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Creators: Seddon, F. A., Hazenberg, R. and Denny, S.

Title: Lack of entrepreneurial management leads to failure of social enterprise governed by an institutional partnership

Date: 2012

Originally presented to: 35th Institute for Small Business and Entrepreneurship (ISBE) Conference, Dublin, 07-08 November 2012.

Conference URL: <http://www.isbe.org.uk/ISBE2012>

Example citation: Seddon, F. A., Hazenberg, R. and Denny, S. (2012) Lack of entrepreneurial management leads to failure of social enterprise governed by an institutional partnership. Paper presented to: 35th Institute for Small Business and Entrepreneurship (ISBE) Conference, Dublin, 07-08 November 2012.

Version of item: Presented paper

**Lack of entrepreneurial management leads to failure of social enterprise
governed by an institutional partnership**

Dr. Fred Seddon,
Dr. Richard Hazenberg and
Prof. Simon Denny
School of Social Sciences
University of Northampton
Park Campus
Boughton Green Road
Northampton
NN2 7AL
Telephone +44 (0)1908666125
Mobile +44 (0)7786997141
Email frederick.seddon@northampton.ac.uk
Web www.northampton.ac.uk

Lack of entrepreneurial management leads to failure of social enterprise governed by an institutional partnership

Abstract

This paper reports an on-going research study that is investigating the application of a model of team-based philosophy to test the efficacy of an 'institutional partnership' between a UK university (UNI) and a regional social enterprise development agency (SEDA) as they seek to set-up and develop a work-integration social enterprise (WISE). The research design is longitudinal, conducted over a period of 18 months and has three data collection phases 'early', 'middle' and 'late'. This paper reports the analysis of data gathered during the 'late' phase of this research. Individual semi-structured interviews were conducted with 10 participants involved in the partnership organisations and the WISE programme delivery staff. Qualitative analysis of the interview data revealed five emergent themes, which were subsequently interpreted by the researchers as: 'Reasons', 'Positives', 'Company structure', 'The Partnership' and 'Negatives'. The theme 'Reasons' revealed the participant's perceptions of why the Partnership and the company failed to achieve their original aspirations. The theme 'Positives' was characterised by the notion that the funded project was an 'experiment', which produced a learning outcome. The 'experiment' was to test the viability of a funding body supporting the creation of an institutional partnership to set-up and develop a WISE. It was interesting to note an important distinction made by one of the participants who proposed that what was tested was the ability of the individuals representing the organisations rather than the organisations per se. The theme 'Company structure' highlighted the negative effects on the Partnership created by the volatile nature of the company structure during this 'late' phase. Changes in personnel, roles and responsibilities at all levels created an unstable environment and context, which impacted negatively on the Partnership and the company. The theme 'The Partnership' revealed the impact of a dispute between the partners that was rooted in a change of CEO at one of the partnership organisations. The theme 'Negatives' highlighted personal feelings of failure and responsibility for that failure. Failure was perceived as a failure of the 'experiment' by some participants others perceived failure in a more personal sense. The results of the analysis of the data from this 'late' phase, when compared to criteria from the adopted team-based model, suggests that the partnership and WISE staff failed to metamorphose into an 'effective team'.

Introduction

This paper focuses on the late phase of a three-phase longitudinal research study designed to examine the formation and development of a partnership between a UK regional social enterprise development agency (hitherto referred to as SEDA) and a UK University (hitherto referred to as UNI). The partnership was formed in order to set-up a work-integration social enterprise (WISE) with the support of grant funding and to test the notion of developing a financially sustainable WISE from a 'funded project'. Work on the set-up of the WISE began during the early part of 2008 and resulted in a bid for funding being submitted by SEDA to a funding body in August 2009. The funding bid was successful and the partnership between SEDA and UNI was formed, which ultimately led to the set-up of the WISE that began trading in March 2010. The management structure of the WISE consisted of a board of directors, a steering group, CEO and

company staff who administered and delivered three employment enhancement programmes to clients according to their age, qualification and prior experience. Client groups were young people not involved in employment education or training (NEET), unemployed graduates, and unemployed 'executives'. Members of the partnership between SEDA and UNI and the WISE staff were considered to be a 'team' collaborating to fulfill the monitoring requirements of the funding body in terms of delivering a funded project and creating income from trading to ensure the continuing financial sustainability of the WISE. In order to provide empirical evidence of the success of this 'team' venture the researchers reviewed team building literature.

Theoretical framework

Prior research conducted by Tuckman (1965) established a four stage, team-development model, based on four stages: forming, storming, norming and performing. Tuckman (1965) proposed that passing through this four stage process transformed a loose group into an effective team. Later research, Adair (1986), which examined group formation, postulated that groups of individuals share common needs that can be categorised into three basic elements (i.e. task, group and individual). Sheard & Kakabadse (2002) added a fourth basic element to the list of common needs (i.e. environment) based on the importance of organisation culture rooted in associated norms, routines and rituals. Sheard & Kakabadse (2002) argued that for a loose group to successfully transform into an effective team through the process of forming, storming, norming and performing, all four basic elements: task, group, individual and environment must be aligned. This alignment of the basic elements between individuals requires the management of any conflict in order to minimise negative impacts on the team. The developing nature of the management of conflict means that alignment of all the basic elements does not occur until the final stage (i.e. performing), which means during forming, storming and norming stages, alignment of the basic elements does not occur. Alignment of the basic elements evolves in three 'states', which can be assigned to each basic element at each stage of the team development process (Sheard & Kakabadse, 2002). These three 'states' are:

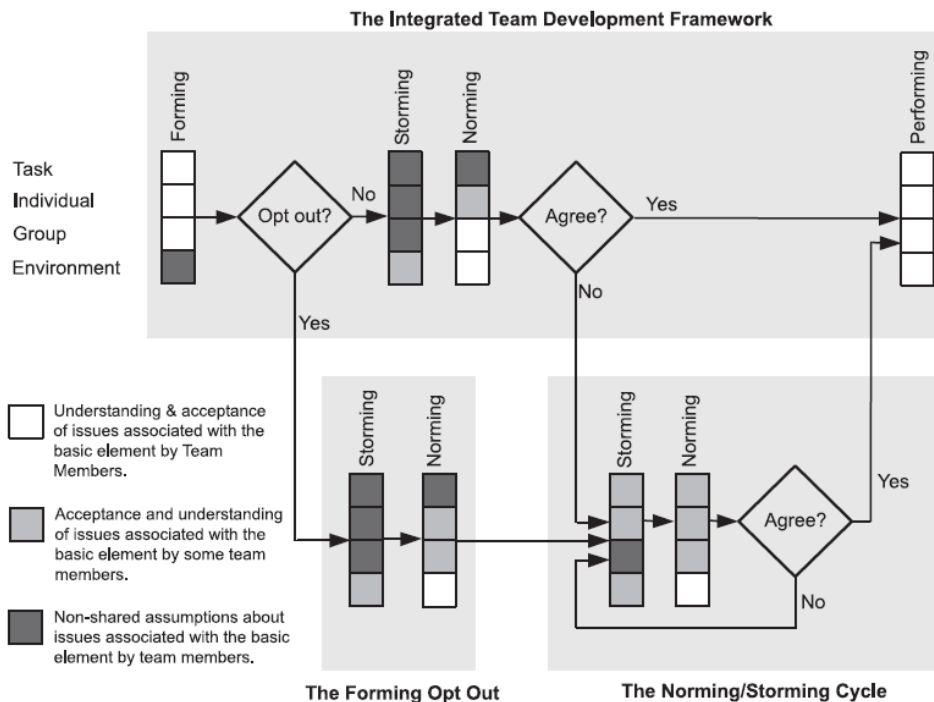
- (1) understanding and acceptance of issues associated with the basic element by team members;
- (2) acceptance and understanding of issues associated with the basic element by some team members;
- (3) non-shared assumptions about issues associated with the basic element by team members.

