Prof Joyce Liddle, **Dr Christianne Ormston and Dr Lee Pugalis**

RSA

Comparing leadership and network governance in 2 UK NE city regions: examining the processes & challenging existing leadership models

University of Tampere, 6-9th May 2013
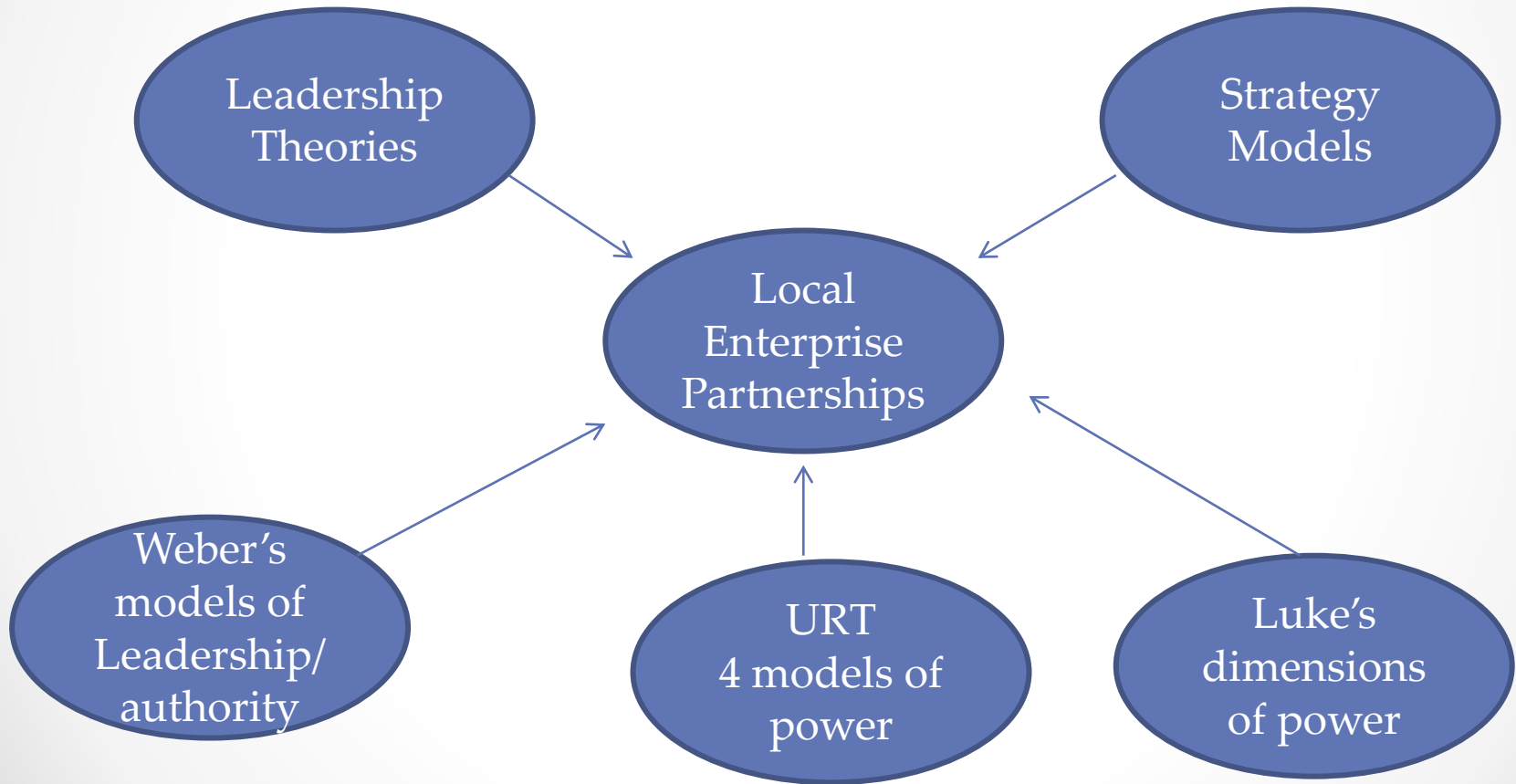
Structure of presentation

Conceptual Framework

Policy context

Background- LEPs in the NE of England

What are the major differences in leadership, strategic decision making and network power?

