patton 1999, p. 1193). Secondly, by involving additional researchers in the data collection and analysis to achieve 'analyst triangulation' (Patton 1999, p. 1193). This will mitigate any personal experience, bias and knowledge brought to the research by the sole researcher and single method used, potentially influencing the observations and conclusions that are drawn from the data (Choy, 2014).

Chapter Five: Conclusions

In summary, both the current study and the literature review identified that the NFP sector requires support to develop the required leadership capability and skills to meet the challenges of effective sector development. Findings from this study have contributed new findings to the limited information that exists on leadership education needs for NFP organisations. Findings indicate that the priorities for leadership education need to be focussed on the competency areas of financial management and fundraising, strategic business planning and management, and people management. These are considered to be a crucial priority for NFP executive leaders to develop their capability and skills to meet the challenges.

The research study has also found that leadership education needs extend beyond competency areas to also include the various forms of learning and development to best meet the needs of the sector and deliver outcomes. This study has identified that there are challenging issues for local educational providers to better meet the needs of the research participant group from this region. Whilst sector change is moving fast, this Western Melbourne region is experiencing even more rapid change and this is a critical factor to recognise for the participants of this research study. It was felt by the NFP executive leaders in this region that they have far more pressure and complexity to consider due to regional development and the enhancement of their leadership capability and skills must be addressed promptly. With conflicting reports on the effectiveness of locally provided leadership education, providers to the NFP sector need to be more engaged with NFPs to understand their needs and support them with a range of educational offerings and delivery modes (not just formal programs). Revised content structures (including local and global content on the NFP sector) to meet their priority needs must be considered as well as new pricing and fee subsidy models that will improve access rates.

One of the critical areas identified in the research study that is constraining the ability of NFP organisations to develop the necessary leadership capability is the lack of investment and support. Without sufficient investment, it is not known how the sector's leaders will meet the changing requirements and expectations of their roles, to deliver outcomes on more complex issues and respond effectively to sector challenges. From this research study, it has been found that leaders within the sector are approaching internal and external key stakeholders for financial support that is not readily available but they are time constrained in being able to do this regularly. This constraint limits their capacity to source funds for investment in

education and professional development activities (e.g. applying for scholarships, developing business cases).

It was acknowledged in this research study and agreed in the literature that there is a lack of confidence being reported widely in the sector. The lack of investment for leadership education reported by the participants of this study should be considered also as a major contributor to the lack of confidence in the sector, in addition to the factors reported in earlier research studies and reports. To counteract this issue, NFP organisations, governments and other funding bodies need to consider leadership education and development as a priority. If the sector is to build the necessary capabilities and skills to support their leaders in delivering new and more strategic outcomes, more innovative approaches to plan, fund and deliver education must be formulated to offset the current constraint of time and money (in organisational business/budget planning and in funding contracts). Of particular interest, from the literature review, was Wenzel's (2014) suggested solution for this issue of looking internationally at how the sector is addressing the problem. In the UK, the significance of the issue that NFPs can't invest in capability building was evidenced through research that ultimately influenced governments and policy developers to devise programs that focused on leadership competencies (Wenzel, 2014).

In their study, Paton et al. (2007) discuss the challenge for NFP leaders of developing from managers to leaders, requiring time to develop the necessary skills. During the course of my interviews, it was clear that the participants are all great organisational managers yet for some, at this point in time; more development is required to make the shift from manager to leader. Personal motivation to develop leadership capability and skills was not explored during this research study with participants but is a catalyst in ensuring that any investment in education is returned, presenting an opportunity for further research. Greater personal change may be necessary for some leaders in the sector who may resist the shifting demands of the market / sector on their roles which could result in further constraints for the sector to move forward. However, findings from this study indicate that rather than personal constraints, a greater challenge is that of limited funding for leadership education, the time that needs to be invested in obtaining funding for those leaders entrepreneurial enough to pursue it and the support from organisations for time that leaders need away from the workplace to develop their leadership skills and knowledge.

