

Graduate School of Business

**Leadership Roles of NGO Managers in Post Social Welfare
Subvention Reform in Hong Kong**

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Doctor of Business Administration
of
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Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signed:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Date: 24 September 2012

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Abstract

New Public Management has been a worldwide phenomenon heralding many changes in the way public sectors and public services are led and managed. One such change is radical and as such is a worthwhile focus of study. Accordingly, this study investigates a change initiative, Social Welfare Subvention Reform in Hong Kong. Key respondents were NGO leadership and managers. Insights into the challenges and leadership roles after the introduction of Social Welfare Subvention Reform in Hong Kong were gathered. A constructivist ontology, interpretive epistemology and qualitative methodology were adopted. Theoretical perspectives included both symbolic interactionism (the search for meaning) and phenomenology (experiential accounts) and these were reflected in the data collection. Grounded Theory was adopted for its qualities of emergence and systematic procedures. Data collection was by semi-structured interviews. Data were analysed using content analysis with utterances as the unit of analysis. In vivo coding and constant comparisons were used to develop core constructs. Findings showed that NGO managers were facing a wide range of challenges and they changed their leadership roles in the process of organizational changes. From those identified leadership roles emerged the overarching core leadership role that was NGO Leadership. Based on the identified leadership roles, and given the exploratory nature of the study a tentative model is presented – Three-Levels Leadership Model. It demonstrated how the NGO managers perform their leadership roles in an NGO setting when they are facing the changes.

Chapter 1: Introduction

1.0 Introduction

“The greatest challenge of the nonprofit century is to provide the leadership, the competence, and the management that will determine the quality and the performance of twenty-first-century society. This is the big picture of our work and our challenge today and the significance of the social sector organization.”

(Frances Hesselbein 2002, , p.4).

This research study focuses on leadership within welfare organizations. For more than a decade, the issue of leadership in non-government organizations (NGOs) has invited much attention, not least in Hong Kong. The welfare sector in Hong Kong has gone through a process of change in public sector reform since 1999 (Lui 2008) when social welfare subvention reform was introduced. The Social Welfare Subvention Reform has three major components: Lump Sum Grant (Social Welfare Department-Lump Sum Grant (LSG) Mode, 2011); Service Performance Monitoring System (SPMS) and Competitive Bidding (Social Welfare Department June 2000).

One of the major subvention reforms is the introduction of Lump Sum Grant. A discussion paper reviewing the welfare subvention policy holds that the LSG would bring about the following outcome: removal of stringent control, flexibility in determining staffing structure, and free disbursement of funds (Review of Welfare Subvention Policy: Discussion Paper 1999).

A Service Performance Monitoring System is proposed. The performance of service units would be assessed on the basis of Funding and Service Agreements (FSAs)

drawn up for each of the subvented services and evaluated against a set of well-defined Service Quality Standards (SQSs).

Competitive bidding determines the allocation of new service units to NGOs. It is a transparent procedure by which funds are allocated on the basis of a bidding process with emphasis on both quality and cost.

Heads of welfare organizations would be the leaders entrusted with the successful implementation of these changes. In Hong Kong, this executive role in NGOs attracts a range of different titles, or NGO managers for the purpose of this study. In the welfare sector discussions, focus has been placed on what the management problems are and what the new leadership roles involve (Lump Sum Grant Manuel (Edition 2), 2000). The goal of this study is to develop a leadership model for NGO managers in Hong Kong as a result of Social Welfare Subvention Reform.

1.1 Operational Definitions

A number of operational terms are used in this study and are defined as follows:

Non-Government Organizations (NGOs): In this study NGOs are confined to all welfare organizations receiving government subvention. Their main source of financial support is government. Currently, NGOs are the major welfare service providers in Hong Kong.

NGO managers: In this study, NGO managers are the executive heads of NGOs.

Subvention: Government funding in support of welfare services provided by the NGO.

Social Welfare Subvention Reform: The subvention reform consists of three major components: Lump Sum Grant, Service Performance Monitoring System and Competitive Bidding.

Lump Sum Grant (Social Welfare Department-Lump Sum Grant (LSG) Mode): A funding system which claims these outcome: removal of stringent control, flexibility in determining staffing structure, and free disbursement of funds.

Service Performance Monitoring System (SPMS): Performance of service units would be assessed on the basis of Funding and Service Agreements (FSA).

Competitive bidding: A bidding process with emphasis on both quality and cost.

The above definitions define the specific research context but it is part of a broader context of public sector organizations. A particular public sector strategy provided a focused study that would possibly relate to other such reforms.

1.2 Background

Hong Kong was under British colonial rule until 1997. Many of its public policies were modelled on the British (Lui 2008), including most social policies. After Hong Kong is reunited with Mainland China, the Hong Kong government retains responsibility for the territory's domestic affairs but not for defence and foreign affairs which are controlled by the central government (Committee on the Promotion of Civic Education 2005). Under the principle of "One Country Two Systems", the Hong Kong government enjoys a high degree of autonomy in formulating public policies (Wong 2004). As it is, prevalent public policies remain unchanged after 1997 and NGOs keep playing an active role in providing welfare services.

1.2.1 Non-Government Organizations (NGOs) in Hong Kong

In this study, the NGOs are confined to all welfare organizations receiving government subvention. While these organizations are not part of government, government provides the bulk of their financial support. The earliest NGOs in Hong Kong dated back 120 years in the early colonial period. The NGO sector currently provides over 90% of the social welfare services in Hong Kong. The last White Paper, published by the government in March 1991 entitled "Social Welfare into the 1990s and Beyond" is a comprehensive policy document. setting out government's overall philosophy and planning (Social Welfare Department March 1991). It outlines the respective roles of government and NGOs in the delivery of welfare services and the objectives and broad directions for future growth. It states that non-governmental organizations will continue to be major providers of welfare services in partnership with Government and should be encouraged and supported in pioneering new initiatives.

Public records clearly show how important NGO organizations are in the provision of social welfare in the territory. The non-governmental welfare sector comprises over 300 non-profit organizations of which 171 are receiving government subvention (Social Welfare Department-Lump Sum Grant (LSG) Mode). In the 2010-2011 financial year, the Hong Kong Government allocated HK\$39.6 billion for welfare spending, of which HK\$8.77 billion went to services operated by NGOs (Hong Kong Government 2010). And, in addition to government funding, NGOs also develop their own community resources which amounted to more than 30% of their budget (Hong Kong Council of Social Services 2002). NGOs mobilize community resources, in cash and in kind, in response to changing community needs. The number of man-hours

for volunteer services averages 950,000 per year. The services of the NGOs are diverse and cover a wide spectrum of people's livelihood issues (Hong Kong Council of Social Services 2002).

1.2.2 Public Sector Reform in Hong Kong

By the end of 1970s, a new managerial approach in the administration of the public sector began to take shape in response to the inadequacies of the traditional model. Larbi (2006) observes waves of public sector management reform in the past two and a half decades. Hughes (1994) claims that this change represents a paradigm shift from a bureaucratic model of administration to a market model of management in close affinity to that of the private sector.

Such changes and their proponents have not gone uncriticised by, for instance, two influential writers, Hood (1995, 1991) and Pollitt (2000; 2002a, 2007). Hood (1991) characterises the New Public Management in terms of its linkage with other worldwide trends, which he calls its doctrinal components. Hood refers to its dualistic genesis in the 'new institutional economics' and the evolving "waves of business-type managerialism in the public sector in the tradition of the international scientific management movement... (1991, p. 5)". Other features identified by Hood include: hands-on professional management in the public sector; explicit standards and measures of performance; greater emphasis on output controls; shift to disaggregation of units in the public sector; shift to greater competition in public sector; stress on private sector styles of management practice and stress on greater discipline and parsimony in resource use. Hood observes that the typical justifications given for the shift from a public service ethic to a private sector-like public service include

accountability realized through the breakdown of traditional structures towards a decentralized configuration, performance based management, a results rather than procedures orientation, introduction of internal competitiveness, and flexibility in adopting private sector-like human resource management techniques.

In Pollitt, we find another serious critic. Pollitt (2000, p. 183) connects NPM to certain new ideas such as “reinvention, re-engineering, entrepreneurial government or some similarly dynamic title”. He and others have pursued the theme that such reform activities are often presented as being able to improve public sector administration. Elaborating, Pollitt (2000, p. 183) lists the assumed improvement claims: being close to customers; performance driven, targets-and-standards bound, and not rule-,bound; displaying a commitment to continuous quality improvement (again targets, standards); a ‘lean’ and ‘flat’ way, highly decentralized with street level staff who are ‘empowered’, flexible and innovative; tight control with the help of modern, commercial-style accounting systems; performance-related systems for recruiting, posting, promoting and paying staff. The critical comments of these writers will be further explored in Chapter 2.

Brown (2004) observes that NPM places emphasis on transferring private sector management techniques to the public sector to achieve efficiency, effectiveness and quality of service. The main characteristics of New Public Sector management include increasing preference on the user-pay principle; on increases in competition in public service provision by surrogate markets, public tendering, on cost-cutting, and the introduction of private sector management practice that displays a preference for

measurable output targets, monetized incentive and managerial freedom (Hood 1990; Brown 2004).

However there are queries about the outcome of NPM. The full cost of reform is rarely measured (Pollitt 2002b). Studies into the public health sector have found that there is a close relationship between managerialist reform and increased levels of employee stress and dissatisfaction, as well as declining levels of organizational commitment (Korunka et al. 2003). Declining levels of employee satisfaction and of commitment are found to be among the hidden costs of managerialist reform (Pollitt and Bouckaert 2004). These criticisms will be further explored in Chapter Two.

The Hong Kong Government has followed international trends in public sector reform and since the late 1980s initiated a series of changes.

“Given the emergence of a world-wide movement of public sector reform in the 1990s, similar reform in Hong Kong can also be construed as a response to (or convergence with) such a global trend and an attempt to improve the efficiency of public service through adopting ‘new public management’ (NPM) methods.’ (Cheung 2006, , p.213).

Donald Tsang, former Director of Administration, Hong Kong Government, in an essay (Tsang 1991) pointed out that the objective of the exercise is to examine the structure and relationships within government structure with a view to improving efficiency, making the best use of available resources, providing a better service for the community, and bringing greater job satisfaction to the civil service. Tsang believes that government has enhanced productivity by adopting a more autonomous and flexible approach to financial, personnel and performance management. It has

enhanced public service quality and provided relief from financial pressure (Lui 2008).

1.2.3 Social Welfare Subvention Reform

The old subvention system was often criticized by NGOs (Social Welfare Department June 2000). The system was rigid without any flexibility in resources deployment. To ensure control over the NGOs,, a Guide to Social Welfare Subventions (Social Welfare Department 1993) was issued by the Social Welfare Department (SWD) which listed the rules and regulations on the use of subvention. NGOs should follow all the rules and regulations set out in the subvention guide. “Under this system, Government exercised tight input control over NGOs by imposing standard staff structures, levels of pay and staff qualification” (Social Welfare Department June 2000, , p.4). Given the rigidity of the subvention guide, service providers could not maximize available resources to meet changing community needs (Social Welfare Department June 2000).

In order to improve the subvention system, the Social Welfare Department commissioned a consultancy firm to conduct a review. The consultants came up with a subvention reform proposal (Coppers & Lybrand 1996). After consulting the sector, the Department drew up a detailed reform package which comprised three major components: Lump Sum Grant; Service Performance Monitoring System and Competitive Bidding (Social Welfare Department June 2000).

A comparison of the old and new subvention systems highlights the significant differences in Table 1.1.

Table 1.1: Comparison between the Old and New Subvention Systems

Features	Old Subvention System	New Subvention System
Subvention Mode	Line-item Budget	Lump Sum Grant
Performance Indicators	Input Oriented	Output Oriented
Service Monitors	Mainly SWD	Various Stakeholders
Service Allocation	Equal Distribution	Competitive Bidding
Orientation of Services	Service-provider Driven	Service-user Driven

The implementation of LSG requires of NGOs skills and resources in financial and human resources management. It also allows for more flexibility for NGOs to provide welfare services according to community needs and become more customer focused. The Service Performance Monitoring System works according to a set of performance indicators and it provides a framework for output control. NGOs need to establish criteria based on efficiency, effectiveness and economy. Competitive Bidding is a market driven approach. It is to be expected that the implementation of Social Welfare Reform would mean pressure on the staff, stress on the way they operate, resulting in organizational changes.

1.2.4 Changing Leadership Role of NGO Managers

A key focus of this study is the effects such structural and procedural reforms would have on management and leadership, given that many of the managers and leaders have been imbued with traditional public sector values and methodologies. A discussion of leadership literature will follow in Chapter Two. While the discussion

recognizes the evolving nature of leadership theories and models, the notion of 'relational leadership' will be highlighted (Uhl-Bien 2006) . It is a concept based in particular on Taoists and Confucian philosophy which promotes harmony and goodwill and could sit well with Chinese cultural values. This concept of leadership is discussed within the broader category of 'authentic leadership'. The findings emerging in this study highlight the extent to which the emic cultural perspective (Pike 1967) is reflected in the final outcome.

Under the LSG, NGO managers are given increased responsibility for managerial functions such as strategic planning, financial management and human resource management. For a traditional bureaucracy, the key responsibilities are coordination and control to ensure accountability, uniformity and quality, and to provide reassuring continuity and stability in a world of change (Graetz and Smith 2009). Management is a means of control and control is based on a formal structure of bureaucratic hierarchy with a tightly regulated system of reward and punishment. Weber (1978) points out that office hierarchy stipulates a clearly established system in which there is a supervision of the lower offices by the higher ones. Graetz (2009, , p.11) describes the impact of Weber's work in conjunction with classical economic theory on the way organizations operate.

While scientific management and classical organizational theories have played a central, enduring role in the shape and structure of organizations, it was classical economic theory and Weber's theory of bureaucracy, in particular, that provided intellectual legitimacy for the classical management perspective (Volberda 1998). The

focus was on efficiency, clear roles, rationalization, rules and expertise (Daft and Armstrong 2009).

In the old system, the management of the NGO office follows general rules and involves jurisprudence, administrative or business management. The traditional manager's role in implementing control is based on authority and expertise. However, with new management reform, NGO managers are required to take on a role that goes beyond managerial functions and takes on features of leadership.

1.2.5 Political Context

Hong Kong became part of Mainland China after 1997. China began to exercise greater influence on Hong Kong in politics and the economy (Sing 2009). Yet, as a Special Administrative Region (SAR), Hong Kong's existing social systems and policies would remain unchanged as guaranteed by the Basic Law (Ma 2007). The principle of One Country Two Systems allows for Hong Kong to develop social policies according to her own needs. In terms of welfare systems, China and Hong Kong are so different they are in fact mutually exclusive. The changes in the welfare system that Hong Kong eventually experiences have not been the result of changes in politics but are influenced much more by international trends of public sector reform prior to the political change (Cheung 2006). Subvention reform and related issues happen in the Hong Kong context, which also justifiably provides the context for this research (Cheung 2001).

Hong Kong's political culture is forged on the political experience acquired throughout British rule (Lui 2008). Since the mid 1980s, its political structure began to develop towards democracy. Direct election to the Legislative Council began in

1991 and the number of directly elected seats has increased (Sing and Cummings 2010). Because of the democratization of the political system, the general public has become more aware of their rights as citizens. The pursuit of democracy has gained in strength with the British handover of Hong Kong to the People's Republic of China (PRC) (Ma 2007).

The development towards democratization is reflected in the subvention reform. With LSG, NGOs are given more autonomy in financial and human resources management in their own organizations (Social Welfare Department June 2000). The changes also bring in increasing public scrutiny and demand for accountability from service users, funders, staff and the public. This is very much felt by NGO board and management. The public is not satisfied with minimal accountability measures (Sing and Cummings 2010). People want to know more about the operation and the results. They also expect to exercise their right of participation and influence decision-making (Sing 2009). This is a tremendous change for management and leadership across almost all spheres of the operation. NGO management now finds it has to cope with large, vocal stakeholder groups and their often competing claims.

1.3 Justification for the Study

As reported earlier on, since the 1990s, the Hong Kong Government has introduced public sector reform on a large scale. It has done this in tune with global trends in the reform of public management, known as New Public Management (NPM). It has done so taking very much into account the unique blend of east and west that Hong Kong is (Scarborough 1998). That is, a dominant Chinese culture and the overlay of many

years of British legal and management practices. Cheung (2006) lists the major reform measures as inclusive of budgetary devolution, self-accounting trading funds; privatization, contracting out, and outsourcing; streamlining of policy management through strengthening central policy agencies; promotion of customer orientation, performance pledges, and a management-for-results culture within the civil service; and decentralization of financial and human resource management. Further discussions will be found in Chapter Two. Some of these reform measures such as outsourcing, downsizing and other 'competitive' strategies are not part of traditional employee expectations in the public sector. One of the pre-reform expectations is permanency, a public sector job is supposed to be an 'iron rice bowl' (Khong and Trigo 1996). Trouble lies ahead.

Some years have passed since the introduction of subvention reform. But the emic (Pike 1967) or insider accounts of the process have not yet been the subject of any study. This study is predicated on the assumption that it is now time that lessons should be learnt from the experiences of NGO managers who have been exercising the new leadership functions. The research does so with the hope of enriching the existing body of knowledge about the new public management reform. Research material on NGO leadership in Hong Kong is limited. There has been little empirical research on nonprofit organizations in contrast to the large number of studies on for-profit companies (Riggio, Bass, and Orr 2002).

1.4 Research Questions

To guide this study, the researcher poses two research questions:

1. What are the participants' perceptions of the major problems and difficulties while performing their daily managerial duties in the context of subvention reform?
2. And what are the participants' perceptions about effective leadership?

1.5 Objectives

The objectives of the proposed study are:

1. to investigate the changing situations after the introduction of Social Welfare Subvention Reform;
2. to investigate the difficulties and challenges faced by NGO managers in the context of the new subvention system; and
3. to identify the leadership role of NGO manager in coping with the Subvention Reform.

1.6 Method

As this research aims to identify and understand the complex issues arising out of a government reform initiative and explores the perceived leadership role of NGO managers in Hong Kong, the study has adopted a constructivist ontology, interpretive epistemology and qualitative methodology (Denzin and Lincoln 1994a; 2000; 2005; 2011). This is in keeping with the exploratory nature of the study.

To give voice to those involved in managing and being managed, a grounded research approach is adopted (Glaser and Strauss 1967; Glaser 1992b, 1998; Charmaz, Neil,

and Paul 2004; Charmaz et al. 2010). Chapter Three will demonstrate the what and how of the principles and systematic procedures of grounded theory.

1.7 Limitations and Scope

This research studies the perceptions of NGO managers on emerging leadership roles given the introduction of subvention reform in social welfare in Hong Kong. This is a qualitative study and the study is conducted in a specific setting that is Hong Kong. Given that qualitative studies are descriptive and exploratory, the transfer of these research findings to other contexts cannot be assumed.

This caution applies no less to Mainland China where there is, as yet, no NGO operation and subvention policy such as Hong Kong's does not exist.

1.8 Ethical Issues

This study conforms to Curtin University regulations concerning research of minimal risk to humans, which in turn follow National Guidelines. The researcher comes from the same culture as the respondents. None of the respondents come from uneducated or disadvantaged groups. The protocols of letter of consent and information sheets are adhered to rigorously. In particular, the respondents' identities are safeguarded and withdrawal is allowed for at any time.

An illustrative description during the interview process, the respondents were asked about their experiences in performing their roles and duties as the top executive in their organization. Although the purpose of the interview was to gather qualitative data for later interpretation, the collected data might prove to be sensitive to some

other persons or groups. To put the respondents at ease, the researcher reassured the respondents that the data would be kept confidential. Similar assurance had been offered when the researcher telephoned the respondents with the invitation. Confidentiality was assured verbally as well as in written form. Research data are stored in accordance with the requirements of Curtin University. When writing up this study, the researcher has taken steps to ensure that the identity of individuals and their organizations are not disclosed.

1.9 Outline of the Thesis

The study is organized into seven chapters: 1) Introduction, 2) Literature Review, 3) Research methodology, 4) Data Collection and Data Analysis, 5) Findings, 6) Discussion, and 7) Conclusion.

Chapter One presents an introduction to the study including background, justification, research questions, objectives, limitation and scope, methods, and organization of the thesis.

Chapter Two provides a review of the literature related to the study. The chapter consists of three major parts covering the literature on (a) public sector reform, (b) organizational change, and (c) leadership.

Chapter Three describes the use in the research of constructivist ontology, interpretive epistemology, qualitative methodology and grounded theory approach, including philosophical foundations and key concepts. The design and application of this method are also outlined. The chapter concludes with a discussion on the rigour of this research.

Chapter Four discusses the ways in which data collection and data analysis develop throughout the research and in which theoretical sensitivity and theoretical sampling are connected.

Chapter Five presents the researcher's qualitative findings. They include the challenges and difficulties faced by the NGO managers, and on their leadership roles.

Chapter Six discusses the findings with references to the research objectives.

Chapter Seven presents the conclusions of the study. Implications for current practice and for future leadership development are discussed and further future research possibilities are explored.

Chapter 2: Literature Review

2.0 Introduction

This chapter is organized into two parts. The first part summarizes a body of relevant literature which guides and supports the objectives of this research study. The second part introduces areas of literature which have not been considered before the data analysis but have since been identified in the course of the analysis. This exercise is done in accordance with the theoretical sensitivity procedure of grounded theory (Glaser and Strauss, 1967).

The principal objective of this study is to examine the leadership roles of NGO managers after the introduction of Social Welfare Subvention Reform in Hong Kong. The leadership roles of NGO managers post-subvention reform is exercised within the public sector and in the context of organizational change. Three areas of relevant literature are examined in this study: public sector reform, organizational change and leadership. The review provides a literature overview on public sector reform and its introduction in Hong Kong. The aim of public sector reform is to bring about significant change in public sector organizations. The literature review summarizes the concepts of organizational change, the different types of organization change and the forces which shape it. Effective change in organizations requires effective leadership. Therefore, the review examines leadership in its many aspects: definitions, roles and functions, styles, nonprofit leadership, leadership and management, and various leadership theories.

In qualitative research, the review of literature is an ongoing process throughout the research study. In the beginning, the researcher determines the need for the study and the areas of relevant literature. In the process of data analysis, the researcher is able to identify additional areas of literature relevant to the discussion framework and the possible findings of the research. In this case, the newly introduced areas of literature have included material on complex adaptive systems (Stacey 1996; Holland 1995), participative leadership approach (Yukl 2010), and leadership effectiveness framework (Flamholtz and Randle 2007). Charmaz (1990) suggests that incorporating additional literature later and integrating it in the research process is a sound strategy to bring in new ways of analyzing the data.

2.1 Public Sector Reform

In the 1980s, the organization and management of public services in the UK came under sustained top-down pressure for change. The well-established, large-scale, standardized and professionalized public corporations were challenged, as new organizational forms, roles, and cultures emerged (Ferlie et al. 1996; Hemphill and Coons 1957).

Cheung (2001) identifies a number of key changes in public organizations. He concludes this represents a new trend with clear characteristics. Hood (1991) also holds similar views. In 1991, Hood introduces the term ‘new public management’ (NPM) to describe the changes in public organizations. The term NPM has since been widely used. And NPM finds itself being adopted and adapted by public organizations. Todnem & Macleod (2009) observe that public services in developed liberal

democracies have been subject to considerable change over the past 30 years. The movement is ongoing. The term NPM has been around for almost two decades, it has held its own in addressing changes in the contemporary context of public sector reform. Both Cheung and Hood describe public sector reform as characterized by 1) managers with greater flexibility to improve cost-effectiveness; 2) a greater focus on outcome measurement and output control; 3) shifts from hierarchical organizational structures to decentralized management environments; 4) a more competitive environment throughout the sector; and 5) greater control on resource allocation. Cheung observes that public organizations are adopting private sector management styles and Hood believes that the organizations are strengthening their strategic capacities so as to improve their efficiency and effectiveness. The following table outlines the similarity of views of Cheung and Hood on public sector reform.

Table 2.1: Ideas of Cheung and Hood on Public Sector Reform

Cheung	Hood
a letting managers 'free to manage' ethos	the flexibility to explore alternatives to direct public provision and regulation that might yield more cost-effective policy outcomes
setting explicit standards and measures of performance,	a greater focus on efficiency in the services provided directly by the public sector, involving the establishment of productivity targets
greater emphasis on output controls	a closer focus on results in terms of efficiency, effectiveness and quality of service
breaking up public sector entities and system into 'corporatized units around products'	the replacement of highly centralized, hierarchical organizational structures by decentralized management environments
greater competition through term contracts and public tendering procedures	the creation of competitive environments within and among public sector organizations
greater discipline and parsimony in resource use.	decisions on resource allocation and service delivery are made closer to the point of delivery
adoption of private sector management styles	the strengthening of strategic capacities at the centre to guide the evolution of the state and allow it to respond to external changes and diverse interests automatically, flexibly, and at least cost.

(Developed from Cheung 2001 & Hood 1991)

Ferlie et al.(1996) have reviewed the concepts of NPM extensively. They point out that there is no clear or agreed definition as to what NPM actually is. They conclude that in essence, there are at least four NPM models. They are: Drive for Efficiency, Downsizing and Decentralization, Search for Excellence, and Public Service Orientation. The key indicators of the four NPM models are given in Table 2.2 to 2.5.

Ferlie et al. suggest that the Drive for Efficiency model (Table 2.2) can be regarded as the earliest model to emerge and is dominant throughout the early and mid-1980s. It represents an attempt to make the public sector more business-like, and its notion of

efficiency is rather crude. There is nothing new about an overriding concern for efficiency in the transition from traditional public management to new public management (Cheung 2001). The core theme of this model is less bureaucratic and more entrepreneurial management. It proposes a new form of corporate governance and attention to financial control is emphasized. Government draws advisers from the private sector and advisory bodies play an important role in disseminating these ideas in the public sector.

Table 2.2: Key Indicators of Drive for Efficiency Model

Drive for Efficiency Model
<ul style="list-style-type: none"> • increased attention to financial control • concern for value-for-money and efficiency gain • stronger managerial structure • clear target setting and performance monitoring • increased stress on provider responsiveness to consumers • deregulation of labour-market and faster pace of work • reduction of self-regulating power of the professions • less bureaucratic and more entrepreneurial management • new forms of corporate governance

Weber (1946) often thought of as ‘father’ of bureaucratic theory, describes a number of ideal types of public administration and government. His critical study of the bureaucratization of society is one of the most enduring aspects of his work (Ritzer 2003). Weber's ideal bureaucracy is characterized by hierarchical organization, delineated lines of authority in a fixed area of activity, action taken on the basis of written rules and recorded. The premises are that bureaucratic officials need expert training, rules are implemented by neutral officials, and career advancement depends

on technical qualifications judged by organization, not individuals (Swedberg and Agevall 2005).

Traditional public sector management is predicated on the idea of efficiency through the avoidance of personal relationships and rational rather than relational. The new public management links efficiency to competitive activities such as downsizing, outsourcing, labour-shedding and other cost cutting activities.

A 'Downsizing and Decentralization' model presented by Ferlie et al (1996) focuses on management strategies not previously encountered in traditional public sector management. This model assumed increasing significance in the 1990s. It represents a shift towards flexibility, the delegation or spreading of management authority, organizational unbundling and the institution of new forms of governance structures (Boston et al. 1996; Larbi 1999). Large organizations are typically being downsized, contracting out many functions, and splitting up internally into more autonomous business units. The key indicators of this model include: extending the early stress on market-mindedness to more elaborate and developed quasi-markets; a move from management by hierarchy to management by contract; favoring a small strategic core with a large operational periphery; layering and downsizing; clear demarcation between public funding and independent sector provision; stress on strategic alliance between organizations; and an attempt to move away from standardized forms of service to a service system characterized by more flexibility and variety (Table 2.3).

Table 2.3: Key Indicators of Downsizing and Decentralization Model

Downsizing and Decentralization
<ul style="list-style-type: none">• shift from centralized government planning to planning driven by quasi-markets in tune with changes in mechanism for allocating resources within the public sector• move from management by hierarchy to management by contract• in favour of a small strategic core with a large operational periphery• delayering and downsizing• clear demarcation between public funding and independent sector provision• stress on strategic alliance between organizations• an attempt to move away from standardized forms of service to a service system characterized by more flexibility and variety

The Search for Excellence model (Table 2.4) represents the application to public services of the human relations school of management theory with its strong emphasis on organizational culture (Meek 1998; Jones and Hendry 1992; Christensen and Lægreid 2001). This model has two versions, the bottom-up version and the top-down version and the key indicators are as follows. For the bottom-up version: emphasis on organizational development and learning; recognition of organizational culture as a form of glue; radical decentralization with performance judged by results. For the top-down version: explicit attempts to secure culture changes; projection of a top-down vision; stress on charismatic forms of top-down leadership; an explicit communication strategy; a more assertive and strategic human resource management function.

Table 2.4: Key Indicators of Search for Excellence Model

Search for Excellence
<p><i>Bottom-up version</i></p> <ul style="list-style-type: none">• emphasis on organizational development and learning• recognition of organizational culture as a form of glue• radical decentralization with performance judged by results <p><i>Top-down version</i></p> <ul style="list-style-type: none">• explicit attempts to secure culture changes• projection of a top-down vision• stress on charismatic forms of top-down leadership• an explicit communication strategy• identification of charismatic private-sector role models for the new-style public sector• a more assertive and strategic human resource management function

The Public Service Orientation model (Table 2.5) is presently the least well developed and is still to reveal its full potential. It represents a fusion of private and public sector management ideas, seeking to re-energize public sector managers by outlining a distinct public service mission, but one compatible with accepted notions of high quality management derived from transferable good practices in the private sector (Osborne and Gaebler 1992; Ranson and Stewart 1994; Lane 2000). The key indicators of this model include: a major concern for service quality, reflective of user concerns and values in the management process; a desire to shift power away from appointed bodies to elected local bodies; stress on the development of societal learning over and above the delivery of routine services; and a continuing set of distinctive public service tasks and values.

Table 2.5: Key Indicators of Public Service Orientation Model

Public Service Orientation
<ul style="list-style-type: none">• major concern with service quality• a value-driven approach based on a mission to achieve excellence in the public sector• reflective of user concerns and values in the management process• desire to shift power away from appointed bodies to elected local bodies• stress on the development of societal learning over and above the delivery of routine services• a continuing set of distinctive public service tasks and values• stress on participation and accountability as legitimate concerns of management in the public sector

Larbi (2006) observes that the past two and half decades have seen waves of public sector management reform sweeping through developed countries, then developing countries and transitional countries follow suit. These reforms seek to redefine the role and institutional character of the state and of the public sector, making it more market-oriented and in affinity to private sector operations. Throughout the developed world, during the 1980s and '90s, many governments realized that their public sector organizations had stood still for too long. They embarked on reform programs, with names such as Reinventing Government in the US, and Modernizing Government in Britain (Efficiency Unit 2007). Since the 1980s, the Hong Kong Government has also sought to follow the international trends of public sector reform. Public sector reform came rather belatedly to Hong Kong, and was not officially launched until 1989 with the release of the Public Sector Reform document (Cheung and Lee 2001).

2.2 Public Sector Reform in Hong Kong

Hong Kong began its first public sector reform in the late 1980s when it was still under British colonial rules. The British government had started reform towards NPM in 1979, which later served as a model for Hong Kong. In 1992, a second wave of public sector reform was launched with the Efficiency Unit coming into being (Lui 2008). Since 1997, the newly established Hong Kong Special Administrative Region (HKSAR) Government has not ceased or slowed down public sector reform efforts (Chief Executive's Policy Address 1998). A third wave of public sector reform was launched with a series of new programs and policies (Lui 2008). Following international trends of public sector reform, the motivation and intention of the Hong Kong Government were somewhat different from that of other governments. Donald Tsang, Director of Administration (1989-1991) in an essay (Tsang 1991) pointed out that while many countries have embarked on public sector reform with the aim of finding a quick cure to huge deficits or an overblown public sector, the problem before the Hong Kong Government was different. The Hong Kong Government has always practiced classical minimalism (Cheung 2001). According to Lui (2008), the main objective of launching NPM reform was to achieve the “Two Es”, higher “efficiency” and “effectiveness”

In 1989, the Finance Branch of the Government Secretariat published a Report on Public Sector Reform (Report on Public Sector Reform 1998). It discussed ways of broadening the Government's financial and general management philosophy to include on-going review of baseline expenditure; proper evaluation of results; better definition of responsibilities, appropriate organization and management frameworks;

as well as promoting more management and less administration. In 1992, the Efficiency Unit was set up, reporting directly to the Chief Secretary for Administration. Its job is to develop and implement a program of public sector reform (Lee 2003). Later, the Efficiency Unit proposed four core principles of public sector reform to be applied throughout the government’s management process. The four core principles were: 1) Living within Our Means; 2) Managing for Performance; 3) Developing a Culture of Service; and 4) Being Accountable (Cheung and Lee 2001). The underpinning assumptions are described in Table 2.6.

Table 2.6: Assumptions underpinning the four core principles which drive the reform process

Four Core Principles	Underpinning Assumptions
Living within Our Means	Government must determine how best to meet the community needs within the resources available.
Managing for Performance	Government must deliver the best possible services for public money.
Developing Our Culture of Service	Government must be a responsive organization, committed to quality service.
Being Accountable	Government has an obligation to answer to the community for which it exists to serve.

(Developed from Cheung & Lee 2001)

In 1992, newly appointed Governor, Chris Patten, with a strong political background, arrived in Hong Kong. He wished for further emphasis on openness, accountability

and customer service (Cheung and Lee 2001). The reform was given broader push under the ‘Serving the Community’ program. The program includes Performance Pledges, Trading Funds, Customer Liaison Groups, Code on Access to Information, and Customer Service Improvement (Lui 2008). The details of each program are described in Table 2.7.

Table 2.7: “Serving the Community” Program

Program	Description
Performance Pledges	Each year departments publish performance pledges which set out in plain terms the standards of services which the public has a right to expect. These pledges inform individual members of the public the promised level of public service.
Trading Funds	Departments which offer more commercial service operate as Trading Funds. This accounting arrangement allows departments to retain revenue and operate with more financial autonomy in order to improve services.
Customer Liaison Groups	Customer groups were set up to represent identifiable sectors of the broader customer base. They reflect the view of customers and meet regularly with departments to discuss service improvements.
Coding on Access to information	A Code on Access to information was developed as part of the Government’s move to a more open and accountable form of government.
Customer Service Improvement	The Department of Health was selected to implement a number of new initiatives to improve its customer service. The improvement process serves as a useful role model for other departments

(Developed from Cheung & Lee 2001)

After the return of Hong Kong to China in 1997, the first Chief Executive, Tung Chee-hwa, placed emphasis on managing for results. The Government examined the need to change the management processes and proposed a Target-based Management Process (TMP) (Efficiency Unit 2005). According to Cheung and Lee (2001), the key features of TMP are 1) a focus on results – establishing a top down hierarchy, from

explicit policy objectives to the operational level; 2) direct resources to priorities – providing a structure for performance information by layering it as Policy Objectives (POs), Key Result Areas (KRA) and Initiatives; 3) clarify responsibilities and relationships – providing a new focus for relationship accountability, ensuring that debates about performance are focused on the right issues and carried out at the right level; 4) manage delivery across Government – concentrating on external delivery, rather than internal organization; and 5) build on existing process and structures – being designed to work with existing organizational, financial, and functional structures, complementing current structures within the hierarchy of POs, KRAs and Initiatives.

Public sector reform in Hong Kong operates in a context of a series of contributing factors. The Efficiency Unit's publication, *Service the Community* (Efficiency Unit 1995) observes that with Hong Kong's economic success, the community rightly demands more and better public service. The civil service needs to improve financial and performance management, and addresses the more qualitative aspect of its work. Essentially, departments are encouraged to adopt a more businesslike approach to the delivery of services such as performance management, devolution and more flexible use of their budget resources so that a higher standard of quality service is achieved.

Tsang (1991) points out that the first objective of public sector reform is to examine the structure and relationships of the Hong Kong administration with a view to improving efficiency, making the best use of the resources available, providing a better service for the community, and bringing greater job satisfaction to the civil service. The second objective is to examine Government's relationships with other

public bodies which provide many essential public services in Hong Kong.. There is growing number and range of statutory bodies operating on public funding or franchises. They are increasingly the targets of scrutiny by the Legislative Council. The community is becoming more politically conscious and active and the ambit of statutory bodies more extensive. The relationships between these bodies and the Government need to be clearly established. A system of checks and balances is required to maintain a sufficient measure of public accountability while efficient services are being provided without the hindrance of rules, regulations and precedents. According to Tsang, management reform in the public sector not only covers all government departments but also all public bodies receiving public funds. In 2000, the Government began the move towards subvention reform in the welfare sector. Currently in Hong Kong, 171 NGOs providing welfare services receive subvention funds (Social Welfare Department-Lump Sum Grant (LSG) Mode). As public organizations receiving public funds, NGOs are inevitably affected by the introduction of public sector reform. NGOs need to carry out management reforms in order to be able to adopt the changes of public sector reform. And it is to be expected that these reform would lead to changes in NGO management and leadership.

2.3 Organizational Change

Most observers recognize that technological change and globalization would speed up the pace of organizational operations and result in relative instability. Previously well-operated organizational systems would be thrown into chaos. The management quality of agility, flexibility, and adaptation would become more important (Zorn, Page, and Cheney 2000). In response, a range of techniques associated with the managerial philosophy of NPM has been introduced and it has exercised significant

influence on the contours and content of public services in a number of countries (Todnem and Macleod 2009). Change initiatives based on NPM aim at changing an organization's main objectives, structure and processes, as well as the organizational culture and people's mindset and attitudes (Diefenbach 2009). Ferlie et al. (1996) describe the NPM movement as transformational change in organization.

2.3.1 Forces Contributing to Organizational Change

The forces which operate to bring about change in organizations can be likened to the winds of change which are many and varied (Senior and Fleming 2006). Sadler (1989) suggests that organizations operate in at least three types of environments. The first consists of historical developments which bring change over time. The second type of environment is the external environment, which includes the political, economic, technological and social-cultural environment as well as factors pushing for globalization. The third environment is the organization's internal environment which includes also the organization's first-line responses to changes in the external and historical environments. Johnson and Scholes (1999) have similar ideas and they group different environmental factors into PEST categories, that is, the political, economic, socio-cultural and technological. These factors influence organizations, their strategies, structures and the means of operation.

Champy and Nohria (1996) claim that the three major drivers stirring up organizational change are: 1) technology: particularly IT, which is transforming business in dramatic ways; 2) government: rethinking its role in business, with all governments worldwide basis initiating deregulation, privatization and increasing free trade; and 3) globalization: where companies from all parts of the globe compete to

deliver the same product or service, anytime, anywhere at increasingly competitive prices. This compels organizations and companies to organize themselves in radically different ways.

Pollitt and Bouckaert (2004) identify five sets of broad forces driving change in public services. These forces include socio-economic forces (global economic forces, socio-demographic change, socio-economic policies); the political system (new management ideas, pressure from citizens, party political ideas); elite decision-making (regarding what is desirable and feasible); chance events (such as scandals and disasters); and the administrative system (content of reform package, implementation process, results achieved).

The ideas of scholars on forces contributing to organizational change are summarized in Table 2.8.

Table 2.8: Forces Contributing to Organizational Change

Sadler	Johnson & Scholes	Champy & Nohria	Pollitt & Bouckaert
Historical development	Political	Technology	Social-economic
External environment • Political • Economic • Technological • Social-culture	Economic	Government	Political system
	Social-cultural	Globalization	Elite decision-making
	Technological		Chance events
Internal environment			Administrative system

(Developed from Sadler 1989, Johnson & Scholes 1999, Champy & Nohria 1996 and Pollitt & Bouckaert 2004)

Based on the ideas of the above scholars, the forces for organizational change can be classified into two major types: external factors (political, economic, social-cultural, technological factors and globalization) and internal factors (historical development, elite decision-making and administrative system).

2.3.2 Types of Organizational Change

Lewin (1951), one of the earliest scholars to make key contributions to the study of organizational change, describes change as a three stage process. The first stage he calls "unfreezing". It involves overcoming inertia and dismantling the existing "mind set". Defense mechanisms have to be bypassed. The second stage is called "moving", when change is about to occur. This is typically a period of confusion and transition. The old ways are being challenged but there is no clear picture as to what is replacing them. The third and final stage he called "freezing". The new mindset is crystallizing and one's comfort level is returning to previous levels. This stage is often misquoted

as "refreezing".

Bamford and Forrester (2003) claim that where organizational change occurs, it is dominated by two contrasting concepts: planned change and emergent change. The planned approach to change emphasizes the importance of understanding the different states that organizations have to go through in order to move from an unsatisfactory state to an identified desired state (Elrod and Tippett 2002). The planned approach advocates the discarding of old behavior, structures, processes and culture before successfully adopting new approaches. This approach is captured by Lewin (1951) in his three stage process of change. The planned change is a top-down approach. In contrast, the emergent change notion is essentially a bottom-up approach on the grounds that the pace of change is so rapid that it is impossible for senior management teams to identify, plan and implement the necessary organizational responses effectively (Kanter, Stein, and Jick 1992). A key feature of the emergent understanding is that change should be seen not as a series of linear events unfolding over a set time period, but rather as an open-ended, ongoing process of adaptation to changing circumstances and conditions. Therefore, change becomes an unpredictable process developing through the interplay of relationships between a multitude of variables within an organization.

Goodstein and Burke (2008) make a broad distinction between fundamental, large-scale change in the organization described in terms of transformation, refocus or reorientation, and the smaller scale exercises such as fine-tuning, fixing problems, making adjustments, and modifying procedures. Leban and Stone (2008) point out that change tends to be viewed from two perspectives: the first is the scope of the

change; the second is how change occurs in relation to how and when external events occur. The first perspective considers whether the change targets subsystems or the entire organization. Changes that focus on individual components with the purpose of maintaining fit between the components are labeled as incremental change. Changes that affect the entire organization, including strategy, are labeled strategic change. Incremental changes maintain the current context of the current mix of organizational strategies and elements. They do not seek to address fundamental shifts in the focus of the business, of changes of structure, culture, or similar issues. Strategic changes, however, do break that frame. They always create something fundamentally new through system-wide changes. The second perspective of change pertains to how change is positioned in relation to external events. Changes that are in response to events that have already occurred are known as reactive changes. Other changes that are initiated in anticipation of future events are known as anticipatory changes. Through the intersection of the two perspectives of change (scope of change versus timing of change), Leban and Stone (2008) propose four types of organization change (Figure 2.1). The four types are tuning, adaptation, reorientation and recreation. Tuning focuses on enhancing efficiency to meet anticipated changes, not in response to past problems. Adaption is response to past events but it may not require fundamental changes throughout the organization, only changes in certain parts of it. Reorientation involves fundamental realignment of the organization but is made in anticipation of future trends. Recreation is brought about by external changes that threaten the well being of the organization and these external changes necessitate a drastic departure from past ways of doing things.

Figure 2.1: Types of Organizational Change proposed by Leban and Stone (2008, p53)

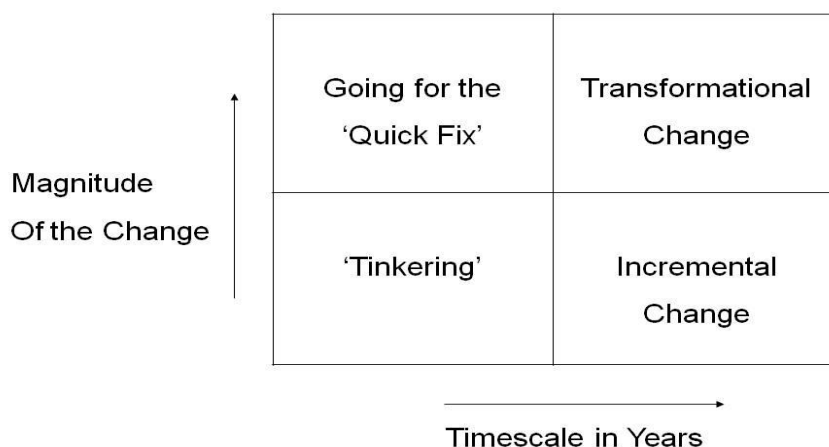
	Incremental	Strategic
Anticipator	Tuning	Reorientation
Reactive	Adaptation	Recreation

Dunphy and Stace (1993) discuss four classifications of organizational change, fine tuning, incremental adjustment, modular transformation and corporate transformation. Fine-tuning involves a process of matching the organization’s strategy, processes, people and structure and normally takes place at the departmental or divisional level. Fine-tuning is designed to develop personnel suited to the organization’s present strategy and to refine its policies, methods and procedures. Incremental Adjustment involves distinct modifications to management processes and organizational strategies without incurring radical change. Modular Transformation is characterized by major shifts in one or several departments or divisions and can constitute radical change. It focuses on instigating change in part of the organization. Corporate Transformation occurs at the organization-wide level and is characterized by radical alterations to the business strategy which include altered power and status, reorganization, reformed organizational core values and mission, and revision of interaction patterns.

Philip Sadler (1995) points out that when one examines case histories of organization

change it is evident that there are important differences in the magnitude of the change which takes place as well as differences in the time-scale over which the change is spread. Taking the two variables, magnitude of the change and time-scale involved, four types of organizational change (Figure 2.2) are identified which include incremental change, transformational change, quick fix and tinkering. Incremental Change consists of an ongoing process of moderate but linked steps none of which is particularly significant in itself, but which taken together result in sufficient adaptation to changed business conditions or modifications to strategy to enable the organization to remain effective. Transformational Change is extremely traumatic. It is seen as necessary either in response to a severe crisis in the organization's affairs or a fundamental change in purpose or strategy. Quick Fix may appear when long-established and deeply entrenched patterns of organizational behavior that prevail cannot be uprooted and displaced by short-term panaceas. Tinkering describes the process of making occasional, unrelated, and relatively minor organization changes in the hope or belief that they will lead to improved performance.

Figure 2.2: Four Types of Organization Change proposed by Sadler (1995, p56)



The ideas of Leban and Stone, Dunphy and Stace, and Sadler on types of organizational change are compared in Table 2.9.

Table 2.9: Comparison of Types of Organizational Change proposed by Leban & Stone, Dunphy & Stace and Sadler

Leban & Stone	Dunphy & Stace	Sadler
Tuning	Fine-tuning	Tinkering
Adaptation	Incremental	Incremental Change
Reorientation	Modular Transformation	Quick Fix
Recreation	Corporate Transformation	Transformational Change

(Developed from Leban & Stone 2008, Dunphy & Stace 1993, Sadler 1995)

Graetz (2000) states that against a backdrop of increasing globalization, deregulation, the rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends, few would dispute that the primary task for management today is leadership for organizational change. One of the key success factors in any change initiative is ensuring you have effective leadership at all levels (Leban and Stone 2008). Over the last two decades, research about transformational and charismatic leadership has explored the relationship between leadership characteristics or behaviors and organizational change (Bass 1999; Yukl 1999, 2006). There is growing evidence that change agents' leadership characteristics and behaviors influence the success or failure of organizational change initiatives (Berson & Avolio

2004; Howell & Higgins 1990). Managers' likelihood to emphasize the different activities involved in planned organizational change implementation varies with their mix of leadership competencies (Battilana et al. 2010).

2.4 Leadership

Jackson and Parry (2008) suggest that it is sensible to start a discussion on leadership with a discussion about leaders. Leadership research has been dominated by an interest in leaders. They also point out that leadership research has looked at who the leader is (leader identity), and what the leader does (leader behavior). Early research, such as the trait theory, tended to be concerned with the qualities that distinguish leaders from followers. Later, the trait theory was discredited and scholars shifted attention to the examination of leadership behavior. The behavioral theory of leadership has also gone out of favor. Throughout the 1980s and 1990s, transformational leadership has dominated the literature. After 2000, authentic leadership as post-transformational leadership understanding has become the prominent theory in leadership discussion.

Heifetz (1995) points out that having authority does not necessarily make one a leader and warns against the equating of leadership with authority. Astin and Astin (1996) claim that a leader is not necessarily a person who holds some formal position of leadership or who is perceived as a leader by others. They also point out that the process of leadership cannot be described simply in terms of the behavior of an individual: rather, leadership involves collaborative relationships.