Conceptual Framework

THE CHANGING POLICY CONTEXT

Abolished RDAs - March 2012

Abolished Regional Spatial Strategies

Reforming the Planning System- Localism and neighbourhood focus

LEPs - Local Enterprise Partnerships 1st April 2011 across England- business led but multi-agency

Government Offices abolished

Regional Growth Fund 2011 - 2014

Decentralisation and Localism Bill December 2010 and Act 2011

Skills Strategy November 2010

European Regional Policy 2014 – 2020

Budget for Growth and Jobs March 2011
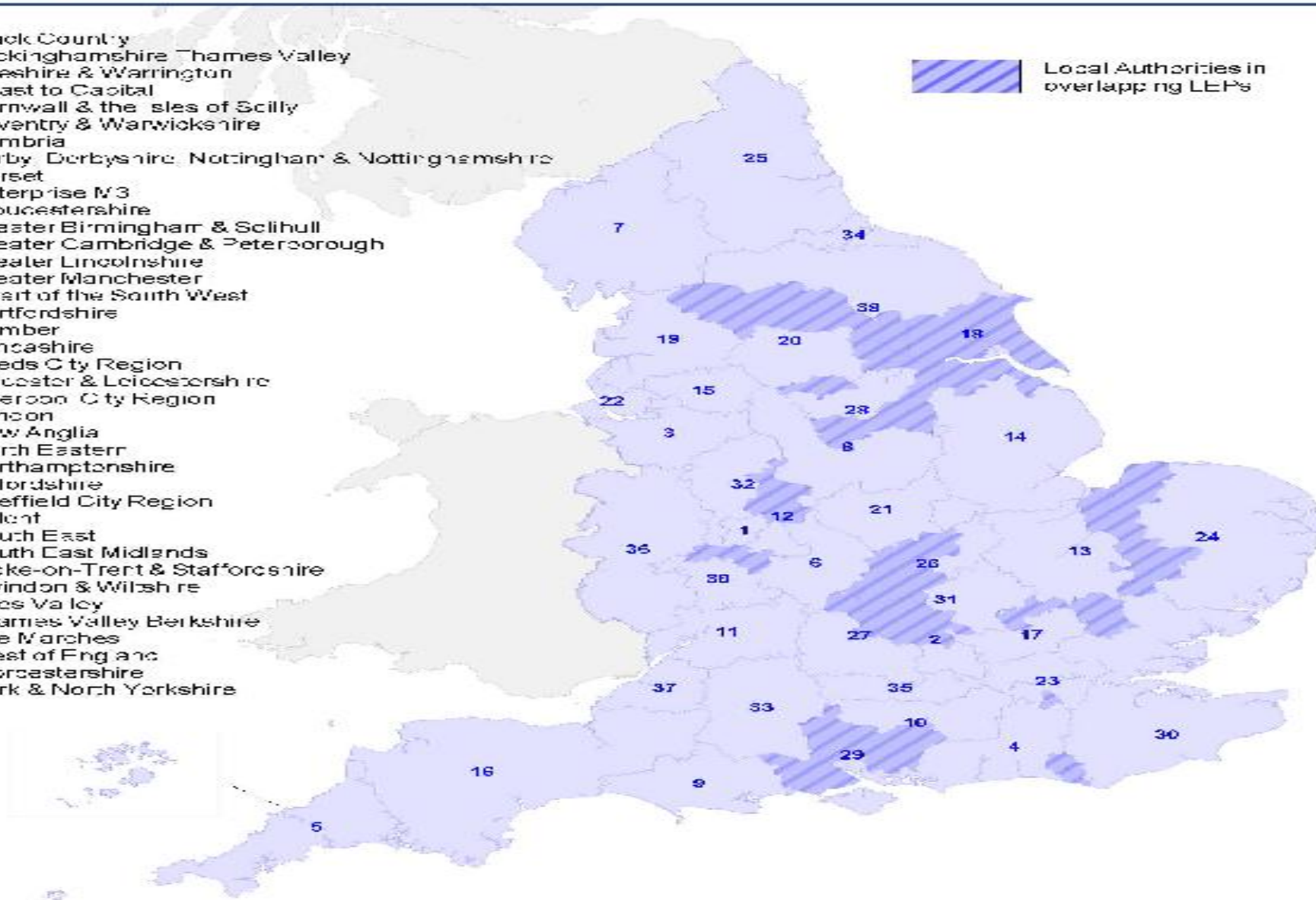
Rural Growth Plan

