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Filippo Addarii

Ben Rattenbury

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Promoting Third Sector Leadership: LETTING A THOUSAND FLOWERS BLOOM

How do we foster leadership and social innovation in the third sector? Filippo Addarii and Ben Rattenbury share a European method through the peer-led Euclid Network.

As part of the European Commission's initiative to increase public awareness and stimulate political debate on a given topic, 2009 has been dubbed the European Year of Creativity and Innovation. Unfortunately, despite the increasing awareness of third sector leadership and social innovation around the world, these concepts are relatively less known in Brussels, especially when it comes to funding opportunities.¹ This is not only a shortcoming of European institutions, the same is true of national governments across Europe as well.²

Europe – An Unfriendly Environment

The third sector – comprising non-profit organisations such as charities, voluntary, community and religious bodies, cooperatives, mutuals, foundations and social enterprises – has existed in Europe since before the creation of the nation state. In the last 20 years, it has grown dramatically in several fields such as international development, public service delivery, environmental protection as well as fair trade. Today, one out of every four citizens is either an employee or a volunteer within the sector.³ However, general ignorance about the third sector and its capacity to promote well-being still prevails in European society.

This perceived marginality is reflected in national statistics, as shown by Lester Salomon in his pioneering research.⁴ One aspect examined in his study was the allocation of funds to the respective sectors. It highlighted that the British government spent hundreds of millions of pounds to bail out banks on the verge of bankruptcy, compared to £42 million allocated to third sector organisations.⁵ Although the latter contribution seems insignificant compared to the amount dedicated to the commercial sector, the British government was – until late February this year – arguably the only country to provide any funding at all to help the third sector cope with the recession.

However, social economy continues to be underestimated by society as seen in the recent crisis. All bailouts went to banks and carmakers, while social enterprises – facing a unique situation of increasing demand for services as incomes continue to fall – received nothing.

Within European institutions themselves, there are multiple definitions of the third sector as well as several groups that claim to represent it. On top of this institutional mess, the sector also does not have a formal representative body within these institutions (ie. a 'Third Sector Director General'). Instead, organisations are divided into institutional silos and funding is almost entirely limited to projects, with different



Director Generals recognising different parts of the sector and neglecting others. Rarely is the social good valued as an outcome.

However, the francophone tradition of social economy is an exception. This tradition is underlined by democratic governance, and funded not through grants but by goods and services sold on the market, competing with the private sector. This model encompasses social banks and mutual organisations and represents a vital source of wealth and innovation in France. Contributing 10% of GDP with a total of 1.5 million employees, this form of social economy equals the manpower and strength of the top 40 multinational corporations in France.

How ready is the third sector leadership in realising this vision of the social economy?

Creating a Network of Innovative Social Leaders: The Challenges

The third sector in Europe is still highly divided, with the exception of larger organisations like Oxfam and Red Cross, which have developed their own international networks. Brussels-based federations are the other exception. Unfortunately, the latter is increasingly losing sight of the priorities of end-beneficiaries, as is the case for other European organisations.⁶

Due to the integration process that has occurred in Europe, the region's markets have transformed into an environment solely conducive for goods and services, marginalising social innovation and third sector leadership. Hundreds of laboratories of social innovation are historically 'caged' within countries or industries. This probably entrenches an inherently conservative sector, protective of its traditions and local roots and struggling to embrace change. Third sector practitioners, despite their leadership and supervisory roles in an organisation, tend not to recognise themselves as leaders. They are more likely to attribute this tag to policymakers and businessmen. This is generally true for most of Europe, with the exception of France and the UK.

Networking is also a challenging concept. Except for the largest international organisations utilising cross-border exchanges as potential sources of innovation, third sector leaders in Europe view them as a perk only to be explored if they have the spare money and time. If they invest in training at all⁷, they embark on a programme related only to their short-term needs (ie. fundraising). These training opportunities offered locally by organisations also simply imitate the public or private sector programmes, hence only making room for opportunities in social entrepreneurship, at best.