In order to have a clear understanding of leadership, it is necessary to go into its various definitions and to make distinctions between leadership and management. In the following discussion, different leadership theories and approaches that have evolved over the decades are reviewed. And leadership styles and the nature of nonprofit leadership are also addressed.

2.4.1 Definition of Leadership

Bass (1990) claims that there are almost as many different definitions of leadership as there are persons who have attempted to define the concept. Throughout recent decades, theorists have continued to review the differing definitions of leadership. They include Morris and Seeman (1950), Bass (1960), Stogdill (1975), Bryman (1986), Bass (1990) Jackson & Parry (2008). Although there are many different definitions of leadership, there are some commonalities. When considering the definitions listed below, it can be established that leader, follower and circumstances are interrelated. Each declares what leadership is:

“the behavior of an individual...directing the activities of a group toward a shared goal” (Hemphill and Coons 1957);

“the process of influencing the activities of an organized group in its efforts toward goal setting and goal achievement” (Stogdill 1974);

“the influential increment over and above mechanical compliance with the routine directives of the organization” (Katz and Kahn 1978);

“Leadership is exercised when persons...mobilize...institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers” (Burns 1978);

Leadership is *“a process of giving purpose to collective effort, and causing willing effort to be expended to achieve purpose”* (Jacobs and Jaques 1990);

Leadership is *“an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes”* (Rost 1993, , p.102);

“Leadership is the ability to move or influence others toward achieving individual or group goals (Ricketts 1997, , p. 3);

“Leadership is a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task“ (Chemers 1997, , p.1);

“Leadership is a process whereby an individual influences a group of individuals to achieve a common goal” (Northouse 2007) and

“Leadership is the influencing process of leaders and followers to achieve organizational objectives through change. (Lussier and Achua 2007, , p. 6).

These definitions of leadership identify leaders, followers and situations as integral features of leadership. Over the decades, the link between leaders, followers and situations has been retained. In all of these definitions, there is an implication that people are being followed, working towards a new and shared common goal. The definitions of leadership provided above indicate that among the writers on the subject there is agreement that three important components of leadership are the relationship among leaders, followers and situations, a process of change and the pursuit and achievement of goals (Table 2.10).

Table 2.10: Components of Leadership

Leadership		
Components	Explanation	Sources
Relationship among leaders, followers and situations	Leaders, followers and situations are not separated or independent in the leadership process. Leaders are taking the lead and directing their followers in a specific situation. During the process, the situation has a direct impact on the leader-follower relationship.	Hemphill & Coons 1957, Rost 1993, Chemers 1997
Process of changes	In this process, leaders are the change agent. Because of changing situations, leaders cannot simply maintain the operation as status quo. They need to be aware of all the changes, communicate the value of the change and lead their followers to adopt the changing situations. In the changing process, leaders consolidate gains and produce more change. Without changes, there is no need for leadership	Stogdill 1974, Katz & Kahn 1978, Kotter 1996 Lussier & Achua 2007
Goals achievement	Leaders lead their followers to make changes and to meet a higher standard of performance. While leaders may set the goals in the first instance, it is important for the leader/follower relationship that the goals be agreed to by both parties. Otherwise the goals will not be effectively achieved. They develop the vision and strategy, anchor new approaches to achieve short-term and long-term goals.	Stogdill 1974, Jacobs & Jaques 1990, Kotter 1996 Northouse 2007 Lussier & Achua 2007

2.4.2 Roles and Function of Leadership

Hitt (1988), Kotter (1996) and Anderson (1997) have similar ideas on the roles and

functions of leadership. They put emphasis on the leadership roles in the transformational process. Hitt (1988) suggests that there are eight basic roles and functions of leadership: creating the vision, developing the team, clarifying the values, developing a reasonable plan, empowering, communicating, coaching, and measuring. Kotter (1990) also points out that in order to achieve transformational success, organizations need to make use of new strategies, reengineering, quality programs and re-structuring. In pursuing this transformational success Kotter claims that a high quality leadership is necessary. This leadership will be demonstrated by developing a vision, creating and guiding the coalition, communicating the change value, developing strategy, empowering broad-based action, anchoring new approaches in the culture, establishing a sense of urgency, generating short-term wins, and consolidating gains and producing more change. Anderson (1997) points out that classical theories outlined by Stogdill (1974) describe the primary functions of a leader as planning, organizing, and controlling. He suggests a model of transforming leadership where the functions of transforming leadership are necessary for greater impact to be made on the development of individuals and the organizations. These functions are creating vision and purpose; facilitating peer, subordinate, and team development; specifying philosophy and values; doing strategy and versatile thinking and planning; motivating people in action; seeking and communicating consensus between teams; creating culture; facilitating the development of the organization; protecting individuals and organization from destructive forces; and creating insight.

In comparing the roles and functions of leadership developed by Hitt, Kotter and Anderson, there are some obvious commonalities. (Table 2.11) They all agree that leadership roles include creating the vision; developing and facilitating team work;

communicating values; developing the strategy and plan; empowering and motivating people in action; communicating consensus; and creating culture. Moreover, Hitt's ideas on leadership roles also include coaching and measuring. Kotter expects leadership roles will include establishing a sense of urgency, generating wins, and producing more change. Anderson includes facilitating the development of organization, protecting the individual and organization, and creating insight.

Table 2.11: Roles and Functions of Leadership

Hitt	Kotter	Anderson
Creating the vision	Developing a vision	Creating vision and purpose
Developing the team	Creating the guide coalition	Facilitation peer, subordinate, and team development
Clarifying the values	Communicating the change value	Specifying philosophy and values
Developing a reasonable plan	Developing strategy	Doing strategy and versatile thinking and planning
Empowering	Empowering broad-based action	Motivating people in action
Communicating	Anchoring new approaches in the culture	Seeking and communicating consensus between teams
Coaching	Establishing a sense of urgency	Creating culture
Measuring	Generating short-term wins	Facilitating the development of the organization
	Consolidating gains and producing more change	Protecting individuals & organization from destructive forces
		Creating insight

(Developed from Hitt 1988, Kotter 1996 & Anderson 1997)

The body of leadership literature reviewed in this chapter provides common features in identifying the leadership role. Table 2.12 draws on the leadership literature

reviewed in this chapter and groups the significant leadership roles to five.

Table 2.12: Leadership Roles

Problem-solving Roles	Resolve internal conflicts Adapt to environmental crises Mobilize team effort in problem solving
Maintenance Roles	Perform symbolic duties Maintain communication internally and externally Protect and concern individual and organization Build trust relationship Promote sense of achievement Balance between change and stability
Construction Roles	Empower followers to take responsibility Facilitate team development Achieve consensus within organization Encourage innovation Build up social networks Generate new resources
Direction Roles	Direct and motivate followers Create insight to followers Initiate improvement projects Set priority Do strategic planning
Visionary Roles	Create vision and purpose Communicate the vision with followers

(Developed from Hitt 1988, Kotter 1996 & Anderson 1997)

2.4.3 Leadership and Management

To understand leadership, it is important to distinguish between the difference between leadership and management. Kotter (1996) claims that management is about coping with complexity. Leadership, by contrast, is about coping with change. These different functions shape the characteristic activities of management and leadership. Management is about seeking order and stability; leadership is about seeking adaptive and constructive change. Kotter (1990; 1996) identifies three important sub-processes that differentiate leadership from management. Leaders in complex work organization

must establish direction, align people with that vision, and motivate and inspire them to make change happen despite the barriers. In Table 2.13, Kotter’s leadership activities are aligned with the management activities which support and compliment the leadership activities.

Table 2.13: Management and Leadership Comparison

Activities	Management	Leadership
Creating an agenda	Plans and budgets: Establishes detailed steps and timetables for achieving set results and allocates the necessary resources.	Establishes direction: Develops a vision of the future and strategies for achieving that vision.
Developing a network for achieving the agenda	Organizes and staff: Establishes structure for achieving the plans, assigns staff, delegates, develops policies to guide subordinates, and designs control systems.	Aligns people: Communicates direction and duties to all whose cooperation is needed so as to create teams and coalitions that understand the vision and strategies and accept their validity.
Executing the agenda	Controls and solves problems: Monitors results against plans, identifies deviations, and then organizes to close any gaps.	Motivates and inspires: By satisfying basic human needs, energizes people to overcome barriers to change.
Achieving outcomes	Produces a degree of predictability order. Has the potential to produce key results expected by stakeholders.	Produces change, often to dramatic degree. Has the potential to produce extremely useful change.

(Developed from Kotter 1996)

Locke (1991) and his associates draw another important distinction between leadership and management. The key function of the leader is to create a vision for the organization. The leader specifies the far-reaching goal as well as the strategy for goal attainment. In contrast, the key function of the manager is to implement the vision. The manager and his or her team thus choose the means to achieve the end that the

leader formulates. It seems that leader and manager are two separate functions. Zaleznik (1977) explores the distinction between managers and leaders. Zaleznik finds that managers operate from a culture that emphasizes rationality and control but leaders work in opposite directions. Leaders adopt personal and active attitudes towards their goals. They work to develop compromises among conflicting values. They motivate people by creating exciting images around their ideas.

Based on the range of concepts presented by these theorists, the difference between the management role and the leadership role is summarized in Table 2.14.

Table 2.14: Differences between Management and Leadership Roles

Management Role	Leadership Role
Implement vision	Create vision
Cope with complexity	Cope with change
Seek order and stability	Seek adaptive and constructive change
Work through others to get things done	Mobilize others to struggle for shared aspirations

(Developed from Locke 1991 and Zaleznik 1977)

Among the writers referred to, there is disagreement as to whether or not leadership and management are different concepts with a considerable amount of overlap. Kotter (1996) holds the opinion that they are different, with management traditionally focusing on the activities of planning, organizing, staffing, and controlling, whereas

leadership emphasizes the general influence process. Some researchers argue that managers and leaders are different types of people. Zaleznik (1977), for example, describes leaders as inspiring visionaries concerned about substance while managers he views as planners who are concerned with process. However, there is overlap between leadership and management. Kotter (2003) regards leadership and management as complementary roles. Anderson (1997) claims that without leadership as the foundation of management, management cannot function effectively because it would be undermined by a lack of humanity, clarity, focus, adaptability, and creativity. On the other hand, without management, leadership might never follow through enough to get the results needed for long-term success. In this study, leadership and management are not considered as two totally separated functions. Nor are they considered as two separate roles. The position that this researcher takes throughout the study is consistent with that proposed by Graetz (2000) who claims that the primary task for management today is the leadership of organizational change.

2.4.4 Leadership Style

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. In an early study, Kurt Lewin (1939) led a group of researchers to identify different styles of leadership. This early study established three major leadership styles. The three major styles of leadership are: authoritarian or autocratic; participative or democratic; and delegative or free reign. Authoritarian leaders provide clear expectations for what needs to be done, when it should be done, and how it should be done. There is also a clear division between the leader and the followers. Authoritarian leaders make decisions independently with little or no input from the rest of the group. This suggests that authoritarian leadership is best applied to

situations where there is little time for group decision-making or where the leader is the most knowledgeable member of the group. Participative leaders offer guidance to group members, but they also participate in the group and allow input from other group members. Participative leaders encourage group members to participate, but retain the final say over the decision-making process. Group members feel engaged in the process and are more motivated and creative. The third type of leader, the delegative leader, offers little or no guidance to group members and leaves the decision-making to group members. While this style can be effective in situations where group members are highly qualified in an area of expertise, it often leads to poorly defined roles and lack of motivation.

Goleman (2000) suggests that there are six basic leadership styles. Each derives from different emotional intelligence competencies, works best in particular situations, and affects the organizational climate in different ways. The six leadership styles are coercive style, authoritative style, affiliative style, democratic style, pacesetter style, and coaching style. The coercive style, 'Do what I say' approach, can be very effective in a turnaround situation, a natural disaster, or when working with problem employees. However, in most situations, coercive leadership inhibits the organization's flexibility and dampens employees' motivation. The authoritative style, 'Come with me' approach, states the overall goal but gives people the freedom to choose their own means of achieving it. This style works especially well when a business is adrift. It is less effective when the leader is working with a team of experts who are more experienced than he is. The affiliative style, 'People come first' approach, is particularly useful for building team harmony or fostering morale. But its exclusive focus on praise can allow poor performance to go uncorrected. Also,

affiliative leaders rarely offer advice, which often leaves employees in a quandary. The democratic style, giving workers a voice in decision-making, builds organizational flexibility and responsibility and helps generate fresh ideas. But sometimes the price is endless meetings and confused employees who feel leaderless. The pacesetter style sets high performance standards and has a very positive impact on employees who are self-motivated and highly competent. Other employees tend to feel overwhelmed by such a leader's demands for excellence. The coaching style focuses more on personal development than on immediate work related tasks. It works well when employees are already aware of their weaknesses and want to improve, but not when they are resistant to changing their ways.

Recently, Van Wart (2008) points out that different theories on leadership provide for somewhat different answers on leadership style. Many use similar concepts but give them different names. Some use the same name for different concepts. Van Wart (2008) identifies nine styles of leadership which are distinct enough to be separate categories and are relatively comprehensive of all leader functions. His nine leadership styles are laissez-faire style, directive style, supportive style, participative style, delegative style, achievement-oriented style, inspirational style, external style, and combined style. The laissez-faire Style occurs when the leader exhibits passivity or indifference about tasks and subordinates or purposely neglects areas of responsibility. It is typified by low leader control, low leader goals and performance expectations, and little or no motivational stimulation for followers. The Directive Style lets subordinates know what they are expected to do, gives directions and guidance, asks subordinates to follow rules and procedures, and schedules and coordinates work activities. A directive style assumes high leader control, a

formalistic notion of motivation based on the legitimacy of command, reward and punishments, and an internal focus. The Supportive Style is demonstrated by showing consideration toward followers, displaying concern for their needs, and creating a friendly work environment. It focuses exclusively on a people-oriented approach. The Participative Style consults with subordinates and takes their opinions into account, provides suggestions and advice rather than direction, and establishes a friendly and creative work environment for the team as a whole. The participative style assumes only moderate control, appreciation of competence and involvement as motivators, and an internal focus. Delegative Style allows subordinates relative freedom for decision making and from daily monitoring and short-term reviews. The major role of the leader is the designation of responsibility and allocation of authority. The Achievement-oriented Style sets challenging task goals, seeks task improvements, emphasizes excellence in follower performance, and shows confidence that followers will perform well. The Inspirational Style uses intellectual stimulation to produce new ideas or to gain follower acceptance for new approaches, and arouse contagious enthusiasm for the achievement of group goals. It relies heavily on acceptance of the leader's wisdom and integrity by followers. The External Style focuses attention on organizational matters and the environment/context. The leader does not really suggest much about control of followers, goal levels, or motivational factors used to stimulate followers. The Combined Style is the use of two or more styles simultaneously in a single fused style. The leadership approach and behavior varies according to the styles that are fused.

Van Wart (2008) suggests that the styles of leadership are differently exhibited in different fields. Business leaders will tend to focus on market-driven needs and profits.

Their leadership style is tended towards a task-oriented approach. However, nonprofit leaders focus on unmet needs and charity in the context of the public good. Their preferred leadership style is a people-oriented approach.

In Table 2.15, the leadership styles articulated by different scholars are summarized.

Table 2.15: The Leadership Styles introduced by Lewin, Goleman and Van Wart

Lewin	Goleman	Van Wart
Authoritarian/Autocratic	Authoritative style	Directive style
Participative/Democratic	Democratic style	Participative style
Delegative/Free reign	Affiliative style	Delegative style
	Coaching style	Laissez-faire style
	Pacesetting style	Supportive style
	Coercive style	Achievement-oriented style
		Inspirational style
		External style
		Combined style

(Developed from Lewin 1939, Goleman 2001, and Van Wart 2008)

2.4.5 Nonprofit Leadership

Gelatt (1992) points out that every nonprofit institution is facing, or has at some time in its organizational development confronted, the following ten problems: 1) Many nonprofit organizations go from crisis to crisis, emergency to emergency. 2) There is a

need to look at the 'Big Picture'. 3) The community does not understand what the organization is about. 4) More money is needed. 5) The financial records are a mess. 6) It is difficult to get and keep good staff. 7) There is poor communication among the members of the organization. 8) The board is involved where it should not be and not where it ought to be. 9) It is harder than ever to get good volunteers. 10) Even good staff members are being burnt out. Alimo-Metcalfe and Alban-Metcalfe (2004) also point out that organizations across the public sector are facing enormous challenges in providing services of the highest standards to their service users with strictly limited resources. The resources needed to cope with the increased demands have been far less readily available. They believe that under such circumstances, the public sector needs effective leadership to make good use of resources and to motivate the staff to the highest level of performance.

Hesselbein (2002) points out that the greatest challenge of this 'nonprofit century' is to provide the leadership, the competence, and the management that will determine the quality and the performance of twenty-first century society. Hesselbein also claims that there have been countless changes in the world as a whole and in the leadership models of nonprofit organizations. This is the first great challenge: to develop today leaders for the future, leaders of change.

James MacGregor Burns (1978) introduces the theory of transformational leadership which is then developed further in the research of other scholars (Bass 1985, 1998; Avolio and Yammarino 2002). A transformational leader is a leader who not only inspires followers and encourages commitment to a vision but is also a person who develops and transforms followers so that they reach their highest potential and who

takes on the responsibilities of leading the organization toward its mission. Bass (1985) proposes that the notion of “mission-driven” leadership is at the heart of transformational leadership. It is this focus on the central mission or purpose of the organization that makes the theory of transformational leadership a particularly appropriate one for nonprofit organizations.

Bass and Avolio (1994) point out that transformational leaders stimulate their followers to view their work from new perspectives; generate awareness of the mission or vision of the team and organization; develop in their followers higher levels of ability and potential; and motivate followers to look beyond their own interests and toward those that will benefit the group. Transformational leaders motivate others to do more than they originally intended. They set high and challenging expectations and achieve higher performances while nurturing and developing those that work with them. Bass (1985) also proposes that transformational leaders are leaders who develop positive, rich, emotional relationships with followers and build commitment to a common purpose and contribute to each individual development as person. Bass also claims that transformational leaders lead groups and organizations to attain performance levels that often far exceed expected standards.

Sohmen (2002) promotes a service model that is ideally suited to leadership in the nonprofit sector. He points out that the rapid changes in the global environment have affected the leadership process. The service model of leadership is visionary, developmental, and service-oriented. He proposes ten essential factors of nonprofit leadership. The essential factors are: a leader is at the center of an organization; the

style of the leader is visionary, charismatic, service-oriented, and nurturing; a leader respects people of all cultures and skills; a leader stimulates others and is a constant learner; a leader plays a pivotal role in operationalizing the nonprofit strategy; a leader is a skilled communicator, negotiator, and conflict manager; a leader mentors followers and encourages them to interact with each other; a leader initiates and nurtures profound connectivity with followers and stakeholders; a leader inspires trust and respect among followers; and a leader selflessly converts followers into leaders.

Alimo-Metcalfe and Alban-Metcalfe (2004) describe a transformational leader in the context of UK public service. They claim that he or she should have some of the following characteristics: showing genuine concern; empowering; being accessible; encouraging change; being transparent; acting with integrity; being decisive; inspiring others; capable of resolving complex problems; networking and achieving; focusing on team effort; building shared vision; supporting a developmental culture; and facilitating change with sensitivity. The two pairs of writers above share certain common ideas on leadership in the nonprofit sector. They believe that nonprofit leadership is visionary, strategic, people-oriented and encouraging of changes.

Carlson and Donohoe (2003) claim that the first person who realizes the need for change in an organization should be the Executive Director (ED). The job of ED is to manage change by first understanding the inherent tensions involved among those affected by any change taking place. This is done by explaining to them the importance of changing organizational culture and doing things in a different way. Carlson and Donohoe hold the view that the ED is totally responsible for making change happen in a NGO and is expected to know when change is needed and to

provide leadership.

According to John Carver (1997), a nonprofit executive director should ensure a reasonable interpretation of the organizational results, beneficiary, and cost of those results. According to Carver's elaboration, the executive director is empowered to make all decisions, create all policies, and authorize all engagements that, upon board request, he or she can demonstrate to be consistent with a reasonable interpretation of the board's goals and executive limitations.

Dobbs (2002) claims that good leaders of nonprofit sector do three things. They inspire. They perspire. And they retire. First, they inspire and lead by the force of their mission, their ideas, and their personality. These leaders are people with superb sensitivity to what other people think, feel, and want. Inspiration is a product developed by finding common ground and pressing the right buttons. Second, good leaders perspire. They lead by the example of their high energy and productivity. Nonprofit leadership requires an enormous investment of time, talent, energies and persistence to get the job done. Third, good leaders retire. They lead by mentoring others to follow; then they stand down when their day is done. Leaders should be watchful for the cues that indicate it's time for a leadership change.

2.4.6 Theories of Leadership

A numbers of scholars have set out to review theories of leadership (eg Stogdill 1948; Mann 1959; Hersey and Blanchard 1969; Burns 1978; Bass 1985; Daft 2005; Northouse 2007). One could expect disagreement among such a range of different reviewers. However it is clear that there are some things on which they agree. All the

reviews find that there is a wide variety of different theoretical approaches to explaining the leadership process. In studying the work of these reviewers, it is also clear that the emphasis on leadership theories evolves from decade to decade. In 1940s and 1950s, leadership studies focused on the leader's traits (Mann 1959; Stogdill 1948). However, the traits theory was criticized as it focuses exclusively on leaders without identifying other factors. In 1960s, many researchers began to focus their study of leadership on the behavior of the leaders and the behavioral theory became dominant (Lewin, Lippitt, and White 1939). Later, the behavioral theory was critically reviewed as not being able to associate behavior with performance outcomes. Starting from the 1970s, efforts to understand leadership were placed on situational and contingency theories (Hersey 1985; Fiedler 1964) which focused on leadership in situation. But the situational and contingency theories were seen to be lacking in strong research support. Following these theories, transforming leadership (Burns 1978) was emphasized. The transformational theory focus found in recent research studies leadership as more of an interactional approach, or exchange between the leader and follower. In the 2000s, authentic leadership (George 2003) is named and has since evolved. This leadership theory places emphasis on the integrity and commitment of leaders.

Early theories were heavily focused on personal attributes, personality, and traits of the leaders. However, more recent research has recognized the complexity of the leadership phenomenon and focused more on a systems view of leadership and the different effects of leader behavior on followers and the organizational systems in which they interacted. For the purposes of this study, leadership theories are clustered into six broad categories: Great-Man Theory, Trait Theory, Behavioral Theory,

Situational Theory, Contingency Theory, Transformational Theory and Authentic Leadership. The following paragraphs discuss these categories of leadership theories in an evolutionary format.

Great-Man Theory

The Great-Man theory is first among the documented leadership research theories. The 19th-century philosopher Thomas Carlyle (1841) famously argues that "the history of the world is but the biography of great men." The Great-Man theories propose that personal characteristics of great leaders determine the course of history (Denmark 1993). These theories hold that an individual is endowed with certain qualities and attributes that enable them to do great things to shape society and other individuals. Early researchers developed the Great-Man theories because their research focused on individuals who rose to leadership roles because of their larger than life attributes and qualities. These leaders were individuals who were considered the heroes of their time. They were the Caesars and Napoleons of the world. Many of the great-man researchers theorize that these individuals are born with certain qualities, or are endowed with them because of their positions in life which enable them to do great things and lead others in any circumstance (Bass 1981). According to the great-man theories, inheriting and/or possessing certain characteristics ensure a leader's success, regardless of the situation or other individuals.

Trait Theory

One of the earliest theories in leadership study is the trait theory. During the 1940s and 1950s, trait theory research began to use aptitude and psychological test to examine a broad range of personal attributes (Daft 1999). The trait theory is the

assumption that some people are natural leaders with certain traits not possessed by other people. It means that leaders are born with leadership traits. Mann (1959) suggests that personality traits could be used to discriminate leaders from non-leaders on the basis that if the people in managerial positions have leadership traits, the work will be better. The assumption is that selecting the right people based on desired personality traits will increase organizational effectiveness (Northouse 2007). The trait theory focuses exclusively on the leader, and not on the followers or the situations.

In an attempt to define effective leadership, traits studies attempt to identify the qualities of great persons. Stogdill (1948) identifies a group of important leadership traits which include intelligence, alertness, insight, responsibility, initiative, persistence, self-confidence, and sociability. Mann (1959) also claims that leaders are strong in intelligence, masculinity, adjustment, dominance, extroversion, and conservatism. A century of research on the trait theory has given us a long list of leadership traits. Northouse (2007) tries to identify certain central traits from those lists. He suggests that the major leadership traits include intelligence, self-confidence, determination, integrity and sociability. Intelligence is described as having strong verbal ability, perceptual ability, and reasoning. Self-confidence is viewed as an ability to be certain about one's competencies and skills. Determination is the desire to get the job done and taking the initiative, being proactive and demonstrating drive. Integrity is assessed as the quality of honesty and trustworthiness, being strong in principles and being responsible. Sociability is seeking out pleasant social relationships, friendly, outgoing, courteous, tactful, and diplomatic.

Leadership is exercised among leaders and followers, and takes place in given situations. But the traits theory focuses exclusively on leaders, and not on followers or situations. Stogdill (1948) argues that several traits identified in effective leaders have often much to do with situations. People who possess certain traits that make them leaders in one situation may not be an effective leader in another situation. Stogdill points out that it is difficult to isolate a set of traits without identifying the situational factor. Although a large number of personal traits are used to distinguish leaders from non-leaders, traits themselves are not a guarantee of effective leadership (Yukl 2010). Furthermore, the findings from an enormous number of trait studies are also ambiguous and uncertain (Zaccaro 2007).

Behavioral Theory

Behavioral theory began in the early 1950s after many researchers became discouraged with the trait theory (Yukl 2002). Behavioral theory emphasizes the behavior of the leader. It assumes that anyone who adopts the appropriate behavior can be a good leader. Behavior can be learned. It also suggests that leaders engage in two types of behavior: task behavior and relationship behavior. Task behaviors facilitate goal achievement. Relationship behaviors promote working relationship among leaders and followers. Behavioral theory studies show how leaders combine these two types of behavior to influence others.

Some of the first studies on leadership behaviors were conducted at Ohio State University in the late 1940s. Researchers there began to analyze how individuals act when they are leaders. A questionnaire called the Leader Behavior Description Questionnaire (LBDQ; Hemphill and Coons 1957) was developed. People who held

subordinate roles were asked to identify their leaders' behaviors. The results show that certain clusters of behaviors are typical of leaders. Later, Stogdill (1963) proposed a shortened version of LBDQ called LBDQ-XII which was widely used to assess leadership behavior. Researchers found that subordinates' responses on the questionnaire clustered around two general types of leader behaviors – taking initiatives in doing things and in personal relations (Stogdill 1974). The first, initiating structure, is described as task behavior such as organizing work, defining role responsibilities, and scheduling work activities. The second, or consideration behaviors, is described as relationship behaviors such as building respect, trust, and liking between leaders and followers. The two types of behaviors are distinct and independent. Different degrees of the two types of behaviors will determine four types of leadership. A leader could be high in initiating structure and low or high in consideration. Similarly, a leader can be low in initiating structure and low or high in consideration. Determining how a leader optimally mixes task and relationship behaviors is the central task of behavior studies.

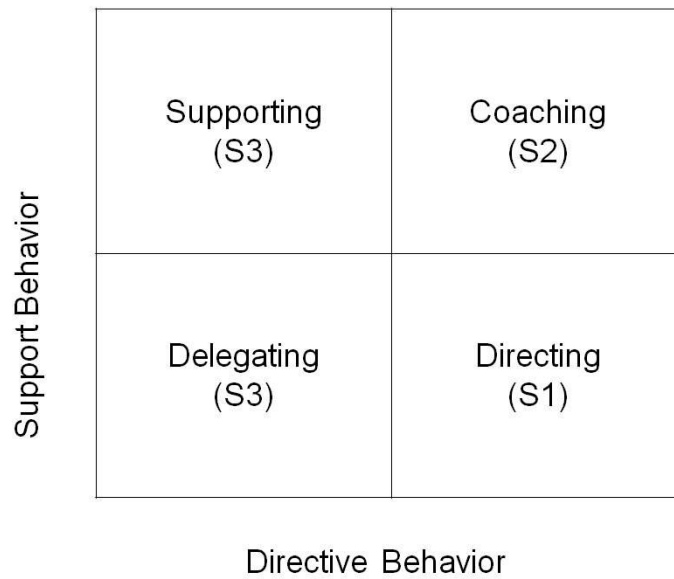
The behavioral theory broadens the scope of leadership studies to include the behaviors of leaders and what they do in various situations (Northouse 2007). It provides us with a broad conceptual framework to understand the complexities of leadership. However, the behavioral theory has not adequately shown how leaders' behaviors are associated with performance outcomes (Yukl 2002). Researchers have not been able to establish a consistent link between task and relationship behaviors and outcomes such as job satisfaction and productivity. Moreover, the behavioral theory has failed to find a universal style of leadership that could be effective in every situation. Yukl (2002) points out that extensive research efforts have been

contradictory and inconclusive.

Situational Theory

The situational theory focuses on leadership in situation. The basic idea of this theory is that different situations demand different kinds of leadership (Hersey 1985). From this perspective, an effective leader has to fulfill the demands of different situations. The situational theory emphasizes that leadership is composed of a directive and a supportive dimension. Directive behaviors refer to giving directions, establishing goals and methods of evaluation, setting time lines, and defining roles. Directive is one-way communication. Supportive behaviors refer to listening, encouraging, facilitating, clarifying, and giving socio-emotional support. Supportive behavior involves two-way communication. Situational leadership suggests that the degree of directive or supportive behavior should change to meet the changing needs of subordinates. The situational leader needs to match his or her style to the competence and commitment of the subordinates. Proponents of situational leadership claim that effective leaders are those who can recognize what followers need and then adapt their leadership style to meet those needs.

Figure 2.3: The Situational Leadership Model



The first situational leadership model is developed by Hersey and Blanchard (1969). The situational leadership model classifies leadership into four styles (Figure 2.3): S1 is high directive and low supportive (directing), S2 is high directive and high supportive (coaching), S3 is low directive and high supportive (supporting), and S4 is low directive and low supportive (delegating). Later, K. Blanchard, P. Zigarmi and D. Zigarmi (1985) refined a new model called the Situational Leadership II (SLII). SLII describes how each of the four leadership styles applies to subordinates who work at different level of development, from D1 (low competence and high commitment) to D2 (moderately competence and low commitment) to D3 (moderately competence and lacking commitment) to D4 (high competence and high commitment). Effective leadership occurs when the leader can accurately diagnose the development level of subordinate and then exhibit the prescribed leadership style to match the situation.

Situational leadership is often applied to leadership trainship within organizations. However, there are few research studies to justify the assumptions and propositions of

the theory. As a result of the lack of strong research support, the theoretical basis of the situational theory is always open to being questioned (Fernandez and Vecchio 1997).

Contingency Theory

The contingency theory evolves out of situational leadership and focuses on the situation in which leadership occurs. The basic idea is that leadership behavior that is seen to be effective in some circumstances may be ineffective under different conditions. Thus, the effectiveness of leadership behavior is contingent upon the organizational situation. An effective leader should demonstrate a good fit between the leadership behavior and the conditions in the situation. Situational variables such as task, structure, and environment are important to leadership style. In short, the contingency theory is concerned with leadership style and situations. It provides the framework for matching the leader with the situation (Northouse 2007). The LPC model developed by Fiedler (1964, 1967) relies on contingency theory and the path-goal theory is situated within the contingency theory. The situational theory assumes that different situations call for different characteristics of leadership and the contingency theory calls upon leadership styles to be a better fit of the situation.

LPC Contingency Model

Fiedler (1964, 1967) is the introducer of the contingency model. Within the framework of the contingency model, leadership styles are described as task motivated and relationship motivated. Being task motivated means a concern with reaching a goal. Being relationship motivated means a concern with developing close interpersonal relations. Fiedler has also developed a trait measure called the “least

preferred coworker (LPC) score”. Leaders who score high on this scale are described as relationship motivated, and those who score low on the scale are identified as task motivated. The contingency model suggests that situations can be characterized by three factors: leader-member relations, task structure, and position power. In general, contingency theory suggests that low LPC are effective in extreme situations and high LPC are effective in moderate situations.

The contingency theory focuses not only on leadership styles but also on the situation the leader finds himself or herself.. This has broadened our understanding of leadership. It emphasizes the link between the leader and situations. However, the contingency theory cannot explain fully why individuals with certain leadership styles are more effective in some situations than in others. Fiedler (1993) agrees that it is a “Black Box”. In addition, there are some criticisms about the validity of the LPC scale.

Path-goal Theory

The path-goal theory of leadership explains how the behavior of a leader influences the satisfaction and performance of subordinates. It is a contingency theory. It studies leadership effectiveness which depends on the fit between the leaders’ behavior and the characteristics of followers and the task. The leader is responsible for helping followers to reach their goals through exercising different leadership styles such as directing, guiding, and coaching.

House and Mitchell (1974) describe four leadership behaviors as supportive, directive, participative and achievement oriented. Supportive Leadership is described as giving

consideration to the needs of subordinates; Directive Leadership is letting subordinates know what they are expected to do; Participative Leadership involves consulting with subordinates; and Achievement-Oriented Leadership is viewed as setting challenging goals and showing confidence that subordinates can attain high standards. The path-goal theory suggests that leaders can help subordinates along the path to their goals by selecting appropriate leadership styles that are best suited to subordinates' needs and to the situations. Directive leadership is described as effective with ambiguous tasks. Supportive leadership is effective for repetitive tasks. Participative leadership is effective when tasks are unclear. And achievement-oriented leadership is effective for challenging tasks.

The path-goal theory attempts to predict which leadership style can effectively motivate the satisfaction and performance of subordinates. However, the theory does not show in a clear way how leader behaviors directly affect subordinate motivation levels. The claims of the theory are not supported fully by existing research findings. It has received only partial support from research studies (House and Mitchell 1974).

Transformational Theory

A theory of leadership that has been the focus of much research since the early 1980s is the transformational theory (Northouse 2007). The essence of transformational leadership is the leader who inspires commitment to a vision, transforms followers to reach their highest potential and takes on the responsibilities of leading the organization toward its mission. Transformational leaders lead groups and organizations to attain performance levels that often far exceed expected standards (Bass 1985). This notion of "mission-driven" leadership is at the heart of

transformational leadership. Transformational leadership is a quality which changes the values of an organization, reflecting a more humane standard of fairness and justice. In the process, there is the potential for both the leaders and followers to emerge with a stronger and higher set of moral values (Northouse 2007).

The theory of transformational leadership is based on James MacGregor Burns's conception of the transforming leader (1978). Later, Bass (1985, 1998) and Avolio and Yammarino (2002) further develop the concept. Bass's conceptualization of transformational leadership (1998) sets out four factors: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Idealized influence involves leaders serving as idealized role models for followers. They demonstrate high standards of moral and ethical conduct. Inspirational motivation involves leaders arousing followers' enthusiasm and sense of team spirit. Transformational leaders articulate a shared vision and inspire followers to strive toward challenging goals. Intellectual stimulation involves leaders encouraging followers to be innovators and creative problem solvers. This stimulation occurs through a process of empowering and intellectually challenging followers to take initiatives. Individualized consideration reflects the leader's ability to focus on each individual follower's particular needs and goals by acting as a coach or mentor to develop each follower's potential. Transformational leadership can be assessed through use of the Multifactor Leadership Questionnaire (MLQ) which measures a leader's behavior in different areas.

Transformational leadership is often contrasted with "transactional leadership", which is the more "traditional" notion of leading via some sort of social exchange between

leaders and followers. Burns (1978) distinguishes between these two types of leadership. In transactional leadership, leaders offer fulfillment of certain follower needs (pay, chance for promotion, developmental opportunities) in exchange for the follower's loyalty, dedication and hard work. However, transformational leadership builds around the notion that leaders and followers are held together by some high-level, shared goal or mission, rather than by some transaction of personal gain.

Transformational theory provides a broader view of leadership models that includes not only the exchange of rewards but also the leaders' attention to the needs and growth of followers (Avolio 1999). But criticisms have emerged that the transformational leadership theory lacks conceptual clarity. It is difficult to define exactly the parameters of transformational leadership. In addition, criticism abound of the measurement reliability of transformational leadership. Tepper and Percy (1994) argue that the validity of the MLQ has not been fully established.

Authentic Leadership

Authentic leadership was first articulated by Bill George in 2003. At the time, several big corporations were collapsing due to corruption and the avarice of their leaders. George (2003) advocates the need for authentic leaders, people of the highest integrity and committed to building enduring organizations. We need leaders who have a deep sense of purpose and are true to their core values. George states that authentic leaders are not born that way. They use their natural abilities. They lead with purpose, meaning, and values. They build enduring relationship with people. They are consistent and self-disciplined. They refuse to compromise their principles. Authentic leaders are dedicated to developing themselves because they know that becoming a

leader takes a lifetime of personal growth. George (2003) further elaborates that authentic leaders demonstrate five qualities: understanding their purpose, practicing solid values, leading with heart, establishing connected relationships, and demonstrating self-discipline (Table 2.16).

Table 2.16: George’s (2003) Five Qualities of Authentic Leadership

Qualities	Definition
Understanding their purpose	<ul style="list-style-type: none"> • have a purpose of their own • understand their own purpose, passions and motivations • seek to work in an organization that offers a fit between the organization’s purpose and their own
Practicing solid values	<ul style="list-style-type: none"> • their values and character shaped by personal beliefs, developed through study, introspection and consultation with others • have deep sense of what the right thing to do is • complete integrity in their interactions
Leading with heart	<ul style="list-style-type: none"> • engage the hearts of their employees through a sense of purpose • share themselves with employees • have the ability to ignite the souls of their employees to achieve greatness far beyond what anyone imagines possible
Establishing connected relationships	<ul style="list-style-type: none"> • develop close and enduring relationship with employees • establish trusting relationships with people throughout the organization as well as in their personal lives
Demonstrating self-discipline	<ul style="list-style-type: none"> • demonstrate their values through their actions • know that success in competition requires a consistently high level of self-discipline • gain the respect of followers

(Developed from George 2003)

Avolio et al. (2004) define authentic leaders as those individuals who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspectives, knowledge, and strength; and aware of the context in which they operate; and who are confident, hopeful, optimistic,

resilient, and high on moral character. Authentic leaders are role models for their followers because followers perceive their behavior as authentic and transparent. In this way, authentic leaders develop authentic followers (Gardner et al. 2005).

Authentic leaders lead with purpose, meaning, and values. They build enduring relationships with people. They are consistent and self-disciplined. They know that becoming a leader takes a lifetime of personal growth. Authentic leadership shares certain similar concepts with transformational leadership. With the quality of individualized consideration, transformational leaders are concerned about the developing their followers into leaders and helping them become more competent (Jackson and Parry 2008). Authentic leadership possesses the values of transformation, charisma, servant hold, spirituality, and other features of positive leadership. However, authentic leaders are not necessarily transformational or charismatic in themselves. They influence follower awareness from a values/moral perspective and energize followers by creating meaning and constructing a positive reality for themselves and followers (Avolio and Gardner 2005). George 2003 has identified 'establishing connected relationships' as one of the qualities of authentic leadership. Uhl-Bien (2006) examines relational leadership and expands on it in later writing. As a quality of authentic leadership, 'connected relationship' has particular significance for this study.

Relational Leadership Theory

Uhl-Bien (2006) points out that relational leadership is a new concept in leadership literature. This form of leadership has been primarily investigated through two different perspectives: the entity perspective and relational process perspective. The

entity perspective focuses on the individual's traits and internal processes and examines how he or she engages with others. It views leadership as an influence relationship in which individuals align with one another to accomplish mutual (and organizational) goals. The relational process perspective focuses on the social interactions themselves and how this establishes a network of leaders and followers. It views leadership as a process by which social order is constructed and changed (Hosking and Morley 1988).

Uhl-Bien (2006) argues that these two different perspectives should not be seen in separation but that they can be encompassed within a greater structure. She proposes an overarching framework: Relational Leadership Theory. She defines relational leadership as a social influence process through which emergent coordination (i.e., evolving social order) and change (i.e., new values, attitudes, approaches, behaviors, ideologies, etc.) are constructed and produced (Uhl-Bien 2006).

Relational Leadership Theory is the study of relationships (interpersonal relationships as outcomes of or as contexts for interactions) and relational dynamics (social interactions, social constructions) in leadership. Relational Leadership Theory is a method to explore relational dynamics. It sees relationships as an outcome and relational dynamics as a process of structuring and change (Uhl-Bien 2006).

Relationship building is not entirely new to leadership literature. For a leader to have followers, there has to be some sort of relationship. Behavioral leadership theory (Yukl 2002) highlights the importance of relationship building. When discussing the contingency model of leadership, Fiedler (1964, 1967) draws on aspects of

relationship building and how the leadership role is defined. Uhl-Bien (2006) goes beyond these areas of thinking and introduces a greater framework, Relational Leadership Theory embeds relational perspectives into a more socially dynamic, less hierarchical and collective approach.

2.5 Related Literature that informs the discussion

Charmaz (1990) suggests that incorporating relevant literature later in the research process is a strategy which yields new ways of data analysis. To do this effectively, some areas of literature review will have to be delayed, not overlooked. In this case, three areas of additional literature are introduced here. These concepts and theories facilitate discussion of the findings.

2.5.1 Theory of Complex Adaptive System

Stacey (2010) defines a complex adaptive system as consisting of a very large number of interacting entities known as agents. Each individual agent behaves according to a set of rules. These rules require each individual agent to interact with and adapt to each other. Bennet and Bennet (2004) point out that the word adaptive implies that the organization and its subcomponents are capable of studying and analyzing the environment and making internal adjustments to the environment in a manner that allows the organization to fulfill local and higher-level goals.

Stacey (2007) states that based on the principle of self-organization, agents interact locally according to their own principle, in the absence of an overall blueprint for the system they form. In such interaction, no individual agent directly determines the

rules of interaction with others or the patterns of behavior for the whole system. A central concept in agent-based models of complex systems is that self-organizing interaction produces an emergent population-wide pattern. Self-organization and emergence can lead to fundamental structural development. This is autonomy arising from the intrinsic interactive nonlinear nature of the system. The resultant orderly behavior emerges from simple rules (Stacey 2007) and can become widespread. Stacey (2010) points out that the agent-based approach is of particular interest to social scientists because human groups, organizations and societies may also be thought of as agents interacting with each other.

Given the complex adaptive system perspective, the role of leadership is to influence the process of dynamic interaction (Stacey 2010). Stacey claims that an effective leader is someone trying to articulate what is emerging across populations of organizational members and across the populations of wider societies. The major function of a leader would be to widen and deepen communication between members of a group through exercising skills of conversation that keep open the possibility of new meaning. The primary activity of an effective leader in a complex and adaptive context is to constantly evoke and provoke further exploration by members of a group.

Complexity leadership encourages all members to be leaders and take ownership of their leadership so as to evoke greater responses from everyone. The complexity leadership theory provides an unambiguous pathway to drive responsibility downward, triggering self-organization and innovation (Stacey and Griffin 2006).

Stacey (2010) describes how complexity leadership creates new managerial strategies, such as lowering levels of tension in order to create adaptive change. Agents respond to pressures from leaders and struggle with conflicting needs. These tensions generate system-wide emergent learning. Complexity theory calls for much greater attention to be paid to relationships within organizations.

Pascale , Millemann and Gioja (2000) claim that organizations are living organisms and as such they are complex adaptive systems. Communicating the urgency of the adaptive challenge, establishing a broad understanding of the circumstances which create the problem, clarifying why traditional solutions will not work and flexible and adaptive leaders who come forward with solutions constitute the foundations of adaptive leadership. Adaptive leadership is the practice of mobilizing people to tackle tough challenges and thrive (Heifetz, Grashow, and Linsky 2009).

Surie and Hazy (2006) claim that generative leaders promote clear and effective communication in order to reduce and absorb complexity. They help to evolve a language all can understand and they ensure goals are specified and interactions aligned to system goals. Generative leaders are open to collaboration; they adopt modular organizational systems and foster problem solving and innovation. They evolve and enforce rules that govern the system's dynamic by fostering and sustaining generative relationships through structuring situations and managing interactions. Effective leadership creates a system which brings together appropriate individuals and knowledge and allows them to interact with minimal friction. The focus must be on the process, because outcomes are uncertain and leadership affects the simple, local rules governing agent interaction. Generative leaders promote information

flow and feedback and they distribute problem solving efforts more widely.

Based on the ideas of the above-mentioned scholars, the functions of complexity leadership are summarized in Table 2.17.

Table 2.17: Functions of Complexity Leadership

To establish an understanding of the circumstances creating the problem
To clarify why traditional solutions will not work
To affect the simple, local rules governing agent interaction
To promote effective communication in order to reduce and absorb complexity
To achieve the goals by communicating the urgency of the adaptive challenge
To mobilize people to tackle tough challenges and thrive
To encourage all members to be leaders and to drive responsibility downward
To ensure goals are specified and are aligned to system goals
To pay attention to relationships
To focus on the process because outcomes are uncertain

(Developed from Stacey 2010, Stacey & Griffin 2006, Pascale et al. 2000, Heifetz, Grashow & Linsky 2009, and Surie & Hazy 2006)

2.5.2 Participative Leadership Approach

Yukl (2010) describes how participative leadership involves the use of various decision-making procedures that allow other people some influence over the leader's decisions. The decision procedures include consultation, joint decision making,

power sharing, decentralization, empowerment, and democratic management.

Northouse (2007) refers to participative leadership as being exercised by leaders who invite subordinates to share in decision making. A participative leader consults with subordinates, obtains their ideas and opinion, and integrates their suggestions into the decisions regarding how the group and the organization will proceed.

Brookes and Grint (2010) point out that public sector organizations have the capability and the capacity to deliver social goals. As public leaders, senior managers need to engage in understanding, creating and demonstrating public values. Brookes and Grint (2010) believe that when faced with complex problems, the public sector requires a collective response. Public leadership should reflect a collective leadership style in which the responsibility for leadership is distributed throughout each member within the organization and shared across other organizations or institutions. When there is mutual benefit to each member and where the whole is considered to be greater than its parts, collaborative advantage can be achieved. Enacting leadership in this way means embracing, empowering, involving and mobilizing others.

Coleman (2009) elaborates on how subordinate participation in decision making is rooted in the human-relations approach and the values of democracy, power equality and social interaction. Other forms of organizational power-sharing include participation in goal-setting, policy-making, problem-solving and change; in delegation of authority; worker autonomy; structural decentralization; information-sharing; and sharing rewards, profits, and other valued outcomes.

Coleman (2009) points out that if subordinates can contribute to group goals and strategies, their own needs for self-esteem and achievement are met, leading to higher levels of job satisfaction and organizational commitment. Moreover, because knowledge and expertise are widely distributed throughout the work groups and organizations, increased worker participation leads to higher quality decisions and better group performance resulting in greater employee satisfaction.

Yukl (2010) observes that most theorists would acknowledge the following four decision procedures (Table 2.18).

Table 2.18: Different Decision Procedures

Decision Procedures	Definition
Autocratic Decisions	The manager makes a decision alone without asking for the opinions or suggestions of other people. There is no participation.
Consultation	The manager asks other people for their opinion and ideas, and then makes the decision alone after considering the suggestions.
Joint Decision	The manager meets with other to discuss the decision problem and a decision is made together.
Delegation	The manager gives an individual or team the authority and responsibility of decision making.

(Developed from Yukl 2010)

These four decision procedures can be ranged along a continuum of low participation by other people to high participation. Participation is a dynamic quality and may change over time. Consultation may become joint decision when leader and followers achieve a major consensus.

2.5.3 Leadership Effectiveness Framework

Flamholtz (1990) introduces the Leadership Effectiveness framework which emphasizes the behavior of leaders in the tasks they perform, in the style they use, and in a given situation. He defines leadership as the process whereby an individual influences the behavior of people in a way that increases the probability that they will achieve organizational goals. Flamholtz and Randle (2007) describe two key factors that determine leadership effectiveness. They are the choice of appropriate leadership style for a particular situation and the performance of certain key tasks of leadership.