It is the alignment of the basic elements of task, group, individual and environment, as indicated by state (1) above, that signals the team's arrival at the performing stage of team development (See Fig.1).

Sheard & Kakabadse (2002) extended the integrated team development framework by adding a 'forming opt out' and a 'norming/storming cycle' to the original Tuckman (1965) forming, storming, norming and performing team development model (see Fig.1). The 'forming opt out' is taken by individuals who do not immediately enter the storming phase. The 'norming/storming cycle' is taken by individuals who do not progress to the performing stage. Deviation from the Tuckman (1965) direct route is because individuals are not prepared to accept decisions that

would involve them in doing something differently and prefer to retreat into denial. It is essential for *key* individuals in the team to ‘buy in’ to what the team is attempting to accomplish in order for the team to reach the performing stage. If *non-key* individuals do not ‘buy in’ to what the team is attempting to accomplish, this won’t necessarily prevent the team reaching the performing stage however greater efforts will be required from the others who do ‘buy in’ or the team will not perform as well as it could have done. However, without the support of key individuals the team will remain in the norming/storming cycle and fail to reach the performing stage.

Figure 1: The integrated team development framework (Sheard & Kakabadse, 2002:137)



In order to apply the above framework to determining the stage of development a team has reached, the basic elements of task, individual, group and environment were broken down into nine key factors that collectively differentiate a loose group from an effective team (Sheard & Kakabadse, 2002).

To transform a loose group into an effective team requires a *task* for them to engage in. A *task* requires a goal, which must be clearly articulated to the group. Also, because in any organisation there will be constraints of time, money and available resources, a set of priorities around the task must also be clearly articulated. An *individual* must be considered as a team member, which relates to roles and responsibilities within the team and the extent of self-awareness of the consequences of one’s actions and behaviours on other team members. The *group* refers to the team’s ability to function as a unit, which can be broken down into three key factors: leadership, group dynamics and communication. *Environment* is defined by infrastructure and organisational context where infrastructure encompasses: IT systems, HR support and the ability of senior

management to translate its strategy into a series of goals suitable for the teams to tackle and context is the organisation of the company.

Table 1: The nine key factors (adapted from Sheard & Kakabadse, 2002, P. 137)

Basic element	Key factor	Loose group	Effective teams
Task	Clearly defined goals	Individuals opt out of goals not understood	Understood by all
	Priorities	Split loyalty of individuals to other groups	Cohesive team alignment
Individual	Roles and responsibilities	Unclear, with gaps and overlap	Agreed and understood by individuals
	Self-awareness	Individuals guarded	Social system established and accepted
Group	Leadership	Directive	Catalytic
	Group dynamics	Individuals guarded	Social system established and accepted
	Communications	Formal	Open dialogue
Environment	Infrastructure	Task focused	Stable support from organizational infrastructure
	Context	Task focused	Influenced, but not controlled by organisation

It is proposed in the current research-evaluation that elicitation of participant perception of these nine key factors will reveal the stage the partnership has reached in becoming an effective team in this ‘late’ phase of development. For the purposes of the current research evaluation, the ‘partnership’ refers to the collection of organisations (i.e. SEDA and UNI) collaborating in the project, which is being delivered largely by the WISE.

Method

Participants

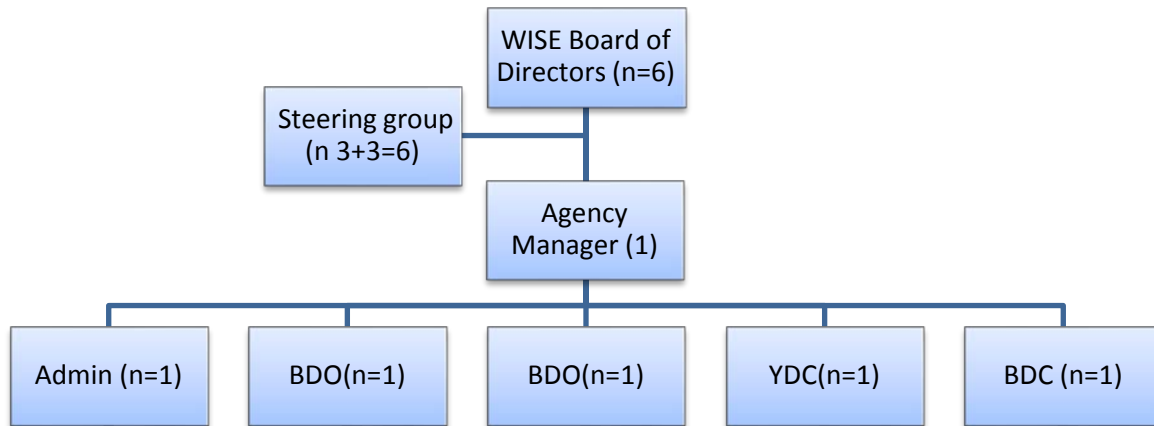
The total number of participants was ten, (N=10) which consisted of, four of the six members of the WISE board of directors (two of the SEDA directors were unavailable for interview purposes) (n=4), the three WISE steering group members who are not also board members (n=3) and the three administration and programme delivery staff (n=3). The board of directors represented the two main partners and consisted of 3 representatives from UNI and 3 representatives from SEDA (one of whom was the chairperson and resigned due to health

problems). The steering group was made up of representatives of the partners (i.e. SEDA, and UNI) and additional co-opted stakeholders. From time-to-time, members of the steering group were seconded to the WISE administration and delivery programmes. At the time of data collection for this 'late' phase, there were three members of staff: one involved with administration, one business development officer (BDO) and one youth development coordinator (YDC) (for clarification of the partnership structure, please see Fig. 2 below).