New Deal for Cities

Heseltine Review 2012

Government Response to Heseltine Review 2013

BIS | Department for Business Innovation & Skills

Local Enterprise Partnerships

1. Black Country
2. Buckinghamshire Thames Valley
3. Cheshire & Warrington
4. Coast to Capital
5. Cornwall & the Isles of Scilly
6. Coventry & Warwickshire
7. Cumbria
8. Derby, Derbyshire, Nottingham & Nottinghamshire
9. Dorset
10. Enterprise M3
11. Gloucestershire
12. Greater Birmingham & Solihull
13. Greater Cambridge & Peterborough
14. Greater Lincolnshire
15. Greater Manchester
16. Heart of the South West
17. Hertfordshire
18. Humber
19. Lancashire
20. Leeds City Region
21. Leicester & Leicestershire
22. Liverpool City Region
23. London
24. New Anglia
25. North Eastern
26. Northamptonshire
27. Oxfordshire
28. Sheffield City Region
29. Solent
30. South East
31. South East Midlands
32. Stoke-on-Trent & Staffordshire
33. Swindon & Wiltshire
34. Tees Valley
35. Thames Valley Berkshire
36. The Marches
37. West of England
38. Worcestershire
39. York & North Yorkshire

Local Authorities in overlapping LEPs

Produced by Statistical Analysis Directorate

Contains Ordnance Survey data © Crown copyright and database right 2012

Department for Business, Innovation and Skills

Local Enterprise Partnerships

39 LEPS for England – all at different stages of development

Lack of clarity on key issues

Need for strong <u>leadership</u> and <u>strategy</u> for growth

Importance of <u>network power relationships</u> to drive the strategy

LEP Roles

Working on key investment priorities e.g. Transport

Coordinating/bidding for RGF

Supporting **high growth** businesses

Strategic **planning** – Infrastructure

Business regulation

Strategic **housing** delivery - HCA

Worklessness Strategies - JCP/LPs

Private sector support

Renewable Energy and Green Deal

Digital infrastructures

The White Paper

" Local enterprise partnerships will provide clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. We particularly encourage partnerships working in respect to transport, housing and planning as part of an integrated approach to growth and infrastructure delivery. This will be a major step forward in fostering a strong environment for business growth"

(White Paper 'Local growth: realising every place's potential', 28th October 2010)

Resourcing the New LEPs

Limited direct 'core' funding

A Start Up and Capacity Fund. £237,000 per LEP over 4 years.