Flamholtz and Randle (2007) point out that no single leadership style is effective in all situations, but rather the situation determines the style that will most likely be effective. The leadership effectiveness framework operates within a contingency theory which suggests that a leader's effectiveness depends on how well the leader's style fits the context of the situation (Northouse 2007). Flamholtz and Randle (2007) have articulated six basic styles of leadership: autocratic, benevolent autocratic, consultative, participative, consensus and laissez-faire. They fall into a continuum. The basis of the continuum is the amount of freedom that the leader allows for others in decision making. These six styles divide into three style categories: directive, interactive, and nondirective.

There are several factors that determine the appropriateness of a leadership style to a situation. These factors come from the work that needs to be done, the people who will be doing the work, and the organizational environment. However, the two most influential factors are the work to be done and the people doing the work (Flamholtz and Randle 2007). Research has shown that when the degree of task programmability is low and the potential for job autonomy is high, a nondirective

style of leadership is most effective (Table 2.19). When the task programmability is high and the potential for job autonomy is low, then a directive style of leadership is most effective. Under other situations when both the task programmability and the potential for job autonomy are high or both are low, the interactive style is most effective.

Table 2.19: Factors Affecting Optimal Leadership Style

Task Programmability	Potential for Job Autonomy	
	Low	High
High	Directive	Interactive
Low	Interactive	Nondirective

(Adopted from Flamholtz and Randle 2007, pp 282)

Flamholtz and Randle (2007) discuss further the two ways in which these leadership styles can be applied. They are strategic leadership and operational leadership. They define strategic leadership as the process of influencing members of an organization in planning for long-range development. It is oriented towards the entire organization's development and its ability to function in the environment. There are three key tasks of strategic leadership: establishment of a strategic vision, organizational development, and management of organization culture. Operational leadership, in contrast, is defined as the process of influencing members of an organization to achieve established long and short-term goals on a day-to-day basis. To be effective as operational leaders, five key tasks are involved: goal emphasis,

interaction facilitation, work facilitation, supportive behavior, and personnel development. Table 2.20 describes the key tasks of strategic leadership and operational leadership.

Table 2.20: Key Tasks of Strategic Leadership and Operational Leadership

Leadership Types	Leadership Tasks	Leadership Behaviors
Strategic Leadership	Strategic vision	To formulate and to effectively communicate a strategic vision
	Organizational development	To make the ongoing development of the organization a way of life
	Management of corporate culture	To create a statement of the organization's culture and to establish culture management as a priority objective in the organization's strategic plan
Operational Leadership	Goal emphasis	To set goals, to ensure the effective communication of goals, and to monitor performance against goals.
	Interaction facilitation	To help people work together effectively and cooperatively
	Work facilitation	To provide or help personnel obtain what they need to achieve their goals
	Supportive behavior	To provide both positive and negative feedback on a regular basis
	Personnel development	To motivate people to be concerned about their future development and to identify their specific needs for development

(Developed from Flamholtz and Randle 2007)

According to the Leadership Effectiveness framework proposed by Flamholtz and Randle (2007), the two major factors that determine leadership effectiveness are: the choice of leadership style and the performance of leadership task. Hersey, Blanchard, and Johnson (2008) hold that there is no single all-purpose leader behavior style that is effective in all situations and the type of leader behavior needed depends on the

situation. The effectiveness of leaders depends on how appropriate their leadership style is to the situation in which they operate. George, McLean and Craig (2008) also point out that leadership style is a dynamic relationship between the way one exercises power and the context in which one leads. They claim that when leaders understand their leadership style, they can optimize their leadership effectiveness. Therefore, leadership effectiveness depends on the performance of the leadership tasks in a style that is appropriate to the situation.

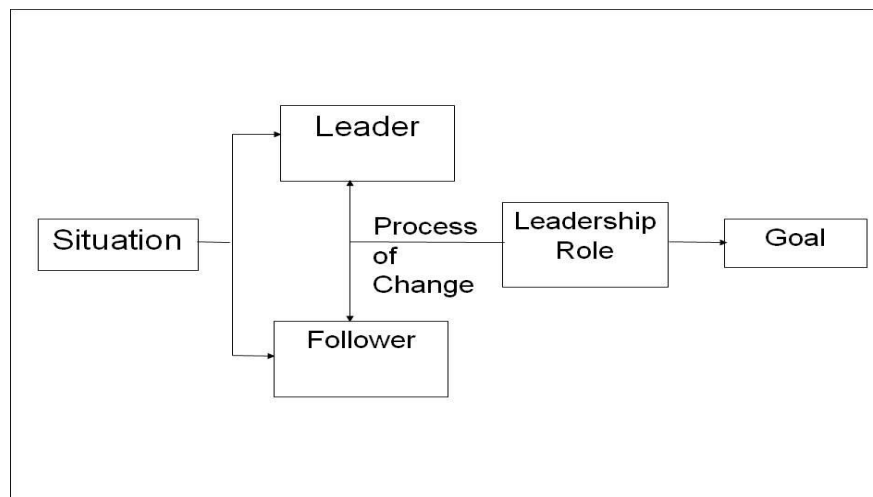
2.6 Conceptual Framework

The conceptual framework for this research study is shaped largely by literature and the researcher's preliminary observations of the phenomenon being studied. The preliminary study provides an opportunity to examine the conceptual framework from the perspective of participants who are affected by the subvention reforms, finally developing a basis for the conceptual framework of the main study.

After the literature review and preliminary study, the researcher takes reference from literature (Jacobs and Jaques 1990; Rost 1993; Northouse 2007; Stogdill 1974) towards a conceptual framework for an exploration of leadership roles in the process of change (Figure 2.4). The conceptual framework shows that leaders, followers and situations are inter-related in the leadership process. Leaders are taking the lead and directing their followers in a specific situation. During the process, the situation has a direct impact on the leader-follower relationship (Hemphill & Coons 1957; Rost 1993; Chemers 1997). In the process of change, leaders are the change agents. They need to be aware of all the changes, communicate the value of the changes and lead their

followers to adopt the changing situations (Stogdill 1974; Katz & Kahn 1978; Kotter 1996; Lussier & Achua 2007). To achieve success, leaders lead their followers to meet a higher standard of performance. They set the common goals and develop the vision and strategy with their followers in order to achieve short-term and long-term goals (Stogdill 1974; Jacobs & Jaques 1990; Kotter 1996; Northouse 2007; Lussier & Achua 2007).

Figure 2.4: Leadership Role in Process of Change



(Developed from Jacobs & Jaques 1990; Rost 1993; Northouse 2007; Stogdill 1974)

The literature on public sector reform and organizational change provide some framework to realize the changing situations of NGOs. Larbi (2006) and Hughes (1994) claim that reforms in public organizations seek to redefine the role and institutional character of the public sector, making it more market-oriented and in affinity with private sector operations. Diefenbach (2009) states that change initiatives based on NPM aim at changing an organization's main objectives, structure and processes, as well as the organizational culture and people's mindset and attitudes.

These concepts guided the researcher to collect data related to difficulties and challenges of NGO managers. Furthermore, the theories and concepts of leadership allow the researcher to define and conceptualize the leadership roles of NGO managers. Hitt (1988), Kotter (1996) and Anderson (1997) provide some definitions of leadership roles which include creating the vision; developing and facilitating team work; communicating values; developing the strategy and plan; empowering and motivating people in action; communicating consensus; and creating culture. These concepts also support the discussion of findings.

With reference to the literature, the researcher realizes that NGOs are affected by the introduction of public sector reform. NGOs need to carry out management reforms in order to be able to adopt the changes of public sector reform. And it is to be expected that these reform would lead to changes in NGO leadership. The management and leadership quality of agility, flexibility, and adaptation would become more important (Zorn, Page, and Cheney 2000).

2.7 Conclusion

This literature review provides the theoretical framework for the researcher to make decisions on the design and execution of the research (Whitely 2002). The concepts of public sector reform and the theories of organizational change inform the researcher of ongoing changes impacting on the context of the study. The concepts and theories of leadership provide support to the task of data analysis. The research methodology requires ongoing study of relevant literature so that findings can be further informed by hitherto unidentified areas of literature which later are found to be relevant.

Chapter 3: Research Methodology

3.0 Introduction

This Chapter consists of two major sections. The first section provides a discussion on grounded research approach, its philosophical foundations and key concepts. The key concepts include ideas such as theoretical sampling, coding, constant comparative method, theoretical saturation and theoretical sensitivity. They provide us with an understanding for our research methodology. The issue of rigour in qualitative research is also discussed. The second section outlines how grounded research approach is applied in this study. First the research design is introduced, then the application is explored. The discussion on application includes an illustration of the research process and how qualitative interviews are planned. The chapter concludes with a discussion on how rigour is demonstrated in this research. The process of data collection, the ongoing refinement of the interview questions and data analysis are discussed in Chapter 4.

3.1 Grounded Theory Methodology

When a researcher starts his/her research study, he/she needs to consider whether the research approach is more appropriately quantitative or qualitative research. Quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques (Given 2008). The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to phenomena. The process of measurement is

central to quantitative research. The researchers see their role as collecting facts and then studying the relationship of one set of facts to another. An underlying assumption is that issues are already known and therefore can be measured. On the other hand, qualitative research approach is concerned to understand human's perceptions of the world. It assumes that reality is subjective and multiple, as seen by participants in a study. It is a method of inquiry employed in many different academic disciplines, traditionally in the social sciences, but also in market research and further contexts (Denzin & Lincoln 2005). Qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern such behavior. The qualitative method investigates the *why* and *how* of decision making, not just *what*, *where*, *when*. Hence, smaller but focused samples are more often needed than large samples. In the positivist research a 'testing' construct forms the basis, checking length, comprehension and semantics within the questionnaire. In the qualitative research a 'coaching' construct forms the basis so that the researcher can more comfortably fit in to the natural setting (Whiteley 2012).

In this study, qualitative research approach is adopted. Patton (2002) describes qualitative method as facilitating the study of issues in depth and in detail. The choice favouring research methodology depends on the purposes and circumstances of the research (Hammersley 1999). This research attempts to examine NGO managers' experiences in the context of a specific phenomenon. The specific phenomenon is the changing situation for NGO managers in Hong Kong because of social welfare subvention reform. Silverman (2000) holds that if we wish to explore life histories, qualitative methods would be appropriate. Munhall (1998) observes that qualitative

research calls for an inductive approach which lends itself to reaching out and finding out what is going on and, finally, leading to theory development. Qualitative research consists of a set of interpretive, material practices that makes the world visible (Denzin and Lincoln 2011).

This research study explores the emerging leadership roles of NGO managers with subvention reform in Hong Kong. The objective is theory generation rather than theory testing. The grounded theory approach is a particularly relevant methodology with which to achieve this objective (Parry 1998), and it can finally tell the world what it is that we do (Stern 2009).

The nature of grounded theory is posture of emergence and the building theory grounded in respondents' 'theory'. It provides a systematic procedure which includes key research activities. The grounded theory allows theoretical sampling so that sample respondents are chosen purposively. It allows an iterative research design so that modifications can be made. It requires theoretical sensitivity such that date-directed literature can be included in the final theory building. It adopts a systematic content analysis procedure which satisfies the requirements of the audit trail of activities and research decisions made.

Grounded Theory is a collaborative effort of two sociologists, Barney Glaser and Anselm Strauss (1967). Theirs is a methodology which encompasses systemic data collection, leading to a multivariate conceptual theory that captures a fuller explanation of the reality (Glaser 1999). They hold that to generate a theory starting from data, the hypotheses and the concepts have to be based on the data

systematically extrapolated during the process of research (Glaser and Strauss 1967). The emergent theory is a substantive theory grounded in the reality of the social world.

Creswell (2005) defines grounded theory as the study of a number of individuals where all members experience an action, interaction or process. The grounded theory approach allows the observer to stand in the middle of the study, equipped with relevant background, current experience, knowledge, and the ability to look forward and describe the research being undertaken. Grounded theory is a research paradigm that incorporates a rigorous, systematic approach to qualitative research procedures (Charmaz 2006).

3.2 Philosophical Foundations of Grounded Theory

Grounded theory is a qualitative research methodology for developing theory that is grounded in data systematically gathered and analyzed. The mission of grounded theory is the careful and systematic study of the relationship of the individual's experience to society and to history (Goulding 1998). Charmaz (2006) adds that grounded theory gives priority to the studied phenomenon or process rather than to a description of a setting. Grounded theory origins are rooted in symbolic interactionism (Goulding 2002; Corbin 2009), with its emphasis on structure and process. Symbolic interactionism holds that individuals are engaged in a world which requires reflective interaction as opposed to environmental response. They are purposeful in their actions and will act and react to environmental cues, objects and others, according to the meaning these hold for them. These meanings are modified,

suspended or regrouped in the light of changing situations (Schwandt 1994).

Goulding (2002) holds the view that Grounded Theory is theory grounded in data and is not logico-deductive. Systematically obtaining data through in-depth interviews and gathering and analyzing data through an interpretative approach enable the experiences of those immersed in the phenomenon being studied to be interpreted and understood (Denzin and Lincoln 1994b). Using an interpretive approach, realities are individually constructed and the researcher is active and implicated in the process. The researcher is expected to interpret actions, transcend enriched descriptions and develop a theory (Goulding 2002).

Denzin and Lincoln (1994b) point out that human beings are guided by highly abstract principles. These principles combine beliefs about ontology (What kind of being is the human being? What is the nature of reality?), epistemology (What is the relationship between the inquirer and the known?), and methodology (How do we know the world, or gain knowledge of it?). The qualitative researcher is bound within a net of epistemological and ontological premises. Guba (1990) terms the net of the researcher's epistemological, ontological, and methodological premises as a paradigm. As researcher for this study, my epistemological premise is constructivist in nature and the task is one of interpretation. Denzin and Lincoln (1994b) further elaborate on the constructivist paradigm as assuming a relativist ontology (there are multiple realities), a subjectivist epistemology (knower and subject create the understandings), and a naturalistic (in the natural world) set of methodological procedures.

Constructivism means that human beings do not find or explore knowledge so much

as construct or make it. Concepts, models, and schemas are developed to make sense of experience and continually tested and modified in light of new experience (Schwandt 1994). Constructivism can be defined as the meaning-making activity of the individual mind. There is no meaning without the mind (Humphrey 1993) and meaning is not discovered, it is created (Schwandt 1994). Under a constructivist premise, there is no scope for deduction and data are not collected to fit any pre-specified form but are open to explanations. The researcher works with particulars first rather than generalizations (Creswell 1998), collects different forms and layers of data at different stages of the study, and focuses on data that enrich the accounts. Within the constructivist paradigm, it is possible for individual researchers to come up with different worlds from the same data (Levi-Strauss 1966).

Grounded theory was originally developed as a methodology for sociologists. However the methodology has been widely adopted within the disciplines of psychology, anthropology, nursing, social work, education and more recently management, making it one of the most commonly used qualitative research methods (Bryant and Charmaz 2007).

3.3 Grounded Research Approach

Charmaz (2006) sees the Grounded Theory method as a systematic, inductive, and comparative approach for conducting inquiry for the purpose of theory constructing. The central idea of pure Grounded Theory is to discover the meaning of a social phenomenon without preconceptions. In the business context, people differ in degrees of knowledge and experience, in management as well as in leadership. Therefore pure

grounded theory methodology is not appropriate for the business context. This research study has adopted the grounded research approach. Whiteley (2000) presents the idea of the grounded research approach as more appropriate in the business context when the pure grounded theory conditions cannot be met. She points out that if the principle and procedures of grounded theory can only be met partially, then a judgment has to be made. In this study, the researcher uses the principles and process of grounded theory in his approach to the data. The researcher is part of the research process and brings his own experiences to the task of interpreting what other people say.

A grounded research approach studies a phenomenon such as the leadership process inductively, leading to the formulation of a theory. The subject is explored, developed, and provisionally authenticated through systematic data collection and analysis. Data collection, analysis, and theory stand in reciprocal relationship with each other (Strauss and Corbin 1990). The key characteristics of the grounded research approach include theoretical sensitivity, theoretical sampling, theoretical saturation and constant comparative methodology.

3.3.1 Theoretical Sampling

Strauss and Corbin (1990) define theoretical sampling as sampling on the basis of concepts that have proven theoretical relevance to the evolving theory. They further point out that the purpose of theoretical sampling is to go to places, people or events that will maximize opportunities to discover variations among concepts and densify categories in terms of their properties and dimensions (Strauss and Corbin 2008). Morse (2009) describes how samples are selected according to the descriptive needs

of the emerging concepts and theory. Excellent data are obtained through careful sampling.

The grounded research approach aims at identifying, developing, and relating concepts. Oriented by an emerging theory, the researcher determines what data should be collected for the exploration and elaboration of the ideas. The aim of theoretical sampling is to sample events and incidents that are indicative of categories, their properties and dimensions, so they can be developed and conceptually related. Sampling in grounded research approach is theoretically informed (Dey 1999).

Sampling is directed by the logic and aim of coding procedures and is closely related to the sensitivity that a researcher has developed (Strauss and Corbin 2008). Holton (2007) points out that theoretical sampling is the process whereby the researcher decides what data to collect next and where to find them in order to continue to develop the theory as it emerges. The grounded research approach used in this study makes use of three coding procedures: open coding, axial coding, and selective coding.

At the time of open coding, data gathering activities aim to keep the collection process open to all possibilities. Sampling, therefore, is open to persons, places, and situations that will provide the greatest opportunity for discovery. During open sampling, selection of interviewees is relatively open. Open coding soon leads to axial coding. Axial coding examines how categories relate to their subcategories and seeks to further develop categories in terms of their properties and dimensions. At this stage, the researcher samples incidents and events so as to identify significant variations. In selective coding, sampling is highly selective. Selective coding aims to integrate the

categories along the dimensional level to form a theory and validate the statements of relationship among concepts. Sampling becomes very deliberate at this point (Strauss and Corbin 2008). The focus of sampling changes according to the type of coding. Sampling tends to become more purposeful and focused as the research progresses. Sampling continues until all categories are saturated. This means that no new or significant data have emerged and categories can be considered well developed (Strauss and Corbin 2008).

3.3.2 Coding

Coding is the core process in grounded theory methodology (Charmaz 2006). Goulding (2002) describes coding as the building blocks of theory. The coding process facilitates the conceptual abstraction of data and its reintegration as theory building takes place (Glaser and Holton 2007). Data analysis is reliant on coding strategies. The coding strategy is a process of breaking down interviews, observations and other forms of appropriate data into distinct units of meaning towards concepts generation. The concepts are grouped into categories. Then the interrelationships of categories are reviewed. The systematic and analytic procedures for analysis provide a framework which begins with 'open' then proceeds through to 'axial' and on to 'selective' coding (Dey 2004). Eventually, a core category evolves that drives an emergent theory.

There are several different ways of coding a unit of a given text. One way is line-by-line analysis. This is called 'invivo' coding and a 'unit of text' is an utterance by a respondent. This form of coding involves close examination of data, phrase by phrase, even word by word. Doing line-by-line coding is especially important in the

beginning of a study because it reduces the chances of missing out on important issues. Another approach to determining the unit of text is to analyze a whole sentence or paragraph. This can be done at any time but is especially useful when the researcher already has come up with certain categories and wants to code specifically in relation to them. A third way is to peruse the entire document. The researcher makes comparison between this document to the previous ones that the researcher has already coded. Armed with more insight on similarities and differences, the researcher might want to return to the previous document and code more specifically. This is useful when approaching saturation.

Researchers have a number of alternatives in the coding stages of Strauss and Corbin (1990) (opening coding, axial coding, selective coding) or the coding stages of Glaser (1992a) (open coding, selective coding, theoretical coding), or Charmaz (2006) (open coding, focused coding, axial coding, theoretical coding). In this research, the coding approach and strategy rely on the ideas of Strauss & Corbin (1990).

Open Coding

Once coding approach and strategy are established, the respondents' words are open coded for potential entry into research categories. Open coding is an analytic process through which concepts are identified and their properties and dimensions discovered (Strauss and Corbin 2008). Goulding (2002) describes open coding as the process of breaking down the data into distinct units of meaning. Beginning with line-by-line open coding and comparing incidents in the data, the researcher codes the data in every way possible and for as many categories befitting successive, different incidents. New categories emerge and new incidents slot into existing categories. There are steps

in open coding to help researchers reach theory building. The steps include conceptualizing, categorizing and developing categories in terms of their properties and dimensions.

The first step in theory building is conceptualizing (Strauss and Corbin 2008). Conceptualizing is the process of grouping similar events, objects, or actions under a common heading or classification. The researcher first identifies events, objects, or actions from data and then groups them under a common heading or classifies them. When similar events and objects share common characteristics or possess related meaning, they can be grouped. In exploring the pieces of text, the researcher is able to conceptualize their meaning and explore what they have in common. By making comparisons among the pieces of text that form the group, the researcher can then group concepts into a more abstract higher order, which are then categorized. Grouping concepts into categories is important because it enables the researcher to reduce the number of units. In addition, categories possess analytic power because they have the potential to explain and predict (Strauss and Corbin 2008).

Axial Coding

Axial coding involves moving to a higher level of abstraction (Goulding 2002). Once a category is identified, the researcher begins to develop its specific properties and dimensions. Properties are the general or specific characteristics or attributes of a category, and dimensions represent the location of a property along a continuum or range (Strauss and Corbin 2008). Through the process of comparing categories according to their properties and dimensions, they are differentiated from other categories and grouped into patterns. Axial coding is the process of relating categories

to their subcategories along the lines of their properties and dimensions. Charmaz (2006) also describes axial coding as a type of coding that treats a category as an axis around which the analyst delineates relationships and specifics relating to the dimensions of this category. This process is termed 'axial' because coding occurs around the axis of a category. It looks at how categories cross-cut and link. The purpose of axial coding is to begin the process of reassembling data fractured during open coding and to systematically develop and relate categories.

The focus of axial coding is to relate categories to units of text which are conceptualized as subcategories. Subcategories answer questions about the phenomenon such as when, where, why, who, how and with what consequences. It, therefore, gives the concept greater explanatory power.

In asking the questions why, where, when, how, and with what consequences, Strauss & Corbin (2008) suggest that this provides a framework to help us think systematically about the data and relate them in complex ways. The framework includes three components. First, there are the conditions. The individual is revealing the circumstances or conditions that lead him or her to make a particular response. Second, there are the actions/interactions or responses made by people to situations, problems, happenings or events. Third, there are the consequences, which are the outcome of actions/interactions.

In open coding, questions are asked and comparisons made as the basic analytic procedures link and develop categories. In axial coding, the analytic procedures are more complex. It involves both inductive and deductive thinking taking four distinct

analytical steps. They are: relating subcategories to a category, verifying statements against data, further developing categories and subcategories in terms of their properties and dimensional locations, and linking categories at the dimensional level (Strauss and Corbin 1990).

Selective Coding

Selective coding is the process of integrating and refining categories (Strauss and Corbin 2008). Holton (2007) states that selective coding begins only after the researcher has identified potential core variables. Subsequent data collection and coding is delimited to that which is relevant to the emerging conceptual framework.

In the process of selective coding, several steps are to be taken. The first step involves explicating the story line. The second consists of relating subsidiary categories around the core category. The third involves relating categories at the dimensional level. The fourth entails validating these relationships against data. The fifth consists of filling in categories that may need further refinement and development. However, these steps are not taken in linear sequence. It moves back and forth in the process (Strauss and Corbin 2008).

Charmaz (2006) starts with initial coding, moving to focused coding, and then theoretical coding. Coding is the first step in moving beyond concrete statements in the data to making analytic interpretations (Charmaz 2006). The ultimate purpose of grounded theory is to theory development. Theory evolution starts from data. Right from the beginning, the researcher seeks to form abstract concepts from available data. After that, the concepts are grouped together into categories. The categories are analyzed in terms of properties and dimensions. At the final stage, categories are

integrated and refined. During the process, the core category is identified. The core category constitutes the main theme of the research. It has the analytic power to pull the other categories together to form an explanatory whole (Strauss and Corbin 2008).

3.3.3 Constant Comparative Method

Glaser & Strauss (1967) recommends the constant comparative method for the analysis of qualitative data. In this method, each piece of data is constantly compared with every other relevant data. Comparison is at the core of grounded theory, whether comparing bits of data to general categories, or comparing categories in order to generate connections between them. Comparison is the engine through which we generate insights. This is done by identifying patterns of similarity or difference within the data (Dey 2004). Comparison is used as a tool to help us gain a better understanding of the data before us (Strauss and Corbin 2008). Similarities and differences are identified and interrelationships delineated. The emergence of categories should be supported by the constant comparative method (Kelle 2007). Through this process, concepts and ideas emerging from the data are compared with each other and give rise to an emergent theory (Glaser 1978).

Glaser & Strauss (1967) suggest that the constant comparative method involves four stages: comparing incidents applicable to each category, integrating categories and their properties, delimiting the theory, and writing up the theory. Researchers start by coding each incident in the data into as many categories of analysis as possible. While coding an incident for a category, it is compared to previous incidents in the same and different groups coded in the same category. After that, the process moves from comparison of incident with incident to comparison of incident with properties of the

category that resulted from the initial comparisons of incidents. As the theory develops, various delimiting features of the constant comparative method begin to curb what could become an overwhelming task. Using the constant comparative method, theories that correspond closely to the data are able to emerge. Constant comparisons force the researcher to compare each incident with other incidents in terms of as many similarities and differences as is evident in the data. The constant comparison of incidents enables the creation of a theory (Glaser and Strauss 1967).

3.3.4 Theoretical Saturation

The general rule for theory building is to gather data until each category is saturated (Strauss and Corbin 2008). When similar instances occur over and over again with no significant variations or deviation, the research can become empirically confident that a category is saturated. Then he or she tries to stretch the diversity of data as far as possible and makes sure that saturation is found on the widest possible range of data on the category (Glaser and Strauss 1967). Morse (2009) also points out that once the researchers are convinced that they understand what they see, can identify it in many forms, and that it appears culturally consistent, then the category may be considered saturated and sampling may cease. They then move on to further develop other categories to the point of saturation. In trying to reach saturation, the researcher identifies different interview samples in order to maximize the variety of data bearing on a category, and thereby develops as many diverse properties of the category as possible.

Strauss and Corbin (2008) state that theoretical saturation is reached when (a) no new or relevant data seem to emerge, (b) the category is well developed, and (c) the

relationships among categories are well established and validated. Theoretical saturation is the criterion for judging when to stop sampling (Glaser and Strauss 1967). It means that when theoretical saturation has occurred, the process of data collection is coming to an end.

3.3.5 Theoretical Sensitivity

Theoretical sensitivity is essential for grounded research approach. Glaser (1978) states that theoretical sensitivity is the ability to recognize what is important in the data and to give it meaning. It refers to a personal quality in researchers. the ability to generate concepts from data and relate them according to normal models of theory (Glaser and Holton 2007). The researcher's perspectives, assumptions, experience and knowledge help in developing alertness and sensitivity to what is going on in the research data (Glaser and Strauss 1967). It indicates an awareness of the subtleties of meaning of data. It also refers to the attribute of having insight, the ability to give meaning to data, and the capacity to understand (Strauss and Corbin 1990).

Theoretical sensitivity comes from a number of sources. One source is literature, which includes readings on theory, research, and documents of various kinds. Professional experience is another source of sensitivity. Throughout years of practice in a given field, an understanding of how things work in that field is acquired, as well as understanding why and what will happen there under certain conditions. In addition, the analytical process itself provides an additional source for theoretical sensitivity. Insights and understanding on a given phenomenon increase as the researcher interacts with the data. This comes from collecting and asking questions, making comparisons, and thinking about what is observed, making hypotheses, developing

theoretical frameworks about concepts and their relationships (Strauss and Corbin 1990) .

Professional training, working experiences and field connection are a strong plus for a researcher handling this type of research. These same attributes can become negative attributes if the researcher is not attentive to maintaining analytical distance (Munhall 1998). Analytical distance enables the researcher to place positive value on the experiences and perspectives that present themselves and which are different or totally opposed to his own. Ignore the need for analytical distance, the researcher runs the risk of interpretative bias, of seeing things through the exclusive lens of his own experience. Munhall (1998) discusses the potential for biased interpretation and points out that a qualitative researcher requires theoretical and social sensitivity, the ability to maintain analytical distance while at the same time drawing upon past experience and theoretical knowledge to interpret what is seen. The researcher is also required to possess astute powers of observation and good interactional skills.

3.4 Rigour in qualitative Research

It is important to set out the standards for determining the rigour of qualitative research. Many scholars have proposed different principles and criteria to assure the goodness of qualitative research (Marshall and Rossman 1995). Hammersley (1998), Lincoln & Guba (1985), and Patton (2002) are some of those whose work has contributed to setting up standards for qualitative research. In this research study, the ideas proposed by Lincoln & Guba (1985) on trustworthiness are adopted and some of their suggested techniques applied.

Grounded research approach is mainly designed to interpret data and is a process of theory building based on data. The key is the process of interpretation of data. Establishing trustworthiness as proposed by Lincoln & Guba have designed a constructivist process which has received much critical review. Theirs is a process with a focus not so much on the inquiry-product itself but on the process of data gathering and interpretation. It verifies whether the inquiry method is analytically sound (Guba 1981). Lincoln (1995) holds that the interpretative inquiry requires a consideration of systemic, thorough, conscious method and the disciplined inquiry is characterized by thoughtful decisions about design strategies, inclusive of methods.

Lincoln & Guba (1985) propose that qualitative research should focus on demonstrating trustworthiness. Trustworthiness is built on four criteria which are (a) credibility, (b) transferability, (c) dependability, and (e) confirmability. They also point out that while conventional terms such as ‘internal validity’, ‘external validity’, ‘reliability’, and ‘objectivity’ are widely adopted by positivist, the naturalist prefer ‘credibility’, ‘transferability’, ‘dependability’, and ‘confirmability’.

Lincoln & Guba (1985; 1989) also described several techniques for establishing trustworthiness (Table 3.1). Credibility tests the research findings with individuals from whom the data were originally collected. Techniques for identifying credibility are: prolonged engagement, persistent observation, triangulation, peer debriefing, negative case analysis, progressive subjectivity, and member checks. Transferability is an empirical process for checking the degree of similarity between the sending and the receiving contexts. A major technique for establishing degrees of transferability is

thick description. Dependability is concerned with the stability of the data over time. The technique for documenting the logic of process and method decisions is the dependability audit. Confirmability is concerned with assuring that data, interpretations, and the outcome of inquiries are rooted in contexts and persons. The usual technique for confirming the data and interpretation of a given study is the confirmability audit. Both dependability audit and confirmability audit rely on the researcher establishing a sound audit trail.

Table 3.1: Techniques to Establish Trustworthiness

Criteria	Techniques
Credibility	Prolonged engagement Persistent observation Triangulation Peer debriefing Negative case analysis Member checks
Transferability	Think description
Dependability	Documenting logic of process and method decision Audit trail
Confirmability	Confirmability audit

(Developed from Lincoln & Guba 1985; Guba & Lincoln 1989)

Guba & Lincoln (1989) have also proposed a set of criteria for goodness in qualitative research called the “authenticity criteria”. It claims that the criteria can be explicitly confirmed and can address any case study emerging from a constructivist evaluation. Lincoln (1995) states that these criteria highly reflect the commitment of the inquiry to fairness (balance of stakeholder views), giving importance to the learning of respondents as much as of the researcher, to the open and democratic sharing of

knowledge rather than the concentration of inquiry knowledge in the hands of a privileged elite, and to the fostering, stimulation, and enabling of social action. According to Guba & Lincoln (1989), the authenticity criteria include (a) fairness, (b) ontological authenticity, (c) educative authenticity, (d) catalytic authenticity, and (e) tactical authenticity. All these criteria are demonstrably supported by appropriate techniques (Table 3.2).

Table 3.2: Techniques to Demonstrate of Authenticity

Criteria	Techniques
Fairness	Stakeholder identification and open negotiation of recommendations and the agenda for subsequent action Member checking
Ontological Authenticity	Improvement in the individual/groups conscious experiencing of the world
Educative Authenticity	Enhancing the understanding and appreciation of others constructs
Catalytic Authenticity	The extent to which action is stimulated
Tactical Authenticity	Empowerment to act

(Developed from McCabe 2002)

3.5 Memos and Diagrams

Memos and diagrams are specialized forms of written records that contain the products of analysis or directions. Charmaz (2006) claims that memo writing is crucial in Grounded Theory. Memos can be used for theorizing about relationships between categories and for expanding the definition of a category. They are an important part of understanding the data as the researcher lives with the data over a

period of time (Urquhart 2007). Rich data are the raw materials for discovery and analysis. Lempert (2007) holds that memo writing and diagramming are important tools for discovery and analysis. Strauss (1987) also recommends the use of integrative diagrams in conjunction with theoretical memos, where relationships between categories are successively reconsidered.

Memos represent written forms of abstract thinking about data. Holton (2007) points out that memo writing is a continual process that helps to raise the data to a conceptual level and develop the properties of category. Memos also guide the next steps in further data collection, coding, and analysis. Lempert (2007) describes memo writing as a distillation process, through which the researcher transforms data into theory. Through sorting, analyzing, and coding raw data in memo form, the researcher discovers emergent social patterns. Writing memos continuously throughout the research process, the researcher explores, explicates, and theorizes these emergent patterns. Memo writing roots the researcher in data analyses while simultaneously increasing the level of abstraction of his/her analytical ideas (Charmaz 2006).

Diagrams are the graphic representations or visual images of the relationships between concepts (Strauss and Corbin 2008). Lempert (2007) points out that diagrams are central in Grounded Theory work. They create a visual display of what researchers do and do not know. As such, they bring order to the data and further the total analysis. The visualization in diagrams enables researchers to gain analytical distance which enables them to conceptualize in more abstract terms.

Both memos and diagrams are analytical and conceptual rather than descriptive in

nature (Strauss and Corbin 2008). Diagrams and memos are conjoined; both are necessary and simultaneous in a Grounded Theory research process. It is important to diagram the visual representation of the analysis and to memo in detail the emergent processes (Lempert 2007). Memos and diagrams evolve. They grow in complexity, density, clarity, and accuracy as the research progresses. They are important documents because they record the progress, thoughts, feelings, and directions of the research and researcher.

Researchers develop their own style of memos and diagrams. The method of recording is not important. They have to be done orderly, progressively, systematically, and should be easily retrievable for sorting and cross-referencing. In order to facilitate easy reference, memos and diagrams should be dated and all documents from which ideas are derived should be recorded. They should also be given headings which denote the concepts or categories. The researcher should keep multiple copies of memos and diagrams. These copies serve as backup. Memos and diagrams should be conceptual rather than descriptive. They should be about conceptual ideas derived from incidents and events and helpful in developing theory.

At the open coding stage, memos and diagrams contain first impressions, thoughts and directions. They probably look quite sparse. The researcher might scan a document and identify certain concepts. Through comparisons and asking theoretically relevant questions, the theory begins to emerge. Then, the categories, the concepts that point to categories, and certain properties and dimensions derived from the data. During axial coding, the researcher tries to relate categories and develop them in terms of properties and dimensions. Memos and diagrams are useful in

assisting this process. They can help reduce uncertainty, clarify misconceptions, and strengthen feeble earlier attempts to acquire depth and quality of conceptualization. Selective coding integrates concepts around a core category. At this point, memos and diagrams mirror the depth and complexity of the evolving theory (Strauss and Corbin 2008).

3.6 Types of Questions

Questioning opens up the data and helps the researcher gain a better understanding of the data. It stimulates thinking about the data with regard to potential categories, and their properties and dimensions. It also helps if questions are asked precisely in subsequent interviews which would direct the researcher to new areas of relevant literature. Moreover, questioning enhances theoretical sensitivity (Strauss and Corbin 1990).

Strauss and Corbin (2008) point out that a good question will take the research to a productive conclusion. Good questions are prompted by relevant knowledge and data sensitivity. Strauss & Corbin (2008) propose that there are multiple levels of questions – abstract and theoretical, substantive and mundane. They also suggest that there are four types of questions. First: sensitizing questions which tune the researcher into what the data might be indicating. Second: theoretical questions which help the researcher to see process, variation, and the like and to make connections among concepts. Third: questions that are of a more practical and structural nature. They help the development of the structure of the evolving theory. And, four: guiding questions which shape the interviews, observations, and analyses. Different levels and types of

questions are used when gathering data during the interview process and during the data analysis process. Examples of different levels and types of questions are shown in Table 3.3.

Table 3.3: Levels and Types of Questions

Types \ Levels	Abstract & Theoretical	Substantive & Mundane
Sensitizing Question	You have said that staff communication is very important. What is the positive implication of staff communication?	What do you mean by staff communication? Please also give some examples.
Theoretical Question	How does staff communication promote a trusting relationship between management and staff?	Beside staff communication, are there any other means to promote trust relationships?
Practical Question	Are there any differences in staff communication between present and past?	What are the channels for you to communicate with your staff?
Guiding Question	Based on your observation, what is the attitude of staff towards staff communication?	Please tell how you strengthen staff communication. I mean the communication between management and staff.

At the beginning, the researcher is concerned with identifying the central phenomenon in the area of the research. After the central phenomenon is defined, more specific questions emerge about the phenomenon. The researcher then asks these questions of the data. Much later, questions may well arise as to how the data is to be integrated into a coherent theoretical formulation. When the theoretical framework becomes clear, there will be more specific questions which reveal further details for further theoretical clarification.

Strauss & Corbin (2008) describe how questioning stimulates our thinking about

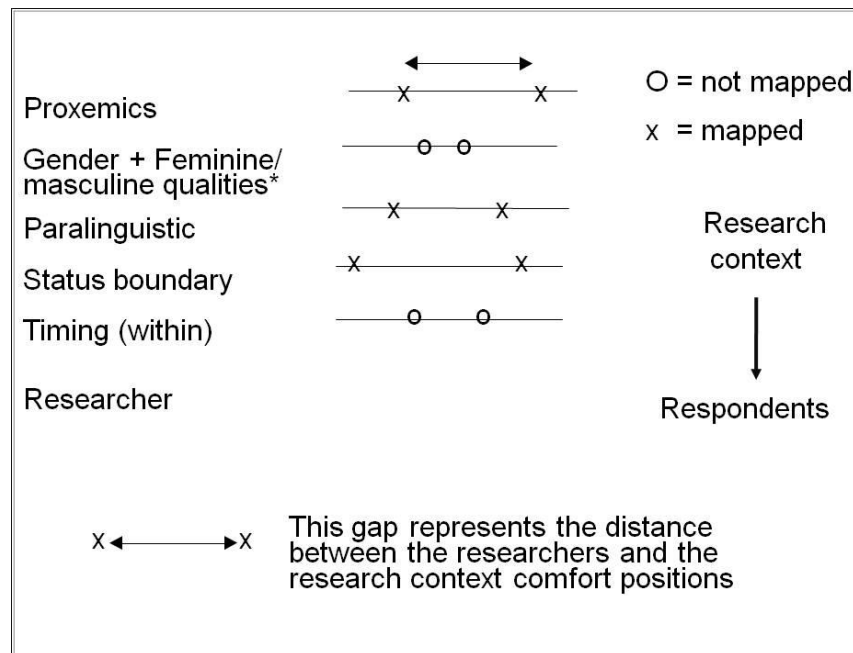
properties and dimensions and assists in theoretical comparisons. Theoretical comparisons are tools for looking at something with a higher objectivity through examination of incidents at the property and dimensional levels. Comparisons at the property and dimension levels provide a way of knowing or understanding the world around us. When there is confusion about the meaning of an incident in data collection, theoretical comparisons help to extend thinking about properties and dimensions.

3.7 Mapping the Qualitative Research Interview

The Mapping model is an analytical framework introduced by Whiteley and her colleagues. The model allows the researcher to analyze his/her own characteristics that most impact on the interview situation (Whiteley et al. 2000). It also provides a picture for the researcher to analyze the important dimensions of an interview. It enables the interviewer to make certain adjustments in the personal style and the arrangement of the interview with the goal of making the interview become more effective in data collection. Decisions arising from this analytical framework inform the interview structure, action and delivery (Whiteley et al. 2000).

For a conversational interview, status, proxemics, gender issues, paralinguistic, and timing are important influences in preparation and administration of the interview (Whiteley et al. 2000). These dimensions are identified as interview elements included in the mapping model (Figure 3.1) for this research.

Figure 3.1: Mapping the Qualitative Research Interview



Source: (Whitely, McCabe & Buoy 2000)

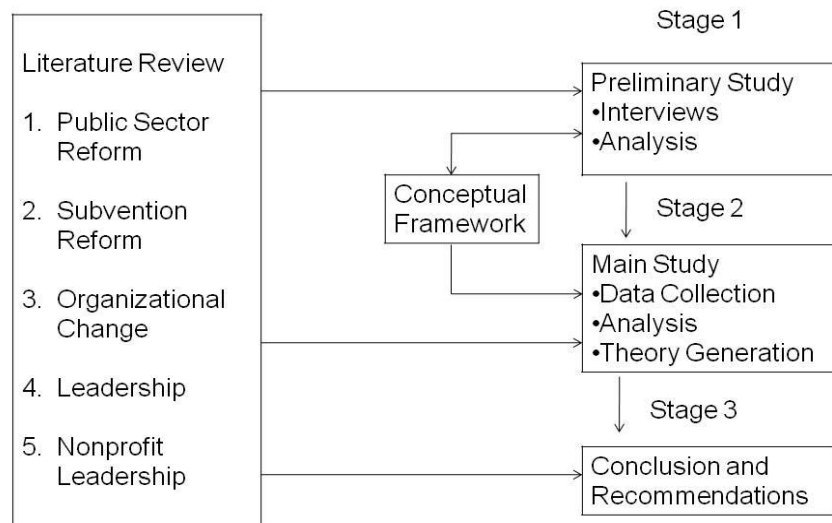
3.8 Research Design

This is the second part of the chapter. In the first section, the theories and key concepts of grounded research approach are discussed. This section outlines how the methodological features explored in the first section are applied. First, the process of research is introduced and then the stages of implementation discussed in detail.

3.8.1 Process of Research

The research process consists of three stages; preliminary study, main study and conclusion (see Figure 3.2). The process is not linear. The interactive nature data collection and data analysis in stage 1 and stage 2 form a spiral progression. This is discussed later in Chapter 4.

Figure 3.2: Process of Research



Literature Review

In this research study, literature review covers five areas: public sector reform, subvention reform, organizational change, leadership, and nonprofit leadership. In qualitative research, literature informs the formative ideas going into the research (Whiteley 2002). The study of relevant literature is ongoing throughout the research and informs all the stages. In stage 1, literature assists in understanding the concepts and theories surrounding the five aspects of the research context as well as developing the researcher's knowledge of grounded theory and the grounded research approach. Based on these theories and concepts, a research framework is developed. Conceptual frameworks for the changing situation, the roles and function of leadership and nonprofit leadership are also developed from the literature. Throughout stage 2 during the data collection and analysis process, the ongoing study of relevant literature provides the foundation for the conceptualization and categorization of the data and for enabling comparison with existing theories and models. Literature has enhanced the theoretical sensitivity of the researcher and provides relevant frameworks and

models for developing theory based on categorized data. In stage 3, by the interplay of the developed theories and literature, a theory emerges. It is explained and conclusions are drawn. The researcher continues to inform the research process with ongoing literature study. Literature has helped in providing the researcher with broader and deeper perspectives in looking for and interpreting the data.

Preliminary Study

In the course of the preliminary study, the researcher identifies the problems and obstacles which become evident during the trial interview process. The arrangements and the formatting of the interviews are assigned. Questions are prepared and tested. To improve the effectiveness and rigour of the data collection process, after the preliminary data are analyzed, some adjustments and improvements are made before the main study is to be conducted.

Trial Interview

Three NGO managers from organizations of differing scales (large, medium and small) are interviewed. This range of organization scales provides for multiple perspectives and a spectrum of stories. The exercise demonstrates that all the questions are found to be relevant to the three respondents regardless of the size of their organizations.

After the trial interviews, the researcher reviews the experience and records his observations of the process. These observations are presented in Table 3.4.

Table 3.4: Observations about the Trial Interviews

1. All interviews were conducted in the respondents' offices. It was an appropriate setting because the respondents could feel at ease. They could call on references and figures easily. Because of the familiar setting, the respondents were quickly put at ease.
2. The prepared questions were found by the respondents to be relevant to the research project. They answered all the questions without difficulties.
3. Questions involving personal particulars were posed well into the thick of the interview process rather than at the beginning. Respondents found it easier to talk objectively with adequate warm up.
4. In the early interviews, respondents gave general and vague responses on their perceptions of effective leadership roles. At one time, the researcher considered deleting that question. The question was retained. This allowed for comparisons to be made between ideal and practical situations. Perceptions on effective leadership roles constitute an ideal. Daily operations tell of actual performance.
5. Each respondent has a set of personal experience and each organization experiences situations which it considers unique. The interviewee was encouraged to focus on that area. As a consequence, the manager of a small organization was able to provide insights on the expectations of small organizations.
6. Experience has shown that it is better to limit an interview to one hour. If the interview goes longer, the respondent becomes tired and impatient.
7. The interviews are conducted in Cantonese which makes it easy for all the respondents to express their ideas and stories. The transcripts done in Chinese accurately record the whole exchange.
8. Audio recording is effective. All respondents feel comfortable being recorded.
9. The researcher is also an experienced NGO manager. There is common language and shared knowledge between researcher and respondents. The researcher understands the respondents' situations allowing for appropriate follow-up questions.
10. Data collected in the trial interviews are found to be relevant to the research study.

In conclusion, the trial interviews were conducted without any difficulties. They inform and refine the main body of the interview process, furnish the researcher with

experience in approaching the respondents, with skills in posing questions, in making observations, in obtaining documents and in handling the technical recording of the interviews.

Main Study

In this research study, data collection is mainly done through the process of interviewing NGO managers. As with the preliminary study, NGO managers from organizations of different sized organizations were invited to be respondents. After reviewing and analyzing the trial interviews, some refinement was made and a major interview schedule was adopted for use for a total of seventeen interviews with NGO managers. Altogether, twenty interviews in total were conducted and data saturation became evident at the 18th interview.

When potential respondents are identified, the researcher makes a phone call and invites them to be respondent. Every one thus called indicates willingness to accept the invitation. The researcher has strong ties in the social work field and many NGO managers have confidence in the researcher as well as the research study. After the telephone contact, email messages to all the invitees follow to confirm the date, time and venue of the interviews. The objectives of the research study and a general outline of the areas to be covered in the interview are attached. This gives respondents a clear understanding of the purpose and content of the interviews.

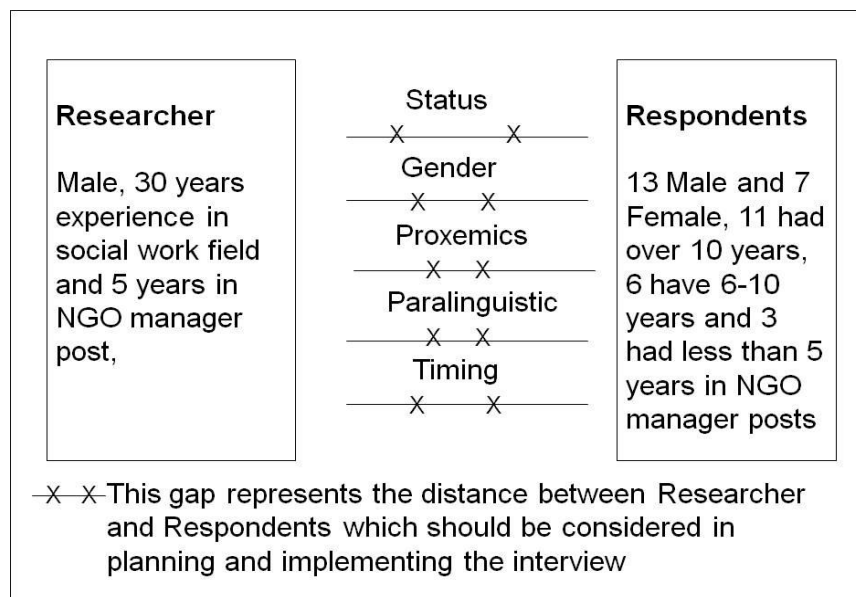
The interview focuses on five major question areas: (a) implications for organizational management with the introduction of subvention reform; (b) the challenges and difficulties faced by the respondent as manager; (c) new leadership roles for the

respondent; (d) the perceptions of the respondent on effective leadership; and (e) background information of the respondent and his or her organization. At the outset of the interview, the researcher introduces again the topic and objectives of the research study. Most interviews begin with a question focusing on the implications of subvention reform. Responses to this question furnish the research study with background information on the contexts.. Follow-up questions are asked according to the responses. Some interviews focuses on some special areas as guided by the stories and experiences a respondent chooses to disclose. For example, a few experienced respondents dwell much on operational changes as a result of the new subvention system. Some dwell much more on changes in relationship with their board. The researcher follows the flow of meaningful data which might support theory building.