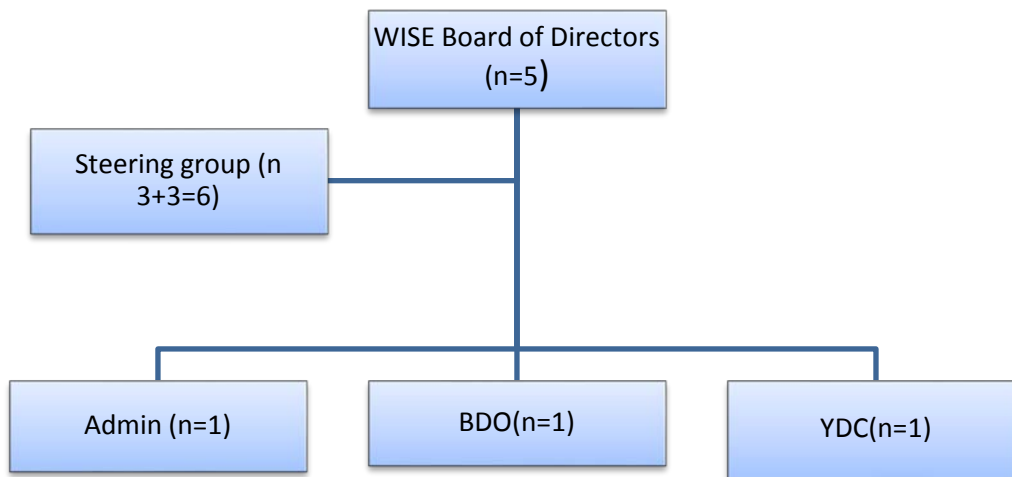
During the period of this 'late' phase (May 2011 – October 2011) the Agency Manager resigned and was not replaced, the Chair of the board (A SEDA representative) also resigned and one of the remaining two SEDA directors became the new Chair of the WISE board. The effects of these changes to the structure of the WISE can be seen in Figure 2 (See Figure 2). The change in the number of participants interviewed during this 'late' phase, from 15 participants in the 'middle' phase to 10 participants in this 'late' phase, resulted from individuals leaving the company and one individual who declined to be interviewed. These individuals were the Chair of the WISE board (P14), one of the SEDA representatives on the board (P15), the Agency Manager (P21), one of the two Business Development Officers (P6) and the Business Coordination Officer (P8).

Figure 2: Change in the structure of the Partnership during 'late' phase' (May – October 2011)

a. Company structure April 2011 – May 2011



b. Company structure May 2011-October 2011



Procedure

For this ‘late’ phase of the longitudinal study, all 10 participants engaged in individual semi-structured interviews with the researcher. The interviews were conducted face-to-face (n=6) or on the telephone (n=4). The questions asked were open-ended in nature and were the same for all participants. As the interviews were semi-structured, the researcher asked additional supplementary questions when participants took the discourse in different directions. All interviews were recorded for future transcription and analysis. Interviews lasted from 20 minutes to 54 minutes in length. The prescribed questions were the same as the questions employed in the ‘early’ phase, which were constructed from the evaluation requirements of the original funding bid and the nine key factors outlined above (Sheard & Kakabadse, 2002).

Analysis

Data

The data collected for analysis in this ‘late’ phase of the research evaluation was 10 semi-structured interviews conducted by one of the researchers with the participants outlined above. One of the researchers also attended (as an observer only) a series of the WISE board and steering group meetings held during this ‘late’ phase of the group project. The researchers are also engaged in the evaluation of all three employment enhancement programmes delivered by the WISE. This combination of data collectors and ‘insider’ experience combined to give the researchers a unique perspective on the development of the group partnership, which informed the interpretation of the data.

Procedure

The method employed to analyse the 10 transcripts of the participant’s individual semi-structured interviews collected for this ‘late’ phase in the research, was ‘Constant Comparative Method’

(Glaser & Strauss, 1967; Lincoln & Guba, 1985). Constant Comparative Method (CCM) is an iterative procedure designed for the qualitative analysis of text and is based on ‘Grounded Theory’ (Glaser & Strauss, 1967). Constant Comparative Method has been successfully applied in previous studies across a wide range of disciplines from social venture creation (Haugh, 2007) to music composition strategies (Seddon & O’Neill, 2003) and musical communication (Seddon, 2004 & 2005). This method of analysis focuses on a process where categories emerge from the data via inductive reasoning rather than coding the data according to predetermined categories (Maykut & Morehouse, 1994). Constant Comparative Method involves five main stages:

- 1) Immersion, ‘units of analysis’ are identified;
- 2) Categorisation, ‘categories’ emerge from the ‘units of analysis’;
- 3) Phenomenological reduction, ‘themes’ emerge from the ‘categories’ and are interpreted by the researchers;
- 4) Triangulation, support for researcher interpretations of ‘themes’ is sought in additional data;
- 5) Interpretation, overall interpretation of findings is conducted in relation to prior research and/or theoretical models (McLeod, 1994).

