TITLE: SOCIAL ENTERPRISE MANAGER’S CAREER PATH PREFERENCES

Introduction

The DTI (2002:7) described social enterprises as:

‘...businesses with primarily social objectives whose surpluses are principally reinvested for that purpose, in the business or in the community, rather than being driven by the need to maximise profit for the shareholders or owners’.

Social enterprises are at the centre of current political and academic discourse in the UK (Alcock, 2010; Social Enterprise UK, 2011). The government believes that by the third sector adopting a social enterprise ‘business model’, will enable third sector organisations to become involved in commercial activities, either directly or through ‘trading arms’ (for example, charity shops, internet or community cafes) to support their social and environmental aims (Alcock, 2010; Scott and Teasdale, 2010). This will allow the sector’s organisations to be more sustainable and financially independent.

The UK Government’s expansion of the third sector social enterprise policy agenda opened up new funding streams that organisations benefited from such as: Future Builders, Capacity Builders Funds and Adventure Capital Fund. However, government funding to support third sector organisations to become financially independent have been mostly time-limited from the 1990s through to the current Coalition Government policy framework, which reduces public spending to the third sector (Cabinet Office, 2010; Wardle, 2013). This has affected managerial earnings. The average third sector manager earnings is 22.5 per cent lower than a public sector manager earnings and 27.8 per cent lower than a private sector manager earnings (NVCO, 2013). These factors have contributed to an increase in third sector operational managers’ turnover from 12.8 per cent in 2008 to 14.7 per cent in 2013 (NVCO, 2013). Small social enterprise organisations are seeking ways to develop appropriate and effective strategies to enable them to retain operational managers (Venter and Sung, 2011) and to develop managerial retention strategies that are not linked to pay awards (Coetzee and Schreuder, 2008; Guan et al., 2013).

Operational managers often undertake the management and day-to-day delivery of client services (Maher, 2009; Parry and Kelliher, 2011, Wardle, 2013). Therefore, the loss of a manager impacts on front-line service delivery, service management and the ability of organisations to comply with Quality Care Commission\(^1\) requirements, which form part of the government contractual agreement for third sector social enterprise (drug and alcohol) organisations (Parry and Kelliher, 2009; Mold, 2012).

Operational managers turnover does not only disrupt delivery of client services it can also threaten the timely implementation of newly commissioned services (Nickson et al., 2008; Knight et al., 2011). Furthermore, managerial turnover is considered as inimical to small social enterprise organisations; due to its direct costs, such as replacement costs involving advertising the post, administration of

\(^1\) The Care Quality Commission regulates all health and adult care services in England, including those provided by the NHS, local authorities, and the Third sector and Private sector organisations (The Care Commission, 2011). Scotland, Wales and Northern Ireland have a separate arrangement.
the recruitment process and the time spent on new employee inductions; and indirect costs, such as reduced organisational performance level, the loss of organisational knowledge and less success in the adaptation and implementation of evidence based practice for the treatment of clients (Carroll and Rounsaville, 2007; Kim and Lee, 2007; Eby et al., 2011).

Researchers regard turnover that results from individual-level factors (such as, moving house, early retirement) are beyond the organisation’s control and can occur in any organisation or sector (Knudsen et al., 2011). Therefore, this research focuses on exploring organisational factors that can be developed by small social enterprise organisations to enable them to reduce managerial turnover. There is evidence (Garavan et al., 2006; Wong, 2007; Rasdi et al., 2009) on ways organisations have reduced managerial turnover in the private and public sectors. These studies found that organisations can reduce managerial turnover by understanding and developing career paths that integrate career path needs of managers to organisational strategy.

The literature review suggests that careers and career paths in the third sector have largely been ignored by research with a few notable exceptions, such as Onyx and Maclean’s (1996) study of intrinsic and extrinsic factors influencing the careers of workers in the third sector, Harrow and Mole’s (2005) study of third sector chief executives careers and Maher’s (2009) study of factors influencing career development in the Not-For-Profit sector. However, there is insufficient research that has explored the career path preferences of third sector social enterprise managers. Given this gap in research, this study provides an original empirical research and understanding of career path preferences of social enterprise operational managers.

