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An Evaluation of Accountability and Governance in the Charity Sector

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Declaration

Declaration/Statements page

DECLARATION

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed .....P J Howells..... (candidate)

Date .....2-05-2018.....

STATEMENT 1

This work is the result of my own investigations, except where otherwise stated.

Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

Signed .....P J Howells..... (candidate)

Date .....2-05-2018.....

STATEMENT 2

I hereby give consent for my work, if accepted, to be available for photocopying and for inter-library loan, and for the title and summary to be made available to outside organisations.

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Date .....

Candidate'ssignature .....P J Howells..... Date 2-05-2018.

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Glossary of Abbreviations

CC:	Charity Commission
NAO:	National Audit Office
PACAC:	Public Administration and Constitutional Affairs Committee
KC:	Kids Company
NCVO:	National Council for Voluntary Organisations
CAF:	Charities Aid Foundation
ACEVO:	Association of Chief Executives of Voluntary Organisations

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Abstract

The aim of this study was to analyse governance and accountability in the charity sector. The objectives focussed on issues facing charities, factors affecting good organisational governance and the sector's responsibilities towards its stakeholders.

A pragmatic mixed methods theoretical framework collected data by interview and survey which was then analysed using grounded theory method. The results identified a wide range of issues facing the sector: an overly complex regulatory framework; lack of sustainable funding; trustee board structures no longer fit for purpose; Government's role and influence and concerns relating to the Charity Commission. Stakeholder management in charities was found to be challenging both in terms of accountability and governance due to there being multiple stakeholder groups and an absence of a dominant stakeholder group.

The results however showed that despite the impact of recent charity scandals upon public confidence 88% of respondents give to charity on a monthly basis confirming the position that charities are important to people.

The paper will be of value to other researchers and policymakers attempting to understand the issues facing the charity sector which can result in scandal and loss of public confidence and to managers keen to combat these problems. Recommendations were made regarding funding, regulation and governance.

Chapter One: Introduction

Charities are at the core of British civic life from small local organisations run entirely by volunteers to major global organisations with turnover in the hundreds of millions. Charities bring together people who care about a cause so that they can make a difference; it can be said they are the eyes, ears and conscience of society. This in part explains the intense media interest and public outrage when there are failures; the collapse of Kids Company; enquiries into governance at the RSPCA; Charity Commission investigation of leadership at the Royal Albert Hall; sex scandals at Oxfam and accusations of bullying at Save the Children amongst many others, leading to greater scrutiny of the sector than ever before. Therefore, it is necessary that the charity sector's standards of governance and accountability are of the highest standards.

This research project has been designed to critically evaluate governance and accountability in the charity sector. For the purposes of this dissertation the word; 'governance' relates to organisational governance or management of charities with specific reference to stakeholders. 'Accountability' relates to issues of transparency and reporting including the sector's approach to financial reporting but not to the wider requirements of specific legislation such as Employment Law, Fundraising Regulations and Company Law, amongst others which also apply to charities.

This chapter provides the background and context to the study leading to the rationale as to why this research is necessary; there is limited knowledge of those factors contributing to the failure of charities and resultant scandals. This research was initially designed to explore issues in the context of the collapse of the charity Kids Company (hereafter KC) 2015. However, during the period of the dissertation reporting of sexual exploitation and abuse at Oxfam placed the charity sector in the spotlight resulting in a public debate challenging the role of charities and their contribution to society. A number of investigations by the Charity Commission (hereafter CC) have since been commissioned which focus upon the effectiveness of governance and accountability in the sector. At this stage it was not feasible for the researcher to redesign the study although amendments were made to the online quantitative survey to reflect the current position.

Aim and Objectives

The aim of this dissertation is to evaluate governance and accountability in the charity sector. In order to achieve this, the research objectives are:

1. To analyse accountability and governance issues facing charities.

2. To identify factors affecting good organisational governance.

3. To investigate the responsibility of charities towards its stakeholders.

4. Generate recommendations to improve governance in the charity sector.

The primary data collection and analysis in order to achieve these objectives focuses on qualitative research, interviews with experienced personnel directly involved in the charity sector and online quantitative research to seek public opinion in light of current charity misconduct cases.

Background and Context

Britain has a long history of charitable giving with the oldest charity dating back to the twelfth century. Many of the earliest charities were founded by religious groups, the nobility, or wealthy individuals to help the neediest members of society. As the number of charities has increased over the centuries so has the number of causes with many tackling global issues such as climate change whilst support for health charities remains the greatest (Charities Aid Foundation, 2017).

The following diagram has been created to show the history of charities.

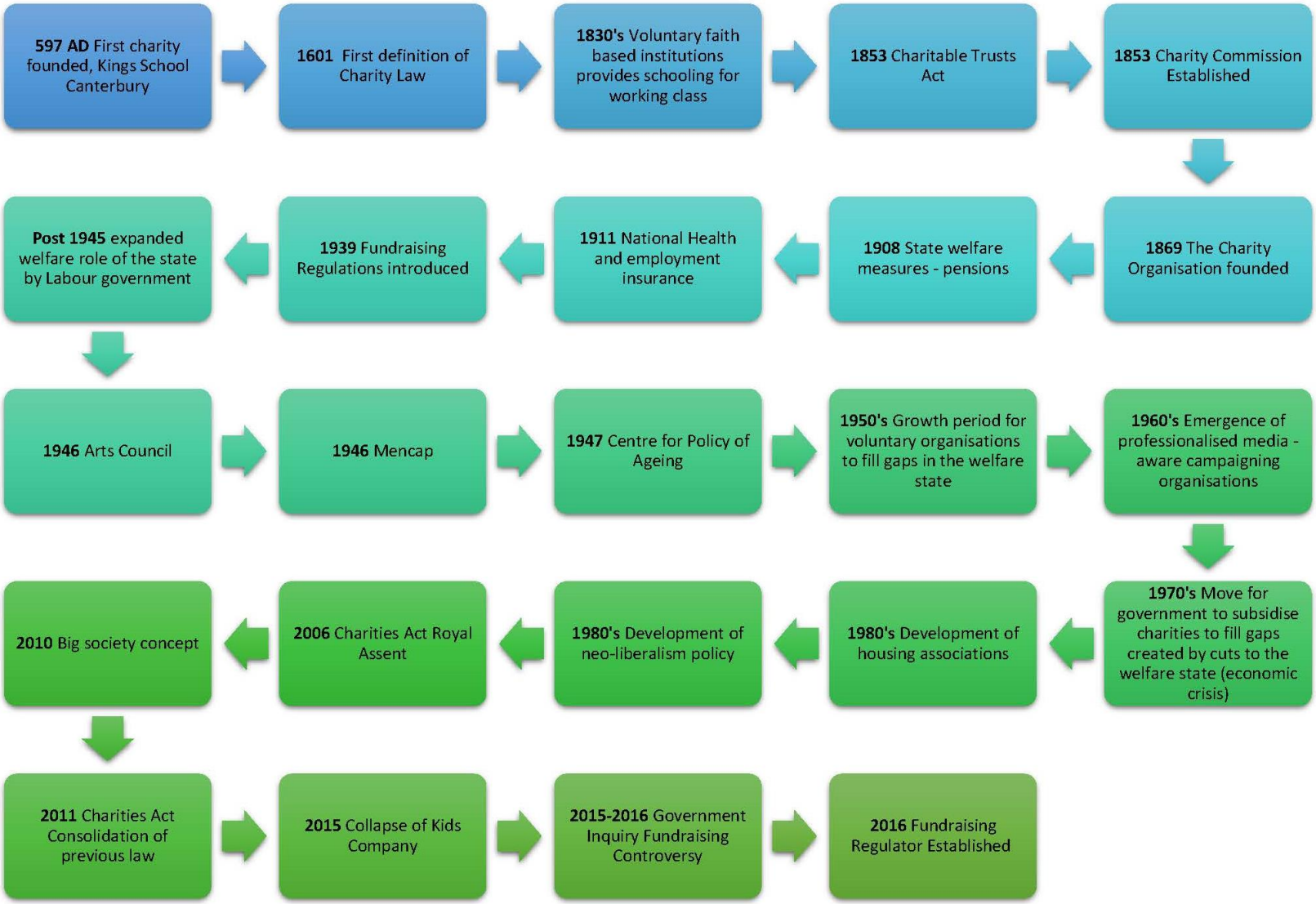

Figure 1: Charity Time Line

There are different estimates for the size, income and activities of the voluntary sector. The Charity Register's data, 2016 states that there were over 167,100 Charities in England and Wales with an estimated income of £73.1billion (CC, 2016). Charities earning over £5 million accounted for 1.3% of organisations and for 72% of total income while just 39% of charities earned less than £10,000 per annum.

The word charity has Latin origins; caritas means beneficence to those in need and, like philanthropy, it means love of people (Bruce, 1998). Values therefore are a charity's raison d'être (Batsleer et al, 1991). The idea of charities as values-based organizations is enshrined in law with charities being required to provide services that are of benefit to wider society (CC, 2012). The public therefore expects charities to operate in such a way that demonstrates a commitment to social aims and objectives with the interests of beneficiaries at the centre of their activities. Effective corporate governance where the role of the board is strategic direction, control of management, reporting to shareholders and meeting the requirements of legislation should ensure charities operate in a professional and trustworthy manner.

Governance in charities has been defined by Larner (2014) as 'strategic and operational board-level leadership, enabling service users, managers, trustees and other defined stakeholders to create and maximise social benefit.' The CC responsible for regulating the sector is an independent, non-ministerial government department accountable to Parliament (CC, 2017). The Commission has a statutory function to identify and investigate abuse and mismanagement in charities and those charities that fail to provide evidence of their activity and existence by submitting accounts, annual returns or annual updates may be referred for enforcement action or removed from the register of charities.

Charities must maintain accounting records as required by the Charities Act, 2011 or for charities registered under the Companies Acts, section 386 of the Companies Act, 2006. An Annual Return must be completed and submitted to the CC by trustees. The detailed legal requirements for the trustees annual report are set out in The Charities (Accounts and Reports) Regulations 2008 which provide the legal underpinning for the recommendations made in the Charities SORP. The charities' statement of recommended practice (SORP) gives a framework for accounting and reporting (UK Government, 2018).

In 2015 the Office of the Fundraising Regulator was established to strengthen the system of charity regulation and restore public trust in fundraising following a cross-party review of fundraising self-regulation which was found to be ineffective. The researcher acknowledges the complex nature of the rules and regulations governing fundraising but due to time constraints of the dissertation period will not explore this charity function in detail. It is noted

however that it is the responsibility of trustees and management to ensure fundraising standards are met.

The Changing Role of Charities

Over the last two decades, charities whose primary activities have been based upon achieving a social mission have increasingly adopted practices that are typically associated with corporate business (Ebrahim et al, 2014). However, there is an underlying assumption that charities are different to the private sector as their primary objectives are social rather than economic. The ethos that all charities share is that they are driven by a cause and the term 'third sector' is applied to charities which distinguishes them from the 'private sector' and the 'public sector' (Hudson, 2009). Unlike private sector organisations they do not distribute profits to the owners; unlike public sector organisations are not subject to direct political control. Research suggests that as charities become more entrepreneurial and adopt a business oriented culture they struggle with balancing business and commercial decisions with the social mission of the organisation. In this case, new governance and management structures may be necessary in order to strengthen the legitimacy, accountability and effective performance of the sector (Spear et al, 2009).

What is common to all charity sectors however is that they are businesses. Britain's biggest charities increasingly resemble major corporations led by a Chief Executive and leadership team whose salaries often resemble those of their namesakes in the private sector. Charities increasingly compete for contracts and many have partnerships with profit making companies selling their endorsement for commercial products for financial reward (The Telegraph, 2016, author not stated). As such, this dissertation takes the position that charities can be described as businesses.

Many charities have moved from providing services that supported public provision to being direct providers of what had previously been core public services provided by the state. Increasingly charities provide support where previously Government funded services have been cut or withdrawn (ACEVO, 2017) and the individual is made responsible. This change in policy is described by Foucault (2011) as the responsibilisation of the consumer (Morrison, 2016). The gap created by the removal of support is increasingly filled by charities placing them in the spotlight. As such, the accountability and transparency of charities is placed under greater scrutiny (Williams, 2017).

Charity Scandals

Despite there being what would appear to be far-reaching governance and regulatory requirements for charities, the occurrence of a number of scandals such as the collapse of KC suggests the current system is dysfunctional.

In light of the sums given by Government to the charity despite the concerns relating to governance and accountability which had been well documented, a public enquiry by the Public Accounts Committee ensued (PACAC, 2015). The conclusion of the Government's enquiry relating to Whitehall's relationship with KC determined that the charity closure happened because of an extraordinary catalogue of failures of governance and control at every level (Third Sector, 2016).

KC was founded and registered as a charity by Camila Batmanghelidjh (hereafter CB) in 1996 with the aim to provide practical emotional and educational support to young people (CC,2017). As well as receiving support from high profile individuals, retailers and businesses, KC was in receipt of around £42million of public money allocated by central Government between 1996 and 2015 (PACAC, 2016). KC claimed to be a centre of excellence for the provision of placements and training for social workers and allied health professionals. By 2013 KC employed 495 people and worked with 9296 employees. (KC,2013).

KC ran a demand led operating model which enabled young people to refer themselves to the charity. Based on the doctrine that no child should be turned away it was difficult for the charity to ensure that its commitments would be matched by its resources. A key aspect of this model was that the charity always operated on a very low level of reserves. Auditor reports for KC repeatedly highlighted concerns with regard financial management and planning at the charity. Charities are also required to provide evidence to funders not only of spend but also details of outputs and outcomes in demonstrating value for money. Accountability issues and a lack of transparency were seemingly ignored by CB and the board of trustees (BBC, 2015).

CB as Chief Executive led a team of eleven senior directors and whilst the board of trustees is legally responsible for the accountability of the charity, the day to day management is the function of the employees. In terms of governance a charity of KC's size and complexity requires a board of trustees that will demonstrate leadership, judgement and a willingness to challenge assumptions (PACAC, 2015). The Chair of Trustees was Alan Yentob, a senior executive at the BBC and the board of seven trustees included experienced figures from business, finance, law and philanthropy (The Sunday Times Magazine, 2017). The evidence Mr Yentob gave to the Public Accounts Committee suggest a lack of attention to his duties as

Chair of Trustees and a continuing inability to recognise the failures of CB and her team. The Board failed to protect the interests of the charity and its beneficiaries, despite its statutory responsibility to do so. Guidance provided by the CC requires Trustees to make decisions solely in the charity's interests and advises that their judgement should not be influenced by personal prejudices or dominant personalities (PACAC, 2015).

Analysis of the investigations into accountability at KC highlights the extent to which the standards required by law of a charity were not being met and in many instances ignored. The findings of Government enquiries relating to the failures at KC identify a number of parties in breach of their duties which include CB and her team, trustees, auditors and accountants who failed to provide a meaningful assessment of the charity's effectiveness or value for money. Government were also remiss in its duties to ensure public funds were well spent and lacked transparency it its dealings with KC. A failure by the CC to take action against KC despite being fully aware of the financial problems facing the charity suggests it is limited in its capacity as the sector's regulator (PACAC, 2015).

The charity ceased trading in 2015 the charity's trustees remain under investigation and many questions remain unanswered as to what happened despite there being a number of Public enquiries. As a result, public confidence in charities has been shaken, a confidence which underpins the very survival and effectiveness of charities (Low, Charities Aid Foundation, 2017).

Rationale

A fundamental question this research seeks to answer is why some charities operate in such a way that management and trustees appear to be unaccountable for their actions as highlighted in the case of KC. Research conducted by Ebrahim et al (2014) suggests that charities face a unique governance challenge in how to balance their social aims with their commercial ones where there can be conflicting goals as well as potentially divergent stakeholder interests. It is a function of governance to articulate both for what an organisation is accountable and to whom it is primarily accountable. Charities are accountable to multiple stakeholders with different objectives some of which can enforce their interests and others who cannot. The problem lies in how to align the interests of various stakeholders or demanders of accountability and whose interests to prioritize when those interests conflict (Spear at el, 2009).

Assessing social performance is a fundamentally different task from assessing financial performance. Accounting measures for the charity sector are well established and organisational activities and outputs can be recorded and reported accordingly. Considerable research has explored methods to evaluate outcomes; social performance but

the absence of a clearly defined framework highlights the governance challenges faced by charities in ensuring it is meeting its social mission (Hielscher et al, 2017). Therefore, it is important to understand when evaluating the governance of charities, the real balance of power (Ebrahim et al, 2014).

This research is of particular significance as the commissioning of charities to deliver services not only in the health and social sectors but in providing services no longer available from the state continues to grow. As a result, the issue of public trust in charities is of growing importance. The rationale will explore whether following good governance practices not just paying lip service but really understanding and applying them could have averted the negative publicity of the last two years. Charities need to be clear that its values accord with those of their donors and that its practices fit with its values (Charities Aid Foundation, 2017).

Fundraising scandals, the collapse of high-profile charities and questions about executive pay have brought unprecedented attention from regulators, politicians and the media. As the role of charities has become more prominent so too has the public interest in how charities are managed, funded and governed. Charities have become exposed to major reputational risk as a result of irresponsible fundraising practice, data sharing and damaging commercial activities (Cheese et al, 2017).

Personal Note

To effectively deliver services as proposed above charities need to be professionally managed and governed. The researcher having worked in the sector for over ten years has experience of charity governance at different levels and acknowledges there could be an issue of bias on her part. This however is recognised, and every effort has been taken to ensure independence and always your material has been reviewed by you and a supervisor to ensure quality.

The breaking news of the corporate Oxfam scandal half way through the research phase of the dissertation posed a significant challenge. The extensive media coverage of the scandal and the involvement of the CC who has demanded that Oxfam review its culture, management and governance arrangements brought the issues being addressed in the research question into the spotlight. As a result, a convenience sample was very appropriate as a research method because it was an issue most people know something about. The role and effectiveness of the CC has also been brought into question in relation to this scandal, an issue also identified in the literature and subsequently featured in the research.

The researcher seeks to make recommendations to improve accountability and governance in the sector.

Conclusion

This chapter has detailed the aim and objectives of the study and outlined the rationale behind the chosen topic. Chapter Two, the literature review seeks to explore the literature from a range of published materials to further explore the key themes of this investigation.

Chapter Two: Literature Review

Introduction

The purpose of this chapter is to conduct a review of available literature concerning the governance and accountability of charities to provide a knowledge base for the research. As referenced in Chapter One the changing role of charities, operating increasingly as private sector businesses has been influenced by changes in social policy. Analysis of changes to social policy since the Second World War and its impact upon the charity sector described in the literature as Neoliberalism has therefore been undertaken. Consideration of previous literature will also assist the researcher in designing the primary research.

Secondary data will be gathered from a wide range of sources identified by the literature review to include internet search engines, the UWTSD Library catalogue, peer reviewed journals and sector specific data. Broadcast media and newspapers will also be reviewed. There is a paucity of academic theory, frameworks and models which relate directly to accountability and governance in the charity sector, suggesting there is a gap in the academic understanding of why scandals occur.