The other major challenge includes the traditional dependence of the sector on government leadership and funding. On the whole, leaders tend to react instead of influencing or developing independent strategies, even if they claim to establish partnerships with government and local authorities. This is a major obstacle for innovation and the long-term strategy of the sector. Ideological resistance in engaging with the private sector, largely stemming from the common perception that the latter is merely a funding opportunity, also contributes to the lack of effective cross-fertilisation and partnerships.

Euclid Network: An Opportunity for Change

Aware of the lack of understanding of third sector values as well as the need to develop an innovation-friendly environment, three of the main European umbrella bodies for the sector – the Association of Chief Executives of Voluntary Organisations (ACEVO) in the UK⁸; the Centre of Young Directors of Social Economy (CDJDES) in France⁹; and Ideell Arena, the arena of ideas in Sweden¹⁰ – launched Euclid Network, the first European network of third sector leaders.¹¹

The network was launched in 2007 to promote leadership and innovation in the third sector through connecting, developing and supporting its members across Europe. In less than two years, 300 third sector leaders from 22 countries have joined the network. They lead organisations from all across the sector spectrum – namely from charities, associations, social enterprises, foundations and grantmakers to cooperatives and mutual organisations. These leaders come from within the European Union itself as well as abroad, hailing from regions like the Western Balkans, former Soviet Union and the Mediterranean.

Euclid Network's legal entity, administrative and strategic staff unit is hosted by ACEVO while the rest of the organisation is decentralised and hosted in Paris, Stockholm and Ljubljana. In addition, several of Euclid Network's projects in the field are led by members who also act as local implementers. The decentralised structure offers lower overheads, benefits from local partners' expertise and impacts European regions such as Western Europe, Central Europe, Nordic countries and South-East Europe more effectively.

In establishing the network, the organisers understood that another layer of bureaucracy was redundant. Rather, they grew to realise that what was lacking was a direct channel to connect third sector leaders and facilitate knowledge-sharing as well as partnerships across national and cultural boundaries. This forms the core of the network.

Methodology = Facebook + Wikipedia + Private Members Club

The organisational structure and relationship which Euclid Network shares with its members is inspired by three different models – the private members club, facebook¹² and wikipedia.¹³ The network implements a selection process that determines the fact that the new member relates fully to the organisation in terms of its aims and objectives. Despite this selection process, the organisation still operates on an open and self managed concept, where members will subsequently have autonomous access to all the facilities and services available – material or virtual – as well as initiate collaborations without having to go through the general secretariat.

Euclid Network also resembles a 'wikipedia' as it stores, shares and makes the information produced by its members and stakeholders available to the rest of its members. For instance, in the case of research on good governance, the first phase involves data collection of good organisational practices from across Europe, based on leads provided by members and partners. The second phase will be an analysis to determine the shared principles of good governance across Europe. The outcome of this phase will then be tested within the membership to reach a general consensus before moving to the third phase, where ways to codify or implement the outcome will be explored.

Such a flexible arrangement is key to the success of the model. It facilitates members to develop their own leadership skills, without relying on the usual methodologies (ie. Business Schools). This is because such educational methods are borrowed wholesale from the business sector, and therefore may be unsuitable and costly for the majority of leaders. Even formal training on a smaller, more affordable scale did not work, as Euclid's earlier experience has shown. Euclid soon realised that members needed tailored solutions that did not prescribe a method of doing things, but rather gave them the freedom to find their own way. Leadership, hence, cannot be taught. Instead, it should be discovered and learned from scratch. The challenge is in providing the right environment for this learning process to occur.

Peer-to-peer learning, and in particular job-shadowing, emerged as our version of solutions to third sector problems. Not only do these two methods enable members to learn directly from, and with, one another, they also enable personal relationships to develop, which in turn causes the networks of participants to combine and multiply the possibilities for further social innovation to occur. Following pilot tests conducted

in 2008, Euclid Network will continue to expand the number of exchanges it facilitates in 2009 as the value of this platform continues to prove itself.