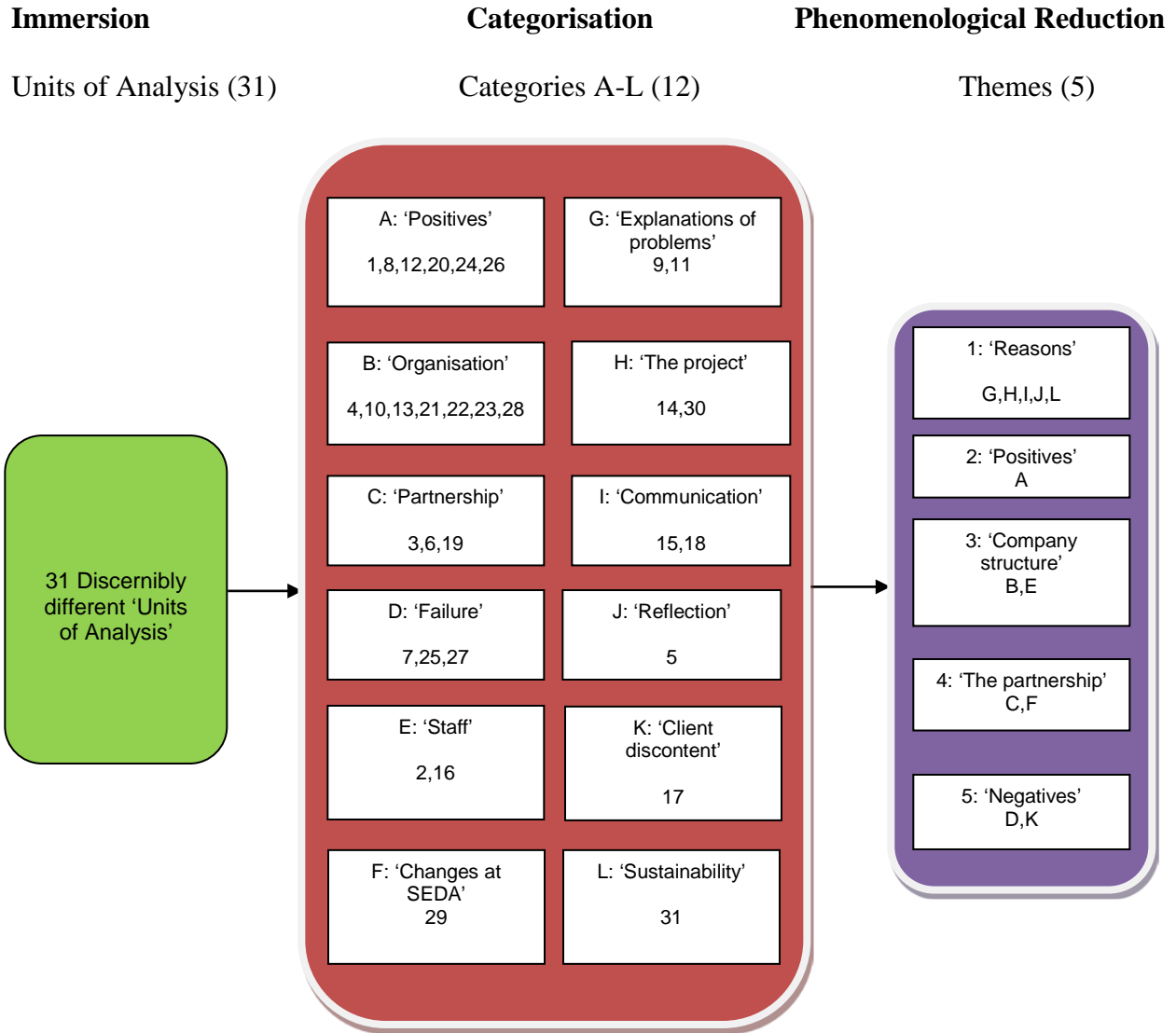
Results

When interpreting the results of the data analysis it should be taken into consideration that during this ‘late’ phase of the research (May 2011- October 2011) the Agency Manager was deemed by the WISE board not to have successfully completed his probationary period by the end of May 2011 and was asked to leave the post, which he subsequently agreed to do. The Chair of the WISE board (a SEDA representative) became unwell and resigned as a director and the position of Chair of the board was taken by one of the remaining two SEDA representatives. Another SEDA representative, who had been recently appointed as CEO of SEDA, did attend one WISE board meeting at which there was a disagreement between himself and two of the UNI representatives. After this disagreement SEDA were represented by the two original representatives only.

Analysis of the interviews:

Stage one (i.e. ‘immersion’) revealed 31 units of analysis (e.g. ‘belief in the 3e vision’, ‘lack of leadership’, ‘learning experience’ and ‘criticism of the board’). Stage two (i.e. categorisation), 12 categories emerged from the 31 units of analysis, which were interpreted by the researchers as: ‘positives’, ‘organisation’, ‘partnership’, ‘failure’, ‘staff’, ‘changes at SEDA’, ‘explanation of problems’, ‘the project’, ‘communication’, ‘reflection’, ‘client discontent’ and ‘sustainability’. Stage three (i.e. phenomenological reduction) five themes emerged from the 12 categories, which were interpreted by the researchers as: ‘reasons’, ‘positives’, ‘company structure’, ‘the partnership’ and ‘negatives’. A diagrammatic version of this process of analysis is provided for further clarification (see Figure 3).

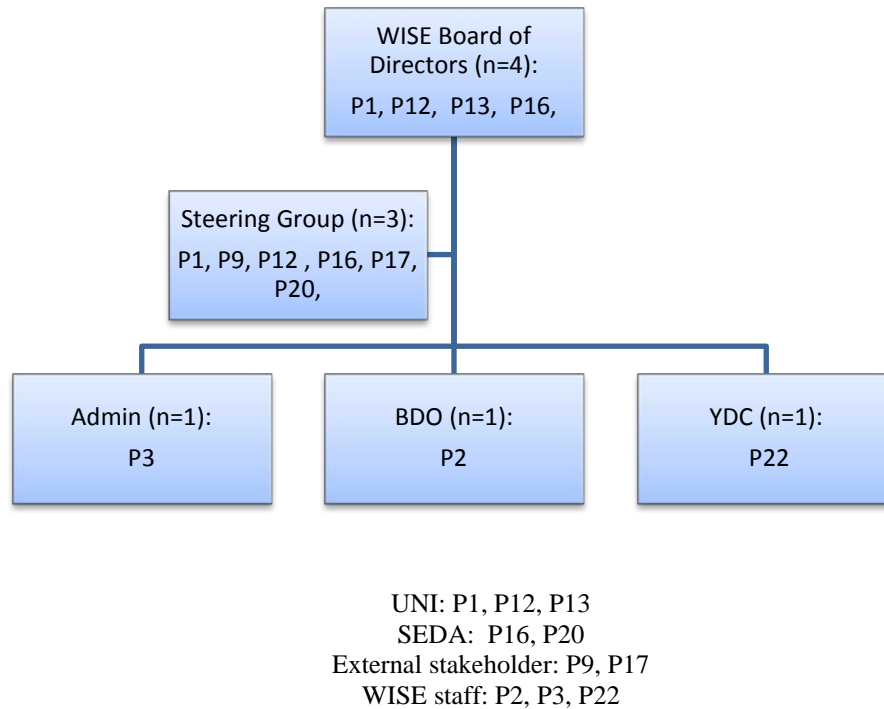
Figure 3 – CCM Analysis at ‘Late’ phase:



NB. The numbers displayed above in Fig. 3 in the ‘categories’ boxes correspond to the relevant units of analysis contained in that category. The letters in the ‘themes’ boxes correspond to the relevant category contained in that theme.

All participant quotations cited below are taken from units of analysis and serve to exemplify specific aspects of the overall themes of: ‘reasons’, ‘positives’, ‘company structure’, ‘the partnership’, and ‘negatives’. In order to maintain participant anonymity, participants are referred to only by their participant number. In order to provide the context for the participant’s perspective, Figure 4 indicates the participant’s number in relation to their position in the partnership/company.

Figure 4: Key to participant number in relation to position in the company and the partnership



Theme 1: 'Reasons'

This theme is characterised by participants offering reasons for the direction the WISE took, which was basically to complete the funded project without engaging with opportunities to develop the company into a sustainable social enterprise. With hindsight participants believed the appointment of the original CEO during the 'early' phase and the Agency Manager (P21) during the 'middle' phase were seen as poor appointments because neither proved to have the entrepreneurial skills that the transition to sustainability required.