The review will rely upon a significant amount of material that is sector specific and where written by the sector's representative organisations an element of bias is likely to exist.

Aim and Objectives

As stated within the introduction, the aim of this dissertation is:

To evaluate accountability and governance in the charity sector

This chapter seeks to address the following two objectives:

To identify factors affecting good organisational governance through an analysis of charity misconduct to identify issues; and

To investigate the responsibility of charities towards its stakeholders.

There are three categories of literature applicable to the study; these are:

- policy, which seeks to explain the impact of external environmental factors upon the charity sector;
- theoretical, referring to the concepts and frameworks which aid understanding of the sector and to help guide the primary research study;

- topical, which in this study related to the regulatory framework and its relationship to governance.

Social Policy

Social policy since the Second World War has changed from a position where the state had a central role in ensuring citizens enjoyed a certain minimum standard of life, economic welfare and security as a matter of right (Kennett, 200l) to a position where increasingly the individual is responsible for his/her own actions and destiny. This in turn has led to a growing role for the charity sector as it has become drawn into the 'contract culture' (Murray, 2013).

In so doing, the government's responsibility for intervention is reduced (Foucault, 2001) and its role in providing for its people diminished. It is further suggested by Jawad (2017) that this shift in social policy, accompanied by increasing inequality has led to a different social contract between government and individual. Evidence of this change is provided by research conducted by the Association of Chief Executive of Voluntary Organisations (ACEVO) in its report; 'Replacing the State' (2003). Increasingly local authorities, central Government and Government agencies have outsourced more services to the charity sector changing the nature of charities, described by Cornforth (2014) as 'mission drift.'

The creation of the welfare state by Attlee's Labour Government, 1945 to 1951 and the growth of universal state provision stalled the development of the charity sector. The twentieth century welfare state preferred to do things for citizens and to them, without necessarily giving them significant choice and voice in the nature of services they used (Bubb, 2010). However, there was increasing questioning of whether state delivery secured the best outcomes or whether charities might provide both more cost effective provision and a more customer focused service. As financing the welfare state became increasingly difficult, compounded by an economic recession in the early 1980s Government deemed there was a need for welfare reform (Fielding, 2011).

During the mid -1990s there was growing interest in the political concept of the 'Third Way' promoted by the Labour government which represented a move away from the traditional 'left' and 'right' analysis and argued that a mixture of market economics and state intervention was needed to achieve greater social justice. As a result, commitment to delivering public services in partnership with charities grew and the charity sector was increasingly seen as a key partner in developing and delivering public policy (Hudson, 2009). The charity sector was becoming a key economic player as well as a core social actor and an economic agent of development and growth (Bubb, 2010). Research suggests government at this time failed to support the necessary changes to the sector's infrastructure

in delivering this agenda contributing to the challenges facing the sector. A lack of investment for leadership development and good governance in the charity sector, Bubb suggests (2016) has led to failures at the front line.

Post 2010, in pursuing Neoliberal policies to further dismantle the social state, Coalition Government legislation and subsequent Conservative 'Big Society' policy further shifted emphasis from services provided by the 'public sector' to the 'voluntary and private sectors' (Murray, 2013). The 'Big Society' concept was regarded as an attempt to reassess and reform the relationship between state and the citizen and society. Under such an aggressively neoliberalist political and economic culture individuals must increasingly look to their own resources and where this is not possible there is increasing need for the charity sector to provide support (Morrison, 2016).

Charities appear to have accepted neo liberal ideas particularly through its role as an active protagonist in the 'modernising public services agendas' pursued by recent governments (Murray, 2013). A move towards commercial activities, in delivering public sector contracts raises a number of questions about charities' role in society, for example, about their tradition of campaigning for their beneficiaries. When in receipt of government funds it may become an issue for a charity to lobby effectively thereby questioning its relationship with its beneficiaries and jeopardising its public donor base (Charity Today, 2017). The findings of the Baring study (2013) reported that charities had been 'silenced', no longer independent voices or advocates in civil society debate (Murray, 2013). This blurring of the boundaries raises the issue as to who are charities accountable.

An added dimension to the role played by charities was seen in the growth of their involvement in international aid which increased dramatically in the 1980s and 1990s. Charities became increasingly involved in humanitarian action, human rights, development and many other areas of public action (Davies, 2009). Charities working in this field were celebrated by the international donor community as bringing fresh solutions to longstanding development problems characterised by inefficient government to government aid and ineffective development projects. With the subsequent effort to liberalise economies as part of structural adjustment policies international aid charities also came to be seen as a cost-effective alternative to public sector service delivery.

Studies undertaken by Illingworth et al (2011) evaluated the performance and effectiveness of a range of programmes and projects undertaken by international aid organisations. The research found that good intentions can have unintended and harmful consequences; complex issues of accountability were identified. Illingworth et al (2011) suggest that factors

affecting good organisational governance are closely linked to morals; the theories of the ethics of philanthropy are applied in explaining the complexity of governance and accountability in these circumstances.

Research undertaken by Hoggett (2016) suggests that public and private sectors represent different moral spheres and, by implication, the charity sector subcontracting to the corporate sector or to government has an inevitable ethical cost. This in turn poses challenges for effective governance in the sense that the agenda for management may no longer align with its charitable purposes as resources are directed elsewhere (Buerk, 2016). If this is the case the position as to whom charities should be accountable is complicated as the relationship between charity and stakeholders is changed. In order to explore whether the changing role of charities in becoming businesses has implications for governance and accountability the concept of Corporate Social Responsibility (hereafter CSR), more commonly applied by the private sector has been examined.

Corporate Social Responsibility

Some elements of CSR can be easily identified, most notably the assumptions that corporations ought to consider social and environmental issues besides striving for profit, that they ought to behave ethically, and that philanthropy and community involvement is desirable (Banerjee, 2008). Research on the charity sector is limited and understanding the development of charities and the relationship between social entrepreneurship, associated leadership and governance approaches and their implications for CSR is therefore difficult (Cornelius et al, 2008).

Stakeholder Theory

Taking the position that charities are businesses there are a number of business models and theories, applied by private businesses to determine levels of responsibility/accountability which can be considered, with particular reference to stakeholder theory. Within this framework accountability is seen as an inherent feature of organisational activities. Furthermore, stakeholder theory offers an inclusive perspective of accountability as it recognises multiple constituencies (Dhanani and Connolly, 2012). As such, stakeholder theory as applied to charities is helpful to the researcher in evaluating governance.

Analysis of CSR helps to explain why stakeholder theory provides a framework for the evaluation of governance in charities. Several researchers whose findings are discussed in the following section consider stakeholder theory in their study of accountability in the charity sector. The literature suggests that CSR is a crucial consideration for all charities (Cornelius

et al, 2008). CSR offers a perspective which stresses the responsibilities businesses have towards society and other stakeholders (King and Lawley, 2013).

The CSR field presents a wide range of theories, approaches and terminologies. Society and business, social issues management, public policy and business, stakeholder management and corporate accountability are just some of the terms used to describe the phenomena related to corporate responsibility in society. Most current CSR theories are focused on four main aspects; meeting objectives that produce long-term profits, using business power in a responsible way, integrating social demands and contributing to a good society by doing what is ethically correct (Garriga and Mele, 2004). Figure 2 classifies the most relevant theories on CSR and related concepts into four groups; instrumental, political, integrative and ethical theories.

TABLE I
Corporate social responsibilities theories and related approaches

Types of theory	Approaches	Short description	Some key references
Instrumental theories (focusing on achieving economic objectives through social activities)	Maximization of shareholder value	Long-term value maximization	Friedman (1970), Jensen (2000)
	Strategies for competitive advantages	• Social investments in a competitive context	Porter and Kramer (2002)
		• Strategies based on the natural resource view of the firm and the dynamic capabilities of the firm	Hart (1995), Lizt (1996)
		• Strategies for the bottom of the economic pyramid	Prahalad and Hammond (2002), Hart and Christensen (2002), Prahalad (2003)
	Cause-related marketing	Altruistic activities socially recognized used as an instrument of marketing	Varadarajan and Menon (1988), Murray and Montanari (1986)
Political theories (focusing on a responsible use of business power in the political arena)	Corporate constitutionalism	Social responsibilities of businesses arise from the amount of social power that they have	Davis (1960, 1967)
	Integrative Social Contract Theory	Assumes that a social contract between business and society exists	Donaldson and Dunfee (1994, 1999)
	Corporate (or business) citizenship	The firm is understood as being like a citizen with certain involvement in the community	Wood and Lodgson (2002), Andriof and McIntosh (2001) Matten and Crane (in press)
Integrative theories (focusing on the integration of social demands)	Issues management	Corporate processes of response to those social and political issues which may impact significantly upon it	Sethi (1975), Ackerman (1973), Jones (1980), Vogel, (1986), Wartick and Mahon (1994)
	Public responsibility	Law and the existing public policy process are taken as a reference for social performance	Preston and Post (1975, 1981)
	Stakeholder management	Balances the interests of the stakeholders of the firm	Mitchell et al. (1997), Agle and Mitchell (1999), Rowley (1997)
	Corporate social performance	Searches for social legitimacy and processes to give appropriate responses to social issues	Carroll (1979), Wartick and Cochran (1985), Wood (1991b) Swanson (1995)

TABLE I (Continued)

Types of theory	Approaches	Short description	Some key references
Ethical theories (focusing on the right thing to achieve a good society	Stakeholder normative theory	Considers fiduciary duties towards stakeholders of the firm. Its application requires reference to some moral theory (Kantian, Utilitarianism, theories of justice, etc.)	Freeman (1984, 1994), Evan and Freeman (1988), Donaldson and Preston (1995), Freeman and Phillips (2002), Phillips et al. (2003)
	Universal rights	Frameworks based on human rights, labor rights and respect for the environment	The Global Sullivan Principles (1999), UN Global Compact (1999)
	Sustainable development	Aimed at achieving human development considering present and future generations	World Commission on Environment and Development (Brutland Report) (1987), Gladwin and Kennelly (1995)
	The common good	Oriented towards the common good of society	Alford and Naughton (2002), Melé (2002) Kaku (1997)

Figure 2: Corporate social responsibilities theories and related approaches (Garriga and Mele, 2004)

CSR has traditionally been associated with the private sector providing a framework by which the accountability of corporations can be assessed. However due to the recent scandals highlighted in the charity sector the questions about governance and accountability previously aimed at corporations equally apply to charities. During the 1990s an increasing number of charities contracted with the private sector with business itself as the main stakeholder further complicating issues of governance and accountability due to the complexity of the range of stakeholders. It is therefore difficult to apply any one of the theories featured in Figure 2 to the charity sector but rather elements of each of the theories are relevant to charities today (Crane and Matten, 2016).

In consideration of stakeholder theory models, it would seem that the model proposed by Edward Freeman (1984) best describes the ethos of charities;

> 'Draws on business ethics, from a social justice (deontological) viewpoint, and argues that business actions should be fair.
>
> Draws on notion of corporate social responsibility, and argues stakeholder approach is good for business'

The ethical model of stakeholder theory interprets the function of an organisation on the basis of underlying moral and philosophical principle which aligns with the social conscience of charities. The model demands that organisations have a responsibility to treat all their stakeholders fairly and ethically and calls for genuine stakeholder democracy and participation. Where stakeholder interests conflict, the model adds that managers should seek to strike an optimal balance between them to ensure fairness and equity among the different stakeholder groups (Donaldson and Preston, 1995).

Stakeholder theory models and stakeholder analysis as applied in the private sector can be adapted to the charity sector in helping to explore the different voices that need to be considered. Stakeholders are defined as 'any group or individual who can affect or is affected by an organisation's achievements' (Freeman, 1984).

Stakeholder mapping enables an organisation to identify whose interests need to be taken into account in making decisions. The use of the Mendelow Grid, as shown in Figure 3 is a tool used to map how to balance stakeholder interests. Using these tools enables the charity to understand which stakeholders actually matter to the organisation and how they should be dealt with in order to achieve its goals (Crane and Matten, 2016).

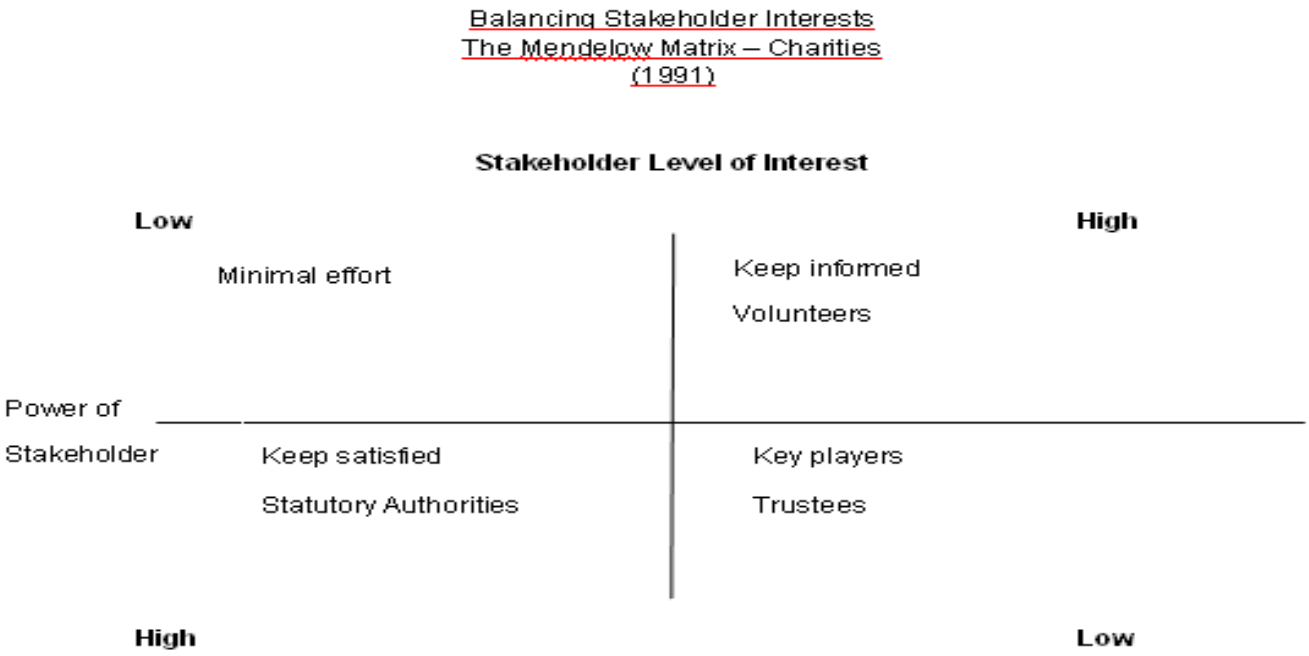

Figure 3: Balancing Stakeholder Interests adapted from Mendelow (1991)

The blurring of the boundaries between the public, private and voluntary sector has created particular challenges for charities. Relationships with stakeholders have become increasingly complex due to the increasing diversity of stakeholder groups, as the charities have become more commercial. Managing the conflicting needs between stakeholder groups and sometimes conflict within one group, impacts upon governance practices (Wellens and Jegers, 2013).

In addressing this challenge, Wellens and Jegers (2013) suggest that charities should try to implement governance structures that function as information exchange platforms with their key stakeholders. Using a ‘multiple principals’ framework adapted to the particular needs of the charity there can be a greater understanding between the different groups of stakeholders leading to more effective governance in the charity sector.

The lack of a dominant external stakeholder contributes to the governance challenges faced by charities. In public companies, shareholders are the dominant stakeholder; companies are meant to be run in the interests of their shareholders. Wellens and Jegers (2013) sought to explore through stakeholder theory the relationship between the effectiveness of charity governance and the expectations of the most prominent stakeholders. Seven groups of primary stakeholders were identified in the research: governments, beneficiaries, private donors, board members, management, volunteers working at the grass-roots level and non-managerial staff members. The findings of the research identified a range of governance challenges associated with each of the stakeholder groups.

Financial dependency upon government funding as in the case of KC can result in an increased focus for the charity on outcome measurement and documentation and a pressure to professionalise reducing the time available for listening to beneficiaries (Guo, 2007). This in turn can lead to less volunteer support at the charity's grassroots level, financial and assistance. The withdrawal of government funding at KC ultimately led to its closure and the absence of other support mechanisms soon became apparent (PACAC, 2016). Several researchers warn that the government desired market –driven approach comes with side-effects negatively influencing charity governance quality and service (Wellens and Jegers, 2013).

The diversity of the stakeholder group identified as beneficiaries is such that it is difficult for charities to accommodate the various levels of interest, commitment, skills and competencies that may exist. Levels of participation in policy making may also be difficult to manage and finding a balance between their needs, expectations and objectives can result in charities choosing to sideline their beneficiaries rather than include them (Wellens and Jegers, 2013). For some charities, the activities that are primarily targeted toward serving the beneficiaries and thereby achieving the social mission are separate from those targeted toward serving customers and thereby generating revenue, for others they are the same (Ebrahim et al, 2014).

Given the increasing dependence on private donors charities need to understand which elements private donors attach value to. A key expectation here as determined by Kitching (2009) suggests that private donors expect charities to demonstrate responsible behaviour. Results showed that those charities demonstrating a commitment to financial accountability, employing external auditors attracted higher levels of financial support from private donors. Furthermore, trust in the charity was significantly affected by organisational performance and communication.

With regard the influence of board members as stakeholders Wellens and Jegers (2013) highlight the possible impact on organisational policymaking, noting the fact that they are mostly volunteers. Charities need to know what board members attach value to in order to ensure effective operational governance. Further discussion of governance structures and their role in the analysis of accountability is presented later in this study.

Management is equally important to the success of the charity, but a review of the literature shows there is limited research available in understanding the values of this stakeholder group. However, the limited studies focusing on charity managers' needs and objectives reveal that these can differ from those of other stakeholders and of managers employed in the private sector (Guo, 2007).

A key difference identified by Hudson (2009) refers to a need for management to tailor their practices to address the critical cultural and organisational features of the charity sector suggesting there is a different set of values; meeting a social mission.

Charities need to gain insight in volunteers' needs and objectives as this understanding can help in attracting and retaining the support and services of volunteers as well as ensuring sound organisational practices. As with the membership of other stakeholder groups a 'typical' volunteer does not exist. Accordingly, further research is necessary to explore the different volunteer types in order to understand their preferences and expectations (Wellens and Jegers, 2013).

How non-managerial staff perceive governance in charities is important as they are central to effective governance practices. Unsatisfied employees are found to experience more stress, greater workload and less organisation commitment which in turn can affect the efficiency of the organisation and have a negative impact upon governance (Wellens and Jegers, 2013).

Consideration of the values of the different stakeholder groups as identified above highlights the problem in how to align the interests of various stakeholders, or demanders of accountability and whose interests to prioritise when those interests conflict. Research conducted by Ebrahim et al (2013) offers the view that stakeholder theory facilitates a wider more inclusive perspective of accountability that recognises the need to account to and for multiple constituencies (Ebrahim, 2003). The consideration of this position through an accountability lens seeks to further understand governance issues facing charities.

