

# Evaluation of the IQ Standard Pilot

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## Executive Summary

In response to the increased demand for better quality of governance in the Third Sector, the **Improving Quality (IQ)** standard scheme was created. IQ was designed to assist the Sector governing teams to perform critical and reliable self-assessment. In addition IQ can provide an external accreditation following the completion of the self-assessment process.

A comprehensive research of the scheme, which was piloted across the UK and the Republic of Ireland, was conducted. Following is the summary of the research findings and recommendations.

After reviewing the IQ standard against the range of existing standards and the recommendations of academics and industry experts, we concluded that:

- The IQ standard integrates all of the themes emerging in the Third sector which deemed to be of relevance to the quality and nature of governance, strategy and operations.
- The IQ standard appropriately incorporates the sector- wide domains and their weighting.
- The organising principles underpinning the standard framework in the sector, are carefully taken into consideration by, and are reflected in, the IQ standard.

The main findings of the primary research:

- The IQ standard provides an important contribution to organisational development.
- The IQ standard is beneficial for evidencing organisational soundness to external stakeholders, particularly the funding bodies.
- Additionally, the IQ standard contributes to organisational sustainability by encouraging the transfer of tacit knowledge to documented processes and procedures.
- The IQ standard is noted for its particular suitability for Small and Medium Sized charities.
- The IQ Standard is noted for an increased flexibility and for its unique focus on potentially diverse collaborative relationships, as well as its capacity to support development of local impact and community leadership.
- The IQ standard was found to be accessible, easily integrated with existing reporting and user-friendly

## Recommendations

To support further market and brand development of the IQ standard, we recommend to focus on the following areas:

1. Differentiation of the IQ standard based on its USP as a tool for organisational development and continuous improvement.
2. Emphasis on the IQ' additional unique proposition of Leadership Development.
3. Emphasizing simplicity in the IQ Standards' guiding structures and principles may maximize its potential relevance to a diverse range of organisations.
4. Maintaining a business model based on open access to the standard, and offering a value added proposition (e.g. kitemarking, community access, supplementary support and resources) through paid membership.
5. Considering positioning IQ as a 'collaborative standard'.
6. Continuous effort to support brand penetration amongst key funding bodies and agencies.

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## Introduction

In response to the increased demand for better quality of governance in the Third Sector, the **Improving Quality** (IQ) standard scheme was created. IQ was designed to assist the Sector governing teams to perform critical and reliable self-assessment. In addition IQ can provide an external accreditation following the completion of the self-assessment process.

Following the Pilot during which a small number of the Third Sector organisations in the UK and the Republic of Ireland were invited to engage with the IQ standard, researchers from the Managing Complex Change research group in Hertfordshire Business School were commissioned to assess the pilot scheme. Our research was conducted in 4 stages:

**Stage 1.** A literature review was conducted to critically analyse the extant academic literature in relation to the quality standards in the Third Sector. Based on that review, we designed the assessment of the pilot, which was conducted in the following two stages:

**Stage 2.** A short survey was e-mailed to all organisations engaged in the pilot, with the aim to identify the main benefits of the standard in relation to the organisation's priorities. Conducting the survey also helped us identify organisations willing to be approached in the next stage.

**Stage 3.** In-depth interviews with members of the chosen organisations were conducted, to create a more rounded and nuanced understanding of the ways adoption of the IQ standards improved organisational governance.

**Stage 4.** Analysis of the quantitative and qualitative data was followed to present the overall findings of this study.

In conducting this study we sought to give voice to organisations of different sizes, organisational forms (charities, associations, trusts etc.) and from different geographical areas. We analysed 22 responses to surveys and conducted 12 face-to-face and telephone interviews with representatives from 7 organisations.

This report is structured in the following way. In Section 1 we provide critical review of literatures relevant to Third Sector Quality Standards. Findings and analysis of both surveys and in-depth interviews are introduced in Section 2. Here we also present a short case study of one of the organisations - Rotherham Federation of Communities. In Section 3 we provide conclusions and recommendations resulting from the study.

## Section 1 - Literature Review

A critical literature review was conducted in the early stages of the project, which comprised of an analysis of academic and professional sources on the nature, scope and impact of quality standards in the Charitable sector was undertaken. A comparative analysis was then conducted between the findings of this review and the domains and descriptors of the IQ standard framework.

The aims of this analysis were:

- to consider the scope of the IQ standard against themes emerging in the wider sector deemed to be of relevance to the quality and nature of governance, strategy and operations
- to assess the relative weighting of different sector wide domains as reflected within the IQ Standard
- to reflect on the organising principles underpinning standards frameworks in the sector in relation to the IQ Standard

The complete version of the literature review is attached in Appendix 1. Below we present a summary of the review relevant to the study's key findings.

Nationally, there is a trend in increasing demand for Non-For-Profit (NFP) organisations, including but not limited to, Small and Medium-Sized Charities (SMC) to deliver public services. This growing pressure is resulting in the need of the public trust and confidence in services and the effective use of funds. On the other hand, as a result of Charity-related public scandals in recent years there is a risk for those working in smaller charities of being unfairly tarnished by association with the negative public relations generated by those scandals.

This combination of increased public scrutiny and negative-view-by-association, results in the even greater importance of charities for having a good grasp of governance. Atkinson (2017) contends that 'following good governance practices, not just paying lip service but really understanding and applying them, could have averted many of the bad headlines of the last two years'. This indicates the need for transparency and accountability that goes beyond legislative and regulatory requirements.

Larger charities, having larger boards, resources for strategic management, and the ability to offer increased access to training and other support to staff and volunteers, are seen as more ‘professionalised’ than smaller, less formal organisations (Taylor, 2018). One of the ways of responding to the challenge of increased ‘professionalisation’ and accountability is for smaller organisations to draw on governance codes and quality frameworks.

There are several potential benefits of introducing such frameworks to SMCs:

- Quality frameworks can serve a number of purposes that go beyond board level activities. The quality frameworks can include an increased focus on the operational management of staff and volunteers involved with delivery and development of services, understanding of service-user needs, as well as network building and collaborative activities.
- Frameworks promoting the Charity Governance Code<sup>1</sup> have the potential of encouraging a culture of continuous improvement and offer a greater engagement with a wider variety of stakeholders.
- Adopting these practices can convey a professionalism that can lead to donor confidence in an increasingly competitive environment. Having a standardised process to encompass discussion and decision-making in these areas can be particularly important to small charities where there are fewer numbers of professional managers to oversee governance and regulatory practices.

Based on an overview of what is currently available to SMCs, it is suggested that in order to offer a balanced view of activities, and to make the best use of resources, a framework should reflect a number of themes and categories to ensure a range of organisational processes are reviewed and developed. In reviewing the relevant literature, we identified that the following themes are recommended for inclusion in developing a quality framework:

- Board level responsibilities;
- Operational considerations;
- Service provision;
- Continuous improvement of organisational processes;
- Communication;
- Connectivity

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<sup>1</sup> <https://www.charitygovernancecode.org/en>

The IQ standard covers all 6 above mentioned themes. Some of the themes are covered by a significant number of the IQ requirement, while other are given a lesser emphasis. Overall we observed that:

- The IQ standard’s requirements provide significant coverage of **board level responsibilities**
- Coverage of **service provision** and **continuous improvement** is also spread broadly across the IQ standard’s requirements
- The areas addressed by sector wide standards that are covered by fewest aspects and requirements of the IQ standard are:
  - **Connectivity** – effective engagement practices in support of sustainability
  - **Communication** – in particular concerning the role of charities in influencing local and central government policy
  - **Operational considerations** – effectiveness of routine operations and processes

The increasing demand for not-for-profit organisations to take part in the provision of public services, suggests that it is unlikely that the demand for professional and transparent reporting processes will diminish. It is believed that there are many benefits of quality control and reporting in SMC: increased legitimacy, transparency, accountability, and trust. This can offer interested stakeholders a level of confidence that may increase support to the SMC in relation to donations or volunteering to sustain the social purpose. However, it is vital that the reporting processes do not increase administrative burden, in order not to detract from the social purpose. It is therefore important for the communication regarding the availability and overall purpose of frameworks to recognise that there can be resistance to the sense of being controlled by external stakeholders, but also to the additional responsibilities that assessment can bring.

## Section 2 – Findings and Analysis

### Survey Findings

The survey was distributed to all participants in the IQ standard pilot. After following up with two reminders, the questionnaire was also sent to organisations in Ireland. 22 SMCs of diverse origins and size responded to the survey.

The majority (15) of the respondents were from charitable companies (limited by guarantee), and 11 of the respondents had a turnover of over £100K per annum.

The participants were asked to rate each statement relating to the IQ standard from 1 to 6, with 1 being irrelevant and 6 being highly relevant.

When asked about the importance of various aspects of the IQ framework (table 1) the responses indicate that all aspects of the framework are of high relevance to the respondents.