'The only goals we ended up with were the project based ones. None of the people we recruited got to grips with.....I think we did articulate right at the very beginning to CEO what the strategic aims were for [the WISE]. When we recruited P21 we set those out as well. What we never did was work out the common ground between the two partners; SEDA never articulated what they were in it for. We [UNI] did articulate it but I don't think it was a cohesive message.....' (P1)

'The problem with [the WISE] has always been management. It was the wrong managers, the board choosing the wrong managers and now it's the board being the wrong manager. Because do you know what I mean they're like not managers at all. The problem with P21 was they chose somebody who came into an interview with all the theory in the world but no actual commercial experience...' (P2)

'In the end what I've learned is unsurprisingly it all comes down to the people. You get the right people and motivate them in the right way it will happen. If you don't get the

right people, and 3e as you know proved singularly ineffective at getting the right people, it will not work.’ (P12)

There was also a general feeling among board members that they were not able to devote sufficient time to the WISE because of pressure of work in other areas. This viewpoint seemed to be supported by other members of staff.

‘I should have made a stronger case for this is the only project or the only thing I need to be working on; so, too distracted by other things. That was a structural thing I think it was the fact that I was employed by the university and had a number of other things on and this was just one of a number of things that I was dealing with.’ (P1)

*‘No, I mean the change in my role to ***** full-time actually gives me more permission to get more involved. Although it has also given me....at the moment I have 4 major large-scale commercial projects that I am being asked to manage. And this would....this wouldn’t even make.....the WISE wouldn’t make even make the top dozen priorities.’ (P12)*

‘Yeah, I think that if I had spent more time basically. I sit on one or two boards in various forms and guises. I’m not necessarily satisfied with my contribution in any of them. I would always use the excuse of time but had I got involved more I think I would have hopefully been able to contribute more and again there’s probably a lesson there that don’t take on a directorship if you just see it as turning up once every month or two to a board meeting.’ (P13)

It is possible that a combination of lack of time on behalf of the directors and the lack of entrepreneurial skills of the managers the board appointed contributed to the WISE focusing on achieving the funding project targets at the expense of developing a sustainable future for the WISE. By the time the company had reached this ‘late’ phase the main focus of attention was completing the project with only vague intentions towards future sustainability.

‘I don’t feel that there has been any forward planning for [the WISE] and I think that’s probably not helped, it’s always been the funder, the funder hit this figure, hit that figure, hit this figure, hit that figure, do this, do that no forward planning for what you are going to do after the funding.’ (P3)

‘There is a recognition that it [the WISE] was set up to run two/three projects and that effectively was what it was going to do. So there was a kind of satisfying outcome, which focused on ensuring that the project targets were met and panicking and worrying and so forth when they weren’t. The board meetings were almost exclusively around a monitoring of project targets, which from my perspective being rather distant from it was kind of difficult and frankly very boring. I certainly didn’t feel as if it was using the potential of board members at all.’ (P13)

‘I have got a SEDA role. In fact we are lead partner on the funding contract and so we have got contractual obligations to meet, which I have been the lead person with the

responsibility at SEDA to ensure that we meet those. Since May it's been a very specific amount of time that I've been allocated to work on the [the WISE] work. The majority of my time has been on the funding programme.' (P16)

The reoccurring problems around poor communication were again cited as a major contributory factor in the company not moving forward towards sustainability. This once again involved inadequate communication between board members and between the board, partners and the company staff.

'Another example is that the communication between the board, they obviously know, they've known for a long time probably that things were not going to carry on much longer because they haven't got the money and they aren't doing anything to make it carry on so they must have known that but our contract ends on September.' (P2)

'The only other thing of note is that P16 now rings me up direct and she and I have been discussing the business and that's it. Everybody else is out of the loop. But it is frustrating because when I ask questions like just how much money is there in the bank? How much money has [the WISE] got? It is somewhere between £10-25,000 but you know you could accept £15,000 difference if you are talking about £1m but when you are talking at that level it's such a large difference.' (P12)

'There were a number of issues as well that perhaps could have been ironed out earlier on that were to some extent to do with the lack of communication between [the WISE] and ourselves [external stakeholders]. I think that there was a need for clearer contracts in whatever form between the organisations. I think that it would have been easier if it was all managed by one organisation but on the other hand I know that there were also some issues of lack of communication and effective working within the organisation so I don't think it is necessarily an issue about having different partners involved.' (P17)

The above citations from the units of analysis in the theme 'reasons' reveal the participants' thoughts on why the partnership and company focused on achieving funder outputs at the expense of future sustainability and some of the problems that contributed to the company focus. There is a sense of missed opportunity here, which is articulated by the following participant's comment:

'I think there were big opportunities for [the WISE] to become sustainable and make its way independently following the programme but I think they have not been acted upon for a number of reasons. You know the board, the leader, the manager going, probably not having the right person in place. I think there's been opportunities missed and I think it will be a shame, if this divide between SEDA and UNI, if it all just has been for nothing. I think it has been a real shame; we shall see. I guess in the next couple of weeks it will all become clear as to what happens. Whether the university decides it wants to take it on. Yeah I think it's a real shame.' (P20)

Theme 2: 'Positives'

Although the Partnership was moving towards dissolution towards the end of this 'late' phase the participants in this evaluation research expressed their continuing belief in the 'vision' of WISE and described some positive outcomes. The employment enhancement programmes the WISE delivered demonstrated some positive outcomes, which were recorded and reported in their evaluation reports.

'If I look at the reason [the WISE] was set up, its vision, what it wanted to do, I still believe there's a role for such an organisation. We should have been in the position now to be making the most of it so I still genuinely believe that the ethos the vision the purpose of [the WISE] is still there.' (P1)

'I think the overall view of helping the community and doing the whole social enterprise thing is still there.' (P3)

'I don't think our purpose has changed it's just our ability to do it. We've had a few glitches really. I don't think the purpose has altered at all what we are trying to achieve and our route to it has not necessarily been the clearest or the easiest.' (P16)

Some individuals felt the whole process was a learning experience and that there was some success because the project contracts had been completed.

'My advice to anybody who wanted to set up a social enterprise would be don't do it in the way we did it. Start off with who are your customers? What are your products and services? What is the business model? Will it work? Have the guts to say good idea but we can't make it work. Then work out who's going to pay for it and ideally, do it on a trading model rather than this contract because contracts influence behaviour so strongly that they subsume everything. You can run a business, a commercial business and have contracts as part of that but as soon as it becomes the main part then you cease to do the business part of it.' (P12)

'What it has enabled me as an individual to think through is that I actually have clarified further my notion of what a social enterprise is, or should be rather than is. I wouldn't want to be party to another social enterprise that was effectively a project focused business but would prefer a truly commercial social enterprise, if that is not a contradiction in terms.' (P13)

'From a contract point of view, I think the delivery and everything that [the WISE] is doing down there they've actually achieved the entire contract that they were contracted to do. And the one remaining contract [that] at the moment is in place, the funders are quite happy with the direction and are actually quite pleased with some of the results and the direction that it is going in.' (P16)

Two of the UNI representatives felt there was a WISE brand there to salvage. This idea was to develop the Graduate programme from UNI without SEDA being involved.