Enterprise Zone income streams - long term

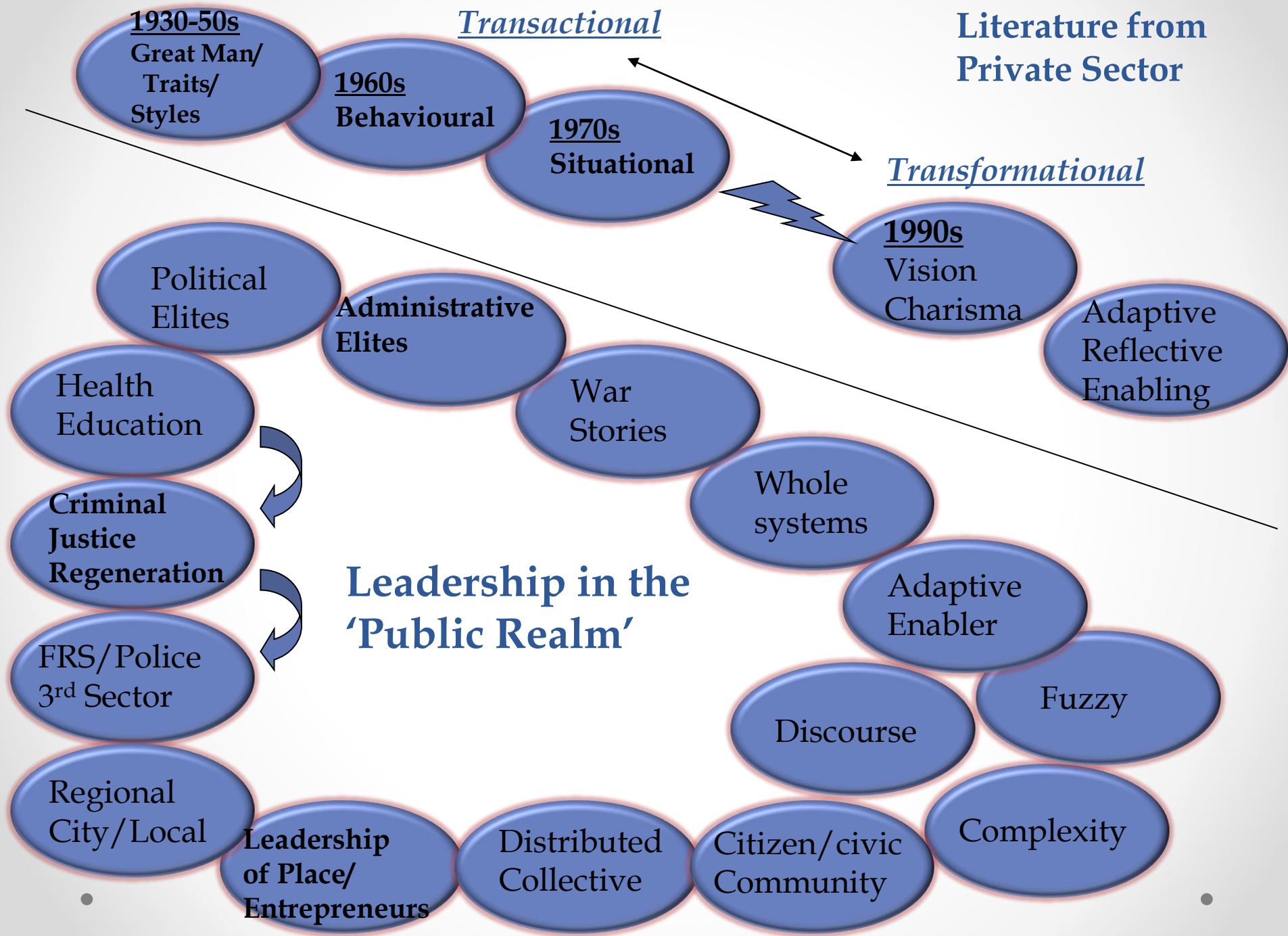Regional Growth Funds R2

Growing Places Fund £460m

The Homes and Communities Agency

Get Britain Building Fund £420m

Rural Growth £165m

Transport funding-Consultation

Leadership theories

1930-50s Great Man/ Traits/ Styles

Transactional

Literature from Private Sector

1960s Behavioural

1970s Situational

Transformational

1990s Vision Charisma

Adaptive Reflective Enabling

Political Elites

Administrative Elites

War Stories

Health Education

Criminal Justice Regeneration

Whole systems

Adaptive Enabler

FRS/Police 3rd Sector

Leadership in the 'Public Realm'

Fuzzy

Discourse

Regional City/Local

Leadership of Place/ Entrepreneurs

Distributed Collective

Citizen/civic Community

Complexity

# Weber's leadership and authority

- **3 TYPES**

Traditional authority. -leaders have a traditional and legitimate right to exercise authority, where different traditional circumstances enable and legitimize those in command to exercise authority.