OBJECTIVES

The objectives of this research are to explore and identify the career path preferences of small third sector social enterprise operational managers in the UK.

Research questions:

- What are the career path preferences of small social enterprise operational managers?
- Is there a relationship between small social enterprise operational managers’ career needs, organisational factors and their career path preferences?

LITERATURE REVIEW

Public policy

The literature suggests that numerous public policy since the 1990’s, such as, the 1990 National Health Service and Community Care Act in April 1993 and the introduction of competitive tendering process for contracts to third sector organisation’s by the Labour Government in 1999, led to increased government regulation of the third sector and has influenced the development of managerial career paths in small third sector organisations (Nickson et al., 2008; Cunningham, 2010). The change in policy framework from grant-aid (funding awarded to third sector organisations to contribute to supporting particular social or environmental aims without specific outcome targets to be achieved); to formal contractual arrangements with specific outcomes targets (Osborne, 1997;
Organisations are required to measure and report on every aspect of treatment outcome they achieve for clients (for instance, how many clients completed their treatment programme, enrolled in education or training) (Osborne; 1997; The Kings Fund, 2011; NVCO, 2012). Operational managers are usually assigned the role of contract management. In recent years, government contracts are mostly awarded for one year and occasionally for three years and in some cases the funds are abruptly withdrawn if government priorities change (Nickson et al., 2008; NVCO, 2012). This led to some third sector social enterprise organisations diversifying their funding sources to include other activities such as membership subscriptions, trading subsidiaries (community cafés and training services) and hiring of facilities (Lee, 1993; NVCO, 2011; Dickinson et al., 2012). Small social enterprise organisations that seek to raise funding from other sources have found that funding from these sources are also time limited (Cunningham, 2010; NVCO, 2012), ranging from a few months to a year (NVCO, 2012; Dickinson et al., 2012). This creates further financial uncertainties in these organisations and influences their ability to plan and develop managerial career paths (Cunningham, 2010; The Kings Fund, 2011; Parry and Kelliher, 2011). Next the discussion of boundaryless career model conceptualisation of career paths will help us to explore career paths in organisations.

The boundaryless career model

The boundaryless career model is based on the work DeFillipi and Arthur (1994) and Arthur and Rousseau (1996). They contend that due to changes taking place in the economy and labour market in the 1990s such as, organisations downsizing and de-layering that a career path based on a hierarchical, vertical progression in one organisation is not applicable in most organisations. They posited that career paths are no longer determined by the organisation. Individuals are self-directing and taking responsibility for accumulating and developing marketable skills and competencies in order to determine their career paths within and across organisations during their working life (DeFillippi and Arthur, 1994; Arthur and Rousseau, 1996). In this regard, the individual acquires information, knowledge and marketable skills that will make it easier for him/her to pursue a career path that is suited to their needs within any organisation (Coetzee and Roythorne-Jacobs, 2007; Dries and Verbruggen, 2012).

The boundaryless career model conceptualises career paths as follows:

i. Vertical: a vertical career path involves upward progression within one organisation or several organisations determined by the individual. The individual accumulates competencies and undertakes training to gain skills within and outside the organisation to enable him/her to pursue a vertical career path suited to their needs as and when the opportunity arises.

ii. Horizontal: a horizontal career path involves side-ways progression to a specific or a specialist job within one or several organisations as the opportunity arises to satisfy his/her career path preferences.

Cross-functional: a cross-functional career path is characterised by an individual preferring to work on short-term cross-cutting projects in an organisation or managing several inter-related projects across organisations as the opportunity arises (Petroni 2000; Vos et al., 2007).
The review of managerial career path studies reveals that managers in the private and public sectors are pursuing career paths as conceptualised by the boundaryless career model (Martin, 2005; Wong, 2007; Cappellen and Janssens, 2010). The findings of this research will be compared with previous managerial career paths studies shown in Figure 1.1.