3.8.2 Interview Plan

In planning the interview, the Mapping Model (Whiteley et al. 2000) introduced by Whiteley and her colleagues is adopted. The dimensions examined in this research include status, gender, proxemics, paralinguistic and timing. The Mapping Model (Figure 3.1) is originally designed to cross cultural contexts. However, cross cultural factors are not considered during the interview planning process. This research study is totally confined to the local context and cross cultural factors are not material. Moreover, the researcher and the respondents belong to the same professional grouping and are seen and presumed as homogenous. As it is, the mapping exercise shows close alignment of the dimensions (see Figure 3.4). Comparatively, Whiteley's map differentiates status and gender with greater distance than shown on proxemics and the paralinguistic.

Figure 3.3: Mapping Qualitative Research Interviews (Adopted from Whiteley 2000)



Researcher

The grounded theory approach allows for the researcher to stand in the middle of the study, equipped with his own background and current experience, knowledge, the ability to look forward and describe the research being undertaken (Creswell 2005). The researcher is male with 30 years of working experience in the social work field and 5 years in an NGO managerial post. The researcher has experience of working in organizations of different sizes. My knowledge and experience has made me deeply aware of the problem situation with an understanding of the behavior of NGO managers. It has helped me uncover new insights, meaning, and nuances from the data. Moreover, my connection with the field gives me easy access to pertinent information. My personal characteristic and capacity are relevant and contributory to this research study. On the other hand, I understand I need to maintain analytical distance and to

prevent interpretative biases. During the coding process, I seek to explore the relationship of the data collected and make use of the data to inform what explored. Such constant comparison also has helped to maintain analytical distance, and useful concepts and ideas emerge.

Respondents

At the time of the research being undertaken, 164 NGOs in Hong Kong were receiving LSG subvention. In the course of this study, twenty of the subvented organizations are chosen and their managers interviewed. The selection is made on balance of sizes and availability. The NGO managers interviewed come from organizations of different sizes who are willing to take part in the research study (see Table 3.5).

Table 3.5: Interviewees from Organizations of Different Sizes

Size of Organization	Interviewed NGO Managers
Large (more than 300 employees)	7
Medium (100-300 employees)	7
Small (less than 100 employees)	6

All the interviewees have at least 3 years of working experience with the present organization (see Table 3.6). They include 13 male and 7 female. That they possess a fair understanding of the issues related to the research study can be appropriately

assumed. Sampling is based on the concept of theoretical sampling. Respondents are chosen because of their knowledge and experience.

Table 3.6: Working Experience of Interviewees

	Large	Medium	Small
No of years service for each manager	3	10	8
	3	10	16
	22	30	11
	20	17	14
	6	18	4
	32	23	7
	35	8	

Status

Buhler (1991) observes that the higher the status one acquires, the more seriously one's communications will be taken and the more accurately they will be reported.

In this research study, all interviewees are the chief executives of their organizations. In Hong Kong, this executive role attracts a range of different titles. Throughout this study, the executive role is referred to as the NGO manager. All the interviewees have held leadership positions for three years or more in organizations of different sizes. Their status and experience can be taken as being capable of supplying concrete and reliable data about their leadership roles as well as accurate information on changes within their organizations. The researcher's experience as an NGO manager gives the

researcher an insider's view of the situation. The same also ensures interviewees confidence in the researcher. The recognized status of the researcher builds trust between the interviewer and the interviewees, encouraging intensive and frank discussion during the interview process. Interviewees are prepared to talk about experiences which have caused them embarrassment. They share their experience of hardship in their position of manager in times of rapid change.

Gender

Harding (1987) claims that whilst men and women may occupy the same physical space, socially and psychologically they live in different worlds. Woman interviewees respond differently from man interviewees and vice-versa.

Although the topic and theme of this research study are not gender related, the researcher is sensitive to gender issues in the interviewing process. At the beginning, the researcher takes the assumption that man might respond more rational and woman more emotional. But in the course of the interviews, it becomes clear that this is not the case. Common gender stereotyping must be set aside. After careful observation and comparison, the researcher has come to the view that gender does not have any significant bearing on the exercise of leadership. It might account for somewhat different expressions of personal styles but not in leadership roles. The researcher, a male, finds that the communication with the interviewees is the same for male and female and information is given equally freely by either gender.

Proxemics

Space between individuals, physical and psychological, is a critical issue for the

researcher (Hall 1974). If interviewees are to feel part of a shared context, an awareness of their psychological reaction to space is necessary (Whiteley et al. 2000). The interviews are planned to be conducted in the offices of interviewees. The interviewees are familiar with the physical settings. It is easy for them to tune into the interviewing process. On many occasions, tea is shared during the interview. In Chinese culture, taking tea with others represents a form of comfortable and relaxed interpersonal interaction. A cup of tea in hand makes both the researcher and interviewees feel warm and relaxed. All the interviews are conducted face to face with the interviewer sitting across. The distance between the interviewer and interviewees ranges from 3 feet to 5 which is culturally acceptable and allows for eye contact.

Paralinguistics

In an interview, tone, overall pitch and range of voice, speed of speech and facial expression are paralinguistic devices which are essential companions to the spoken word. Attempts at interpreting and determining categories of meaning must take these components into account (Whiteley et al. 2000).

Cantonese is the first language in Hong Kong society. The interviews are conducted in Cantonese, making it easy for both researcher and interviewees to express themselves. Conducting the interviews in the 'first language' allows for the various paralinguistic dynamics to surface. Often when people struggle with communicating in a second language in which they are not so competent, energy is directed to the interpretative process and the communication process and natural associated dynamics are restricted. In addition, because both the researcher and interviewees work in the NGO sector, there is a common professional language they share. Besides verbal expressions, the

researcher also pays attention to the body language and facial expression of interviewees. The body language reveals how attentive the interviewees are and their willingness to participate. The researcher can also determine, from their body language and facial expressions, what the interviewees consider to be the important messages they wish to convey.

Timing

Timing is regarded as an influential aspect of interview preparation. The researcher needs to be sensitive to the timeliness and comfort of the respondent (Whiteley et al. 2000).

The interviews are arranged to take place in the offices of the interviewees during office hours. The day and time of interviews are proposed by the interviewees and fit easily into their schedules. When making the appointment, the researcher informs the interviewees that the interviews would be for one to one and a half hours so that the interviewees would allocate enough time. The researcher has found that an one-hour interview is about right, not tiring for the researcher or the interviewees.

3.9 Demonstrating Trustworthiness

This research study takes on a number of techniques suggested by Lincoln & Guba (1985) in seeking to establish trustworthiness. The techniques applied are described as follow.

3.9.1 Member checks

Guba & Lincoln (1989) state that member checks are the most crucial techniques for establishing credibility. Miles and Huberman (1994) also affirm that member checks give confirmability and validity to findings. It gives the respondent an opportunity to correct errors of fact and misunderstanding. In this research, when the interview transcripts are completed, each respondent receives a copy of the transcript. The respondents are asked to confirm the accuracy of the recorded information. All respondents confirm that the information recorded in the transcript is accurate. While participants are free to comment on the information in the transcript and volunteer additional information, no additional information is in fact offered as a result of the member check. A member check is a check on the accuracy of the information recorded in the transcripts.

3.9.2 Triangulation

According to several authors (Miles and Huberman 1994; Patton 2002; Seale 1999), triangulation is an ideal technique for confirming findings. Patton (2002) claims that triangulation, in whatever form, increases credibility. A study can be strengthened using any number of triangulations i.e. data, researcher, theory or methodology. In this research, two types of triangulation: data triangulation and methodological triangulation are applied to enhance credibility. Denzin (1978) points out that theoretical sampling is an example of data triangulation where researchers explicitly search for as many different data sources as possible that bear upon the events under analysis. In this research, data triangulation, based on Denzin's definition, is achieved by comparing the data generated by the interviews, the data gathered by analysis of publicly available documents including reports and papers from government and

NGOs, and the data from field observation. In methodological triangulation, this study involves data collection, theoretical sampling and theoretical sensitivity. The relationship between these aspects of methodology is explored further in Chapter 4.

3.9.3 Peer-debriefing

According to Lincoln & Guba (1985), peer debriefing is a technique for establishing credibility. It is a process of engaging a peer who is not involved in the research activity whose task is to probe the researcher's biases, explore hidden meanings and clarify assumed basis of interpretations. In this research, a sharing session with a number of senior managers from the social welfare field and who are not involved in this study was conducted. During the session, the researcher first presented the research methodology and the initial findings. Participants were asked to give their comments. The participants discussed the initial findings and feedback was collected. Peer debriefing in this research provides an opportunity for the researcher to test the findings and probe personal biases. It also confirms the position of analytical distance on the part of the researcher.

3.9.4 Prolonged engagement

Lincoln & Guba (1985) hold that prolonged engagement is the investment of sufficient time for learning the context's culture, testing for misinformation and building trust. It allows researchers to overcome the likelihood of misinformation and distortion and its consequences. For this study, the researcher has had many years of working experience in the field. The experience constitutes an important quality which allows the researcher to understand the context, to identify significant incidents and build up a trust relationship with interviewees. It strengthens the quality of the

research process and its findings. With this said, the researcher is alert to the importance of maintaining analytical distance so as to prevent interpretative biases.

3.9.5 Persistent observations

During the course of this research, subvention reform was already in progress. The impact on NGO managers as leaders in their organizations is experienced as a state of continuous change. Therefore, as well as interviewing participants, the researcher keeps close connection with the field and maintains persistent observation of the changing situation. Field observations provide updated information on the characteristics and elements of the subvention reform. It is also one of the sources for data triangulation.

3.9.6 Thick description

Thick description provides as complete a data base as humanly possible in order to facilitate other researchers or interest groups to assess given sets of data, findings and conclusions. It also assists them to apply a study to their own situations (Guba and Lincoln 1989). In this study, all the data, memos and notes have been recorded so that anyone seeking to review the process and who wishes to transfer or apply it to their own situation can do so.

3.9.7 Independent checks

An independent auditor is invited to review the coding process. The focus of the audit is not the inquiry product but the inquiry process. In following the audit trail, the independent auditor has access to a brief description of the study including objectives and methodology. The process of conceptualization, categorization and establishing

core categories is also available to the auditor. The auditor has access to relevant parts of the literature review chapter, ten interview transcripts, and the memos and diagrams used in developing concepts and categories. After reading the documents and information provided by the researcher, the auditor reports that he now has an understanding of how the research is being handled and how the process in grouping and re-grouping of those concepts and categories are undergone. In the opinion of the independent auditor, the data collection and the coding process is found to be satisfactory. The auditor is ethnic Chinese who read and write both Chinese and English. The auditor has also found the translation of the interview transcripts accurate. The translation does not present any ambiguities in understanding the true intent of the interviewees (See Appendix I).

3.10 Demonstrating Authenticity

McCabe (2002) holds the view that in demonstrating authenticity, the researcher owes the respondents his commitment. As part of the fairness criteria, there is a commitment to credit all respondents because they share their experiences for the purpose of emerging knowledge. In this research, individuals with relevant experiences are selected as respondents and they are given assurance of confidentiality and anonymity. Sharing open credit with an individual respondent does not conform to the principle of confidentiality. However it is possible to demonstrate an aspect of fairness through member checking strategies described in 3.9.1. Ontological authenticity is demonstrated in the interview process and in the way in which participants reflect consciously on the world in which they operate. Educative authenticity is not demonstrated but is implied in a commitment to disseminate and

publish the findings at a later date. Ontological authenticity and educative authenticity are designated as criteria for determining a raised level of awareness (Guba and Lincoln 2005). In discussing catalytic and tactical authenticity, McCabe also points out that authenticity requires a commitment to subsequent action or to generating a political impact. This would be problematic for this research because the impact of a research comes from what happens after completing the research. Given these prevailing conditions, the authenticity criteria do not apply in full to this study.

3.11 Conclusion

In this research, the grounded theory approach is chosen. The researcher adopts the principles and processes of grounded theory in approaching the data. This chapter describes this qualitative approach and how it is applied. The next chapter presents the process of data collection and data analysis.

Chapter 4: Data Collection and Data Analysis

4.0 Introduction

The data collection and analysis procedures adopted in this research study are covered in Chapter 3. In this chapter, the discussion gives particular attention to the development of data collection and data analysis throughout the research and the connection between theoretical sensitivity and theoretical sampling. The ongoing development of the interview schema is also described. The interpretation of the codes and meanings drawn from the data are discussed in detail in chapter five as part of the findings. During the data collection and analysis process, the researcher examines pieces of interview data and put them together to build a meaningful picture. Putting the pieces together helps to achieve a higher level of meaning about the data and assists in developing a framework of leadership roles for NGO managers in Hong Kong following the subvention reform. The ultimate goal of this process is theory building. In this chapter, theoretical sensitivity and theoretical sampling are discussed in reference to how they contribute to theory building.

There are four stages in the data collection and analysis process: open coding, conceptualization, categorization and core category. All these stages are examined in detail in this chapter.

4.1 Data Collection

In this research study, an interview guide, as shown in Table 4.1 and 4.2 serve as the

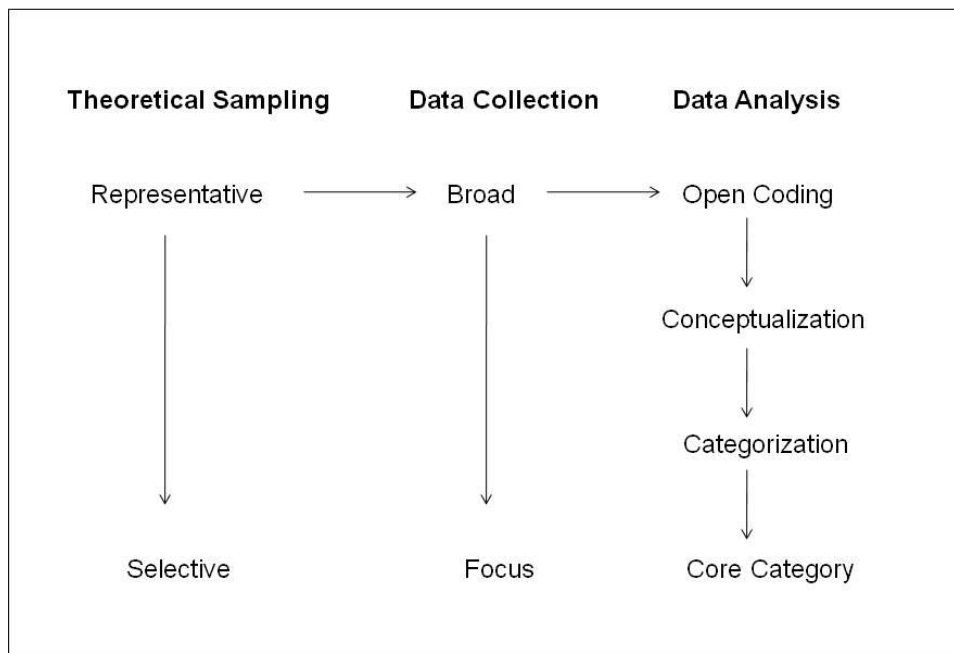
framework for data gathering. The semi-structured interview with open-ended questions allows for interviewees to express their opinions comprehensively. All interviews are audio recorded and fully transcribed. In addition, field observation and subvention reform documents are also brought in as additional data sources. The documents examined for this purpose include organization reports, policy papers, conference papers and related studies and research findings. Data from interviews, observation and documents are triangulated. Combining multiple data sources helps to overcome the intrinsic bias that is associated with the source of data coming from single-methods, single-observer, and single-theory studies (Denzin 1978).

The interviews proceed according to the flow of answers and reaction of respondents, with the interviewer maintaining a movement of a smooth and natural conversation. When something pertinent occurs in the interviews or new ideas emerge, the researcher would follow up and ask for further explanation or elaboration. Basically, the researcher begins with broad and open-ended questions with specific enquiries for follow up elaboration. Questions such as, ‘What do you think has been the LSG impact on your organization?’ and ‘What have you done to promote staff morale?’ allow respondents to express their ideas in more depth. A semi-structured interview process allows for unplanned questions. The planned questions have been prepared beforehand in the trial interviews which ensure their relevance. To help the conversation to flow smoothly, the prepared questions are not necessarily, nor always, asked in the planned sequence.

4.2 Evolution of Interview Schema

The grounded research approach is an evolving process. Data collection and sampling change in accordance with the stages of data analysis. In this research, the processes of data analysis, data collection and theoretical sampling constantly interact. Their relationships are constantly evolving. The changes in relationships arise out of the researcher's interpretation and his theoretical sensitivity. The different stages of the process call for different approaches and focuses on data collection, analysis and sampling. Figure 4.1 describes the differences.

Figure 4.1: Different Approaches and Focuses in Research Process



The emergent nature of the research process allows the researcher to refine the focus of the research. Throughout the process, the researcher is constantly guided by theoretical sensitivity. Changes in the sampling move from the representative in the early interviews to the highly selective in the later interviews, and with the questions

from being broad to being focused, and always guided by the findings of data analysis.

The researcher is constantly aware of the need for sensitivity in the data collection process. Having sensitivity means having insight into the events and happenings in the data, and being able to give them meaning (Strauss and Corbin 1997). The researcher is always thinking of the meaning of stories told by respondents and sensitive to the concepts emerging from those data. At the beginning stage of data collection, the researcher pays more attention to identifying various leadership behaviors. At a later stage, the researcher becomes aware of certain specific leadership concepts which emerge out of the discussion with interviewees, such as the characteristics and properties of certain leadership behavior. At the final stage, sensitivity to the need of developing categories and core categories of leadership roles is called for. To make sure that research objectives (see 1.5) are addressed, questions dealing with the challenges that NGO managers face are also developed in the same way throughout data collection. The researcher's experience and professional training have proven to be helpful in developing data sensitivity.

The researcher takes seriously the concepts of theoretical sampling. Strauss & Corbin (2008) state that the aim of theoretical sampling is to maximize opportunities to compare events, incidents, or happenings to determine how a category varies in terms of its properties and dimensions. Therefore, the researcher takes samples along the lines of properties and dimensions, varying the conditions.

In the sampling procedures, there are two stages: the open sampling stage and the

selective sampling stage. In the transition from open sampling to highly selective sampling, sampling is done on the basis of pursuing significant variations in the data. In the first stage, sampling is open and unrestricted other than for the size of the organization. Later sampling becomes selective. During first stage sampling, the researcher explores the data with an open mind. At this early stage, concepts have yet to emerge. The researcher needs to be open to all possibilities in data collection.. Open sampling provides the greatest opportunity for discovery. At this point, samples are chosen only according to the organization's size: small, medium or large. Size is based on the number of staff employed. There is an assumption that organizations of differing sizes have different experiences and stories. Including those in trial interviews, a total of nine NGO managers is interviewed at the open sampling stage. Two respondents are drawn from small organizations, four from medium organizations and three from large organizations. The stories from these organizations of different sizes share similarities and differences. For example, they all face financial constraint but the nature of staff morale changes differ.

In the data analysis process, by making data comparisons, some concepts stand out and gain in strength. The emerging concepts provide guidance for further data gathering. At this point, sampling becomes more selective, deliberate and purposeful. Interviewees are chosen who can provide data to further develop the emergent categories in terms of properties and dimensions. Selective sampling also maximizes opportunities for comparative analysis. At the latest stage, sampling becomes highly selective and focused. The researcher looks for data that can saturate the categories. For example, the researcher asks respondents what they have done to promote internal communication. Their different experiences are collected. When these stories yield no

further new information or insight, data gathering can move on and focus on other categories.

In the preliminary study, five major questions are designed to guide the semi-structured interviews (Table 4.1). Throughout the exercise, all five major question areas are covered. The questions allow the researcher to explore variations of incidents and activities performed by the interviewees as managers in leadership roles in NGOs following the introduction of subvention reform in Hong Kong.

Table 4.1: Interview Schedule in Preliminary Study

1. What are the pros and cons of subvention reform to your organization?
2. What were your roles as the leader in your organization before subvention reform?
3. What are your present roles as the leader in your organization following subvention reform?
4. What are the expectations of the Board and staff toward your roles as the leader?
5. What are your thoughts about effective leadership?

In the beginning, participant sample is based on the size of the organization (see Table 3.2 in Chapter 3). Findings of the preliminary study establish that participants focus on the actions of NGO leaders after the introduction of subvention reform. Guided by the principles of theoretical sampling, this finding provides the basis for the initial interview schedule (see Table 4.2) used at the beginning of the Main Study.

Table 4.2: Interview Schedule in Main Study

<ol style="list-style-type: none">1. How many years of experience do you have in your existing post as the leader in your organization?2. Can you please comment on the subvention reform?3. Are there any differences in your roles as the leader in your organization before and after the implementation of subvention reform?4. What are the major problems and difficulties that you experience in performing your role as the leader in your organization?5. What are the expectations of both the Board and staff regarding your role as the leader of the organization?6. What is your perception of effective leadership roles?

With the actions and incidents identified, conceptual labels are assigned. All related concepts were put into the same category. At this point when categories are being assigned to related concepts, data collection becomes more focused in order to further explore the properties of each category. This is where theoretical sensitivity comes in. At this juncture, further relevant literature is examined and comes into play. While the interviews continue to be guided by the initial interview schedule, further questions are raised around the axis of the emerging categories (see Table 4.3). The questions provide density of data in the given categories. At this stage, sampling becomes even more selective, allowing categories to become denser in terms of their properties and dimensions.

Table 4.3: Interview Questions Developed within the Interview Schedule at Categorization Stage

<ol style="list-style-type: none">1. How do you provide job security to your staff?2. How do you motivate your staff to achieve in their job?3. How so you promote the trust relationship between management and staff?4. How can you manage the budget to achieve balance?5. Have you any measure to cost the operation cost?6. Have you any means to increase the income of organization?7. How can you / do you promote team work in your staff?8. How can you promote staff performance?9. What do you do to build up the social networks?10. Is there any revision on your organization vision?11. How do you position your organization in the changing situation?12. How do you plan to future develop your organization?

When core categories are established, the sampling of participants and data becomes highly selective. This is so in order to yield additional data on the core categories. Interview questions focus on the interviewees' own experiences in relation to all the identified core categories (see Table 4.4). However, the initial interview schedule is still guiding the interviews. Data collection ceases only when saturation of data is reached. Theoretical sensitivity is already well developed by this stage, and from this point on, relies continually on reference to relevant literature.

Table 4.4: Focused Questions Used in the Interview Schedule at the Core Category Stage

1. Is there any problem about staff stability?
2. What do you do to maintain staff stability?
3. Is there any risk in financial situation?
4. How can you maintain short-term and long-term financial sustainability in your organization?
5. How can you improve your operation process and system?
6. How can you build up your organization capability?
7. How can you actualize your organization vision?

4.3 Data Coding and Analysis

In aligning findings with research objectives (see 1.5), it is necessary to set up two sets of analysis and findings. The first set addresses the difficulties and challenges experienced throughout the subvention reform process. The second set addresses the emerging leadership role of NGO managers as a result of dealing with these challenges and difficulties. Data coding and analysis begin with line-by-line interrogation of the data. During this data analysis process, data is questioned in order to find meaning. This allows the researcher to form concepts and look for connections to other parts of the data and make comparisons in an effort to acquire a higher level of interpretation. As a result, some initial concepts are identified, for example, job security, internal communication, decision-making process, trust relationships and community networks. These initial concepts are identified in the preliminary study

and they contribute to theoretical sampling.

4.3.1 Content Analysis

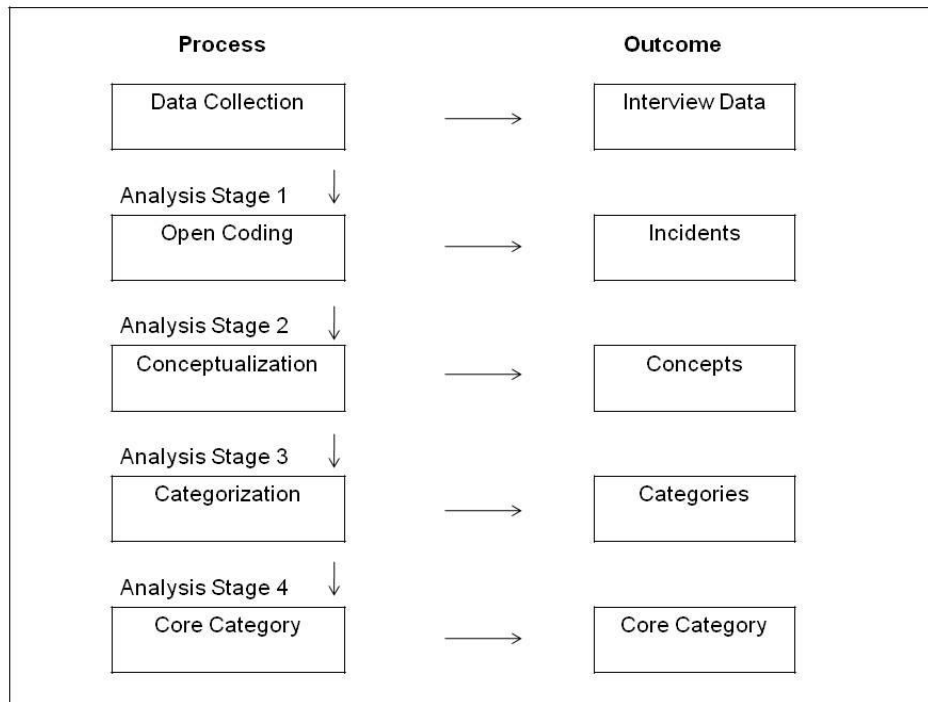
Data coding and analysis begin with identifying relevant data from the stories provided by the respondents. This is the process of content analysis. The main feature of content analysis is consistent questioning (Strauss 1987). The researcher repeatedly asks the same questions of the data. Content analysis methods enable the researcher to cover large amounts of textual information and systematically identify their properties (Glaser and Strauss 1967). Content analysis as a research tool determines the presence of certain words or concepts in the given texts. During the data coding and analysis process, the researcher concentrates on the meaning and relationships of these words and concepts. The unit of analysis is an utterance by the respondent relevant to the research question. *Invivo* coding is used to translate utterances into codes and from there, as will be discussed later, an analysis schema is developed.

4.3.2 Analysis Schema

In this research study, all the interviews are conducted in our first language, Cantonese, and the transcripts are done in Chinese. During the coding process, the units of text used for coding is translated into English. The translation is interpretative and not literal. Should translation be done word for word, it becomes problematic, because the symbols that make up the Chinese characters have multiple meanings. True meaning is understood only in the context of the spoken word. Therefore in the coding process, the researcher interprets the meaning of the interview text in the light of the dynamics of the interview process and translates the meaning into English.

The data coding and analysis process consists of four stages: open coding, conceptualization, categorization and core category (Figure 4.2). The researcher starts with data collection with the interview process and begins the analysis drawing on the data derived from the interviews. The interview transcripts go through the open coding stage and incidents and activities are identified. The open coding is done *invivo*, that is, using the respondents' own words as code. Then code labels are assigned by the researcher. At the conceptualization stage, the identified incidents and activities are given conceptual labels for a higher level of data understanding. The third stage is categorization. The identified concepts are compared and grouped into categories. The process of axial coding which is described in Chapter 3 assists the systematic development of categories in terms of their properties and dimensions. The categories are further developed by comparing and combining the categories into core categories. The process of integrating and refining categories into core categories is a process of selective coding. In the analysis of the challenges and difficulties the core category has a single dimension. In the case of leadership analysis, one core category with four dimensions emerges.

Figure 4.2: Process of Data Coding and Analysis



The grounded theory methodology consists of a sequence of systematic processes which starts with collecting data about a social phenomenon, then organizing them purposefully and ultimately building a theory or model about the phenomenon.

4.3.3 Analysis Strategy

During the stages of the coding and analysis process, different tasks and purposes are assigned. This is described in Table 4.5.

Table 4.5: Different Stages with Different Tasks and Purposes

Stages	Tasks	Purposes
Open Coding	Identify incidents and activities	Build up database of indicators
Conceptualization	Organize data and assign conceptual labels	Initial analysis: Establish building blocks for subsequent analysis and synthesis
Categorization	Combine like concepts by determining the relationship between concepts and group like concepts into categories	Further analysis: Develop connection and compare similarities and differences
Core Category	Determine relationships among categories and combine categories into core categories	Integrate categories to build theory framework

Open Coding

Open coding begins after each interview. At this stage of analysis, data fall naturally into the two sections. One section addresses the changes that occur at the time of subvention reform, identifying the difficulties and challenges that emerge from these changes. The other set of data focus on the actions of NGO managers and how they perform as leaders in this time of change. Examples of the coding process given in these sections are drawn mainly from data relating to leadership role.

Open coding provides for a close scrutiny of the data. The idea of open coding is unrestricted coding. Looking at the data, the researcher consistently poses two questions: What are the stories that are being told? What is the meaning of these

stories? At the open coding stage, the researcher analyzes the data line-by-line. In the process, incidents and activities are identified. For example some interviewees talk about how they seek to assure their staff that there would be no redundancy and no salary cut. The leaders' action is noted and coded. Subsequent data collection then focuses on behaviors and actions and not on leadership styles or personality traits. Incidents and activities become the indicators of how NGO leaders deal with the changes consequent to subvention reform in Hong Kong.

During the open coding process, data is organized manually. All open coding is in written longhand in Chinese, using the respondents' own words. Grouping pieces of open coding for the purpose of giving them a conceptual label is also done in Chinese. English labels are then assigned by the researcher. At this point, a significant portion of data under this label would also have been translated into English. This is later used to demonstrate the message or incidents described under this label. Until this stage of the analysis, all recording is done manually and only the English translations are recorded electronically in MSWord. Memo writing is accorded similar treatment. Memo notes are first written in longhand with some Chinese and English translations. The memo notes are transferred to computer as English texts. Because of the complexity of translation from Chinese to English, no other electronic data management systems are used.

All identified actions were written in memo form and prepared for further data analysis. In fact, writing memos is intertwined with all stages of data coding and analysis. Analysis of all the interview transcripts yields a total of 28 change incidents (Appendix II) and 110 leadership actions (Appendix III).

Conceptualization

Conceptualization is the process of organizing data under concept labels. In this process, the researcher asked the data: What other change incidents or leadership actions are similar to this in the open coding? What outcome follows these incidents and actions? The questions allow for the researcher to maintain constant comparisons of data. At this point, the analysis is informed by the researcher's knowledge of relevant literature and his own experiences in the field. As the result of this questioning and application of personal knowledge, the researcher is able to assign conceptual labels. When an NGO manager's action or incident is identified, the researcher assigns it a conceptual label. For example, an NGO manager's "guarantee to the staff that there is to be no redundancy and no salary cut" is interpreted by the researcher as commitment to the staff. This leader's action is put under the concept of "Commitment". In Table 4.6, all the actions identified in the interviews as contributing to the concept of 'Commitment' on the part of the NGO managers are listed. This process results in the provision of 11 change concepts identified as difficulties (Appendix II) and 37 concepts identified as leadership behaviors (Appendix III). Conceptualization represents an initial analysis and establishes building blocks for subsequent analysis and synthesis.

Table 4.6: Commitment – An Example of Conceptualization of Leaders’ Actions

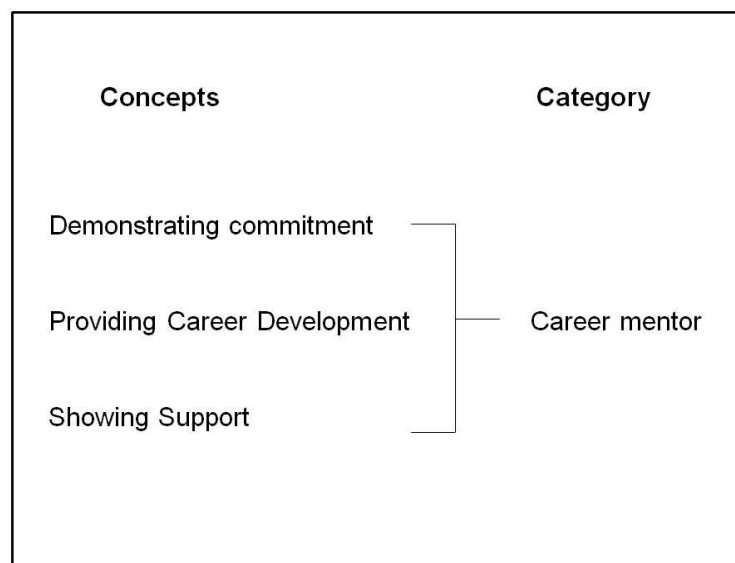
Data (Leadership Actions)	Concepts
Guarantee no redundancy and salary cut	Commitment
Ensure staff benefits	
Promise staff to honor employment agreement	

Categorization

When concepts are identified, the researcher further analyzes the relationships among the concepts. In this process, the researcher asks two questions: Is this concept related to some other one? How strong is the relationship? At this stage, these two questions are persistently asked of the two sets of concepts i.e. difficulties and leadership behaviors. After the comparison of different concepts, the like concepts are grouped into categories. The categories are then assigned names that are more abstract than those of the concepts grouped under them. For example, the researcher groups “Commitment”, “Career Development” and “Support” under the category of “Career Mentor” (Figure 4.3). By demonstrating commitment, providing career development and showing support, the NGO manager plays the leadership role of a career mentor. Categories are higher-order concepts and have an inherent potential to explain phenomena which, in this research, is the leadership roles of NGO managers in the context of organizational reform. During the categorization process, the researcher constantly compares and contrasts the coded concepts in order to integrate like

concepts and to generate further questions to be addressed in subsequent interviews in order to further develop the identified categories in terms of their properties and dimensions. In this research study, the categorization yields 4 challenges (Appendix II) and 12 leadership roles (Appendix III).

Figure 4.3: Job Security – An Example of Categorization of Concepts

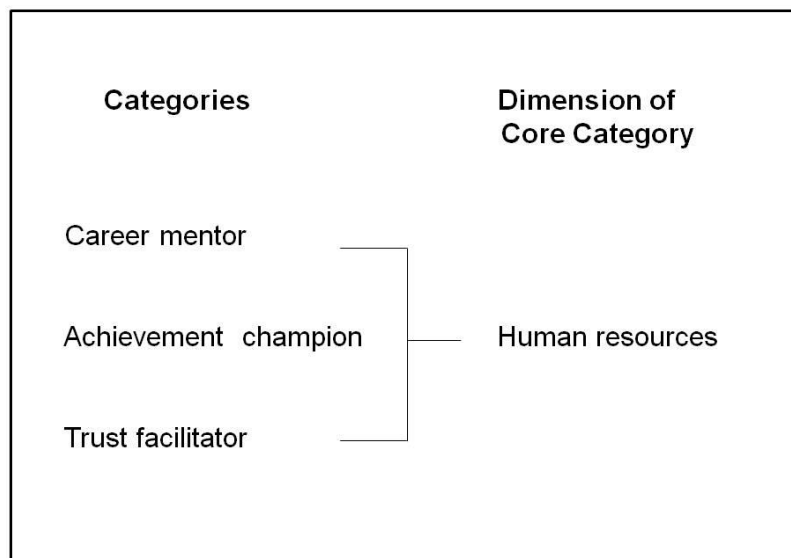


Core Category

At this stage, the researcher firstly identifies relationships between categories, and by comparing them identifies the core category. Under the heading of challenges and difficulties, the researcher initially managed to isolate a core category with a single dimension. However on further analysis of leadership role, one core category with four dimensions is identified. For example, the researcher comes up with the categories of “Career mentor”, “Achievement champion” and “Trust facilitator” and find them to be closely related. They all refer to a role of maintaining stability among the staff. This is later identified as the Human Resources Dimension of the core

category (Figure 4.4). Four dimensions are eventually identified and become features of the Core Category (Figure 4.5).

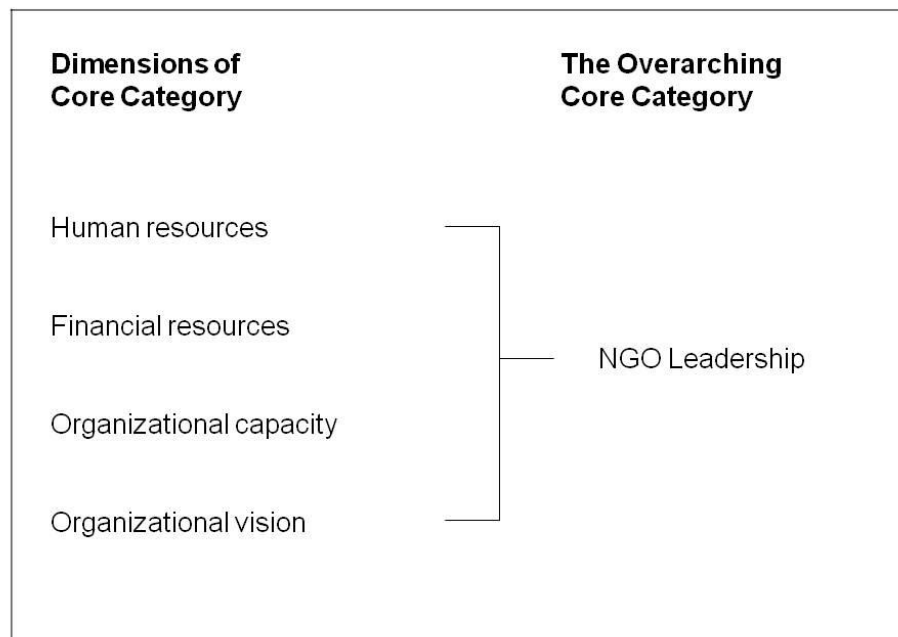
Figure 4.4: Human Resources – An Example of Grouping Categories into a Dimension of the Core Category



The core category is chosen on the basis of a number of considerations: Does this label describe the relationship among a group of categories? Does this label appear to advance theory development? Does the label appear to be contributing to a more general analytical schema? Thus a label is assigned as the core category. The core category is reviewed in terms of what is understood about it and serves as a guide to further theoretical sampling, data collection and theoretical sensitivity. Once a core category is established, data gathering and coding are limited to that areas. Core category identification and additional data gathering from theoretical sampling are repeated until theoretical saturation (Glaser and Strauss 1967) is reached. The outcome of this analytical effort is the emergence of a single core category in the analysis of the difficulties and challenges faced by NGO managers. It is an

overarching core category with four dimensions in the analysis of the emerging leadership role of NGO managers. The core category is now well positioned for further theory development.

Figure 4.5: The Overarching Core Category



4.4 Saturation

Theoretical saturation is the ultimate criterion to determine whether or not data collection and analysis should come to a stop. Using the following criteria recommended by Strauss and Corbin (2008), the researcher is able to make a determination for this study: (a) no new or relevant data emerge to further develop a category; (b) the category is well developed in terms of its properties and dimensions; and (c) the relationships among the categories are well established.

In this study, while the interview schedule covers five major areas, three other areas of critical importance later emerge. These include 1) the perception of NGO managers of the reform process; 2) perception of their leadership role; and 3) perception of effective leadership. Evidence of saturation first becomes evident in the twelfth interview when the interviewee keeps repeating stories of experience similar to those of previous interviews under a particular category. By the eighteenth interview, all categories appear to have reached saturation. Two more interviews confirm that no new information is to be gained.

4.5 Conclusion

This chapter describes how the researcher organizes the process of data collection and data analysis following the principles and practice of the grounded research approach. The researcher starts with pieces of data collected from the respondents. Concepts and categories emerge with higher levels of explanation. And finally, an overarching core category is developed. This discussion on the process of data collection and data analysis provides a framework to understand the research findings which are to be presented in Chapter 5.

Chapter 5: Findings

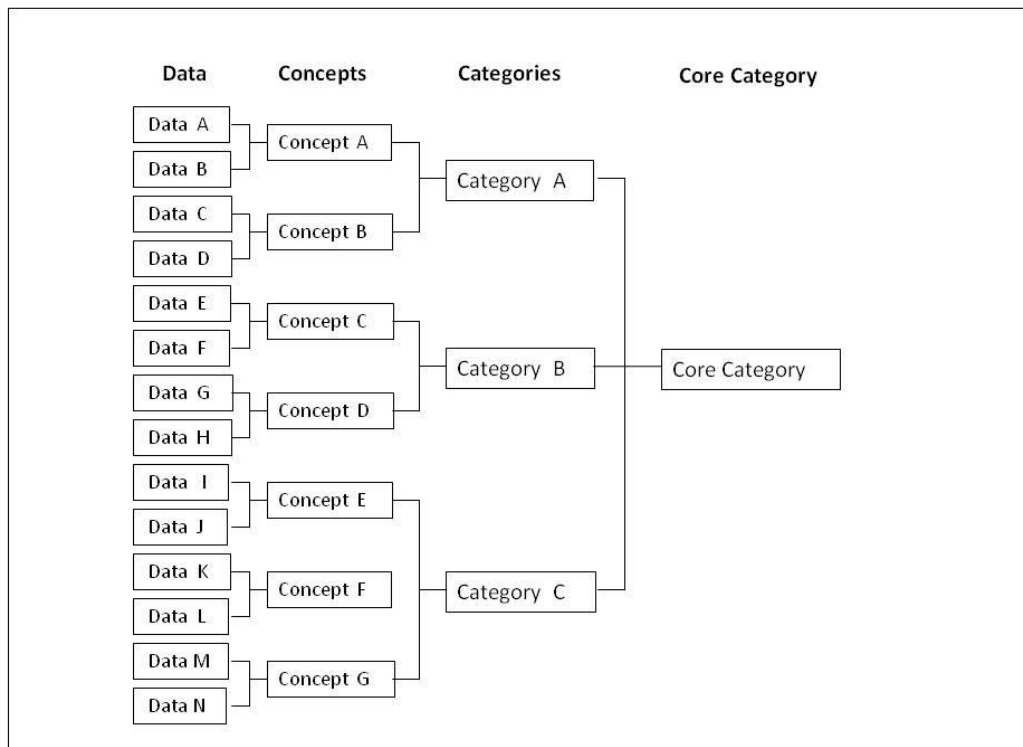
5.0 Introduction

This chapter presents the findings from the research. There are two major findings which emerged from qualitative data gathered through interviews. In Hong Kong, the social welfare subvention reform was intended to bring about significant changes (Lui 2008). There is need therefore to consider the leadership roles of NGO managers. The first part of this chapter presents the findings concerning the challenges and difficulties faced by NGO managers because of organizational changes. The second part presents the findings on the leadership roles of NGO managers with the introduction of subvention reform. Findings from the qualitative data are based on the principle data source, i.e. interviews with NGO managers. This chapter presents the findings as analyzed and interpreted by the researcher based on the principle data.

5.1 Presenting Findings from the Qualitative Data

A Mind Map (Buzan 2000) is a tool to organize a whole range of complex and inter-related items of information into a clear focus. They are also used to illustrate groups of concepts within a category and the relationship between the core categories and the supporting categories (see Figure 5.1).

Figure 5.1: Mind Map: Illustration of Relationship among Concepts, Categories and Core Category



Strauss and Corbin (2008) suggest a balance should be maintained between conceptual interpretation and descriptive quotations in order to give readers a comprehensive understanding of the emergent grounded theory. Throughout this study, data analysis and quotations from the interview are provided so as to substantiate the researcher’s interpretation. However, the real names of interviewees are not disclosed and are replaced by code names (i.e. NGO Manager A) in order to maintain anonymity.

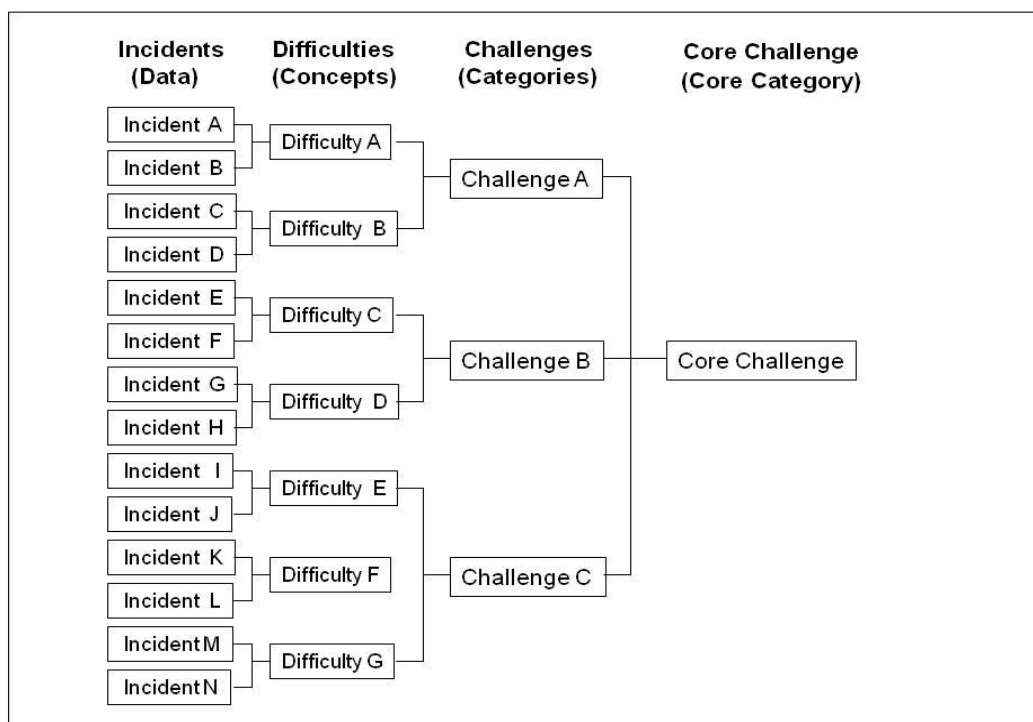
5.2 Interview data discussing changes in NGOs

The changes following the introduction of social welfare subvention reform in Hong

Kong have brought difficulties and challenges to NGO managers in the performance of their daily leadership roles. The following findings present the difficulties and challenges they face. Interview data provides the basis for the findings.

The open coding process allows the researcher to identify incidents (see Appendix II) which expose the problems faced by the respondents. Conceptualizing these problems, the researcher presents them as emerging difficulties. The difficulties are then grouped into categories allowing the researcher to identify the challenges faced by the NGO managers along with the emerging core category (see Figure 5.2). The findings speak to the context of change in NGOs, laying the ground work for an examination of the leadership roles of NGO managers.

Figure 5.2: Illustration of Relationship among Incidents, Difficulties, Challenges and Core Challenge



5.3 Identifying areas of Difficulty

Based on interview transcripts, 11 areas of difficulty are identified. They are: job insecurity, unfairness, heavy workload, subvention cut, deficit budget, diversity of views, role ambiguity, high expectations, weak central administration, obstacles to reform and increased competition. Figures 5.3 to 5.13 show that each area of difficulty is evidenced by two to three incidents.

5.3.1 Job insecurity

Respondents talk about the problems they face in having to introduce budget cuts in order to meet new requirements as a result of the changes. They identify three things that exert a direct impact on their staff (see Figure 5.3). There are concerns about cuts in salary and in manpower. There are concerns that staff not affected by redundancy nevertheless see their job prospects as being very limited. Some respondents offer these observations.

NGO Manager R

Salary cuts have affected staff morale. Among them, twice as many have experienced cut in salary.

NGO Manager B

To save on expenditure, we will not fill a vacancy when there is staff turnover, especially for senior posts.