	Mean	Ranking
Accountability of board	5.3	7
Accountability of organisation	5.4	5
Welcoming staff and volunteers	5.3	7
Welcoming service Users	5.4	5
Welcoming work with Others	5.1	8
Effective planning and needs	5.5	3
Effective monitoring and evaluation	5.6	1
Sustainability of money and resources	5.6	1
Sustainability in risk management	5.5	3

Table 1: Relevance of IQ standard framework of certain areas, in helping to achieve organisational goals

All areas of the IQ standard appear to be relevant to helping achieving the organisational goals, and the difference between the most relevant and the least relevant is of low statistical importance. Yet, the respondents have ranked effectiveness of monitoring and evaluation along with the sustainability of money and resources as the most important ones ( $\mu=5.6$ ). Effective planning and risk management are also significant areas ( $\mu=5.5$ ), while the least relevant among the eight areas was the ‘welcoming work with others’ area ( $\mu=5.1$ ).

The survey attempted to capture the importance of various factors in achieving organisational objectives. The questions related to the organisational factors were ranked from 1 to 5 with 1 being irrelevant and 5 being most relevant. Table 2 summarises the answers to this question.

	Mean	Ranking
Board level responsibilities	4.4	4
Operational considerations	4.5	2
Service provision	4.8	1
Continuous improvement of organisational processes	4.5	2
Communication of processes (to improve accountability, trustworthiness and lobbying)	4.1	6
Connectivity (collaboration and engagement with other stakeholders)	4.3	5

Table 2: Important factors to the organisation in achieving its objectives

Reviewing the responses, we can see that the difference between the most important and the least important factor is not significant. The most important factor for the respondents was the provision of service ( $\mu=4.8$ ), although other factors were also considered, such as the operational considerations and the constant need for improvement of processes were also considered important ( $\mu=4.5$ ). While still high, the least important for the respondents was how the processes are being communicated in terms of improving accountability, trustworthiness and lobbying ( $\mu=4.1$ ).

Table 3 presents the level of engagement with the process of evaluation by various stakeholders. As expected, it was found that the CEO with other senior management are mainly engaged with the standard ( $\mu=5.1$ ). At the same time other members of the organisation including employees ( $\mu=4.8$ ) and middle/lower management ( $\mu=4.4$ ) being relatively highly engaged. It is noteworthy that the board scored the next to the lowest ( $\mu=4.0$ ), with minimum engagement by external consultants.

	Mean	Ranking
The Board	4.0	4
CEO/Senior Manager	5.1	1
Middle/lower management	4.4	3
Employees/volunteers	4.8	2

External consultants	2.4	5
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Table 3: Level of engagement with the IQ standard framework

Overall, the findings from 22 organisations showed that the organisational profile characteristics did not make any significant difference in the results of the examined questions related to the standard.

Another interesting finding was that majority of the respondents believe that the IQ standard framework adds value to their organisations ( $\mu=4.6$ ). With the view to the future, all organisations showed neutral to strong positive intentions in adopting the framework ( $\mu=4.6$ ). Despite statistics showing that board engagement wasn't that strong, it is worth noting that there was found a correlation between the greater board engagement and the likelihood for future adoption.

## Case study – Rotherham Federation of Communities

Rotherham Federation (RotherFed) was formed in 2006 and was registered as a charity in 2014. The organisation supports communities in Rotherham Borough, working with and through grass root community groups that are committed to bringing communities together, giving all communities a voice and creating local solutions to local issues. The main aim of Rotherham Federation is strengthening communities, helping them develop and grow.

The Board realised that an externally accredited quality mark was important in achieving organisational strategic goals of effective delivery of its services. *“The funders that we draw money from to deliver the services we are accountable to them [to ensure that] the services we deliver [are] what they want, value for money, delivering what we said we would”* (P0016). A quality mark assisted RotherFed in achieving transparency and accountability to their stakeholders *“each of the funders we receive money from require some kind of reporting and monitoring, and it’s OK”* (P0016).

In 2016 RotherFed acquired PQASSO quality mark. In 2018, towards its expiration, the Board of Trustees reviewed various options for quality accreditation and chose to participate in the IQ pilot. There were several motivations for choosing IQ. Firstly, IQ’s accessibility and simplicity, evidence collection was not onerous *“I’d say about a week’s worth”* (P0018). Unlike other tools, that required *“a lot of hoop-jumping but less of information, qualitative information that...we needed to help us to move forward, **which IQ got**”* (P0016).

Additionally, the Board was excited about the emphasis on self-assessment, which requires the organisation to reflect on its working with others. Members of the board felt that *“IQ seemed much more relevant to us and the organisations that are members of RotherFed”* (P0017) due to lesser emphasis on policies and procedures. Rather, *“it was more about the sort of work that you’re doing in the communities and the sort of work that community groups that you’re working with are doing”* (P0017).

Stakeholders agreed that IQ standard adds value to the organisation. The IQ standard encouraged RotherFed to use it as a development, a community engagement, not just an assessment, tool. It was useful in helping members of the community to understand that *“the member of staff they are working with is appropriate and working to a certain standard”* (P0017). One of the biggest funders stated *“it shows they’ve been accredited, it shows they’ve been inspected”* (P0021). He added that the diversity of organisation that collaborated in developing IQ lead to a *“very good standard”* and *“some very, very impactful work, achieving the standard...I could see it was adding value”* (P0021).

Managers, Trustees, employees and volunteers saw many benefits as a result of their engagement with IQ. It allowed the organisation to enable effective delivery of services, *“rather than get us stuck down in the reporting tool”* (P0016). The assessor took a conversational approach, *“rather than somebody ticking a box”* (P0018). The ease and the supportive nature of the assessment process was helpful, and *“especially the section at the end about areas for possible improvement which were...really useful to us”* (P0016). Following the assessor’s comments, the managers intend to embed the recommendations *“through and with the team”* (P0016). The IQ tool provided themes *“that we needed to look at”* (P0017). Another member of staff added *“It gives you a clear, concise things for either Board or anybody that comes into your organisation, they say there is clear guidelines for this organisation”* (P0018).

Rotherham Federation achieved a Foundational Level in 2018 and are now working towards a Progression Level.

## Themes on the adoption of the IQ Standard

The interviews were conducted face-to-face with the majority of participants, and over the phone with those who were unavailable for a face-to-face meeting. All interviews were recorded and professionally transcribed. All transcripts were analysed in order to identify the recurring themes. The transcript were reviewed again with the purpose of broadening the initial understanding in support of key themes. Key themes that underpin the purpose and process of adoption of the IQ standard are summarised below. Quotes provided are illustrative, not exhaustive, and serve to guide the reader to key conclusions reached by the research team.

### Self-development

The most prevalent motivation referred to by the participants for the adoption of, and engagement with, the IQ standard was Organisational Development. Participants highlighted the need and will to review and improve operations, partnership, governance and strategy. The narratives provided ample examples of a desire to adopt a culture of Continuous Improvement. Managers in organisations in the Third Sector also alluded to a limited range of opportunities for input into quality management from both internal and external stakeholder. The IQ standard is viewed as an external benchmark and resource that participants could use to complement existing expertise.

*“(I thought) it'd be good to test to see how good we've got ourselves set up as a partnership and project in terms of Quality Assurance, because our project's based a lot on self-learning, so it's a tool to use to learn and develop so if we did find that we weren't doing it, then we can learn from that and say, well actually we need to do something better...you still need your service user involvement; you still need to have policies and procedures; you still need to have financial regulations of sorts; you still need partnership, you know, so all the things were there that were equally as important to running an organisation, so it was just like checks and balances to see where we were going” (P0015)*

*“it does feel like an enormous burden being the Manager where the buck stops here...there's nobody above me other than the Board...so I need a structure to work in that gives me guidelines. So it feels like I'm being checked, even though it's not a person, it's a thing, it's a process and a system, so that is a relief to me that it goes through everything in a fine toothcomb and there were loads of things I found that was like, oh my God, I don't do that; I*

*can't believe I don't do that...So it was lovely and horrific to find things that I wasn't actually doing and it made me put in place things in. Things like, as an example, I think it asks you about having staff meetings and I thought, we don't have...do we have staff meetings?" (P0022)*

*"I think, well personally, I think it's nice to be able to say look, we've got this standard; this means that we are working how we should be working, you know; you know things are in place...that should be in place." (P0019)*

Emphasis in the narratives is placed on the *process of* engagement with the standard as a development tool, rather than a static assessment. Participants emphasised the standard as being a useful tool to stimulate thinking around a range of organisational issues. To this extent, the IQ standard is seen as a method for active enquiry.

In conjunction with the qualitative data analysis, which identified organizational development as one of the most important factors for achieving organisational goals, it is evident that the IQ standard provides an important contribution to organizational development.

### External Validation

Some participants highlighted the importance of the IQ Standard as a legitimising tool for evidencing organisational soundness to external stakeholders, particularly funding bodies. Standardisation and benchmarking of quality, in the form of accreditation, is seen as a useful way of instilling confidence in prospective funders. None of the participants who referenced this theme offered it as their primary motivator. Organisational development preceded external validation in all of the narratives reviewed. In this respect, external validity may be an added value, not a primary motivator, for adoption specifically of the IQ standard.

*"Obviously they want to satisfy the funders, ensure that they've got the ability to meet those standards and that they're ensuring the high standard for the people that they work with... It shows that they've been accredited, it shows they've been inspected." (P0021)*

*"what you want to do is be able to add it to an application for a funding bid and the funder believe and accept, well, they've got a core process of operating in place."(P0023)*

Amongst those that referenced the role of the accreditation to support funding, the precise standard used for this purpose was not a determining factor in selection.