*Rational-legal authority -*the "legality" of formal rules and hierarchies, and the right of those elevated in the hierarchy to possess authority and issue commands. This type of authority is often seen as legitimate in bureaucratic systems, which enables impersonal, specific and formal structures of modern companies.

Charismatic authority - exceptional sanctity, heroism or exemplary character of an individual, and on the normative patterns or orders revealed and issued by him or her. Charismatic leaders are often seen as legitimate in times of crisis or change when extraordinary leadership is called for, and when this extraordinary leadership is recognized in the specific authorial figure by followers.

Leadership
(private versus public sector)

PRIVATE SECTOR

Transactional   Transformational

→

PUBLIC SECTOR
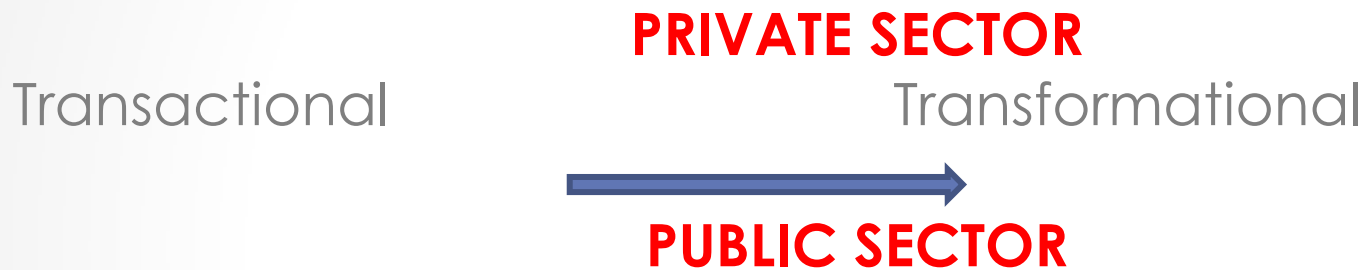
Much more complex and fuzzy and private sector models are flawed as explanatory models (they are all organisationally specific and cannot explain multi-agency partnerships such as LEPs)

Collective and distributed leadership in partnerships
Strategy is emergent journey, and embedded in history

UR Theories

➤ Stone's (1991) had defined a regime as, 'the power to act to accomplish goals rather than domination or subordination. Governments need to blend their capacities with non- governmental actors to facilitate action and empower themselves' *(1991)*. The key question of regime theory, then, is 'who benefits?' and 'what are the capacities and activities of leadership and partnerships' within regimes?'.

➤ **4 types of power**

➤ (i) **Systemic power,** available to certain individuals due to their position in the socio-economic system-control of the economy-lubricates tensions between the social and economy

➤ (ii) **Command or social control power**, active mobilisation of resources such as finance, information, reputation or knowledge

➤ (iii) **Coalition power**, that is bargained and negotiated with others- allows actors to mobilise resources such as finance, information, reputation or knowledge

➤ (iv) **Pre-emptive or the power of social production**-allowed actors to achieve, hold on to and operationalize strategic positioning and intent

Luke's dimensions of power

(i) **overt conflict** i. e. A has power to get B to do something B would otherwise not do

(ii) **non-decision making aspects**

(Iii) **a radical structural view of decisive socialisation processes**, in -which A educated and persuaded B to accept an assigned role, and conflict was diffused. The latter, more insidious and unobtrusive type of power, or management of meaning

(iv) **relational dimension of power** showed how each partner to the interaction is constrained by roles, contextually specific practices, techniques procedures and forms of knowledge

NB Hidden power relations are embedded in institutional and governance fabric and mediated through mutual trust, common norms, beliefs and values

Strategy models

➤ Derived from private sector are rational, 'recipe book approaches'

➤ **Rationalistic paradigm**

➤ Define mission, set strategic objectives, do a SWOT, Identify options, select maximum utility option, implement and appraise and control

➤ Scenario planning-

➤ that 'set reasonably plausible, but structurally different futures (Van Der Heijden, 1999:26),