5.1   Recommendations

The following recommendations are suggested from this research study. The recommendations are aimed at assisting the sector and key stakeholders to consider the priorities for action that have emerged in order to support the sector in its need to develop leadership capability and skills.

It is recommended that further research be conducted to identify a sector-wide leadership capability and skills framework, aligned to the strategic direction of the sector that caters for different industries and organisational types. This research should also seek to understand the future readiness, motivation and confidence of NFP executive leaders to develop their leadership capability and assess the availability, awareness and uptake of scholarships across the sector. An assessment on the uptake of scholarships will provide an indication of the potential to expand financial support and partnerships that can enable access to leadership education and development.

A number of recommendations to government are also made as a result of this research. Governments and regional industry groups could investigate the impact of Western Melbourne regional development issues in more depth, as they impact NFP executive leaders and their need for new/enhanced leadership capability and skills to deliver services to this community. Government support could be explored for the Western Melbourne Region to establish and structure networking initiatives for NFP executive leaders to help facilitate their leadership development. Improved financial subsidies and other in-kind support to the sector needs to be improved by governments to better enable access to leadership education and development, sourcing funding opportunities from a range of funding bodies, partners and education providers.

It is also recommended that local education providers are engaged in improving leadership development and education opportunities for NFPs. Uptake of leadership education needs to be improved and can be achieved by local education providers engaging the NFP sector in the review of price points, subsidies, program structures, content and delivery modes. Consideration needs to be given also by local education providers to more delivery options than formal training (e.g. mentoring, coaching, networking), with all options aimed at providing measurable and substantial returns on training investment.

5.2   Significance of the Research Study

This research study confirms the findings from UWA that 'no timely and valid data exists on the specific nature of competencies needed in the Australian NFP sector' (UWA 2013, p. 4). However, in line with the overall purpose of this intended research study to identify the leadership education needs within this region to meet the challenges of effective sector development, new research findings have been achieved. For this reason this research study is considered as having contributed new information to the limited research available on the priorities for leadership education needs for the NFP sector.

With the specific focus on leadership education needs, the findings of the research are seen as significant in identifying not only priorities for development of key competencies (reported directly from the sector) but also the priorities for how educational services need to be customised and delivered to this market. The findings and information of this research study may also be used to inform further research into the sector's development of new capabilities and skills to assist them to move into a new era of NFP leadership and management.

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Appendices

Appendix One: Ethics Approval

Quest Ethics Notification - Application Process Finalised - Application Approved
1 message

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quest.noreply@vu.edu.au <quest.noreply@vu.edu.au>   22 September 2014 at 09:19
To: Kirsten.Sadler@vu.edu.au
Cc: naomi.dempsey@live.vu.edu.au

Dear DR KIRSTEN SADLER,

Your ethics application has been formally reviewed and finalised.

» Application ID: HRE14-197

» Chief Investigator: DR KIRSTEN SADLER

» Other Investigators: MS NAOMI DEMPSEY

» Application Title: Leadership Education Needs for Not-for-Profit Executives in Western
Melbourne to Meet the Challenges of Effective Sector Development

» Form Version: 13-07

The application has been accepted and deemed to meet the requirements of the
National Health and Medical Research Council (NHMRC) 'National Statement on Ethical
Conduct in Human Research (2007)' by the Victoria University Human Research Ethics
Committee. Approval has been granted for two (2) years from the approval date;
22/09/2014.

Continued approval of this research project by the Victoria University Human Research
Ethics Committee (VUHREC) is conditional upon the provision of a report within 12
months of the above approval date or upon the completion of the project (if earlier). A
report proforma may be downloaded from the Office for Research website
at: http://research.vu.edu.au/hrec.php.

Please note that the Human Research Ethics Committee must be informed of the
following: any changes to the approved research protocol, project timelines, any serious

events or adverse and/or unforeseen events that may affect continued ethical acceptability of the project. In these unlikely events, researchers must immediately cease all data collection until the Committee has approved the changes. Researchers are also reminded of the need to notify the approving HREC of changes to personnel in research projects via a request for a minor amendment. It should also be noted that it is the Chief Investigators' responsibility to ensure the research project is conducted in line with the recommendations outlined in the National Health and Medical Research Council (NHMRC) 'National Statement on Ethical Conduct in Human Research (2007).'