This echoes the findings in literature review that identified adoption of a quality standard as signaling for professionalism that can lead to an increased confidence of donors and other stakeholders.

## Codification

Participants highlighted the value of the IQ standard as a tool for transferring tacit knowledge to explicitly articulated documents, thereby supporting continuity and contingency planning. These were seen as critical to organisational sustainability, by removing over-reliance on key individuals often involved in driving organisations and key activities, which is particularly prevalent in the Third Sector.

*“The person I took over from, there was no hand-over, there was a gap of three months and there was no manager here and there was nobody to speak to; I didn't even know where to go to bank money; I didn't know which bank they used or anything so I didn't know how to pay the staff wages; I didn't know where they got their money from and there was nobody to tell me because at the time, the Trustees had just done the rubber-stamping thing because that was what the culture was, so knowing what was inside the previous manager's head was anybody's business; nobody would have known anything and that can't ever happen again; that makes everything so massively vulnerable, so it's really important that things, I guess are written down and that there's a process to things and all that sort of thing and there's an expectation and a line of judgement for everything and stuff like that; that's...that feels then safe...safer really.” (P0022)*

*“Is this the right way of doing this? And is this something that can be measured? And are there kind of outcomes that are happening, that you know, we would normally even consider but we should be documenting them, we should be measuring and that's one of the lovely things about the Improved Quality that it does measure those, gives you opportunities to measure those subtle outcomes that you haven't necessarily anticipated or planned for.” (P0021)*

Codification prompted by the IQ Standard can also be seen in the narratives as related to improving the formalisation and professionalisation of key organizational activities, which also echoes a need identified in the literature review. By encouraging the documentation and appraisal of both planned and unplanned activities and outcomes, future decision making could be improved through more purposeful and evidence-based deliberation.

### Competitor Comparisons

PQASSO was referenced widely in the narratives as the alternative standard. Many of the participants involved had either used PQASSO, served as PQASSO assessors or their organisations were still actively engaged with PQASSO. In summarising key comparisons made by the participants, it was noted that PQASSO was suited to larger organisations because of its pricing model, complexity, its focus on the Quality Mark over organisational development and, as a result, its limited capacity as a tool for developing organisational insights.

*“I had something to prove because I was an assessor for PQASSO, I was a mentor for PQASSO and I was fed up with everybody going, Quality Assurance is for big organisations only.” (P0023)*

*“Some of the reasons for giving up on it were that there was a lot of hoop-jumping but less of the information, qualitative information, that I needed, and we needed, to help us move forward, which I think Improving Quality's got. I think it was very much the move from self-assessment, it was a big move from self-assessment; there wasn't really any self-assessment and it was all about credibility. It didn't seem to have any real recognition or status with our external partners at all, so some of its useful life had come to an end...I'm clear that we needed it and it was useful because there were some useful things to it, some sort of process where we can actually review what we do and evaluate and actually help us guide what we do and at that time” (P0016)*

Participants referenced the ability to access the IQ materials at little or no immediate cost as a significant incentive for adoption. Open availability of the IQ standard was referenced as a catalyst for gaining further approval and buy in.

*“So the Board of Directors is ultimately responsible for ensuring that the CEO is making operational decisions; but they make the strategic decisions. So the Board decides that actually we're going with Picasso and then the CEO makes sure that we had assistance in place... in relation to making a decision on the IQ we just decided to do the self-assessment process, and then we presented that to the Senior Management Team who presented it to the Board as an option for the future.” (P0014)*

## Collaborative Governance

Participants consistently mentioned the importance of stakeholder relations and partnership, ranging from service user engagement to networks of organisations supporting service provision. The effective management of partnerships and stakeholders was repeatedly represented as critical to organizational objectives. The IQ Standard is noted for an increased flexibility and for its unique focus on potentially diverse collaborative relationships. Extending the analysis of competitor offers, participants noted this as Unique Selling Point, and particularly pertinent within the sector (particularly at the community scale of the organisations participants represented). Emphasis is placed on the IQ Standard's capacity to support development of local impact and community leadership.

*“I think it was a very good standard because (we) had a diverse range of organisations who were doing some very, very impactful work... But the good thing is with the standard they've got is it doesn't matter where they work in \*\*\*\*\*; as long as they've got that standard it's flexible.” (P0021)*

*“The IQ seemed much more relevant to us and the organisations that are members... PQASSO, I felt, is much more internal if you like; it's about policies, procedures, all that sort of thing that you've got in place and the IQ is more about looking at the sort of work that you're doing in the communities and the sort of work that community groups that you're working with are doing.” (P0017)*

## Accessibility

The user-friendliness of the IQ Standard was also presented as a Unique Selling Point. Whilst covering broadly the same areas of activity as other competitive standards, participants referenced the structure of the standard, and its relevance to their own organisational experiences, as key to making it feel accessible.

*“Well, we did PQASSO and that was rather complicated. So, we looked into this one; you still had to, how can I put it, jump through the same sort of hoops, shall I say? It didn't miss out on anything that, you know, all the things that PQASSO had in place; I don't think we missed out on anything, it still had all the same targets to hit, but wasn't quite as complicated” (P0019)*

*“The structure of this is a lot easier to understand, a lot more...a lot easier to follow and maybe brief and get others involved with whereas the one I've just used as an example, you know, it was quite onerous and quite difficult to understand and it took me a few days to kind of get my head round it and you sort of think, well I've got to try and, you know, communicate this to the team and how's that going to look” (P0016)*

*“it was very similar to PQASSO but it was an awful lot more easier to understand...when we went to our initial PQASSO Peer Review in December of last year, we hadn't fully met with all of the indicators, and I think it was three indicators that we worked with, and of those three indicators if we had read them in the IQ Standards, there is no way we wouldn't have fully met them because it was more clear in the IQ self-assessment, what they actually meant in our context.” (P0005)*

The IQ terminology was found to be strongly aligned to the structures and responsibilities within participants' organisations. This was explained in terms of the relative ease of the initial assessment and the relative ease of communicating and delegating aspects of the standard to other volunteers, staff, committees, groups or boards. The IQ standard has a high degree of relatability to the SMCs represented by participants.

## Adoption Leaders

In the organisations the research team were able to engage, we found that adoption of the IQ standard was linked to the initial efforts and interests of key individuals. In some cases, these individuals spoke of the existing personal and professional relationships held with individuals associated with the IQ brand.

*“I know one of the originators very well, one of the developers of the IQ and they wanted somebody to test it on. And I said, why not? ... I took the organisation through PQASSO, and before that I was at another organisation and I took them through IiP, so I'm quite knowledgeable around supporting and policies, procedures and having the fundamentals in place to make things work.” (P0015)*

*“It was my idea...I had a conversation with \*\*\*\*\* at Watford and \*\*\*\*\* in Bedford around that” (P0023)*

Adoption was also evident in participant accounts resulting from access to professional networks and events.

*“I became aware of it through a presentation from IQ at a symposium in December of last year...”(P0013)*

Participant accounts reflect the roles of key individuals both as an initial point of contact and also as champions of the initiative within their respective organisations. This resonates with the survey findings indicating that the key individuals in organisation were also the key adopters of the IQ standard.

## Capacity to Integrate

Participants also reported on the factors that inhibited effective implementation of quality standards. It should be noted that many of the comments were not specific to the IQ standard, but rather to engaging in quality assurance activities in general. The most critical factor referenced was the time involved. The mitigation of time constraints was achieved in different ways. Some organisations that had already engaged with other quality standards mentioned the time savings of transferring analyses already undertaken into the IQ standard. In other organisations, participants reported reliance on investing their own time into laying the groundwork required.

*“Well, it's time-consuming. It was at a time when I was arguing with commissioners about funding, it was at a time when the Manager had just left and she hadn't really left things in a great state so there were some pieces to pick up after that. I don't think at the time the culture wasn't particularly good either, there wasn't a cohesive team like culture in the office; people were only sharing information if it was absolutely necessary... So there was quite a lot of that going on and you found things out accidentally, so it felt that the culture wasn't great, it felt that there was a lot of work to do; it felt that there were some changes that were going to take a lot of wrestling with and then when I said, oh and I want to do this IQ thing as well and they were going, well, how long's that going to take and how many hours, and how are you going to fit that into a week?” (P0022)*

*“In terms of staff time, it got stolen from other things.... we stole some of the time...there were no extra hours put in for it. Because we'd already done PQASSO we had a good start-point, so we weren't having to start from scratch, because we had quite a lot of stuff was there. It had to be reviewed, had to go through, so for us it was a much faster process and I probably put in some unpaid time, as is the usual!” (P0023)*

*“I think the challenge for us then would be ensuring that not only do we have it in place but it's lived, it's operated with the staff know and feel comfortable with what their role is in it as well as what the kind of back-office and the management is, so I think it's like perhaps the next step would be to bring it alive through the team and let them feel that they're responsible. Not just us monitoring if they do or don't do it, but as part of their role, ensuring quality of service delivery is what they should be about as well as the managers trying to, you know, go through a process, so I think that'll be the next step. Not just the staff; the Board as well maybe. Perhaps bring it to life more.” (P0016)*

## Distributed Leadership

Effective integration into the organisations' structures, processes and workforce was critical to feasibility of adoption of the IQ standard across the reviewed transcripts. Effectively embedding the language, structures and evaluations of the IQ Standard was seen as critical to reducing the resource burden. As the standard becomes recognised, its implementation becomes self-perpetuating, and distributed leadership enables momentum to be maintained. Effective distribution requires 'buy in' across levels of governance, which in turn requires distribution of authority, responsibility and accountability for the activities necessitated by the standard.