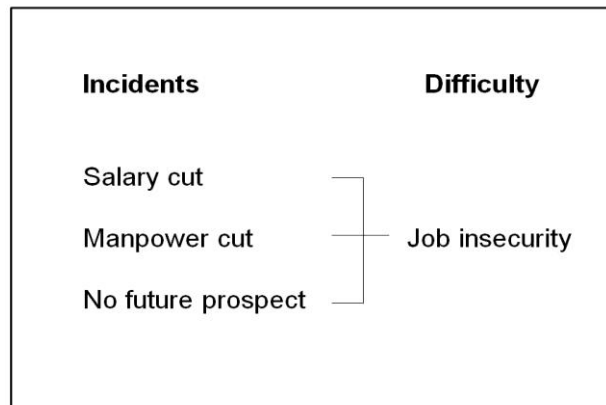
NGO Manager J

Opportunity for organizational development becomes limited. Our staff think that promotions are no longer guaranteed.

NGO Manager B

LSG [Lump Sum Grant] makes our staff feel insecure. They worry very much about their career future.

Figure 5.3: Difficulty of Job Insecurity



5.3.2 Unfairness

Respondents report that they are being challenged by their staff about unfairness in the management of change. They identify three things that their staff challenge regarding their management approach (see Figure 5.4). They are concerned about employment contracts being changed from permanent to fixed term. There are concerns about salary differences between the veteran staff and new recruits. There are concerns about staff benefits being cut. In their own words:

NGO Manager F

From 2000, all newly recruited staff are hired on fixed contract terms. New staff are offered lower entry and lower maximum points in comparison with serving staff.

NGO Manager I

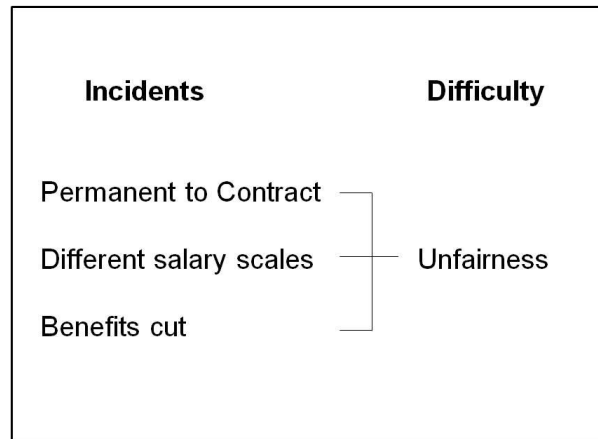
Now we operate on two different salary scales. The old staff salary scale follows the Master Pay Scale which is in line with government pay. The new salary scale caps the maximum point at mid-point and the appointment is offered on contract terms.

NGO Manager B

Salary and benefits are huge concerns for our staff. Our experience tells us that

they influence staff morale and team work.

Figure 5.4: Difficulty of Unfairness



5.3.3 Heavy workload

Respondents discuss how they experience stress in handling staff complaints regarding heavy workload. Their staff observe that three things create additional workload (see Figure 5.5): new service demands, drop in staff strength because of budget constraint and requirement for higher quality service and better performance.

In their own words:

NGO Manager C

You know the population is ageing. The community expects us to provide more caring service for the elderly. Demand for day care services has been increasing in recent years. We are under great pressure to satisfy these service demands.

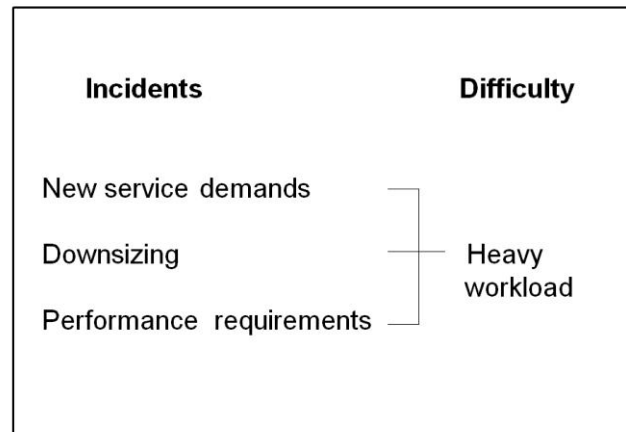
NGO Manager E

We have the problem of deficit. One of the ways to cut cost is decreasing the number of staff. We will not renew some short term contracts..

NGO Manager N

LSG requires of us to look for improvement. We place emphasis on performance. We expect better performance of our staff, especially senior staff.

Figure 5.5: Difficulty of Heavy Workload



5.3.4 Subvention cut

Government subvention has undergone significant cut. Respondents point to two concerns because of cuts in subvention (see Figure 5.6). They are required to improve on organizational productivity and efficiency and to build bigger reserve in preparation for future deficits. They claim that these are no easy tasks.

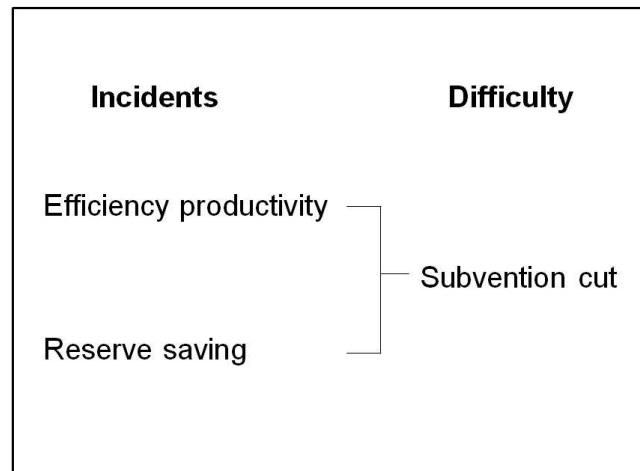
NGO Manager A

To make their life simple, the board expects me to meet the principle of 'living within our means'. Expenditures should not exceed income.

NGO Manager N

Our financial projection shows that we will have a deficit after three years. Our board asks me to provide a plan to achieve a balanced budget in the long run. The board also asks me to save more money in the coming few years, preparing for the worse.

Figure 5.6: Difficulty of Subvention Cut



5.3.5 Deficit budget

Respondents say that they worry about deficit budgets. They find two things that put their budget in deficit (see Figure 5.7). There are demands for new services and that increases current expenses. The respondents also claim that they need to generate additional income from fund-raising to cover an expanding budget but it is not easy to raise funds from either the public or from corporations. In their own words:

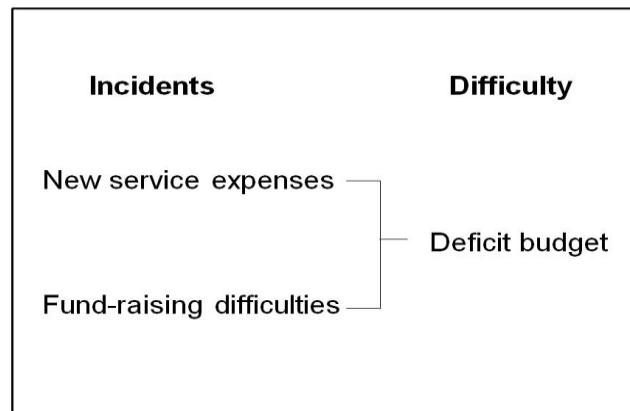
NGO Manager K

Because the public budget is cut, we cannot get more funds from government. And our annual expenditure is increasing. One of the reasons is the expansion of services. We can control staff cost but we need to meet service needs. Our service expenses are growing continuously.

NGO Manger H

We need to cut back on the budget and step up income generation. However we find it hard to raise funds because of Hong Kong's poor economic conditions at present.

Figure 5.7: Difficulty of Deficit Budget



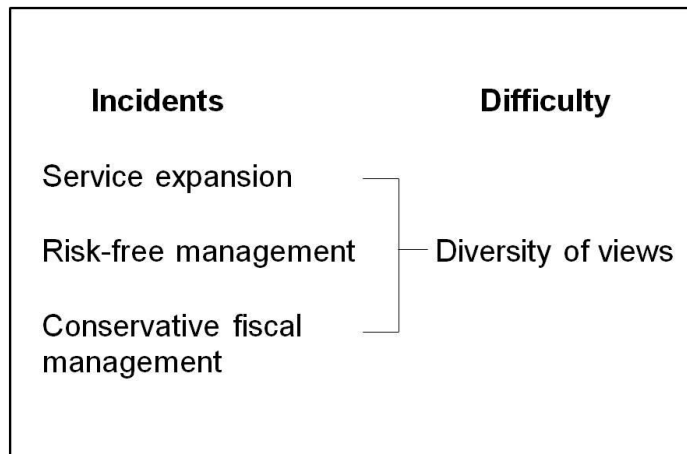
5.3.6 Diversity of views

Respondents tell how they often hold views that differ from those of their board members. The NGO managers express three concerns (see Figure 5.8). Sometimes they propose expanding their services to meet community needs but the board worries about the risks of associated cost. Management wants to increase the budget for organizational improvement but the board is conservative in fiscal management. In their own words:

NGO Manager S

It is very clear that our board members do not want any trouble. They expect me to keep the operation running smooth. They are not aggressive in service development. They require us to operate risk-proof. They are also becoming conservative with money. They want to keep more money in the reserve. I don't know why we need so much money in the bank. I cannot change their mind. They are the decision makers.

Figure 5.8: Difficulty of Diversity of Views



5.3.7 Role ambiguity

Respondents comment that the roles of governance and management have become blurred. They point to two reasons (see Figure 5.9). They believe they have taken up more management responsibility than before because of organizational changes. They also describe how board members have become more involved in daily management issues. Board members want to make sure everything is under control and risk-free. Definition of roles has become ambiguous. In their own words:

NGO Manager P

LSG gives us more flexibility but it also requires that management takes up more managerial responsibility. We need to design our own management policies and systems.

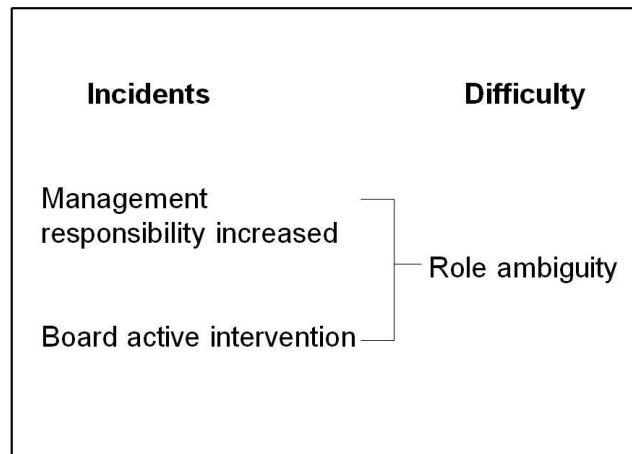
NGO Manager C

Tell you the truth. Management work has become more complicated. The work of the account department is now more heavy and difficult. Human resources management is our big issue.

NGO Manager J

Our board members are taking up greater responsibilities and greater risk than ever before. They want to have more control and they intervene in daily operations.

Figure 5.9: Difficulty of Role Ambiguity



5.3.8 High expectations

Respondents observe that their boards have high expectations of management. Their boards have three concerns (see Figure 5.10). Management is required to anticipate problems and prevent them from happening. They are expected to make sure that board members are not exposed to any liabilities. They are also required to handle all the staff issues with care and sensitivity. In no case should the organization's prestige be compromised. In the words of three respondents:

NGO Manager E

I need to spend a great deal of time to provide updates for our board members. Their most important consideration is avoidance of liability.

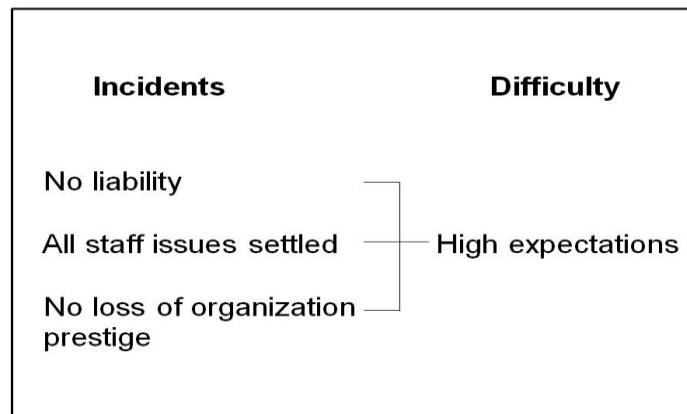
NGO Manger E

I can say our staff morale is a problem. We have had a lot of changes within a few years. I am instructed to handle all staff grievances carefully. I am responsible for everything. There is no one else to share the pressure with.

NGO Manger P

Sometimes there is news about malpractices in NGOs. On those occasions, board members would always show me the news cuttings and remind me not to cause any damage to our organization's prestige.

Figure 5.10: Difficulty of High Expectations



5.3.9 Weak central administration

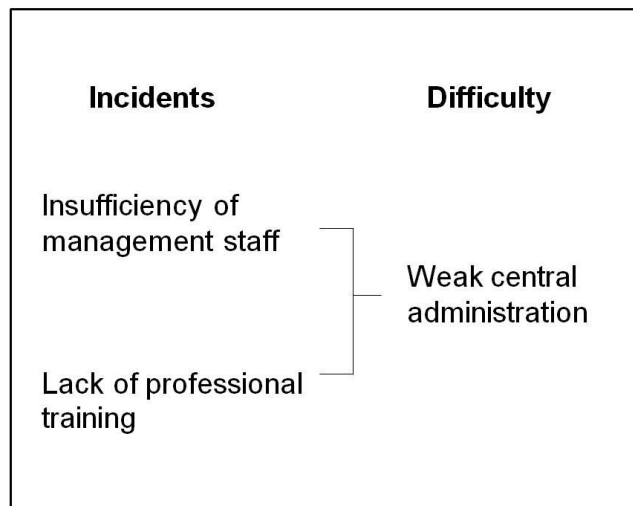
Respondents discuss the dire need for stronger central administration to plan and manage organizational changes. The existing central administration in their NGO is weak and for two reasons (sees Figure 5.11). They said there is insufficient central management staff to support the management reform and most current management staff is not professionally trained.

NGO Manager H

I have three staff responsible for central administration. One supports financial

accounting and the other two support administration. I find our manpower insufficient. Moreover, our finance and administration staff are not professionally trained. They can help maintain the operation but they cannot assist in policy and systems development.

Figure 5.11: Difficulty of Weak Central Administration



5.3.10 Obstacle to reform

Respondents talk about obstacles to the reform effort. And the obstacles come from three sources (see Figure 5.12). In the eyes of several respondents, their staff tend to reject change. There are workload pressures and management teams lack experience in implementing management reform. In their own words:

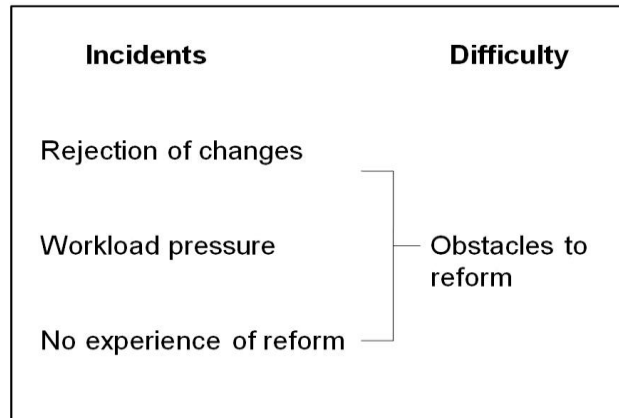
NGO Manager N

Heavy workload and pressure constitute the major obstacles to management reform efforts. Most of our staff do not want any change.

NGO Manager K

Our senior staff are professional social workers. We are not trained in management. We fearfully find our way through the reform process, one step after another step. We learn from practice. Oftentimes, we need professional support from outside.

Figure 5.12: Difficulty of Obstacle to Reform



5.3.11 Increased competition

Respondents describe how competition among NGOs has increased. There are two factors (see Figure 5.13). They observe that competition has increased among NGOs because allocations for new projects have to go through the bidding process. They need to engage in public relations to promote their organizations and enhance their competitiveness.

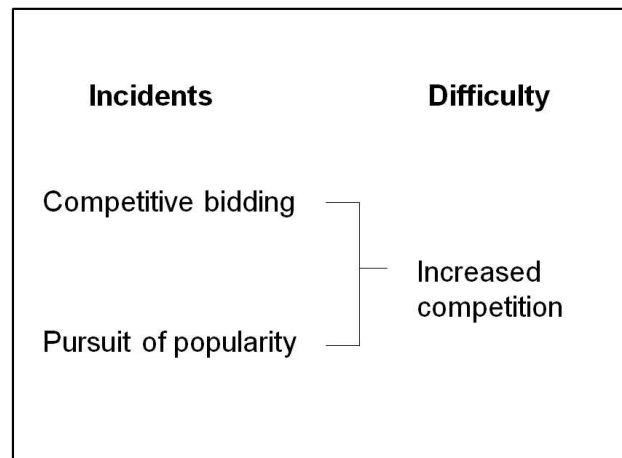
NGO Manager O

Some NGOs submit bidding proposals with a very low price tag, making the competition vicious.

NGO Manager G

I have set up a public relations team to promote our organizational image. We need to be better known by the community and by our supporters.

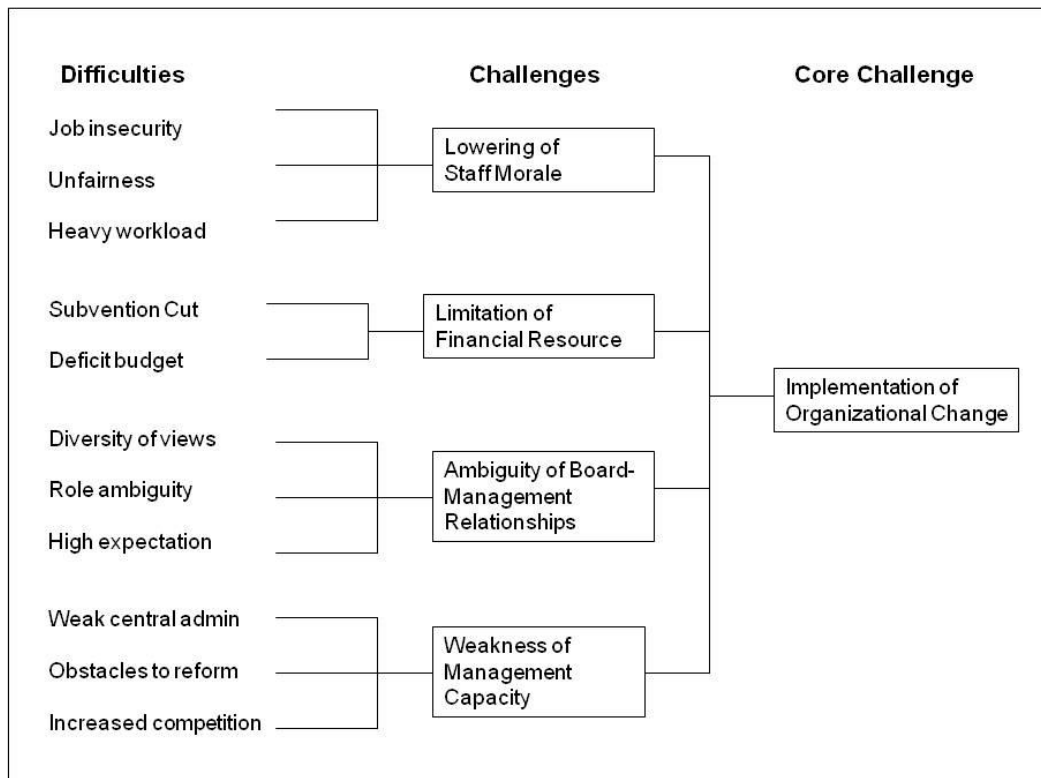
Figure 5.13: Difficulty of Increased Competition



5.4 Identifying Challenges faced by NGO managers

The 11 areas of difficulty encountered by the NGO managers are further compared and 4 challenges are identified and eventually the core challenge emerges (see Figure 5.14). The four challenges are: lowering of staff morale, limitation of financial resource, ambiguity of board-management relationship, and weakness of management capacity. The researcher concludes that the core challenge faced by NGO managers is the implementation of organizational changes.

Figure 5.14: Challenges faced by NGO Managers



5.4.1 Lowering of Staff Morale

Government subvention has been cut significantly. NGO managers find they need to reduce their operational cost in order to maintain a balanced budget. For NGO managers, to produce substantial saving, the only meaningful way is staff salary cut and manpower reduction. Delaying and Downsizing are the measures for efficiency enhancement (Larbi 1999). These measures inevitably generate staff insecurity about job and future. In their own words:

NGO manager L:

In order to work out a balance budget, we need to consider cutting staff cost, either by salary cut or manpower cut. In the last several years, I have made proposals for salary adjustment and downsizing. These proposals unavoidably

damage management and staff relations and hurt morale.

The new subvention system does allow for more flexibility in deploying resources (Lump Sum Grant Independent Review Committee December 2008). NGOs now have freedom to set their own salary structure. In many cases, in order to save on money, NGOs offer lower salary to newly recruited staff. There is now a salary difference between old and new staff although they have the same ranks and same duties. In addition, the new appointments have tended to change from being permanent to fixed term contracts. All these new staff policies make most staff feel they have not been fairly treated. In the words of one respondent:

NGO manager B:

Most of NGOs now operate on two salary scales. The scales for old and new staff are different. Our staff are critical of this arrangement as being unfair. Same duties but different reward. It is a great challenge seeking to balance the interests between old and new staff.

In order to improve efficiency and effectiveness, NGO organizations are requiring their staff to improve output quality and quantity. The major concern of public reform is service quality (Lane 2000). At the same time, the number of staff has dropped. NGO managers realize their staff are carrying heavy workloads given more duties and experiencing more pressure than ever before.

NGO manager S:

In fact, the number of staff has decreased because of the deficit budget. But I am supposed to maintain the existing services and the same level of quality and quantity. Unavoidably, the workload of our staff has to be increased. They need to share more duties and responsibilities. Some of our staff feel overloaded, even burnout.

The subvention reform and subvention cut lead to a lot of changes. Changes bring uncertainty. Some of the changes are undermining staff morale.

5.4.2 Limitation of Financial Resource

In Hong Kong, NGOs rely heavily on subvention grant from government in their operation and development. Because of the economic downturn, government needs to cut public expenditure which includes subvention to NGOs. The subvention cut has created huge difficulties for all NGOs. In response, NGO boards look to their managers to deal with the deficit situation.

NGO manager K:

We are facing escalating fiscal pressure and increasing demands from the community for quality service. A 9.3% subvention cut is very significant. Our major expenditure item is staff cost. On average, staff cost makes up to 80% of total expenditure in our organization. The 9.3% baseline cut has created tremendous pressure for me. There is no easy way to manage the deficit.

Demand for new service is on the rise. With the subvention reform in place, NGOs have the responsibilities to meet all the service needs in the community. But they do not have enough resources to expand their services at a time when resources have been cut. They also find that it is not easy to generate income from fund-raising on their own.

NGO manager B:

In the past, government had the responsibility to allocate new resources to meet the new community needs. But now, government has shifted the responsibility

to NGOs. NGOs now have the responsibility to improve their efficiency and to develop community resources to satisfy the new service demands.

NGO managers are required to maintain a balanced budget. When resources are limited, it is hard to maintain the operation and develop the organization.

5.4.3 Ambiguity of Board-Management Relationship

One of the major impacts of subvention reform is the shift of management responsibilities from government to NGOs. It calls for NGO boards to become more active than before. Most board members are worried about risks and they tend to be fiscally conservative. However, management, who are professionals in social work, tends to want to continue to develop the services. Between board and managers, there exists a diversity of views.

NGO manager P:

Board members are conservative with money but staff expect their support for increases in manpower given the heavy workload. Management tends to be aggressive in service development but the board expects zero risk. There are different views and expectations among board, management and staff.

There are board members who actively involve themselves in policy making as well as in daily operations. The line between active involvement and intervention of board members can be thin. This creates ambiguity of role and understanding between governance and management.

NGO manager J:

A board has the governance role. It makes all final decisions on policy formulation and on the monitoring of management performance. Now our board has become active, more so than before. They are involved not only in

policy making but also in daily operations. The division of roles between governance and management has become vague. There are some tensions now. I need to make more efforts in building a better relationship with the board. If I cannot build a relationship of trust with the board, I cannot perform my proper role and will have to leave.

NGO managers have full responsibility to properly manage the organization. And most boards do not want to incur liability because of mistakes. They worry about risks and do not want any mishap to happen. NGO managers find that the boards have high expectations of them. They are required to manage the organization without any trouble and nothing bad should happen to hurt the organization's prestige.

NGO manager L:

The board expects me to handle all employee issues without any problems whatsoever.

NGO manager N:

Our board members require me to keep them informed on every issue. Don't create any trouble for them. I feel greatly pressured. I spend my time wondering what I should be reporting to the board.

The subvention reform requires board members to take on more responsibilities. They become active in the management of the organization. The active involvement of board members has created tension in board-management relationships. It is gradually worsening.

5.4.4 Weakness of Management Capacity

With subvention reform, NGOs need to strengthen their management capacity. NGO managers need more professional staff to support management functions. Two

things have prevented this from happening. There is a shortage of central administrative staff and existing administrative personnel lack professional training to do the things required by the reform.

NGO manager A:

In the past, we had an easier managerial role. Our most important management function was to follow the subvention guide produced by SWD [Social Welfare Department]. There were no problems as long as we conformed to the subvention guide. Because the management tasks were so simple, our central administration required only a few clerical staff. I had a degree holder as executive officer and he was put in charge of general administration, plus financial management and plus human resources management. And it was fine. But now, we need more staff members and who are professionally trained to support the new management systems.

The subvention reform requires the NGOs to take up more management responsibilities. Under the circumstances, NGOs need to set up their own management systems and policies if they are to manage properly. However, these are no easy tasks because most NGO managers are social work trained and inexperienced in management reform. Moreover, most staff reject the changes.

NGO manager Q:

In the old subvention system, SWD provided a set of clear guidelines and instructions for financial and human resources management. We did not need to work out our own management policies and systems. With subvention reform, we are required to make proposals on financial management systems and human resource policy reform. The LSG gives flexibility to NGOs to fully utilize the resources. So, improving management efficiency and effectiveness becomes important. But with limited experience and training in management, I do not find it an easy task.

One of the means of service development for an NGO is to acquire new subvented

service projects granted by SWD. With subvention reform, acquiring new projects is done through a competitive bidding process. The introduction of competition among NGOs requires the organizations to have strong management capacities. Otherwise, they cannot win the bid. And, to strengthen competitiveness, an NGO manager needs to put resources into promoting the organization.

NGO manager M:

The competitive bidding policy creates competition among NGOs. To make bidding successful, I need to show we have strong capacity. In our case, we are weak in management systems and social network. So it is not so easy for our organization to get new government projects through competitive bidding.

The new subvention policy requires NGOs to have a strong management team that is experienced and well trained. Respondents tell us that subvention reform has highlighted a general lack of experience and training in NGO management.

5.5 Identifying the Core Challenge

Findings show that NGO managers are facing a wide range of challenges. From these challenges emerge the overarching core category namely, the implementation of organizational changes. The implementation of organizational change is thus the axis of the difficulties and challenges. In the words of NGO manager G:

Now, my major role is to manage all the changes and it is a very difficult task for me. I can say that most of my energy has been directed to considering how I should lead my staff through all the changes.

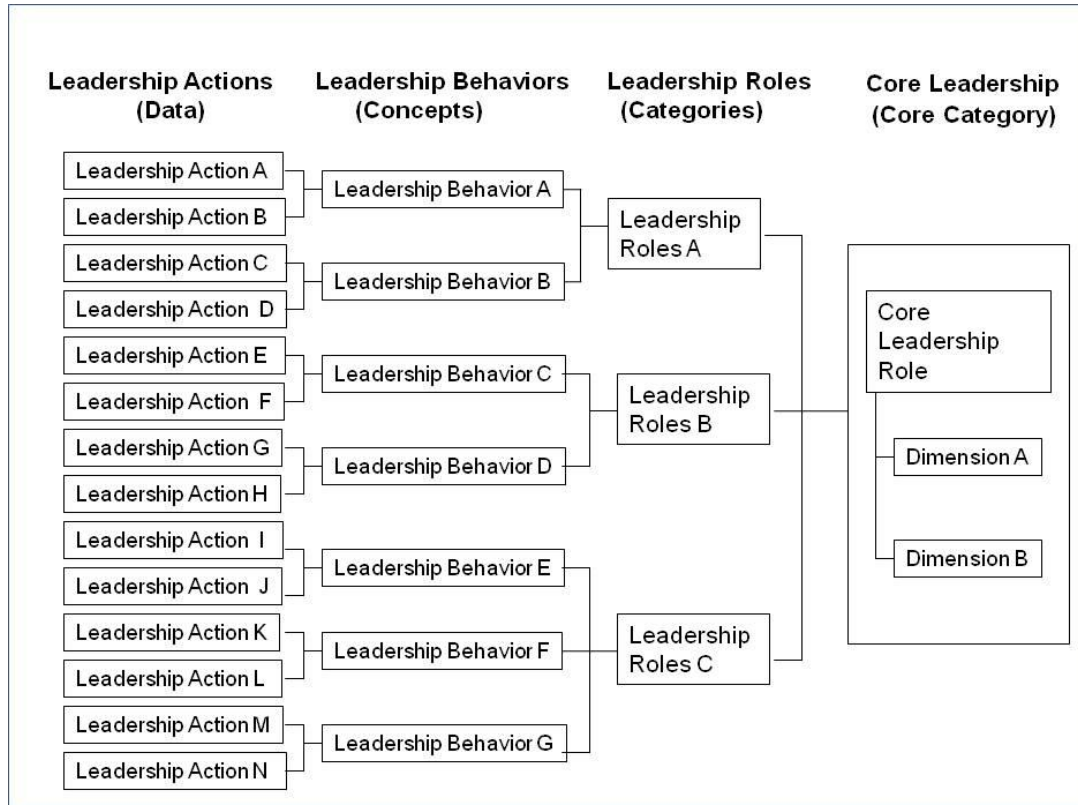
Successful implementation of organizational change calls for effective leadership

from those holding senior management positions. They are the key agents in the change process.

5.6 Interview data discussing Leadership Roles of NGO Managers

At the open coding stage, interview transcripts are examined and leadership actions are identified (see Appendix III). These actions are conceptualized and grouped into leadership behaviors. The leadership behaviors are further compared and categorized into leadership roles. From the many leadership roles emerges finally an overarching core leadership role with a number of dimensions to it. Figure 5.15 illustrates the relationship of leadership actions, leadership behaviors, leadership roles and core leadership role.

Figure 5.15: Illustration of Relationship among Leadership Actions, Leadership Behaviors, Leadership Roles and Core Leadership Role



The remainder of the chapter presents the leadership roles of NGO managers as they are described by the respondents. These findings present the ways that various NGO managers attempt to solve the problems they face. Different managers adopt different approaches in their different situations. Each contributes to a picture of leadership in a given organization. In the following section, leadership actions described by the respondents in the interview data are identified.

5.7 Identifying Leadership Behaviors

Based on the interview transcripts, 110 leadership actions (Appendix III) are identified by the researcher. Behaviors are ways of acting which form a pattern. Conceptualizing a group of actions yields a pattern of behavior. Leadership actions are conceptualized and grouped into 37 leadership behaviors (see Table 5.1). In Figures 5.16 to 5.53 each leadership behavior is indicative of two to four leadership actions.

5.7.1 Demonstrating commitment

Some respondents maintain there is a need for them to show commitment to their staff so that staff would feel more secure in their job. Some NGO managers are able to manage the financial situation in such a way that no redundancies and salary cuts are called for. Staff benefits are assured and contractual agreements honoured (see Figure 5.16). In their own words:

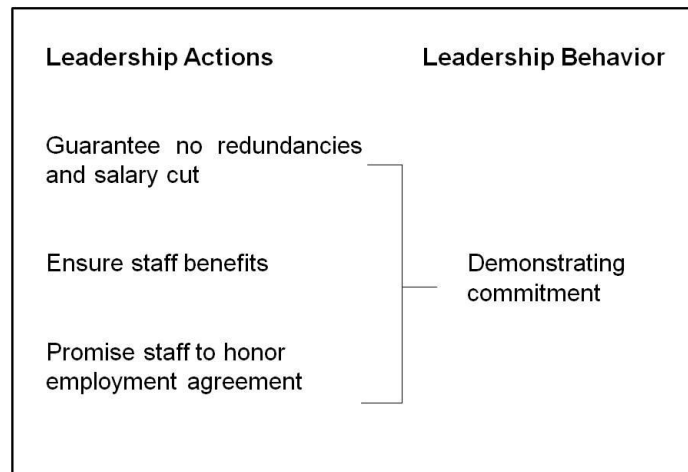
NGO manager K:

We have an obligation to keep our promises. I don't think it is good to make any changes in our employment agreement in order to cut the benefits of existing staff.

NGO manager C:

We have no plans for redundancies or salary cuts because our financial situation is OK. I find our staff feel more comfortable with this.

Figure 5.16: Leadership Behavior -- Demonstrating Commitment



5.7.2 Providing career development

Some respondents talk about how they are providing more opportunities to staff for career development. They formulate succession plans, enhance internal promotion paths, and identify staff with potentials for more responsibility (see Figure 5.17).

The following quotations are drawn from some of these respondents:

NGO manager C:

Our senior staff team is given more opportunities for leadership roles. I hope one of them can take over when I retire.

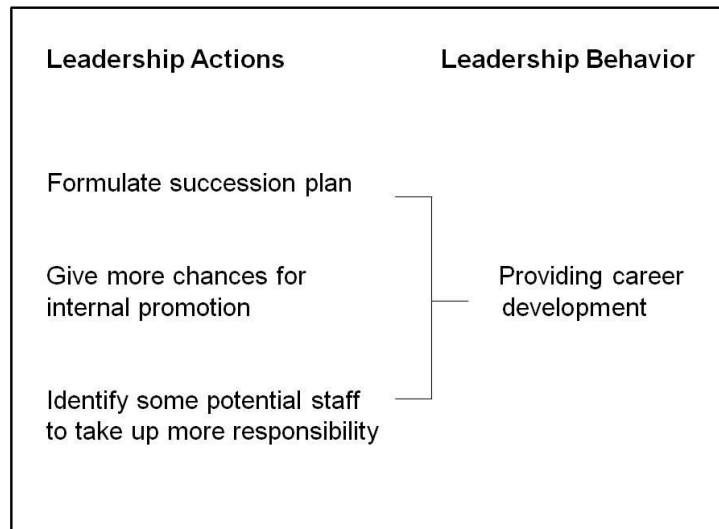
NGO manager N:

I encourage internal promotion. It helps with staff morale. They feel everyone will have a chance for advancement.

NGO manager H:

I would like to invite capable staff to form working groups to provide leadership for specific agency events and annual functions.

Figure 5.17: Leadership Behavior -- Providing Career Development



5.7.3 Showing support

Most respondents talk about how they express support and concern for their staff during the process of change. They are aware of staff anxiety and worries and they respond to their requests in good faith. They seek to stand up for their interests. Some look upon their staff as internal customers (see Figure 5.18).

NGO manager D:

I understand our staff has lots of worries because of the changes. One of my major roles and duties is to listen to their problems and their anxieties.

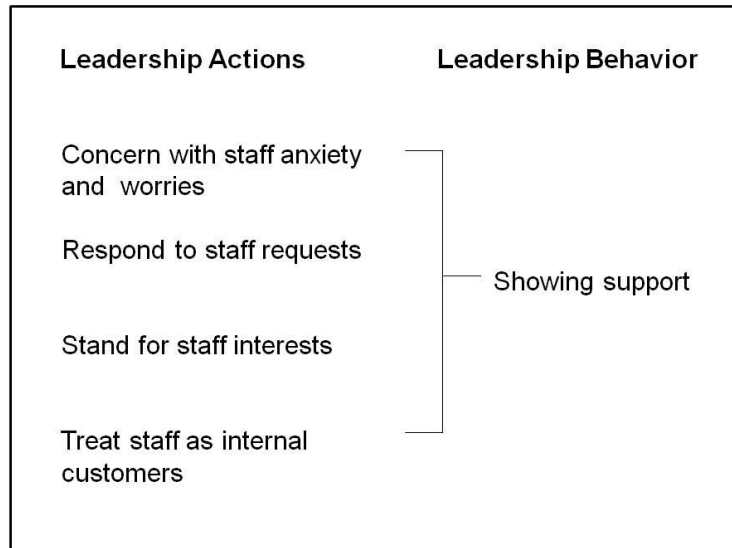
NGO manager K:

Our staff expect me as the agency head to always stand for their interest. I am sensitive to that and try my best not to let them down.

NGO manager A:

We have external and internal service targets. Our staff are our internal service customers. We need to take care of their concerns.

Figure 5.18: Leadership Behavior -- Showing Support



5.7.4 Engaging staff

Some respondents discuss how they try to engage their staff in the planning and decision-making processes. They work out solutions together, involve staff at the planning stage, and encourage ideas from bottom-up (see Figure 5.19).

NGO manager P:

We have regular consultation sessions with different levels of staff. When management has some initial ideas for service development, staff will be consulted. It helps to promote a sense of ownership from among the staff.

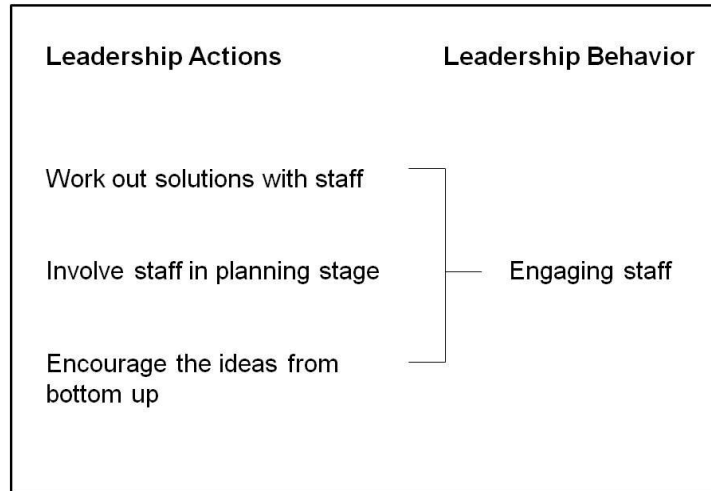
NGO manager J:

I always make decisions with my senior staff. They are involved in the decision making process. They are my think tank.

NGO manager O:

In preparing our annual business plan, the first step is to collect the views of our frontline staff. All service units host staff forums for input of ideas and all these ideas are reported to my office.

Figure 5.19: Leadership Behavior -- Engaging staff



5.7.5 Recognizing good performance

Some respondents discuss how they give recognition to staff for good performance. They acknowledge staff contribution, and pay bonus for excellent performance. Staff are regarded as important assets to the organization (see Figure 5.20).

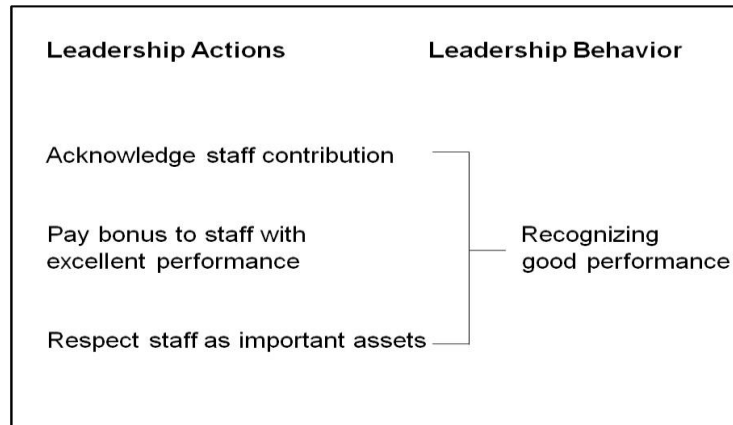
NGO manager E:

The Board has accepted my proposal to set up a bonus system to encourage excellence in performance.

NGO manager M:

Staff of outstanding performance receive awards in annual staff meetings. We wish to show them our recognition and appreciation.

Figure 5.20: Leadership Behavior – Recognizing Good Performance



5.7.6 Promoting sense of achievement

Some respondents see as one of their tasks the promotion of a sense of achievement among staff. Opportunities are provided for staff to achieve their goals. They share their stories of success and failure (see Figure 5.21).

NGO manager C:

I encourage our staff to come up with good proposals. If their ideas are good, I try my best to give them support. I can say that my staff do have opportunities to actualize their ideas.

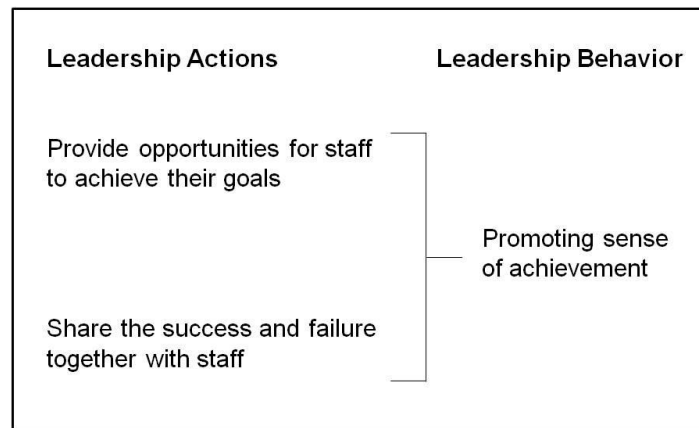
NGO manager O:

I encourage our staff to share good and bad experiences openly. This is a way to foster a culture for excellence.

NGO manager L:

Some of our projects have been recommended for inclusion in outstanding project competitions. I want to let our staff know that this NGO is doing well.

Figure 5.21: Leadership Behavior -- Promoting Sense of Achievement



5.7.7 Being fair

Some respondents feel it important to demonstrate fairness in performing leadership roles. They make sure that staff policies are fair; express concern that employment terms for old and new staff have become different; implement a performance pay policy; and assess staff performance based on factual evidence (see Figure 5.22).

NGO manager T:

Now our staff is very sensitive to all new staff policies. We need to make sure the policies are fair to all staff. Otherwise, it will become a great problem if staff feel the policies create unfairness.

NGO manager O:

One of my difficult tasks is to address the issue of salary difference between new and old staff.

NGO manager R:

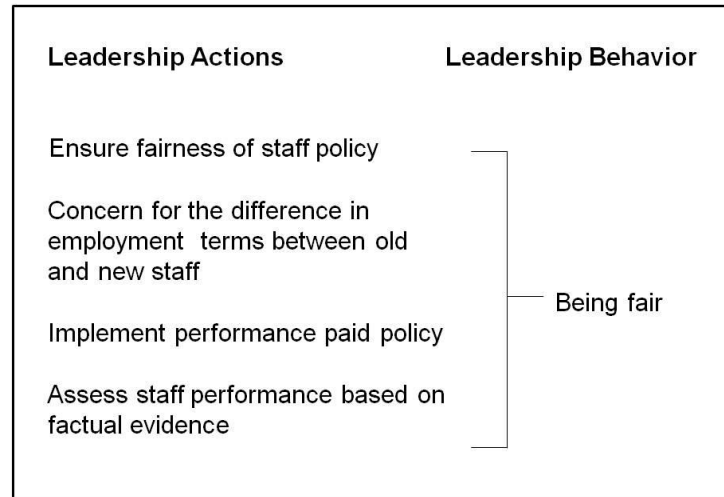
We have developed a performance pay policy. The annual salary adjustment for every staff is based on performance.

NGO manager K:

We have worked up some concrete indicators to assess staff performance.

Supervisors are required to provide factual evidence to prove quality staff performance.

Figure 5.22: Leadership Behavior -- Being Fair



5.7.8 Promoting mutual exchange

Most respondents tell how they try to promote mutual exchange among board, management and staff to achieve mutuality of understanding. Various communication channels are available. There is some involvement of board members in staff activities and staff meetings (see Figure 5.23).

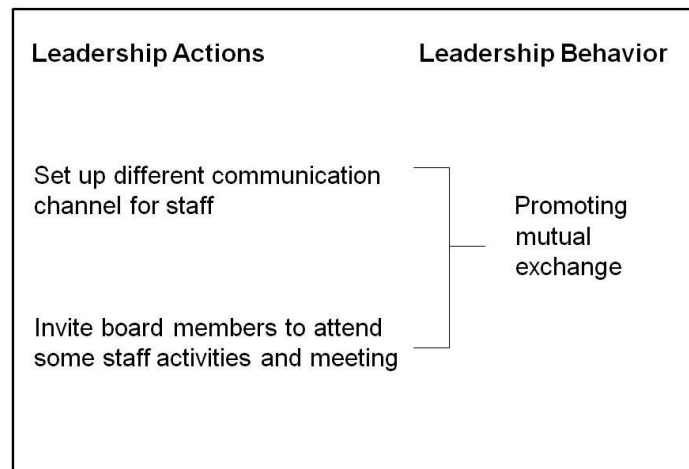
NGO manager T:

I have had occasions and meetings of open dialogue with my staff.

NGO manager A:

Our board members are actively involved in staff programs and meetings. They want a better understanding of our staff situation. Mutual understanding can be fostered through communication between board members and staff.

Figure 5.23: Leadership Behavior -- Promoting Mutual Exchange



5.7.9 Enhancing transparency

Some respondents claim that they want transparency in the decision making process. To staff, they explain new policies and new problems, provide them with updated information and explain the NGO's financial situation (see Figure 5.24).

NGO manger N:

I make it a point to explain new policies to all of our staff in annual staff meetings. I think it is good to let our staff understand the rationale behind the policies.

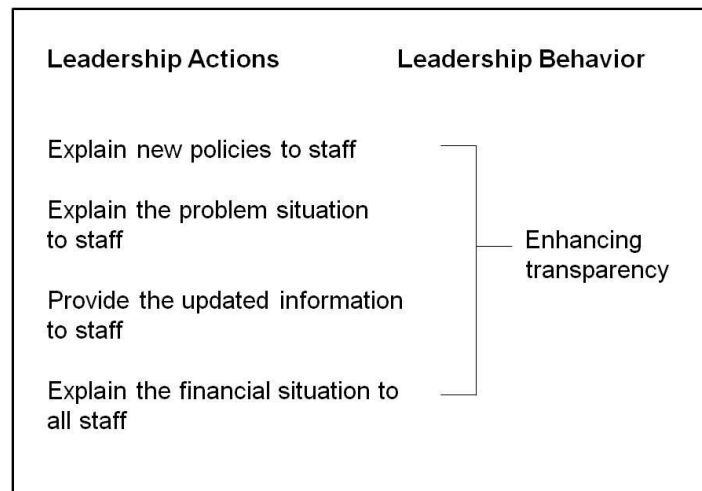
NGO manger O:

If I want to encourage my staff to accept the changes, I need to provide them with full information and I need to explain our problems. Now our operation is much more transparent than before.

NGO manager S:

All our financial figures are open to our staff. Some understand the organization's financial situation.

Figure 5.24: Leadership Behavior -- Enhancing Transparency



5.7.10 Enhancing accountability

Some respondents discuss how they should be accountable to the board. They need to fully inform the board of progress, maintain good performance to satisfy board requirements, alert the Board Chairman of potential risks; and maintain regular dialogue (see Figure 5.25).

NGO manager E:

I need to give progress updates to our board members. They are asking for more operational details. Now our board meets more frequent and regular.

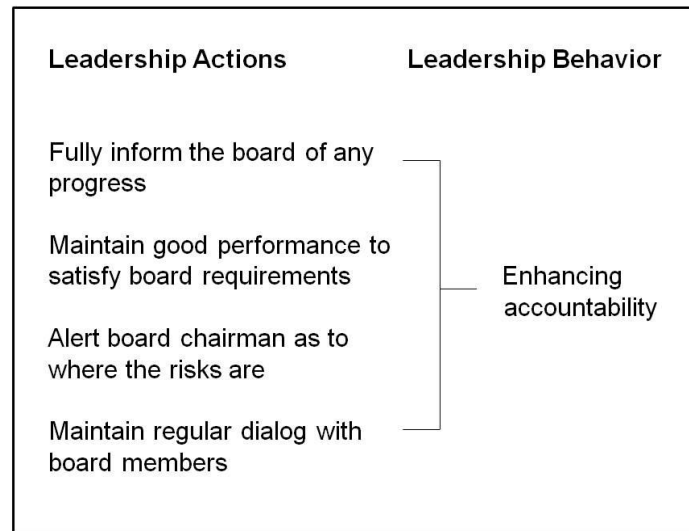
NGO manager O:

Frankly speaking, I need to maintain good performance to gain the trust of board members.