**Figure 1.1: A sample of managerial career path empirical studies**

<table>
<thead>
<tr>
<th>Author (s)</th>
<th>Date</th>
<th>Research sample</th>
<th>Research findings</th>
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<tbody>
<tr>
<td>Gunter et al.</td>
<td>2002</td>
<td>A study of career paths of 494 German expatriate managers on international assignments</td>
<td>Boundaryless (vertical and horizontal) career paths within and across organisations</td>
</tr>
<tr>
<td>McDonald et al.</td>
<td>2005</td>
<td>A study of senior public sector managers in Australia.</td>
<td>Traditional (vertical) career path within the organisation.</td>
</tr>
<tr>
<td>Martin</td>
<td>2005</td>
<td>A study of 49 Australian managers’ career trajectories after experiencing major organisational restructuring.</td>
<td>Boundaryless (vertical, horizontal and cross-functional) career paths within and across organisations.</td>
</tr>
<tr>
<td>McCabe and Savery</td>
<td>2007</td>
<td>A study of 126 managers’ career paths in the convention and exhibition industry in Australia.</td>
<td>Boundaryless (vertical, horizontal and cross-functional) career paths within and across organisations.</td>
</tr>
<tr>
<td>Kim et al.</td>
<td>2009</td>
<td>A study of 34 male career path profiles of general managers of Korean super deluxe hotels.</td>
<td>Traditional (vertical) career path within an organisation.</td>
</tr>
<tr>
<td>Cappellen and Janssens</td>
<td>2010</td>
<td>A study of career realities of 45 global managers.</td>
<td>Boundaryless (vertical and horizontal) career paths within an organisation.</td>
</tr>
<tr>
<td>Suutari et al.</td>
<td>2012</td>
<td>A study of global managers career path</td>
<td>Boundaryless (vertical and horizontal) career paths within and across organisations.</td>
</tr>
<tr>
<td>Chaudhry</td>
<td>2013</td>
<td>A study of 43 managers’ careers in two large multinational companies in Pakistan</td>
<td>Boundaryless (vertical and horizontal) career paths within the organisation.</td>
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METHODOLOGY

A mixed method research design was employed. Semi-structured interviews and a survey were conducted with forty operational managers working in eight (randomly selected) social enterprise organisations in three UK regions to ascertain their career path preferences in the sector. The surveys were assessed on a five-point Likert scale that allowed operational managers to indicate the importance of each of the statements from (1) being “very low importance” to (5) being “very high importance”. The reason for using the five-point Likert scale instead of a single item was due to the author operationally defining measurement of career path preferences as the average of all items relating to each career path. This method is in-line with Allen and Katz’s (1986) and Erdogmus’ (2004) approach in assessing the career path of managers and professionals in the private and public sectors.

The semi-structured interviews provided an opportunity for an in-depth understanding of the operational managers’ interview responses in relation to their reasoning for their different rankings of the career path survey. By this approach, the researcher is using the quantitative data and the explanatory power of qualitative data to provide an original contribution to knowledge and understanding of the career path preferences of operational managers.

In addition, eight HR managers working in the same eight organisations were interviewed to provide insight into managerial career management systems in small social enterprise organisations. The author employed computer-assisted qualitative data analysis software (CAQDAS) package (Bryman and Bell, 2011) Nvivo 9 to facilitate the data coding and clustering of themes.

FINDINGS

The survey results displayed in Table 1.1 show that operational manager’s career path preferences mean scores. A horizontal career path (4.01) has the highest mean score; a cross-functional career path (3.85) is rated second, while a vertical career path (3.13) is rated third by the operational managers.