*"Well, we have...we have a sub-group of the Partnership called the Operational Sub-Group, so when operational things need to be discussed, tweaked; processes, policies, procedures, we would have those conversations in that sub-group. And they have been given the responsibility, so it's not the whole partnership" (P0015)*

*"we'd already done something, we'd already sold the whole idea that it should be a continuous journey, you know, you do something, you have to go back, you do it again, you refresh it: no, everybody was actually on board." (P0023)*

## Section 3 - Conclusions and Recommendations

The following conclusions and recommendations draw on two key factors that impact on adoption of the IQ Standard. The first concerns with the Unique Selling Points that affect adopter choice, including the perceived attractiveness, relevance and impact of the IQ standard. The second concerns with the factors that impact upon the potential to engage and embed the standard within an organisation.

Drawing from across the themes, participants emphasise the utility of the IQ standard as a practitioner tool. The focus on its use as a tool for continuous improvement is highlighted as a differentiation from those standards (principally PQASSO) that are perceived primarily as tools for quality audit. This distinction may be understood in terms of the respective emphases of the standards on quality *as a process* versus quality *as an outcome*.

*Recommendation 1 – Differentiation, and the development of a defensible market position, may be supported by emphasis on the IQ Standard as a tool for Organisational Development and Continuous Improvement. Emphasis on continuous improvement could support the development of a differentiated business model, focusing on customer relationship and loyalty and a ‘quality community’, in contrast to a primary focus on kitemarking.*

As a tool for continuous improvement, participants identified its complementarity to their existing knowledge and expertise in the Third Sector management. The IQ standard was used by participants to systematise reflection on, and self-evaluation of, the practices of the organisation. Participants were all drawn from small and medium sized organisations. In these cases, characterised by relatively small staffing numbers and high levels of volunteer and unpaid activity, the narratives capture the critical role that any permanent managers have in adoption and implementation processes. A Unique Selling Point of the IQ Standard is discerned from participants perception of the tool as enhancing activities related to, and ways of thinking about, their own management practice. Participants also reported on the relatively high degree of self-reliance in relation to quality management.

*Recommendation 2 – The IQ Standard would be well positioned to differentiate itself as a tool for management and leadership development, as well as organizational development; with possibilities for product development stemming from this value proposition*

The IQ standard is described by participants as being accessible. Accessibility was repeatedly discussed in terms of the relative simplicity of the self-evaluation process (compared to PQASSO, for example). In addition, the structure and assessment criteria were found to be more ‘relatable’ to the ways of working found within the SMCs under consideration. Participants also reflected on the value of the IQ standard in guiding further action and analysis. To this extent, the IQ Standard is recognised as practical and instructive, whilst lending itself to iterative engagement. Across the participants, the narratives reflected on a range of both similar and differing strategic and operational challenges. Emphasis was placed on the ability to draw on those aspects of the standard that participants felt had been ‘missed’ in their organisations to date, that could be enhanced or developed or which reflected the particular nature or character of their organisation. Resource constraints, including time and capacity, meant that participants also characterized sometimes significant differences in the extent and nature of their engagement with the standard.

*Recommendation 3 – Emphasizing simplicity in the IQ Standards’ guiding structures and principles may maximize its potential relevance to a diverse range of organisations. In developing this as a Unique Selling Point, consideration may be given to the development of the flexible adoption of the standard to meet a diverse audience of SMCs. Flexibility might be reflected in guidance or structures within the standard to facilitate adopters in making purposeful choices about engagement. This may be reflected in differentiated levels of (resource) commitment, depth of engagement or ranking of priorities in each area of the standard. Guidance could be provided to support organisations wishing to focus on different organisational quality issues or areas of the standard according to strategic priorities and capacity.*

In extending the analysis in this area, it was found that adoption was not only influenced by the market differentiation of the IQ Standard itself, but the capacity of potential adopters to promote the standard within the organisation, to garner support from other key decision makers, and to embed the standard within existing work groups, committees and job roles through distributed leadership. Those who had initially engaged with the standard through ‘open access’ (free initial adoption) highlighted this as a relevant factor in their choosing to engage and in garnering initial support from others within their organisation. In nearly all of the organisations covered by the research, key individuals played a critical role in identifying need or motivation to engage with a standard. In the case of adoption of the IQ Standard, an initial audit was often undertaken by a key individual (most often the individual who identified the standard) against the standard. Collaboration with key teams and leads extended the review and action planning, and reporting of key actions and early outcomes to the board and key stakeholders aided in developing further support for adoption. Embedding of the standard was facilitated by moving key components into regular meetings and operations. Where this was achieved, participant narratives reflected the potential sustainability of the IQ Standard in terms of its integration in organisational culture and daily practice.

***Recommendation 4** – Maintaining a business model based on open access to the standard, and offering a value added proposition (e.g. kitemarking, community access, supplementary support and resources) through paid membership, may be an effective tool to achieve further market development and differentiate against larger competitor organisations. Successful and enduring adoption of the IQ Standard may in turn be enhanced through the development of an ‘implementation plan’ for organisations. Adopters could be provided support towards ‘building a business case’ for investment in membership, techniques for integrating the standard into organizational culture and for mapping the standard to existing organizational and governance structures.*

Another key USP identified in participant narratives was the emphasis in the IQ Standard on community and partner groups. Self-evaluation of relationship management, stakeholder engagement and community was repeatedly highlighted as being of critical strategic importance, and a strength of the standard. This may be of particular significance in smaller and medium sized charitable organisations. Regional/geographic networks, service provider networks and community reputation and engagement may be more critical than in larger charities with more significant or dispersed resource bases.

***Recommendation 5** – Consideration may be given to how the IQ Standard’s market position as a ‘collaborative standard’ can be emphasized to prospective adopters. This offers a key differentiation for community and partner based organisations. As well as emphasizing this differentiation through marketing efforts, diffusion of the standard may be achieved through the promotion of the standard through collaborative networks, where benefits and rewards may be offered for peer-to-peer promotion. IQ standard ambassadors could support peer-to-peer promotion through events, partnerships, and collaborative activities, limiting the need to extend the IQ Standard team’s in-house marketing capacity. Targeting growth through regional diffusion may support sustainable organic growth and reputation building, consistent with the geographic dispersion of the IQ Standard achieved to date.*

A secondary driver for engagement with the IQ Standard relates to the need for organisations to demonstrate their quality management to prospective partners and funding providers. A quality standard provides a source of external legitimacy.

*Recommendation 6 – For the IQ Standard to achieve competitive parity with other standards, options may be considered to support brand penetration amongst key funding bodies and agencies. Increasing the external recognition of the brand may support adoption amongst organisations partially driven by this purpose for engaging with a quality standard.*

## Appendix A

### *Comparative Analysis of the IQ Standard against Sector-Relevant Domains and Descriptors*

#### Introduction

The purpose of the following report is to provide the Client - a voluntary consortium comprising of W3RT; Community Matters Yorkshire; CVS Bedfordshire and Graham Baker (Qualitygb Ltd) - with an overview of the IQ standard within the context of wider charitable sector standards. At this stage in the project, the report makes no direct recommendations. Rather, the report provides a critical evaluative tool to support the Client's own assessments of the IQ Standard regarding its achieved and intended priorities, foci and organising principles.

An analysis of academic and professional sources on the nature, scope and impact of quality standards in the Charitable sector was undertaken. A comparative analysis was then conducted between the findings of this analysis and the domains and descriptors of the IQ standard framework. The purposes of this analysis were:

- to consider the scope of the IQ standard against themes emerging in the wider sector deemed to be of relevance to the quality and nature of governance, strategy and operations
- to assess the relative weighting of different sector wide domains as reflected within the IQ Standard
- to reflect on the organising principles underpinning standards frameworks in the sector in relation to the IQ Standard

The below provides summary points from this analysis.