Stakeholder theory (Freeman, 2010) draws on business ethics from a deontological viewpoint which in the case of charities is expected by the public and other stakeholders to be core to their operation (CC, 2017). Connolly and Hyndman (2013) propose that the

central argument advanced by Freeman was that if organisations engaged with stakeholders on a basis of mutual trust and cooperation, those organisations would build legitimacy and reputation that would give a competitive advantage over rivals. These considerations underpin accounting principles both in the private and charity sectors and are a key factor in ensuring effective accountability demonstrating transparency and good governance.

Four key themes of accountability for charities to report on are identified in research conducted by Dhanani and Connolly (2012) shown in Figure 4. While they each emphasize slightly different constituency groups, collectively, they are concerned with the willingness to account and the ensuring public trust as embedded in the ethical model of stakeholder theory. Analysis of the content of annual reports and annual reviews of a sample of large UK charities using this framework suggest that contrary to the ethical model of stakeholder theory, accountability practices are motivated by a desire to legitimize their activities and present their organisations in a positive light. These results contradict the *raison d'etre* of charities and the values they espouse.

Strategic accountability	*Procedural accountability*
Aims and objectives	Ethical operational policies
Charitable activities, programs and projects	Investment
Performance and achievements	Trading
Program results / outcomes / impact	Fundraising
Program efficiency	Advocacy
Program effectiveness	Environmental
	Staff
	Volunteers
	Downward stakeholders

Fiduciary accountability	*Financial accountability*
Governance	Financial position/stability
Organizational structure and decision making	Income
Risk management	Expenditure
Trustee recruitment policies	Surplus/deficit levels
Financial policies	Trading activities
Investment	Performance of financial policies
Reserves	Investment
	Reserves
	Organizational efficiency
	Program spend
	Fundraising

Figure 4: Not for profit accountability: examples of disclosure items (Dhanani and Connolly, 2012)

As such stakeholder theory also provides the framework for research conducted by Connolly and Hyndman (2013) with particular reference to accountability where two key questions emerge: to whom should a charity be accountable; and what form should that account take? The CC also highlights the importance of stakeholders in discussing accountability and advises that a charity should provide; 'adequate information to allow stakeholders to assess the overall performance of the charity' (CC, 2017).

Despite the widespread acceptance that charities have a duty to discharge accountability to their stakeholders Connolly and Hyndman (2013) suggest that there is limited knowledge of their information needs and whether the information currently being disclosed fulfils them. Consequently, this poses a problem for charities in communicating good governance if the accounting and reporting practices they adopt do not meet the needs of stakeholders. Transparency in information disclosure is essential to build confidence in the charity sector resulting in a more accountable and legitimate sector (Connolly and Hyndman, 2013).

As in the research conducted by Wellens and Jegers (2013), applying stakeholder theory in identifying key stakeholders is helpful in determining the way in which accountability is discharged. As previously discussed the relative importance of differing stakeholder groups poses governance challenges for the charity in dealing with the question of 'who or what really counts'.

In addressing this question, Mitchell et al (1997) introduced the concept of stakeholder saliency. They argued that the salience of stakeholders depended upon the stakeholder possessing three attributes: power, legitimacy and urgency. It was suggested that the most salient to the organisation are stakeholders who are perceived to have power, legitimacy and urgency; and the claims of these definitive stakeholders are likely to be prioritised. In the case of research conducted by Connolly and Hyndman (2013) donors are identified as this group. Accordingly, donors were consulted for their feedback in terms of what they believed to be the most important information in assessing the accountability of charities. Figure 4 below however identifies a number of stakeholder groups associated with charities which can be categorised in the same way (Dhanani and Connolly, 2012).

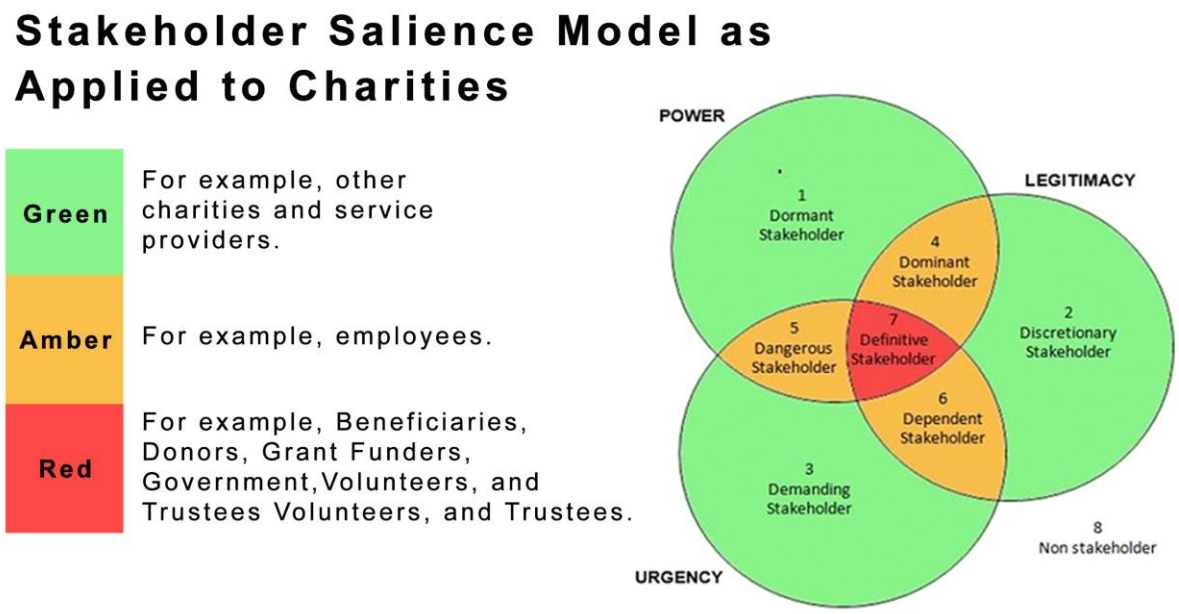

Figure 5: Stakeholder Salience Model: adapted from Mitchell et al (1997)

In assessing whether the accounting practices of charities fulfil stakeholders information needs, Connolly and Hyndman (2013) analysed the annual reports and reviews of the top 100 UK fundraising charities. Feedback was sought from donors as to whether the information provided in the financial documents was considered important to their needs in terms of assessing accountability. It was found that whilst audited financial statements

dominated charity reporting, donors viewed other information, particularly relating to performance, as more important.

Assessing social performance is a fundamentally different task from assessing financial performance. Accounting measures for the charity sector are well established and organisational activities and outputs can be recorded and reported accordingly. Considerable research has explored methods to evaluate outcomes; social performance but the absence of a clearly defined framework highlights the governance challenges faced by charities in ensuring it is meeting its social mission (Hielscher et al, 2017). Therefore, it is important to understand when evaluating the governance of charities, the real balance of power (Ebrahim et al, 2014).

The research conducted by Connolly and Hyndman (2013) concluded that whilst the relevance gap has narrowed in terms of information disclosure there is a need for charities to communicate more effectively with donors to increase public confidence in the sector. The net result of such debate, if conducted with key stakeholder input and reflecting the context in which charities operate, can provide the basis for a more accountable charity sector.

Regulatory Framework

The Charity Commission (hereafter, CC) an independent, non-ministerial government department accountable to Parliament (CC, 2017) is responsible for governing the sector and also requires charities to comply with Government documents and the law.

The CC has a statutory function to identify and investigate abuse and mismanagement in charities and those charities that fail to provide evidence of their activity and existence by submitting accounts, annual returns or annual updates may be referred for enforcement action or removed from the register of charities. The Commission's statutory objective is as follows;

1. The public confidence objective: to increase public trust and confidence in charities;

2. The public benefit objective: to promote awareness and understanding of the operation of the public benefit requirement;

3. The compliance objective: to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities;

4. The charitable resources objective: to promote the effective use of charitable resources;

5. The accountability objective: to enhance the accountability of charities to donors, beneficiaries and the general public.

(House of Commons, Public Administration Committee, 2013).

A review of the performance of the CC by the National Audit Office (NAO) in 2013 found a number of failings; the CC does not do enough to identify and address abuse of charitable status; where concerns are identified, it makes little use of its powers and fails to take action, as seen in the case of KC where its actions were criticised by the Government enquiry (PACAC, 2016). Furthermore, the NAO reported that the failings identified undermined the CC's ability to meet its statutory objectives as outlined above. Whilst accepting that the CC had seen its budgets reduced by forty per cent in real terms between 2007 and 2014 it did not deliver value for money (Morse, NAO, 2014).

In 2016 governance at the CC was challenged by senior charity representatives concerned that the CC board lacked diversity and had become too close to government with several Conservative members of Parliament and supporters either directly involved or exerting influence. Complaints to the Cabinet Office resulted in an independent review of governance at the Commission which led to changes as to how its board members should be appointed. Another criticism of the CC related to there being a lack of consultation with the sector in producing guidance, further exasperating a difficult relationship and resulting in a lack of confidence in the regulator. Whereas the CC should be the model for accountability and governance its behaviour has made things harder for charities (Weakley, 2016).

Research undertaken by Mc. Donnell and Rutherford (2017) which considered the determinants of charity misconduct also identifies a number of failings on the part of charity regulators suggesting that they fail to understand the risks faced by charities. As such regulators are not able to take action to mitigate these issues resulting in scandals such as the lack of financial accountability at the charity KC. Cases and concerns such as these calls into question the adequacy of charity monitoring and regulation, and their role in protecting and enhancing public confidence in the sector (Cordery, 2013).

Governance Framework

Paralleling developments in the private sector, the governance of charities has been questioned as in the case of the KC scandal. Serious concerns have been raised both about the effectiveness of boards and their democratic legitimacy. Often little or no account is taken of how contextual factors may influence or shape board characteristics and behaviour (Cornforth, 2013). In identifying those factors affecting good organisational governance, literature relating to theories of corporate governance has been analysed.

Agency theories arise from the distinction between the owners or shareholders of a company or an organisation designated as the ‘principals’ and the executives hired to manage the organisation called ‘the agent.’ Agency theory argues that the goal of the agent is different from that of the principals and they are conflicting. A board developed from the perspective of the agency theory tends to exercise strict control of the agent in order to protect the interests of the stakeholder. A trustee board that operates through the lens of agency theories will show a hands-on management approach on behalf of the stakeholders.

Stewardship theories argue shareholder interests are maximised by shared incumbency of these roles and both groups share common goals. In this instance, the trustee board would play a supportive role by empowering employees, resulting in higher performance. Stewardship theories argue for relationships between trustees and management that involve training, mentoring and shared decision making (Shen, 2003).

Existing theories such as agency theory and stewardship theory have been criticised for being rather one dimensional, emphasising particular roles of boards rather than the whole picture (Cornforth, 2013). As previously discussed, charities have multiple stakeholders and the trustee board and management has a responsibility to be the guardian of the interests of all stakeholders. Cornforth (2003) argues the case for a multi-paradigm perspective which uses theories to highlight various tensions that boards face as shown in Figure 5 below

(Cornforth (2003a and b) explains in more detail how these models are derived from different theories of how boards work.)

MODEL	Board member role	Underlying Assumptions	Main board function	Potential problems
Compliance model	*Supervisor or guardian*	'Owners/members' and managers have different interests	Supervision: - safeguarding organisation's mission and resources - supervising management/staff - ensuring legal compliance	Emphasis on control may stifle innovation and risk taking, and reduce staff motivation and enterprise
Partnership model	*Director*	'Owners/members' and managers share interests	Improving Performance: - adding value to 'top' decisions and strategy - partnering management	Emphasis on partnership may mean that management proposals and systems are not given adequate scrutiny
Political model	*Representative*	Different stakeholders have legitimate interests in governance	Political: - representing and balancing different stakeholder interests - making policy - controlling executive	Board members may promote stakeholder interests rather than the organisation's. May be difficult to mobilise support to make changes
Co-optation model	*Supporter* - chosen for influence with key stakeholders	Organisations are dependent on other organisations for resources. Board members selected to help manage these dependencies.	External influence: - securing resources - improving stakeholder relations - bringing external perspective	External focus of board members may mean internal supervision is neglected

Table 1: Different models of how boards work

Figure 6: Different models of how boards work (Cornforth, 2013)

This table shows the range of roles board members or trustees play and in reality, they may have to play all these different roles and more and may at times be in tension with each other.

For example, a director works with the executive of the organisation to provide strategic direction and leadership in partnership with management to improve the performance of the organisation. Conversely, a supporter assists the charity's executive by providing contacts,

support, access to resources and are selected more for ‘who they know’ rather than ‘what they know.’ Each of these roles is underpinned by the different models or perspective on how boards work and getting the balance right is important for good governance. Governing boards play an important role in organisational governance as they serve as an interface between the organisation and its external environment. One of the primary duties of a board is to ensure that the charity adheres to and advances its mission (Ebrahim et al, 2013).

The governance of charities, in the view of the CC is the responsibility of the trustees who are legally liable for any breach of regulation. Trustees must ensure that their charity’s values are reflected in the way the charity operates at all levels in the interests of its beneficiaries, donors, employees and volunteers. Managing reputational risk is central to this role, as without good reputation, no organisation can be effective. Trustees delegate authority but not ultimate responsibility, so the board needs to implement suitable financial and related controls and reporting arrangements to make sure it oversees these delegated matters. Trustees should be clear that the main focus of the board is on strategy, performance and assurance rather than operational matters which is the responsibility of management (NCVO, 2017). Separation of executive and oversight responsibilities is important for good governance. Governance is about making sure charities do the right things, while management focuses upon making sure that those right things are done properly.

In evaluating governance issues in the charity sector, the study of the role of the board of trustees by Spear et al (2007) highlights not only the importance of balancing the different roles of boards but also challenges associated with the power of boards to control management, the difficulty of separating the board’s role from management’s and the increasing demand on board members.

Recent analysis of the importance of effective committees undertaken by the Association of Chairs (2017) also describes the complexity of charity boards noting there are more than one hundred and eighty different board structures (Williams, 2017). This research further suggests that a failure to recognise the role of the board in ensuring good governance is often overlooked and greater attention should be paid to ensuring structure is fit for purpose.

Future Research Directions

Charities in the United Kingdom have been the subject of intense media, political and public scrutiny in recent times; however there appears to be little academic research to explain the nature, extent and determinants of charity misconduct. Public confidence and trust in the sector has been questioned in light of various scandals. A study commissioned by the CC in 2016 reported that public trust has fallen lower than it has been since 2005 and the public

are highly critical of both specific, individual charities and trends within the sector as a whole; 60% of the public believe that charities are regulated effectively, and half agree that charities are regulated to ensure they are working for the public benefit (Populus, 2016).

The distinctive governance challenges faced by charities as outlined raise the question as to whether a new model of accountability would be helpful in avoiding management failures. As in other sectors, the quality of governance and accountability are crucial in maintaining reputation and public trust (Spear et al, 2007). Spear et al (2007) sought to explore the systems and processes concerned with ensuring the overall direction, supervision and accountability of an organisation. The great diversity of the sector; size, legal structures; origins and culture; was recognised as a factor in determining governance challenges.

Connolly and Hyndman (2013) focussed their research upon two key questions: to whom is a charity accountable; and what form should that account take? Analysis of whether the information currently disclosed by charities meets the needs of their many stakeholder groups identified a gap in knowledge which they sought to redress through extensive document analysis and a survey of stakeholders. The main conclusion of their study referenced a lack of standardization of accounting practices as a cause of difficulty with particular reference to users in understanding financial statements.

Conclusion

This chapter has reviewed several research papers and reports which consider governance and accountability in charities. Theories and models applied in the private sector, with particular reference to stakeholder theory have been analysed in order to better understand why charity scandals occur. A lack of existing research about the distinctive governance and accountability challenges facing charities suggests there is a gap in our knowledge which this study seeks to address.

The next chapter explains the methods that will be used to address this by means of undertaking a mixed methods survey, by quantitative online questionnaire and qualitative targeted email interviews.

Chapter Three: Methodology

Introduction

The previous chapter reviewed the relevant literature with a focus on the responsibility of charities towards its stakeholders in evaluating governance in the charity sector. To progress this study, this chapter will detail the reasoning and justification behind the research process and the methods undertaken to analyse governance and accountability issues facing the sector.

Aims and Objectives

This chapter has also been undertaken to achieve the first two objectives of the dissertation:

1. To analyse governance and accountability issues facing charities. This will be achieved through interviewing senior management working in the sector and trustees of charities;

2. To identify factors affecting good organisational governance. Analysis of charity misconduct will be explored to identify issues.

Research was conducted among three audiences: the general public, charities, and stakeholders. Pragmatic mixed method research was selected combining both quantitative research with all audiences and qualitative research with key stakeholders. The qualitative method helped inform the quantitative method which the researcher found helpful due to there being an apparent lack of academic research available with regard governance and accountability in the charity sector. Using mixed methods also allowed the researcher to investigate issues from different perspectives.

Research Philosophy

Research philosophy is described by Saunders et al (2016) as a 'system of beliefs and assumptions about the development of knowledge.'

There are three types of research assumptions to distinguish research philosophies, namely ontology, epistemology and axiology. The assumptions provided guidance for planning and conducting the research, as follows.

The ontological assumption is concerned with the nature of reality and can shape the way the researcher might view the selected charities and how they operate. Having been employed as a Chief Executive in the charity sector the researcher's ontological assumption is that charities operate in a professional and ethical manner. This assumption could lead to reluctance on the part of the researcher to evaluate governance and accountability in the sector from an alternative or negative viewpoint. The researcher is mindful of her potential

bias here and in designing the research methods sought to be objective in her approach (Saunders et al, 2016).

The epistemological assumption is concerned with what we accept as valid knowledge, how we know what we know and involves an examination of the relationship between the researcher and the research aim (Collis and Hussey, 2009). This dissertation is not concerned with the validity of knowledge in an absolute sense but instead with the practical application of knowledge that came from professionals and key stakeholders working in the charity sector (Jawad, 2017).

The axiological assumption is concerned with the role of values and ethics within the research process. This means it is important for the researcher to be aware of bias at all stages of the study (Collis and Hussey, 2009). Heron (1996) argues that our values are the guiding reason for all human action. As such, the researcher's support of a number of charities professionally and personally suggests there could be personal bias in favour of the charity sector. Conducting quantitative research through an anonymous questionnaire distributed to the general public sought to avoid any such bias. Consideration of the values of the respondents is also important with particular reference to those completing the online interviews.

These assumptions shaped the research methods selected and applied.

Research Methodology

Saunders et al (2016) define research as 'a process that people undertake in a systematic way in order to find out things, thereby increasing their knowledge.'