'I don't want the [the WISE] brand to go. I still think there's something there but I think it's more a case of let's take a couple of steps back before we move forward on it. SEDA couldn't make their mind up. We knew as a university what we wanted to do with it, which was actually we wanted to bring it in house take control of it redirect it push it out as something slightly different.' (P1)

'My specific goal now is to turn [the WISE] into a sustainable trading social enterprise helping unemployed people get jobs. The changes are very much more direct involvement in developing things that the business can do.' (P12)

Theme 3: 'Company structure'

This theme is characterised by the participant's perceptions of how changes in the company structure during this 'late' phase impacted on the management and direction of the company. At the beginning of this 'late' phase the Agency Manager (P21) left the company and no replacement was sought by the WISE board. There were only three remaining members of staff at the WISE (P2, P3 & P22). A new CEO was appointed to run SEDA (when referred to by participants during the interviews his name is changed to RM to protect his anonymity), which resulted in major personnel changes at SEDA (P16 & P20 were made redundant). RM replaced P14 as a director of the WISE at a subsequent WISE board meeting during which there was a major disagreement between certain individuals from the main partners (SEDA and UNI), which called into question the future of the Partnership. A period of indecision followed the boardroom disagreement, which was followed by a period during which a decision was taken to complete the funding programme, cease trading, make the remaining three members of the WISE staff redundant, dissolve the partnership and transfer the WISE brand to UNI.

'SEDA has imploded to a large extent, RM's come in he's hacked of the [SEDA] staff. Most of the old guard have left so they are down to two members of staff now and looking to merge with [national social enterprise agency].' (P1)

The WISE had no manager in place, which meant managerial duties tended to be split between WISE board members, partnership members and the WISE administrator, which was perceived a less than perfect situation by the WISE staff.

'It's been a bit hard really. Now at the present time we have got two completely different personalities because obviously there's only myself and two others P2 and P22 within the team. So, now we've got two completely different personalities, which is quite strange because when P21 was in place he liked to micro-manage everybody and know exactly what everybody was doing and tell them exactly what they have got to do. Nobody liked that and now I've realised you can see that one [member of staff] really needs that micro-managing and the other one is the obvious "I just want to get on with my job" [type] and "I know what I'm doing and leave me alone". So that's been a bit.....' (P3).

A lack of purpose and leadership was perceived by the remaining WISE staff and morale was negatively affected.

'At the minute there is no purpose. We haven't got a purpose our only job is to finish our funding contract, which we are not doing very successfully. The purpose of helping people and our project has disappeared so I don't see a purpose anymore. I am working off my own steam. I haven't got any boss really.' (P2)

'In my life it is all to do with me but I stay because my morale is down as low as it gets basically I've thought about putting in my resignation; it kind of rubs off you know. There isn't any leadership. SEDA appear to be trying to do a little bit of leadership but it's minimal.' (P22)

'I think the board have been inhibiting the whole way along. If you look back at the [WISE] journey, from the beginning the board have been the problem the whole way through.' (P2)

'I sometimes sit there and say is it really my decision to make? Have I done this right? Should I be doing this? But obviously, the board members haven't really got time to sit there and look at every pernickety thing that comes up and decide what we are going to do.' (P3)

This lack of leadership was also recognised by board and partnership members.

'It [the WISE] didn't have the leadership or management capable of taking it beyond that [a funded project] and to be fair probably the board on both sides [SEDA and UNI] wasn't determined enough to make sure that it was a success in its own right.' (P13)

'I feel like I have become more of a leader to some extent within [the WISE] with the reduction in staff certainly to the levels they are now. Although P16 is coming down who is my boss but I don't think things have changed between us kind of thing. I think I shouldn't be in a position where I'm leading but I find myself in that position I think sometimes.' (P20)

When P21 left the company, an attempt was made by the WISE board to include the WISE staff in future planning, which was largely unsuccessful.

'I did a business plan towards what would happen. I did it and then nothing happened, the board just did nothing like they are too busy doing their own things really to be interested in 3e. So it's like they come up with all these ideas and then you try and do what they want and then it's like that's forgotten about...' (P2)

Communication between the WISE board and the staff regarding the future of the company was poor because of the period of indecision following the disagreement between the main partners.

'I think communication to the staff and the future and what's happening we've not been as open with the staff because we didn't have a plan and we wanted to wait until we had a firm plan before we told them what was happening. I think that meant that we have

informed them quite late, which is obviously not very good for their, not very good for their morale.’ (P16)

It was discovered during this period that the funder’s end of programme reportables were once again not being collected correctly and a period of crisis management followed in an attempt to rectify this situation.

‘Most of the time the organisation, the people working in it were in catch-up mode attempting to meet project objectives and always a little bit behind and their first priority was to make five phone calls to would be beneficiaries rather than talk about the future of the business and you can kind of understand that.’ (P13)

‘It’s reverted back to what it was probably about a year ago now, which is quite strange how its cycle has repeated itself. I think if we had collected information nearer to when they finished it might have been more productive.’ (P20)

Members of the WISE board and representatives of the other partners felt the changes in the company structure made a significant contribution to the lack of clarity of purpose throughout the partnership that resulted in sustainability being neglected in favour of focusing on the completion of the funding programme.

‘But that was all the way through there was never really you know we’d have conversations about health and safety procedures for a company for a board that didn’t determine what the company strategy was, didn’t set itself targets for longevity growth, didn’t clarify commercial opportunities and produce targets and timing and necessary responsibilities and accountabilities for ensuring they were going to be taken through. A complete inability to manage effectively let alone lead just the normal sort of tenets of good people in resource management weren’t ever really in place.’ (P13)

‘We wanted to not only achieve our contract we also wanted to look for new opportunities to bring income into the organisation. We also wanted the manager to be able to manage the current staff team in both of those. So, it’s leading the organisation then and taking it forward in the direction but also taking the staff with it and enabling them to go down that line.’ (P16)

‘I think it is an issue about being clear about roles and responsibilities and having some effective management and direction from somewhere that brings all those partners and activities together. And I think that that was always lacking actually.’ (P17)

‘I think having less staff has changed things I think you know and not having a leader as such. And because there’s a big divide in the board, the staff don’t really know where to go and where they are getting their direction from.’ (P20)

The overall management situation was summarised by one of the WISE board members:

'It's the classic case of go into it without a clear idea of what it is and what the objectives are, engage the processes and get bogged down with the nitty-gritty and wonder after a period of time why it's not going anywhere. Alice in wonderland when you come to the fork in the road and she asks "Which way do I go?" and the March Hare says something like "Well where do you want to get to?" and she says "Well I don't really know" and he says "Well it doesn't matter which way you go then does it?" [Laughs]' (P13)

Theme 4: 'The partnership'

During this 'late' phase there was a change in the management structure of SEDA, which impacted on the Partnership. SEDA appointed a new CEO (RM) who demonstrated a desire to take SEDA in a different direction. His appointment also resulted in two of the SEDA staff who were directly involved in the WISE being made redundant (P16 & P20). RM's personality and management style coupled with a specific clash between him and one of the university directors (P12) was cited by many participants as a significant factor in a deepening conflict between SEDA and UNI, which ultimately led to the dissolution of the Partnership and the company being made dormant.