#### Coverage

Overall the analysis reveals broad coverage of the strategic, operational and governance descriptors found within the wider literature and existing frameworks. In generating a comparison of the IQ standard against other sources, the following observations were made:

- The IQ standard's requirements provide significant coverage of **board level responsibilities**
- Coverage of **service provision** and **continuous improvement** is also spread broadly across the IQ standard's requirements
- The areas addressed by sector wide standards that are covered by fewest aspects and requirements of the IQ standard are:
  - **Connectivity** – effective engagement practices in support of sustainability
  - **Communication** – in particular concerning the role of charities in influencing local and central government policy
  - **Operational considerations** – effectiveness of routine operations and processes

Table 1 – Coverage of Sector Standard Descriptors by the IQ Standard

**Column 1** – domains identified in the review of sector wide standards and relevant literatures (see appendices)

**Column 2** – descriptors identified in the review as characterising the domains in column 1

**Column 3** – analysis of the areas of the IQ standard that align with the descriptors and domains from the academic review

**Column 4** – a basic count of the number of areas of the IQ standard that cover each descriptor from the academic review

Sector Standard Domains	Sector Standard Descriptors	Coverage by IQ Standard Domains/Descriptors	Coverage
<b>Board level responsibilities</b>	Director and trustee responsibilities	<b>Accountable</b> – the board, the organisation <b>Sustainable</b> – managing risk	3
	Governance and related legal and regulatory requirements	<b>Accountable</b> – the board, the organisation <b>Welcoming</b> – staff and volunteers; service users <b>Sustainable</b> – managing money and resources; managing risk	6
	Identification and demonstration of outcomes and social purpose that can be used to build trust and confidence for external stakeholders	<b>Accountable</b> – the board; the organisation <b>Welcoming</b> – working with others <b>Effective</b> – planning and needs; monitoring and evaluation	5
<b>Operational considerations</b>	Management of services, staff and volunteers	<b>Welcoming</b> – staff and volunteers <b>Sustainable</b> – managing money and resources	2
	Offering that helps management to run an organisation effectively and efficiently.	<b>Sustainable</b> – managing money and resources	1
<b>Service provision</b>	Identification of service users	<b>Welcoming</b> – service users <b>Effective</b> – planning and needs	2
	On-going development of services	<b>Welcoming</b> – service users; working with others <b>Effective</b> – planning and needs	3
	Mitigation of the risk of mission drift	<b>Effective</b> – planning and needs, monitoring and evaluation	2
<b>Continuous improvement of organisational processes</b>	Formal monitoring and evaluation processes	<b>Effective</b> – monitoring and evaluation <b>Sustainable</b> – managing money and resources	2
	Sustained quality and an evidence base for future action	<b>Accountable</b> – the board, the organisation <b>Effective</b> – planning and needs, monitoring and evaluation	3
<b>Communication</b>	Reporting processes on financial management and performance	<b>Effective</b> – monitoring and evaluation <b>Sustainable</b> – managing money and resources	2
	Reporting processes on social impact, including accountability and trustworthiness.	<b>Accountable</b> – the organisation <b>Welcoming</b> – service users <b>Effective</b> – monitoring and evaluation	3
	Longer term lobbying and policy influencing activity		0
<b>Connectivity</b>	Collaborative working and resource sharing,	<b>Welcoming</b> – working with others	1
	Networking	<b>Welcoming</b> – working with others	1
	Working with other stakeholder groups including community	<b>Welcoming</b> – working with others	1

## Concentration

In addition to evaluating the coverage of sector wide descriptors, the comparative analysis also looked at the extent to which particular IQ Standard requirements cover multiple operational, strategic and governance descriptors found in the wider professional and academic literatures. Overall, it was determined that the IQ Standard descriptors are balanced in their coverage of a scope of sector wide descriptors. In particular it was concluded that:

- **Monitoring and evaluation** provides coverage of the broadest range of sector wide descriptors
- In addition, **the organisation, working with others, planning and needs and managing money and resources** also cover a breadth of sector wide descriptors
- **The board** and **service users** provide moderate coverage
- The themes with the greatest concentration are **staff and volunteers** and **managing risk**

Table 2 – Concentration of IQ Standard Descriptors within Sector Wide Themes

**Column 1** – domains from the IQ standard

**Column 2** – IQ standard descriptors aligned to their parent domain

**Column 3** – a count of the number of areas across the descriptors identified in the academic review that each IQ standard descriptor covers

IQ Standard Domains	IQ Standard Descriptors	Scope over Sector Standards
Accountable	The board	4
	The organisation	5
	<i>Total 9</i>	
Welcoming	Staff and volunteers	2
	Service users	4
	Working with others	5
<i>Total 11</i>		
Effective	Planning and needs	5
	Monitoring and evaluation	6
<i>Total 11</i>		
Sustainable	Managing money and resources	5
	Managing risk	2
<i>Total 7</i>		

## Organisation

In analysing the IQ Standard framework documentation provided, additional themes were identified concerning the organising principles of the standard

- During analysis of the IQ Standard documentation it was noted that the requirement headings under the four main elements do not map precisely against the headings found under the guidance section. It was also noted that between documents the element sub-headings differ.
- In considering the principles guiding the sections of the document several thematic approaches to organisation are evident:
  - *Organisation around actors* – responsibilities, priorities and actions organised according to either a) those tasked with delivering on the components of the IQ Standard and/or b) other stakeholders who affect or are affected by actions arising from the IQ Standard
  - *Organisation around activities* – actions or responsibilities that impact on the aspects of strategy, operations and governance addressed by the IQ standards framework
- In conducting the broad review of the professional and academic literature, six main domains were identified through thematic analysis. As addressed above, the IQ Standard covers these within four main elements. In considering the influences on these organising principles the following factors were identified:
  - Accessibility – are headings and structures easily understood by their target audience(s), and do they provide a practicable framework through which to address charity development
  - Subject – do headings and structures effectively communicate the main purposes of the requirements that are subsumed under them
  - Distinctiveness – do headings and structures identify clearly distinct areas of priority and concern
  - Cover – do headings and structures provide cover of all the desirable areas of strategic, operational and governance development (according to either authors or users)
  - Relevance – can a diverse range of charities relate to the headings and structures regardless of differences in strategy, operations and governance

## **The Impact of a quality standard on Small and Medium-sized Charities (SMC) in England**

### Introduction

There is an increasing demand for organisations in the ‘not-for-profit sector’ ([Hyndman and McKillop, 2018](#)) to make a greater contribution to providing services for public benefit, such as poverty relief, education, and health provision ([Hyndman, 2017](#)). Recognising problems inherent in this sector has led to a corresponding need for the public to trust and have confidence in services and the effective use of funds. Wilson ([2018](#)) highlights the risk for those working in smaller charities of being unfairly tarnished by association from the public revelations often related to much larger charities. The recent exposure in the media of unethical fundraising practices ([Hind, 2017](#)) and sex scandals ([Hurst, 2018](#)) are examples that have increased scrutiny of management practices that have led to the possibility of these situations arising. This has been seen as a failure of leadership not just for those working in these organisations but for those working in the bodies that oversee and regulate charities. [Singh \(2018\)](#) for example points to anger directed at organisations such as the Charity Commission for a lack of action even when evidence of misdoing was reported. [Atkinson \(2017\)](#) has written about the importance of charities having a good grasp of governance, suggesting that ‘following good governance practices, not just paying lip service but really understanding and applying them, could have averted many of the bad headlines of the last two years’. This highlights awareness of the need for transparency and accountability that goes beyond legislative and regulatory requirements.

One of the challenges identified are tensions between larger charities that are seen to be more ‘professionalised’ and smaller, less formal organisations ([Taylor, 2018](#)). Larger charities are more likely to have larger boards, increasing resources for strategic management, and offer increased access to training and other support ([Cornforth and Simpson, 2002](#)). There is no one definition regarding categorisation of organisations in the not-for-profit sector however there are substantially more small and medium-sized charities (SMCs) than large charities. Appendix A has a diagrammatic view of an overview of the sector and the distribution of charitable organisations by turnover. According to [Crees et al. \(2016\)](#) almost half of all registered charities have an income below £10,000 and over 99% meet the EU definition of an SME with turnover

of less than €50m and fewer than 250 employees. Other distinction have been made with [Hunter and Cox \(2016\)](#) defining small and medium-sized charities (SMCs) as voluntary sector organisations with annual incomes of between £25,000 and £1 million, with micro organisations those with an annual income below £25,000. Small and medium-sized charities are a vital part of civil society in Britain today ([Hunter and Cox, 2016](#)) however, [Cornforth and Simpson \(2002\)](#) go on to suggest that it can be easier to find board members and trustees for large charities than for those that are smaller. The relatively small size of these organisations and the resources required to provide the services and support for beneficiaries and service users, can mean that additional resource for management is in scarce supply. This suggests that size does have an impact on how charities are managed.

One way of responding to the challenge of increased accountability is for smaller organisations to draw on governance codes and quality frameworks. The aim is that these potentially offer more effective and efficient organisational systems and procedures to provide high quality services for users but this is not without challenges. This review will question the overall purpose and rationale for small and medium charities (SMCs) taking up one of the various frameworks currently on offer. In addressing this, what follows explores this from a number of perspectives, beginning with an exploration of the rationale for quality frameworks, particularly in relation to the size of organisation. The take up of these processes in the day-to-day activities will be explored, particularly in relation to SMCs, rather than in larger charities. This will be further expanded to identify commonalities and differences in the content and focus of a range of currently available frameworks. This review concludes with how the perceived value and take up of these governance approaches reflects complex tensions of compliance and resistance, increasing understanding of the relationship between accountability and responsibility SMC sector.

### [Exploring the rationale for the implementation of quality frameworks in SMCs](#)

In using the term ‘SMC’, there is an awareness that this encompasses a range of structural forms that relate to not-for-profit organisations in general. It has been recognised that there is a ‘rich mosaic’ ([Alter, 2007: 1](#)) of organisations which offers an abundance of possibilities for organisations to provide products, services and support with a social purpose. The way that organisations are discussed here is not based on a particular business model, size, or what a SMC might offer. It is to recognise that the management practices and related reporting is increasingly important to communicate to a number of interested stakeholders outside the immediate

organisation. However, it has been recognised that the outcomes of reporting processes differs depending on the stakeholder group ([Molecke and Pinkse, 2017](#)), making the choice of what is monitored and reported on more complicated.