Table: 1.1: Operational manager’s career path preferences mean scores (N=40)

<table>
<thead>
<tr>
<th>Career Paths</th>
<th>N</th>
<th>Mean</th>
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<tbody>
<tr>
<td>Horizontal</td>
<td>40</td>
<td>4.01</td>
</tr>
<tr>
<td>Cross-functional</td>
<td>40</td>
<td>3.85</td>
</tr>
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</table>
**Horizontal career path**

Horizontal career path is the most preferred career path by the operational managers. The evidence suggest that operational managers are undertaking training to improve their skills and competencies; in order to pursue a horizontal career path within their area of specialism in their organisations. This supports Arthur and Rousseau (1996) suggestion that individuals acquire specific skills and knowledge to enable them to pursue the career paths that fulfils their career needs and values. For instance, operational manager 24 and 25 reported:

“The organisation has been pretty supportive offering training and some bursary. I’ve taken time off to do some training I can’t fault them. I have had some training on addiction work and it’s on-going. I have been building up my PDP [Personal Development Plan] yes pretty much; gaining knowledge and skills is on-going in this field. Also because my training is only in addiction, within the field I can complement different modalities. I want to specialise more in this particular area rather than move into say more general management position. My skills are needed here” (Operational manager 24: Counselling manager: Organisation F).

“The organisation has been very good very supportive this is where I want to be. I trained for years to get the Diploma [in counselling] so I want to stay developing the therapy side of things; I’m not interested in going into general management and fund-raising activities. I’ve kept up my PDP [Personal Development Plan]. I’m up to date with my counselling skills” (Operational manager 25: Counselling manager: Organisation F).

Operational manager 24 and 25 evidence clearly suggest that they want to remain as counselling specialists by developing their career paths in their area of specialism rather than into general management roles. These views were supported by organisation F: CEO/HR manager. She reported:

“All our managers are practising counsellors or therapists they are not interested in taking up full-time management posts. I have asked them and they’ve said no to general management. They are happy managing projects with some hands on client work. I have been encouraging managers to attend courses that would extend their project management skills. It always ends up the same, they nominate to attend a course that is related to enhancing their therapeutic skills or addiction management knowledge … their choice” (CEO/HR manager F: Organisation F).

The findings suggest that some operational managers stay in an organisation because they prefer a horizontal career path that offers them the opportunity to practice in their area of specialism.
Therefore, organisations should recognise that they might not be able to retain some operational managers if they do not offer them opportunities to progress in their career path preferences.

The prevalence of horizontal career path among operational managers reinforces the findings of Chaudhry et al.’s (2012) study of managerial career paths in two multinational companies in Pakistan. However, there were some differences between the findings of this research and Chaudhry et al., (2012) findings. Chaudhry et al., (2012) found that several managers in their sample pursued horizontal career path within one organisation due to limited vertical path promotion opportunities available to indigenous Pakistan managers in the two large multinational companies. The main factors influencing small third sector social enterprise operational managers to pursue a horizontal career path is that, several of the study sample chose to pursue their career path preferences in a specific type of small social enterprise organisation that offers specialist services to a specific type of client group, which happens to be the services that these operational manager’s wants to specialise in.

**Cross-functional career path**

A Cross-functional career path is the second preferred career path by the operational managers. The research findings suggest that the main factors influencing operational managers to prefer a cross-functional career path; is that it enables them to improve their chances of having continuous employment, in their respective organisations due to the short-term nature of the third sector funding regime (Kings Fund, 2011; Scott and Teasdale, 2012).

Some operational managers that preferred cross-functional career paths; stated that they have only worked across different projects within their organisation in the last three years; due to the organisation’s income and funding structure. (Cunningham and James, 2007; The King’s’ Fund, 2011; Dickinson 2012). This has led to some operational managers preferring to work in a variety of cross-functional projects in order to widen their marketable skills base and knowledge, ready for when the next project comes along. Some operational managers reported:

“The organisation funded some qualification courses that I have been on and other courses. I regularly attend courses and up-date my C.V. With this sector you need to have your skills regularly up-dated if funding is coming to an end on a project that you’re working on and another project comes up if you can be fitted into a role there they will fit you in. So you need to be ready to move across projects according to the funding received” (Operational manager 27: Services manager: Organisation E).