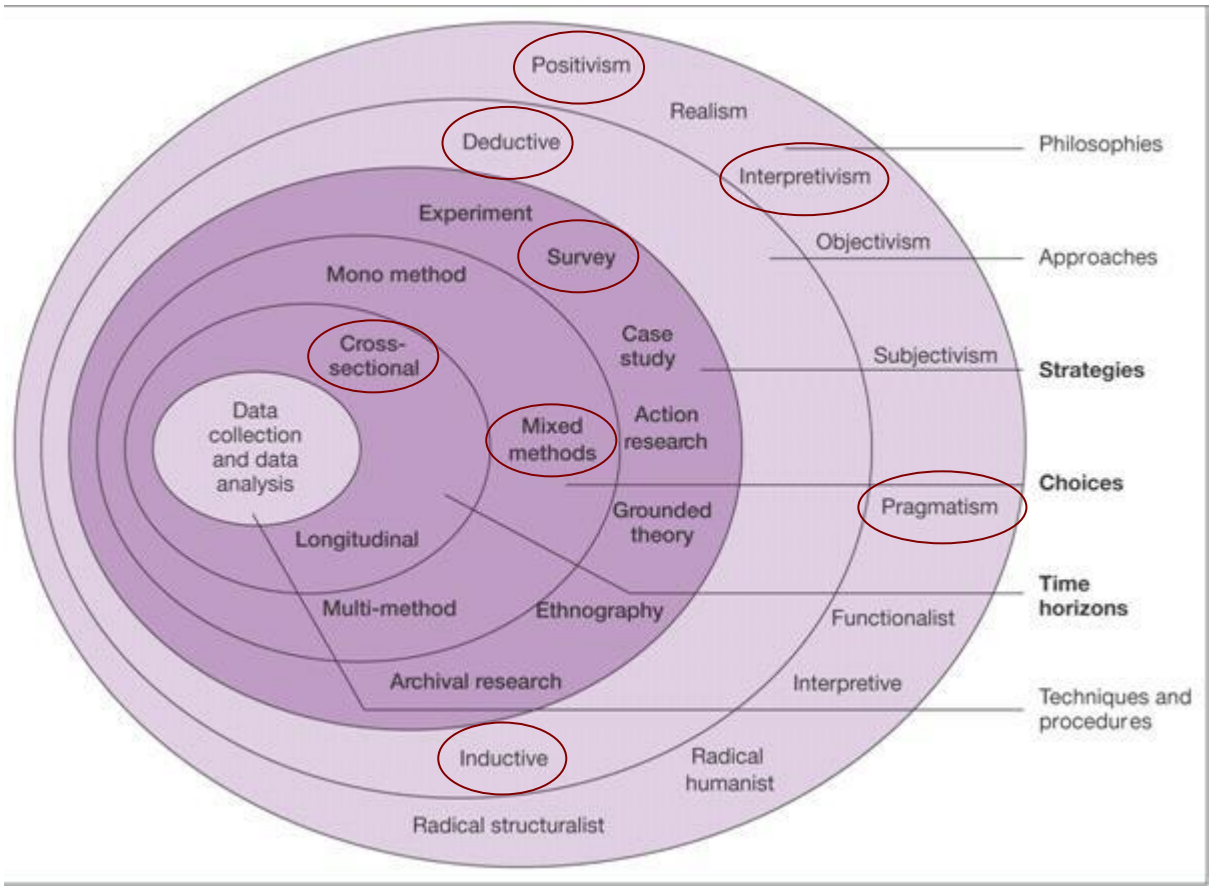

Figure 7: Research onion for research design following Saunders et al (2016)

The research onion featured above provided the researcher with an overview of the various research structures which can be used to answer the research question. The outer two layers show the research philosophy or approach. The philosophy chosen reflects the theory surrounding the project. The following three layers depict the strategy used including methods of data collection. Working through the layers of the onion, from the outside towards the centre, the researcher identified the following approach in line with sections shown above.

Philosophy

This dissertation utilised a pragmatic mixed methods philosophy. As defined in Jawad (2017, p161), 'Pragmatic mixed methods approach uses any reasoning from qualitative or quantitative research suitable for producing research findings which are both defensible and usable (Burke Johnson et al, 2007). Pragmatic mixed methods are the third research paradigm and can supply superior research findings and outcomes (ibid). Pragmatism is the philosophical partner for mixed methods which allows constructivism and interpretivism (Teddlie and Johnson, 2009).

The research followed an interpretive philosophy recognising that the researcher is aware that her own values and beliefs play an important role in the research process. An interpretive approach provides for the complexity of organisations and allowed the researcher to explore charities from a number of perspectives (Saunders et al, 2016).

Approach

An inductive approach to theory development was adopted where the researcher uses the data collected to explore themes and patterns to create a conceptual framework. This approach allows ideas and approaches to be more widely explored (Cresswell, 2014) and was applied to the qualitative research process using interviews.

A deductive approach was applied to theory development in relation to the quantitative research process using an online questionnaire where existing theory was used to shape the research process (Saunders et al, 2016).

Strategy

Denscombe (2010) proposes that in selecting the most appropriate strategy it is important that the choice of strategy can be justified in terms of being feasible, being ethical and as providing suitable kinds of data for answering the research question. Researchers should also bear in mind the audience for the research.

In consideration of the above, surveys were chosen for the purposes of this research as they allow the researcher to collect large amounts of data over a short period of time in an economical way and provides for a reasonable representation of the population (Horn, 2012). Online surveys reduce the turnaround time between sending out a questionnaire and receiving a completed response. The researcher receives replies more quickly because delivery and completion of the questionnaire can become virtually instantaneous (Denscombe, 2010).

Ensuring a good response rate and a prompt response can be addressed through contacting participants in advance and where possible using known networks to distribute the questionnaire. The survey approach is recognised as being the research strategy and not the method. It is acknowledged that although there are certain methods which are popularly associated with the use of surveys there are a variety of methods including questionnaires, interviews, documents and observation that can be used as part of a survey approach. In this instance questionnaires were the chosen method.

Denscombe's (2010) concerns regarding ethics were overcome by ensuring ethic guidelines provided by the University were followed. Applying an online software programme such as

Survey Monkey guided the researcher in the design and presentation of the survey and ensured a professional approach.

Choice

A mixed methods approach has been selected for this research which consists of combining the quantitative data gathered from the online survey and the qualitative data collected from the email interviews. The data was analysed separately, and the results compared to see if the findings confirm or disconfirm each other. The key assumption of this approach was that both qualitative and quantitative data would provide different types of information which collectively should yield the same results (Cresswell, 2014).

Although a mixed methods approach increases the time required for the research it has been adopted to complement the strengths of two individual approaches and overcome the weaknesses of using a single research design. Biddix (2013) furthers suggests that this approach allows the researcher to address a question at different levels and can be helpful in designing and validating an instrument.

Time Horizon

The selected time horizon as referenced in the fifth layer of the research onion is described as ‘cross sectional’ (Saunders et al, 2016) as the research provided only a ‘snap shot’ of what is happening in the charity sector at a particular time.

Data Collection and Analysis

Primary Data Collection

Primary research is new research carried out by the researcher solely for the purposes of the project. The questionnaire and interview surveys were designed in such a way as to ensure the data collected addressed the objectives of the research.

Qualitative Data

Interviews

For the interviews the qualitative aspect was important where the researcher sought to gain rich accounts of participants’ views or emergent theory – driven categories of behaviour (Horn, 2012). As such, each respondent was chosen for their knowledge and experience of working in the charity sector either as senior management or volunteering as a trustee.

Initially, an email was sent to key personnel either currently employed or in the case of trustees volunteering in the charity sector giving advance notice and seeking support for participation in the research. Background information to the research was also provided. At this stage, positive responses were received from ten candidates giving confidence to the researcher that enough data could be collected during the time frame allocated. The surveys were sent to these people on 19th February 2018 and a cut-off date, 6th March for the return of data was stated. An extension of one week was given to two candidates and eight completed surveys were received in total. A copy of the interview questions is included in the Appendices, reference Appendix 1.

Theories and models identified in the Literature Review relating to accountability and governance issues in charities provided a framework for the survey questions. The table below shows the basis upon which the questions were designed.

Question in Questionnaire	Relating Theory in Chapter Two
1. What do you see as the main governance challenges currently facing the sector?	Accountability; Connolly & Hyndman (2013) Mission drift and accountability; Ebrahim et al (2014) Accounting, Auditing and Accountability; Dhanani and Connolly (2012) Governance challenges; Spear et al (2007) Charity Misconduct; Mc Donnell and Rutherford (2017) Stakeholder Theory; Wellens and Jegers (2013)
2. What is your opinion of the Charity Commission as a regulator?	Charity Regulation; House of Lords Select Committee (2017)
3. To what extent do you think there is effective regulation of the sector and what change if any would you welcome?	Charity Regulation; Charity Commission 2017 and 2018 House of Lords Select Committee (2017); House of Commons Public Administration and Constitutional Affairs Committee (2015 – 2016) (PACAC)
4. What are your thoughts as to how successful or otherwise is the office of the Fundraising Regulator?	Charity governance, regulation and ethics; Cornforth (2014)
5. How can charities ensure that they are	Stakeholder theory and CSR; Cornelius et al

	properly accountable to their beneficiaries, their donors, and the general public?	(2007)
6.	Who do you believe are the key stakeholders, by group rather than name, in your charity and why?	Governance challenges; Spear et al (2009)
7.	What role do the Trustees play in the performance and effectiveness of your charity?	Organisational governance; Charity Commission 2017 and 2018
8.	In your opinion what problems exist, if any in the management of relationships between charity Boards and the Chief Executive and his/her team.	Organisational governance; Ebrahim et al (2014)
9.	How would you describe your relationship with funders? If relevant, please describe where different approaches might apply to different groups of funders.	Auditing and accountability; Connolly and Hyndman (2013)
10.	What are the main pressures currently faced by your charity?	Charity sector trends; finance and funding; damage to reputation from scandals; public trust issues; accountability; negative publicity. Charity Commission 2017 and 2018 Office for Civil Society 2017 and 2018 PACAC (2015 – 2016) ACEVO (2017 and 2018) House of Lords Select Committee (2017)

Figure 8: Questionnaire questions relating to the elements of Chapter Two, Literature Review

Quantitative Data

Questionnaire

A convenience, non-probability sample was chosen for the quantitative data collection. Saunders et al (2016) distinguish between probability sampling and non-probability sample based on their ability to be generalised. A convenience sample refers to; members of the population are chosen based on their relative ease of access and low cost. As such, the sample chosen for the online questionnaire consisted of individuals aged eighteen and above from the general public. This sample was selected to be representative of the wider population, to ensure that the findings from the research sample can be generalised to the population as a whole (Trochim, 2006).

Probability sampling methods were rejected as this approach is more suited to large scale studies concerned with representativeness. Furthermore, the researcher did not consider it necessary to select any particular cases from the sampling frame (Horn, 2012).

The questionnaire consisted of semi-structured questions as well as a mix of open and closed questions. To further measure opinions, perceptions and behaviours Likert scales questions offering a range of answers were included. Data collected using Likert scales enables statements of opinion to be directly translated into numerical data. From this data the Survey Monkey software produced a set of descriptive statistics presented in tables and graphs which the researcher then analysed.

Following the pilot study questionnaires were revised in line with the feedback received. The amended questionnaire was then tested with five participants leading to further changes to the response mechanism for question seven. Originally the respondent was asked to rate the charities listed in order from 1 to 10 rather than to rate each of the charities in turn. This caused confusion and resulted in the question being skipped. The Survey Monkey software easily permitted this change.

In addition, an open question relating to charity scandals announced in the media at the time of the planning of the research process was included. This question; ‘There have been a number of recent scandals relating to charities, what are your thoughts on this?’ sought to probe in more detail the public’s view of accountability and governance in the charity sector and to collect a wide range of responses in the respondent’s own words.

The questionnaire link was sent out to participants on 28th February 2018 via social media platforms such as Facebook in order to reach a variety of participants as well as via email contacts. A two-week period was originally allocated for the collection of responses and this

period was extended to three weeks in order to reach the target sample size of 100 responses to be considered valid. A copy of the questionnaire is at Appendix 2.

The researcher considered previous surveys conducted with members of the public by the Charity Commission which were found to have similar research aims (Charity Commission, 2017).

Secondary Data Collection

Secondary research is the analysis of data that already exists. Secondary data was gathered from a wide range of sources identified by the literature review and included internet search engines, the UWTSD Library catalogue, electronic journals and sector specific data. Broadcast media and newspapers were also reviewed along with trade journals such as Third Sector Magazine.

Population

A population may be defined as the set of individuals from which a sample is taken (Horn, 2012). The population for the qualitative study was deemed by the researcher to encompass a range of professionals employed in the charity sector and trustees across a selected number of different charities. The group was selected on the basis of their experience and knowledge of the charity sector.

The population for the quantitative study however was not defined and the survey was sent to members of the general public using social media and via emails contacts.

Research Sample

The sample selected is related to the population that is highlighted in the research question and objectives, namely those persons with an interest in the charity sector. The findings of the research as referenced in Chapter Two provided the basis upon which the researcher selected the research sample; those people chosen to be involved in the study (Horn, 2012).

Pilot Study

The questionnaire and interview surveys were pilot tested prior to its wider circulation to assess the validity and reliability of the questions (Saunders et al, 2016).

The purpose of the pilot test is to refine the questionnaire so that respondents will have no problems in answering the questions and there will be no problems in recording the data. Undertaking a pilot study also provided the researcher with an idea of the reliability and suitability of the questions (Saunders et al, 2016).

Pilot surveys were distributed to a few respondents in advance of the main distribution. A number of changes were made following this process as some of the response options presented in the questionnaire caused confusion and reluctance on the part of the respondent to then answer the question. Failure to correct these questions could result in a loss of data.

During this stage of the study additional questions were considered and then included relating to the reporting of governance and accountability issues. These changes were made to take into account the extensive media coverage of a serious accountability crisis at Oxfam and subsequently a number of other leading charities. Questions to gauge public trust and confidence in charities and the role of the charity regulator, the CC were then included. Academic approval was sought at each stage of the process.

Changes were also made to two of the interview questions to encourage a more detailed and considered response.

Reliability and Validity

Saunders et al (2016) defines reliability as referring to; 'the extent to which data collection technique or techniques will yield consistent findings, similar observations would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data.' The researcher sought guidance from professionals to ensure correct procedures and protocols were followed in the design and use of the online survey and questionnaire.

Saunders et al (2016) suggest 'validity refers to the appropriateness of the measures used, the accuracy of the analysis of the results and generalisability of the findings.' The researcher sought to ensure that the findings of the research were sound and based on evidence and remained unbiased and objective throughout the investigative process.

Triangulation is a powerful technique that facilitates validation of data through cross verification from two or more sources. In particular, it refers to the application and combination of several research methods in the study of the same phenomenon (Denscombe, 2010). In order to add some sense of reliability to the research this approach was considered but as proposed by Bryman (1998) quantitative and qualitative research has different preoccupations and as such it is highly questionable that they are tapping into the same things even when they are examining apparently similar issues. Consequently, mixed methods reject triangulation (Jawad,2017).

Limitations

A key area of concern was access to and the availability of senior personnel in the charity sector to carry out the research. Key contacts were identified and contacted at an early stage to secure their participation. It was acknowledged that the Charity Chief Executives to be contacted are extremely busy and it proved to be necessary for the researcher to be flexible with the timetable allocated for data collection. A reserve list of potential participants was created, and contact was made with two additional participants on this list to ensure the research sample was adequate and timely (Horn, 2012).

Given the nature of the research it is possible that there could have been an issue of interviewee bias where interviewees may choose not to discuss certain topics particularly where the outcome might create a negative view of their charity or their performance (Saunders et al, 2016). To help overcome this, the respondents were given an assurance that their responses would be treated in strictest confidence and all personal data would remain anonymous. The resultant findings show that only in a small number of cases relating to one question in particular the interviewees withheld a response.

Ethical Considerations

In the context of research, ethics refer to the standards of behaviour expected of the student in relation to the right of those who become the subject of the research or are affected by it (Saunders et al, 2016). Furthermore, Denscombe (2010) recommends that a strategy should not be chosen if it is likely to cause harm to participants or if it compromises the integrity of the researcher. It is his belief that no matter how beneficial a strategy might appear in terms of the quality of information it could supply, a concern with research ethics is more important.

In order to address these points a number of actions were taken. Potential participants were provided in advance with details of what the research involved and consent was sought before the start of the data collection. The researcher sought to ensure that all participant details are kept anonymous and data will be stored securely. Feedback will be made available to participants upon request. With regard to analysis and reporting the data collected will be represented honestly. The researcher will not be selective about which data to report or misrepresent its statistical accuracy.

Furthermore, Seedhouse's Ethical grid (2009) Figure 8 below, originally designed for healthcare use was applied to the research. The framework encourages the researcher to view each situation from different philosophical perspectives and in so doing addresses issues about how to behave ethically, alongside methodological considerations, thus ensuring the integrity of the research (Stutchbury and Fox, 2009).

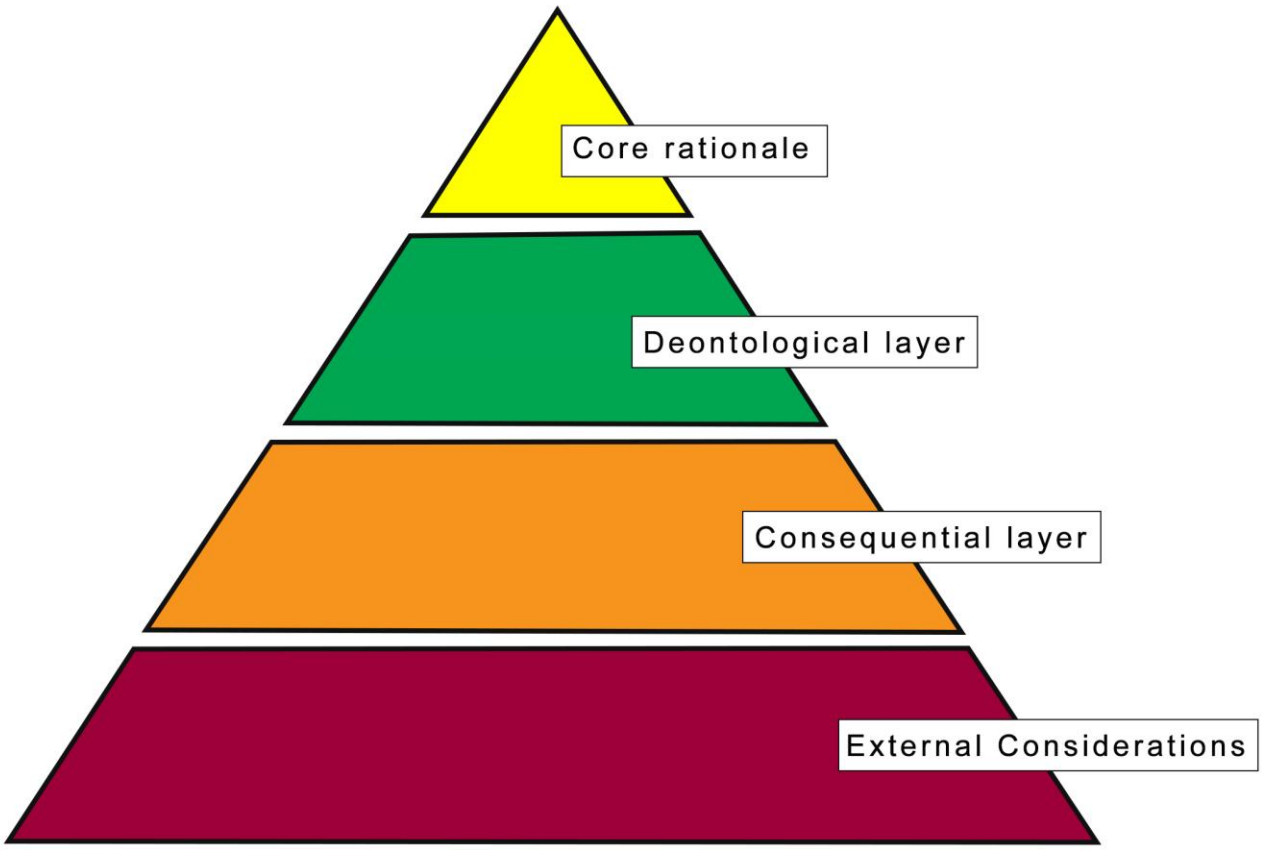

Figure 9: Seedhouse's Ethical Grid (2009): Considering the levels of ethical responsibility

The core rationale uses a concern for the individual in that their anonymity and the confidentiality of their responses are confirmed as detailed above (Doyle, 2017).