In the increased media attention related to the charity sector there has been a shift from a ‘fund it and forget it’ mentality to an increased need to see value for money ([Arvidson and Lyon, 2014](#)), leading to a growing interest on how to measure and communicate social impact. The rationale for the take up of quality frameworks is complex and decisions on the overall purpose of following standardised guidance are influenced by multiple perspectives. There is no simple way of choosing a framework that is deemed appropriate for a particular organisation, however these can be seen as a response to the need to be seen to be working toward ‘best practice’. This is just one aspect of an ongoing quest for sustainability, particularly in current times when support from government sources is declining and competition for available funds is increasing ([Alter, 2007](#)). This can lead to organisations in the not-for-profit sector facing a unique governance challenge: how to handle the trade-offs between their social and their commercial activities, so as to attract enough revenue but without losing sight of their social purpose ([Ebrahim et al., 2014](#)).

The issue of what gets communicated to a wider audience is not new, and finding ways to reflect transparency and accountability for not-for-profits has a number of challenges. Kearns (1994) talks of the inherent tensions of accountability, couching it as a three-fold challenge. This challenge has been related to operational accountability and the risk of focusing on legal and compliance issues at the expense of a broader range of issues. Additionally Kearns suggests that developing a conceptual definition of accountability (rather than an *accounting* focus), highlights the shifting and ambiguous standards of behaviour for the different individuals involved with not-for-profit organisations. Thirdly, he suggests that management and governance requires professional judgement that plays a part in responding to, and perhaps influencing, to society-wide standards of performance. These themes continue to arise in the literature when considering the purpose of management and accountability practices of SMCs.

In taking up the idea of governance, [Hyndman and McDonnell \(2009\)](#) state that this can be understood as a dichotomy between internal and external requirements. They identify that these areas are increasingly fluid and overlapping, and research in non-profit governance needs to be broadened to:

give greater attention to the links between organisational governance and the broader public; explore links between organisational governance, law, and public policy; incorporate a broader view of governance as a process engaging multiple actors and taking place at multiple levels; and examine relationships between governance and performance. ([Hyndman and McDonnell, 2009: 9](#))

What is evident from the view stated above is that the idea of stakeholders is not limited to those considered external to the SMC such as regulators, donors, and beneficiaries of the services provided. Others might have other interests in hearing about the social outcomes of the charities such as service users or clients, families, or communities that have an interest, and volunteers who may be encouraged to offer their services based on the information that is available in the public domain. The interconnectedness of many different perspectives when considering the overall purpose and management of not-for-profit organisations suggests an additional benefit of reporting processes, and of increasing awareness of the social mission and success of the services that are provided. However, it has been recognised that there can be severe challenges faced by those developing performance management systems (PMSs) in the not-for-profit arena ([Hyndman and McKillop, 2018](#)). [Hyndman and McKillop \(2018\)](#) go on to say that in over-relying on PMS this can lead to often unintended consequences related to a focus on particular elements of measurement over others that are less easy to measure and evaluate.

In identifying the increased expectations of measurement as funding for charities has shifted to social enterprise models there has been a corresponding shift toward professional management practices, and an increased focus on performance measurement through financial auditing and quantitative evaluation of social impact ([Ebrahim et al., 2014](#)). This form of compliance highlights the risk of focusing on reporting that is too narrow, often overlooking the value of practices that are seen to go beyond reporting requirements. The dominant theoretical model of agency theory used for measuring return on financial investment, has begun to influence expectations for reporting in the not-for-profit sector ([Hyndman and McDonnell, 2009](#)). This has led to governance responding to the need to account to donors and other funding bodies relating to how funds are being used in achieving the overall social purpose of the organisation. This increased pressure for reporting comes from a number of stakeholder groups and it is often the patrons or funding organisations that increase the reporting burdens on charities. This can mean that adherence to particular forms of reporting can be at the expense of other aspects such as the active participation in developing, framing or the challenging of the standards by which they will

be judged. The idea ‘coercive isomorphism’ ([Verbruggen et al., 2011: 8](#)) reflects pressures experienced by one organization from other organizations on which the former depends, suggesting an approach that is overly responsive to external requirements. Encouragement to take up these practices may be related to institutional norms crossing over from the ‘for-profit’ sector and an increased focus on promoting continuing growth in the charitable sector ([Hyndman and McDonnell, 2009](#)). There is a fear that these processes, with ensuing performance management, can have detrimental effects on organisational culture and staff morale ([Arvidson and Lyon, 2014](#)).

This increasingly competitive environment challenges the sustainability of charities in pursuing their social mission ([McDonald et al., 2015](#)). The stating of social purpose or mission of the organisation can guide the reporting processes in communicating the positive benefit for beneficiaries or society along with the evaluation of effectiveness of resources required to achieve the mission ([McConville, 2017](#)). There is an ongoing challenge of the ability to balance mission and money that leads to a focus on the relationship between trust and accountability in the charity sector. It has been recognised that performance measurement can be shaped by funder needs, and that this creates a susceptibility to mission drift ([Henderson and Lambert, 2017](#)). This idea of mission drift is one that has become increasingly prevalent ([Hyndman, 2017](#)) where there is a risk that those with greater power can have undue influence that can move the charity away from its core mission. The benefit of having strategic discussions at board level that become part of the stated aims and mission of the organisation is that these can then be part of the monitoring and evaluation processes. With the introduction of quality processes, which to some extent are standardised, the management of these can sustain conversation regarding the aims and social purposes of a particular organisation.

In a recent study [Hyndman and McConville \(2017\)](#) set out to explore the mechanisms that can help charity managers build trust with their stakeholders. Interviewees from charities were asked about the expectations that they experienced regarding accountability and reporting processes. The overall conclusion was that while there were often contractual obligations for reporting, there was also a strong moral motive for communicating in a responsible and transparent way. There was also a recognition that those stakeholders who were considered ‘large funders’ had the highest requirement for financial statements and for information of outcomes. For those stakeholders falling under headings such as individual donors and the general public the expectations were more strongly related to information of the services that were delivered. This

suggests the challenge for many organisations of providing the breadth of information required for different stakeholder groups in a form that is relevant and instils confidence and trust. However, the availability of information itself is not a guarantee that others will engage positively with it. Trust can be established (or undermined) by a range of factors, such as actions, ethical stance, openness (or lack of openness) and accountability processes ([Hyndman, 2017](#)). Other forms of interaction with stakeholders such as encouraging participation, observation and gaining feedback can offer something beyond ‘calculative trust’ ([Hyndman and McConville, 2017: 235](#)) relating to financial outcomes. In this way engaging with a wider range of stakeholders can mean that increased transparency and trust building activities can improve safeguarding of resources and potentially avoid scandals to arise.

### Identifying content and focus of frameworks

A general rationale for the take up of quality frameworks and codes of governance is that they offer guidance on good practice for management and service delivery, which can then be used to be assess current practice and identify process improvement. The introduction of the Charity Governance Code ([Atkinson, 2017](#)) for example is not a legal or regulatory requirement but encourages charities and boards of trustees to focus on a range of areas to demonstrate an active participation in good governance practice. The concept of governance in this context primarily relates to the method that charities and not-for-profit organisations of all sizes are directed or controlled. This requires governance to reflect the need to balance out the interests of different stakeholder groups, as well as those of maintaining a strategy that supports sustainability. As the code focuses on activity undertaken by the board rather than involvement in the day to day operational management of service delivery this could be seen just as a starting point for evaluation rather than encompassing a wider range of activity. This starting point suggests that defining organisational purpose, and social mission, should be at the heart of the board level activity. Additionally less tangible activities such as integrity, openness, and decision-making discussed in the Charity Governance Code take into account risk and control that are considered to be essential for board effectiveness. With the primary focus of decision-making at board level, this requires a commitment to both the overall well-being of the organisation and assurance that the board have the range of skills and experience required for this type of work ([Low, 2006](#)). However, the role of the board is not always clear, and concern has focused in particular on the boundary between the roles of the board and management. The tension relates to boards being seen to be either meddling in the affairs of management or conversely of not being involved

enough and serving a largely symbolic function ([Cornforth and Simpson, 2002](#)). This suggests that when considering the rationale for quality frameworks that are available to charities to increase the transparency and reliability of the reporting processes those that do not go beyond what can be considered the main principles of ‘governance’ and reporting of financial management lack a connection to the broader organisational activity.

Activity related to the governance function generally involves senior managers and boards of directors or trustees who are determining future direction and performance of not-for-profit organisations. Often this activity is communicated to key stakeholders such as donors and regulators rather than beneficiaries, meaning that there is a risk of overlooking the internal operations and functions that deliver on the social purpose defined for the individual organisation. In focusing on themes that go beyond accounting to a more inclusive range of measures it is possible to recognise less tangible outcomes of support and services. This requires a broader view of social activity as ‘while outputs are largely controlled by the enterprise and can thus be measured, outcomes and impacts are more difficult to isolate and account for’ ([Molecke and Pinkse, 2017: 552](#)). By including other internal stakeholders such as staff (including operational managers), volunteers and services users/beneficiaries this puts further emphasis on the use of resources in seeking to sustain the overall social aims of the organisation. The introduction of frameworks to increase reflection on the day to day activities, as well as governance, offers an opportunity to be assessed against the criteria of the framework as part of an external accreditation process. This can form the basis of communication where multiple stakeholders can gain confidence and trust from situated and structured evaluation of action that represents ideas of quality and best practice in particular organisations.