➤ What is acceptable, feasible and achievable

- Many business strategy writers have ignored -

The role of history, informality, and linkages between individuals and institutions

Existing power relationships and traditional institutional forms of decision making

Socio-cultural and external aspects that impact on strategy

Clear categorisation of state and non-state actors and institutions,

Blurring of the boundaries between actors and sectors

Who has power, hidden or unobservable levels of power and influence, how it is distributed or how conflict/consensus are managed within the strategic process

The involvement of other state and non-state agencies in strategic decision making

# Problems with rationalist paradigm

- Visions and mission statements have many purposes

- Stakeholders are difficult to identify, evaluate importance, or manage in the long term

- Strategic techniques like SWOT, PEST or Porter's Five Forces are subjective, descriptive, arbitrary and biased. No weight or criteria is usually applied to relevant internal and external elements of strategy

- Assumption of 'one best way' and that a recipe book approach will improve strategic process

- It is difficult to know which strategy fits the best conditions, and LEP leaders must experiment with various initiatives to determine what works or doesn't work

- There is little empirical evidence to suggest that strategists or the environment are critical to strategic success

- Systematic control and synthesis are difficult due to multifaceted and dynamism of factors

- Hidden, unobservable or unintended aspects of strategy may be critical to success

- Planning and formulating strategy are divorced from execution and implementation and evaluation

- Power, values and negotiation on strategic content, context and process are vital to strategic change

- Rational approaches are reductionist and isolate too few variables

- Simplification does not deal with paradoxes, ambiguities, mess, chance, luck, errors, subjectivities, accidents or indeterminacy

In public sector strategy is

➢ A coherent, unifying and integrative pattern of decisions

➢ A means of establishing an organisational purpose and long term objectives

➢ A definition of the competitive domain

➢ A response to external opportunities and threats, and internal strengths and weaknesses

➢ A logical system of differentiating managerial tasks at corporate, business and functional levels

➢ A definition of the economic and non-economic contributions to and from stakeholders.

(Hax, 1990)