'At SEDA they took on a new CEO [RM] who fell out big time with P12. They had a stand up row and we never really got past that. RM actually came in with the intention that he wanted [the WISE] to fold. He couldn't see the point he couldn't see the purpose. It was a total distraction but I think more importantly what has happened is he also saw that there was a funding stream that he was having to share with the university to keep [the WISE] going. If he could end that relationship the funding stream would then go into SEDA' (P1)

'When I entered the room I could tell that there was.....there had been something of a conversation before and it was P12. And I know extremely well his [P12] ability to both take offense and give offense with someone who I suspect was a very similar character. And I learned afterwards that they [P12 & RM] had had quite a serious set to but it was reasonably obvious beforehand. That was a seminal moment.' (P13)

'I think especially in the last month or two because we've had some tensions at board between [UNI and SEDA] and we've struggled to get certain decisions and agreement on the way forward for [the WISE]. I've been conscious that our own organisation [SEDA] is perhaps heading in a different direction priority wise.' (P16)

'We have in the last three months had a new chief executive start at SEDA. Things have definitely in the last 3 months got worse between SEDA and the university. And I think that's due to the involvement of our new boss [RM]. He sees a very different view of the whole programme and where SEDA are going in its future to where perhaps the old SEDA how we were before, how we perceived where we were going and the work we were doing.' (P20)

The strained relationship between the two major partners had a significant impact on the future of the Partnership that was perceived as detrimental to the company by the remaining staff at the WISE.

'SEDA and the university don't like each other anymore. So they're not focussed on [the WISE] at all they're just focused on their own things. There's no strategy they are not communicating any strategy because there is none and that's it.' (P2)

'SEDA and the university have had a bit of a falling out. So there's talk of SEDA not being interested in [the WISE] after the funded programme. So that is really up in the air.' (P3)

Participants at all levels of the business expressed doubts about the seriousness and commitment to sustainability demonstrated by members of the Partnership.

'I think they [SEDA and UNI] are the same they see it as like a learning thing. I was in a board meeting and they were talking and they said like "Oh this could have been done anywhere we didn't have to have a whole new company we could have put it in as a side part of this company and it's all about the learning". It's real life; it's a real business [that] it's supposed to be taking forward. It shouldn't be really a little experiment. It should have been like an actual venture kind of thing and it was really an experiment I think and it just went wrong.' (P2)

'I think we were all basically playing at it. That's clearly got to stop, which is why.....in some ways I think it is quite liberating that the project is over because now we can run it....and I've no intention of applying for a grant unless somebody gives it to us on a plate. We run it as a business and it survives or fails as a business, which in some ways it's harder than.....but it's different and as I say I do find it quite liberating.' (P12)

P1 expressed doubts about the nature of partnerships between the university involved in the partnership, universities in general and other organisations in relation to social enterprise.

'I believe that the university cannot deliver on a social enterprise agenda on its own. I think it needs to forge partnerships with others but what it is not good at is developing partnerships and staying with them for the long haul. So whilst the relationship with SEDA hasn't worked out there are many other partnership relationships that do not work with the university. I wouldn't want SEDA to be seen in isolation; that there was something fundamentally wrong with that relationship. I think the problem is we come to the table undervaluing the potential of partnership working. We do not value our partners as an institution and on many occasions ride roughshod over them.' (P1)

Theme 5: 'Negatives'

This theme characterises the feelings expressed by some of the participants in relation to the dissolution of the Partnership and the cessation or making dormant of the original WISE. There was some overall optimism expressed that the company could be continued in a different guise

under the sole ownership of the university. However, many of the partners expressed negative feelings towards what they sometimes referred to as the ‘experiment’, which most considered a failure. The opinion expressed by one participant was that the skills required to complete a funded project differ so significantly with those required to establish a sustainable social enterprise it makes attempting to do both concurrently an impossible task.

‘I suppose me being me, the fact that after all this work there is nothing to show for it, there’s a failure. By the time we actually got to addressing what we needed to address, it was too big a problem. I think we made a good fist of it but..... So, I think if the overall objective was to have a functioning social enterprise that was delivering employability programmes for those target groups to make a significant contribution to the economic and social well-being of the county; it failed. I failed in that.’ (P1)

‘When we met for the second interview [the ‘middle’ phase] the purpose of [the WISE] was still to deliver the project, the funded project. In my view [the WISE] has semi-failed to deliver that project effectively and semi-failed to set itself up as a business. I am increasingly of the view that the skills needed to deliver a project and the skills needed to set-up and run a commercial business are so different as I think we always thought they were but this has highlighted it.’ (P12)

‘I’m sure they have got priorities in other areas but I think [the WISE] was still about looking beyond the initial funding. It didn’t do anything along those [sustainability] lines from what I understand.’ (P9)

Responsibility for the failure of the WISE was perceived by partners to be a combination of poor management, poor staff and overly ambitious aspirations.

‘I think the directors collectively didn’t succeed, which is a way of saying we failed I suppose. Because once P1 stopped being acting CEO frankly the thing didn’t progress. I am disappointed with the performance of the company and some of the individuals in it. It seems to me they didn’t get so many of the basics right and we as directors, we did pick up that it wasn’t being addressed and we did say this should happen but we were unable or unwilling to force it to happen.’ (P12)

‘The fact that the company, the social enterprise, didn’t reach anything like the ambitious objectives that I would have had for it; my association with it was not particularly positive. Had we had a commercially running social enterprise that was successful, stood on its own feet, engaged in business outside of projects that had excellent PR for the university and for itself, did a lot of social good that was measureable in some shape or form, it would have been great personally to have been associated with that. As it is; it is kind of neutral.’ (P13)

One of the three remaining members of the WISE staff expressed his feelings of personal responsibility and the ‘team’ responsibility.