The deontological layer focuses upon the duties and motives, or rather intentions of the researcher (Jawad, 2017). Ethical guidelines provided by UWTSD and applied by the researcher ensured no harm occurred to the researcher or the individuals (Horn, 2012).

Consequences to this study are both positive; the research was aimed at assisting the researcher gain her MBA and secondly provided a platform for key stakeholders in the charity sector to have their voices heard without fear of recrimination as anonymity of respondents had been assured.

External considerations refer to the laws, wishes of others, codes of practice and available resources; risk, effectiveness and efficiency of action as well as the degree of uncertainty about the evidence on which the action is taken (Jawad, 2017). These considerations were monitored both by the researcher and UWTSD within the supervisory process.

A completed ethics form as required by UWTSD was submitted and approved in advance of the commencement of the research. Research was conducted in line with the guidelines provided by the University.

Conclusion

This chapter has presented the research methodology adopted for this study and provided a rationale for the choice of methods used. The next chapter will gather, analyse and present findings from the data collection.

Chapter Four: Data Analysis

Introduction

On completion of data collection, all information was organised and evaluated by the researcher. The two surveys were sequentially collected, with the email interviews first and the online Survey Monkey questionnaire second. The analysis will therefore be sequential with the email interviews presented before the online survey.

The email surveys are qualitative and have been analysed thematically using grounded theory methodology (Creswell, 2014). The term 'grounded theory methodology' is used to refer to the process of conducting the study; the methodology, and the term 'grounded theory is used to describe the product; the theory produced (Jawad, 2018). This approach has also been applied to the responses generated by the open question included in the quantitative survey.

The online quantitative survey is primarily quantitative; the questionnaire has been designed and analysed using Survey Monkey software. Drawing analysis from common responses to the questionnaire will aid the overall analysis and provide an extra detail to the qualitative data collected.

Aim and Objectives

Data collection and analysis has been undertaken to address the following aim and objectives.

The aim of the dissertation is to evaluate governance and accountability in the charity sector. This chapter addresses the following two objectives:

1. To analyse accountability and governance issues facing charities. This was achieved through interviewing senior management working in the sector and trustees of charities;

2. To identify factors affecting good organisational governance. Analysis of charity misconduct was explored to identify issues.

Data Analysis

Data analysis is about organising and breaking down the data collected in order to make it more manageable and this was completed for both data sets collected. It aims to discover patterns and find out what is important (Bogdan and Biklen, 2007). The purpose is to produce findings in relation to the research question and to communicate this to others, to

interpret data, to appraise evidence and evaluate arguments in addressing the research question (Glaser, 1941) with reference to the literature review.

Interview Analysis

Method

The initial analysis consisted of subdividing the data whilst the final goal was to generate a larger, consolidated picture. This was achieved by using Grounded Theory applying a systematic approach to collect and analyse the data taking an inductive approach concerned with the generation of new theory emerging from the data (Saunders et al, 2016). As the theory emerges from the data it is said to be grounded in the theory. This method was considered particularly useful due to there being a paucity of research enabling the researcher to explore new perspectives.

Coding

The interview responses were read several times in order to develop a deeper understanding about the information supplied by the participants and to reduce non-significant 'chaff.'

The process of coding the data involved identifying text segments, highlighting them and then mapping the information onto flipchart paper question by question to create a picture of responses. Codes addressed many different topics at this stage of the data analysis and where pertinent in vivo codes applied where the respondent's actual words were recorded (Creswell, 2014). Where a response did not fall under one of the existing codes it was highlighted accordingly for consideration at a later stage. A number of responses, for example were initially coded as 'accountability' but through more detailed analysis re-coded to 'regulation' (Horn, 2012). Some responses were considered to be irrelevant to the research question and therefore did not require coding.

In order to achieve a qualitative report providing detailed information the researcher aimed to reduce the list of codes to a maximum of five themes as recommended by Creswell (2014). Using the data recorded originally on the flip charts it was possible to highlight those codes discussed most frequently by the respondents. This information was then mapped onto one document creating a basic framework of themes and issues. A table was then created for each theme; Accountability, Funding, Governance, Regulation and Stakeholder Management. A number of interconnected issues or key factors were identified for each theme based upon the data collected and also recorded in the tables. A final review of all responses was undertaken to check that no evidence had been missed. At this stage the researcher believed saturation point in the data analysis had been reached (Creswell, 2014).

As qualitative research is described as ‘interpretive’ research it is possible that the researcher’s interpretation of the data might differ from the interpretation made by somebody else. The researcher’s personal assessment as to a description that fits the themes that capture the major categories of information recognises a particular perspective and in this case was influenced by the literature discussed in Chapter Two (Creswell, 2014).

Results

Analysis of the interviews resulted in several links to theory as outlined in the literature review. Five main themes were identified: Accountability, Governance, Regulation, Stakeholder Management and Funding.

Accountability

Four key factors contributing to the accountability at charities emerged as below. As previously defined ‘accountability’ is considered by the researcher to relate to the management of the organisation and its relationship with stakeholders as well as financial accountability. All interviewees provided feedback in relation to accountability. The majority of interviewees made reference to there being insufficient guidance in terms of formal accounting requirements. Furthermore, all interviewees identified communicating this information or rather ‘communicating impact’ as key in ensuring there is accountability.

The responses captured below relate to a number of elements of the literature review. Connolly and Hyndman (2013) explored the relationship between reporting requirements and meeting the needs of different audiences or stakeholders. Their research explored the suitability and relevance of information provided by charities, for example as required by financial regulators to the end user in assessing the level of accountability. The data from the interviews also provided the researcher with examples which support this analysis with many of the comments captured in the table below reflecting the contents of previous literature.

The role of external auditors was cited in the research concerning the collapse of KC and became a focus of the PACAC enquiry (2016) bringing into question their role and value. Several auditor reports were considered to be ineffective and the companies concerned failed to alert the trustees of financial weaknesses at KC.

A number of the interviewees highlighted concern regarding the role of external auditors and lack of clear reporting mechanisms suggesting these are factors which contribute to a lack of accountability.

ACCOUNTABILITY				
	Key Factors			
	Sector Guidance	**External Auditors**	**Transparency**	**Communicating Impact**
Interviewee 1	✓	✓	'being open to questions'	'need to maintain clear communication about the work they do (charities) and the impact they have'
Interviewee 2	'good charities will follow the rules'	'a more robust process is required – reporting that demonstrates adherence to prescribed protocols rather than just assumes what is being told is correct'	'I can trust you because you tell me that you tell the truth'	'This aspect requires that charities first understand and measure the impact that they have in both quantitative and qualitative terms'
Interviewee 3	'need to have effective systems in place which fully comply with the accounting and reporting obligations'	'Trustees are the people who share ultimate responsibility for governing a charity, how it is managed and run'	'funding remains self-regulatory'	'the effectiveness of the charity should be a key focus for the Trustees with regular reviews of risk registers'
Interviewee 4	✓	'effective regulation needs to exist from start to finish'	'Openness and transparency are key.'	✓
Interviewee 5	'Ensuring that there is a range of appropriate policies and procedures in place.'	✓	'By ensuring transparency in everything the charity does.'	'By ensuring good communication with them (beneficiaries, their donors and the general public)

				through various media, on the charity's activities and performance and providing opportunities for them to ask questions.'
Interviewee 6	'A clear, unambiguous set of guidelines from the regulator would help.'	'At the moment it is too easy to gloss over bad practice and hide the fact that charities are failing financially.'	'non-blaming approach to disclosing poor practice.'	'we report promptly and fully on progress or otherwise.'
Interviewee 7	'would welcome minimum governance standards to be raised including statutory requirements to comply with the Charity Governance Code and for auditors to verify compliance in the Annual Report & Accounts.'	'auditors to verify compliance in the Annual Report & Accounts.'	'need for Trustees to have greater scrutiny of the management of policies and procedures and ensure compliance.'	'Ensure that every opportunity is taken, especially digital to disseminate the Annual Report to all key stakeholders.'
Interviewee 8	'There needs to be much stronger emphasis put on governance by funders.'	'there is a key role for the external auditors in providing third party endorsement and they also need to be held to account.'	'transparency is key in how the charity is run and the way in which money is spent.'	✓

Figure 10: Analysis of qualitative data: Accountability

Governance

For the purposes of this dissertation ‘governance’ relates to organisational governance or the management of charities with specific reference to stakeholders which appears as a separate theme. A number of the interview questions related to issues of governance and relate to previous research, as presented in Figure 7 Chapter Three.

The interviewee responses were found to be consistent with research undertaken by Spear et al (2007) who also identified the key factors tabled below with issues of governance. Several interviewees suggest the governance model traditionally applied to charities may no longer be ‘fit for purpose’ implying governance and accountability challenges relate to a wide range of factors such as:

> *‘Clarity of respective roles’* (I.1, 2018).
>
> *‘This is always a tough one to get right!’* (I.6, 2018).
>
> *‘Understanding the link between governance and trust; how governance can/can’t be used to re-establish trust in the sector.’* (I.4. 2018).

In addition, the implications of not having an effective board of trustees working in partnership with senior management can have a negative impact upon the organisation, recognised by all interviewees as tabled below. The CC (2017) framework of statutory objectives provides the basis for governance but as previously reported a number of failings at the Commission have compounded issues concerning good organisation governance (Mc. Donnell and Rutherford, 2017).

GOVERNANCE			
Key Factors			
	Declining public trust and confidence	**Relationship between Board and Senior management**	**Trustees selection, skills and roles**
Interviewee 1	'mixed understanding by the general public'	'clarity of respective roles'	✓
Interviewee 2	'There is too much charity bashing /trustee bashing by the media'	'the very large charities have outgrown the charity model'	'Maybe it is time that larger charities had unitary boards with trustee becoming non-exec directors and pair for their time and responsibility'
Interviewee 3	'need to be open to enquiries and challenge by complainants'	'can often be influenced by personalities, mis-understanding of roles and lines of responsibilities'	'Having a sufficient number of trustees which have relevant experience and skills'
Interviewee 4	'understanding the link between governance and trust; how governance can/can't be used to re-establish trust in the sector.'	'this is a nuanced and vital area of governance and Boards need to give more thought not just to their skill set but their preferred working style'	'trustees need to give more thought to the type of information they want to see and how they are going to review this.'
Interviewee 5	'Setting our values which trustees and staff understand and practice.'	'there can be a lack of trust between the board and the smt and this sometimes comes down to personalities.'	'ensuring that the trustees receive appropriate training especially in governance'

Interviewee 6	‘Recent high-profile failures of governance (actual or perceived) have made many people think twice about taking on the volunteer role of charity trustee.’	‘This is always a tough one to get right!’	‘The sector is well known for having a largely ‘male, pale and stale’ set of trustees.’
Interviewee 7	‘need to address a decline in trust and confidence in charities and demonstrate that charity governance is fit for purpose.’	‘a commitment to transparency and accountability on all sides is vital to ensuring that these relationships remain positive and productive.’	‘would welcome mandatory rotation and maximum terms of service for trustees.’
Interviewee 8	✓	‘This is often a difficult balance to achieve as Board should not be engaged in the day to day management of the organisation yet need to be close enough to understand, support scrutinise etc.’	‘Over the past 2 years we have restructured the Board which was built on a ‘representative’ basis to one which is now focused on governance of the organisation.’

Figure 11: Analysis of qualitative data: Governance

Regulation

The leading response from interviewees in relation to regulation suggests to the researcher there are a number of failings:

'It would be helpful if all regulators who have interests in the sector could co-ordinate' (I.1, 2018).

'Regulation is partial as a consequence of the resources allocated to the commission' (I.5, 2018).

'Need to address the perception that charity governance in many cases has not been fit for purpose (I.7, 2018).

This data is in line with the concerns identified by the House of Lords Select Committee (2017) which resulted in a number of recommendations for improvements both in relation to regulation and the role of government.

REGULATION			
Key Factors			
	Not fit for purpose	**Fundraising Regulator**	**Charity Commission**
Interviewee 1	'it would be helpful if all regulators who have interests in the sector could co-ordinate'	'limited experience'	mixed reviews re own processes of Board appointments'
Interviewee 2	'There also appear to be too many overseers of the sector'	'characterised by a set of rules and interventions when it is too late-when there is a problem'	'the CC generally is reactive and is a policeman rather than assist in building and maintaining correct governance structures'
Interviewee 3	'there is a complex patchwork of regulators in the charity sector'	'awareness of the FR has been fairly limited'	'assume that as a regulator they take appropriate action when concerns and issues arise'
Interviewee 4	'ensuring governance remains proportional'	'I have not had contact with them personally'	'is this about restorative regulation or punitive regulation?'
Interviewee 5	'regulation is partial as a consequence of the resources allocated to the commission.'	'I know little about the success or otherwise of the regulator'	'because of its limited resources it is not sufficiently monitoring the performance and behaviour of charities, for example The Kids Company and Oxfam.'

Interviewee 6	‘It is not awful but it could be so much better.’	‘I am not a fan, the last thing we need in the sector is an additional regulator.’	‘It has also suffered from political (in my view) interference and has singularly failed to address some of the more serious misdemeanours within the sector.’
Interviewee 7	‘need to address the perception that charity governance in many cases has not been fit for purpose.’	‘It is too early to judge.’	‘Its role as an effective regulator , however, is limited in part because of the significant powers and discretion that charity trustees have to determine their own governance and management.’
Interviewee 8	‘obviously there have been major high profile cases of failure in the sector which is undermining trust.’	‘Difficult to judge – a bit of a sense that it may be an over reaction to specific examples of bad practice picked up by the media.’	‘the political nature of appointments severely damages the credibility of the Commission.’

Figure 12: Analysis of qualitative data: Regulation

Stakeholder Management

The application of stakeholder theory in evaluating governance in charities is discussed in detail in the Literature Review. The data in relation to this theme however is less helpful as the interviewees' responses did not differentiate stakeholder groups but rather factors which affected stakeholder relationships; impact, working environment and communication. Elements of these factors are discussed by Wellens and Jegers (2013) but their focus is upon specific stakeholder groups in relation to understanding effective governance which is recognised by I.5 (2018):

'Different approaches are certainly required when dealing with statutory, corporate, individual and charitable foundation funders.'

STAKEHOLDER MANAGEMENT			
	Key Factors		
	Impact	**Working Environment**	**Communication**
Interviewee 1	✓	✓	'all groups involved in third sector activity'
Interviewee 2	'is the charity having an impact?'	'dealing with a changing environment- the public's perception of charities, increased legislation and reaction to negative incidents that seem remote from our daily experience'	'This (impact) then needs to be communicated clearly to stakeholders'
Interviewee 3	✓	✓	'being project based enables us to deliver what we believe our stakeholders need'
Interviewee 4	'better cross sector working'	'Boards have come under pressure to focus on those areas that have been highlighted in the press'	'Strengthening and changing governance arrangements so beneficiaries and others are more actively included'
Interviewee 5	'different approaches are certainly required when dealing with statutory, corporate, individual and charitable	'Government department whose services would come under even more pressure if the charity did not exist.'	'They each have their own motives and interests in providing funding'

	foundation funders.'		
Interviewee 6	'Our beneficiaries, first and foremost, because that's why we exist.'	'The sector is facing some formidable challenges, many of which are media-fuelled.'	✓
Interviewee 7	'Ensure that beneficiaries are systemically involved in the design of all charitable programmes and are kept informed of progress and Impact.'	'While supporting the need for improved regulations the costs associated with ensuring compliance (direct and indirect) are not insubstantial.'	'Maintaining open communications is key.'
Interviewee 8	✓	'Consumers are increasingly used to using models that Amazon and Trust pilot to make decisions on purchases – the same is beginning to happen in terms of giving.'	'Major funders have regular quarterly review meetings on performance and financial reports.'

Figure 13: Analysis of qualitative data: Stakeholder Management

Funding

Analysis of the data coded several different responses to ‘funding’ which included a range of issues. A common thread however relates to the uncertainty faced by charities caused by a lack of adequate funding for the organisation to be sustainable:

‘*Like every small charity, sustainability of funding is a constant worry.’* (I.6, 2018).

‘Sourcing funding to plan for the longer term’ (I.3, 2018).

Research conducted by Guo (2007) recognises these difficulties faced by charities noting that the source of funding can influence the behaviour of charities. It is suggested that those in receipt of government funds, as in the case of KC can result in changes to management behaviours causing ‘mission drift’ a move away from the core values of the charity.

FUNDING			
	Key Factors		
	Inadequate	**Impact**	**Competition**
Interviewee 1	'continuity of and lack of certainty over the medium to long term'	'When a funder is new, then additional time and effort is required to develop a relationship'	✓
Interviewee 2	'The pressure, mainly self inflicted to do more with less'	'strong relationship with corporate and institutional funders nurture thorough professional interaction'	✓
Interviewee 3	'sourcing funding to plan for the longer term'	'keep lines of communication open with funders'	'trying to source core funding'
Interviewee 4	✓	'rethinking what goes into the public domain'	'suggest that the role of the regulator is to play a more active role in questioning the preponderance of the smaller charities when others with such similar aims are in existence'
Interviewee 5	'Finding new sources of funding at a time when other sources are diminishing.'	'it only takes one incident following a long incident free record to cause the damage.'	✓

Interviewee 6	‘Like every small charity, sustainability of funding is a constant worry.’	‘It helps to have a good trust fundraiser on the team.’	‘I would like to see far more pressure on charities to merge, particularly in ‘crowded’ areas such as breast cancer or international aid.’
Interviewee 7	‘Funding, has fallen significantly as a result of a sequence of high profile malpractices.’	✓	‘Increased competition for funds as central and local government funding to the voluntary sector continues to be reduced.’
Interviewee 8	‘volatile funding environment.’	✓	✓

Figure 14: Analysis of qualitative data: Funding

Questionnaire Analysis

Method

The data from the questionnaires was analysed using descriptive statistics taking into account the Literature Review. A copy of the results and the data are presented in Appendix 3.

Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of the quantitative analysis of data (Saunders et al, 2016).