NGO manager O:

I have pre-board meetings with the Chairman of the Board to brief him on the details of our operation. I also alert him to potential risks and assist the Board in making appropriate decisions.

Figure 5.25: Leadership Behavior -- Enhancing Accountability



5.7.11 Controlling budget

All respondents hold the view that they need to balance their budget. No deficits. They set up new financial management systems to strengthen budget control; and monitor salary level in step with prevalent market (see Figure 5.26).

NGO manager S:

The board expects me to maintain a balanced budget with no deficits.

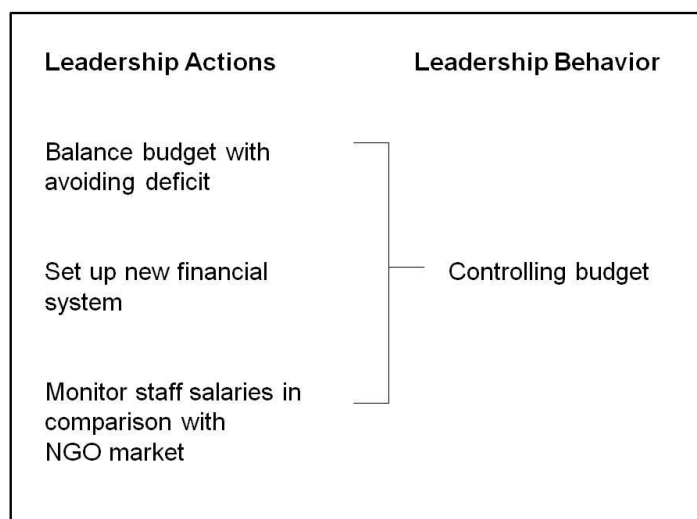
NGO manager F:

My financial manager is working with a new financial management system. I hope the new system can help to control income and expenditure more effectively.

NGO manager T:

The salary level of new staff is determined with reference to prevalent NGO market. Our personnel staff are required to be attentive to market changes.

Figure 5.26: Leadership Behavior -- Controlling Budget



5.7.12 Projecting financial situation

Most respondents speak of how they are requested by the board to formulate long-term financial projections. And they are to do so along with a balanced budget. They also need to be able to set aside savings in case of future deficits (see Figure 5.27).

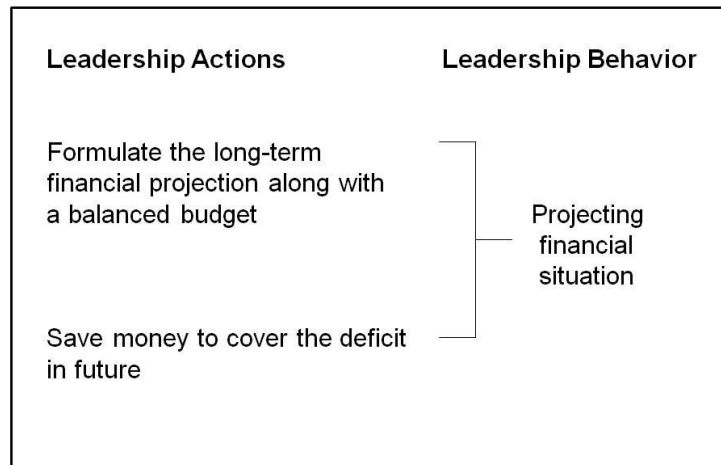
NGO manager K:

One of our board members is an accountant. She is helping us design a long-term financial projection framework. I am now learning how to do projections.

NGO manager D:

We may have deficit after three years. So the board sends out an instruction for long-term financial projections. I also need to start saving money from this year onwards to cover any future deficits just in case.

Figure 5.27: Leadership Behavior -- Projecting Financial Situation



5.7.13 Enforcing downsizing

Some respondents talk about how they are required to reduce the number of staff so as to reduce operational cost. The staff establishment is reduced and the number of staff is cut by natural wastage (see Figure 5.28)

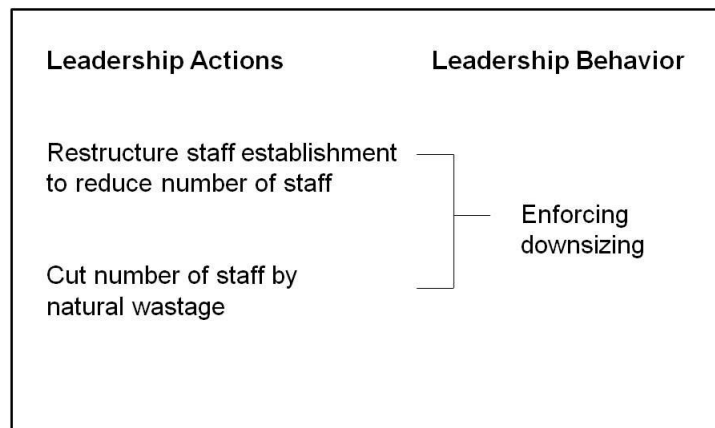
NGO manager B:

Restructuring in our organization is the result of changes to our regional-based structure. We believe that as part of this process, the cut in staff does make sense.

NGO manager G:

On staff resignation or retirement, posts of a general grade will not be filled.. We need to reduce the number of staff.

Figure 5.28: Leadership Behavior -- Enforcing Downsizing



5.7.14 Improving efficiency

Some respondents share how they propose measures to improve the efficiency of their operation. In some cases, low utilized services are terminated, workloads are shared; service operations are given a fresh look in order to improve efficiency (see Figure 5.29).

NGO manager C:

Last year, we terminated an elderly centre. It is a self-financing project. I can save some money in the exercise ... We have been subsidizing this project for years.

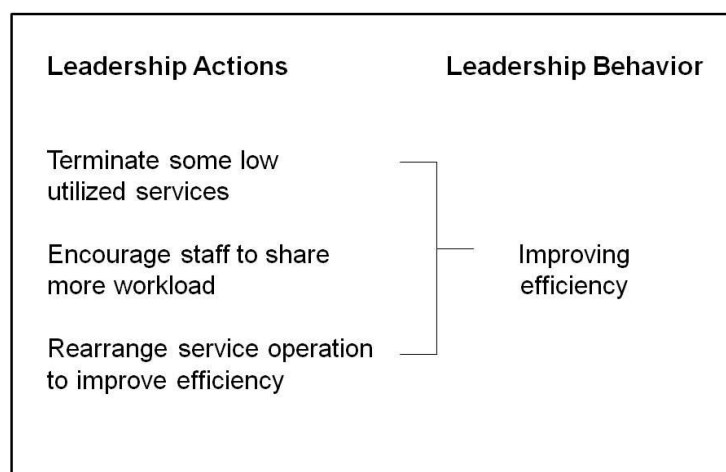
NGO manager Q:

Now our staff are sharing more workloads than ever before. Some vacancies will not be filled in order to cut cost.

NGO manager B:

We design a regional based service that allows us to improve efficiency in service delivery. We have now a management process which matches our services to community needs. Our regional teams have a free hand in resource allocation.

Figure 5.29: Leadership Behavior -- Improving Efficiency



5.7.15 Cutting salary

Most respondents talk about the need to implement salary cuts. There are various ways to do this. A voluntary retirement scheme is offered; contract terms for new staff appointments; new salary scales with lower entry points; and in some cases staff cut or salary freeze (see Figure 5.30).

NGO manager N:

Our board has given approval to a voluntary retirement scheme. We find that the scheme allows us to save on staff costs in the long run.

NGO manager K:

All our new comers are given contract terms. They have a different salary structure from existing staff.

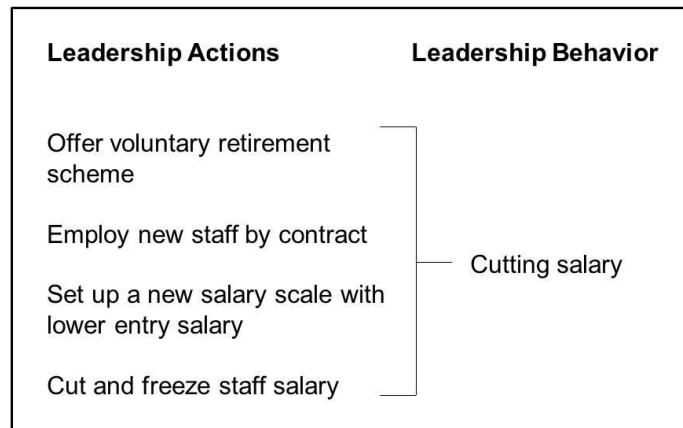
NGO manager B:

The new staff get lower salary in comparison with the old staff ... We will also cut salary across the board next financial year.

NGO manager J:

The board has decided to freeze staff salary in the coming financial year.

Figure 5.30: Leadership Behavior -- Cutting Salary



5.7.16 Applying for funding

Some respondents refer to the need to apply for additional funding. There are direct funding from government and indirect funding from government agencies and there is the open bidding exercise for new subvented projects (see Figure 2.31)

NGO manager A:

I ask my staff to submit applications to the District Board Community Service Fund. I manage to get some resources from this fund every year.

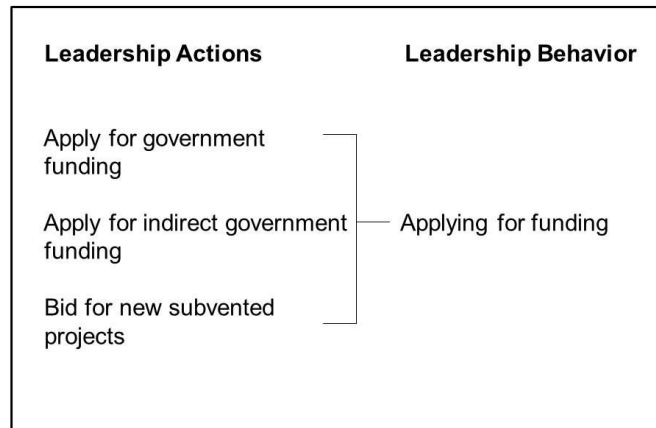
NGO manager P:

We have set a target for funding applications. The target is worked out with my senior staff.

NGO manager B:

We actively bid for subvented projects. It is our only way to expand our services.

Figure 5.31: Leadership Behavior -- Applying Funding



5.7.17 Raising funds

Some respondents are of the view that they need to raise funds from sources other than government. They talk about launching fund-raising events and strengthening donors services (see Figure 5.32).

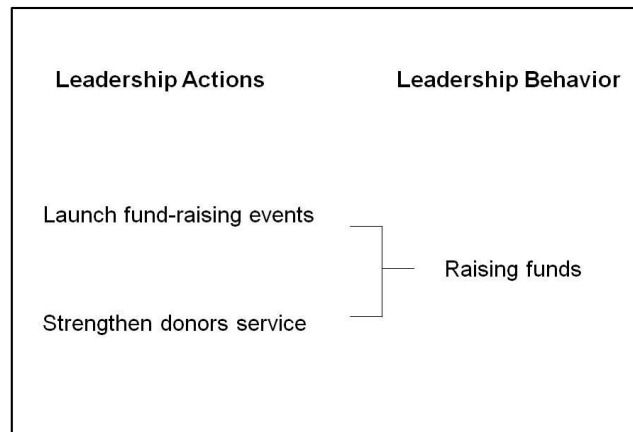
NGO manager I:

After joining the LSG, we set up a fundraising department to start fundraising programs and we manage to generate some income from these programs.

NGO manager N:

We want to receive more donations. Donor service is very important. We have regular programs for our donors.

Figure 5.32: Leadership Behavior -- Raising Funds



5.7.18 Increasing fee income

Some respondents are carefully considering increasing fee income. The board asks for some return from self-financing services and an increase in program fees (see Figure 5.33).

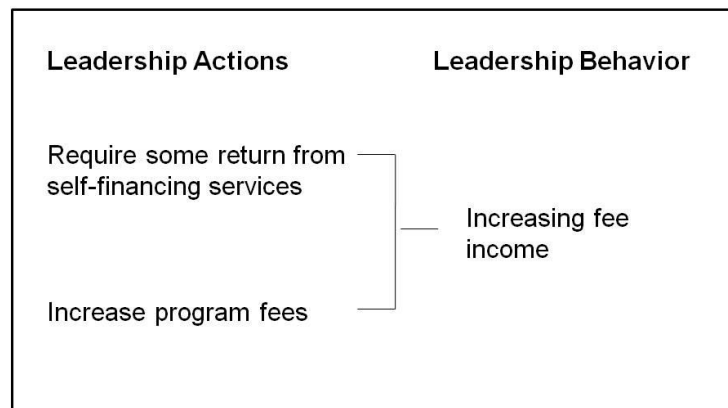
NGO manager K:

To meet community needs, we have started some self-financing services and the cost is covered by fee income ... As a result, some net income is expected from these services.

NGO manger J:

An increase in fee income is one of the ways to raise our income level.

Figure 5.33: Leadership Behavior -- Increasing Fee Income



5.7.19 Empowering senior staff

Some respondents discuss how they empower their senior staff to take up leadership roles. They express confidence in senior managers, collect staff views through them and delegate authority and responsibility (see Figure 5.34).

NGO manager Q:

I like to share more responsibly with my senior team members. I have confidence in their ability. They are experienced staff.

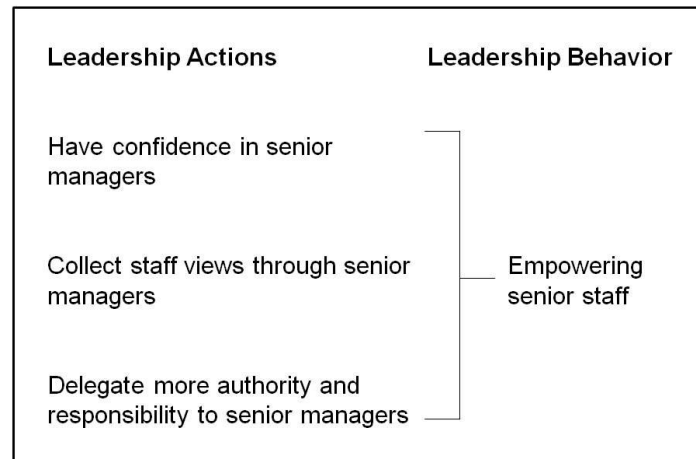
NGO manager T:

Our unit heads and senior managers serve as bridge of communication between management and frontline staff. They help to bring staff views to our attention.

NGO manager E:

To strength our leadership, senior staff need to take up more responsibilities, but I also need to delegate more authorities to them.

Figure 5.34: Leadership Behavior -- Empowering Senior Staff



5.7.20 Achieving consensus

A few respondents speak of how they seek consensus on all issues with their senior staff. They facilitate collective decision-making and play a coordinating function between board and management (see 5.35).

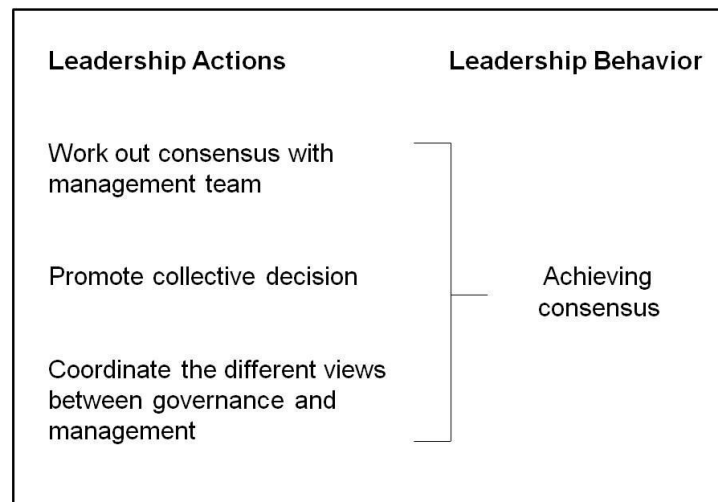
NGO manager O:

It is not easy to get everybody to come to the same views. But I involve my senior staff to make decisions together. In the process, differences are minimized.

NGO manager S:

As agency head, I need to coordinate the views of our board and of the management team. In board meetings, I represent my management team and I seek consensus of view with board members,

Figure 5.35: Leadership Behavior -- Achieving Consensus



5.7.21 Promoting partnership

Some respondents share how they work closely with their senior staff and build up partnership with them. They stay in close cooperation with senior managers; give clear instructions on division of duties, and set out clearly the respective roles of governance and management (see Figure 5.36).

NGO manager F;

I work closely with my senior staff. Whenever I encounter a problem, I go to them for solutions. I need their support.

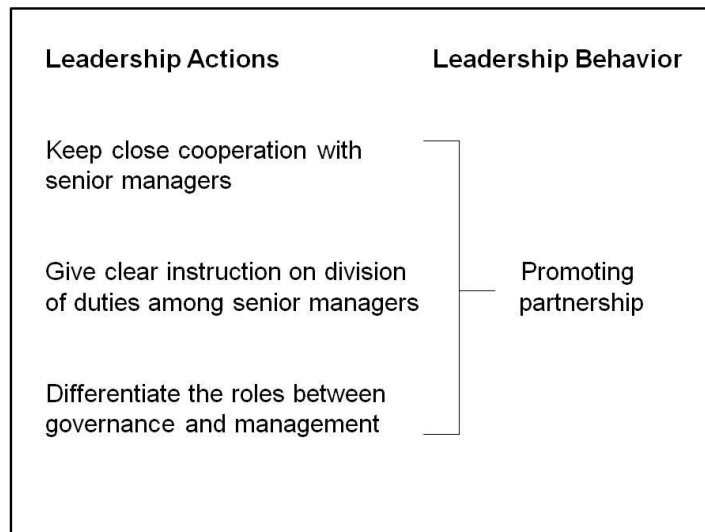
NGO manager S:

The roles of our senior staff have to be redefined because of the changes in organizational structure consequent to subvention reform.

NGO manager L:

I have prepared a paper for discussion in the board on the respective roles of board and management. We need clarity here.

Figure 5.36: Leadership Behavior -- Promoting Partnership



5.7.22 Pursuing operational excellence

Some respondents tell how they lead their staff in the pursuit for operational excellence. They encourage staff to achieve good performance, require them to complete their tasks on time, encourage creative thinking, and work out standards of quality service (see Figure 5.37).

NGO manager P:

Now we have higher expectation of our staff. We always encourage our staff to produce better performance.

NGO manager T:

I require our staff to complete their tasks on time. If they cannot do so, they need to give me a reason.

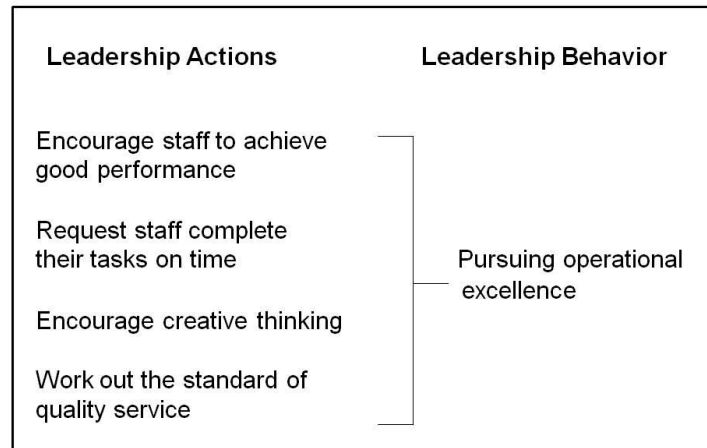
NGO manager C:

Our board members require quality service of us. We set up a working group to work out standards of quality service which will become the measurement of our performance.

NGO manager L:

An in-house award scheme encourages service units to come up with creative and innovative projects.

Figure 5.37: Leadership Behavior -- Pursuing Operational Excellence



5.7.23 Developing staff

Some respondents talk about opportunities for staff development. They encourage board members and staff to attend management courses, get involved in mentorship schemes, offer scholarships for further studies, and hosts professional training programs (see Figure 5.38).

NGO manager A:

Our board members are invited to join the management courses organized by the Social Welfare Department.

NGO manager O:

Our mentorship scheme has been in operation for three years. All new recruits have been exposed to the friendship of experienced colleagues.

NGO manager J:

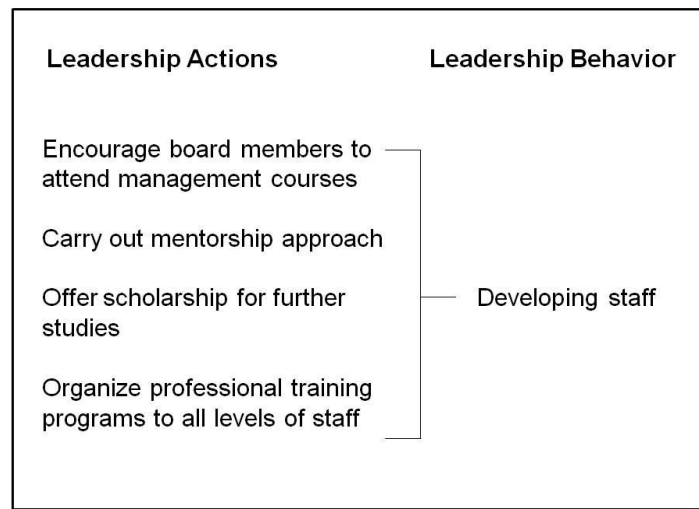
Staff of all levels have opportunities to attend training programs. The board has

increased our training budget. Staff with potential are given support for further studies in Hong Kong or overseas.

NGO manager M:

More staff training programs have been introduced this year, and will in the years to come.

Figure 5.38: Leadership Behavior -- Developing Staff



5.7.24 Developing better system

Some respondents describe how adjustments have been made to render their operational systems fit for the changing situations. They strengthen the capacity of central administrative staff, appoint external consultants to formulate new management protocol, introduce risks management, and ensure that all management policies are made on the basis of the same agreed standards and principles (see Figure 5.39).

NGO manager N:

I have recruited an additional finance officer, professionally trained, to replace a clerical staff. I want to upgrade our administrative officers.

NGO manager S:

A management consultant has been employed to put forward proposals for improving our financial system. Our staff does not have such expertise.

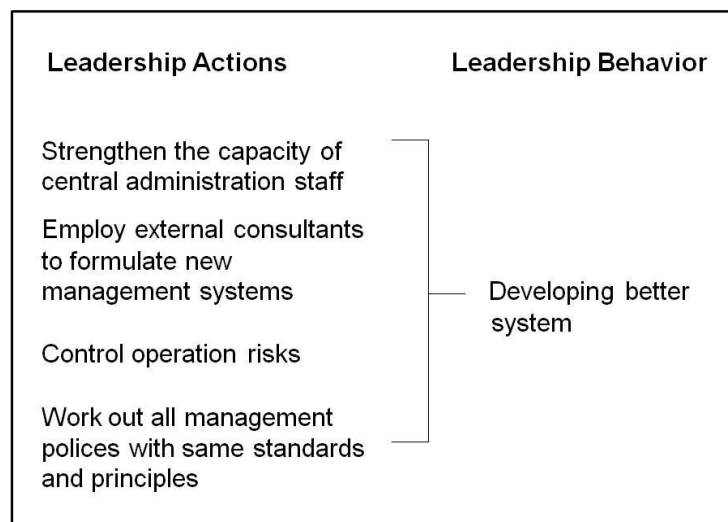
NGO manager F:

We set up a risk management team as part of our operation.

NGO manager C:

Our personnel manager is reviewing our staff policies to identify any inconsistencies. We need to ensure policies conform to the same sets of agreed guideline.

Figure 5.39: Leadership Behavior -- Developing Better System



5.7.25 Participating community affairs

Some respondents say that as organization representatives, they participate in community functions actively. They also help put together community events (see Figure 5.40).

NGO manager O:

Some local government departments expect our centres to participate in

community programs. To build up our community network, we sometimes host community wide events to strengthen ties with local groups.

NGO manager A:

We believe in community participation. We are core participants of important local functions.

Figure 5.40: Leadership Behavior -- Participating Community Affairs



5.7.26 Building organizational image

Some respondents describe how they seek to build up the organization's image in the community. They launch high profiled programs and organize innovative pilot projects (see Figure 5.41).

NGO manager N:

These days, image is very important. Good image leads to more community support.

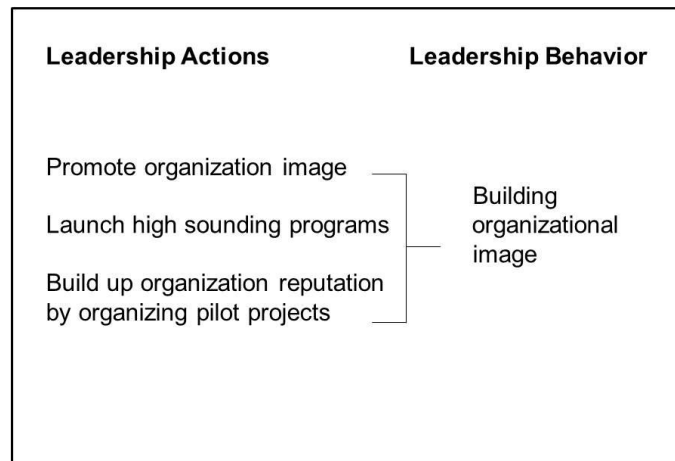
NGO manager J:

We launch high profiled programs every year. It allows us to maintain high visibility in the community

NGO manager P:

One of the means of promoting the organization's image and reputation is introducing innovative pilot projects. It is relatively easy to secure financial support from the community for pilot projects.

Figure 5.41: Leadership Behavior -- Building Organizational Image



5.7.27 Forming strategic alliance

Some respondents speak about gaining support from churches. Others refer to strategic alliances with government departments and social groups, or collaborative partnerships with the commercial sector (see Figure 5.42).

NGO manager P:

We are a Christian organization. We can always get support from our churches.

NGO manager T:

Our senior staff has the task of building working relationships with different parties on local and regional levels.

In recent years, we have been very proactive building up partnerships with a number of business companies. Volunteers from private corporations regularly support our work.

Figure 5.42: Leadership Behavior -- Forming Strategic Alliance



5.7.28 Revisiting organizational mission

Some respondents speak of how they lead their staff to revise the organization's mission statement when circumstances call for change. They revisit the mission and vision statement with board members and staff, and redefine it, not forgetting the reason for their existence. (see Figure 5.43).

NGO manager O:

Last year, we conducted a retreat for board members and the senior staff team. We reflected on our mission and vision and developed a new mission statement. We want to keep our directions aligned to social needs.

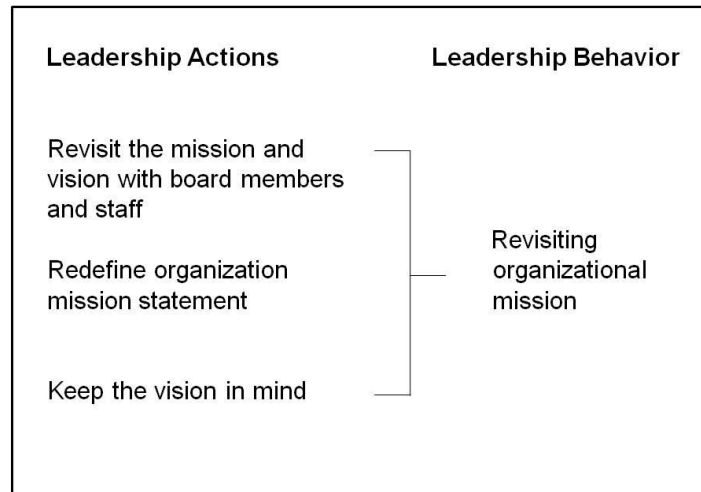
NGO manager K:

Board members have been involved in discussions for a new mission and vision statement.

NGO manager E:

Our vision guides our operation. I always remind myself that that is the way to go.

Figure 5.43: Leadership Behavior -- Revisiting Organizational Mission



5.7.29 Identifying organization values

Some respondents show how they identify the core values of the organization in consultation with staff and board. Common values and common goals are shared with staff, and reflected in the program of the organization (see Figure 5.44).

NGO manager C:

Board members and staff share the same values. We identify and define our values together.

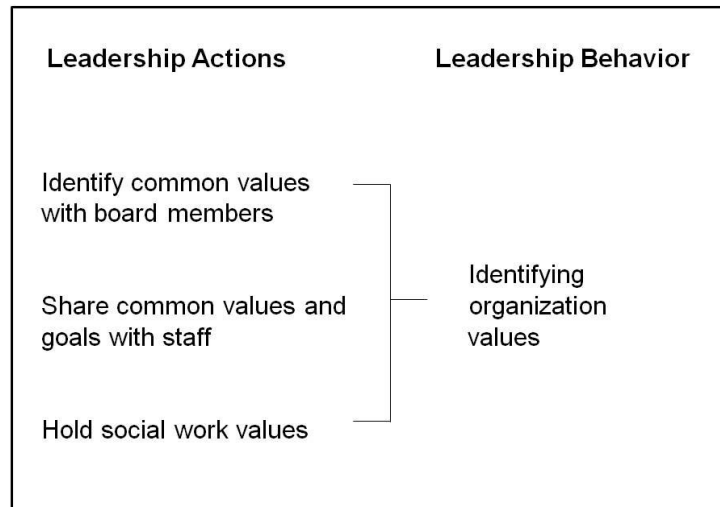
NGO manager P:

We are a Christian organization so our work is value based. Our emphasis is on achieving a set of shared values. It is the foundation for quality service.

NGO manager D:

Social work is value based.

Figure 5.44: Leadership Behavior -- Identifying Organization Values



5.7.30 Sharing vision

Some respondents talk about how they regularly share the organization's vision with staff. Staff orientation introduces new staff to the organization's philosophy; and new staff with similar commitment are recruited to serve (see Figure 5.45).

NGO manager N:

On every occasion possible, I like to present our vision to our staff.

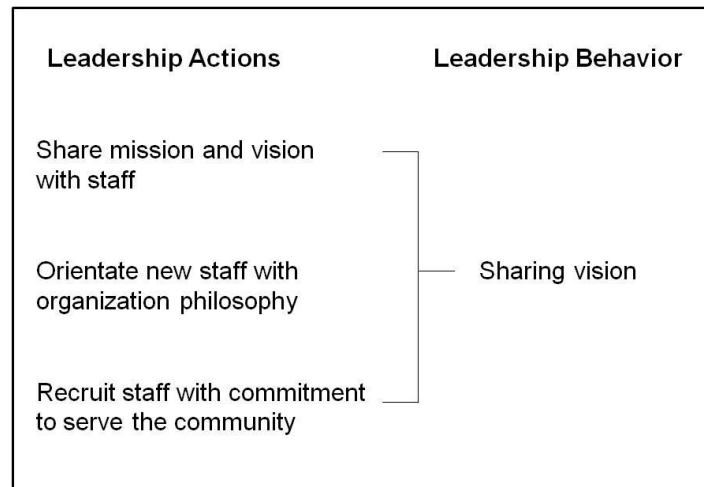
NGO managers E:

All new staff take part in orientation and a presentation on vision is made by our senior staff.

NGO manager P:

We would like to recruit people who are committed to the same vision.

Figure 5.45: Leadership Behavior -- Sharing Vision



5.7.31 Orientating directions

Some respondents tell how they set directions for organizational development. They make references to how they make the vision clear in staff briefings and there is constant monitoring to ensure the vision is followed through (see Figure 5.46).

NGO manager E:

I need to provide a clear direction to our agency so that staff can move in conjunction in the same direction.

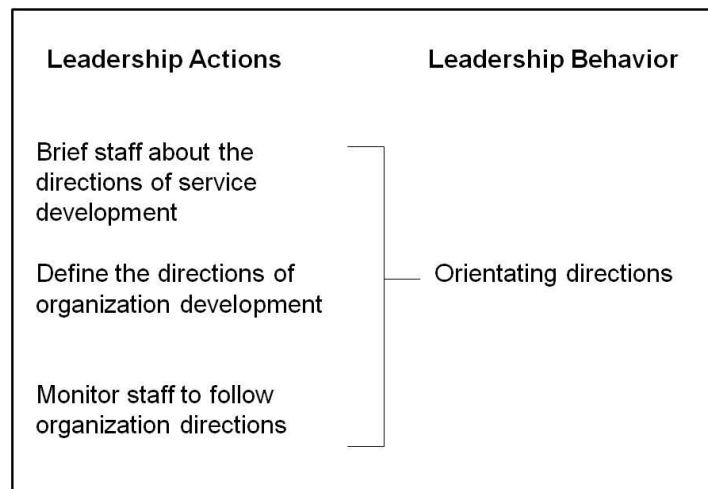
NGO manager D;

In the coming annual staff meeting, I will make a presentation on the future directions of welfare service development. I want to brief our staff on what is happening in the field.

NGO manager A:

All the annual plans of our service units should be submitted to my office. I will check whether the service plans are consistent with our directions and goals.

Figure 5.46: Leadership Behavior -- Orientating Directions



5.7.32 Analyzing circumstances and situations

Some respondents speak about how they lead their staff in analyzing the changing circumstances. They call for sensitivity to community needs identify community problems and solutions; and be knowledgeable about recent developments in the welfare field (see Figure 5.47).

NGO manager N:

When we work on our annual business plans, we need to recognize the needs of the community. We conduct users' surveys to develop responsive programs.

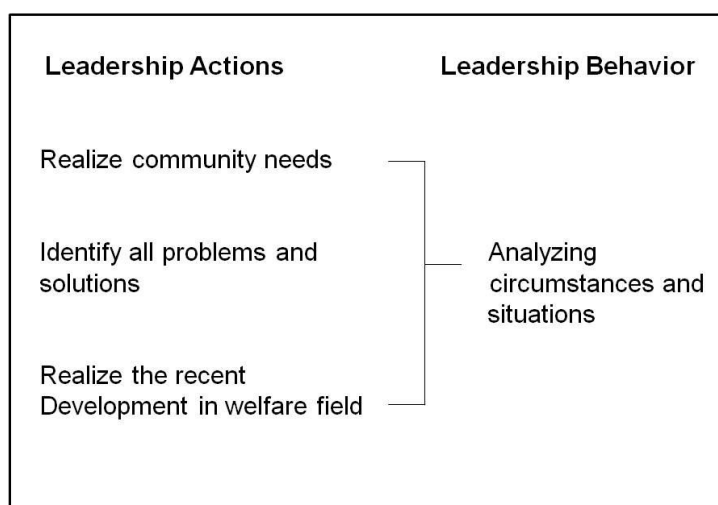
NGO manager K:

One of the regular agenda items in our senior staff meeting is discussion of community issues.

NGO manager B:

I encourage our senior staff to participate in conferences and meetings beyond the confines of our agency. They need to be updated on development in the sector.

Figure 5.47: Leadership Behavior -- Analyzing Circumstances and Situations



5.7.33 Reviewing organizational capacity

Some respondents talked about how they lead their staff in reviewing the capacity and limitations of their organizations. They assess their potential and develop services based on the strength and capacity of the organization (see Figure 5.48).

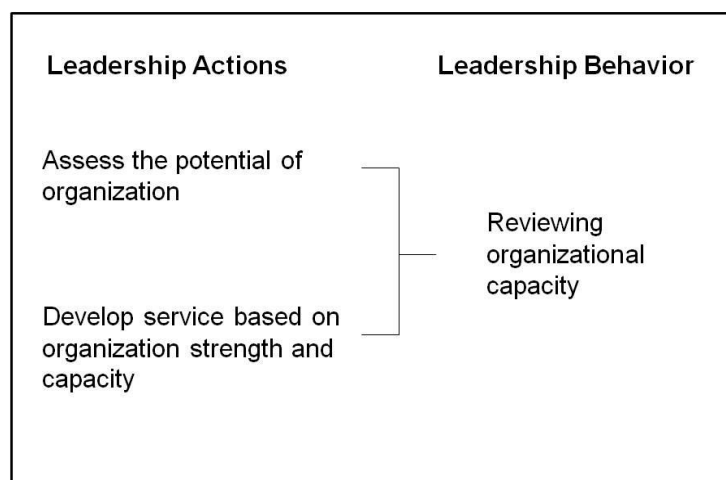
NGO manager M:

Our performance assessment system helps us to review our operation and service delivery. The assessment is done by staff as well as service users. We come to recognize our strength and weakness through the assessment.

NGO manager S:

Service planning is based on our strength and capacity.

Figure 5.48: Leadership Behavior -- Reviewing Organizational Capacity



5.7.34 Formulating strategies

Some respondents speak about ways of formulating development strategies. They form a working group for initial discussion on direction and strategy. Another group serves as a think tank and provides elaboration; and staff is invited to come up with ideas (see Figure 5.49).

NGO manager G:

I lead a working group including different levels of staff to formulate our development strategies.

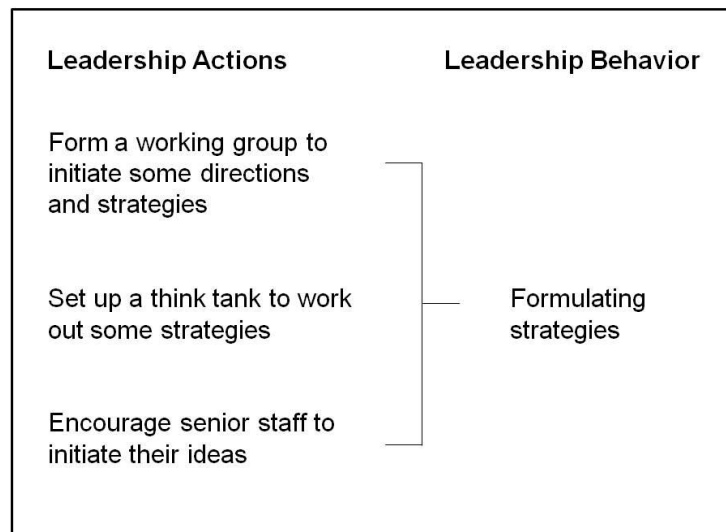
NGO manager H:

Innovative staff are invited to form a core group to discuss development strategies. They serve as a think tank.

NGO manager F:

A questionnaire is distributed to all staff to collect their ideas on service strategies. It is compiled into a report for further consultation among staff.

Figure 5.49: Leadership Behavior -- Formulating Strategies



5.7.35 Setting goals

Some respondents describe how they lead their staff to set strategic goals. Organizational goals are based on the organization's vision which then find programmatic expression according to the identified needs of the community (see Figure 5.50).

NGO manager L:

Staff are invited to give suggestions on what they see as the agency's organizational goals.

NGO manager D:

We develop our organizational goals from our mission and vision. And our service programs are based on these goals.

NGO manager K:

It is necessary to link our goals to community expectation so that our service meets the felt needs of the community.

Figure 5.50: Leadership Behavior -- Setting Goals



5.7.36 Allocating resource

Some respondents talk about their responsibility for resource allocation. They allocate resources according to community needs; and set priorities (see Figure 5.51).

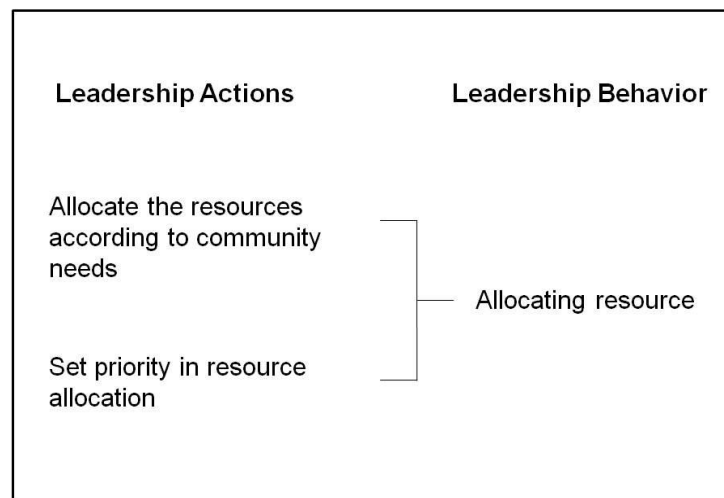
NGO manager A;

As CEO, I find the most important responsibility is resource allocation. I need to be in control of the resources and make sure they are fully utilized.

NGO manager Q:

The management team has set up service priorities. This provides the guideline for resource allocation.

Figure 5.51: Leadership Behavior -- Allocating Resource



5.7.37 Developing action plan

Some respondents refer to how they lead their staff to work out action plans to achieve organizational goals. They describe how the action plans help meet their goals and develop new services which are in demand, sometimes starting off as pilot projects (see Figure 5.52).

NGO manager C:

The annual work plan serves to help us meet our goals. It is a collective effort, a product of the management team.

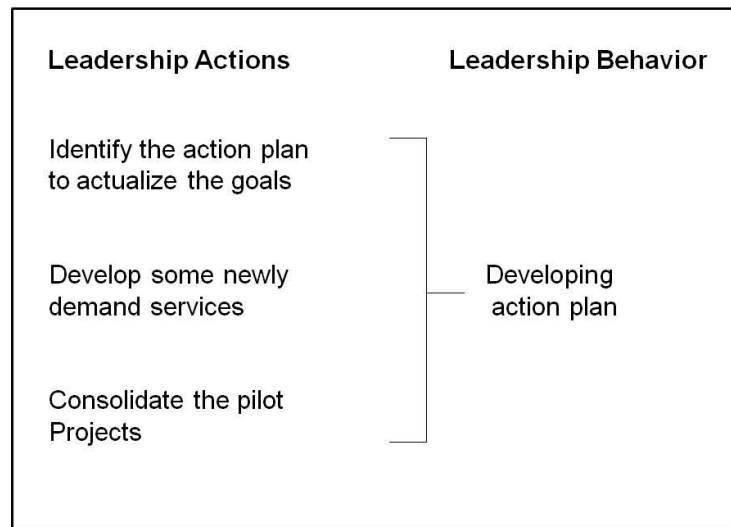
NGO manager N:

I insist that some new services are included in our annual business plan. There are always new community needs.

NGO manager F:

New pilot projects should be part of our work plan. This indicates continuous development.

Figure 5.52: Leadership Behavior -- Developing Action Plan



5.8 Identifying Leadership Roles

Leadership behaviors are compared and categorized into leadership roles. In total, 12 leadership roles emerge from 37 leadership behaviors (Table 5.1). Table 5.1 presents these 12 leadership roles, each evidenced by two to four leadership behaviors. These roles point to an overarching core leadership role with four dimensions.

Table 5.1: Leadership Behaviors and Leadership Roles

Leadership Behaviors	Leadership Roles	Core Leadership Role
Demonstrating commitment	Career mentor	<p>NGO Leadership</p> <ul style="list-style-type: none"> • Human resources • Financial resources • Organizational capacity • Organizational vision
Providing career development		
Showing support		
Engaging staff	Achievement champion	
Recognizing good performance		
Promoting sense of achievement		
Being fair	Trust facilitator	
Promoting mutual exchange		
Enhancing transparency		
Enhancing accountability		
Controlling budget	Budget controller	
Projecting financial situation		
Enforcing downsizing	Cost monitor	
Improving efficiency		
Cutting salary		
Applying for funding	Income broker	
Raising funds		
Increasing fee income		
Empowering senior staff	Team facilitator	
Achieving consensus		
Promoting partnership		
Pursuing operational excellence	Continuous improver	
Developing staff		
Developing better system		
Participating community affairs	Figurehead	
Building organizational image		
Forming strategic alliance		
Revisiting organizational mission	Visionary	
Identifying organization values		
Sharing vision		
Orientating directions	Position analyst/director	
Analyzing circumstances and situations		
Reviewing organizational capacity		
Formulating strategies	Strategic planner	
Setting goals		
Allocating resources		
Developing action plan		

5.8.1 Career Mentor

Working in a world of rapid changes, it is important to address the sense of

uncertainty that the staff must be experiencing. Respondents discuss how they need to ensure job security for their staff and show genuine interest in their career. They seek to demonstrate their commitment to staff, provide opportunities for career development, and generate a variety of support measures (see Table 5.1).

With the introduction of subvention reform, NGO staff begin to experience grave fear. Most NGO managers interviewed state that their staff are assured that they would not be subject to redundancies and salary cuts.

NGO manager N:

When you want to make changes, you must let your colleagues feel secure first. We do not propose any change in salary structure. No change in salary structure provides a sense of security for most of our staff.

Apart from concerns about salary and benefits, many staff are also worried about their future. Some NGO managers are mindful of the need for opportunities for career development.

NGO manager C:

When vacancies occur, I will give first consideration to serving staff. Our staff should enjoy promotion opportunities. I want to create possibilities for career development.

Most NGO managers talk about supporting their staff in ways that would help maintain a stable workforce. NGO managers claim that shows of support go a long way to maintaining stability among the staff.

NGO manager O:

As for staff welfare, I keep telling my managers that they should be seen as

standing on the side of their subordinates. For example, when the issue of paternity leave was raised, there is a suggestion that we grant two days of leave, but without pay. Now, who will take such leave? Finally I turned down the suggestion and said that it should be a paid leave. Only two days, no big deal.

The subvention reform with the subvention cuts make the staff feel insecure with their job. Most NGO managers know that they need to provide staff with job security. This is done by demonstrating commitment, be attentive to staff career development, and mentoring.

5.8.2 Achievement Champion

Staff in NGOs are taking on heavier workloads. There is a risk that they lose their sense of purpose. Leaders need to ensure a reasonable interpretation of the organizational results (Carver 1997). NGO managers discuss ways of acknowledging and championing their vocation, instilling a sense of achievement among the staff.

NGO managers discuss how they engage their staff in the decision making process. A greater sense of job satisfaction can be achieved when the success of the organization is perceived as personal success on the part of the individual staff.

NGO manager J:

Right from day one when we know we have to change, we let our staff have the whole picture. We let them realize what problems we all are facing.. I believe we should get them engaged right from the start..

The process of organizational reform affects all the people in the organization. It is going to be difficult NGO managers believe they need to encourage their staff to have the confidence that the difficulties can be overcome and final success is possible.

NGO manager K:

We need to recognize and be appreciative of the efforts made by the staff in adapting to the changes. If you don't, they will fall back on the old ways, and very soon.

Learning from experience is very important. NGO managers discuss how they actively share stories of success, and how they learn from unsuccessful attempts. It is important to turn a threatening process into a learning process.

NGO manager K:

We have had some successful projects and the staff enjoy the sense of achievement. Make them feel they have made a contribution.

By championing achievement and sharing in successes and failures, NGO managers are supportive and are seen to be supportive of their staff.

5.8.3 Trust Facilitator

NGO managers play an important role in promoting and facilitating a relationship of trust in the organization. Leaders need to develop close relationships with employees (George 2003). They discuss ways and means of ensuring policies which are open and fair, promoting mutual exchange among staff, making for transparency of operation, and being accountable to the board.

By ensuring that the principles of fairness are applied when formulating policies in the organization, NGO managers claim they are able to facilitate a trust relationship among the staff. Trust is built on fairness. NGO managers believe that if the staff find that the organization is treating them equally, conspiratorial rumors will soon die out

NGO manager N:

I think the least we can do is to be fair. I believe this is important. You should be fair to staff and operate on the basis of fact and evidence.

When NGO managers want to build a trust relationship, effective communication is essential. NGO managers and staff have views and considerations of their own. Exchanges of opinions minimize conflicts and tensions, and a trust relationship is built among governance, management and staff.

NGO manager A:

When we decide to join the LSG, the decision is not solely the decision of the board or mine. I convene staff consultation forums where I explain our rationale and analysis, share experience, consult and coordinate among ourselves before finally coming to consensus.

Promoting transparency is another means to a trust relationship with staff. NGO managers discuss the need to assist staff in gaining a full understanding of the problems they face. Also the principles and rationale that underpin the policy changes. They are clear they need to provide progress reports to staff periodically.

NGO manager G:

We give transparency top priority. We need to create a forum, work hard to involve staff on different levels for discussion on subvention reform and what it means for the agency. We use PowerPoint, even getting board members involved. They come and sit down with the staff, and we tell them what we plan to do.