“The organisation provides opportunity for training even with all the changes taking place in this sector which affects our organisation. I have to take training on board. I have to be flexible to go where the work is, where we have funding for a project. I have grown to be strong to be positive in times of uncertainty. I have completed my NVQ [National Vocational Qualification] level three in management. I was leading one project, when we lost funding for that project I had to take on another project. I’m now managing the carer’s advocacy project and the home visiting project. You’ve to adapt. You’re learning all the time. It’s also rewarding working here” (Operational manager 28: Advocacy services manager: Organisation E)
Operational manager 27 and 28 stated that they always seek continuous skills development and training opportunities to enable them to enhance their skills and knowledge so that they can remain employed. Their views were supported by HR manager E evidence. HR manager E reported:

“Employment contracts are based on the funding we get. Most of our contracts are short term as you know. If a particular contract is ending the people working on that contract are moved to a project where we have received funding from another pot of money. So we have more sideways moves and cross-functional moves than upward moves for the reasons that I have described. Managers are move from project to project depending on what funding we have got in. However, we have had some upward moves for instance the CEO [Chief Executive Officer] was promoted from within the organisation. But an upward move does not happen that often” (HR manager E: Organisation E).

HR manager E’s evidence was further supported by HR manager B, who stated that the reasons why small social enterprise organisations predominantly provides cross-functional career path is due to the size of the organisation, funding structure and partnership arrangements with other organisations that are stipulated by some government contractual agreements. He reported:

“It is difficult with a small organisation to look at where managers are going to go. There isn’t much space for upward promotion here. We look at side-ways and multi-project management moves. We are contracted under a particular framework of ‘Supporting Peoples Agenda’. If a manager has a particular skill they want to further if we can find a way to make it happen, without breaching our contractual agreements, we will completely explore it. What we cannot do is to provide a service that another organisation is contracted to provide in order to accommodate someone’s career path needs. That will be undermining the agency’s partnership arrangements with other organisations. It is not easy to find the conditions to fulfil each individual career path needs within an organisation of this size. So managers should be ready to move across to projects where we have funding at any particular time” (HR Manager B: Organisation B).

The evidence demonstrates that short-term funding of small social enterprise organisation’s abilities to develop a variety of career path options that are suited to the desired needs of managerial staff. As a result they offer managerial staff cross-functional career paths opportunities depending on the income and funding received.

The fieldwork finding conforms to Martin (2005), McCabe and Savery (2007) study of career paths of managers in Australia they found that most managers in their samples were pursuing a cross-functional career within their industry. Martin (2005) found that managers in his sample tend to pursue a cross-functional career path when the organisation was restructuring. McCabe and Savery (2009) found that managers in the convention and exhibition industry accumulated a portfolio of technical skills which gave them access to work on cross-functional projects in the industry in order to remain employed (projects in the convention and exhibition industry are often multi-dimensional and time limited). Similarly, third sector social enterprise operational managers that prefer a cross-functional career path were engendered by the need to remain employed in the sector due to short-term nature of third sector income and funded projects.
**Vertical career path**

Vertical career path is the third and least preferred career path by the operational managers. The fieldwork evidence suggests that a vertical path is preferred by some operational managers. These operational managers achieved a vertical career path through their own initiatives (identifying their training needs and attending the identified training courses) and organisational initiatives such as internal career advancement opportunities that their employing organisations have provided. They added that most of their qualifications post GCSE and A level education was provided by their organisations. This has enabled them to progress vertically within the organisation’s managerial hierarchy. Operational managers that prefer vertical career path reported:

“I started here as a receptionist. I have gained lots of skills and qualifications through training from this organisation they [the organisation] are very supportive, they are fantastic. When I find training that I needed, I went and presented it [the training course] and they [the organisation] have funded it. When the finance manager’s position came up because the finance manager retired, the director asked me if I would be interested in applying, I said yes. I applied and got the job. The organisation is akin to promoting from within the organisation because the people here already know how things work here” (Participant 1: Finance/development manager: Organisation A).

“The organisation has been fantastic. I started here as a support worker part-time. I was promoted to a co-ordinator and now I’m a team manager. My manager is great he has given me awareness and allowed me to use my initiatives to find training I need. He gave me exposure to things that other manager’s in other organisations would not necessarily get exposed to for example, training in management skills, visiting other projects which has helped me to move to the direction I want to go. Yeah helped me to move up” (Operational manager 11: community Inclusion manager Organisation C).