Through using Survey Monkey software to create and conduct the survey the results were then analysed through the website's tools. The results were displayed in the form of tables and graphs apart from Question 5 which was analysed using grounded theory and the same process applied as per the analysis of the interviews as previously described. Responses to the open question are given in Appendix 4.

Results

Demographics of the Participants

ANSWER CHOICES		RESPONSES	
Female		64.00%	64
Male		36.00%	36
Prefer not to say		0.00%	0
Other	Responses	0.00%	0
TOTAL			100

Figure 15: Respondents by Gender

Knowing the gender balance of respondents is of interest to the researcher in relation to the analysis of later questions as trends in previous research carried out by the Charity Aid Foundation (2017) indicate women tend to support charities, both in donations and through volunteering more than men.

The high level of female participation correlates with a trend identified in research conducted by Smith (2008) which found that females had a relatively higher response rate in online survey participation than men. Results of this study suggest that researchers should not assume that data gathered from online surveys is free of gender bias.

ANSWER CHOICES	RESPONSES	
18-25	19.39%	19
26-35	12.24%	12
36-45	16.33%	16
46-55	22.45%	22
56-65	24.49%	24
66 or over	5.10%	5
Prefer not to say	0.00%	0
TOTAL		98

Figure 16: Respondents by Age

As the researcher did not seek parental consent for participants under the age of 18 years it was important to know all respondents were over this age which was found to be the case. Knowing the age range of participants is also helpful to the researcher in relation to the analysis of the following question as previous research indicates amounts given to charity increase with age. This is most likely because of the amount of disposable income these groups have to give (CAF, 2017).

Response to Question 3

Q3. How much on average do you give to charity per month? Please include all ways of giving eg direct debit, lottery, sponsoring, raffles etc

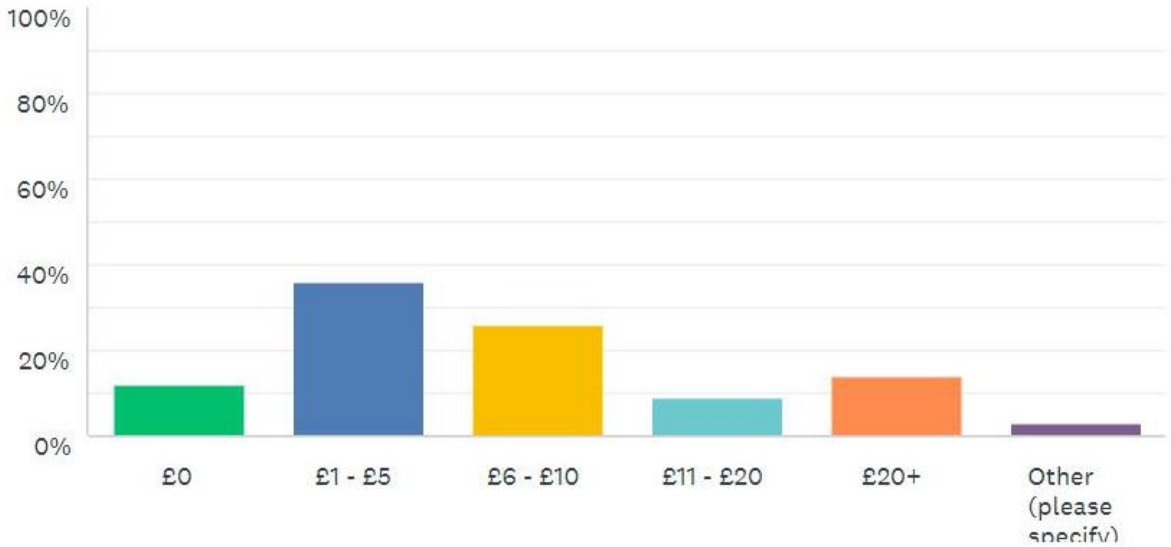

Figure 17: Response to Question Three

The results of this survey compare favourably with earlier research with 88% of respondents giving to charity. Research conducted by the Cabinet Office (2016) reported 73% of people gave to charity in an average four-week period. The result that such a high percentage of

respondents give to charity suggests charities are important to people in supporting vulnerable causes, they are needed. It is therefore imperative that charities are accountable and properly governed, trusted by donors:

> *'It worries me that the money donated with sacrifice from lots of people may not have reached the final destination. This makes wanting to donate and trust in the organisations much more difficult'* (R.78,2018)

> '*Ignore (reference to scandals) they wish to provide and ethical service, all money spent on administration etc.ie required but should be done so responsibly.'* (R.23,2018).

The importance of trust in this relationship is recognised in the literature. Research conducted by Kitching (2009) found a direct correlation between financial accountability and support from donors. Where a charity demonstrates commitment to financial accountability higher levels of financial support are attracted.

The analysis of Question 4 where responses were given using a Likert scale asking respondents to rate a number of statements about charities also confirms support. 83 respondents supported the view that charities make a positive difference to the cause they are working for. However, the data does highlight some concerns relating to fundraising and sums spent by charities on salaries and administration which correlates with Q5 findings. As such it is suggested that there is a degree of internal consistency and the data is reliable.

Q. 6 is a 'check question' included to test reliability (Saunders et al, 2016). Trust and confidence in charities is driven by the proportion of donations making it to the end cause (Populus, 2016) and this data is in line with responses elsewhere in the questionnaire relating to positive support for charities.

However, a number of respondents raised concerns as to whether there is effective regulation of the charity sector with only one respondent making reference to the key regulator, the CC:

> '*It seems that the charity commission need to have more power to intervene and audit charities.'* (R.73,2018).

> *'They need to be better regulated.'* (R.28,2018).

> '*Charities are out of control and unregulated sufficiently* (R.29).

Despite the recent publicity surrounding CC and its failure to act in relation to the Oxfam scandals (Civil Society, 2018) the overwhelming response to Q. 10 was one of indifference towards the CC which is unexpected.

Research carried out by the NAO (2013) referenced in the literature review found a number of failings at the CC with particular reference to the KC scandal. Research conducted by Mc. Donnell and Rutherford (2017) identified ineffective charity regulation as a determinant of charity misconduct which is of particular relevance in the analysis of accountability and governance in the charity sector.

Analysis of the Open Question, Question Five.

Grounded theory was used to analyse the data and a process of coding applied as per the interview analysis described earlier. From the 100 responses received 90 respondents provided a range of views relating to this question with five of those stating either 'no comment' or indicating they were not aware of any scandals which in light of the extensive media cover of the problems at Oxfam surprised the researcher. The remainder of the 85 responses were coded and the following themes identified.

Accountability

A number of the responses related to issues coded as; 'transparency' such as the view that charities should be;

> *'Up front and open about anything untoward'* (Respondent (R)12, 2018)

fell within the scope of the theme; 'accountability.' Comments such as;

> *'you always see them asking for money but never see what they do with it'* (R.5, 2018)

implies a lack of transparency and leads the researcher to reflect upon the research discussed in Chapter Two where the findings of Dhanani and Connolly (2012) also identify issues of accountability. The literature suggests that whilst accountability has been a much debated topic in the private sector this is not the case in the charity sector. Connolly and Hyndman (2013) further suggest that there is a need for the charity sector to narrow the gap between provision and needs in terms of demonstrating accountability.

Governance

A wide range of responses related to how charities operate with several references made to leadership, mentioning management to be at fault rather than trustees;

> *'I am concerned that governance and effective management seem to be lacking in lots of third sector orgs'* (R.68, 2018).

In terms of poor governance there was only one reference made to trustees which is at odds with the research featured in Chapter Two. Spear et al (2009) found not only

challenges facing the charity sector relating to governance structure but also in recruiting suitably qualified, experienced trustees. Insufficient clarity about trustee/staff roles was identified as a problem. This issue has been addressed in more detail by the researcher in the data analysis of the online interview responses, featured above.

Public Perception of Charities

Twenty-six respondents implied or stated that charities play a different role in society to other organisations or businesses highlighting an expectation that charities should focus upon beneficiaries rather than profit; that they should operate in an honest and trustworthy manner. Comments included the following statements;

> *'I think the charity sector does need to be 'whiter than white'* (R.71, 2018).

> *'Kids Company, Oxfam, Anmesty – they've fallen short of the integrity that we expect of them, proving themselves to be not the examples we had hoped for and unworthy of the respect they are given'* (R.55, 2018).

and;

> *'We do expect higher standards from charities'* (R.83, 2018).

This view is acknowledged by Ebrahim et al (2014) and is referenced in the literature as being one of the factors contributing to accountability and governance challenges faced by charities. Prioritizing and aligning potentially conflicting objectives and interests of multiple stakeholders is also recognised by Cornorth (2014) suggesting charities need to gain a better understanding of these dynamics if they are to avoid 'mission drift. ' The following response also recognises this challenge;

> *'It seems to me that ideology got in the way of life's realities and pragmatic management'* (R.66, 2018).

Stakeholder theory is important here as charities are increasingly required to become more effective and have become more complex businesses. Multiple stakeholder management is a mechanism by which charities can increase its understanding of roles and responsibilities and in so doing optimize accountability measures and governance effectiveness (Wellens and Jegers, 2013).

Outliers

Where data could not be coded to the themes identified through the analysis process it is describes as outliers as it is an observation considered to be outside of the bulk of the sample data.

I.5 (2018) made reference to:

> *'Government departments whose services would come under even more pressure if the charity did not exist.'*

This response recognises the role of charities identified by Ebrahim et al (2014) and Murray (2013) where charities have become contractors, delivering services for government.

An alternative view to the issue of transparency and public support is offered by I.8 (2018):

> *'Consumers are increasingly used to using models that Amazon and Trust pilot to make decisions on purchases – the same is beginning in terms of giving.'*

In light of the above it is suggested that digital platforms could be a means for those charities operating to the highest standards to build relationships with the public, a topic for further research.

Conclusion

The main findings of this chapter, revealed by the data collection and analysis when compared with previous literature suggest a number of common themes; governance, accountability, stakeholder theory, fundraising, regulation and the role of charities in addressing issues they face highlighted in recent scandals.

The implications of these findings will be discussed more fully in Chapter Five along with recommendations to improve governance and accountability in the charity sector.

Chapter Five: Recommendations and Conclusions

Introduction

Having analysed, in Chapter Four the data acquired by both qualitative and quantitative methods, the findings fell into six themes: Accountability; Governance; Regulation; Stakeholder Management; Funding and the Public Perception of Charities. This chapter states the conclusions and limitations of this study and offers recommendations to advance the understanding of organisational structures and behaviours in the charity sector and the role of regulators.

The recommendations will be of value to other researchers and policymakers attempting to understand the issues facing the charity sector which can result in scandal, loss of public confidence and associated negative consequences. Managers, keen to avoid issues of governance and accountability will find of interest.

These recommendations are based not only on the rigorous research that was undertaken as part of this study, but also on the knowledge of the author who has over fifteen years experience in working with charities.

Achievement of Objectives

The aim of the dissertation was to evaluate governance and accountability in the charity sector. In order to achieve this, the following research objectives were addressed:

1. To analyse governance and accountability issues facing charities
2. To identify factors affecting good organisational governance
3. To investigate the responsibility of charities towards its stakeholders
4. Generate recommendations to improve governance and accountability in the charity sector

Chapter One met objective two through conducting an analysis of the history of charities and charity misconduct.

Chapter Two successfully reviewed the key literature around governance and accountability issues facing charities and was used to fulfil objectives two and three.

Chapter Three detailed the research methodology behind the primary investigation as set out in objective one.

Chapter Four analysed the data collected as part of the primary investigation in order to evaluate findings leading to conclusions and recommendations as detailed in chapter five.

The study has fulfilled all four of the above objectives meeting the aim of the dissertation.

Main Findings

Accountability

Previous research explored whether existing accounting frameworks demonstrated accountability and good governance, taking into account the role of external auditors. Researchers suggest that a function of effective governance is to monitor whether revenue generating activities result in the intended social outcomes. This study supported earlier findings which highlighted a lack of clear guidelines in terms of reporting requirements and in particular the reporting of performance outcomes.

Governance

The findings are consistent with previous research which found robust governance requires good structures, processes and behaviours relating both to management and the board of trustees. The role of trustees includes providing strategic direction to ensure that the charity meets its purpose, mindful of its values and reputation. The findings of the study contribute to earlier research; a number of interviewees reference the role of trustees as being central to effective governance. A number of issues were identified previously highlighted in the literature such as ensuring trustees have relevant skills and experience to fulfil the role.

The changing world in which charities operate, with new funding models, digital tools and far greater expectations of accountability and transparency has added new requirements to the traditional expectations of trustees. To meet these demands training and continuous development for trustees has been identified as important in order for the sector to work effectively.

Trustee diversity is important as boards with a range of ages and backgrounds are likely to lead to better governance, but trustee recruitment has been identified as a long standing problem. This study supports the argument for new board structures which would reflect the change in how charities operate.

Discussion of trustee remuneration featured in previous research acknowledges that in the United Kingdom trustees are unpaid but can claim reasonable out of pocket expenses as regulated by the CC. The findings of the interview survey are broadly in line with earlier research which suggests this position should be reviewed in light of the increasing responsibilities of trustees as mentioned above. However, greater attention is paid by the survey interviewees to the selection of suitably qualified trustees and the working relationship between management and the board.

Regulation

This study confirmed the findings of previous research where the current regulatory framework for charities is overly complex and not meaningful in demonstrating accountability. Criticism of the CC suggests it is not an effective regulator which is unhelpful to ensuring public trust in the sector.

Stakeholder Management

The value of the research lies in the fact that it reveals both complexity and the need for stakeholder management in charities if they want to be perceived as effective by their numerous stakeholders. Understanding stakeholders offers an insight as to how charities can maximise use of resources whether in areas of accountability or in how to improve governance practices. Drawing upon the analysis of the data collected, from a management perspective no one stakeholder group is identified as being the dominant stakeholder which is in line with the literature. From the public response it is clear, beneficiaries should be the dominant stakeholder group. Stakeholder management is also found to have implications for effective communication in demonstrating transparency as the research suggests different stakeholder groups have different expectations of performance reporting.

Funding

The findings of the study suggest a range of concerns on the part of charities; a lack of funds; competition; short-term funding and availability of funding to meet legislative requirements which causes operational challenges. In relation to impact upon accountability and governance it is suggested that it is an issue for charities as funds are restricted to charitable purposes. Previous research highlights the importance of core funding to charities which allows them to allocate funds to administration and recognises the difficulty in sourcing this funding.

Public Perception of Charities

The study findings are to some extent at odds with the literature which recognises charities as businesses. Data analysis of the research suggests charities are seen by the public as organisations where their existence is to do good rather than operating as corporate entities.

Recommendations

The following recommendations are made within the scope of the seven themes referenced in the findings section above to link with the structure of the analysis of the research.

It is recommended that all regulators who have interests in the sector could co-ordinate, both in terms of efficiency and cost to the charities in question including taking responsibility for fundraising rather than having a separate structure, the office of the Fundraising Regulator.

The regulation of charities is overly complex and is further complicated for those who are also regulated in terms of the services provided, for example by the Care and Social Services Inspectorate for those involved in health care. The costs of increased regulatory compliance have to be covered by unrestricted funding meaning that fewer funds are available for meeting charitable aims and this is of particular concern to those charities unable to access core funding. It is recommended that all funding given to charities should include sums to cover operational costs which can be agreed in an open and transparent manner as in the case of the full cost recovery model.

Government should take measures to make further changes to the CC. The CC needs to become a more effective regulator. The lack of proactive engagement by the CC became evident in the wake of recent scandals questioning why charities have been generally self-regulating.

The intervention of the CC apparently only when something has gone wrong has undermined public confidence in charities. Furthermore, the politicisation of the CC remains an issue for the sector and a more transparent appointment process is needed. A charity regulator perceived to be political risks undermining perceptions of charities more generally.

It is recommended that training and development for charity trustees becomes a mandatory requirement based upon an annual skills audit of the trustee board. A review should be undertaken by the CC with support from the sector's infrastructure bodies to establish a central resource of training provision and in so doing identify any shortcomings in provision. This information could then be added to the CC website as they already provide guidance to trustees.

It is recommended that charities should revisit how they recruit trustees which should include less reliance on word of mouth recruitment and through sector specific channels, with the aim of increasing the diversity of the board. This recommendation is made in light of recent research showing 92% of trustees are pale, male, aged over fifty and have above average income and education. A more diverse board will offer differing perspectives and

experiences; it can increase public confidence and accountability and it is argued can make a charity more attractive to funders.

Limitations

The interviews were administered online without the presence of the researcher so there was no opportunity to ensure conscientious responses. A lack of resources and time constraints prohibited interviews in person.

A major constraint was a lack of previous academic research meaning the results of this dissertation cannot be compared to other studies.

However, despite these limitations the research has practical application to stakeholders in the charity sector, particularly management and trustees and those with a monitoring function.

Future Direction

Due to the paucity of research there are a number of areas worthy of future research. Of particular relevance is the complex relationship between government and the charity sector. More insight into the possible conflicts between government motives to stimulate certain practices and their actual impact upon charities would be helpful.

This need for research is supported by the finding that most researchers who conclude that charities in receipt of government funding differ in focus from those receiving less funding and do not connect any of their board practices to objective measures of performance. In the case of the KC scandal a number of government departments granted funding to the charity, in excess of £42million. The enquiry by PACAC (2016) reported that central Government had failed to monitor the performance of KC and was found lacking in its transparency in awarding the funding. This would also seem to be the case in relation to the Oxfam scandal where critics of the aid budget have long complained it is wasteful and that it does not deliver value for money either for the tax payer or those it seeks to help.

Future research into stakeholder management might usefully focus on better understanding the conflicting needs and objectives between stakeholder groups and in particular the expectations of stakeholders with regard governance and accountability. The findings of this research would be helpful in informing future legal structures for charities, the regulatory framework and whether there are organisational models better suited to today's charities, particularly those of scale.

This paper has elaborated on the role of governance and accountability in addressing issues faced by charities and has analysed social policy and its influence on the sector. However,

there is a need for more research in analysing current government policy with specific reference to the 'Big Society' concept. This research would seek to identify the wider organisational conditions necessary for charities to succeed and be sustainable through better understanding of the role the charity sector should fulfil in society today.

Conclusion

In an era of enhanced scrutiny of the activities of charities it is argued that it is more important than ever to understand why the sector appears susceptible to scandals. It is no longer sufficient, if indeed it ever was to rely on charity status to convey trust and inspire confidence in the conduct of an organisation. In the past charities have relied on their sacrosanct nature as indicators of ethical and responsible organisational practices but this can no longer be the case. The collapse of Kids Company and more recent scandals involving Oxfam, Save the Children and many others has damaged public trust and confidence. It is now critical that those involved in the sector take action to avoid misconduct and restore public trust and confidence.

Self-Reflection

Having worked in the voluntary sector for a number of years the opportunity to research governance issues against a backdrop of at the time of writing the proposal, the failure of Kids Company and subsequent closure has been of particular interest. It is also my intention to seek employment, on completion of the MBA in the charity sector and this process has ensured I have kept up to date with legislation and sector developments.