On behalf of the Committee, I wish you all the best for the conduct of the project.

Secretary, Human Research Ethics Committee
Phone: 9919 4781 or 9919 4461
Email: researchethics@vu.edu.au

This is an automated email from an unattended email address. Do not reply to this address.

Appendix Two: Interview Guide & Questions

Interview Guide (semi-structured)

Research Study:	Leadership Education Needs for Not-for-Profit Executives in Western Melbourne to Meet the Challenges of Effective Sector Development
Student Researcher:	Naomi Dempsey, Victoria University
Version:	4 (28/10/2014)

Section 1: Introduction

- Thank participant for their time and participation
- Interview will take 60 minutes (or less if you need)
- Interview will be recorded. Is that ok?
- Confirm that all information will be confidential information presented without identification
- A report of the findings will be provided to participants on conclusion of the research
- Questions before commencing

Section 2: Research Aim & Benefits for Participants

Research Question: *What are the **leadership education needs** for Not-for-Profit executives in Western Melbourne to **meet the challenges** of effective sector development?*

- The challenges are considered to be those researched by the Productivity Commission (2010) into the skills and training requirements of NFPs that noted that many organisations do not consider investment in management/executive development, nor general staff training, as a priority in a typical NFP business strategy. The most common strategy is to maximise funds for frontline services and minimise expenses in other non-related areas of business operations.

By participating in the research study you will:
- have an opportunity to explore your individual leadership education needs, now and into the future
- contribute to the research aims that seek to identify current and emerging leadership education needs across NFP organisations in Western Melbourne
- inform research that seeks to provide a better understanding of leadership education and capability needs to support the successful delivery of services within the sector and the region; and
- contribute to research that may potentially be able to influence program design with local education providers and inform a range of key stakeholders including government and industry associations.

Section 3: Questions

Theme	Q#	Question
NFP Experience	1 a	What has been your experience as a leader/Executive within the NFP sector?
	1b	How has the role as an Executive changed within the NFP sector over the time you've been involved?

NFP Sector	2	When you consider the term "effective leadership", how would this be defined currently in the sector, in the past and into the future for NFP leaders?
NFP Sector Challenges	3	Do you consider there to be new or emerging leadership challenges for executives in the Western Melbourne NFP sector and why?
NFP Sector Challenges	4a 4b	Do you consider there to be gaps in leadership capability within the sector to meet the challenges of NFPs today? (e.g. financial, course offerings etc.) If so, in what areas of leadership and why?
Leadership Needs	5a	What leadership skills and perspectives are critical for success in your role (a) now, (b) in 10 years and why? (researcher reference note: "The Leadership Gap")
Leadership Needs	6a	In your current role, which areas do you consider you could improve your leadership skills and why? (researcher reference note: refer to example list if required).
Leadership Needs	7	In your role, how are you developing your strategic leadership capability to meet new challenges?
Leadership Needs	8a 8b 8c	What is your previous experience of leadership education programs in this role and in others? How would you describe this experience and why? Are you able to source relevant leadership education programs to support the development of your skills specific to the NFP sector? If yes, where/how? If no, why?
Leadership Needs	9	What does/should a successful 'leadership education' program for executive leaders look like in the NFP sector and why? How does this compare with your experience?
Leadership Needs	10a 10b	How does your organisation's Strategic Plan guide your leadership education needs in this role? How does this compare to previous organisations you've worked at in similar roles? (researcher note: pursue Q if some orgs are better than others and why)
Organisational	11a 11b 11c 11d	Does your organisation have an annual training budget to support your learning and development needs? If so, what is the annual budget? If not, why? Are there any other ways in which your organisation supports the education needs of executive leaders?
Organisational	12	How many people are employed by your organisation?
Organisational	13	What is the annual revenue of your organisation?
Organisational	14	Would you mind telling me your age?
Organisational	15	Participant gender (noted, not asked)
Organisational	16	How do you feel that over the next 2 to 5 years your organisation is going to change in size (clientele, employees, revenue, contracts etc.)?
Organisational	17	Would it possible to obtain a copy of your organisation's Strategic Plan?