Nutt & Backoff 1992
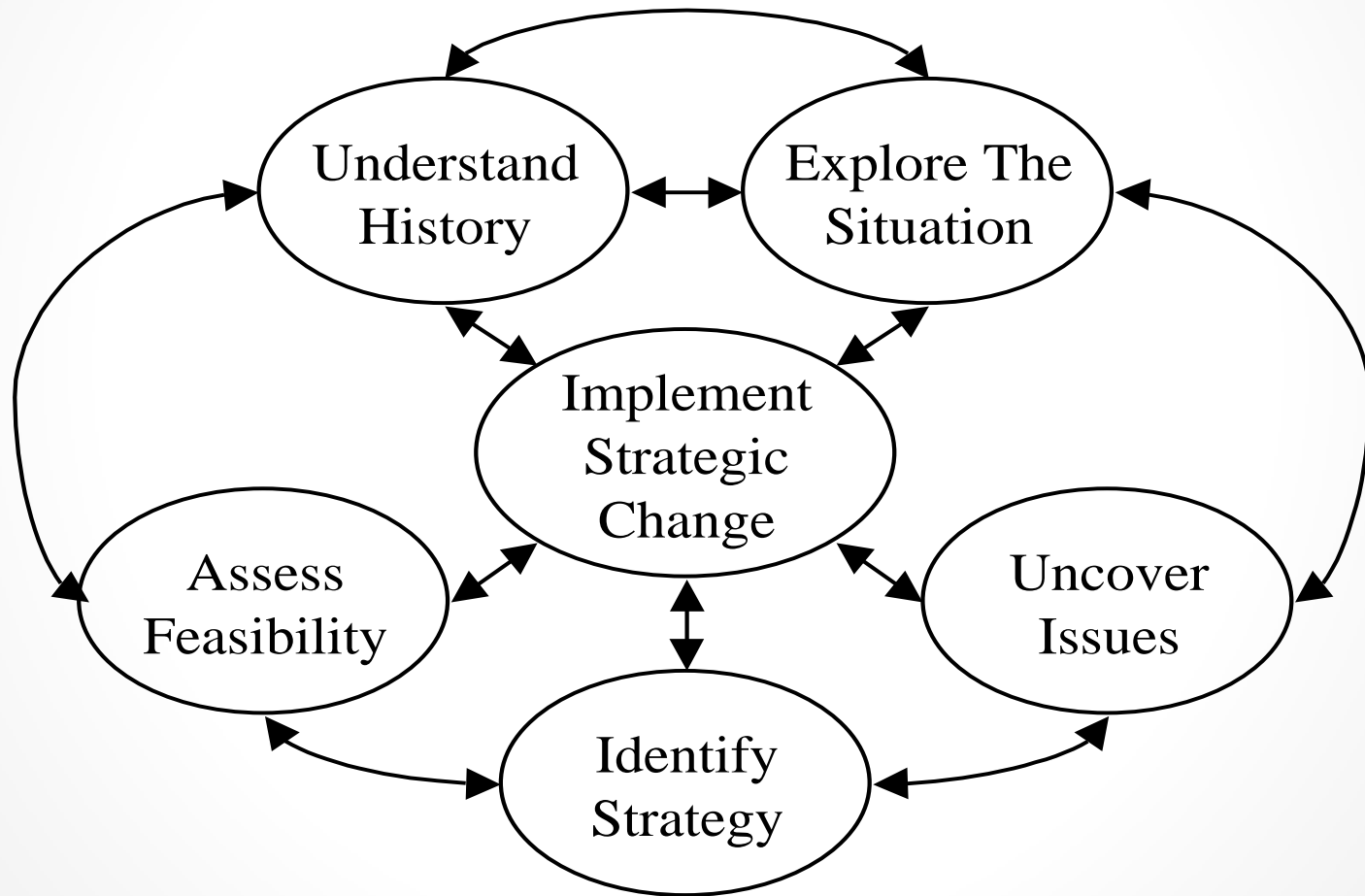
Ring & Perry 5 propositions of public sector strategy (1985)

Proposition 1	Policy directives tend to be more ill-defined for public than for private organisations
Proposition 2	The relative openness of decision making creates greater constraints for public sector executives and managers that their private sector counterparts
Proposition 3	Public sector policymakers are generally subject to more direct and sustained influence from a greater number of interest groups that are executives or managers in the private sector
Proposition 4	Public sector management must cope with time constraints that are more artificial that those that confront private sector management
Proposition 5	Policy legitimating coalitions are less stable in the public sector and are more prone to disintegrate during policy implementation

North Eastern LEP (biggest in population and geographical terms)

7 Local Authorities areas

2 million population

One of the largest economic centres in the region

18 Board members

4 KEY PRIORITIES

Supporting enterprise and private sector growth

Build on economic strengths

Improving skills and performance

Strengthening transport, connectivity and infrastructure

Key assets

Automotive

Low Carbon technology

Marine and offshore

Pharmaceuticals Biotechnology

Business and professional services

Culture, creative, digital, engineering ,tourism,

Land based industries

LEP has taken a long time to get established-lots of internal conflicts

Tees Valley Unlimited

5 Local Authority Areas

875,000 population

13 Board members (Private/public/University/Housing)

GVA 77% of UK average-Fairing better in employment terms than NELEP area

Strong chemical base

Steel making returned recently

Recent bid for DOE Carbon Capture Commercialisation Programme

Two key ambitions

Drive to low carbon economy

Have a more diverse and inclusive economy , build on strengths and people potential

5 KEY OBJECTIVES

Infrastructure and ED

Support sectors and enterprise

Support workforce development

Promote the economy

Secure investment

ONE OF THE FIRST LEPs to be approved by CG-reputation as 'enterprising'

Both LEPs

Have elements of

Traditional authority. –
They have achieved the legitimate right to exercise authority by Coalition Government

Rational-legal authority - have "legality" of formal rules and hierarchies, and possess authority to issue commands. Legitimised as bureaucratic systems, partnerships but enables impersonal, specific and formal structures

Charismatic authority – Given this authority due to 'heroic' leadership model beloved of Coalition government

Charismatic leaders legitimised in times of crisis or change when extraordinary leadership is called for (period of austerity-the business sector can be the saviour)

Growth will be driven by charismatic leadership- numerous policy statements to this effect

URT Power models

Systemic power,
Afforded a position in the socio-economic system-control of the economy and managing tensions between social and economic-Both LEPs and controlling the tensions, but is the economic prevailing?