This in part has proved to be a problem in the sense that keeping focus on the task in hand has been difficult due to the distractions of researching beyond the remit of the research question. In addition, the more recent report of scandals at Oxfam and Save the Children and ongoing media investigation of wrong-doing have influenced my thinking. Media coverage of these events with numerous investigative programmes and debates challenging and discussing the role and behaviour of the charity sector presented many different views and opinions relating to issues of governance and accountability. It was reassuring that the findings of the online questionnaire data analysis showed overwhelming support for charities which was a pleasantly unexpected finding considering the negative publicity at the time.

However, due to time constraints it was not possible to explore all the issues or take into account new aspects of governance failure at this stage.

I have been mindful to keep an open mind and not to allow any bias I may have in favour of charities to influence my analysis.

An unforeseen difficulty in writing the research is that I have found the theory lacking in explaining failures in governance and accountability with a narrow view, out of date in terms of recent events such as fundraising scandals. I had initially expected to find extensive research in helping me to understand why scandals happen and this was not the case. Industry reports, government enquiries and research into the performance of charities provided extensive data but do not appear to be underpinned by academic research.

Furthermore, the primary research questions and process may be relevant to the current UK Government consultation; how government can work with and for civil society to tackle challenges and unlock opportunities to build a stronger society now and in the future. Insight gained from this research could be of particular interest to the senior managers who responded to my interview survey in formulating a response. Two interviewees wish to receive a copy of my Dissertation which is encouraging.

I was aware at the outset of the Dissertation process that I needed to plan my time carefully as I tend to leave work to the last minute in meeting deadlines and this would not be possible for a study of this scale. It was therefore extremely helpful to meet with my tutor regularly and agree deadlines at different stages of the process. The debates and discussions with my tutor about charities, sharing my experience and reflecting upon current events in the sector have helped maintain my enthusiasm for the research question. Regular communication and support throughout has been central to me completing the Dissertation.

Whilst I have some experience of undertaking research for the purposes of business reporting or primary research in terms of market research my lack of understanding and experience of academic research and writing has proven to be perplexing. Although I have learnt some basic approaches in undertaking this study I do not believe I am competent at this style of writing and this remains an outstanding challenge for me. Undertaking this research study has been an invaluable learning experience and despite the frustrations in presenting my material to the required standards has been enjoyable and immensely rewarding.

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Appendix 1: Interview Questions

Participant Information

This research project is taking place as part of a dissertation for a Masters in Business Administration. The aim of the project is to evaluate governance in the charity sector. The data collected from this survey will be analysed and informed by the academic literature in order to widen the discussion around issues of governance. Accountability in the charity sector has also been investigated alongside factors affecting governance.

Withdrawal, anonymity and confidentiality

Note that by completing this survey you are giving your consent for the information collected to be used within this study only. Your information will not be shared with any third parties.

As this can be a contentious topic every effort has been made to ensure that all data collected will remain completely anonymous, there are no questions within the survey that would allow in any way for your responses to be linked back to yourself or your organisation.

Please do not write your name or any other identifying information in your responses. Once this survey has been completed and returned you will not be able to withdraw your responses.

Participants will be given access, on request, a copy of the Research report.

The credibility of the researcher as a student can be verified by the dissertation supervisor:

Dr. Caroline Jawad, Lecturer in Management Ethics, CSR and Research, Swansea Business School, University of Wales Trinity Saint David, Swansea, SA1 1NE

E-mail: caroline.jawad@uwtsd.ac.uk

1. What do you see as the main governance challenges currently facing the sector?

2. What is your opinion of the Charity Commission as a regulator?

3. To what extent do you think there is effective regulation of the sector and what change if any would you welcome?

4. What are your thoughts as to how successful or otherwise is the office of the Fundraising Regulator?

5. How can charities ensure that they are properly accountable to their beneficiaries, their donors, and the general public?

6. Who do you believe are the key stakeholders, by group rather than name, in your charity and why?

7. What role do the Trustees play in the performance and effectiveness of your charity?

8. In your opinion what problems exist, if any in the management of relationships between charity Boards and the Chief Executive and his/her team.

9. How would you describe your relationship with funders? If relevant please describe where different approaches might apply to different groups of funders.

10. What are the main pressures currently faced by your charity?

Thank you for your contribution and support.

Please return your survey to showells.071382@student.uwtsd.ac.uk

Appendix 2: Survey Monkey Questionnaire

Q1. What is your gender?

Female

Male

Prefer not to say

Q2. Please tick your age

18-25

26-35

36-45

46-55

56-65

66 or over

Prefer not to say

Q3. How much on average do you give to charity per month ? Please include all ways of giving eg direct debit, lottery, sponsoring, raffles etc

£0

£1 - £5

£6 - £10

£11 - £20

£20+

Q4. To what extent do you agree or disagree with the following statements?

It is important to me that charities provide the public with information about how they spend their money.

It is crucial that charities demonstrate how they benefit the public.

Charities provide society with something unique.

Charities are effective at bringing about social change.

Charities are unprofessional.

Some of the fundraising methods used by charities make me feel uncomfortable.

Charities are regulated and controlled to ensure that they are working for the public benefit.

There is too much tv advertising for charities.

Charities spend too much money on salaries and administration.

Charities make a positive difference to the cause they are working for.

Q5. There have been a number of recent scandals relating to charities, what are your thoughts on this ?

Q6. Is it important to you that charities ensure that a reasonable proportion of donations make it to the end cause?

Q7. Research undertaken throughout 2017 measured the public's perception of charities taking into account both positive and negative news about a charity and the following charities scored the highest. On a scale of 1 to 10 where 10 means you trust them implicitly and 0 means you do not trust them at all how much trust and confidence do you have in the following charities?

Q8. Have you had a concern about a charity in the past 12months?

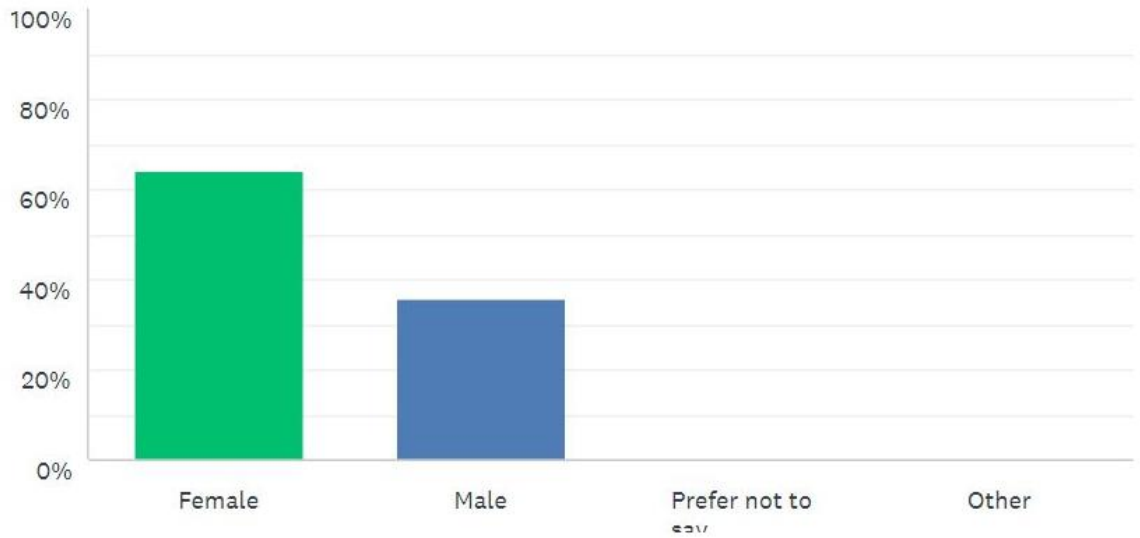
Q9. How much do you agree or disagree with the following statement; 'I know very little about how charities are run and managed.'

Q10. The Charity Commission is an independent body responsible for registering and regulating charities in England and Wales. They register applicants for registration as a charity after examining their purposes, accounts and structure. They regulate charities by ensuring they stay within the law and are run for the public benefit, and by investigating any allegations of wrong-doing by charities.

How well, if at all do you know the Charity Commission and what it does?

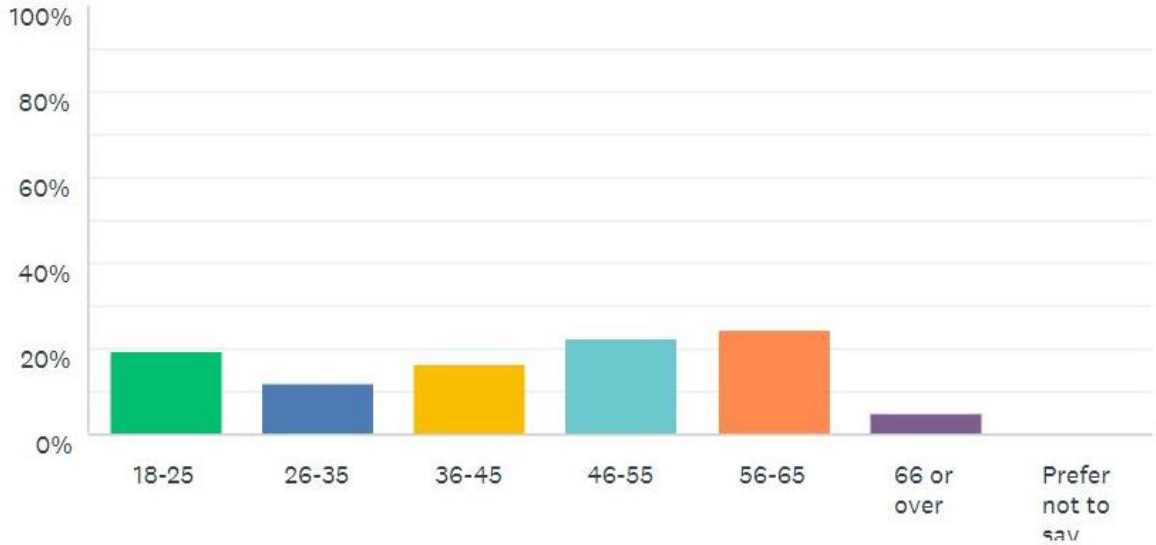
Appendix 3: Survey Monkey Results

Q1. What is your gender?



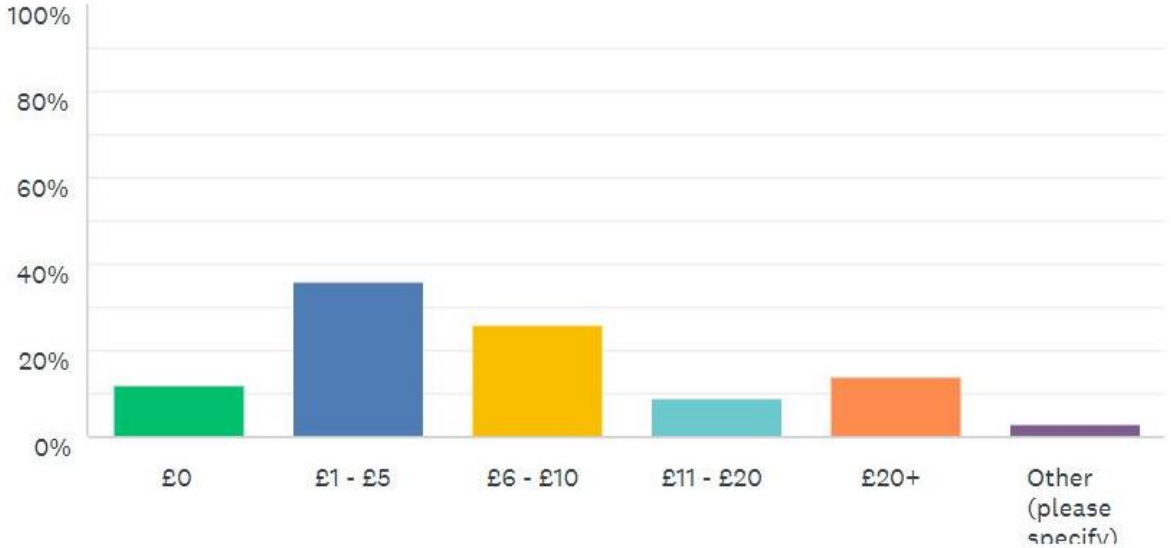
ANSWER CHOICES		RESPONSES	
Female		64.00%	64
Male		36.00%	36
Prefer not to say		0.00%	0
Other	Responses	0.00%	0
TOTAL			100

Q2. Please tick your age?



ANSWER CHOICES	RESPONSES	
18-25	19.39%	19
26-35	12.24%	12
36-45	16.33%	16
46-55	22.45%	22
56-65	24.49%	24
66 or over	5.10%	5
Prefer not to say	0.00%	0
TOTAL		**98**

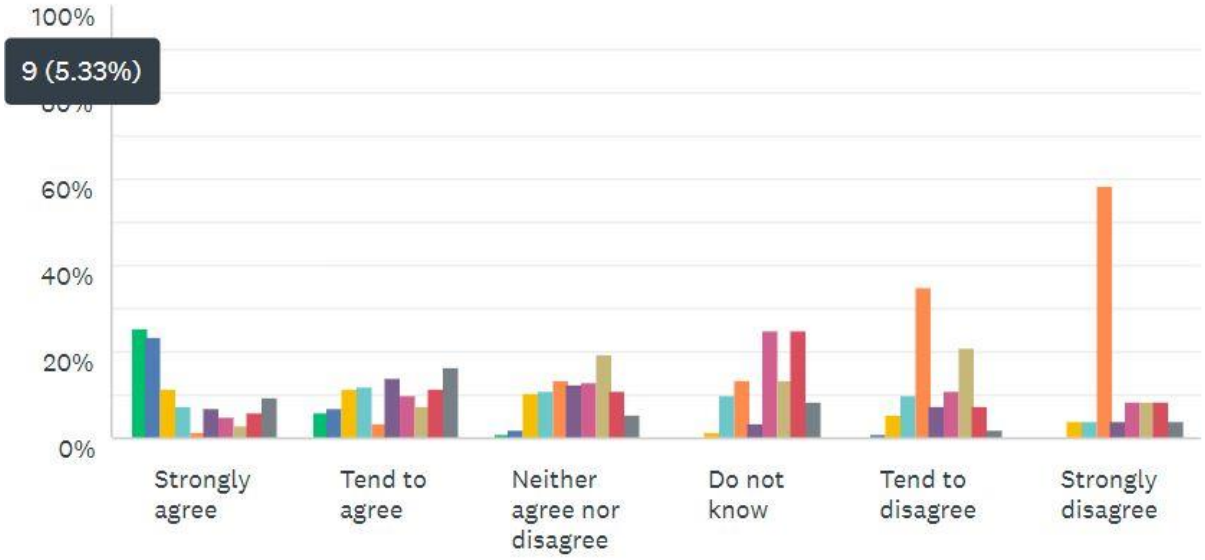
Q3. How much on average do you give to charity per month ? Please include all ways of giving eg direct debit, lottery, sponsoring, raffles etc



ANSWER CHOICES		RESPONSES	
£0		12.00%	12
£1 - £5		36.00%	36
£6 - £10		26.00%	26
£11 - £20		9.00%	9
£20+		14.00%	14
Other (please specify)	Responses	3.00%	3
TOTAL			100

Q4. To what extent do you agree or disagree with the following statements?

	It is important to me that charities provide the public with information about how they spend their money.
	It is crucial that charities demonstrate how they benefit the public.
	Charities provide society with something unique.
	Charities are effective at bringing about social change.
	Charities are unprofessional.
	Some of the fundraising methods used by charities make me feel uncomfortable.
	Charities are regulated and controlled to ensure that they are working for the public benefit.
	There is too much tv advertising for charities.
	Charities spend too much money on salaries and administration.
	Charities make a positive difference to the cause they are working for.



Q5. There have been a number of recent scandals relating to charities, what are your thoughts on this?

1. I don't know of any scandals
2. I do not think individual scandals are indicative of the sector as a whole. However, I think the value of charities, and risk to reputation can be used as a threat to quieten dissent or stop people talking out. The current mood of the media does not help with transparency but generally more transparency helps in these situations.
3. Disappointed
4. None
5. I only help charities that are close to my heart and I don’t like mainstream charities because I feel they don’t do much, you always see them asking for money but never see what they do with it except it turning up in the news in a bad light
6. I think that often the media targets a good story. However the larger charities get often the less good they actually do. Also the larger they get the hard it is to keep on top of what is happening.
7. I feel sad that the emphasis has shifted so far from the good work that charities can achieve. I worry that this will affect charity fundraising across the sector
8. I was unaware that there have been a lot of scandals relating to charities. But i don't really watch much of the news or read newspapers.
9. It is an appalling abuse of trust of the funders, good staff and the people they support and those involved should be brought to account
10. It shows a lack of effective leadership and knowledge
11. Disappointed that it took so long for the matter to be brought t light given the length of time it had gone on
12. Its better for the charities to be up front and open about anything untoward so that things like this dont occur in the way they have

13. I think the actions of the few tarnish the good work of so many within the wider charity as a whole. Also, the wider impacts of these resonant much wider and 'harder' throughout the third sector, and can sometimes lead to smaller charities folding.
14. I think charities are not immune to scandals that hit businesses and corporations. It means that charaties need to be more vigilent with who they choose for their leadership, how they monitor their operations especially when dealing with vulnerable people and how they handle funds and donations.
15. Not sure
16. If there has been wrong doing then there needs to be justice for victims, just because they are a charity doesn’t mean that they should be treated any different.
17. It is very difficult to police all action undertaken by charity workers.
18. They need to bring the people responsible too account
19. Most likely about money and how they spend or methods of obtaining money. Sometimes i feel uncomfortable being approached by charities and i have heard they spend their earnings not as they are meant to.
20. the actions of volunteers shouldn't detract from the Charities Aim
21. Scandalous, clue is in the name ‘charity’ they shouldn’t be using their money to benefit pricey CEOs
22. Should be more careful, when it comes to charities and doesn’t make me want to actually donate.
23. Ignore they wish to provide an ethical service, all money spent on administration etc is required, but should be done so responsibly.
24. If it is about people within the charity taking money for themselves then i find that distasteful and shocking yet I haven't heard many scandal so i do not k ow what they are about so therefore couldn't say
25. Any scandals tend to be as a result of a lack of clarity about where the money is being spent. If the charity is run professionally then the scandals are less likely to be able to happen.
26. Charities should stay within their fields and keep funding events clean and ensure they keep with the modern day.
27. Quality assurance processes on employees should be more rigorous
28. They need to be better regulated.
29. Charities are out of control and unregulated sufficiently
30. Good that issues came to light so they can be dealt with. Serious concern that internal management processes have been shown to be seriously flawed in some cases
31. When I read the revelations that Oxfam workers had paid for sex in Haiti, perhaps from underage girls, while the country was trying to recover from an earthquake, I wasn’t surprised. Nor was I surprised when it became clear that it had been covered up, and that further allegations of sexual abuse, bullying, harassment and intimidation in the aid sector soon followed. Don’t get me wrong – these stories are sickening – but most people in the industry will have at the very least heard rumours of this kind of behaviour. The culture of silence runs deep – the usual fears that prevent women and whistleblowers from speaking out apply here (for example, the UN whistleblowers in Haiti received anonymous threats). But there is an added stigma in the aid world. There is a fear that if we tell the truth, the reputational damage to the agencies will benefit the sections of the press and politicians who want to reform the sector.