Section 4: Close

- Thank participant for their time and participation
- Considering holding a luncheon for a roundtable session with participants to deliver the findings and facilitate a discussion on the value of the research to the sector. Are you interested in attending?
- Would you like a copy of the final research report?
- Would it be ok to contact you in relation to the proposed roundtable luncheon or should I have a further query on the research information collected today?

Appendix Three: Summary of Key Themes and Categories

Key Themes	Categories	Sub-categories
1.0 Leadership education needs and priorities of NFP executive leaders	1.1 Current and emerging challenges for NFP leaders in the region	• Regional growth and development presents significant challenges • NFP leadership roles are changing and facing increasing challenges
	1.2 Priorities for leadership education identified by NFP executive leaders	• Financial management and fundraising • Strategic business planning and management • People management
	1.3 Designing leadership education to meet NFP needs	• Insights into the prior experiences of leadership education programs – what works, what doesn't? • Leadership education program attributes to meet the needs of NFP leaders
2.0 Current responses from the sector to address leadership education needs	2.1 Leadership education is not accessible due to a lack of investment and support	
	2.2 Opportunities exist to externally fund and access leadership education	

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INFORMATION TO PARTICIPANTS INVOLVED IN RESEARCH

You are invited to participate

You are invited to participate in a research project entitled "Leadership Education Needs for Not-for-Profit Executives in Western Melbourne to Meet the Challenges of Effective Sector Development".

This project is being conducted by a student researcher, Naomi Dempsey, as part of a Master of Education at Victoria University (VU) under the supervision of Dr Kirsten Sadler from the College of Education at VU.

Project explanation

The aim of the research study is to identify current and emerging leadership education needs through the perspectives and experiences of NFP executives, exploring also how they may develop strategic leadership capability.

Research by the Productivity Commission (2010) into the skills and training requirements of NFPs noted that many organisations do not consider investment in management/executive development, nor general staff training, as a priority in a typical NFP business strategy. The most common strategy is to maximise funds for frontline services and minimise expenses in other non-related areas of business operations.

This lack of current commitment to executive leadership education gives concern that planned future investment and opportunities may also be limited in order to develop adequate leadership capacity to support sector growth and development. This study is motivated by this research and seeks to explore and answer the following research query:

What are the leadership education needs for Not-for-Profit (NFP) executives in Western Melbourne to meet the challenges of effective sector development?

The research will be undertaken across a range of sub-sector NFP organisations to give a broader perspective of leadership education needs from a wide range of service providers, including:

- Health
- Sport and recreation
- Education
- Employment
- Arts and culture
- Aged care
- Environment
- Disability services

What will I be asked to do?

Participation is voluntary and will consist of:
- A 60 minute interview with the student researcher (either in the workplace, by phone or at an alternative location)
- A round table at the conclusion of the research activities to discuss and share findings with participants

We are deeply grateful for any time and effort you are able to contribute by participating in this study.

What will I gain from participating?

The research study will provide you with the opportunity to explore your individual leadership education needs, now and into the future. By participating in the research you will also contribute to the research aims that seek to identify current and emerging leadership education needs across NFP organisations in Western Melbourne.

Your participation in the study will greatly inform research that seeks to provide a better understanding of leadership education and capability needs to support the successful delivery of services within the sector and the region. It is anticipated that this research may be able to influence program design with local education providers and inform a range of key stakeholders including government and industry associations.

A report of the findings will be provided to you on conclusion of the research.

How will the information I give be used?

The information will be used by the researcher for the purposes of a Minor Thesis being undertaken to complete a Master of Education. The information may be published at a later stage (without identification of participants) or used in an extract form for conference presentations. The findings will be presented using general themes, ensuring participants remain anonymous.

What are the potential risks of participating in this project?