'I don't know. I've never lied to anyone. When I came in and had an interview for this job I told everyone exactly what I've done before and they took me on. I feel like I...obviously [had] a big role in the failure of [the WISE] obviously. What could I have done better? Well, because I'm part of it, I'm in it, I'm a section of it so, I can't blame anyone else. The only person I can blame for any sort of failure is myself. I'm not saying I could have made the company or broke the company on my own but I was definitely a player in it.'
(P22)

Discussion

Analysis and interpretation of the emergent themes demonstrates that there was a level of unanimity among the participants in this research evaluation, at both partnership and the WISE staff level, surrounding the 'reasons' problems arose for the partnership and the company. Participants expressed the view that these problems were directly linked to poor recruitment especially at management level; the inability of directors to establish effective partnership and to devote sufficient time to focus on the development of the company into a sustainable social enterprise; poor communication at all levels; the sustained inability on behalf of the WISE staff to effectively collect the required funder's 'reportables' and a lack of entrepreneurial activity on behalf of past CEOs and the final Agency Manager. However, there were some perceived 'positives'. In spite of the problems identified above and the inevitable dissolution of the Partnership, partner representatives displayed a continuing belief in the 'vision' of the WISE and referred to the positive programme outcomes identified in the evaluation reports prepared for the three employment enhancement programmes. Partners also believed that they had been involved in an 'experiment', which had resulted in a learning experience. The main learning outcome for partners engaged in the 'experiment', which was identified as testing the feasibility of developing a social enterprise from a funded project, was that the skills required to complete a funded project and develop a social enterprise were significantly different and at times incompatible with each other.

There were a number of changes at partner level. P14 [a SEDA representative] ceased to be chair of the WISE board of directors through ill health. The chair was taken over by P15 [a SEDA representative]. SEDA appointed a new CEO [RM] and P16 and P20 were made redundant. Although there were no changes in personnel representing the university, P1 and P12's roles at the university changed. P1 resigned from the university and was employed by a UK company then seconded back to the university and P12 changed university schools and his role within the university changed accordingly. Once the Agency Manager left and was not replaced, the staff at the WISE remained the same during this 'late' phase [i.e. three employees]. These changes to 'the company structure' created a consistently volatile situation, which was not conducive to working environment stability, entrepreneurial management and effective collaboration. Additionally, the critical personnel change at SEDA [i.e. the appointment of a new CEO (RM)] was reported as being directly responsible for the ultimate breakdown and dissolution of 'the Partnership'. This breakdown precipitated a further deterioration in communication between the partners and between the WISE board and its staff. The company then went through a period where it drifted with no real sense of direction or effective leadership. There was also evidence of a lack of commonality of aspiration and purpose between the two main partners [SEDA and UNI], which impacted negatively on the performance of the company.

The WISE staff had three different leaders in the space of 18 months, the original CEO, the acting CEO and the Agency Manager, which often left the staff disorientated and without clear direction. At the beginning of this 'late' phase, the outgoing Agency Manager's restructure of the company resulted in a staff team of three individuals without a designated manager. A major disagreement between individuals in the Partnership resulted in a period of partner indecision immediately following the 'resignation' of the Agency Manager, which left the company without direction. This period of indecision resulted in poor staff morale and contributed to the company ceasing to operate and being made 'dormant'.

As with the 'early' and 'middle' phase evaluations, if the evidence of the research evaluation from this 'late' phase is triangulated with the Sheard & Kakabadse (2002) model proposed earlier in this report, it can be argued that the WISE is no longer locked into the 'Norming/Storming Cycle' section of the model (please see Figure 1) but has taken a path not offered in the model [i.e. complete breakdown]. This finding could provide evidence to propose an additional option within the model. By examining the basic elements of task, individual, group and environment in relation to their nine key contributory factors it can be argued that during this 'late' phase of the research evaluation, the partnership and the WISE staff are still operating as a 'loose group' and not yet performing as an 'effective team' (please see Figure 1).

Task

For the basic element 'task' the key factors are 'having clearly defined goals' and 'priorities'. In an effective team, these factors are understood by all and there is cohesive team alignment. At this 'late' phase the staff still did not feel they had clearly defined goals, especially in relation to addressing issues of sustainability. Priorities were again focused on achieving the funder's outputs, which continued to inhibit the initiation of engagement in entrepreneurial activities enabling the company to establish a marketable product. There was also evidence that the Partnership (i.e. SEDA and UNI) had still not clearly defined their goals and had decided to dissolve the Partnership.

Individual

For the basic element 'individual', the key factors are 'roles and responsibilities' and 'self-awareness'. In an effective team, roles and responsibilities are agreed and understood by individuals and the social system is established and accepted. During this 'late' phase the resignation of the Agency Manager and restructure of the company failed to clarify the roles and responsibilities of the staff. The Partnership had undergone changes that modified the roles and responsibilities of individuals within the Partnership, which impacted on their self-awareness and had a negative impact on the company. The lack of direction and leadership meant that the social system was still not established and accepted by members of staff who became completely demoralised.

Group

For the basic element 'group', the key factors are 'leadership', 'dynamics' and 'communication'. In an effective team, leadership should be 'catalytic' and the social system 'established and

accepted'. During this 'late' phase there was a perceived lack of leadership from the board. The dynamic within the board deteriorated as did the dynamic between the board and staff members. For a period following the dispute between board members, communication between the board members themselves and between the board and the staff was suspended as the board members sought to find a way forward for the company.

Environment

For the basic element 'environment', the key factors are 'infrastructure' and 'context'. In an effective team the 'infrastructure' should be stable with support from organisational infrastructure. The 'late' phase was characterised by volatility of infrastructure and context, which created poor stability and reduced the support for staff. Leadership was absent for the period following the 'resignation' of the Agency Manager and the subsequent breakdown of the Partnership.

It was argued in the 'early' and 'middle' phase reports there was evidence that the 'team' (i.e SEDA and UNI) had not reached the 'performing' stage in the 'Integrated Team Development Framework' proposed by Sheard & Kakabadse (2002). At the end of this 'late' phase the Partnership was dissolved and the company made dormant pending a decision by the university to re-launch the company under a different guise without the other partners being involved. During this 'experiment' the team failed to progress from the 'norming/storming cycle' to the 'performing' stage.

Summary

The results of this research study highlight the difficulty of establishing and developing a sustainable WISE utilising publicly contracted finance. It also highlights the added difficulties of doing so within an institutional partnership. The WISE developed in the collaboration between UNI and SEDA ultimately succeeded in meeting its contractual requirements to the funder, but in essence failed because it did not achieve sustainability and is currently a dormant company. This failure to achieve sustainability was the result of poor communication between the institutional partners both strategically and also operationally at board and steering group level. This lack of direction filtered down to the CEOs employed and were exacerbated by their individual poor performance. This then led to a lack of focus and direction amongst the staff on the 'frontline' that ultimately led to the failure of the WISE to achieve sustainability and meant that the WISE staff were locked in a cycle of 'storming/norming'. This lack of direction contributed to operational errors and problems, chief amongst which was an inability to satisfactorily complete basic reportables for the funding body. This led to crises that had to be continually managed and meant that the staff were consistently 'firefighting' when they should have been focusing on achieving sustainability. Whilst further research is required this research study demonstrates the problems inherent in social enterprise start-ups involving different institutional partners that are funded through public contracts.

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