When considering the difference between large charities and SMCs there is an argument that the availability of management skills may be limited in relation to the size of the organisations, and on the board ([Cornforth and Simpson, 2002](#)). It may also be difficult to find members with the right skills and experience to stand for election to the board ([Spear et al., 2009](#)). The introduction of quality frameworks could mitigate to some extent the difficulty of recruiting board members with the breadth of experience that enables the board to act in a balanced and informative way. In analysing a number of different approaches to introduce standardised processes that cover aspects of board behaviour and decision-making, management of performance, and service delivery, there is no one available framework that covers all these areas. Across the eight quality codes and frameworks that were reviewed (see appendix 2 for the standards that were evaluated),

a number of common themes arose. However, no one standard measured quality in all these areas. The themes identified are represented in table 1 below:

<b>Board level responsibilities</b>	Relating to Director and trustee responsibilities, this will include governance and related legal and regulatory requirements but also offer identification and demonstration of outcomes and social purpose that can be used to build trust and confidence for external stakeholders
<b>Operational considerations</b>	Including management of services, staff and volunteers, offering that helps management to run an organisation effectively and efficiently.
<b>Service provision</b>	Including identification of service users and on-going development of services, this can mitigate the increased risk of mission drift
<b>Continuous improvement of organisational processes</b>	Through formal monitoring and evaluation processes an ongoing discussion quality is sustained and this has the potential to build an evidence base for future action
<b>Communication</b>	Including reporting processes on financial management and performance and social impact to increase accountability and trustworthiness, and also longer term lobbying and policy influencing activity
<b>Connectivity</b>	Including collaborative working and resource sharing, networking, and working with other stakeholder groups including community

Each of these themes has a range of sub-themes that are open to further interpretation however they form the basis wide-ranging discussions on what aspects are of most relevance to the particular organisation. In this way, they are standardised to an extent, but offer flexibility in tailoring to the specific organisation. The complexity that arises in these decisions highlights aspects of the triple bottom line ([Elkington, 1999](#)) where alongside considerations of financial performance, there are social and environmental considerations that should be considered. In this broader view of quality in SMCs this highlights the a challenge in deciding which of these measures to report on as these will need to reflect a balance of financial effectiveness and social purpose that is relevant to the organisation ([Low, 2006](#)).

## Performance standards and quality frameworks – resistance and compliance factors

In recognising the rationale for increased reporting, this relates to accountability, trust and increased confidence of those supporting the social purpose of SMCs. There is a question of how can those leading small charities in particular, with their limited resources and knowledge of strategic management at their disposal, begin to engage with practices that aim to improve overall performance. What are the benefits of investing in these processes that require significant time and energy to review performance when this may not be a requirement, unlike the larger and more professionalised medium and large charities that have a more formal reporting requirement?

Whilst the primacy of external influences may determine how accountability can be satisfied, identifying the type of information and the methods of reporting is not without issue when multiple stakeholders are involved. This suggests that flexibility and adaptability to different forms of charitable organisation and to particular services and support offered may well influence the tension between take up and resistance. In this way the value of any framework is as a broad guide to planning rather than as something that offers a precise formula ([Kearns, 1994](#)). While they may represent a useful tool a framework must be seen to be appropriate for the particular organisation that seeks to use it (Farmer, 2008), and the decision to take up a framework or code to support governance may well be related to the perception of the appropriateness of the code to a particular organisation. There is also the consideration of whether the work involved in adhering to a framework results in overall improvement, or whether it represents a ‘legitimising mechanism’ ([Hyndman and McDonnell, 2009: 27](#)) for key external stakeholders. [McConville \(2017\)](#) discusses, charities that do not engage with these processes in their public communication can be perceived as less effective, or legitimate, as those that do.

When considering the take up of standardised frameworks to focus on overall improvement of the management and service delivery there are a number of tensions that can impact on how and why these might be seen as of value. Of particular significance here is research that identified three approaches to conceptualizing the function and effects of charity reporting, disclosure, and audit: positivist (i.e. reporting data represents empirical reality); critical theorist (i.e. reporting data enacts control mechanisms); and interpretative (i.e. reporting data acts as a symbolic mediator or space for discussion between organizational practice and stakeholders ([Nicholls, 2009](#))). Each of these areas relates to particular reporting practices and stakeholder expectations. Whilst Nicholl’s work focused on social enterprise specifically, these different perspectives on reporting offer an understanding of how this might be approached in SMCs. In taking up these

ideas further, it could be argued that with the increased competition in the charity sector, which requires a more market focused approach, the positivist perspective offers a strategic impetus for performance management. It follows that this can be related to board level activity, with a focus on setting social mission and purpose that can be measured against defined outcomes. For those responding to more demanding conditions for gaining sustainable income streams there can be an increased requirement for evidence. In the critical theorist view this can be seen as a requirement for organisations to go beyond traditional charity reporting and to adopt more formal reporting processes that can be found in commercial organisations. This requires understanding of the nature and content of reporting processes which for a smaller organisation may require additional skills and resource that may not be available. The third area of Nicholls work, suggesting an interpretivist approach to reporting, highlights how external accountability and stakeholder engagement can enhance legitimacy and perception of accountability. [Arvidson and Lyon \(2014\)](#) support this view suggesting social impact is a social construction with no clear definition of what is meant by 'social' and consequently there is discretion involved when social impact is assessed. They see that organisations can use the process of evaluation to promote particular aspects of their work over others. This can make communicating the results of reporting more attractive but may not reflect less positive aspects that can be overlooked in the choice of what to report. Therefore, rather than being mutually exclusive, these different approaches to reporting offer a more complex understanding of the choices of what is included in the reporting of overall purpose and outcomes.

There is no one size fits all approach for reporting, however those that do not engage with these activities can be seen as less effective than those that do ([McConville, 2017](#)). This can prove to be an effective rationale for seeking out frameworks to guide the ongoing responsibility of reporting. In taking up a quality framework in the strategic and day to day management and operational activities there is an increased focus on the professionalisation of activity that can significantly increase perception and legitimacy of the organisation. Working toward more sustainable business models integration of evaluation and continuous development activities that can be reported on can lead to a sharpened focus that can improve performance. For SMCs it could be that guidance in these areas can help to bring increased accountability without substantial additional costs ([McConville, 2017](#)), such as the increased legal responsibility for data protection and the new GDPR responsibility for example or other reporting that can become an additional burden for organisations. Standardisation of reporting can help stop organisations dedicating substantial resources to areas where they could draw on guidance as a way of

professionalising their processes. There is a tension however that despite pressure to monitor and evaluate performance there is some unease about how this might interfere with the social purpose and organisational values ([Arvidson and Lyon, 2014](#)).

### Conclusions

In recognising the value of these broader approaches to managing quality processes in SMCs, the introduction of frameworks can serve a number of purposes that go beyond board level activities. What has been highlighted is that quality frameworks have the potential to include an increased focus on the operational management of staff and volunteers involved with delivery of services, the development of services and understanding of service-user needs, as well as network building and collaborative activities. Those promoting the Charity Governance Code<sup>2</sup> suggest that taking up principles to support good practice is aspirational, with potential benefit that these guidelines can lead to a culture of continuous improvement. Hyndman argues however that there are challenges that come with increased responsibilities and administration that could be linked to ‘big brother’ type activity; although he concedes, it does also offer greater engagement with a wider variety of stakeholders. Taking up these practices can convey a professionalism that can lead to donor confidence in an increasingly competitive environment. Having a standardised process to encompass discussion and decision-making in these areas can be particularly important to small charities where there will be fewer numbers of professional managers to oversee governance and regulatory practices. However, the recognition of the risk of mission drift is one that has been identified as one of the challenges of coercive isomorphism ([Verbruggen et al., 2011](#)), particularly in the increased involvement of government in the commissioning of services.

Hyndman (2017) has highlighted the trend toward strategic regulation as a response to the undermining of trust and confidence in the face of recent scandals. In the light of the need for increased trustworthiness [Arvidson and Lyon \(2014\)](#) note that reporting processes can also be used in the promotion of the charity to funders and potential donors. There are opportunities for reporting to encompass a broad range of evaluation, and as [Nicholls \(2009\)](#) suggests these can take different forms that can be seen from one perspective as a rational reporting process and as an opportunity to interpret these results in promoting the outcomes and social purpose.

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<sup>2</sup> <https://www.charitygovernancecode.org/en>

Based on an overview of what is currently available to SMCs it is suggested that in order to offer a balanced view of activities, and to make the best use of resources, a framework should reflect a number of themes and categories to ensure a range of organisational processes are reviewed and developed. In this way, there will be recognition of board and operational activity, stakeholders that are seen as internal to the SMC such as staff and volunteers, as well as those interested stakeholders from outside the SMC, such as potential donors and volunteers. Further consideration should also focus on what is recognised as *connectivity* that offers the building of networks and collaborative working.

A recommendation of this review is that the development of quality frameworks should consider the inclusion of the themes identified across the current available standards to encourage the broadest assessment of organisational activity to be included in the evaluation process. These are:

- Board level responsibilities;
- Operational considerations;
- Service provision;
- Continuous improvement of organisational processes;
- Communication;
- Connectivity

A further area could relate to sustainability of services and a consideration of the triple bottom line reporting that is becoming more prevalent across many industries.