To the CEOs running aid organisations and the board members put in place to hold them to account, the message is simple: don’t shoot the messengers. Take responsibility for what has gone on and continue to do so, and work towards reforming an industry that is in urgent need of change if it is to tackle the root causes of these endemic problems.

32. The individuals of the alleged scandals should be ashamed of themselves as they have now, through their behaviour, tarnished the reputation of genuine charity workers who are good honest people
33. This has had a significant impact on the public's view on large charities and I think it has opened the discussion up far beyond the recent scandals, with more and more press articles discussing the actual destination of charitable spending as well as its political nature. I think this might well discourage people from giving to very large charities and perhaps give to smaller or more local charities where the outcomes are more readily visible
34. An Absolutely disgraceful and completely unacceptable - there must be prosecutions and, surely, dismissals following due process.
35. Charities should be more transparent in their activities.
36. Very poor and morally wrong
37. The scandals should be investigated, but should not undermine the good work that charities do.
38. They have to be transparent and accountable
39. these scandals are a reflection of the current culture and are endemic in organisations in general. Hopefully changes are on the way and all organisations will be held to account
40. I'm very concerned and tend not to trust large charities
41. Disgusting. I will really look into any further charitable giving. And where possible only give directly to the needy. It is now clear, and unsurprising, that there are sexual predators in many organisations, including the BBC, the churches and parliament. Yet no one is threatening their existence on this account. And surely these organisations are easier to manage and monitor than international aid teams in disaster areas around the world? Monitoring mechanisms in every organisation could be, should be, and now are being, improved. But it is worth recognising that accountability has a price. Social workers, for example, now have to spend more time creating a “paper trail” of what they have done than helping clients. Is this what those who are helped by the NGOs, in Haiti and around the world, would want – so we can feel better? Advertisement Professor Dyan Mazurana, whose research team has studied this problem in some depth, said: “Oxfam is best practice. It is widely viewed by other international NGOs as having the best safeguarding unit and the best safeguarding policies and practices in place.” I am reconsidering my donation this year.
42. The Media aren't always correct
43. The bad always overshadows the good
44. It deters you from donating as you question their integrity and intent.
45. Only a small number of people have behaved wrongly but the reduction in donations will greatly effect those that they support more
46. Without knowing all the details, I do feel it's often as a result of poor governance / management
47. As serious as they are, it is unfortunate that the recipients of their services will be the ones who suffer in the long run.

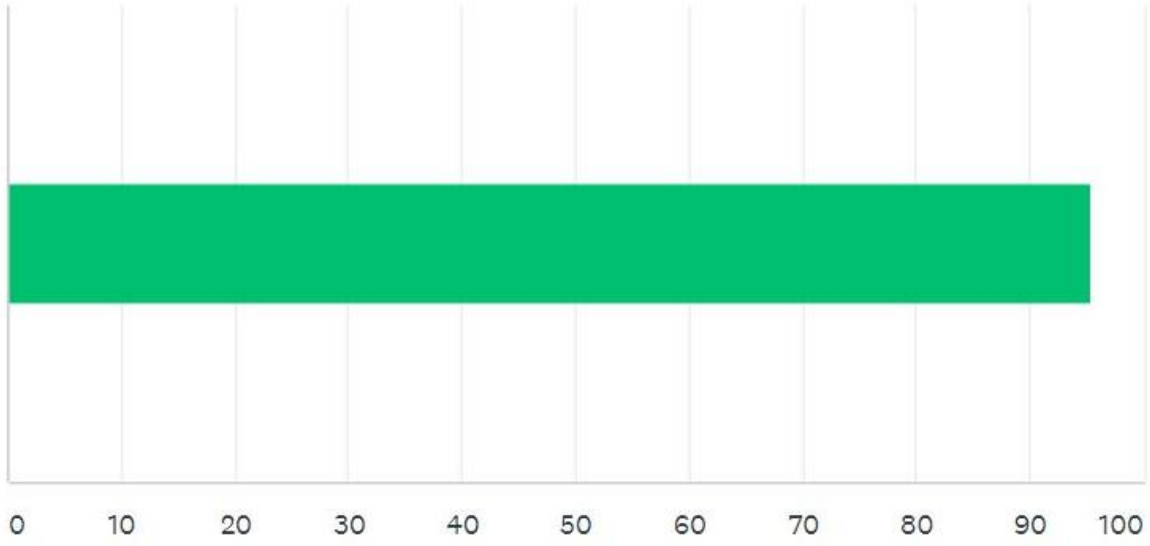
48. Disappointing but should not let their good work be undermined by bad publicity. Charities need to put in place procedures to ensure bad practices are not permitted
49. Where there is money involved and vulnerable people involved, there will always be the threat of a 'bad apple' effect.
50. Disappointed to see that the charities are not monitoring what their staff are doing. Their staff are the face of the organisation and should be looked after by their employers.
51. A minority of charity workers “on the ground” take advantage of their positions. They become compromised and then line managers knowingly say nothing to cover their own backs.
52. There needs to be more regulation
53. I would not wnat the recent scandals involving the few to overshadow the good work done by the many.
54. I suspect that they represent a small fraction of the charity network - not too bothered
55. Kids Company, Oxfam, Amnesty - they've all fallen short of the integrity that we expect of them, proving themselves to be not the examples we had hoped for and unworthy of the respect they are given.
56. It won’t stop me giving to charities.
57. Dig deep enough and I’m pretty sure you’d find this everywhere. Humans are fallible!
58. Weak governance. Ineffective regulator. Target driven framework that forces organisations into a tick box mentality that lacks pragmatism and encorages poor decisions
59. Need better response to complaints and swifter action
60. I have no opinion on this
61. Very disappointed
62. No comment
63. Charity leaders must be made more accountable. Appoint more women in senior positions.
64. I think there is a media feeding frenzy at the moment - we're all human. It's currently politically correct to hunt down the charity sector. So what do we replace Oxfam with?
65. Unaware of these scandals
66. It is too easy to blame the actions of a few on the many and tarnish a whole industry or organisation. It seems to me that ideology got in the way of life’s realities and pragmatic management. It was too easy to pass the problems on to other institutions rather confront issues. The rights of the offenders appeared to take precedence over the victims. Political incorrectness.
67. Mae angen rhoelau cadarn - Good governance should be observed and monitored. Safeguarding policies are essential
68. If you're referring to Oxfam etc. I think it's very difficult to have absolute safeguards in place, but if what the media say is true then they were a bit too lax and the attempted cover up is as alarming as the fact they mishandled the dismissal of staff who had committed gross misconduct. I am concerned that governance and effective management seem to be lacking in lots of third sector orgs and in large national/international organisations there is no excuse for it. I am tempted to boycott Oxfam actually.

69. These need to be made public knowledge and the charities need to be answerable to the public to what has happened
70. Always difficult to ensure correct Governance when majority of Trustees are unpaid volanteers
71. I think that the recent scandals apply in all aspects of business and society. Whilst I think that the charity sector does need to be 'whiter than white' the reality is that there will always be rogues and people taking advantage of their position. There is needs to be a fair and open discussion around issues and support to make it better and right.
72. Always a problem when some people get involved
73. Bad if goes against the grain of what charity is about and if charity funds are used.
74. It seems that the charity commission need to have more power to intervene and audit charities.
75. It is good that we are hearing more concrete evidence so that people can choose to withdraw their donations if appropriate.
76. Some were very upsetting.
77. Sad
78. They are the minority. The majority of people working for charities perform vital roles.
79. It worries me that the money donated with sacrifice from lots of people may not have reached the final destination. This makes wanting to donate and trust in the organisations much more difficult.
80. They are shocking and so detrimental to the cause
81. Disappointing
82. Not surprised. I'm disgusted as usual with humanity in general as we seem in capable of handling any position of money and power without abusing it. I believe organisations that by definition are supposed tove doing goid such as charities - and the church - shoukd be monitored even more strongly exactly because they are considered inherently 'good' and as such a perfect place for extreme abusers to hide. Hard to miss that it's also overwhelmingly men who can't seem to function in these environments without engaging in sexual abuse on every scale. But on a larger note - international aid aside - a society that needs charities on a scale as that of the UK and similar in order to take care of their weak and vulnerable has failed on an embarrassing level. This should be part of government spending and worked into the tax plans.
83. Charities are no different from other institutions in having poor management in dealing with poor behaviour. The inclination to push it under the carpet is still prevalent in most organisations including charities. The metoo campaign following the Harvey Weinstein affair has given victims the courage to speak out. We do expect higher standards from charities especially when they are working in devastated areas of the world.
84. Greater transparency required
85. Disappointing to hear, I really didn't think anyone that worked for a charity would engage in anything like this, perhaps proves that they are doing for a good salary not the cause.
86. The staff reflect society so in the main are amazing people but there will always be a few bad apples.
87. More governance and accountability is required. Charities are like businesses and strive to be at the top of the charity league table, ensuring a higher profile

and more donations adversely affecting their charitible intentions to both staff and projects.

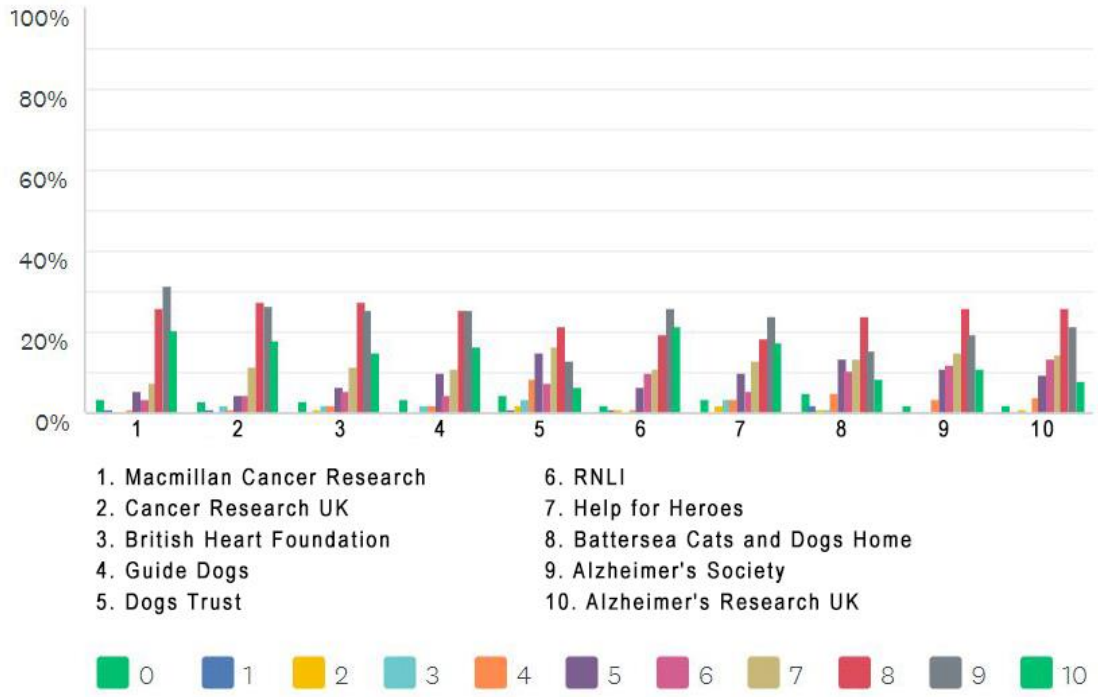
88. Media hype!! Doesn’t change the fact that charities work extremely hard for important causes it’s a shame the media can’t focus on that!!
89. Disappointing
90. lost confidence in the sector

Q6. Is it important to you that charities ensure that a reasonable proportion of donations make it to the end cause?

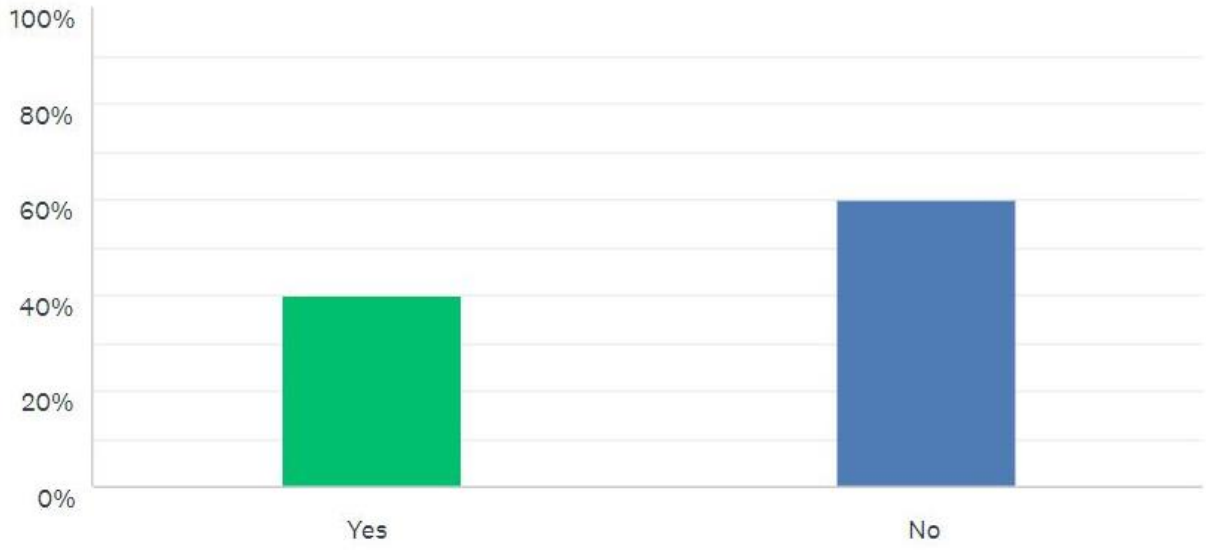


ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Responses	95	9,435	99
Total Respondents: 99			

Q7. Research undertaken throughout 2017 measured the public's perception of charities taking into account both positive and negative news about a charity and the following charities scored the highest. On a scale of 1 to 10 where 10 means you trust them implicitly and 0 means you do not trust them at all how much trust and confidence do you have in the following charities?

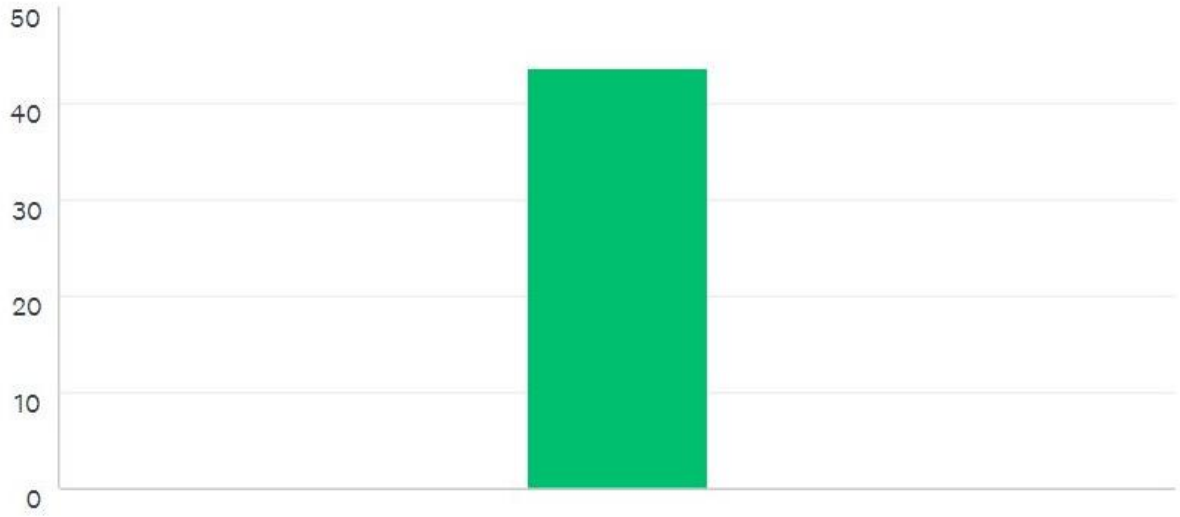


Q8. Have you had a concern about a charity in the past 12months?



ANSWER CHOICES	RESPONSES	
Yes	40.00%	40
No	60.00%	60
Total Respondents: 100		

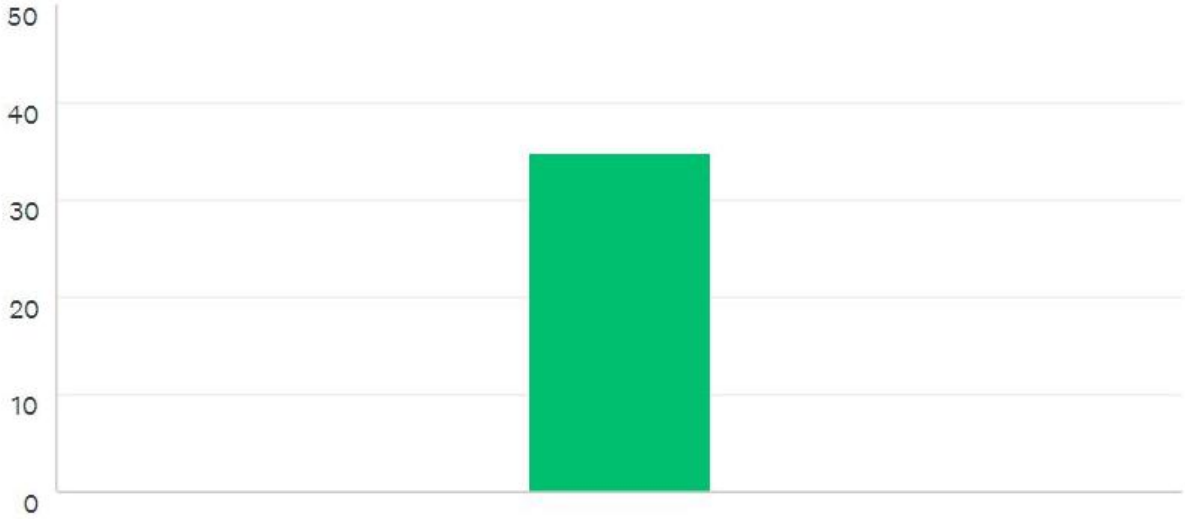
Q9. How much do you agree or disagree with the following statement; 'I know very little about how charities are run and managed.



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Responses	44	4,362	100

Total Respondents: 100

Q10. The Charity Commission is an independent body responsible for registering and regulating charities in England and Wales. They register applicants for registration as a charity after examining their purposes, accounts and structure. They regulate charities by ensuring they stay within the law and are run for the public benefit, and by investigating any allegations of wrong-doing by charities. How well, if at all do you know the Charity Commission and what it does?



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Responses	35	3,423	98

Total Respondents: 98