How to Make it Happen

True leadership is innovative, and true innovation provides leadership. They are two sides of the same coin, and the best way to facilitate both is through a bottom-up approach that allows a thousand flowers to bloom, whilst offering innovators the tools and resources to help them realise their vision. Leaders across Europe as well as the regions surrounding it, are increasingly realising that the Euclid Network does present a new model and possibility of making social innovation work. ❖

¹ For more information, please see <<http://create2009.europa.eu/>> The European Commission selects a specific topic every year, organising specific events and disbursing special funds to support projects in the area. For the first time a text of the European Commission mentions social innovation. The Direction General Industry is reviewing the Lisbon Strategy - the Economic strategy of the EU - and social innovation is part of the new plan including even a fund for social innovation. See <<http://blogs.ec.europa.eu/innovationunlimited/>>

² Except for the British Government, we are not aware of any other government programmes that are dedicated specifically to social innovation as different denominations have been used to fund the effort. See *NESTA: Making Innovations Flourish* <<http://www.nesta.org.uk/the-lab-innovating-public-services/>>

³ CIREC International has produced the first and only research study on the third sector in Europe. The report, "The Social Economy in the European Union" was completed in 2006. For more information, see <<http://www.socialeconomy.eu.org/spip.php?article420&lang=en>>

⁴ See Centre for Civil Society Studies at the John Hopkins Institute for Policy Studies <<http://www.jhu.edu/ccss/unhandbook/>>

⁵ See the British Government's Recession Action Plan, *Real Help for Communities: Volunteers, Charities and Social Enterprises*, February 2009 <<http://www.cabinetoffice.gov.uk/media/121758/real%20help%20for%20communities.pdf>>

⁶ It is our personal observation that citizens are dramatically losing trust in the European project: Turnout of the election for the European parliament in 2009 was lower than in 2004. The Lisbon Treaty, or what is referred to as the European Constitution, was rejected when citizens in France, Netherlands and Ireland were consulted with a referendum. We conjecture that the mushrooming of new umbrellas claiming civil society representation just increases bureaucracy and competing priorities.

⁷ Research has shown that in the UK, the organisations in the private and public sectors spend roughly 3% of their budget, while in the third sector the figure is just 1%.

⁸ See ACEVO <<http://www.acevo.org.uk>>. ACEVO, for instance, has led on some reforms which have completely changed the environment for third sector organisations. It campaigned for Full Cost Recovery in public procurement and contributed to the establishment of the Third Sector Office within the British Cabinet. Now, ACEVO is mobilised to tackle the impact of the economic recession on the third sector. The £42 million bailout for the sector in the UK counts as one of its achievements.

⁹ Centre of Young Directors of Social Economy (CDJDES) <<http://www.cjdes.org>>

¹⁰ Ideell Arena, a partnership between 56 Swedish third sector/ non-profit/ not-for-profit organisations <<http://www.ideellarena.se>>

¹¹ Euclid Network <<http://www.euclidnetwork.eu>>

¹² See excerpt on 'Facebook' at Wikipedia <<http://en.wikipedia.org/wiki/Facebook>>

¹³ Ibid.



Filippo Addarii (MSc) is executive director of Euclid Network, the first pan-European network of third sector leaders and director of the International Leadership Development at ACEVO, the British association of chief executives of voluntary organisations. In these roles, he has developed networks to empower civil societies across Europe, Asia, Africa, the US and the Middle East. In 1998, he earned his Philosophy degree from the University of Bologna.



Ben Rattenbury has been the programme manager at Euclid Network since 2006. He has run various innovative international projects, including a civil society development initiative in Kosovo, Montenegro and Albania. In 2005, he was awarded a first class degree in Sociology from the University of Sheffield.