NELEP more LA led than business led so they may have more 'socially' driven agenda than TV which is business driven

TV does have University and 3rd sector leaders, NELEP took a while to involve 3rd sector

Command or social control power- active mobilisation of resources such as finance, information, reputation or knowledge

Both LEPs have restricted resources but TV LEP more geared up to sharing resources-strong support from district councils and strong knowledge base due to TV Joint Strategic Unit

Strong history of working together in TV not so in NELEP- took a long time to get established

(

Coalition power, that is bargained and negotiated with others-both LEPs are bargaining between sectors on overall strategic direction and intent. However, much more conflict in NE LEP

Pre-emptive or the power of social production-allowed actors to achieve, hold on to and operationalize strategic positioning and intent-both LEPs have done this, but less co-operation between sectors on NE LEP

Type of Leadership

➢ Transformational or transactional?

➢ Neither, but collective and distributed leadership (see Steve Brookes and Keith Grint's work)

➢ Transformational leadership models are organisationally bounded and are not appropriate to explain the intricacies of multi-agency working

Luke's dimensions of power

Both LEPs exemplify

(ii) **non-decision making aspects**
But NELEP has more conflicts so has elements of
i) **overt conflict** i. e. A has power to get B to do something B would otherwise not do

(Iii) **a radical structural view of decisive socialisation processes**, in - which A educated and persuaded B to accept an assigned role, and conflict was diffused. The latter, more insidious and unobtrusive type of power, or management of meaning
TV LEP manipulating the 'business' messages more effectively

(iv) **relational dimension of power** showed how each partner to the interaction is constrained by roles, contextually specific practices, techniques procedures and forms of knowledge

Strategy models

- BOTH LEPs carrying out strategy in the conventional, rationalist commercial way

- TV –more coherent approach
- Strong internal capacity in TV-not so in NE

- Size of Board too big in NE-inflexible unlike TV-responsive, strategic, deliberately focused

- NELEP-small secretariat Adonis and researchers whereas TV has JSU legacy and support

PROBLEMATIC

Much wider stakeholder group-esp in NELEP

Limited secretariat in NELEP-TV JSU and district support

Historical legacy in NE-dominant PS, in TV dominant business

TV-direct lobbying to Coalition

Conclusions

➢ The UK Coalition Government's pronouncements on creating LEPs were based on an assumption that charismatic business leaders would drive the change agenda in different 'places', in partnership with local authorities and other public leaders.

➢ Interestingly the empirical findings suggest that LEPs display a mixture of traditional, rational-legal and charismatic leadership.

➢ NELEP- clear evidence of more observable conflict than TV LEP

Conclusion

- Multi-faceted problems- even the best strategy and leadership may be insufficient
- Much experimentation and learning
- Ill defined problems
- The importance of historical legacy of problems
- Public sector has many constraints (eg budget cuts)

- Broader stakeholders to satisfy
- Time and resource constraints frustrate strategic ambitions
- Gaining legitimacy for actions
- Hidden, unobservable aspects of strategy of more importance than 'open and declared' elements

In conclusion

➢ The conceptual model has allowed us to tease out some of the network power relationships

➢ The findings demonstrate that existing leadership and strategy models are inappropriate explanatory tools for multi-agency partnerships

➢ Mixing private sector and public sector models of both leadership and strategy can help us to appreciate the complexities and fuzziness of analysing the data

➢ Existing models are reductionist and rationalist-concerned with 'one best way' when in fact this boundary less world of policy needs new, more robust models