The potential risks associated with participating in this research study are minimal. Participation is voluntary and you may withdraw at any time. The information collected at interview will be stored and reported anonymously. All research data and materials will be stored securely on VU's Research Storage in line with the Australian Code for the Responsible Conduct of Research which will also ensure potential risks associated with participating in this project are minimal.

How will this project be conducted?

Data will be collected through interviews will executive leaders in NFPs providing services in the Western Melbourne region (of comparable size). The data obtained will be compared, coded and analysed with the aim of developing common themes to understand the leadership education needs within the sector and the region.

Who is conducting the study?

This project is being conducted by Dr Kirsten Sadler from the College of Education and Naomi Dempsey (student researcher) at Victoria University. The Chief Investigator, Dr Kirsten Sadler, can be contacted at:

The College of Education
Victoria University
St Albans Campus
PO Box 14428
Melbourne 8001

Leadership Education Needs for Not-for-Profit Executives
in Western Melbourne to Meet the Challenges of Effective Sector Development

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AUSTRALIA

Telephone: 03 9919 4203
Email: Kirsten.Sadler @vu.edu.au

Student Researcher: Naomi Dempsey, Naomi.Dempsey@vu.edu.au, (03) 9919 4679

Any queries about your participation in this project may be directed to the Chief Investigator listed above.
If you have any queries or complaints about the way you have been treated, you may contact the Ethics
Secretary, Victoria University Human Research Ethics Committee, Office for Research, Victoria University, PO
Box 14428, Melbourne, VIC, 8001, email researchethics@vu.edu.au or phone (03) 9919 4781 or 4461.

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M E L B O U R N E   A U S T R A L I A

CONSENT FORM FOR PARTICIPANTS INVOLVED IN RESEARCH

INFORMATION TO PARTICIPANTS:
We would like to invite you to be a part of a study that will explore the leadership education needs for Not-for-Profit (NFP) executives in Western Melbourne, as their needs relate to meeting the challenges of effective sector development.

The aim of the research will be to identify current and emerging leadership education needs through the perspectives and experiences of NFP executives, exploring also how they may develop strategic leadership capability.

For this study, we will be collecting information from people in Executive Officer roles of NFPs, who strategically lead their organisations for sustainability and growth in a time of rapid growth in the Western Melbourne region. The information will be obtained by interviews of approximately 60 minutes in duration. A roundtable will be held with participants at the conclusion of the study to offer key findings from the research activity. Data will be de-identified with regards to any personal information and reported in an aggregate fashion. Participation is entirely voluntary and you will not be required to divulge any sensitive personal information. You may opt out of participating in the research project at any time.

CERTIFICATION BY SUBJECT

I, _____ (name)

of _____ (suburb)

certify that I am at least 18 years old* and that I am voluntarily giving my consent to participate in the study: "Leadership Education Needs for Not-for-Profit Executives in Western Melbourne to Meet the Challenges of Effective Sector Development" being conducted as part of a Masters of Education Minor Thesis at Victoria University by: Naomi Dempsey under the supervision of Dr Kirsten Sadler.

I certify that the objectives of the study, together with any risks and safeguards associated with the procedures listed hereunder to be carried out in the research, have been fully explained to me and that I freely consent to participation in an interview and roundtable discussion. I agree that interviews may be recorded using an audio dictaphone.

I certify that I have had the opportunity to have any questions answered and that I understand that I can withdraw from this study at any time and that this withdrawal will not jeopardise me in any way.

I have been informed that the information I provide will be kept confidential.

Signed: Date:

Any queries about your participation in this project may be directed to the researcher Dr Kirsten Sadler at:

The College of Education
Victoria University
Footscray Park Campus
PO Box 14428
Melbourne 8001
AUSTRALIA
Telephone: (03) 9919 4203
Email: kirsten.sadler@vu.edu.au

If you have any queries or complaints about the way you have been treated, you may contact the Ethics Secretary, Victoria University Human Research Ethics Committee, Office for Research, Victoria University, PO Box 14428, Melbourne, VIC, 8001, email Researchethics@vu.edu.au or phone (03) 9919 4781 or 4461.