It is evident that these operational manager’s ability to pursue their career path preferences was made possible by their own efforts and the organisation’s initiatives. Operational manager 1 and 11 stated that without the training and support provided by the organisation; it would not have been possible for them to pursue their career path preferences within the organisation. These views were supported by HR manager C:

“We send managers to training such as, NVQ [National Vocational Qualification] courses which are suited to their role. If a manager has the aspirations to go up [vertical] managerial route and they are prepared to put in the time and effort to achieve that, we [the organisation] would support that. We support them to get there quickly. I will say it comes down to attitude of individuals if they come willing to be successful and fit in with the ethos and culture of the organisation. They will have the support [from the organisation] to help them to develop and progress. My director came through the internal ranks of the organisation, if you show initiatives the organisation will support you to progress where you want to go” (HR manager C: organisation C).

The evidence from HR manager C suggests that some small social enterprise organisations will support operational managers to pursue a vertical career path, if the individuals are committed to progressing through a vertical career path while helping the organisation to meets its objectives. The research finding provides additional support to the findings of previous managerial career paths.
studies (such as, McDonald et al., 2005; Kim et al., 2009) that found that vertical career path was pursued by managers in their sample.

The fieldwork findings provide important insight into the nature of the career path preferences of small social enterprise operational managers in the UK. Although the findings suggest that the career path preferences of operational managers conform to the career path preferences of managerial staff in the private and public sectors; some contextual third sector factors (such as, short-term funding, organisational size and government contractual agreements with small social enterprises (Scott and Teasdale, 2012) were identified as factors constraining the ability of small social enterprises to provide operational managers with career paths option.

CONCLUSION

The findings provides evidence that aspects of the boundaryless career model (Arthur and Rousseau, 1996) that conceptualises career paths (as horizontal career path, cross-functional career path and vertical career path within an organisation) were found to be evident as the career path preferences of small social enterprise operational managers.

A horizontal career path within one organisation is the most preferred career by the operational managers followed by cross-functional career path within one organisation. There was little evidence to suggest that operational managers preferring horizontal and cross-functional career paths across organisations. Therefore, the boundaryless career model conceptualisation of horizontal and cross-functional career paths across organisations was not supported by the research evidence.

Operational managers that preferred vertical career paths were able to do so when a position becomes available in their respective organisations. In the case of small social enterprise, vertical career path is not based on sequential ready-made vertical career path progression. It is more relational (a vertical career path progression is made available when funding is received or when someone retires). It is not surprising that a vertical career path is the least preferred career path by several operational managers in this study. Small social enterprise organisations have limited funding and income and as such, they are unable to develop layers of management ready for managerial progression.

Overall, the findings suggest that operational manager’s career path preferences in small social enterprise organisations are influenced by the individual’s values and career needs and the organisation’s ability to provide career path options. The findings suggest that operational managers are not totally independently self-directing their career paths as suggested by the boundaryless career model (Arthur and Rousseau, 1996). This led the author to define social enterprise operational manager’s ‘career path preference’ as:

“an intersection of an individual’s led initiatives (training, networking) and opportunities provided by the organisation (training, availability of jobs) to meet the person’s desired occupational and career path trajectories” (Original: Maher, 2013).
Small social enterprise organisations need to be aware of the factors that influence operational manager’s career path preferences and the positive outcomes (such as, retention, organisational commitment, etc.) that could be achieved when there is a match between operational manager’s career motives, career path preferences and organisational needs. This research provides an insight into the contextual factors that shape and constrain operational managers’ career path preferences in the third sector. This is significant for small social enterprise managers seeking to retain managers, not through the promise of high salaries and lifelong benefits, but rather through proving opportunities that will enable operational managers to develop projects and have independence in managing these projects. An additional contribution of the research is that it addresses an important gap in the career path literature by providing a detailed exploration of the career path preferences of the third sector operational managers. The research findings have raised important issues for policy makers and organisations to consider, the future directions of operational managers career path preferences

References


The King’s Fund (2011) Social Care Funding and NHS: An Impending Crisis? King’s Fund.