A trust relationship also means a co-operative relationship between NGO managers and governance. Given that all the NGO board members are volunteers, they are not

exercising their capacities on a full time bases. They rely on information from NGO managers for decision making. Some NGO managers observe that if board members do not trust them, they could not go on and they should leave.

NGO manager N:

Our board members are all very busy. So if they feel comfortable with us, they won't intervene. As it is, we must have good communications with them. We need to set out everything clearly, the reasons and background, the progress. I must make everything clear. Then the problem of distrust is gone.

By showing fairness to all staff, promoting mutual exchange in the organization, enhancing transparency and accountability, NGO managers are able to facilitate and strengthen a trust relationship among the governance body, management and staff.

5.8.4 Budget Controller

Facing subvention cut, most of the NGO managers discuss how they manage to control the budget without deficits. They believe they need to control the finances effectively and work out long-term financial projections, and no deficit budgets.

To maintain a balanced budget is of foremost importance with most NGO managers. If NGO managers are not able to control the budget, their performance would not be found satisfactory by the board. Controlling the budget is one of the major roles of NGO managers.

NGO manager K:

My role is close monitoring of the budget and seeing that there are no deficits.

Besides maintaining a balanced budget every year, some NGO managers are also

concerned with formulating long term financial projections. The projections include proposed solutions in case of deficits. NGO managers are required to perform financial management free from deficits.

NGO manager J:

We save up bit by bit, launching economizing measures. All along, we do 10-year projections in making budget calculations. 10-year projections are quite OK and so far we manage, barely.

NGO managers claim that they are required by the board to ensure a balanced budget. Their aim is to control the budget and make long term financial projections with no deficits.

5.8.5 Cost Monitor

Resources are limited. NGO managers discuss how they monitor the operational cost of the organization and prevent any deficits. They save on costs by reducing the number of staff, improving efficiency and adopting salary cuts.

As staff cost makes up a large portion of total expenditure, NGOs managers claim that they have to consider reducing the number of staff to achieve a greater amount of saving. They restructure the staff establishment in their organization and do not fill vacancies as a result of natural staff wastage.

NGO manager J:

Some positions are frozen, and some others simply deleted. We manage by downsizing.

Efficiency improvement represents another cost saving measure. NGO managers talk

about how they increase the efficiency of their operation. They look into manpower productivity and maximizing utilization of resources.

NGO manager L:

It is very simple. I always tell my staff that if only they could do a bit more... Even if we only have 10 on a team, we don't necessarily lose out in power in comparison to a team of 11. Rather, our team might well end up winning the match. If only we are willing

Salary cut is the most effective measure for cost saving given that salary constitutes the major component of our operational cost. Some NGO managers dwell on the issue of cutting and freezing staff salary to achieve cost saving.

NGO manager B:

The salary of newly employed staffs is now lower. At present, one half of our staff are appointed on contract basis, and their salaries are a bit lower.

Because of financial constraint, NGO managers believe that they need to monitor operational cost closely to achieve more saving. They enforce downsizing, improving efficiency and cutting salary.

5.8.6 Income Broker

At the same time as cutting costs, NGO managers need to worry about generating more income. NGO managers investigate various means of income generation. They apply for public funding, launch fund raising activities and seek to increase income from fees.

Besides government subvention, there are other government and public funds

available for NGO application. In the interviews, NGO managers talked about how they actively make use of such channels.

NGO manager K:

Everybody needs to apply to these funds. Head Office stipulates that each service unit must have some outside funding and that applications should be undertaken.

NGOs engage in fund raising for additional sources of income. Some NGO managers go for public relations exercises, employ fund raising officers or appoint public relations consultants to organize fund raising events and maintain an office for donor services in an attempt to meet fund raising targets.

NGO manager S:

To make things simple, all fundraising efforts are undertaken in my office.

In addition to outside funding, NGOs managers believe that fee-charging represents one of the means to generate more income. They discuss the introduction of self-financing services for middle class families and ways to increase income from fees.

NGO manager O:

We have discussion with middle class residents in the community about their willingness to accept fee charging on a cost recovery basis. They are more than willing, even agreeing to pay more. So we have brought in more fee charging services, sometimes “robbing the rich to subsidize the poor”. On top of cost recovery, we charge an additional 10%.

NGO managers believe they need to generate more income for a healthy financial

situation. They look at available charitable funding sources, seek donations from the community and increase income from the fee charging services.

5.8.7 Team Facilitator

During the process of organizational change, cooperation and team work among senior staff is very important (Alima-Metcalfe & Alban-Metcalfe 2004). NGO managers see this as critical to the success of implementing management reform. The following is found to be effective: senior staff empowered to play leadership roles, decision making by consensus, and the fostering of partnership.

NGO managers know that their management capacities need to be strengthened and more support needs to come from their management teams. They talk about delegating more authorities and responsibilities.

NGO manager M:

Actually, I wish to delegate authority to my senior staff. They have been involved in the decisions.

Senior staff are a bridge between the upper and lower levels of an organization, NGO managers believe that on most issues, compromises with senior staff are desirable. Should there be difference of views between governance and management, NGOs managers work on them and try to achieve consensus.

NGO manager A:

In short, I am very open to my senior staff. When a possible solution begins to develop in my mind, I test it out on them for their responses. I need to achieve consensus with them.

Besides achieving consensus, NGO managers believe in partnership with their senior staff for the purpose of strengthening the leadership capacity of the organization. They discuss ways and means of doing so.

NGO manager L:

I am glad our management team is very cohesive and we are very close to each other. In addition to regular meetings, we have one or two retreats every year so that we can chat among ourselves, discuss future plans and be happy together.

NGO managers recognize the need to facilitate team work with their senior staff for the sake of strong leadership. They empower their senior staff, seek to develop consensus with them, and see them as partners.

5.8.8 Continuous Improver

As social service organizations, NGOs are expected to provide high quality service in meeting community needs. NGO managers are concerned about continuous performance improvement. They pursue operational excellence, have a concern for staff development, and seek systems improvements.

To sustain continuous improvement, NGO managers believe that they need to encourage their staff to achieve a higher standard of performance.

NGO manager A:

A Service Performance Monitoring System is a necessity. We need documentations and figures to prove the effectiveness of our service.

To secure excellence of performance, NGO managers understand they need quality

and professional staff. They discuss ways and means of encouraging their staff, even board members, to participate in staff development programs.

NGO manager N:

I send them to local training courses. I will also arrange for them to go on overseas study trips. Professional development is of utmost importance..

Systems improvement is one of the key areas of performance improvement. Many NGO managers are of the view that existing systems do not meet the requirements of the new subvention system. Improvement of systems enhances the management and operational capacity of an NGO organization.

NGO manager I:

I wish to see increases in efficiency and effectiveness. Actually, I have provided a budget to make improvements on our HRM and IT systems.

To improve organizational performance, NGO managers focus on staff development and on better management systems.

5.8.9 Figurehead

NGOs need to build strong social networks in order to gain support from the community. As agency head, an NGO manager represents his or her organization in community affairs. NGO managers are concerned about building ties with different sectors in the community. They actively participate in community activities, project a good image for the organization and forge strategic alliances.

NGO managers find that they are not only required to manage the organization properly but are also required to build social networks. They talk about building

relationships with local leaders and expand their social networks.

NGO manager K:

I believe it is very important to have a thorough understanding of what is happening outside the agency. In a way, I have a hidden job description. I am actually giving more attention to things external, the HKCSS, HK Social Workers Association, institutes ...

To familiarize local leaders with their organizations, NGO managers indicate that much effort is given to image promotion. They are concerned with how to build up the reputation and image of their organization and its services.

NGO manager L:

We should build a good image for our organization. It is important that it must be a positive image.

Through strategic alliances, NGOs believe that they can develop and gain more local resources. And their service delivery capacities can be expanded. NGO managers talk about how to further cooperate with frontline government departments, community groups and local leaders, churches and the commercial sector.

NGO manager J:

I think that everyone needs to be part of a network. We are not working alone, on our own. Especially these days when more and more emphasis are being put on co-operation. We need much support from outside. A network extends my exposure, inputs more insight and brings in more resources.

To strengthen the capacity of an organization, NGO managers believe they need to build social networks. They therefore actively participate in community affairs,

build an image for the organization, and form strategic alliances in the community.

5.8.10 Visionary

Because of pressure from rapid changes and organizational reform, sometimes NGOs risk losing sight of their vision and direction. Leadership is visionary (Sohmen 2002). NGO managers discuss the organization's mission and vision which are supposed to provide future guidance. And a fresh look at the mission statement is called for when circumstances change. They revisit their mission statement with board members and staff, identify once again the core value of the organization, and share it widely and in depth.

Due to changes in subvention policies and growing service needs, NGO managers believe that they need to redefine their vision and goals in order to keep pace with community needs.

NGO manager H:

During these few years, we have revisited the organizational vision. We discuss what we want to do.

With the organizational vision redefined, NGO managers move on to re-identify the core values of the organization. They discuss how this is done, based on the organizational vision.

NGO manager T:

I always remind my subordinates that our organization does not exist solely for the bread and butter of our staff. We work for the benefit of service users. This is our basic and core value.

In order to help everyone in the organization to understand and appropriate its vision and goal, NGO managers discuss how these values are to be shared with their staff.

NGO manager M:

Every time when new staff are recruited, I always tell them: “If you wish to earn a living and make money, you should not come here. But if you wish to realize your dream, you should be here and you are welcome.” For people who possess the same vision as we do, they will join us, despite being underpaid.

NGO managers understand that they need to lead the organization if its vision is to be actualized. They revisit the mission statement with board and staff, identify the core values, and share those values with everyone in the organization.

5.8.11 Position Analyst/Director

Under the new subvention system, NGOs enjoy more autonomy in organizational development. NGO managers discuss ways and means of coming to grips with the current situation and of positioning and directing the organization for maximum impact. They get all levels of their staff to participate in the analysis, in the review and in the planning.

NGO managers believe that they have a role in orientating, positioning and directing the organization. They discuss how to lead the different parts of the organization to work together towards the same end.

NGO manager L:

I write an essay on behalf of my NGO every year. Like the Chief Executive’s Policy Address, it states clearly our corporate views, expectations and where we stand. We do this regularly in order to get old mindsets to change..

The task of positioning the organization requires of NGO managers knowledge of the changing situation, awareness of people's aspirations and sensitivity to community needs. This is a joint exercise with staff.

NGO manager O:

We have a strategic plan. There in the strategic plan is an emphasis on understanding community resources and community needs. These are things we must know. Otherwise, what you want to do for the community is probably not what the community really wants.

Apart from understanding the social environment, NGOs managers are aware they also need to know the strengths and weaknesses of their organizations, and their potential. On such understanding, NGO managers work out the service plans.

NGO manager K:

Given the limited resources available to us, we take a look at ourselves. We ask what exactly our strength is. If we decide to go ahead, how much input is required of us. What are our chances?

Most NGO managers understand that analyzing and positioning the organization, constitute one of their major roles as leaders. They share their findings on direction, on circumstances and situations and organizational capacity with their staff.

5.8.12 Strategic Planner

To achieve the organization's vision and goals, a work plan is needed. NGO managers discuss ways and means of working out an effective strategic plan. The strategies are formulated with board and staff. Strategic goals are set, resource allocated, and a

concrete action plan is developed.

NGO managers understand that in formulating strategies and action plans, board members and staff should be involved. Some NGO managers speak of ways to involve their staff in developing the strategies.

NGO manager K:

I have set up a strategic task force to discuss all the concerned issues. We set the priority and identify areas of importance.

When formulating the plans, the NGOs managers know they need first to define the strategic goals which are based on the organizational vision and relevant to community needs. NGO managers describe defining strategic goals with their staff.

NGO manager T:

They must be given a direction, a target to aim at. But do not keep doing what was done in the past.

Before moving on to making the concrete plan, NGO managers hold that they need to think about resource allocation. They are responsible for making good use of the resources in accordance with community needs.

NGO manager R:

We are satisfied we have by now truly identified the needs of the community. So we go ahead with our best and allocate resources to provide the services.

After formulating the strategic goals, NGOs managers talk about how they decide on the details of the action plans.

NGO manager O:

We need a clear understanding of different community needs. Based on this understanding, we plan our services.

Concrete action plans are necessary if the organizational vision is to be actualized, NGO managers identify strategic goals and allocate resources. Planning takes place in every stage of organizational development. NGO managers are planners.

5.9 Identifying the Core Leadership Role

From leadership actions and behaviors, leadership roles are developed. They are then further compared and analyzed. Finally, an overarching core leadership role emerges. This defines the NGO Leadership. This core NGO Leadership role composes of 4 dimensions, namely: human resources, financial resources, organizational capacity, and organizational vision.

5.9.1 Human Resources Dimension

In the process of organizational changes, most staff feel insecure. NGO managers want to maintain staff stability. They talk about functioning in the leadership roles of career mentor, achievement champion and trust facilitator. They assure their staff of career security, recognition of performance, and a relationship of trust.

The financial constraint faced by an organization makes the staff feel insecure about their future. Most fear that they would be laid off or have their salary cut when their organization suffers financial deficits. Anxiety seriously harms staff morale, affecting service quality. Thus, NGO managers believe they need to ensure career security for the sake of a stable staff force.

People committed to working in the welfare sector have their own personal visions of service to the community. Job satisfaction comes with this personal vision being achieved. And job achievement becomes an important part of maintaining staff commitment. NGO managers understand that with a sense of job achievement, their staff would remain committed to their job.

Staff stability is also closely related to staff relationship. With the organization going through rapid changes, a trust relationship among staff assumes great importance. A trust relationship prevents conflicts and reduces confrontation. NGO managers know that building up a trust relationship is important to staff stability.

Career mentor, achievement champion and trust facilitator – these are key leadership roles for NGO managers in dealing with the human resources dimension of the Core Leadership Role.

5.9.2 Financial Resources Dimension

With the introduction of LSG, many NGOs face the problem of budget deficits. NGOs managers are required by their board to ensure financial sustainability. In the interviews, they discuss the leadership roles of budget controller, cost monitor, and income broker given the requirement of their board.

Operating in a deficit would eventually lead to financial crisis. This is not acceptable to the board. All board members are volunteers. They do not want any financial risk. They expect NGOs managers to assure them that the budget remains in ‘the black’.

NGOs managers understand that they need to ensure that income and expenditure break even with no deficits.

Cost saving is one of the major means towards financial stability. NGO managers believe they need to work hard to identify cost saving measures for board approval.

Subvention prior to the subvention reform had provided coverage for all operational expenses incurred in the running of NGO services. Under the new subvention system however, NGOs are responsible for the effective management of their finances. When there is a deficit, NGO managers need to find ways to cover it.. And one of the ways is obviously income generation.

Performing the leadership roles of budget controller, cost monitor, and income broker are crucial to NGO managers in addressing the financial resources dimension of the Core Leadership Role.

5.9.3 Organizational Capacity Dimension

Confronted by the subvention reform and growing community needs, NGO managers speak of the need to perform the leadership roles of team facilitator, continuous improver and figurehead in the attempt to build up capacity to cope with the new challenges.

The management culture of NGOs places a lot of emphasis on collective participation and teamwork. With NGOs undergoing the change process, collective effort becomes especially important. NGO managers believe that they need to work

co-operatively with their senior staff who are the middle managers in the organization.

NGO organizational goals call for the pursuit of excellence. And NGOs rely on good performance to gain public support and recognition as well as funding. Because of this internal requirement and external expectation, NGO managers understand that they need to lead their staff in continuous improvement towards a higher standard of performance.

There are potential resources in society at large which can be utilized by the NGOs. Inviting people to work as volunteers, the NGO expands available human resources. Funding can be supplemented by donations and endowments from the community. To do that, NGO managers need strong social networks supportive of their organization.

Performing the leadership roles of team facilitator, continuous improver, and figurehead demonstrates an ability to address the organizational capacity dimension of the Core Leadership Role.

5.9.4 Organizational Vision Dimension

With the subvention reform as a given and the consequential necessity for organization reform, NGO managers find themselves in a leading position of critical importance. They speak of ways and means of performing the leadership roles of visionary, position analyst/director, and strategic planner, and lead their staff towards actualizing the organizational vision.

Given the changes in society, the current mission and vision understanding of an

organization may no longer match current aspirations. The existing mission and vision statements were written at a time when social needs were very different. NGOs need to redefine their vision and their goals in order to keep pace with developments in society. NGO managers believe that they need to lead their staff to redefine their organizational vision, which may well be outdated, if they are to meet the new service demands.

Under the new subvention system, NGOs are given more autonomy in their drive for organizational development. After defining the organizational vision, NGO managers know that they need to lead in re-positioning the organization and re-assessing community needs for consideration and endorsement by the board.

In their efforts to actualize the organization's vision, NGO managers believe that a comprehensive strategic plan is required. The implementation of the strategic plan has to be monitored, regularly reviewed and modified when necessary.

Performing the leadership roles of visionary, position analyst/director, and strategic planner effectively demonstrates the NGO manager's ability to address the organizational vision dimension of the Core Leadership Role.

5.10 Conclusion

In conclusion, the major function of NGO managers is to lead their followers in the achievement of organizational goals. Given that the organizational change is a consequence of the subvention reform, the process is lined with challenges and

difficulties. NGO managers have a hard time as leaders. But the same have endowed their leadership roles with greater importance (Leban and Stone 2008). The findings of this research study show that in response to the changes resulting from subvention reform, NGO managers have also made changes to their leadership roles in the NGOs. This chapter assesses how they deal with the changes and how the changes impact on them as leaders.

Chapter 6: Discussion

6.0 Introduction

This study examines the leadership roles of NGO managers after the introduction of social welfare subvention reform in Hong Kong. The present chapter discusses the findings based on research objectives established in Chapter 1 and discusses the scenarios typifying two sets of NGOs in Hong Kong.

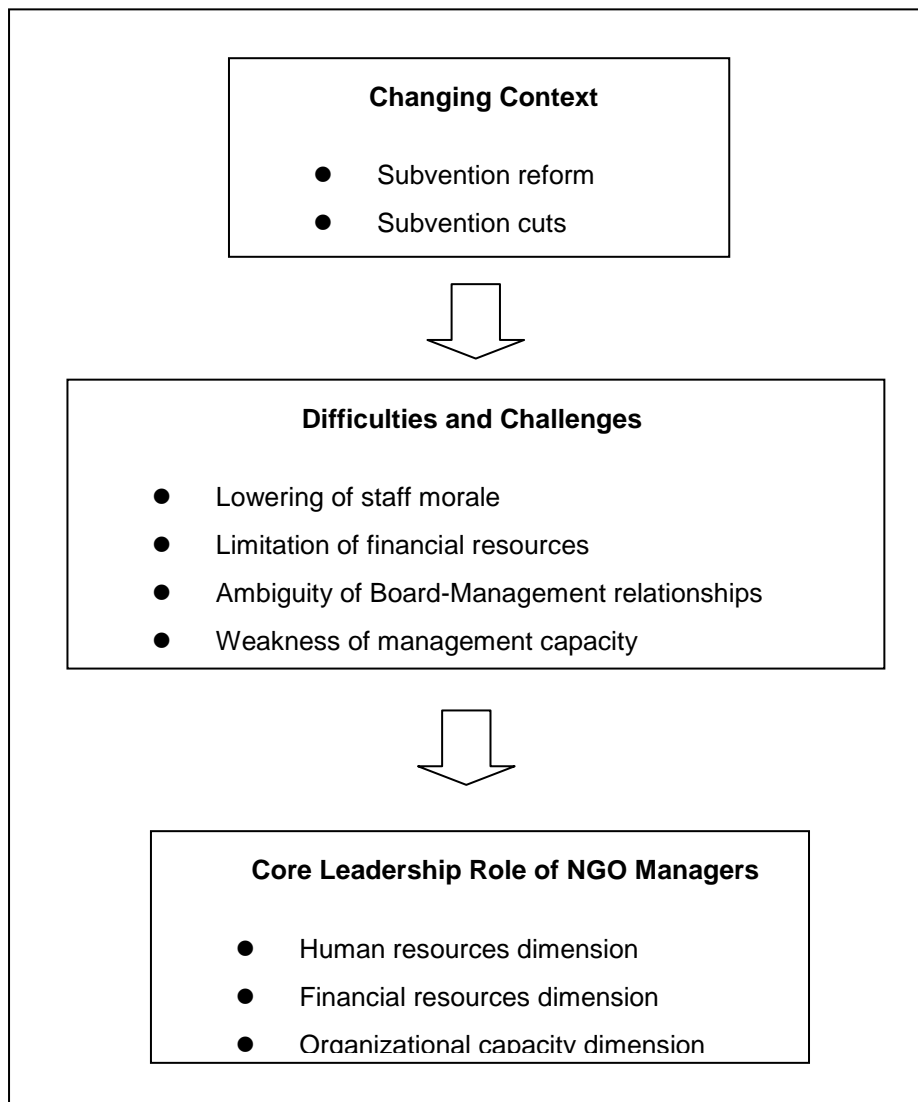
In Chapter 1, the objectives of this research are stated as: 1) to investigate the changing situations after the introduction of Social Welfare Subvention Reform; 2) to investigate the difficulties and challenges faced by NGO managers in the situation of the new subvention system; and 3) to identify the leadership roles of NGO manager in coping with the Subvention Reform. In Chapter 2 literature on public sector reform, organizational change and leadership provided valuable information and knowledge of the research context. In particular the areas of public sector reform and organizational change were carried forward as important influences in the reform process. In Chapter 5, interview data on the changes in NGOs (see 5.2) address the changing contexts and the difficulties and challenges faced by NGO managers. This section of the analysis supports the discussion of findings which address objectives 1 and 2. Findings that support objective 3 are drawn from interview data on leadership roles for NGO managers (see 5.6). The findings that emerge from the interview data are informed by relevant literature, reports and documents.

6.1 Discussion on Findings

In the following section, the researcher further interprets the findings with the support of relevant literature and documentation. It covers three major issues, namely: the changing context, the difficulties and challenges, and leadership roles of NGO managers.

A discussion framework for the findings is presented in Figure 6.1. A description of the changing context in which subvention reform occurs addresses the research objective which seeks to investigate the changing situation after the introduction of Social Welfare Subvention Reform. It is in this context that the difficulties and challenges faced by NGO managers emerge. This section of the findings addresses the second research objective which is: to investigate the difficulties and challenges faced by NGO manager in the situation of the new subvention system. Finally, the leadership that emerges when NGO managers deal with these difficulties and challenges addresses the third objective which is: to identify the leadership roles of NGO managers in coping with the Subvention Reform.

Figure 6.1: Discussion Framework



6.2 Changing Context

Diefenbach (2009) suggests that areas the new public management affects, include organizational objectives, structures and processes, organizational culture and peoples' attitudes. In Hong Kong, subvention reform, subvention cuts and growing service demands have brought about many changes in NGOs. An NGO manager observes "... there were a lot of changes in NGOs and most of my energies were used

to deal with LSG and subvention cuts.” (NGO manager Q)

6.2.1 Introduction of Social Welfare Subvention Reform

The Hong Kong government followed the global trend of management reform and introduced public sector reform for government and the NGO sector since the 1990s (Lui 2008). The Social Welfare Department began implementing subvention reform in 1999 which have led to many changes in NGOs. NGO manager B describes how “... as agency head, I need to pick myself up on all the changes. In the last few years, we were confronted by lots of changes, external and internal. The changes are still on going.”

The new managerial approach in the public sector is a response to the inadequacies of the traditional model of public sector administration. The shift from a bureaucratic model of administration to a market driven model of management (Hughes 1994) places emphasis on quantifying performance appraisal and efficiency criteria, on increasing competition in public service provision by surrogate markets, on cost-cutting and on a preference for measurable output targets and managerial freedom (Hood 1990). Tsang (1991) summarizes the primary objectives of public sector reform as improved efficiency and better service for Hong Kong.

To tackle the inefficiency of the old subvention system, SWD introduces a subvention reform which consists of three main components: lump sum grant (Social Welfare Department-Lump Sum Grant (LSG) Mode, 2011), service performance monitoring system and competitive bidding. The paper, Welfare Sector Subvention Reform (June 2000) presented by SWD suggests that by adopting the LSG, and removing the

cumbersome and bureaucratic rules and procedures of the old system, NGOs would have greater flexibility for resource deployment and more room to manoeuvre in terms of process and structure redesign. This would enable NGOs to achieve greater efficiency and cost-effectiveness in service delivery. NGO managers agree that the past subvention system was rigid and did not allow for flexibility in resource deployment. A typical comment from managers; “Now that we have more flexibility in deploying human and finance resources, we expect this to have an impact on the efficiency and effectiveness of our operations.” (NGO manager F)

Another major change implicit in the subvention reform is the shift of governance and management responsibilities from SWD to NGOs. Cheung (2001) describes the shift as inclusive of resource deployment, service quality monitoring and planning for organizational capacities to meet new requirements and challenges. NGO manager M describes the situation in this way: “We need to develop our own strategic and business plans. And our plans need to be responsive to the needs of the community.”

The challenges of change require of NGOs strong leadership and community initiation (Hesselbein 2002). With subvention reform in Hong Kong, NGO managers need to re-examine their roles. They are required not only to follow guidelines and procedures but also to show initiative in leadership. With reduced resources, they need to inspire their followers to perform more effectively and efficiently. Lee (2001) claims that the greatest challenge in the process of reform is the management of people. It requires visionary, open-minded and democratic leadership. NGO manager L describes the importance of managing the people involved in the reform; “We need to introduce new leadership roles so as to lead our followers to cope with the reform and enable

the organization to move forward.”

There is a strong possibility that other elements of the subvention welfare reform will also impact on NGO leadership and these would be other excellent items for future research.

6.2.2 Subvention Cut

In 1998, Hong Kong found itself in economic recession. The Chief Executive of the SAR Government announced in his Policy Address the formal launching of an Enhanced Productivity Program for 2000-2003 across the entire public sector (Chief Executive's Policy Address 1998). The goal of EPP is to have the Government achieve sustained improvement in public sector productivity through the combination of a reduction in baseline expenditure, reviews of major spending areas, and changes in the management framework. The intention is to foster a more proactive resource management culture (Enhanced Productivity Programme 2000-01) with a focus on delivering short-term quantified productivity gains (Lui 2008). The key elements include (a) increasing productivity at department levels in 1999-2000, which takes the form of delivering additional output or initiatives with existing resources; and (b) reducing baseline expenditure by 5% by 2002-03. In addition, another public expenditure saving exercise, Efficiency Savings (ES), was introduced in 2001. All government departments and subvented organizations have to achieve the set targets within the time frame (Lui 2008). For the NGO sector, there would be a continuous baseline cut from 2000 to 2006. A total of 9.3% baseline cut was imposed on subvention to all subvented NGOs (Hong Kong Council of Social Services 11 April 2008).

If significant progress was to be made in achieving the EPP goals, government departments and subvented organizations would have achieved best value-for-money in government expenditure while maintaining and improving the quality of public services. It meant that departments and subvented organizations were able to maintain the quality and quantity of present service level while meeting budget cut quotas. To buttress this claim, government welcomed the public monitoring of EPP, which it claimed was undertaken from the outset in an open, transparent and accountable manner. An EPP Booklet was published every year.

As for subvented organizations, at the time, NGOs faced escalating fiscal pressure and increasing community demands for quality services. Social welfare services are people to people services. Their major expenditure item is staff cost, averaging some 80% of total expenditure of an organization. A baseline subvention cut of 9.3% created great pressure on NGO managers. NGO manager K said: “Our salary expense amounts to over 80% of total operational cost. We need to consider cutting the staff cost, either salary cut or manpower cut.”

Some NGO managers proposed salary adjustment and downsizing. These proposals damage relationship between management and staff as well as staff morale. Staff expect organizational commitment to maintain existing staff welfare and benefits. Any proposal or action directed at salary cut and downsizing make staff feel unhappy and anxious. In the words of NGO manager J: “Almost all our staff disagree with my proposal for salary cuts. They are disappointed and blame me for not standing up for them and protecting their interests.”

NGO managers are caught in a web of conflicting interests: enforcing subvention cuts; ensuring quality service, and managing staff morale. Obviously, the subvention cuts pose one of the greatest challenges to NGO managers.

6.2.3 Growing Service Demands

In recent years, demand for social welfare in Hong Kong is ever on the increase. Globalization, macro-economic unpredictability, unemployment as a result of social restructuring of the workforce with an emphasis on education and qualification, cross border movement, and a rapidly ageing population – all of these have given rise to new social and family problems. Social welfare provides support to individuals and families as well as to the community. When social problems increase, demand for social welfare also increases especially during hard times when the economy falters. There are, over all, three major social problems in the course of economic and population restructuring, namely: poverty and income disparity, aging population and dysfunctional family life. The Hong Kong Council of Social Services (Hong Kong Council of Social Services November 2003) identifies poverty and unemployment, aging community and family solidarity as of particular significance in the current socio-economic context. The situation calls for urgent response on the part of NGOs. Bennet and Bennet (2004) describe adaptive organizations as being capable of studying the environment and taking actions. They are organizations capable of internally adjusting themselves in such a way that they can influence the external environment. If NGOs are to meet the increasing and changing needs of the community, they would have to learn to function as adaptive organizations.

Income disparity

The prolonged economic downturn in Hong Kong since 1998 is contributing to the slowdown in employment earnings among low-income workers. Unemployment, underemployment and pay cuts occur more often in this group than in the higher income groups. Corporate downsizing and cost cutting contribute to the widening of the income gap. The Report of the Commission on Poverty (2007) points out that the Gini Coefficient Index rose from 0.451 in 1981 to 0.525 in 2001. The latest observations indicate that in Hong Kong this figure will continue to rise. The Index stood at a record high of 0.533 in 2006 (Pang and Lau June 19, 2007). As it is, more poor people need the support of welfare services. This is evident when NGO manager B describes how “we started a free meal service for low income families.”

Aging population

The Hong Kong population is ageing. The proportion of the population aged 65 and over has increased. In 2008, the population of elderly persons aged above 65 was 12.6% of the total population in HK. It is estimated that by 2016 and 2033, the percentage will increase to 14% and 27% respectively (Website of Hong Kong Council of Social Services). The elderly sector is the most vulnerable to chronic illnesses and requires intensive and continuous care. There is a long waiting list for placements in government subvented elderly homes. “If you want to get elderly home service, you need to wait at least 36 months. I don’t think this is reasonable” (NGO manager E). There is also a sharp increase in elderly abuse cases, ranging from 215 in 2004 to 484 in 2008 (Hong Kong Social Indicators, , HKCSS).

Dysfunctional Family Life

Hong Kong families face a great deal of challenges and stress. Job insecurity and financial instability, long working hours, a crowded living environment, lack of support networks are some of the common problems. In recent years, the percentage of single parent family households increases from 2.30% in 1996 to 3.26% in 2006 and the number of reported domestic violence cases rises from 2001 to 2008 (Hong Kong Social Indicators, , HKCSS). Due to the increase in cross-border activities between Hong Kong and Mainland China, the number of split families is also increasing. The changes in family structure and family life patterns pose serious challenges to families in the performance of their caring and support functions. Family dysfunction leads many into depression, unhealthy dependency, stress disorders, and unsatisfactory relationships (Friel and Friel 2010). Therefore, more family services are required to strengthen family solidarity, foster resilience and support caring functions. NGO manager I claims that “the case load for our family workers is increasing continuously.” There is also the need to collaborate with community organizations with similar goals (Social Welfare Department 2010).

The pressure of growing service demand is very much felt by NGO managers. NGO manager H claims that “we are under pressure to be responsive to growing service demands.” Under the LSG system, government funds are already benchmarked and capped. But the role of NGOs to provide welfare service to society when needed remains and more urgently called for. NGO manager K believes that “we have the responsibility to identify all the service demands and to deploy resources to meet those demands.”

Larbi (2006) refers to the waves of public sector management reform in the past two and half decades. These reforms seek to redefine the role and character of the public sector. The sector is to be more market-oriented like private sector operations. Following international trend, the Hong Kong Government introduces a series of public sector reform and requires government departments and public organizations to be more efficient and effective (Cheung and Lee 1995). Subvention reform and subvention cuts have since been introduced in the name of efficiency and effectiveness. NGOs now find themselves working in a new context and NGO managers are facing new challenges.

6.3 Difficulties and Challenges

Subvention reform, budget cuts and growing service demands together contribute to the difficulties and challenges of being NGO manager. There are the issues of low staff morale, limited resources, ambiguity in board-management relationships and weak management capacities.

6.3.1 Lowering of staff morale

Change brings uncertainty. Cawsey, Deszca and Ingols (2012) observe that people usually respond emotionally to change directives. Some embrace it and others view change negatively. The subvention reform has compelled NGOs to introduce changes in their financial management, human resource management and service development. These changes create uncertainty and insecurity among staff. When staff are informed that their organization has a financial problem, employees feel insecure about their job and career prospects.

Because of the subvention reform and budget cuts, some respondents in the interview bring up the cost saving measurements they have introduced. NGO manager G reports that “board members ask me to submit proposals to cut operation cost.” Such proposals could only mean increasing staff workload and cutting salary. Cost saving measures generates a lot of pressure and a feeling of insecurity among staff. Prof. C K Law, an elected member of the Legislative Council in Hong Kong conducted a survey in 2003 to study the stress problem of social workers. The report (Law 2003) shows that 45% of the respondents report stress problems. In the report, Law compares the stress problems for male and female social workers together with figures from the Hong Kong Family Planning Association. Among the overall male workforce in Hong Kong, social workers experience more stress than figures provided by the Hong Kong Family Planning Association. The report also attributes the problem to the subvention reform and subvention cuts.

During the process of change, there is tension between management and staff. This also undermines staff morale. Managers sometimes make the mistake of assuming that once they themselves are convinced of something, others will understand and be convinced as well (Cawsey, Deszca, and Ingols 2012). Some respondents point out that when they make new policy proposals and introduce new management measures to cope with the subvention reform, they always make a point of consulting their staff. However, it is not easy to reach a win-win solution when there is conflict of interest between management and staff. When there are opposing views, relationships deteriorate. NGO manager K describes how “our staff have many more complaints against management than before. It is not easy to communicate with our staff now.”

Tension in management-staff relationship harms staff morale.

Feelings of insecurity, stress and tension in working relationships threaten staff morale. Low staff morale affects work motivation. Hersey, Blanchard and Johnson (2008) point out that if motivation is low, employee performance suffers as if their ability has deteriorated. It is therefore clear that staff morale affects directly staff performance and quality of service. Social welfare service is delivered by social workers. It is a people to people service. The quality of workers is an assurance of service quality. In the delivery of counseling service for instance, the psychological condition of the social worker has a direct impact on the effectiveness of the counseling process. NGO manager D confesses that “I need to pay a lot of attention to staff morale and how to handle staff pressure.”

6.3.2 Limitation of resources

Because of the economic slowdown, the Government decides to cut public expenditure. Subvention cuts come into effect with NGOs experiencing a permanent baseline cut of 9.3% through the years 2000 to 2006 (Hong Kong Council of Social Services 11 April 2008).

The other significant resource limitation is the unavailability of well trained management staff in the welfare sector. The limitation in terms of human resources is discussed later under the heading of weakness of management capacity. The remainder of the discussion under this heading (6.4.2 Limited Resources) will focus on financial limitations.

Subvention has been a staple income for all subvented NGOs. Many respondents report that a 9.3% cut means serious trouble for all NGOs. To deal with the crisis, NGO managers explore two solutions: expenditure cut and resource tapping. However, neither can be easily achieved. NGO manager O confesses “I experience great pressure dealing with the problem of financial risks.”

In Hong Kong, the operation of NGOs relies heavily on government subvention. The subvention is deemed to be basically sufficient for NGOs to maintain their operation. A small number of NGOs soon launch fund-raising activities on their own to generate more income. A few large NGOs set up fund-raising departments with professional fund-raisers. Most NGOs in Hong Kong are not experienced in fund-raising, small NGOs in particular. Few in the past would have built close social networks with business and private companies. NGO manager C admits that “we do not know how to contact the business sector and ask for donation.” With the introduction of LSG and subvention cuts, all NGOs find that they have to develop additional resources in order to maintain existing levels of operations and for the sustainable development of their organizations. Fund-raising is one of the ways to generate income from the public. The mandate of social service organizations comes from the public. The public affirms them by extending direct or indirect financial support (Guidance Note on Internal Financial Controls for Charitable Fund-raising Activities 2004). Well said as it is, fund raising is not an easy task. NGO managers lack the experience and capability of running fund-raising events.

Another way to generate income is to increase service charges. The economic situation has been poor for many years in Hong Kong. Politically, it is not easy for

NGOs to increase service charges because service users come from the grassroots and they are some of the more vulnerable groups in society. So when government proposes to increase public service charges, opposition voices from politicians and pressure groups come loud and strong. In 2011, hundreds of parents wrote to the Education Bureau to oppose fee raises of up to 3.3 per cent (Parry 8 May 2011). If NGOs propose to increase welfare service charges, NGO managers would expect strong political pressure. NGO manager P said that “increasing service charges is not an option. It is not welcomed by our service users and community representatives.”

NGO managers could ask for higher efficiency of the operation, assuming that higher productivity works out to lower unit cost. However, in the welfare service sector, the sum does not work out this way. Some respondents point out that higher efficiency does not result in significant cost saving. The operational budget in all welfare organizations is tight. About 80% the expenditure is staff cost (Salary Survey Report 2006). The remaining 20% does not provide much room for savings for the organization.. As for having the staff take up heavier workload, they have always claimed that they are already overloaded. NGO managers would find it difficult to expect huge savings on this front. NGO manager N makes the comment that “efficiency saving on administrative cost cannot produce any significant impact on our financial situation.”

Under such circumstances, limited resources truly pose a great challenge to NGO managers. NGO manager N is in despair: “I need to find every possible solution to sort out the finances in the coming years.”

6.3.3 Ambiguity of Board-Management relationships

Another major impact the subvention reform produces comes with the shift of management responsibilities from government to NGOs. The role of the NGO board is to provide the organization with strategic guidance, leadership and overall direction. It also monitors organizational and managerial performance (Guide to Corporate Governance for Subvented Organizations, May 2010). In the old subvention system, SWD was responsible for the monitoring function which included financial management, human resources management and service quality. The management tool of government was a common set of operational guidelines known as the subvention guidelines (Social Welfare Department 1993). In the past, the role of the NGO board was to ensure that management followed the subvention guidelines with no non-compliance. After the introduction of subvention reform, NGO boards and management have more freedom in the use of subvention funds and in the employment of staff. As it is, NGOs now need to work out their own management policies, financial and human resources. The governance role of NGO boards now includes making final policy decisions and monitoring how management has carried out the organization's policies. NGO boards are now responsible for the governance of the NGOs and are entrusted with the responsibility to manage the affairs of the organization (Lump Sum Grant Manuel (Edition 2), 2000). NGO boards have to become more active than before. Some respondents said that board members are now so involved in policy making even to the point of intervening in daily operations. The distinction between the governance role and the management role has become vague. NGO manger K admits "now I am not sure of the line of authority between the board and me." Ambiguity of board-management relationships has created tensions between board members and NGO managers. NGO manager J laments, "If I cannot

build up a trust relationship with my board, I cannot perform my proper role and will have to leave.”

Subvented organizations need to establish clear working relationship between the chairperson and the Chief Executive Officer, and between board and senior management. There should be a clear understanding of roles, responsibilities, delegations of authority, checks and balances (Guide to Corporate Governance for Subvented Organizations, May 2010). Worth (2012) also points out that the nonprofit governance needs to maintain a clear line between themselves and their CEO but not to forfeit responsibility for leadership. In order to promote a sound working relationship with the board and the management, NGO managers need to establish effective communication channels. Respondents claim they want and try to work with the board in setting corporate directions and values. They discuss their effort in seeking to define and clarify the respective roles of governance and management. They work out proper reporting procedures. While it is clear that managers have spent much time and energy on the effort, several respondents believe they need even more. It seems relationships and communications between governance and management remain a serious challenge for NGO managers and have to be worked on continuously. NGO manager S tells how “our working relationship with board members is sometime good and sometime bad. We need to move further on.”

6.3.4 Weakness of management capacity

Under the old subvention system, the role of NGO managers was not complex. The old subvention system provided a set of clear guidelines and instructions financial and human resources management. NGOs did not need to work out their own policies and

systems. Their most important management function was to follow the instructions of the subvention guide produced by SWD. Conforming to the subvention guidelines, managers had no problem in carrying out their duties. The management tasks were so simple, central administration required only a few clerical staff. Usually, an NGO would employ a university graduate as executive officer who would take care of general administration plus financial management plus human resources management. And that would suffice. NGO manager M reflects on how “a few years ago, our central office had only two clerical staff and one general manager responsible for all the administration work of our organization.”

All the NGO managers interviewed in this study are social work trained professionals. With years of working experience in the field, they have been promoted to where they are, as organization heads to manage and develop the organization. Among the respondents, only two have received formal training in management with a master degree in business management. Some respondents had attended short-term management training programs (see Table 6.1). It is fair to say that most are experienced social work professionals but not well trained as professional managers. NGO managers P admits that “as head of the organization,, I am learning by experience. I define this as training-on-the-job.”

Table 6.1: Management Training of Respondents

No of Respondents	Master Degree in Management	Bachelor Degree in Management	Bachelor Degree in Social Work	Other Management Training Programs
20	2	0	20	13

The introduction of LSG gives NGOs more freedom and flexibility in deciding on how they utilize the financial and human resources of the organizations. How to improve management efficiency and effectiveness becomes an important challenge. With limited management experience and training, NGO managers have found it hard to perform their managerial and leadership roles. NGO manager A observes that “our roles are much more difficult than before.”

6.3.5 Overview of Difficulties and Challenges

Wallace (2007) suggests that changes in public service management are complex and inescapable, and developing a system-wide coping capacity is important. With limited organizational capacity and limited personal competence in management, NGO managers are experiencing the effects of their limitations as they take on more extensive management responsibilities.

Wallace, Fertig and Schneller (2007) point out that the burgeoning complexity of the change affecting the public services across many countries is widely acknowledged. People based at different levels of public service systems have somehow to learn to cope with it. In Hong Kong, NGOs are now facing changes in social policy and in the welfare service environment. The concepts of New Public Management as described by Ferlie et al. (1996) provide the ideas for subvention reform and the preoccupation with efficiency gain leads to subvention cuts and produces the Drive for Efficiency model under which NGOs are compelled to operate (see Table 2.2). Some managers are now talking about layering and downsizing as well as moving from management by hierarchy to management by contract. Both of these features are

criteria for the model that Ferlie describes as Downsizing and Decentralization (see Table 2.3). Other managers speak of features such as explicit communication strategies and more assertive and strategic human resource management functions which are characteristics of the Search for Excellence Model (see Table 2.4). There are also managers whose major concern is service quality with stress on participation and accountability as legitimate concerns of management in the public sector. This seems to be part of a value driven approach based on commitment to a mission to achieve excellence in the public sector, or the Public Service Orientation model (see Table 2.5) (Ferlie et al. 1996). In general, the management approaches of most NGOs are mixed NPM models. However it does not appear that the last two models are evident in all the NGOs included in this research.

Diefenbach (2009) points out that NGOs should go through the process of organizational change when dealing with the challenges of NPM. In order to cope with external changes, most NGOs go through the process of internal organizational changes. Changes that affect the entire organization, including its strategies, are labeled strategic changes (Leban and Stone 2008). Strategic changes seek to address fundamental shifts in the focus of the business, changes of structure, culture change, or similar issues. They create something fundamentally new through system-wide changes. Wallace and Fertig (2007) claim that complex systems operate in a mixture of instability and stability. Staff constantly adapt to the changing circumstances and through their interaction, learn collectively to alter or develop new practices. Stacey (2007) also asserts that any complex system has the ability to transform itself in order to survive.

In any changing process, there always exist difficulties and challenges. Wallace (2007) claims that the complexity of the NPM changes are perhaps moderate by today's standards, but they are still complex enough to be deeply problematic. NGO managers need to address them and in doing so their leadership role also needs to change. As heads of organizations, NGO managers provide leadership to their staff in the new context. Leban and Stone (2008) point out that the key success factor in the changing process is effective leadership.

6.4 Core Leadership Role of NGO Managers

In response to the difficulties and challenges, the NGO managers see themselves working in a new leadership role which encompassed four dimensions. For this research study, the researcher describes the core leadership role of NGO managers as NGO Leadership (see 5.9 of Chapter 5). There are four dimensions to NGO Leadership. They are the human resources dimension, the financial resources dimension, the organizational capacity dimension and the organizational vision dimension.

6.4.1 Human resources dimension

The introduction of organizational changes exerts a huge impact on staff. Tiong (2005) claims that employees must be on 'top form' and this can be taken care of by giving considerations to their well-being, their stress levels, motivation and organizational loyalty. Changes in staff structure, salary scale and work load in NGOs significantly affect the interests and benefits of staff. This seriously affects staff morale. In this research, most respondents report that staff morale is low. NGO manager B observes

that “our staff express more and more anxieties and dissatisfactions about the changes.” In today’s complex and challenging environment and during periods of change, only by heeding employee well-being can organizations ensure productivity and alignment of interests (Clarke, Hope-Hailey, and Kelliher 2007). A leader needs to focus on influencing, communicating, creating and developing effective working relationships with staff (Brent and Dent 2010; Uhl-Bien 2006).

Social workers are change agents to help people address their problems (Weinbach and Taylor 2011). In the eyes of the NGO managers, staff are the most important assets which guarantees the quality of service in NGOs. Staff morale and commitment are therefore a matter of great concern. In the context of ongoing change, NGO managers need to pay serious attention to issues of staff stability, otherwise no quality service can be guaranteed.. NGO manager I observes “Staff are our important assets. I need to make great efforts to maintain their stability and support them to perform good quality work.” Redman and Wilkinson (2009) point out that people constitute an organization’s most important asset and that good human resource practice delivers organizational performance.

To maintain staff stability, NGO managers need to provide staff with job security and build up a relationship of trust with them. Carlson & Donohoe (2003) point out that leadership should understand the inherent tensions when the changes are taking place. In most NGOs, the staff worry about being made redundant and salary cuts. When NGO managers promise their staff that benefits would remain the same, this helps relieve anxiety and restore staff confidence in their future career prospects. Some NGOs however have to conduct staff benefits reviews because of the changing

situation in their organization. In case of changes in staff benefits, NGO managers need to give full explanations to their staff. In such situations, communication is important. Surie and Hazy (2006) claim that generative leaders promote effective communication by reducing complexity. Effective communication is based on a trust relationship. Stacey (2010) points out that when managing complex situations, leaders need to pay great attention to relationships. Developing close relationships with employees and establishing trust relationship with people throughout the organization are qualities of effective leadership (George 2003). If NGO managers can build trust relationships with staff, mutual understanding becomes available and helps reduce conflicting and irreconcilable views that tend to surface in the changing process. Trust lifts staff morale and contributes to staff stability. Uhl-Bien (2006) points out that the relational dynamic is a process of evolving social order.

6.4.2 Financial resources dimension

In the past, NGOs relied on government subvention to maintain the smooth operation and development of the organization. Subvention was the principle income. With the changes to the subvention policy, NGOs are finding that the financial support from government is inadequate. A total of 9.3% below the actual benchmark level due to EPP and ES was deducted from the actual allocation leaving a heavy financial burden to NGOs (Hong Kong Council of Social Services 11 April 2008).

With insufficient government funding, NGOs cannot maintain effective operation and development. Board members become uneasy. If poor administration leads to, financial crisis or budget deficits, the public will hold the NGO board accountable. In this situation, the board is likely to consider redundancies and salary cuts in order to

make for a balanced budget. The consequence is staff morale would suffer. As it is, both board members and staff look to NGO managers to ensure long term financial sustainability. NGO manger N claims that “I had better make sure our long-term budget is deficit free. Otherwise, board members will blame me.”

As part of their leadership role, NGO managers ensure financial sustainability by minimizing operational cost and developing new resources. After considering all possible cost saving and income generating measurements, NGO managers work out realistic long-term financial projections and produce a balanced budget. If this is accomplished successfully, both board members and staff would no longer have reason to be anxious about the financial stability of the organization. There is a strong possibility that other elements of the subvention welfare reform will also impact on NGO leadership and these would be other excellent items for future research.