In recognising that the increasing demand for not-for-profit organisations to take responsibility in the provision of public services, it is unlikely that the demand for professional and transparent reporting processes will diminish. The benefits of effective reporting processes can be increased legitimacy, transparency, accountability, and trust. This can offer interested stakeholders a level of confidence that could increase propensity to support the CMC in relation to donations or volunteering to sustain the social purpose. However, where compliance is expected as a condition of funding there is a stronger focus on reporting processes ([Verbruggen et al., 2011](#)) but this may cause unintended tensions and resistance. It has been suggested that while there may be an increase in expectations for the quality and transparency of these processes, there can be unease about how this might interfere with the social purpose and values of the organisation ([Arvidson and Lyon, 2014](#)). This could mean that where there is a reduced requirement for reporting that those managing performance may be less open to the range of reporting that goes beyond the

immediate requirement for legal and regulatory reporting. It is therefore important for the communication regarding the availability and overall purpose of frameworks to recognise that there can be resistance to the sense of being controlled by external stakeholders, but also to the additional responsibilities that assessment can bring.

Academic Review Appendix 1  
 Definitions of Small and Medium Sized Charities

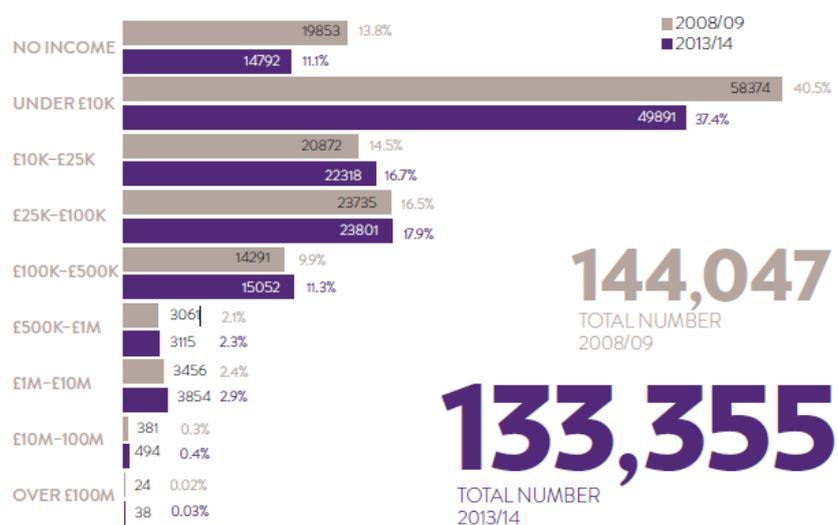


Figure 1 Number of charities within each income band in 2008/09 and 2013/14 (Crees et al., 2016).

Academic Review Appendix 2

Name of standard	Quality areas
<p>Quality for Health  <a href="https://qualityforhealth.org.uk/about/the-award/">https://qualityforhealth.org.uk/about/the-award/</a>                      Levels 1/2/3</p>	<p>1 – Service User experience                      2 – Safety and Safeguarding                      3 – Effectiveness                      4 – Health Promotion                      5 – Equality and Diversity                      6 – Leadership and management                      7 – Governance                      8 – Outcomes and Impact                      9 – Connectivity</p>
<p>QISMET (Quality Institute for Self Management Education and Training)  <a href="http://www.qismet.org.uk/">http://www.qismet.org.uk/</a></p>	<ul style="list-style-type: none"> <li>• This Standard contains 5 overarching topics or themes. These are:</li> <li>• Theme 1 – Management. This covers the leadership, management and organisational elements dealing with the delivery of Diabetes Self-Management</li> <li>• Education (DSME) programmes. This includes how the provider is set up, structured and managed.</li> <li>• Theme 2 - Evidence-based programmes that suit the needs of the person. This deals with referrals, programme information and special needs of participants.</li> <li>• Theme 3 – Structured theory-driven curriculum with aims and learning objectives. The programme itself – its design, delivery, philosophy and review</li> <li>• Theme 4 – Delivery by trained educators. This covers the recruitment, training and evaluation of the educators who deliver the programme</li> <li>• Theme 5 - Performance management, including regular audits of outcomes. Monitoring, audit, outcomes, performance indicators and improvement</li> </ul>
<p>NCVO QUALITY STANDARDS - PQASSO  <a href="https://www.ncvo.org.uk/practical-support/quality-and-standards/pqasso">https://www.ncvo.org.uk/practical-support/quality-and-standards/pqasso</a></p>	<ol style="list-style-type: none"> <li>1. Planning for quality</li> <li>2. Governance</li> <li>3. Management</li> <li>4. User-centred service</li> <li>5. Staff and volunteers</li> <li>6. Training and development</li> <li>7. Managing money</li> <li>8. Managing resources</li> <li>9. Managing activities</li> <li>10. Networking and partnership</li> <li>11. Monitoring and evaluation</li> <li>12. Results.</li> </ol>
<p>Quality first  <a href="https://www.nefconsulting.com/our-services/evaluation-impact-assessment/prove-and-improve-toolkits/quality-first/">https://www.nefconsulting.com/our-services/evaluation-impact-assessment/prove-and-improve-toolkits/quality-first/</a></p>	<ol style="list-style-type: none"> <li>1. Stating our purpose</li> <li>2. Our standards and values</li> <li>3. Managing it all</li> <li>4. Involving our community</li> <li>5. Working together as volunteers</li> <li>6. Equality and fairness</li> </ol>

	<ol style="list-style-type: none"> <li>7. Reviewing our work</li> <li>8. Financial management</li> <li>9. Communicating effectively</li> </ol>
<p>NAVCA  <a href="http://www.rva.uk.com/wp-content/uploads/NAVCA-Standards-Web-version-2013-Edition-2.pdf">http://www.rva.uk.com/wp-content/uploads/NAVCA-Standards-Web-version-2013-Edition-2.pdf</a></p>	<p>Standard 1; Development - The organisation supports the identification of needs in the local community and facilitates innovation and improvements in service provision to meet those needs.  Outcomes</p> <ol style="list-style-type: none"> <li>1. Identification of needs</li> <li>2. Reviewing and adapting activities</li> <li>3. Influencing policy and funding</li> </ol> <p>Standard 2; Support - The organisation supports local voluntary organisations and community groups to fulfil their missions more effectively.  Outcomes</p> <ol style="list-style-type: none"> <li>1. Diagnosing development needs</li> <li>2. Performance improvement</li> <li>3. Learning</li> <li>4. Leadership and governance</li> <li>5. Income generation</li> <li>6. Volunteering</li> </ol> <p>Standard 3; Collaboration - The organisation facilitates effective communication and collaboration amongst local voluntary organisations and community groups and between different sectors.  Outcomes</p> <ol style="list-style-type: none"> <li>1. Networking</li> <li>2. Collaborative working</li> <li>3. Sharing resources</li> <li>4. Create and promote formal networking opportunities</li> <li>5. Record the tangible benefits for those that participate</li> <li>6. Use insights gathered to inform future planning and practice</li> </ol> <p>Standard 4; Influence - The organisation supports local voluntary organisations and community groups to influence policies, plans and practices that have an impact on their organisations and beneficiaries.  Outcomes</p> <ol style="list-style-type: none"> <li>1. Foresight</li> <li>2. Consultation</li> <li>3. Accountable representatives</li> <li>4. Capacity for influence</li> <li>5. Working agreements</li> </ol>
<p>Organisational dial  <a href="https://www.scribd.com/document/156130720/Organisational-Dial-Tool-for-VIP">https://www.scribd.com/document/156130720/Organisational-Dial-Tool-for-VIP</a></p>	<p>The Organisation Dial is designed to help you take a snap shot of how you are doing as an organisation. The Dial comprises eight points, each corresponding to an important aspect of running an effective organisation:</p> <ol style="list-style-type: none"> <li>1 Creating impact</li> <li>2 Income</li> <li>3 Strategy</li> </ol>

	<p>4 Learning</p> <p>5 Leadership and governance</p> <p>6 People</p> <p>7 Managing resources</p> <p>8 Communications</p>
<p>Charity Governance code</p> <p><a href="https://www.charitygovernancecode.org/en">https://www.charitygovernancecode.org/en</a></p>	<ol style="list-style-type: none"> <li>1. Organisational purpose</li> <li>2. Leadership</li> <li>3. Integrity</li> <li>4. Decision-making, risk and control</li> <li>5. Board effectiveness</li> <li>6. Diversity</li> <li>7. Openness and accountability</li> </ol>
<p>IQ</p> <p><a href="http://improvingquality.org.uk/">http://improvingquality.org.uk/</a></p>	<p>Accountable:</p> <ol style="list-style-type: none"> <li>1. Governance</li> <li>2. Planning</li> <li>3. Equality</li> <li>4. People</li> </ol> <p>Welcoming</p> <ol style="list-style-type: none"> <li>1. Communications</li> <li>2. Engagement and Participation</li> </ol> <p>Effective</p> <ol style="list-style-type: none"> <li>1. Planning</li> <li>2. Monitoring and Evaluation</li> </ol> <p>Sustainable</p> <ol style="list-style-type: none"> <li>1. Finance</li> <li>2. Resources</li> </ol>

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