6.4.3 Organizational capacity dimension

With the introduction of the subvention reform, NGOs need to become more community aware. NGO manager L said that “our annual business plan should consider the changing demands of the community.” NGOs not only need to fulfill their roles as requested by government, they also must satisfy the increasing service demands from the community. At the same time, NGOs have to deal with the challenges of management improvement and public accountability. Therefore, NGOs need to build up their organizational capacity and engage in continuous operational improvement. Beerel (2009) claims that to be good at responding to change refers to a capacity to adapt. Adaptation means developing a new mindset and sets of new skills capable of handling the new circumstances with integrity and competence.

In a traditional operation, when an NGO accepted a government subvention, they were required to provide the services according to government requirement based on a standard service model. The old subvention guidelines instructed NGOs on the ways and means of managing the human and financial resources. With the subvention reform, NGOs have to become more flexible and more capable of meeting community demands. They need to fully utilize their manpower. They need to be cost effective and be accountable to the public (Lump Sum Grant Independent Review Committee December 2008).

NGO managers need to build organizational capacity in its various aspects so that it can maintain continuous development. In terms of staff management, the emphasis is on a strong management team with strong team work to lead the organization forward. In terms of service provision, the emphasis is on service quality and service effectiveness. In terms of management systems, it is systemic efficiency and effectiveness of operations. Besides internal construction, NGO managers also need to construct externally. They need to build up a broad social network and extensive strategic alliances with government departments and community groups. NGO manager D “understands we need to build broad social networks to help us gain support from the community.” NGO managers also need to play an advocacy role with respect to the review and reform of the lump sum grant measures.

6.4.4 Organizational vision dimension

Under the old subvention system, there were constrains in NGOs working towards their vision as they were bound by government policies and the subvention guide.

NGOs were required to provide services within a confined scope. They did not have extra resources and the openness to work towards fulfilling their own vision. With subvention reform, NGOs are given more flexibility in allocating human and financial resources in the provision of services. To take advantage of this in a period of rapid change and increasing demand, NGOs need to redefine their mission, vision and goals in the context of what is happening in the wider community. Hoyle (2007) points out that scanning the environment and creating vision of the future will bring individual and organizational success.

Bennis and Nanus (1997) claim that vision animates, inspires, and transforms purpose into action. Within NGOs, there is a strong sense of mission among the staff to serve the community in which they operate. NGO manager F says that “I am happy to find our staff are committed to serving the people in need.” NGOs promote social justice and fairness and speak out for the welfare of underprivileged groups.

Operating in the new order, NGO managers lead the organization forward. They redefine the organizational vision and position. They also work out strategic plans to actualize the organizational vision. The process of defining and actualizing vision requires NGO managers to communicate fully with their staff. Flamholtz and Randle (2007) believe that one of the key tasks of strategic leadership is to formulate and to communicate strategic vision. Surie and Hazy (2006) observe that effective leaders create a system which brings together appropriate individuals and knowledge. Alimo-Metcalf and Alban-Metcalf (2004) also point out that one of the features of leadership is to build shared vision. If the vision is to be actualized successfully, all staff must take part in the process. Through staff participation, NGO managers gain

support and recognition for efforts towards the agreed vision and the agreed action plans.

6.4.5 Overview of Core Leadership Role

Compared with private companies, NGOs stand out unique in their chosen philosophy, values and goals. They pursue social goals in an effort to bring about social justice and fairness. In the years following the introduction of subvention reform, NGO managers have experienced significant changes in the way they perform their roles. They are no longer required to be managers administrating the rigorous guidelines of the Social Welfare Department. Now they are required to take on the more challenging task of providing leadership to the organization they belong. Carlson and Donohoe (2003) hold that the Executive Director is totally responsible for making change happen in an NGO and is expected to know when change is needed and to provide leadership.

The research emerged some interesting questions which would be items for future research and in particular, whether NGO managers could be considered not so much as leaders as compliance-oriented controllers. NGO managers may merely be considered as taking a ‘control’ role before the reform.

From Management to Leadership

In rapid changing situations, the role of the senior NGO manager shifts from “management” to “leadership”. The ultimate purpose of government in introducing subvention reform is to move the responsibilities of organization management and development away from government to the NGOs themselves. This is done by

government allowing NGOs flexibility in making use of the subvention. NGOs are given more autonomy and responsibility to fully utilize public and community resources. At the same time, government requires NGOs to fulfill their role in meeting community needs. NGO managers should not only manage the operations of the organization properly, they should also provide proper services to satisfy increasing community demands.

Another change in the situation is the high expectation the general public has of public service organizations. NGOs are expected not only to provide quality service, they also owe the public accountability. NGOs need to be open and transparent to funding bodies and service users. They have an obligation to provide relevant information and to report progress (Lump Sum Grant Independent Review Committee December 2008). NGOs should proactively maintain communication with all stakeholders. In this way, they are able to meet community aspirations and their progress and development invite the support of their various stakeholders.

A further challenge to NGOs is a cut across the board of 9% in subvention grant, with the simultaneous requirement that the same level of service standards be maintained. NGO budgets would be cut by 9%, but no services should be cut or reduced in scale.

As head of an organization, NGO managers bear most responsibility in leading their organization to meet all the challenges. With the changes at the door, the managerial roles of NGO managers are also subject to change. This research highlights the shift in the role of NGO managers as it changes from simply managerial to be also inclusive of leadership.

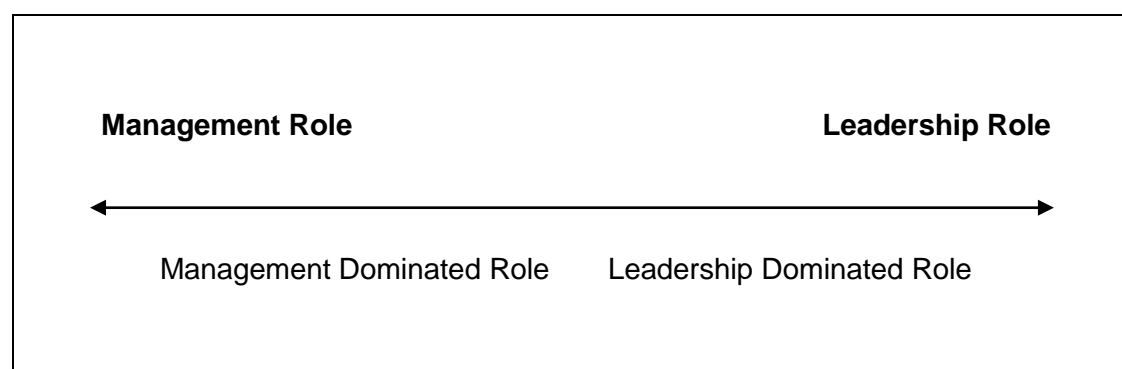
In the past, with the old subvention system, the major role of NGO managers was to maintain the “normal” daily operation of the organization. NGO managers took care of the operation according to the subvention guide formulated by government. A subvention guide provided clear guidelines for matters of finance and manpower, and NGO managers followed and the normal operation of the organizations would be guaranteed. In this way, under the old subvention system, the role of NGO managers was “control”. Haldar (2010) defines the management exercise as one of control. According to Kotter (1990), management is about seeking order.

With the introduction of the new subvention system, government gives more flexibility to NGOs in the management of their organization. NGOs enjoy full autonomy in formulating their financial and human resources management systems. The role of NGO managers is to lead their staff to building up such systems. NGO managers also lead their staff in accepting and adapting to the changes and assist the organization to achieve greater success under the new subvention regime. Haldar (2010) talks about the leadership endeavor in terms of an organization’s survival as well as growth. Kotter (1990) also suggests that leadership is about seeking adaptive and constructive changes.

However, there is an argument that management and leadership are not two separate independent roles. Very often, leaders perform both management and leadership roles at the same time. Likewise, it can be said that NGO managers in Hong Kong demonstrate a combination of management and leadership functions. The combination can take two forms. In one, the managerial role is dominant (more management and

less leadership). In the other the leadership role dominates (more leadership and less management). This suggests that the leadership role can be classified into four categories according to their management and leadership functions. The four categories are: management role, management dominated role, leadership dominated role and leadership role (see Figure 6.2).

Figure 6.2: Classification of Management and Leadership Roles



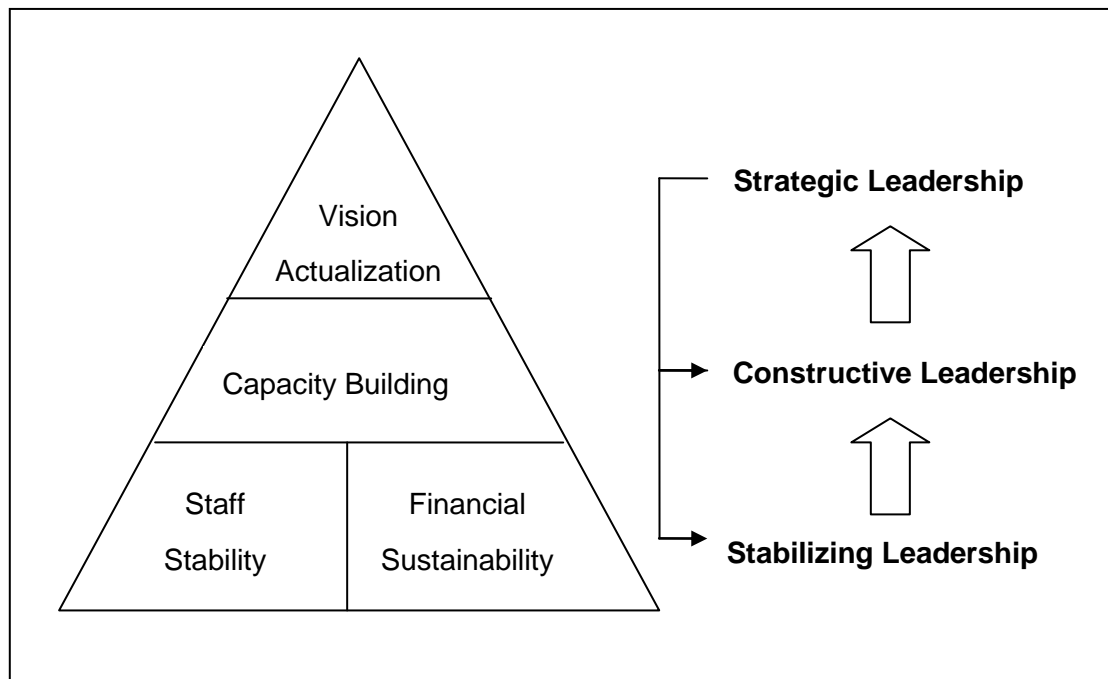
In the past, NGO managers act out the “management dominant role” with limited leadership. Nowadays, NGO managers act out a stronger “leadership dominant role” but continue to be active in the management role. The changing of NGO managers’ role has mainly to do with subvention reform. Riggio and Orr (2002) point out that the leadership process and role are subject to rapid changing situations.

Three-Level Leadership Model

On the basis of the identified core leadership role of NGO managers, the researcher proceeds to develop a leadership model for NGO managers. The result is a Three-Level Leadership Model (see Figure 6.3). The Model addresses the challenges faced by NGO managers and describes the appropriate leadership roles in the midst of

organizational changes. In the process, NGO managers perform three levels of leadership: Stabilizing Leadership, Constructive Leadership and Strategic Leadership.

Figure 6.3: Three-Level Leadership Model



Rousseau & Fried (2001) posited that context is a key factor in leadership research and in fully understanding leadership in action. The Three-Level Leadership Model shows how NGO managers perform as leaders in times of policy and environmental changes. Fiedler (1967) and House (1971) claim that the approach leaders take in their roles should be contingent on situational factors. Different situations call for NGO managers performing different leadership roles and functions. The Three-Level Leadership model provides a framework for NGO managers to define their leadership roles in different periods of organizational change. This framework can also be used to review the appropriateness of leadership roles in adapting to the changing process. Osborn, Hunt, & Jauch (2002) frame the relationship between context and leadership behavior within a complex systems framework. They point out that in the complex systems, context not only shapes leader behavior at a micro level, but it also shapes an organization's relationship with its environment at a macro level. Hunt and colleagues

offer a compelling view that context shapes leader behavior, and leader behavior in turn shapes context within a systems paradigm of organizations

Kelly and Hayes (2010) claim that change is a universal fact of organizational life. An important responsibility of top-level organizational leaders is enabling the organization to adapt to its complex environment (Boal and Hooijberg 2000). The process of organizational changes consists of different periods of development. NGOs need to achieve different developmental tasks in response to different challenges in different periods. Leadership has upon organizational outcomes (Rowland & Parry 2009). NGO managers should be open to different leadership roles in different periods of the changing process. The Three-Level Leadership Model sets out the different leadership levels with their different roles and functions. On the first level, the goal of staff stability and financial sustainability calls for Stabilizing Leadership. On the second level, attention to building up the capacity of the organization calls for Constructive Leadership. On the third level, the ability to bring the organization to actualize the organizational vision calls for Strategic Leadership. The construction of the Three-Level Leadership Model is informed by the findings of this study. For this context and when considered as items for future research the typology produced is original.

At the beginning of the reform process, NGOs will likely be experiencing some degrees of confusion. At this point, NGO managers need to be able to maintain stability especially in human resources and financial management. Staff stability and financial sustainability are the fundamental to the organization's operation and development. The maintenance role of leadership applies chiefly to internal and

external communication, to protecting and showing concern for individual staff, to, promoting a trust relationship, a sense of achievement. A leader in the maintenance mode keeps balance between change and stability (Hitt 1988; Kotter 1996; Anderson 1997; George 2003). Therefore, the first level NGO Leadership is to demonstrate Stabilizing Leadership by maintaining the organization's stability including staff stability and financial sustainability. When NGO managers maintain stability successfully, they are able to move on to other levels of leadership in the way they lead the organization.

Once stability of the NGO is maintained, Constructive Leadership, the second-level NGO Leadership, comes into play. NGOs managers lead their staff to reconstruct the organization's capacity. Reconstruction involves addressing manpower and operational systems. The construction roles of leaders include empowering followers to take responsibility, facilitating team development; achieving consensus within the organization, building social networks, and generating new resources (Hitt 1988; Kotter 1996; Anderson 1997). The outcome of Constructive Leadership is greater capacity for the organization to deal with existing challenges and prepare for future development. When Constructive Leadership is exercised, an NGO becomes more capable of actualizing its goals and vision.

When the NGO leader addresses the actualization of the organization's goals and vision, the third-level NGO Leadership, Strategic Leadership, is called for. Daft (2005) points out that strategic leaders create a sense of purpose and direction which guides strategy formulation and implementation within the organization. Ireland and Hitt (1999) claim that strategic leadership enhances organizational performance by

determining the firm's purpose or vision, exploiting and maintaining core competencies, sustaining an effective organizational culture, emphasizing ethical practices, and establishing balanced organizational control. At this leadership level, NGO managers define the organizational vision and work out the strategic plans. They work together with their staff to achieve common goals.

The Three-Level Leadership Model is not a linear process. It is evolutionary. Successful demonstration of one level of leadership empowers the next level of leadership role. Completion of the role of Stabilizing Leadership enables an NGO manager to perform well on the Constructive Leadership and the Strategic Leadership functions. If the staff force can be stabilized and the finances are healthy, an NGO can pursue development on other levels. If an NGO manager performs well as Constructive Leader, the chances are good that he or she can perform well as Strategic Leader because the organization by then would possess full capacity to actualize its vision. When the strategic goals are achieved or changed, the Stabilizing Leadership or Constructive Leadership becomes dominant. At any stage in the process, new environmental changes might well happen and a state of confusion might return. Once again, NGO managers need to demonstrate Stabilizing Leadership and the struggle goes on. . Often NGO managers perform all three levels of leadership at the same time. However their leadership roles will be distinguished by one of the levels of leadership.

Participative Leadership Approach

NGO managers interviewed in this study have demonstrated a preference for a participative style of leadership. Most NGO managers are mainly social work trained.

They are deeply influenced by social work values which show up in their attitudes and working style. The Code of Practice (Code of Practice for Registered Social Workers 2008) published by the Social Workers Registrations Board states that the social worker respects the unique value and dignity of every human being, and empowers people to act and work on their own behalf. Shaped by such values, NGO managers are respectful of others. Their roles as leaders serve to provide people with opportunities for improvement. This grounding in social welfare ethos is consistent with the characteristics of Participative Leadership.

The main purpose of establishing NGOs is to care for people and help the needy to address their problems. NGOs also assist people in the development of their potentials. The service targets of NGO managers are not the service users only but also their staff. The staff in an organization can be understood as internal customers. Given the NGO work setting, the leadership style of NGO managers is bound to be affected by the philosophy and values of NGOs. They respect people, treasure their staff and believe that everyone has potential for development. NGO manager P said: “I understand that each of our staff has potential for further development. I therefore always support them for training.”

The alignment of the professional background of NGO managers and the leadership role they perform is evident in Table 6.2 which identifies the characteristics of NGO Leadership and how these characteristics are demonstrated.

Table 6.2: Characteristics of NGO Managers Leadership

Characteristics	NGO Managers Leadership
Respect their staff	NGOs managers treat their staff as valuable assets.
Respect relationships	NGO managers promote harmonious and cooperative relationship among staff.
Respect communication	NGO managers believe that enabling effective communication can help resolve internal conflicts.
Respect teamwork	NGO managers build up teamwork to enhance effectiveness.
Respect participation	NGO managers encourage staff to express their opinions and participate in decision making so policies are readily accepted and adopted.
Respect empowerment	NGO managers give more authority and responsibility to their staff so that the staff can perform more important roles.

Brookes and Grint (2010) suggest that confronted by complex problems, a collective response is required of the public sector. Yukl (2010) holds that Participative Leadership calls for a manager to encourage and facilitate participation by others in making decisions that would otherwise be made by the manager alone. To achieve collective actions, building up close relationships among people is necessary (George 2003). Uhl-Bien (2006) also points out that relational processes facilitate the coordination of change.

Hong Kong has been adopting a rational approach. Management is looking for efficiency and effectiveness. However, from emic perspective (Pike 1967) of Chinese culture, Hong Kong people also care about relationships. Building up good working relationships is one of the important concerns of management. People believe that good relationships contribute to efficiency and effectiveness. In Table 6.2, the leadership characteristics of NGO managers demonstrate that NGO managers put great emphasis on relational values. Building up good working relationships, NGO managers exercise participative leadership.

Yukl (2010) proposes four decision procedures with different degrees of participation. The four decision procedures are: autocratic decisions, consultation, joint decision and delegation. It is a continuum ranging from low participation to high participation. Participation is a dynamic quality and may change over time.

Hoyle (2007) describes how participative leaders communicate, provide professional development, delegate, encourage diversity, and encourage collective effort to seek quality in each task and in the final product. In adopting a Participative Leadership style, NGO managers show respect of the individual, of staff, show respect of communication and respect of participation. In order to strengthen leadership capacity, NGO managers empower their senior staff to play leading roles. They delegate more responsibilities and authority to management teams. This is the decision procedure of delegation. Stacey and Griffin (2006) point out that complexity of issues encourages all members to be leaders and evokes effective responses from everyone.

To achieve a higher degree of consensus, NGO managers involve their senior staff in preparing policy proposals. They work together on data collection, situation analysis and policy initiation. NGO managers promote collective decision making. This is the decision procedure of joint decision making. Northouse (2007) indicates that participate leadership invites subordinates to share in decision making.

When NGO managers formulate policies in the mode of staff participation, the process ensures respect for both the policies and the NGO manager. The manager seeks consultation and suggestions from staff and makes compromises among

different interests. NGO managers consult their staff in decision making. Coleman (2009) points out that if subordinates can contribute to group goals, they enjoy higher levels of job satisfaction and commitment.

In times of immediate crisis or changes in government policy require prompt and decisive action, an NGO manager may be required to adopt the autocratic decision approach. The interview data indicate that NGO managers seldom adopt the autocratic decision making approach except when circumstances warrant it. NGO managers understand adopting this approach has its drawbacks. Should the decision thus made is later found to be unacceptable by the staff, resistance and non-cooperation may materialize.

In this research, NGO managers are found to favour the Participative Leadership approach. They exercise Participative Leadership in tune with the characteristic of NGOs and with their personal values. NGO managers have indicated that the Participative Leadership approach is recommendable. Thomas (2007) points out that leadership for change is increasingly shared and collective, dealing with change not by command and control but on the basis of influence, negotiation and persuasion. This is more effective. The leadership skills required in the new environment are not strictly managerial. They are more political, bringing stakeholders together to pursue common ends.

Leadership Effectiveness

Flamholts and Randle (2007) suggest that leadership effectiveness depends on the performance of the leadership tasks in a style that is appropriate for the situation.

There are two factors determining leadership effectiveness. They are the way in which leadership tasks are performed and the choice of leadership style.

The major function of NGO managers is leading the staff to achieve the goals of the organization. With the introduction of subvention reform, the roles of NGO managers change significantly. Their roles change from management-dominated activities to leadership-dominated activities. In this research, the identified core leadership tasks of NGO managers are maintaining staff stability, ensuring financial sustainability, building up organizational capacity, and actualizing organizational vision. These leadership tasks have evolved in accordance with the process of organizational changes. Different stages of changes require different leadership tasks. Hence, the leadership tasks of NGO managers do not remain static. They keep changing because situations change. NGO managers performing their leadership tasks need to be able to change to a leadership approach that is appropriate to the situation.

The nature of NGOs is aligned with democracy, fairness and communication. Relationship between management and staff is close. Mutual trust provides the foundation for staff cooperation. Through participation, a trusting relationship between NGO managers and their staff is fostered. This helps to minimize misunderstanding and conflict. A positive, participative leadership approach has the potential to mobilize the staff, lift their motivation to work hard for common goals. In the current NGO setting, the participative leadership approach is consistent with the quality of authentic leadership. It values human relations in particular, and that makes it an appropriate leadership style.

Therefore, based on the framework of leadership effectiveness as introduced by Flamholts and Randle (2007), the leadership roles of NGO managers thus identified, and in the context of the appropriate leadership tasks and leadership styles, are deemed as effective. From another perspective, leadership effectiveness has to do with outcome in the exercise of leadership. Now, there are many different criteria to evaluate leadership outcome. Yukl (2010) points out that the most used criteria to measure leadership outcome is goal attainment. Leadership effectiveness is the extent of goal attainment. In the transformational period, the goals of NGOs are to maintain stability and to continue with development. These two goals suggest two aspects of leadership outcome: task performance and people quality. This means that when we assess NGO managers for leadership effectiveness, we measure the outcome of task performance and people quality.

Task performance includes resources management, systems improvement, quality services and social networks. People quality includes staff morale, staff relationship, staff commitment and staff development. Leadership outcome cannot be measured effectively within a short period of time. Some leadership outcome requires a long period of time to take effect. It takes time to acquire the outcome. Looking at the impact of higher education on governance, Brannelly & Lewis et al (2011) claim that it requires at least a 20 year time lag before it is possible to effectively measure the correlation between higher education and governance. Measuring the effectiveness of leadership models for NGOs also takes time. The main objective of this study is to explore the leadership roles of NGO managers in times of rapid change.

6.5 Scenarios

In the decade following the introduction of NGO subvention reform in Hong Kong, different scenarios are played out as organizations struggle to work with the changes. It is to be expected that organizations would find a common modus operandi within the established funding framework and all NGOs would now operate in a similar manner. The reality is that NGOs are experiencing different levels of success. Generally they fall into one of two categories. The following two scenarios broadly typify the two sets of NGOs in Hong Kong in 2012.

Scenario A

NGO AB-01 is a Christian affiliated organization providing welfare services in Hong Kong with around 150 employees. Prior to subvention reform, the organization was recognized for its high quality service and harmony among staff. Promoting brotherhood and sisterhood among the staff, the executive head was known for management which cares. It was a happy place to work in. When subvention reform was first introduced, it became clear long term financial projections for the organization were not good. The board asked the executive head to come up with a plan to address the long-term financial sustainability of the organization. The executive head came up with a decision to cut salaries across the board. This made the staff angry. They accused the executive head of not protecting their welfare and of no longer having a concern for good relationships. Despite efforts by the executive to convince the staff of the need for these cuts, no one was persuaded. Relations between management and staff disintegrated and morale suffered. This had been their most valued quality in the past. The organization is now operating in surplus but its reputation for quality service has suffered along with staff relations.

In contrast to what happened in Scenario A, another approach to dealing with the finances is described in Scenario B. Although both organization heads addressed the problem of financial deficits, the outcome for staff relations and service performance were very different.

Scenario B

NGO CD-01 is one of the largest organizations providing welfare services in Hong Kong with more than 900 employees. The executive head was newly appointed at the time that subvention reform was introduced. The board gave an instruction that there was to be 10% reduction in total expenditure. Acknowledging that staff relations was paramount to the success of the organization; he announced that there would be no salary cuts or redundancies. He engaged his senior staff in a joint decision making process to address the 10% cut in expenditure. Decisions were made to generate additional income through fund raising efforts as well as cutting costs in areas other than staff salaries. Effective and persistent communication throughout the entire workforce ensured full understanding and commitment from the employees. Having put in place realistic performance measures, the organization now operates with a financial surplus which ensures continuous improvement in service quality. In return, employees are committed to achieving organizational goals – most important, the targets of income generation and cost saving. Long term targets are met, staff are happy and the organization prospers.

6.5.1 Cultural and Political Perspectives

Two important perspectives on Chinese life in Hong Kong permeate these two scenarios. The political perspective is grounded in Hong Kong's history as a British

Colony and Protectorate (see Chapter 1, 1.2) with Hong Kong people placing an enduring value on the principles of democracy and elected representation in government. The cultural perspective is grounded in the history of Hong Kong's Chinese people with centuries of Chinese civilization (see Chapter 1, 1.2.4). These two perspectives combine to make the study of NGOs in Hong Kong a unique study on organizational life. Leadership in these organizations shows the influence of these two perspectives.

Cultural Perspective

Hong Kong society is dominated by Chinese culture. Hong Kong people view harmony as the foundation of stability and prosperity. A harmonious society and good interpersonal relations is the foundation stone to success. Taoist and Confucian thought strongly influence the ancient traditions of Chinese culture (Lai 2008). Within this tradition, there is a concept of systematic harmony combining natural harmony made up of the elements of nature, with harmony among people where individual differences are recognized, and harmony of self, heart, soul and mind. Harmony among people encompasses three main factors: mutual respect, social harmony and sound public security (Yao 2000).

Harmony of interpersonal relations promotes mutual trust. It helps to build up working relationships. Chinese people believe that if they want to make life easy or make a deal with another party, one should first try to establish good relations with one's counterpart. There is a conviction that favorable interpersonal relations help to ensure success (Gao and Ting-Toomey 1998).

Hong Kong is also a modernized society, integrated with western culture. People adopt a rational approach in life and work and look for efficiency and effectiveness in productivity. Democracy, equality and fairness are also a concern (Ku 2009). However the Chinese belief that relationships are relevant to success remains a strong factor in how they conduct their affairs. For some employers, a good working relationship is of the utmost concern. They believe a harmonious working relationship promotes efficiency and effectiveness. Hong Kong employees sometimes take advantage of this for their own self interests. The Hong Kong management philosophy is a unique combination of relational (Chinese cultural) and rational (Western cultural) values. In the West, the natural posture is rational. In the case of human resource management it is recognized that relational issues are important. In Hong Kong, the natural posture is relational and it is recognized that rational issues are important.

Political perspective

With Hong Kong reunited with Mainland China, the Hong Kong government remains responsible for domestic affairs (Committee on the Promotion of Civic Education 2005). Under the principle of “One Country Two Systems”, Hong Kong is given a high degree of autonomy in executive and legislative powers and enjoys an independent judiciary, including that of final adjudication (Wesley-Smith and Chen 1988). Hong Kong formulates its own monetary and financial policies, maintains its own currencies, formulate policies on education, culture, sports, social welfare system, etc. within the framework of the Basic Law.

With the exception of defense and foreign affairs, mainland leaders have scrupulously

adhered to a 'hands off' approach, allowing Hong Kong people to administer their own affairs (Wong 2004). As always, Hong Kong people have been quick to speak up if they perceive that their rights and freedoms, or the systems underpinning Hong Kong society, are in any way being compromised or undermined. Hong Kong people have taken very seriously their role in shaping the Special Administration Region (SAR) and the society in which they live. This has resulted in greater demands from the public and the legislature for an open, accountable and more efficient government (Wong 2004).

The democratization of political structure in Hong Kong empowers Hong Kong people to ask for better performance and quality of public services. They require the government and public organizations to be accountable and transparent. If there is any mal-practice in public service, the responsible officials are held accountable, and need to step down (Chiang 21 June 2007). Members of the public are not only service recipients but also service monitors. Hong Kong people are prepared to exercise their rights, to fight in defense of their benefits and to participate in public affairs to protect their interests (Ku 2009). Public organizations have become more aware of such public sentiment and their management is taking on a much more participative approach.

6.5.2 Impacts on NGO leadership

The organizational insistence to operating with a long-term surplus is common to both scenarios. Both organizations adopted a rational approach in addressing the financial situation and identifying possible solutions. Economic rationalism (Quiggin 2003) dominate both scenarios. The two executive heads firstly worked out realistic

financial projections and then they considered options to bring about a projected financial surplus. In both scenarios, efforts to maintain positive relationships in the organization played an important part in determining the outcome. The executive head of Scenario B adopted a participative approach and engaged the senior staff in making the decision together. The staff were consulted. This produced the effect of facilitating harmonious relations among staff. In Scenario B, the executive head worked both the rational and relationship approaches. However, the executive head of Scenario A neglected the importance of harmonious staff relations. He was concerned only with the financial deficit and not with staff relations. In Scenario A, the executive head worked the rational approach only. The outcomes in Scenario A and B differ. The two scenarios show that good staff relations are closely associated with good quality service (Pettinger 2010). For NGO managers, maintaining harmony in staff relations throughout the process of change is necessary. Harmony of governance and management, of management and staff, and among staff is essential for success.

6.5.3 Connect Findings and Scenarios

The Three-Level Leadership Model (Figure 6.3) combines the relational approach and the rational approach. Stabilizing leadership combines the rational (seeking financial sustainability) and the relational (seeking staff stability). In Scenario B, both the relational and the rational are addressed and they support and inform each other. In Scenario A, only the rational is addressed and the relational aspect turns out to be a complete disaster.

The relational approach is found to be especially important right from the beginning. NGO managers need to maintain effective communication and build up trust

relationships with board members and staff. This does not mean however that the rational approach can be neglected. The financial sustainability of the organization is the focus of the rational perspective. All these efforts assist in building up harmonious staff relations. In scenario B, financial sustainability is achieved because of the collective efforts of the staff. This allows the NGO managers to exercise Constructive Leadership as they focus on building up the capacity of the organization. They empower their staff to take up more responsibilities and facilitate team development. They achieve consensus with staff through communication which reinforces the relational approach. At the level of Stabilizing Leadership, the rational and the relational aspects of organizational life in Hong Kong inform each other and depend on each other for long term success. At the level of Constructive Leadership, the relational perspective is dominant. The concern for strong organizational capacity for long term growth and success is recognized and acted upon. The organization emerges from the change process, strong and ready for its mission.

At the level of Strategic Leadership, the major function is to set organizational goals, strategies and action plans. NGO managers need to understand the social environment and the strengths and weaknesses of the organization. Based on these analyses, NGO managers develop the goals, the strategies and the plans. At this level, NGO managers continue to rely on the positive relations they have developed within the organization. But by now, their focus is on rational decision-making which informs the planning and implementation of strategy.

The findings show that the relational and rational approaches are both necessary when NGO managers are performing their leadership roles. All levels of leadership require

NGO managers to adopt both relational and rational approaches. The relational and rational approaches depend on each other. At the Stabilizing Leadership level, the rational (evident in the financial domain) and the relational (evident in the human resource domain) are interdependent. At the Constructive Leadership Level, the relational becomes more dominant. At the Strategic Leadership Level, the rational dominates.

6.6 Conclusion

Hesselbein (2002) observes that given the countless changes in the world in recent decades, it is no surprise that countless changes have also occurred in the leadership models of nonprofit organizations. NGO managers perform their leadership roles in a changing environment. During the period of change, the leadership roles of NGO managers also change. The Three-Level Leadership Model presented by the researcher is borne out of the changes that NGO managers have undergone. The roles of NGO managers have moved from being management-dominated to the leadership-dominated. The new role for NGO managers that has resulted as a consequence of subvention reform calls for a definite shift towards a participative leadership approach that is consistent with the qualities of authentic leadership, especially relational leadership. NGO leadership requires both rational and relational approaches. The relational approach is found to be especially important for the beginning of the change process and the rational approach becomes dominant for the later stages of development.

Chapter 7: Conclusions

7.0 Introduction

The research objectives going in to the study were 1) to investigate the changing situations after the introduction of Social Welfare Subvention Reform; 2) to investigate the difficulties and challenges faced by NGO managers in the context of the new subvention system; and 3) to identify the leadership role of NGO manager in coping with the Subvention Reform. They are achieved, insights were gained and a tentative model has been presented.

This study has provided a description and analysis of how NGO managers in Hong Kong exercise their leadership roles in the process of Social Welfare Subvention Reform. The findings, articulated in the framework of relevant literature, are discussed in Chapter 6; and a leadership model is produced. This last chapter presents a number of concluding observations on implications for current practice and development in leadership training as well as recommendations for future research.

7.1 Implications

This study is clearly confined to the context of the welfare sector in Hong Kong. Its findings are applicable to NGOs and their current managers; for the development of future NGO managers; and for the exercise of leadership in other sectors of public management in Hong Kong.

7.1.1 Implication for Current NGO Managers and Board

Serious study on NGO leadership in Hong Kong has always been limited. Relevant literature on the subject is scant and scarce. With the introduction of subvention reform, management inadequacy has been exposed and there is now a sense of urgency.

The findings of this study and in particular the Three-Level Leadership model bear directly on the needs of current NGO managers and provides a reference guide to practical leadership. In a time of rising public expectations and organizational changes, the model identifies goals, areas of need, and the leadership skills requisite to those needs. With this tool, a manager and the NGO board can sit down together and map out a training or re-training program in order to meet the perceived shortfall. In the process, if the areas of development thus identified match up with skills that certain board members possess, they can provide coaching in these areas. In addition, the Three-Level Leadership model can help make clear the division of labour between NGO manager and board. The study has yielded clear evidence of confusion, of mix-up of management and governance roles which negatively impacts on performance and morale.

7.1.2 Implication for Development of Future NGO Managers

Social work education is multi-disciplinary. The current education program includes psychology, sociology, and social policy. Management training in social work education is recognized as a necessity now. With the implementation of subvention reform, social workers need to cope with change. The exercise of leadership and

management needs to change according to the changing contexts (Bennet and Bennet 2004). Learning about management and leadership before going into social work practice should help graduates adapt to changing situations and effectively take on leadership roles. The findings of this study have the potential to contribute to the course content of social work education.

There needs to be a focus on understanding the nature of change, the difficulties and challenges associated with organizational change and the different leadership roles required as the organization moves through the different stages of change. There is much written material on this subject for the western corporate and NGO world. This study with its focus on the unique features of the Hong Kong setting might prove to be a useful addition.

7.1.3 Implication for Other Public Sectors

With the public sector reform initiative of the Hong Kong government, all government departments and subsidized public organizations are required to improve their efficiency and effectiveness. The public sectors of welfare, health and education are not exempted. In this process of change, senior managers need to exercise stronger leadership. Although this study is specifically focused on leadership roles of NGO managers in the welfare sector, the findings might well provide certain valuable insights for senior managers of other public sectors, particularly where funding arrangements are similar to the welfare sector.

7.2 Recommendations

This study discusses how NGO managers perform their leadership roles after the introduction of subvention reform in Hong Kong. NGO managers find themselves performing a variety of roles in coping with the changing situations. This is analyzed and a leadership model has emerged. However, an important dimension and an item for a future research agenda would be an extension to specific issues such as employee resistance and also issues at intra organizational levels.

The research method of this study is a grounded theory approach within a constructivist/interpretive/qualitative methodology. A systematic study of NGO leadership in Hong Kong is limited. This research provides fruitful data to understand the behaviors and roles of NGO leadership. In keeping the grounded theory approach, insights are gained that provide fruitful areas of future research within the Hong Kong public sector context. However, this study has limitation in theory generation and it is exploratory in nature responding to the unfolding meaning contributed by respondents. It is hoped that future researchers go for a quantitative research methodology to test the validity of the leadership model developed by this study.

All the respondents in this study are NGO managers. It is one of the limitations of this study. Future studies might want to look into the leadership roles of NGO managers from the perspectives of other stakeholders, such as board members, staff and service users. Different views could be compared and contribute to a more comprehensive theoretical leadership framework.

Yukl (2010) talks about the need to measure leadership effectiveness by measuring leadership outcomes. Real and substantive outcomes will only be evident after sufficient time has lapsed. This study recommends that such a study be undertaken a decade from now, by which time innovative and objective variables that can adequately measure leadership effectiveness could hopefully have been developed.

The Hong Kong Government started the implementation of public sector reform in the 1990s. Not only the welfare sector, but also the health and education sectors are subject to the changes (Lui 2008). This study is limited to a select sample of executive heads, or NGO managers, from the welfare sector in Hong Kong. It would be desirable that replica studies of this kind be carried out on other public sectors such as health and education.

Each study provides new knowledge to add to the developing understanding of NGO reform and attendant issues, especially leadership. The items suggested in the future agenda will advance the knowledge further and make Hong Kong NGO's an important area of study.

7.3 Conclusion

Under the framework of Public Sector Reform, government departments and public organizations are required to migrate from a rigid bureaucratic approach to an efficiency- oriented public management approach. The new public management approach is modeled on a corporate understanding of management, and it has brought with it some degree of improvement in efficiency. But it has also generated problems

and difficulties. Obviously, the introduction of public sector reform leaves government departments and subvented NGOs no choice but to reform its management. Management has to be reformed in order to make a success of Public Sector Reform. And one of the factors enabling successful change is effective leadership. Effective leadership empowers the followers to cope with the complexities of the changing situation.

The introduction of Social Welfare Subvention Reform in the welfare sector drives organizational changes and poses a great challenge to NGO managers. In response to the changes resulting from subvention reform, NGO managers have made changes in the exercise of their leadership. They need to adopt effective leadership roles in order to lead their staff to go through the changing process and to achieve success. How NGO managers have performed their leadership roles in the process of change is the subject of this study, and their experiences are now organized to form a leadership framework. What is not reviewed in this study is the effectiveness of the leadership roles of the NGO managers. This needs to be further explored.

To conclude, this study presents a leadership framework for NGO managers. This leadership framework and approach has the potential to contribute to current NGO leadership practice, education and research. As an exploratory venture, the study seeks to open up dialogue, debate and alternative thinking towards the ongoing development of a comprehensive theoretical and practical framework of public sector leadership. At a time when the formation of civic society is being accorded with increasing recognition in Asia, this is a worthy venture.

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Appendix I



香港浸會大學
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社會科學院
Faculty of Social Sciences

社會工作系
Department of Social Work

The Independent Auditor's Report on the Coding System of Mr. Tik Chi Yuen's Study Entitled The New Leadership Roles of NGO Managers after the Implementation of Subvention Reform

Introduction

This is an independent report on the coding system of Mr. Tik Chi Yuen's study on the new leadership roles of NGO managers after the implementation of subvention reform in Hong Kong. Basically, the independent auditor is expected to answer two questions:-

- a. Does the auditor understand how and why Mr. Tik has given the text the concerned coding?
- b. Does the English translation of the coding pose any problems in understanding the coding that has been applied?

The Auditing Process:

Mr. Tik met the independent auditor at his office in the morning of July 8 2010. He first of all, gave a brief description of his study, including the objectives, the process and major findings. He then kindly showed me part of his literature review chapter, ten transcripts developed from interviews, a list of preliminary categories developed from the 20 interviews that he had conducted and the notebook he used for developing concepts and categories. In response to my questions, Mr. Tik also provided more information about how he had selected his respondents, procedures of arranging interviews, as well as how he developed the four core categories from a dozen categories, which were re-grouped from the key concepts, or in his terms, leadership actions, he had coded from the interview reports.

The auditor read the 10 transcripts of the interviews, the notebook of his coding work, the list of categories and the chapter on literature review of his draft of report during the meeting.

Observations

Mr. Tik has stated clearly his research objectives, supported with relevant theories. He has a sensible plan to collect data and the interviews had been carried out smoothly with reasonably good flow of conversation relevant to the general questions listed for data collection purpose.

The individual transcripts were written in Chinese. They were well written, recording both the views and feelings of the respondents. The planned questions were asked appropriately and the

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respondents seemed to understand well of those questions and gave their answers without any difficulty. In the same transcripts, it is found that Mr. Tik had been able to sort out more than 200 key leadership actions from the conversations, from which he later conceptualized these leadership actions, developed into 12 categories and eventually four core categories.

Mr. Tik also supplemented that in the process of re-grouping or re-categorization, he tried to explore the relevance or connections among those key concepts before streamlining to four core categories with reference to the relevant theories.

The Answer

After reading the documents and judging from the information provided by Mr. Tik in the process, the auditor understands quite well how he has handled the coding process in this way. The recordings of his notebook and the list of categories show clearly that Mr. Tik has undergone a careful process in grouping and re-grouping of those concepts and then develop the list of categories.

Since the auditor is ethnic Chinese, who can read and write Chinese effectively, he found Mr. Tik's transcripts (in Chinese) were well written showing clearly the smooth flows of conversations. The respondents participated in the interviews gave relevant and reasonable answers to Mr. Tik's research questions. The translation has been done well and the coding process he has applied is sensible and professional.

Conclusion

It is the opinion of the independent auditor that Mr. Tik has completed his data collection and coding professionally with reference to relevant theories and research methodology. His interviewing skill is mature and effective while the coding process has been completed correctly with sincerity.



Mark Kin Yin Li, ACSW, PhD
Independent Auditor
Department of Social Work
Hong Kong Baptist University
July 8 2010

Appendix II

Challenges and Difficulties during Time of Change

Incidents (Data)	Difficulties (Concepts)	Challenges (Categories)	Core Challenges (Core Category)
Salary cut	Job insecurity	Lowering of Staff morale	Implementation of organizational changes
Manpower cut			
No future prospect			
Permanent to contract	Unfairness		
Different salary scales			
Benefits cut			
New service demands	Heavy workload		
Downsizing			
Performance requirements			
Efficiency productivity	Subvention cut	Limitation of financial resource	
Reserve saving			
New service expenses	Deficit budget		
Fund-raising difficulties			
Service expansion	Diversity of views	Ambiguity of Board-management relationship	
Risk-free management			
Conservative fiscal management			
Management responsibility increased	Role ambiguity		
Board active intervention			
No liability	High expectations		
All staff issues settled			
No loss of organization prestige			
Insufficiency of management staff	Weak central administration	Weakness of Management capacity	
Lack of professional training			
Rejection of changes	Obstacles to reform		
Workload pressure			
No experience of reform			
Competitive bidding	Increased competition		
Pursuit of popularity			

Appendix III

Leadership

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Guarantee no redundancy and salary cut	Demonstrating commitment	Career mentor	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organizational vision dimension
Ensure staff benefits			
Promise to honor employment agreement			
Formulate succession plan	Providing career development		
Give more chances for internal promotion			
Identify some potential staff to take up more responsibility			
Concern with staff anxiety and worries	Showing support		
Respond to staff requests			
Stand for staff interests			
Treat staff as internal customers			
Work out solutions with staff	Engaging staff	Achievement Champion	
Involve staff in planning stage			
Encourage the ideas from bottom up			
Acknowledge staff contribution	Recognizing good performance		
Pay bonus to staff with excellent performance			
Respect staff as important assets			
Provide opportunities for staff to achieve their goals	Promoting sense of achievement		
Share the success and failure together with staff			

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Ensure fairness of staff policies	Being fair	Trust facilitator	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organizational vision dimension
Concern for the difference in employment terms between old and new staff			
Implement performance paid policy			
Assess staff performance based on factual evidence			
Set up different communication channel for staff	Promoting mutual exchange		
Involve board members to attend some staff activities and meetings			
Explain new policies to staff	Enhancing transparency		
Explain the problem situation to staff			
Provide the updated information to staff			
Explain the financial situation to all staff			
Fully Inform the board of any progress	Enhancing accountability		
Maintain good performance to satisfy board requirements			
Alert board chairman as to where the risks are			
Maintain regular dialog with board members			

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Balance budget with avoiding deficit	Controlling budget	Budget controller	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organization vision dimension
Set up new financial system			
Monitor staff salaries in comparison with NGO market			
Formulate the long-term financial projection along with a balance budget	Projecting financial situation		
Save money to cover the deficit in future			
Restructure staff establishment to reduce number of staff	Enforcing downsizing	Cost monitor	
Cut number of staff by natural wastage			
Terminate some low utilized services	Improving efficiency		
Encourage staff to share more workload			
Rearrange service operation to improve efficiency			
Offer voluntary retirement scheme	Cutting salary		
Employ new staff by contract			
Set up a new salary scale with lower entry salary			
Cut or freeze staff salary			
Apply for government funding	Applying for funding		Income broker
Apply for indirect government funding			
Bid for new subvented projects			
Launch fund-raising events	Raising funds		
Strengthen donors service			
Require some return from self-financing services	Increasing fee income		
Increase program fees			

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Have confidence in senior managers	Empowering senior staff	Team facilitator	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organization vision dimension
Collect staff views through senior managers			
Delegate more authority and responsibility to senior managers			
Work out consensus with management team	Achieving consensus		
Promote collective decision			
Coordinate the different views between governance and management			
Keep close cooperation with senior managers	Promoting partnership		
Give clear instruction on division of duties among senior managers			
Differentiate the roles between governance and management			
Encourage staff to achieve good performance		Pursuing operational excellence	
Request staff complete their tasks on time	Continuous improver		
Encourage creative thinking			
Work out the standard of quality service			

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Encourage board members to attend management courses	Developing staff	Continuous improver	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organization vision dimension
Carry out mentorship approach			
Offer scholarship for further studies			
Organize professional training programs to all levels of staff			
Strengthen the capacity of central administration staff	Developing better system	Figurehead	
Employ external consultants to formulate new management systems			
Control operation risks			
Work out all management polices with same standards and principles			
Organize community events actively	Participating community affairs	Figurehead	
Participate in community functions actively			
Promote organization image	Building organizational image	Figurehead	
Launch high sounding programs			
Build up organization reputation by organizing pilot projects			
Gain the support from church	Forming strategic alliance	Figurehead	
Build up strategic alliance with departments and social groups			
Build up collaborative relationship with commercial sector			

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Revisit the mission and vision with board members and staff	Revisiting organizational mission	Visionary	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organization vision dimension
Redefine organization mission statement			
Keep the vision in mind			
Identify common values with board members	Identifying organization values		
Share common values and goals with staff			
Hold social work values			
Share mission and vision with staff	Sharing vision		
Orientate new staff with organization philosophy			
Recruit staff with commitment to serve the community			
Brief staff about the directions of service development	Orientating directions	Position analyst/director	
Define the directions of organization development			
Monitor staff to follow organization directions			
Realize community needs	Analyzing circumstances and situations		
Identify all problems and solutions			
Realize the recent development in welfare field			
Assess the potential of organization	Reviewing organizational capacity		
Develop service based on organization strength and capacity			

Leadership Actions (Data)	Leadership Behaviors (Concepts)	Leadership Roles (Categories)	Core Leadership Role (Core Category)
Form a working group to initiate some directions and strategies	Formulating strategies	Strategic planner	NGO Leadership <ul style="list-style-type: none"> ● Human resources dimension ● Financial resources dimension ● Organizational capacity dimension ● Organization vision dimension
Set up a think tank to work out some strategies			
Encourage senior staff to initiate their ideas			
Ask staff what are the organizational goals	Setting goals		
Develop the organizational goals based on vision			
Link organizational goals with community development			
Allocate the resources according to community needs	Allocating resource		
Set priority in resource allocation			
Identify the action plan to actualize the goals	Developing action plan		
Develop some newly demand services			
Consolidate the pilot projects			